



LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

40th Annual Report 2020 - 2021



LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

CIN : L31200TZ1981PLC001124

Board of Directors

| | | |
|---|---|-----------------------------------|
| Smt. Nethra J.S. Kumar (DIN : 00217906) | : | Chairperson and Managing Director |
| Sri. N. Suryakumar (DIN : 00008316) | : | Director |
| Sri. Sanjay Jayavarthanavelu (DIN : 00004505) | : | Director |
| Sri. D. Senthilkumar (DIN : 00006172) | : | Director |
| Sri. Ramesh Rudrappan (DIN : 00008325) | : | Director |
| Sri. A. Palaniappan (DIN : 00044022) | : | Director |
| Sri. Arun Selvaraj (DIN : 01829277) | : | Director |
| Sri. N. R. Selvaraj (DIN : 00013954) | : | Director |
| Sri. Arjun Balu (DIN : 00383184) | : | Director |
| Sri. A. Thiagarajan | : | Chief Financial Officer |
| Sri. S. Sathyanarayanan | : | Company Secretary |

Statutory Auditor

M/s. Subbchar & Srinivasan
Chartered Accountants
Coimbatore.

Secretarial Auditor

M/s. MDS & Associates
Company Secretaries
Coimbatore.

Registrars and Share Transfer Agents

M/s. S.K.D.C. Consultants Ltd.
Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road
Ganapathy, Coimbatore - 641 006.
Tel. No. : 0422 - 4958995, 2539835 - 36, Fax : 2539837
E-mail : info@skdc-consultants.com

Registered Office

504, Avinashi Road
Peelamedu Post
Coimbatore - 641 004.
Tamilnadu

Admn. Office and Works

Arasur - 641 407
Coimbatore District
Tamilnadu
Tel No. : 0422 - 6616500
E-mail : investorscell@lecsindia.com

Bankers

Indian Bank
Bank of Baroda
Indian Overseas Bank
HDFC Bank Ltd.

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LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Registered office: 504, Avinashi Road, Peelamedu Post, Coimbatore - 641004, Tamil Nadu.

CIN: L31200TZ1981PLC001124

Phone: +91 422 6616500

Email: investors@lscsindia.com Website: www.lscsindia.com

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Fortieth (40th) Annual General Meeting of the shareholders of Lakshmi Electrical Control Systems Limited will be held on Friday, the 06th day of August 2021 at 2.45 P.M (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") with virtual presence of the shareholders to transact the following business:

Ordinary Business:

1. To consider and adopt Annual Financial Statements including Statement of Profit and Loss, Cash Flow Statement and Statement of changes in equity for the financial year ended 31st March 2021, Balance Sheet as on that date, Report of Board of Directors' and the Auditor's Report thereon.
2. To declare dividend for the financial year ended 31st March 2021.
3. To appoint a Director in the place of Sri. N.R.Selvaraj (DIN: 00013954), who retires by rotation and being eligible, offers himself for re-appointment.

Special Business:

4. To consider and if thought fit, to pass the following resolution for ratification of remuneration for Cost Auditor, as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or re-enactment thereof, for the time being in force), Sri.S.Subbaraman (Firm No: 100526) Cost Accountant, who was appointed as Cost Auditor by the Board of Directors of the Company on the recommendation of the Audit Committee, to conduct the audit of the cost accounting records of the Company for the financial year 2021-22 on a remuneration of Rs.30,000/- (Rupees thirty thousand only) for the financial year 2021-22 exclusive of applicable taxes and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit fixed by the Board of Directors be and is hereby ratified and confirmed.

5. To consider and if thought fit, to pass the following resolution for re-appointment of Smt. Nethra J.S.Kumar (DIN:00217906) as Managing Director, as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force) and pursuant to the Nomination and Remuneration Policy and the Articles of Association of the Company, the approval of the Company be and is hereby accorded for the re-appointment of Smt.Nethra J.S. Kumar (DIN: 00217906) as Managing Director of the Company for a further period of 3 years with effect from 01.04.2022 to 31.03.2025 on the following terms and conditions, as recommended by the Nomination and Remuneration Committee and approved by the Audit Committee and the Board of Directors at their respective meetings:

REMUNERATION

- i) Salary : Rs. 7,00,000 /- per month
- ii) Commission: 4% of the net profits payable annually
- iii) Perquisites:

- a. In addition to the salary and commission, the Managing Director shall also be entitled to interchangeable perquisites, like furnished accommodation and where accommodation is not provided HRA, gas, electricity, water, furnishings, medical reimbursement, LTA for self and family, club fees, medical insurance, etc., in accordance with the rules of the Company, such perquisites being restricted to the amount equal to the salary drawn per annum. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules wherever applicable.

- b. The Managing Director shall be entitled to reimbursement of all actual expenses incurred in the course of the Company's business.
- c. In addition to the Salary, Commission and Perquisites, the Managing Director shall also be entitled to Company's contribution to Provident Fund as per rules of the Company to the extent it is not taxable under the Income Tax Act, 1961 and shall not be included in the computation of the ceiling on remuneration or perquisites.
- d. Gratuity payable shall not exceed half month's salary for each completed year of service.
- e. The Managing Director is entitled to encashment of leave at the end of tenure which shall not be included in the computation of the ceiling on remuneration or perquisites.
- f. Provision of a Company car with driver for use of Company's business and telephone facility at her residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purposes shall be billed by the Company to the Managing Director.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, in compliance with the provisions of Schedule V of the Companies Act, 2013, the compensation and perks mentioned above shall be paid as minimum remuneration. During the tenure as Managing Director, she shall not be liable to retire by rotation.

RESOLVED FURTHER THAT Smt.Nethra J.S. Kumar shall conduct the affairs of the Company subject to the superintendence, control and direction of the Board of Directors.

RESOLVED FURTHER THAT the Board of Directors (including committees thereof) be and are hereby authorised to alter and vary the terms of re-appointment and / or remuneration payable to the Managing Director, as it may deem fit, subject to the same not exceeding the limits as approved by the shareholders.

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

- 6. To consider and if thought fit, to pass the following resolution for appointment of Sri. Arjun Balu (DIN: 00383184) as Independent Director, as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force) and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (as amended) and upon the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Sri. Arjun Balu (DIN: 00383184), who was appointed as an additional director at the meeting of the Board of Directors of the Company held on 28.05.2021 and who had submitted a declaration that he meets the criteria for independence under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and whose name is included in the databank as required under Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and who is eligible for appointment and in respect of whom the Company has received a notice in writing under section 160 of the Act from a member proposing his candidature for the office of director, be and is hereby appointed as an Independent Non-Executive Director of the Company to hold office for a term of five (5) consecutive years with effect from 28.05.2021 and is not liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company and Company Secretary of the Company be and are hereby authorized severally to do all such acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

- 7. To consider and if thought fit, to pass the following resolution for continuation of directorship of Sri. N.R.Selvaraj (DIN: 00013954) as a Non-executive Director, as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (including any statutory modifications or re-enactments thereof for the time being in force), the consent of the Members of the Company be and is hereby accorded to continue the directorship of Sri.N.R.Selvaraj (DIN: 00013954), who will attain the age of 75 years on 05.10.2022, as a Non-Executive Director of the Company.

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RESOLVED FURTHER THAT the Board of Directors of the Company and / or Company Secretary of the Company be and are hereby authorised severally to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.

Place : Coimbatore
Date : May 28, 2021

By order of the Board
S. Sathyanarayanan
Company Secretary

NOTES:

- 1. THE EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 WITH RESPECT TO THE SPECIAL BUSINESS SET OUT IN THE NOTICE IS ANNEXED HERETO.**
- In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 5th May, 2020 read with circulars dated 8th April, 2020, 13th April, 2020, 15th June, 2020, 28th September, 2020, 31st December, 2020 and 13th January, 2021 (collectively referred to as "MCA Circulars") and the Securities and Exchange Board of India vide their circulars dated 12th May, 2020 and 15th January, 2021 (collectively referred to as "SEBI Circulars") permitted the conduct of the Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. The deemed venue for the AGM shall be the Registered Office of the Company. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") MCA Circulars and SEBI Circulars the AGM of the Company is being held through VC / OAVM. Members desirous of participating in the meeting through VC/OAVM, may refer to the procedures mentioned below in this AGM notice.
- 3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** Since the ensuing AGM is being held through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
- Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act. In case of Joint Holders, the member whose name appears as First Holder in the order of names on the Register of Members of the Company will be entitled to vote. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
- Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to bk.scrutiniser@gmail.com with a copy marked to evoting@nsdl.co.in.
- The Register of Members and share transfer books of the Company will remain closed from Saturday, the 31st July 2021 to Friday, the 06th August 2021 (both days inclusive) as per Section 91 of the Companies Act, 2013 and Regulation 42 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- The dividend as recommended by the Board of Directors, if declared at the AGM will be paid, subject to deduction of tax at source, to those shareholders whose names appear in the Register of Members as on 30th July 2021 in respect of shares held in physical form and in respect of shares held in dematerialized form, the dividend shall be paid on the basis of the beneficial ownership as per the details furnished by the Depositories for this purpose at the end of the business hours on 30th July 2021.
- Members who wish to claim dividends, which remain unclaimed, are requested to correspond with Registrars and Share Transfer Agents of the Company. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013 be transferred to the Investor Education and Protection Fund. As per Section 124 of the Companies Act, 2013 all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company to Investor Education and Protection Fund (IEPF) established under the Ministry of Corporate Affairs. Subsequently, the members shall be entitled to claim the shares from IEPF in accordance with procedure and on submission of documents as may be prescribed by IEPF Authority from time to time. Hence, members are requested to encash the dividends which are unclaimed for the financial years from 2013-14 to 2019-20.

9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) and bank account details by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN and bank account details to their Depository Participants with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details and bank account details to the Registrars and Share Transfer Agents of the Company. SEBI vide their circular dated 20th April 2018 has mandated that the dividend warrant / demand draft revalidation request can be processed only if the bank account details are registered with Depository Participants (for demat shareholders) and Registrars and Share Transfer Agents of the Company (for shareholders holding shares in physical form). Hence, the shareholders are requested to immediately register their PAN and bank account details.
10. Brief profile, details of shareholding and Directors inter-se relationship of Directors seeking election/re-election as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards are provided as Annexure to this notice.
11. Members holding shares in physical mode are requested to communicate their change of postal address (enclose copy of Aadhar Card), e-mail address, if any, self attested copy of PAN Card and Bank account details (enclose cancelled cheque leaf) quoting their folio numbers to the Registrars and Share Transfer Agents, M/s SKDC Consultants Limited, "Kanapathy Towers", 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore- 641 006. Similarly members holding shares in Demat form shall intimate the above details to their respective Depository Participants.
12. The Company has entered into agreements with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"). The Depository System envisages the elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, mutilation of share certificates, etc. Simultaneously, Depository System offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc. Members, therefore, now have the option of holdings and dealing in the shares of the Company in electronic form through NSDL or CDSL. Members are encouraged to convert their holding to electronic mode.
13. Pursuant to the Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with Share Transfer Agents, M/s. SKDC Consultants Limited (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to green@skdc-consultants.com on or before the end of the business hours of 30th July 2021. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, any other document which may be required to avail the tax treaty benefits by sending an email to green@skdc-consultants.com. The aforesaid declarations and documents need to be submitted by the shareholders on or before the end of business hour of 30th July 2021.
14. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updates of bank account details to their respective Depository Participant(s). Members whose shareholding is in the physical mode are requested to direct the above details to the Company's Registrars and Share Transfer Agents. Members are advised to utilize the National Electronic Clearing System (NECS) for receiving dividends. The prescribed form is enclosed and the dully filled form shall be lodged with the Registrars and Share Transfer Agents, M/s. S.K.D.C Consultants Limited for payment of dividend in future through NECS, if eligible.
15. Members holding shares in electronic form may please note that as per the regulations of National Security Depository Services Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the Company is obliged to print the details on the Dividend Warrants as furnished by these Depositories to the Registrars and Share Transfer Agents/Company and the Company cannot entertain any request for deletion / change of bank details already printed on dividend warrants as per the information received from the concerned Depositories. In this regard, Members should contact their Depository Participants (DP) and furnish particulars of any changes desired by them.

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16. As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the transfer of shares in physical mode is not allowed from 01st April 2019. Members holding shares in physical mode are requested to dematerialize their shares. However, transmission / transposition of shareholders name are allowed by following due process and documentation.
17. As per the provisions of Section 72 of the Act, facility for making nominations is now available to Individual(s) holding shares in the Company. Members holding shares in physical form may obtain the Nomination Form from the Registrars and Share Transfer Agents of the Company. Members holding shares in electronic form have to approach their depository participants for completing the nomination formalities.
18. Members who require any clarifications on accounts or operations of the Company are requested to write to the Company before 29th July 2021 (5.00 pm IST). The queries will be answered accordingly.
19. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in electronic form to enable the Company to serve documents in electronic form.
20. In compliance with aforesaid MCA Circulars and SEBI Circulars electronic copy of the AGM Notice and the Annual Report containing Financial Statements, Boards Report, Auditors Report, Corporate Governance Report and other documents is being **sent only by email to members** of the Company who have registered their e-mail id with their depository participants (for members holding shares in demat form) and to their e-mail id registered with the Registrar and Share Transfer Agent of the Company (for members holding shares in physical form). Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website www.lecsindia.com and website of the BSE Limited at www.bseindia.com.
21. The results of the e-voting and e-voting during the Annual General Meeting will be announced by the Chairperson or person authorised by the Chairperson within 48 hours from the date of conclusion of the Annual General Meeting. A copy of which will be posted on the Company's website and forwarded to the Stock Exchange.
22. The Registers and documents maintained under the Act, which are eligible for inspection, will be available electronically for inspection by the members during the AGM. Members seeking to inspect such documents can send an e-mail to 'secretary@lecsindia.com'

Voting through electronic means

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modifications, clarifications, exemptions or re-enactment thereof for the time being in force), the Company is pleased to provide the members the facility to exercise their votes for all the resolutions detailed in the Notice of the 40th Annual General Meeting scheduled to be held on Friday, the 06th August 2021 at 2.45 p.m. (IST) by electronic means and the business may be transacted through remote e-voting and e-voting system during the AGM. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting, and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

The Company has engaged the services of NSDL as the authorized agency to provide the remote e-voting and e-voting during the AGM as per the instructions given below:

Vote by Remote e-Voting and e-voting during the AGM

Sri. B. Krishnamoorthi, Chartered Accountant, is appointed as Scrutinizer by the Board of Directors to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.

Any person, who acquires Shares of the Company and becomes Member of the Company after sending the Notice and holding Shares as of the cut-off date, may obtain login ID and password by sending a request at evoting@nsdl.co.in. However, if he / she is already registered with NSDL to remote e-voting then he / she can use his / her existing user ID and password for casting vote. Any person who ceases to be the member of the Company as on cut-off date and in receipt of this notice, shall treat this AGM Notice for information purpose only.

The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again. Once the vote on a Resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the AGM Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders

(Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

The Chairperson shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow e-voting for all those members who are present at the Annual General Meeting by electronic means but have not cast their votes by availing the remote e-voting facility.

The AGM Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at www.bseindia.com and the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.

The instructions for the members for remote e-voting are as under:

The remote e-voting period begins at 09.00 AM on 03.08.2021 and ends on 05.08.2021 at 05.00 PM. The remote e-voting module shall be disabled by NSDL thereafter. The shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 30.07.2021 may cast their vote electronically.

The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 30th July 2021.

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

Step 1: Access to NSDL e-Voting system

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

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

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

| Type of shareholders | Login Method |
|---|--|
| Individual Shareholders holding securities in demat mode with NSDL. | <ol style="list-style-type: none"> <li data-bbox="402 1098 1495 1427">1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under “IDeAS” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider – NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. <li data-bbox="402 1427 1495 1544">2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS” Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp <li data-bbox="402 1544 1495 1866">3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

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| Type of shareholders | Login Method |
|--|--|
| Individual Shareholders holding securities in demat mode with CDSL | <ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/loginor www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress. |
| Individual Shareholders (holding securities in demat mode) login through their depository participants | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

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

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

| Login type | Helpdesk details |
|--|---|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43 |

B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

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

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

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

4. Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|--|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12***** |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Password details for shareholders other than Individual shareholders are given below

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?
 - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

- Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

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

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

- After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

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2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to bkcacbe@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Sarith Mote at evoting@nsdl.co.in

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to green@skdc-consultants.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to evoting@nsdl.co.in. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at Step 1 (A) i.e.Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of “VC/OAVM link” placed under “Join General meeting” menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at ‘secretary@lecsindia.com’ from 26th July 2021 (9 a.m. IST) to 30th July 2021 (5 p.m. IST). The same will be replied by the company suitably. Those members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

Explanatory statement pursuant to Section 102 of the Companies Act, 2013 / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Item No. 4

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment and remuneration payable to Sri.S.Subbaraman, Cost Accountant for auditing the cost accounting records of the Company, pursuant to the Companies (Cost Records and Audit) Rules, 2014 for the Financial Year 2021-2022 at a remuneration of Rs.30,000/- (Rupees Thirty Thousand only) for the financial year excluding the applicable taxes and reimbursement of out of pocket expenses incurred by him in connection with the audit.

As per Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 the remuneration payable to the Cost Auditor as determined by the Board is required to be ratified by the members of the Company. Accordingly, the consent of the Members is sought for passing an Ordinary Resolution as set out in Item No.4 of the notice for ratification of the remuneration payable to the Cost Auditor for the Financial Year 2021-2022.

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

Interest of Directors:

None of the Directors, Key Managerial Personnel of the Company or their relatives are interested or concerned, financially or otherwise, in the resolution set out as Item No. 4 of the accompanying Notice of the AGM.

Item No. 5

Smt. Nethra J.S. Kumar (DIN: 00217906) was re-appointed as the Managing Director of the Company for a period commencing from 1st July 2017 until 31st March 2022 on the terms and conditions as approved by the shareholders at the 35th Annual General Meeting held on 8th August 2016.

The current tenure of her office is valid up to 31st March 2022. As per Section 178 of the Companies Act, 2013 the Nomination and Remuneration Committee of the Board of Directors of the Company had, in the best interest and progress of the Company, proposed to re-appoint Smt. Nethra J.S. Kumar as Managing Director of the Company for a further period of 3 years with effect from 01st April 2022 to 31st March 2025, determined her remuneration as set out in the resolution and recommended the same to the Board for their approval thereon. The proposed remuneration is well within the limits prescribed in the Companies Act, 2013 and the Schedules and Rules made there under.

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Pursuant to the provisions of the Regulation 23(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audit Committee of the Board of Directors of the Company at the meeting held on 28.05.2021 had also approved the remuneration payable to Smt. Nethra J.S. Kumar as Managing Director of the Company for the period of 3 years with effect from 1st April 2022 to 31st March 2025 and recommended the same to the Board for their approval.

Based on the recommendations of the Nomination and Remuneration Committee and the Audit Committee, the Board of Directors of the Company at their meeting held on 28th May 2021 had approved the re-appointment and remuneration payable to Smt. Nethra J.S. Kumar for the period of 3 years with effect from 01st April 2022 to 31st March 2025 subject to the approval of the shareholders.

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

Further, pursuant to Section 197 and Schedule V of the Companies Act, 2013, the managerial personnel are eligible to receive minimum remuneration and remuneration in excess of the limits as specified in Companies Act, 2013 upon receipt of approval of the Shareholders by means of a Special Resolution. In this regard, considering the prevailing economic and business conditions, greatly impacted by the outbreak of COVID - 19 pandemic, the Company may be in a situation of having inadequacy or absence of profits for payment of remuneration to the Directors. Thus, to ensure payment of minimum remuneration to Smt Nethra J S Kumar, approval of the Shareholders is being sought.

Considering the necessity to provide for payment of minimum remuneration in the event of loss or inadequate profits of the Company, and as a matter of abundant caution, it is proposed to obtain approval of members by way of Special Resolution for payment of remuneration in ensuing Annual General Meeting.

Smt. Nethra J.S. Kumar is also Managing Director in M/s. Harshni Textiles Private Limited.

The Board of Directors recommend the special resolution as set out in Item No. 5 of the Notice for the approval of the members.

The details as required under Schedule V of the Companies Act, 2013, Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and brief bio-data of Smt.Nethra J.S. Kumar and other disclosures as per Secretarial Standards 2 are furnished and forms a part of this Notice.

Interest of Directors:

Except Smt.Nethra J.S. Kumar, being the beneficiary appointee and Sri. D.Senthilkumar and Sri. Sanjay Jayavarthanavelu, being her relatives, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the Resolution set out in Item No.5 of the accompanying Notice of the AGM.

Item No. 6

The Board of Directors of the Company pursuant to the recommendations of the Nomination and Remuneration Committee had appointed Sri. Arjun Balu (DIN: 00383184) on 28th May 2021, as an Additional Director on the Board of Directors of the Company, in terms of Section 161 of the Companies Act, 2013.

Sri. Arjun Balu holds office upto the date of this Annual General Meeting pursuant to Section 161 of the Companies Act, 2013. The Company has received a notice in writing from a member under Section 160 of the Act, proposing his candidature for the office of Independent Director of the Company.

The brief profile of Sri. Arjun Balu and his other directorships has been included in this Notice.

Sri. Arjun Balu is not disqualified from being appointed as Director in terms of Section 164 of the Act and is not debarred from holding the office of Director by virtue of any Securities Exchange Board of India ("SEBI") order or any other such authority. He has given his consent to act as Director along with the declaration to the effect that he meets the criteria of independence as prescribed under the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and that his name is included in the databank of Independent Directors as required under Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

In the opinion of the Board, Sri. Arjun Balu fulfills the conditions as specified under the Act read with the Rules made thereunder and the Listing Regulations for his appointment as an Independent Non-Executive Director of the Company and is also independent of the Management.

A copy of the draft Appointment Letter to be issued to Sri. Arjun Balu upon his appointment as an Independent Non-Executive Director, containing the terms and conditions of such appointment, would be available to Members for inspection at the Registered Office of the Company during the normal business hours (9:00 am, India Standard Time ("IST") to 4:00 pm IST) on any business day without payment of fee.

Accordingly, the Board recommends the Ordinary Resolution in relation to eligibility and appointment of Sri. Arjun Balu as an Independent Director for term of five (5) consecutive years, for approval by the Shareholders of the Company.

The disclosures as required under Listing Regulations and Secretarial Standard 2 are furnished and form a part of this Notice.

Interest of Directors:

Except Sri. Arjun Balu being the proposed appointee, none of the Directors and the Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution as set out as Item No. 6 of the accompanying Notice of the AGM.

Item No. 7

Sri.N.R.Selvaraj (DIN: 00013954), has been on the Board of Directors of the Company with effect from 1st February 2019.

Pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), a Non-Executive Director of the Company who has attained the age of 75 years cannot continue to act as a Non-Executive Director in the Company unless the approval of the Members is obtained through a special resolution.

Sri.N.R.Selvaraj will attain the age of 75 years on 05.10.2022 and accordingly, pursuant to the said regulation, the approval of the Members by a special resolution is required to be obtained to enable Sri.N.R.Selvaraj to continue his directorship in the Company.

Sri.N.R.Selvaraj, is a B.Com Graduate and a Member of the Institute of Chartered Accountants of India qualified in the year 1971. He has more than 40 years of experience in various roles including Finance, Audit, Administration, etc.

The detailed profile of Sri.N.R.Selvaraj and other disclosures as required under Secretarial Standards are furnished and forms part of this Notice.

Keeping in view his qualification and experience, the Board of Directors are of the opinion that his continuation as a Non-Executive Director beyond the age of 75 years will be beneficial to the Company.

Accordingly, the Board of Directors of the Company at their meeting held on 28th May 2021, on the recommendation of the Nomination and Remuneration Committee, approved the continuation of directorship of Sri.N.R.Selvaraj and also proposed to seek the approval of the Members by way of special resolution for the same.

The Board recommends the resolution set out in Item No. 7 of the Notice for the approval of the Members.

Except Sri.N.R.Selvaraj, none of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out in Item No. 7 of this Notice.

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

Relevant to Smt. Nethra J S Kumar, Managing Director, pursuant to item no. 5 of the notice.

I. GENERAL INFORMATION

1. Nature of Industry

Engineering Industry

2. Date or expected date of commencement of commercial production

The Company was incorporated on 3rd December 1981 and commenced commercial production subsequently in the year 1982.

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

Not Applicable

4. Financial performance based on given indicators

(Rs. in lakhs, except EPS)

| Particulars | 2020-21 | 2019-20 |
|--------------------------------|----------|----------|
| Sales & other income | 13573.73 | 11654.14 |
| Profit/ (Loss) before tax | 261.19 | 91.76 |
| Profit/ (Loss) after tax | 305.88 | 42.88 |
| Paid-up equity capital | 245.80 | 245.80 |
| Reserves and Surplus | 17374.14 | 13158.12 |
| Basic Earnings per share (EPS) | 12.44 | 1.74 |

5. Foreign Investments or collaborations, if any.

Nil

II. INFORMATION ABOUT THE DIRECTORS

Smt. Nethra J S Kumar, Managing Director:

i. Background details

Smt. Nethra J S Kumar is the Managing Director of the Company. Her present tenure as Managing Director commenced from 1st July 2017 and ends on 31st March 2022. Currently she is responsible for overall operations of the entire organization.

ii. Past Remuneration

During the financial year 2020-2021, Smt. Nethra J.S. Kumar was paid salary of Rs.57.13/- Lakhs

iii. Recognition or awards

She was the past Chairperson of Confederation of Indian Industries (CII), Coimbatore Zone.

iv. Job Profile and her suitability

Smt. Nethra J S Kumar as Managing Director of the Company shall have all powers and duties as the Board may determine from time to time. Smt. Nethra J S Kumar has sound business acumen and has gained good experience in the manufacturing, administration, finance, etc.

v. Remuneration proposed

The details of the proposed remuneration have been enumerated in Item No.5 of the Notice.

vi. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of her origin)

Taking into consideration the size of the company, profile of Smt.Nethra J.S. Kumar, responsibility shouldered by her and the industry standard, the remuneration paid is commensurate with the remuneration packages paid to Managerial Personnel in similar other companies.

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

Besides the remuneration being received, the Managing Director does not have any pecuniary relationship with the Company. Smt.Nethra J.S. Kumar is the promoter of the Company. She is related to Sri. D. Senthilkumar & Sri.Sanjay Jayavarthanavelu, Directors of the Company.

III. OTHER INFORMATION

1. Reasons for loss or inadequate profits

Due to the outbreak of COVID-19 pandemic and its continued impact the economic and business conditions may be uncertain in coming years and may have unpredictable impact on the performance of the Company. The Company may be in a situation of having inadequacy or absence of profits for payment of remuneration to the Managing Director in forthcoming financial year(s).

2. Steps taken or proposed to be taken for improvement.

Upgradation of technology, improving the R&D activities, increasing productivity levels and adding new customers.

3. Expected increase in productivity and profits in measurable terms.

Based on projections the productivity is expected to improve by 10% and profitability by 15%

IV. DISCLOSURES

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

Please refer to the Corporate Governance Report.

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

Please refer to the Corporate Governance Report.

(iii) Service contracts, notice period, severance fees

Please refer to the Corporate Governance Report.

(iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable

The Company has not issued any Stock options.

As required under applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards -2 on General Meetings issued by ICSI the below details are furnished.

Profiles of the Directors seeking appointment / re-appointment.

A. Profile of Smt. Nethra J.S.Kumar (DIN: 00217906)

Date of Birth / Nationality: 22.01.1972 / Indian

Date of appointment: 23.10.2000

Smt.Nethra J.S.Kumar, aged 49 years is a Management Degree holder. She has a sound business acumen and has good experience in the manufacturing, administration, finance, etc. She was the past Chairperson of CII, Coimbatore Zone.

She holds Directorships in the following companies:

| | |
|--|--|
| Lakshmi Electrical Drives Private Limited | Eshaan Enterprises Private Limited |
| Supreme Dairy Products India Private Limited | Integrated Electrical Controls India Private Limited |
| Lakshmi Energy and Environment Designs Private Limited | Lakshmi Precision Tools Limited |
| Harshni Textiles Private Limited | Ramlakshmi Agro Plantations Private Limited |
| Ramlakshmi Holdings Private Limited | Ramlakshmi Agro Farms Private Limited |
| Ramlakshmi Plantations Private Limited | Starline Travels Private Limited |

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Membership in Committees:

| | |
|--|--|
| Lakshmi Electrical Control Systems Limited | Member -Corporate Social Responsibility Committee Stakeholders Relationship Committee Share Transfer Committee |
| Lakshmi Precision Tools Limited | Chairperson -Stakeholders Relationship Committee Share Transfer Committee |
| Lakshmi Electrical Drives Private Limited | Corporate Social Responsibility Committee – Member |

No. of shares held in the Company: 7,60,903 equity shares of Rs.10/- each

No. of shares held in Subsidiary Company: Not Applicable

Board position held: Chairperson and Managing Director

Terms and conditions of appointment/ re-appointment: The details of the proposed remuneration have been enumerated in Item No.5 of the Notice and the explanatory statement for the Item No.5 of the Notice.

Number of Board Meetings attended during the financial year: 4

Smt.Nethra J.S.Kumar has drawn Salary of Rs. 57.13 lakhs during the financial year 2020-2021. The remuneration proposed to be paid is set out in the AGM Notice and explanatory statement to Item No. 5.

Smt.Nethra J.S.Kumar is related to Sri.D.Senthilkumar & Sri.Sanjay Jayavarthanavelu, Directors of the Company.

The explanatory statement may also be construed as disclosure under Regulation 36 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

B.Profile of Sri Arjun Balu (DIN: 00383184)

Date of Birth / Nationality: 18.01.1975 / Indian

Date of appointment in the Board: 28.05.2021

Sri. Arjun Balu is a business management graduate and has more than 20 years of experience in managing various business activities. He is Joint Managing Director of Sri Balasubramania Mills Limited, a company engaged in yarn spinning activities till 2016 and thereafter with primary focus on real estate infrastructure and leasing activities. He has professional expertise in the field of Automobiles as a Consultant and as Driver / Mentor in the field of Motor Racing since 1992.

He holds Directorships in the following companies:

| | |
|----|------------------------------|
| 1. | Sri Balasubramania Mills Ltd |
| 2. | Sujay Spinners Ltd |
| 3. | AGS Auto India (P) Ltd |

No. of Shares held in the Company: NIL

No. of Shares held in Subsidiary Company: NA

Membership in Committees - NIL

He is not related to any other director, Manager or Key Managerial Personnel. None of the Directors and Key Managerial Personnel of the Company or their relatives is, financially or otherwise, concerned or interested in this resolution except Sri Arjun Balu.

Sitting fee paid to him during the year 2020-21 – Nil.

Number of Board meetings attended by him during 2020-21 – Nil.

He is a Non-executive and Independent Director and entitled to receive remuneration by way of fees and reimbursement of expenses for participation in the meetings of the Board and / or Committees or any other meeting of directors and profit related commission, if any, in terms of Section 197 and other applicable provision of the Companies Act, 2013, and as determined by the Board from time to time, within the overall limits specified under the Companies Act, 2013 as well as the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The explanatory statement may also be construed as disclosure under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

C.Profile of Sri N.R Selvaraj (DIN: 00013954) – Director retiring by rotation

Date of Birth / Nationality: 05.10.1947 / Indian

Date of appointment in the Board: 01.02.2019

Sri.N.R.Selvaraj, is a B.Com Graduate and a Member of the Institute of Chartered Accountants of India (A.C.A.) qualified in the year 1971. He has more than 40 years of experience in various roles including Finance, Audit, Administration, etc. He has worked for Canara Bank during the year 1973 to 1990 in various capacities such as Officer and Manager in the Bank's Inspection Department in Mumbai, Coimbatore and Ernakulam. He also worked as Branch Manager in the Bank's Kerala Region Branches and as Senior Manager in the Advances Section of the Bank's Circle Office in Trivandrum.

He has worked for M/s Lakshmi Machine Works Limited from July 1990 to October 2005 as Manager Internal Audit, Senior Manager Internal Audit and DGM / G.M Finance. Subsequently, he became a member of Corporate Strategy Management Team and also as the Internal Auditor from November 2005 till January 2014.

He occupied the position of Whole Time Director of Super Sales India Limited comprising of Agency Division, Textile Division, Gears Manufacturing Unit and Wind Mill Division from February 2014 till January 2017. Subsequently, he was appointed as the Managing Director of Super Sales India Limited from February 2017. He resigned as Managing Director of Super Sales India Limited on 23.10.2018.

He holds Directorship in the following companies:

| | |
|-------------------------------------|---|
| 1.Lakshmi Cargo Company Limited | 2.Lakshmi Life Sciences Limited |
| 3.Quattro Engineering India Limited | 4.Hermes Academy of Training Limited |
| 5.Sowbarnika Enterprises Limited | 6.Chakradhara Aerospace and Cargo Private Limited |

No. of Shares held in the Company: NIL

No. of Shares held in Subsidiary Company: NA

Membership in Committees:

| Name of the Company | Name of the Committee | Member / Chairman |
|---|---|-------------------|
| Chakradhara Aerospace and Cargo Private Limited | Audit Committee | Chairman |
| | Nomination and Remuneration Committee | Chairman |
| | Corporate Social Responsibility Committee | Chairman |
| Lakshmi Life Sciences Limited | Audit Committee | Chairman |
| | Nomination and Remuneration Committee | Chairman |
| | Corporate Social Responsibility Committee | Chairman |
| Lakshmi Cargo Company Limited | Corporate Social Responsibility Committee | Member |
| Quattro Engineering India Limited | Corporate Social Responsibility Committee | Member |

He is not related to any other director, Manager or Key Managerial Personnel. None of the Directors and Key Managerial Personnel of the Company or their relatives is, financially or otherwise, concerned or interested in this resolution except Sri. N.R.Selvaraj.

Sitting fee paid to him during the year 2020-21 was Rs 1,00,000/-

Number of Board meetings attended by him during 2020-21 was 4.

He is a Non-executive and Non-Independent Director and entitled to receive remuneration by way of fees and reimbursement of expenses for participation in the meetings of the Board and / or Committees or any other meeting of directors and profit related commission, if any, in terms of Section 197 and other applicable provision of the Companies Act, 2013, and as determined by the Board from time to time, within the overall limits specified under the Companies Act, 2013 as well as the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The explanatory statement may also be construed as disclosure under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Place : Coimbatore

Date : May 28, 2021

By order of the Board

S. Sathyanarayanan
Company Secretary

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

DIRECTORS' REPORT

Lakshmi Electrical Control Systems Limited

Registered Office:504, Avinashi Road, Peelamedu Post, Coimbatore – 641004, Tamil Nadu.

CIN: L31200TZ1981PLC001124

Tel: +91 422 6616500

Email: investorscell@lecsindia.com Website: www.lecsindia.com

Board of Directors' Report to Shareholders

Dear Shareholders,

The Board of Directors of your Company are pleased to present the Fortieth Annual Report on the business and operations of the Company along with the summary of financial statements for the year ended 31st March, 2021.

1. The State of Affairs of the Company

Financial summary/highlights

| Particulars | Financial Year | Financial Year |
|---|----------------|----------------|
| | 2020-2021 | 2019-2020 |
| | (₹ in Lakhs) | (₹ in Lakhs) |
| Revenue from operations | 13,224.58 | 11,322.30 |
| Other Income | 349.15 | 331.84 |
| Profit before Interest, Depreciation & amortisation expense and exceptional items | 746.54 | 317.81 |
| Less: Interest | 8.78 | 2.93 |
| Profit before Depreciation & amortisation expenses and exceptional items | 737.76 | 314.88 |
| Less: Depreciation & amortisation expense | 219.90 | 223.12 |
| Profit before Exceptional items and Tax | 517.86 | 91.76 |
| Less: Exceptional item | 256.67 | - |
| Less: Provision for Taxes | (44.69) | 48.88 |
| Profit after Tax | 305.88 | 42.88 |

Business and Operations

During the year under review, the Company's revenue from operations (net of GST) has increased by ₹ 1,902.28 lakhs over the previous financial year.

The profit before interest, depreciation and exceptional items is ₹ 746.54 Lakhs as against ₹ 317.81 Lakhs for the previous financial year. The profit after tax is Rs. 305.88 Lakhs as against Rs. 42.88 Lakhs for the previous financial year.

The main revenue segment of the Company, Electricals achieved turnover of Rs. 10,970.28 Lakhs and achieved mild positive growth. The Plastics segment recorded a turnover of Rs. 2,231.86 Lakhs posted a mild positive growth compared to the financial year 2019-2020. In both the segments, the Company continues to put its efforts in increasing the productivity levels and adding new customers. There was a slight decrease in generation of electricity by Wind Electric Generators due to reduction in wind velocity.

Dividend

The Board recommends 35% dividend of ₹ 3.50/- per equity share of the face value of ₹10/- (Rupees Ten only) each on the equity share capital of ₹ 2,45,80,000/- for the financial year ended on 31st March, 2021. The dividend on equity shares is subject to the approval of the shareholders at the ensuing Annual General Meeting. Dividend will be paid to those equity shareholders whose names appear in the Register of Members as on 30.07.2021 in respect of shares held in physical form and in respect of shares held in dematerialized form, the dividend shall be paid on the basis of the beneficial ownership as per the details furnished by the Depositories for this purpose at the end of business hours on 30.07.2021.

Share Capital

The paid-up capital of the Company as at March 31, 2021 stood at Rs. 245.80 Lakhs. During the financial year under review, your company had not made any fresh issue of shares.

Industrial Relations

Relationship with employees was cordial throughout the financial year.

2. Annual Return

As per requirements of the Companies Act, 2013 ('the Act'), a copy of the annual return is available in the website of the Company www.lecsindia.com

3. Number of Meetings of the Board

Details of number of meetings of the Board of Directors and Committees thereof and the attendance of the Directors in such meetings are provided under the Corporate Governance Report.

4. Directors' Responsibility Statement

In terms of Section 134 of the Companies Act, 2013 the Directors, confirm that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;
- b. have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c. have taken proper and sufficient care for 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. have prepared the annual accounts on a going concern basis;
- e. have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f. have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

5. No Frauds reported by statutory auditors

There is no instance of frauds reported by the statutory auditors of the Company for the financial year under review under sub Section (12) of Section 143 of the Companies Act, 2013.

6. Declaration by Independent Directors

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

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

7. Nomination and Remuneration Committee and Policy

As per the provisions of the Companies Act, 2013 and SEBI LODR a Nomination and Remuneration Committee of directors was formed by the Board of Directors consisting of:

1. Sri. N.Suryakumar, Chairman (Non-Executive – Independent)
2. Sri. Ramesh Rudrappan, Member (Non-Executive – Independent)
3. Sri. Arun Selvaraj, Member (Non-Executive – Independent)

The said committee has been empowered and authorised to exercise widest powers as entrusted under the provisions of Section 178 of the Companies Act, 2013 and SEBI LODR. The Company has a policy on directors' appointment and remuneration including criteria for determining qualification, positive attributes, independence of a director

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

and other matters provided under sub-section (3) of section 178. The policy is available on the Company's website www.lecsindia.com.

The salient aspects covered in the Nomination and Remuneration Policy:

The Company believes that the human resources are one of the most important valuable assets of the company. As per the requirement of the provisions of the Companies Act, 2013 and SEBI LODR, to meet and attract the valuable asset and harmonize the payment to Directors, Key Managerial Personnel and other employees of the Company in line with the mission, visions and values of the Company. This policy has been formulated by the Nomination and Remuneration Committee for the Directors, Key Managerial Personnel and Senior Management personnel and approved by the Board of Directors.

The objective and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors and persons who may be appointed in Senior Management and Key Managerial positions.
- To lay down guiding principle for remuneration payable to Executive Directors, Non- Executive Directors, Senior Management Personnel and Key Managerial Personnel.
- To determine the evaluation of performance of the Members of the Board including Independent Directors.
- To recommend remuneration based on the Company's size, financial position, trends and practices on remuneration prevailing in peer companies.
- To provide them reward linking to their effort, performance, dedication and achievement in the Company's operations/ performance.
- To design suitable remuneration package to attract, retain, motivate and promote best caliber directors and employees, create strong performance orientated environment and reward, achievement of meaningful targets over the short and long-term and create competitive advantage.
- To Determine the criteria for qualifications, positive attributes, and independence of Directors.
- To determine whether to extend or continue the term of appointment of Independent Directors.
- Devising criteria for board diversity.
- Develop succession plan for the Board, Senior Management and Key Managerial Personnel.

8. Auditors Comments

There are no adverse comments in the reports of Statutory Auditors (appearing elsewhere in the Annual Report) and that of the Secretarial Auditors (annexed hereto as Annexure 1).

9. Particulars of Loans/Guarantee/Investments

The Company has not given / made any Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013, during the year under review. Details of investments made in the earlier years have been disclosed in the notes to the financial statements.

10. Particulars of Contracts with Related Party

The transactions entered by the Company with the related parties during the financial year 2020-21 are in the ordinary course of business and at arm's length basis. The particulars of material related party transactions is provided in the form AOC 2 and annexed to the Boards' Report as Annexure - 2. The Policy on Related Party is available on the Company's website at www.lecsindia.com

11. Material Changes and Commitments between the end of financial year (March 31, 2021) to which this financial statements relate and the date of this Directors' Report.

The state Government (the Government of Tamilnadu) has imposed some restrictions from 10th May 2021 to 24th May 2021 in view of the sudden spurt of second wave of COVID 19. The restrictions on movement of people and spread of COVID among local communities has affected the availability of manpower. The Company is closely monitoring the situation and trying to maintain the operations. The Company has suspended the operations effective 24th May 2021 due to further restrictions announced by the Government of Tamilnadu, until further notice.

12. Conservation of Energy, Technology Absorption & Foreign Exchange

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

Conservation of Energy

| Sl No. | Particulars | Disclosures |
|--------|--|---|
| (i) | Steps taken or impact on conservation of energy | I. Eliminated unwanted power consumption using electro mechanical design changes and reduced idle power consumption using timer systems in the machines, wherever possible. II. IOT based incoming power supply and energy monitoring system implemented. III. In the lighting system Auto OFF and ON system / lighting censor system installed to conserve the energy wherever possible. |
| (ii) | Steps taken by the company for utilising alternate sources of energy | Wind energy generation power is utilized for Plant captive consumption from August 2016 onwards. |
| (iii) | Capital investment on energy conservation equipments; | - |

Technology Absorption

| S.No. | Particulars | Disclosures |
|-------|--|--|
| (i) | Efforts made towards technology absorption; | No technology or knowhow is brought from external bodies or imported. |
| (ii) | The benefits derived like product improvement, cost reduction, product development or import substitution; | In-house developmental and operational research activities are carried out on regular basis. |
| (iii) | In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): (a) the details of technology imported; (b) the year of import; (c) whether the technology has been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; | No technology was imported during the last three years. |
| (iv) | The expenditure incurred on Research and Development | Capital Expenditure: Nil Revenue Expenditure: ₹ 35.92 Lakhs Total Expenditure: ₹ 35.92 Lakhs |

Foreign Exchange Outgo And Earnings:

(Rs. in Lakhs)

| | |
|---|--------|
| Foreign Exchange earned through exports | 10.06 |
| Foreign Exchange used | 553.40 |

13. Risk Management

The Company follows a comprehensive and integrated risk appraisal, mitigation and management process. The risk management process of the Company is being periodically reviewed for improvement by the Board of Directors.

14. Corporate Social Responsibility (CSR)

The Company has constituted a CSR committee of the Board of Directors and has adopted a CSR Policy. The same is posted in the Company's website www.lecsindia.com. The Committee consist of three directors' viz., Sri.D.Senthilkumar, Smt.Nethra J.S.Kumar and Sri.Arun Selvaraj. The meeting of CSR Committee was held on 10th August 2020. A report in prescribed format detailing the CSR spend for the financial year 2020-21 is attached herewith as Annexure-3 forming a part of this report.

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15. Evaluation of Board's Performance

On the advice of the Board of Directors, the Nomination and Remuneration Committee have formulated the criteria for the evaluation of the performance of Board of Individual Directors, Board as a whole, Committees of Directors, Independent Directors, Non-Independent Directors and the Chairperson of the Board. Based on that performance evaluation has been undertaken for the financial year 2020-21. The Independent Directors of the Company have also convened a separate meeting for this purpose. All the results and evaluation has been communicated to the Chairperson of the Board of Directors.

16. Additional Disclosures

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

| S.No | Particulars | Disclosures |
|--------|--|---|
| (i) | The financial summary or highlights. | The financial highlights including State of Affairs of the Company is provided in this Annual Report. |
| (ii) | The change in the nature of business, if any. | There is no change in the business line of the company. |
| (iii) | The details of directors or key managerial personnel who were appointed or have resigned during the year. | Nil |
| (iv) | Statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year | Nil |
| (v) | The names of companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year. | Nil |
| (vi) | The details relating to deposits, covered under Chapter V of the Act. | The Company has not accepted deposits. |
| (vii) | The details of deposits which are not in compliance with the requirements of Chapter V of the Act. | Nil |
| (viii) | The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future. | Nil |
| (ix) | The details in respect of adequacy of internal financial controls with reference to the Financial Statements. | The Company has implemented and evaluated the Internal Financial Controls which provide a reasonable assurance. The Directors and Management confirm that the Internal Financial Controls (IFC) are adequate with respect to the operations of the Company. A report of Auditors pursuant to Section 143(3) (i) of the Companies Act, 2013 certifying the adequacy of Internal Financial Controls is annexed with the Auditors report. |
| (x) | Cost Records | The Company is maintaining the cost records as required under Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014. |
| (xi) | Internal Complaints Committee | 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 financial year 2020-21, no complaint was received before the committee. |
| (xii) | Insolvency and Bankruptcy Code, 2016 | No application is made or any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 during the year under review. |

| S.No | Particulars | Disclosures |
|--------|---|---|
| (xiii) | Details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof. | Not Applicable - there was no instance of one time settlement with any Bank or Financial Institution. |

17. Internal Control systems and their Adequacy

Your Company has established adequate internal control procedures, commensurate with the nature of its business and size of its operations.

The accounting transactions and operations are audited by the Internal Auditor vis.a.vis the internal controls, policies and procedures and the deviations, if any, are reported and corrective actions are taken appropriately.

18. Board of Directors

Re-appointment of Managing Director:

Smt. Nethra J.S. Kumar (DIN: 00217906) was re-appointed as the Managing Director of the Company for a period commencing from 1st July 2017 until 31st March 2022 on the terms and conditions as approved by the shareholders at the 35th Annual General Meeting held on 8th August 2016.

The current tenure of the office of Smt. Nethra J.S. Kumar is valid up to 31st March 2022. As per the provisions of the Companies Act, 2013 the Board of Directors of the Company at the meeting held on 28th May 2021 had, re-appointed Smt. Nethra J.S. Kumar as Managing Director of the Company for a further period of 3 years with effect from 01st April 2022 to 31st March 2025 subject to approval of shareholders in the ensuing Annual General Meeting. The terms of appointment are detailed in the AGM Notice.

Re-appointment of retiring Director:

Sri. N.R.Selvaraj, Director who retires by rotation at the ensuing Annual General Meeting, being eligible offers himself for re-appointment. The Board recommends his re-appointment in the forthcoming Annual General Meeting.

Appointment of new Independent Director:

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors appointed Sri. Arjun Balu as an Additional Director on the Board of the Company with effect from 28th May 2021 with an intention to appoint him as an Independent Director. In the opinion of the Board, Sri. Arjun Balu fulfills the conditions as specified under the Act read with the Rules made thereunder and the Listing Regulations for his appointment as an Independent Non-Executive Director of the Company subject to approval of the shareholders in the ensuing Annual General Meeting. The company has also received declaration from the appointee director that he fulfils the criteria of independence as prescribed under Section 149(6) of the Act as well as Regulation 16(1)(b) of the Listing Regulations. The Board recommends his appointment in the forthcoming Annual General Meeting.

Resignation:

There was no incidence of resignation of any Director.

19. Composition of Audit Committee

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

| | | |
|---|--------------------------------|-------------------------------|
| 1 | Sri. N.Suryakumar – Chairman | (Non-Executive– Independent) |
| 2 | Sri. A.Palaniappan – Member | (Non-Executive – Independent) |
| 3 | Sri. Ramesh Rudrappan - Member | (Non-Executive – Independent) |

The Board has accepted the recommendations of the committee during the financial year under review.

20. Vigil Mechanism

The Company has devised a vigil mechanism in the form of a Whistle Blower Policy in pursuance of provisions of Section 177(10) of the Companies Act, 2013 and details whereof is available on the Company's website www.lecsindia.com . During the year under review, there were no complaints received under this mechanism.

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

21. Overall Maximum Remuneration

Particulars pursuant to Section 197(12) & rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 :

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

| Name | Category | Ratio |
|--|---|---------|
| Smt. Nethra J.S.Kumar (DIN:00217906) | Executive – Chairperson and Managing Director * (CMD) | 1:13.02 |
| Sri. N.Suryakumar (DIN:00008316) | Non-Executive - Independent | - |
| Sri. Sanjay Jayavarthanavelu (DIN: 00004505) | Non-Executive – Non Independent | - |
| Sri. D.Senthilkumar (DIN: 00006172) | Non-Executive – Non Independent | - |
| Sri. Ramesh Rudrappan (DIN: 00008325) | Non-Executive - Independent | - |
| Sri. A.Palaniappan (DIN:00044022) | Non-Executive - Independent | - |
| Sri. Arun Selvaraj (DIN: 01829277) | Non-Executive – Independent | - |
| Sri N.R. Selvaraj (DIN: 00013954) | Non-Executive – Non Independent | - |

Note: For this purpose, Sitting fees paid to the Directors have not been considered as remuneration.

*CMD has not drawn salary and commission for the financial year 2019-20. CMD has drawn salary of Rs. 57.13 lakhs for the financial year 2020-21.

- b) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

| Name | Category | % |
|------------------------------|---|--------|
| Smt. Nethra J.S.Kumar** | Executive – Chairperson and Managing Director | 100 |
| Sri. N.Suryakumar | Non-Executive – Independent Director | - |
| Sri. Sanjay Jayavarthanavelu | Non-Executive – Non Independent Director | - |
| Sri. D.Senthilkumar | Non-Executive – Non Independent Director | - |
| Sri. Ramesh Rudrappan | Non-Executive – Independent Director | - |
| Sri. A.Palaniappan | Non-Executive – Independent Director | - |
| Sri. Arun Selvaraj | Non-Executive – Independent Director | - |
| Sri N.R. Selvaraj | Non-Executive – Non Independent Director | - |
| Sri. A.Thiagarajan* | Chief Financial Officer (CFO) | (1.02) |
| Sri. S.Sathyanarayanan* | Company Secretary (CS) | (3.24) |

Note: For the above purpose, sitting fees paid to the Directors have not been considered as remuneration.

*The percentage decrease is inclusive of Provident Fund and provision for Gratuity.

**CMD has not drawn salary and commission for the financial year 2019-20. CMD has drawn salary of Rs. 57.13 lakhs for the financial year 2020-21.

- c) The percentage increase / (decrease) in the median remuneration of employees in the financial year: (7.28)%
- d) The number of permanent employees on the rolls of company: 172
- e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration:

Average increase / (decrease) in remuneration is (8.93%) for employees other than Managerial Personnel and KMP while it is 128.57% for Managerial Personnel (KMP and Senior Management).

CMD has not drawn salary and commission for the financial year 2019-20. CMD has drawn salary of Rs. 57.13 lakhs for the financial year 2020-21.

- f) It is affirmed that the remuneration is as per the remuneration policy of the Company.
- g) Particulars of Employees as per Rule 5(2) and Rule 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel Rules, 2014) are provided as Annexure-4 to this Report.

22. Accounting Treatment

In the preparation of financial statements, no treatment different from that of prescribed accounting standards has been followed.

23. Secretarial Standards

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

24. Corporate Governance

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance forms an integral part of this Report.

The shares of the Company are listed in BSE Limited, Mumbai. The listing fees is paid up to date and the shares of the Company were not suspended for trading by the Stock Exchange at any time during the financial year under review.

25. Investor Education and Protection Fund

The Company has transferred the equity shares and dividend, in respect of which dividend has not been claimed by the members for seven consecutive years or more to the Investor Education and Protection Fund Authority (IEPF) during the financial year 2020-2021. Details of shares transferred have been uploaded on the website of the Company.

26. Auditors

Statutory Auditor

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. Subbchar & Srinivasan, Chartered Accountants, the Statutory Auditors of the Company, hold office up to the conclusion of the Annual General Meeting to be held in the year 2026. The Company has received a certificate from the said Auditors that they are eligible to continue and hold office as the Auditors of the Company.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. MDS & Associates, Coimbatore, Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2021-2022.

Cost Auditor

The Board of Directors, on the recommendation of the Audit Committee, has appointed Sri.S.Subbaraman, Cost Accountant in Practice as Cost Auditors to undertake Cost Audit for the financial year 2021-22. Pursuant to Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Accounts) Rules, 2014, the remuneration payable for the financial year 2021-22 to the Cost Auditors of the Company is subject to ratification by the shareholders at the ensuing Annual General Meeting. The Board recommends their remuneration for members' ratification.

Acknowledgement

Your Directors thank the customers, bankers, vendors, shareholders and other stakeholders for their continued support and patronage.

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

Place : Coimbatore

Date : May 28, 2021

For and on behalf of the board

Nethra J. S. Kumar
Chairperson and Managing Director
DIN : 00217906

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

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

To
The Members,
LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED
(CIN: L31200TZ1981PLC001124)
504, Avinashi Road,
Peelamedu Post,
Coimbatore – 641 004

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

Based on my verification of M/s. LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on 31st March 2021 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder.
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
- iii. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder.
- iv. The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
 - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client and
 - e. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

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

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

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

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

- a. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- c. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
- d. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
- e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
- f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018

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

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

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

I further report that

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

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

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

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

I further report that during the period under review, there were no instances of

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

Place : Coimbatore

Date : May 28, 2021

M D SELVARAJ

MDS & Associates

Company Secretaries

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

UDIN: F000960C000364818

Peer Review No. 985/2020

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

ANNEXURE TO SECRETARIAL AUDIT REPORT ISSUED BY COMPANY SECRETARY IN PRACTICE

To

The Members,

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

(CIN: L31200TZ1981PLC001124)

504, Avinashi Road,

Peelamedu Post,

Coimbatore – 641 004

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

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

Place : Coimbatore

Date : May 28, 2021

M D SELVARAJ

MDS & Associates

Company Secretaries

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

UDIN:F000960C000364818

Peer Review No. 985/2020

FORM No. AOC - 2

Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis
 - a) Name(s) of the related party and nature of relationship- Nil
 - b) Nature of contracts/arrangements/transactions: NA
 - c) Duration of the contracts/arrangements/transactions: NA
 - d) Salient terms of the contracts or arrangements or transactions including the value, if any: NA
 - e) Justification for entering into such contracts or arrangements or transactions: NA
 - f) Date(s) of approval by the Board: NA
 - g) Amount paid as advances, if any: NA
 - h) Date on which the special resolution was passed in general meeting required under first proviso to section 188: NA
2. Details of material contracts or arrangement or transactions at arm's length basis

| Name(s) of the related party and nature of relationship | Lakshmi Machine Works Limited | Lakshmi Precision Tools Limited |
|--|--|--|
| Nature of contracts / arrangements / transactions | Purchase of goods, Sale of goods, Rendering of Services, Receiving of Services. | Purchase of goods, Sale of goods, Rendering of Services, Receiving of Services. |
| Duration of the contracts / arrangements / transactions | 1st April, 2020 to 31st March, 2025 | 1st April, 2020 to 31st March, 2025 |
| Salient terms of the contracts or arrangements or transactions including the value, if any | Price charged for the transactions shall be based on the prevailing market price and shall not be less than the price charged for such transactions to unrelated third party customers having such dealings or transactions with them. | Price charged for the transactions shall be based on the prevailing market price and shall not be less than the price charged for such transactions to unrelated third party customers having such dealings or transactions with them. |
| Date(s) of approval by the Board, if any | 07.02.2020 | 07.02.2020 |
| Amount paid as advances, if any | - | - |

Place : Coimbatore
Date : May 28, 2021

For and on behalf of the board
Nethra J. S. Kumar
Chairperson and Managing Director
DIN : 00217906

CORPORATE SOCIAL RESPONSIBILITY

| | | | | | | |
|----|--|---|---|-------------------------------------|---|--|
| 1. | Brief outline on CSR Policy of the Company | The Company believes that socially responsible business practice is an integral part of an organization's effort at ensuring good Corporate Governance. Corporate Social Responsibility (CSR) is therefore a tool through which an organization reflects and pledges its commitment to support and participate in community building efforts. | | | | |
| 2. | Composition of the CSR Committee | S. No | Name of Director | Designation/ Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
| | | 1 | Sri.D.Senthilkumar | Chairman | 1 | 1 |
| | | 2 | Smt.Nethra J.S.Kumar | Member | 1 | 1 |
| | | 3 | Sri.Arun Selvaraj | Member | 1 | 1 |
| 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 Policy is available in the Web link: http://lecsindia.com/financial/Policies/csrpolicy.Pdf | | | | |
| 4. | Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). | Not Applicable (NA) | | | | |
| 5. | Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any | NA | | | | |
| 6. | Average net profit of the company as per section 135 (5) : | Rs.7,21,68,717 | | | | |
| 7. | (a) Two percent of average net profit of the company as per section 135(5) (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. (c) Amount required to be set off for the financial year, if any (d) Total CSR obligation for the financial year (7a+7b+7c) | Rs.14,43,374 Nil Nil Rs.14,43,374 | | | | |
| 8. | (a) CSR amount spent or unspent for the financial year | Total Amount Spent for the Financial Year, (in Rs.) | Total Amount transferred to unspent CSR Account as per section 135 (6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135 (5). | |
| | | | Amount. | Date of transfer | Name of the fund | Amount |
| | | 14,50,000 | - | - | - | - |

(b) Details of CSR amount spent against ongoing projects for the financial year:

| (1) 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) Project duration | (7) Amount allocated for the project (in Rs.) | (8) Amount spent in the current financial year (in Rs.) | (9) Amount transferred to unspent CSR Account for the project as per Section 135(6) (in Rs.) | (10) Mode of implementation Direct (Yes/No) | (11) Mode of Implementation – Through Implementing Agency | |
|---------------|-----------------------------|---|----------------------------|----------|---------------------------------|----------|-------------------------|--|--|---|--|--|--------------------------|
| | | | State | District | State | District | | | | | | Name | CSR Registration number. |
| 1. | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| | Total | | | | | | | | | | | | |

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

| (1) 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 Rs.) | (7) Mode of implementation Direct – (Yes/No.) | (8) Mode of Implementation – Through Implementing Agency | |
|---------------|---|---|----------------------------|---------------------------------|-------------|--|--|---|--------------------------|
| | | | | State | District | | | Name | CSR Registration number. |
| 1. | Protection / restoration of sites / places of historical importance and heritage value. | (V) | No | Tamilnadu | Virudunagar | 14,50,000 | No | South Indian Art and Heritage Conservation Trust | NA |
| | Total | | | | | 14,50,000 | | | |

d) Amount spent in Administrative Overheads - NA

e) Amount spent on Impact Assessment, if applicable - NA

f) Total amount spent for the Financial Year 2020-2021 - Rs. 14,50,000/- (8b + 8c + 8d + 8e)

g) Excess amount for set off, if any

| Sl.No | Particular | Amount (in Rs.) |
|-------|---|-----------------|
| i) | Two percent of average net profit of the company as per section 135 (5) | 14,43,374 |
| ii) | Total amount spent for the Financial Year | 14,50,000 |
| iii) | Excess amount spent for the financial year [(i-i)] | 6,626 |
| iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | Nil |
| v) | Amount available for set off in succeeding financial years [(iii) - (iv)] | Nil |

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

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(a) Details of Unspent CSR amount for the preceding three financial years:

| Sl.No | Preceding Financial Year | Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.) | Amount spent in the reporting Financial Year (in Rs.) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years. (in Rs.) |
|-------|--------------------------|--|---|--|-----------------|------------------|--|
| | | | | Name of the fund | Amount (in Rs.) | Date of transfer | |
| | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|-------|-------------|----------------------|--|------------------|---|--|---|---|
| Sl.No | Project ID. | Name of the Project. | Financial Year in which the project was commenced. | Project duration | Total amount allocated for the project (in Rs.) | Amount spent on the project in the reporting Financial Year (in Rs.) | Cumulative amount spent at the end of reporting Financial Year.(in Rs.) | Status of the project –Completed/ongoing. |
| | NA | NA | NA | NA | NA | NA | NA | NA |

| | | |
|-----|---|--|
| 10. | In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details). | (a) Date of creation or acquisition of the capital asset(s). (b) Amount of CSR spent for creation or acquisition of capital asset. (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). |
| 11. | Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per section 135 (5) | NA |

Nethra J.S. Kumar

Chairperson and Managing Director
(DIN : 00217906)

D. Senthilkumar

Chairman - CSR Committee
(DIN : 00006172)

Annexure 4

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

| Name (Age in Years) | Designation | Remuneration received (₹ in Lakhs) | Qualification | Experience in Years (Total) | Date of commencement of employment | Previous employment |
|---------------------------------|------------------------------------|--|----------------------------------|--------------------------------|--|---|
| Nethra J S Kumar (49 Years) | Chairperson & Managing Director | 57.13 | Management Degree | 20 | 23.10.2000 | Nil |
| R Hariharan (53 Years) | Vice President | 32.43 | DME, AMIE, MBA, (Ph.D) | 34 | 20.09.2018 | Freelance Consultant - Business Associate. |
| A Thiagarajan (51 Years) | Chief Financial Officer | 25.68 | M.Com., ACMA | 25 | 31.01.2018 | The Peria Karamalai Tea & Produce Co Ltd., |
| K Jayakumar (57 Years) | Sr. General Manager | 23.61 | DME (SW) | 37 | 01.10.1988 | NTTF, Bangalore. |
| C Palani (53 Years) | Group Head - HR | 23.59 | B.Sc., MBA., PGDPM & IR., DL | 29 | 06.06.2018 | Roca Bathroom Products Pvt. Ltd |
| S Sathyanarayanan (40 Years) | Company Secretary (CS) | 19.26 | M.Com, FCS, LLB, DIA | 17 | 13.08.2015 | Practicing CS |
| G.S Vajjiravel (56 Years) | Deputy General Manager | 16.73 | DME., B.E.Mech.,, DPM.,MBA.,, | 34 | 14.07.1993 | Janatics India Pvt.Ltd., |
| C N Jayapragasan (53 Years) | Deputy General Manager | 15.14 | DME., BE., MBA., ME., PhD. | 32 | 04.06.2018 | Universal Heat Exchangers Ltd. |
| V Senthilkumar (53 Years) | Sr.Manager | 12.79 | DME., B.E.Mech. MBA. | 34 | 01.09.1986 | Nil |
| R Jagadesh (41 Years) | Manager | 11.79 | Diploma in Plastic Eng. | 20 | 29.09.2012 | National Plastic Technology |

Notes:

1. Smt. Nethra J.S.Kumar, Chairperson and Managing Director has drawn salary of Rs. 57.13 Lakhs. Employment is contractual. Smt.Nethra J.S.Kumar is not relative (in terms of the Companies Act, 2013) of any director of the Company except Sri. D.Senthilkumar, Director and Sri.Sanjay Jayavarthanavelu, Director.
2. Sri R Hariharan left the services of the Company with effect from 12.01.2021.
3. No employee of the Company is holding by himself / herself or with their family, shares of 2% or more in the Company and drawing remuneration in excess of the Managing Director.
4. All other employees are permanent employees and remuneration excludes PF and Gratuity, if any.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economy Overview

Global:

The World has witnessed an exceptional uncertainty due to the outbreak and spread of the global pandemic. As per the World Economic Outlook by the International Monetary Fund (IMF) the global economy is projected to grow 5.5 percent in the year 2021 and 4.2 percent in the year 2022. The forecast in the year 2021 may improve based on expectations of a vaccine-powered strengthening activities later in the year 2021 and additional policy support in a few large economies.

The projected growth recovery in the year 2021 follows a severe collapse in the year 2020 that has had acute adverse impacts on women, youth, poor, informally employed people, and those who work in contact-intensive sectors. The global growth contraction for the year 2020 is estimated at -3.5 %. The strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions and effectiveness of policy support.

India Scenario:

As per Economic Survey 2020-2021 the lockdown resulted in a 23.9 % contraction in GDP in Q1 in India, the recovery has been a V-shaped one as seen in the 7.5 per cent decline in Q2. India recorded the real GDP (gross domestic product) growth of 0.4% in the third quarter of the financial year 2021, as per the NSO's (National Statistical Office) estimates. This rise indicates V-shaped recovery progression in the financial year 2021.

Sector-wise, agriculture has remained the silver lining while contact-based services, manufacturing, construction were hit hardest, and have been recovering steadily. Government consumption and net exports have cushioned the growth from diving further down.

Opportunities and Threats

The Company's efforts for scouting latest technology to explore new avenues / products in energy measuring / managing systems is continuing. The global outbreak of COVID 19 is delaying the efforts. However, the Company is putting its sincere efforts to grab the opportunities. The spurt in rise of prices of raw materials seems to be the threat. The supply chain system is greatly impacted by the pandemic and seems to continue. However, the Company is committed to meticulous planning for procuring raw materials in a timely manner. The main product manufactured by the Company i.e. Control Panel is highly labour oriented, and the pandemic has impacted the availability of requisite cost-effective workforce due to lock downs imposed.

Due to continuance of COVID-19, availability of the raw materials / components for manufacturing the products is faced with erratic Supply Chain scenario. The Company is continuing its efforts to expand its customer base.

Segment wise Performance

During the financial year under review, the operations of the Company were fully suspended from 1st April 2020 to 06th May 2020 due to the total lock down imposed by the Central Government to control the spread of COVID 19. After commencing operations partially from 7th May 2020, the Company gradually ramped up capacity utilisation in line with the relaxations announced. However, the performance of the Company improved in the last quarter of the financial year as the demand increased.

The Company has achieved the turnover of Rs. 13,224.58 Lakhs and achieved a Profit before Exceptional items and Tax of Rs. 517.86 Lakhs. During the financial year 2020-21 the Company has achieved Earnings Per Share of Rs.12.44/-. The main revenue segment of the Company, Electricals achieved turnover of Rs. 10,970.28 lakhs which resulted in a mild positive growth. The Plastics segment recorded a turnover of Rs. 2,231.86 Lakhs and posted a mild positive growth compared to the previous financial year.

There was a slight decrease in generation of electricity by Wind Electric Generators due to reduction in wind velocity.

Outlook and Risks & Concerns

Strong multilateral cooperation between the countries is required to bring the COVID 19 pandemic under control throughout the World. According to IMF, this can be done through funding of vaccination facility to accelerate access to vaccines for all countries, ensuring universal distribution of vaccines, and facilitating access to therapeutics at affordable prices for all.

As per Economic Survey 2020-21, India's real GDP growth for the financial year 2021-2022 is projected at 11%. According to the IMF, in the next two years, India is also expected to emerge as the fastest-growing economy. The prolongation of global pandemic through its various mutations is affecting the survival of human lives which can be avoided by vaccination, social distancing and personal hygiene. Our organization is prepared to face the challenges and put sincere efforts to minimize the cost wherever possible to improve the turnover and profit margins. The Company is committed to safeguard its workforce from the evils of the pandemic by following safety measures prescribed by health experts at the workplace. The Company continues to put its efforts in increasing the productivity levels and adding new customers.

Internal Control System and Adequacy

The Company has adequate internal control system, commensurate with its size and nature of its business. The management has the overall responsibility for the Company's internal control system to safeguard the assets and to ensure reliability of financial records. The company has a budgetary control system and periodically the actual performance is reviewed and the deviations, if any, are addressed accordingly. The audit committee reviews all financial statements and ensures adequacy of internal control systems.

Financial Performance

| Particulars | Financial Year 2020-2021 (₹ in Lakhs) | Financial Year 2019-2020 (₹ in Lakhs) |
|---|---|---|
| Revenue from operations | 13,224.58 | 11,322.30 |
| Other Income | 349.15 | 331.84 |
| Profit before Interest, Depreciation & amortisation expense and exceptional items | 746.54 | 317.81 |
| Less: Interest | 8.78 | 2.93 |
| Profit before Depreciation & amortisation expense and exceptional items | 737.76 | 314.88 |
| Less: Depreciation & amortisation expense | 219.90 | 223.12 |
| Profit before Exceptional items and Tax | 517.86 | 91.76 |
| Less: Exceptional item | 256.67 | - |
| Less: Provision for Taxes | (44.69) | 48.88 |
| Profit after Tax | 305.88 | 42.88 |
| Earnings Per Share (Rs.) | 12.44 | 1.74 |

Human Resources

The organisation aims to achieve sustained growth through developing a skilled, motivated and committed workforce.

Risk Management

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

Details of key financial ratios

| S.No | Name of the Ratio | Financial Year 2020-2021 | Financial Year 2019-2020 | % of Change |
|------|--------------------------|-----------------------------|-----------------------------|-------------|
| 1 | Debtors Turnover Ratio | 3.49 | 3.17 | 10.09 |
| 2 | Inventory Turnover Ratio | 5.31 | 5.68 | -6.51 |
| 3 | Interest Coverage Ratio | 30.75 | 32.32 | -4.85 |
| 4 | Current Ratio | 1.93 | 2.62 | -26.34 |
| 5 | Debt Equity Ratio | 0.28 | 0.18 | 55.56 |
| 6 | Operating Margin (%) | 1.47 | -1.84 | 179.89 |
| 7 | Net Profit Margin (%) | 2.31 | 0.38 | 507.89 |

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

- Decrease in current ratio and the increase in debt equity ratio (by more than 25%) is due to increase in bank borrowings to fund working capital.
- Increase in operating margin and net profit margin (by more than 25%) is due to increase in the profit earned by the Company in the financial year 2020-21.

Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof.

For the financial year ended 2021 – 1.74%. For the financial year ended 2020 – 0.32%.

The Increase by 1.42% in Return on Net Worth is due to increase in profit for the financial year ended 2021.

Cautionary Statement

The Management Discussion and Analysis Report contains forward looking statements based upon assumptions with regard to global and country's economic conditions and expectation of future events, etc., The factors that might influence the operations of the Company are demand-supply conditions, prices of the finished goods, material costs & availability, change in the government rules & regulations and natural calamities / any force majeure events over which the Company has no control. The Company assumes no responsibility on the accuracy of assumptions and perceived performance of the Company in future.

Place : Coimbatore

Date : May 28, 2021

For and on behalf of the board

Nethra J. S. Kumar

Chairperson and Managing Director

DIN : 00217906

CORPORATE GOVERNANCE REPORT

The Directors present the Report on Corporate Governance for the financial year ended 31st March 2021, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI LODR].

1. PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The corporate vision of LECS is to maintain responsible corporate behaviour across the organization, respectful of all rules and regulations governing the corporate bodies.

Makes all conscious efforts to conduct business in the best interests of all stakeholders in a transparent manner.

Engages in continuous improvement of products, manufacturing processes and work environment to deliver the best-in-class products and services to customers.

2. BOARD OF DIRECTORS

In order to enable the Board to discharge its responsibilities effectively all statutory, significant and material information are placed before the Board on quarterly basis.

Composition

The composition of the Board is in compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and ensures a mix of Executive and Non-Executive Directors as well as the combination of Independent and Non-Independent Directors. The Board also meets with the requirement of having a Woman Director.

The Board of Directors of LECS is headed by Chairperson and Managing Director and ably supported by seven non-executive Directors of which four of them are Independent Directors.

Position of Board of Directors

Number of Chairmanship / Membership in Committees (Audit Committee & Stakeholders Relationship Committee) of all the Directors are within the limits specified in Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The numbers contained in the column titled 'Membership in Committees' denote Chairmanship/ Membership of the Directors in Committees across all Companies including Lakshmi Electrical Control Systems Limited, in which they hold Board position. Further, none of the Directors including Independent Directors hold directorships in more than the maximum number of Directorships prescribed under Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

| Name of the Director | Category | Other Directorships (Public + Private) | Membership in Committees (including LECS) | |
|-----------------------------|---|--|---|--------|
| | | | Chairman | Member |
| Smt Nethra J.S. Kumar | Executive – Chairperson and Managing Director | 12 | 1 | 1 |
| Sri.N.Suryakumar | Non-executive – Independent | 3 | 1 | - |
| Sri.Sanjay Jayavarthanavelu | Non-executive Director | 10 | 1 | - |
| Sri.D.Senthilkumar | Non-executive Director | 14 | - | 2 |
| Sri.Ramesh Rudrappan | Non-executive – Independent | 1 | 1 | 1 |
| Sri. A. Palaniappan | Non-executive – Independent | 9 | - | 1 |
| Sri. Arun Selvaraj | Non-executive – Independent | 1 | - | - |
| Sri N.R. Selvaraj | Non-executive Director | 6 | 1 | - |

Note: Sri. Arjun Balu (DIN:00383184) was appointed as an Additional Director (Independent Director) with effect from 28th May 2021. Hence, not considered for this Corporate Governance Report.

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Name of other listed entities where Directors of the company are Directors and the category of Directorship:

| S. No. | Name of the Director | Name of the other listed entities in which directorship is held | Category of directorship |
|--------|-----------------------------|---|--------------------------------|
| 1. | Smt Nethra J.S. Kumar | Nil | Nil |
| 2. | Sri.N.Suryakumar | Nil | Nil |
| 3. | Sri.Sanjay Jayavarthanavelu | 1.Lakshmi Machine Works Limited | Chairman and Managing Director |
| | | 2.Super Sales India Limited | Chairman – Non-executive |
| | | 3. The Lakshmi Mills Company Limited | Non-Independent Director |
| | | 4. Carborundum Universal Limited | Independent Director |
| 4. | Sri.D.Senthilkumar | Nil | Nil |
| 5. | Sri.Ramesh Rudrappan | Nil | Nil |
| 6. | Sri. A. Palaniappan | Nil | Nil |
| 7. | Sri. Arun Selvaraj | Nil | Nil |
| 8. | Sri N.R. Selvaraj | Nil | Nil |

Board Meetings and Attendance

During the period from 1st April, 2020 to 31st March, 2021 four Board Meetings were held and details of attendance of each Director at the meetings of the Board are as follows.

| Name of the Director | Attendance in Board meetings | | | | Attendance in last AGM (AGM Date: 14.08.2020) |
|-----------------------------|------------------------------|------------|------------|------------|--|
| | 03.06.2020 | 14.08.2020 | 29.10.2020 | 25.01.2021 | |
| Sri.N.Suryakumar | ✓ | ✓ | ✓ | ✓ | ✓ |
| Sri.Sanjay Jayavarthanavelu | ✓ | ✓ | ✓ | ✓ | ✓ |
| Sri. D. Senthilkumar | ✓ | ✓ | ✓ | ✓ | ✓ |
| Sri.Ramesh Rudrappan | ✓ | ✓ | ✓ | ✓ | ✓ |
| Smt.Nethra J.S.Kumar | ✓ | ✓ | ✓ | ✓ | ✓ |
| Sri A. Palaniappan | ✓ | ✓ | ✓ | ✓ | ✓ |
| Sri Arun Selvaraj | ✓ | ✓ | ✓ | ✓ | ✓ |
| Sri.N.R.Selvaraj | ✓ | ✓ | ✓ | ✓ | ✓ |

Smt.Nethra J.S.Kumar, Sri.D.Senthilkumar and Sri.Sanjay Jayavarthanavelu are related to each other. Sri.Sanjay Jayavarthanavelu is Smt.Nethra J.S.Kumar's brother and Sri.D.Senthilkumar is Smt.Nethra J.S.Kumar's husband.

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

| Name of the Director | No. of Shares |
|---------------------------------|---------------|
| 1. Sri. N. Suryakumar | Nil |
| 2. Sri. Sanjay Jayavarthanavelu | Nil |
| 3. Sri. D. Senthilkumar | 100 |
| 4. Sri. Ramesh Rudrappan | Nil |
| 5. Sri. A. Palaniappan | Nil |
| 6. Sri. Arun Selvaraj | Nil |
| 7. Sri N.R. Selvaraj | Nil |

The Company has not issued any convertible instruments.

There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive Independent Directors during the year.

Familiarization Program for Independent Directors

The Company has conducted the Familiarisation programmes for Independent Directors during the financial year. The Programmes aim to provide insights into the Company to enable the Independent Directors to understand its business in depth, to familiarise them with the processes, businesses and functionalities of the Company and to assist them in performing their role as Independent Directors of the Company. The details of familiarisation programmes imparted to Independent Directors is posted on the website of the Company 'www.lecsindia.com'.

Independent Directors Meeting

As required under the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a separate meeting of Independent Directors of the Company was held on 18th February 2021. All the Independent Directors were present at the meeting.

Skills / expertise / competence of the Board of Directors

The Board of Directors has identified the following broad skills / expertise / competencies required for the Directors in the context of the Company's business in order to function effectively and the said skills, expertise and competencies are available with the Board of Directors

- Leadership skills,
- Board services and Corporate Governance,
- Business strategy,
- Technical / Professional skills,
- Financial and Management skills,
- Sales and marketing and
- Human resources / Soft skills.

All the directors possess the skill sets depending upon their experience. The Directors so appointed are drawn from diverse backgrounds and possess special skills with regard to the industries / fields from where they have experience.

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

| S. No. | Skills / Core Competencies | Smt Nethra J.S. Kumar | Sri.N.Suryakumar | Sri.Sanjay Jayavarthanavelu | Sri.D.Senthilkumar | Sri.Ramesh Rudrappan | Sri. A. Palaniappan | Sri Arun Selvaraj | Sri.N.R.Selvaraj |
|--------|---|-----------------------|------------------|-----------------------------|--------------------|----------------------|---------------------|-------------------|------------------|
| 1 | Leadership skills | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 2 | Board services and Corporate Governance | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 3 | Business strategy | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 4 | Technical / Professional skills | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 5 | Financial and Management skills | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 6 | Sales and marketing | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 7 | Human resources / Soft skills | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Confirmation – Independent Directors

The Board of Directors confirm that in their opinion, the independent directors fulfil the conditions specified in SEBI LODR and are independent of the management.

Independent Directors – Resignation

There was no instance of resignation of any Independent Director during the financial year 2020-21.

3. Audit Committee

The role, powers and functions of the committee are as per Section 177 of the Companies Act, 2013 and the guidelines set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of this committee are as required under Regulation 18 read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Audit Committee assure to the Board, compliance of adequate internal control system, compliance of Accounting Standards, financial disclosure and other issues confirming to the requirements specified by the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Particulars/Composition of Audit Committee and attendance of members for the committee meetings:

The Committee met four times during the Financial Year ended 31st March 2021.

| Name of the Director | Attendance in Audit Committee meetings | | | |
|--------------------------------|--|------------|------------|------------|
| | 03.06.2020 | 14.08.2020 | 29.10.2020 | 25.01.2021 |
| Sri. N.Suryakumar – Chairman | ✓ | ✓ | ✓ | ✓ |
| Sri. Ramesh Rudrappan – Member | ✓ | ✓ | ✓ | ✓ |
| Sri. A. Palaniappan – Member | ✓ | ✓ | ✓ | ✓ |

The Chairman of the Committee attended the AGM held on 14th August 2020. Company Secretary of the Company serves as the Secretary of the Committee.

4. Nomination and Remuneration Committee

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

The terms of reference of this committee has been mandated with the same as specified in Regulation 19 read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also with the requirement of Section 178 of the Companies Act, 2013.

The Committee has formulated performance evaluation criteria for Independent Directors, Board, Committees and other Directors which includes criteria for performance evaluation of the non-executive directors, Executive directors and independent directors shall carry out evaluation of every director's performance. Based on these Criteria, the evaluations have been carried out.

The Chairman of the Committee attended the AGM held on 14th August 2020.

Particulars/Composition of Nomination and Remuneration Committee and attendance of members for the committee meetings

| Name of the Director | Date of Meeting(s) |
|--------------------------------|--------------------|
| | 01.06.2020 |
| Sri. N.Suryakumar – Chairman | ✓ |
| Sri. Ramesh Rudrappan – Member | ✓ |
| Sri. Arun Selvaraj – Member | ✓ |

5. Stakeholders Relationship Committee

The Stakeholders Relationship Committee was constituted in compliance with the provisions of Section 178(5) of the Companies Act, 2013 read with Regulation 20 and Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Particulars / composition of Stakeholders Relationship Committee meeting and attendance of members for the committee meetings

| Name of the Director | Date of Meeting(s) | |
|---|--------------------|------------|
| | 10.08.2020 | 23.01.2021 |
| Sri. Ramesh Rudrappan - Independent Director – Chairman | ✓ | ✓ |
| Sri. D.Senthilkumar – Member | ✓ | ✓ |
| Smt. Nethra J. S. Kumar - Member | ✓ | ✓ |

Sri S.Sathyanarayanan, Company Secretary serves as the Compliance Officer.

The Chairman of the Committee attended the AGM held on 14th August 2020.

The terms of reference of this Committee are as required by SEBI under Regulation 20 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Stakeholders Relationship Committee of the Board is empowered to oversee the redressal of investors' complaints pertaining to share transfer, non-receipt of annual reports, dividend payments and other miscellaneous complaints.

During the financial year no complaints were received from the shareholders. The outstanding complaints as on 31.03.2021 was NIL.

Pursuant to Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from a Practising Company Secretary has been submitted to the Stock Exchange within stipulated time.

6. Risk Management Committee

The provisions pertaining to the constitution of the Risk Management Committee are not applicable to the Company and hence disclosures pertaining to the same does not arise.

7. Remuneration of Directors

Remuneration and sitting fee paid to the Directors for the financial year 2020 - 2021:

Amount in Rs.

| Name of the Director | Salary | Other Perquisites | Sitting fee | Commission | Total |
|-----------------------------|-----------|-------------------|-------------|------------|-----------|
| Sri.N.Suryakumar | - | - | 2,50,000 | - | 2,50,000 |
| Sri.Sanjay Jayavarthanavelu | - | - | 1,00,000 | - | 1,00,000 |
| Sri.D.Senthilkumar | - | - | 1,75,000 | - | 1,75,000 |
| Sri.Ramesh Rudrappan | - | - | 3,00,000 | - | 3,00,000 |
| Sri A. Palaniappan | - | - | 2,25,000 | - | 2,25,000 |
| Sri Arun Selvaraj | - | - | 1,75,000 | - | 1,75,000 |
| Sri.N.R.Selvaraj | - | - | 1,00,000 | - | 1,00,000 |
| Smt.Nethra J.S.Kumar# | 57,12,796 | - | - | - | 57,12,796 |

The amount excludes contribution to Provident Fund of Rs. 6,90,000/-

Remuneration payable to the Managing Director consists of fixed as well as variable components. Remuneration to the Managing Director is determined by the Nomination and Remuneration Committee of Board of Directors and is approved by the shareholders at the General Meeting. No sitting fee is being paid to the Managing Director.

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

The remuneration policy of the Company and the details on the criteria for making payments to the Non-Executive Director(s) is available on the company's website www.lecsindia.com.

At present, no remuneration is being paid to Non-Executive Directors other than Sitting Fees for the meetings of the Board/Committee and other meetings of Directors which a Director attends.

No benefits, other than the above are given to the Directors. No Stock Option, Performance linked incentives and severance fees are given to the Directors. No service contracts were entered into with Directors.

8. GENERAL BODY MEETINGS

Information about the last three Annual General Meetings are given below:

| Location | Time | Day | Date |
|---|------------|-----------|------------|
| Video Conferencing facility | 02.30 p.m | Friday | 14.08.2020 |
| Nani Kalai Arangam, Mani Higher Sec. School, Coimbatore – 641 037 | 02.45 p.m | Wednesday | 07.08.2019 |
| -do- | 03.00 p.m. | Wednesday | 08.08.2018 |

Details of Special Resolutions passed at the above Annual General Meetings:

1. At the AGM held on 08.08.2018, special resolution was passed for approval of continuation of office of Sri. N. Suryakumar, Non-executive Independent Director who has crossed the age of 75 years.
2. At the AGM held on 07.08.2019, five Special Resolutions were passed.
 - Appointment of Sri. N. Suryakumar as an Independent Director
 - Appointment of Sri. Ramesh Rudrappan as an Independent Director
 - Appointment of Sri. A. Palaniappan as an Independent Director
 - Appointment of Sri. Arun Selvaraj as an Independent Director
 - Adoption of new set of Articles of Association in order to align with the provisions of the Companies Act, 2013
3. At the AGM held on 14.08.2020 special resolution was passed for partial modification on terms and conditions of remuneration payable to Managing Director.

No Special Resolution was passed through Postal Ballot during the financial year 2020-21.

No Special Resolution is proposed to be passed through postal ballot.

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

9. MEANS OF COMMUNICATION

The financial results during the financial year 2020-21 were published in leading newspapers viz. Financial Express (English) and Dina Malar (Tamil). The Company files the quarterly financial results with the stock exchange in timely manner.

The Company Profile, Corporate Information, Shareholding Pattern, Code of Conduct for Directors and Officers, Financial Statements, Product Range and the details prescribed in regulation 46 (2) (b) to (i) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 is published in the Company's website www.lecsindia.com. There was no analyst or institutional investor meet and no presentation was made to them during the financial year 2020-21.

10. GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting

| | | |
|------------|---|---|
| Day & Date | : | Friday, 06th day of August 2021. |
| Time | : | 2.45 P.M |
| Mode | : | Video Conference / Other Audio Visual Means |

Financial Calendar

| | |
|---|---|
| Financial Year | : 1st April to 31st March |
| Announcement of Quarterly Results for the Financial Year 2021 – 2022 (Tentative / Depends on COVID 19 situation) | : August 2021, November 2021, February 2022 and May 2022 |
| Date of Book Closure | : Saturday, 31.07.2021 to Friday, 06.08.2021 (both days inclusive) |
| Dividend Payment Date | : On or before 04th September 2021. |
| Listing on Stock Exchanges | : The equity shares of the Company are listed in BSE Limited, Mumbai. Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001 |
| Payment of Listing fees | : The listing fees have been paid to BSE Limited for the Financial Year 2020-2021. |
| Security Code | : 504258 |
| Security ID | : LAKSELEC |
| ISIN . | : INE284C01018 |

Market Price Data:

The High & Low during each month in last Financial Year in BSE is given below

| Month | Share Price (₹) | |
|---------|-----------------|--------|
| | High | Low |
| Apr-20 | 248.00 | 205.15 |
| May-20 | 247.00 | 215.00 |
| June-20 | 243.00 | 215.00 |
| July-20 | 248.00 | 215.00 |
| Aug-20 | 267.95 | 215.00 |
| Sep-20 | 279.50 | 230.00 |
| Oct-20 | 260.00 | 231.60 |
| Nov-20 | 270.00 | 192.00 |
| Dec-20 | 312.00 | 241.20 |
| Jan-21 | 341.00 | 276.05 |
| Feb-21 | 323.95 | 280.00 |
| Mar-21 | 338.90 | 296.15 |

Share Price Performance in Comparison with BSE Index



The equity shares of the Company are not suspended from trading in BSE Limited.

Registrars & Share Transfer Agents:

Transmission, split, consolidation, recording the change of name of shareholders, deletion of joint holder name, issue of duplicate certificate, dematerialisation and such other matters relating to the shares of the Company are entrusted to the share transfer agents M/s. S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391 / A-1, Sathy Road, Ganapathy, Coimbatore – 641 006. They are the connectivity providers for Demat Segment.

Share Transfer System:

The Company's shares being in compulsory dematerialized (demat) list are transferable through the depository system. Securities and Exchange Board of India has mandated that the transfer of securities held in physical form, except in case of transmission or transposition, shall not be processed by the listed entities / Registrars and Share Transfer Agents

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

with effect from 1st April 2019. Therefore, members holding share(s) in physical form are requested to immediately dematerialize their shareholding in the Company.

Distribution of Shareholding as on 31st March 2021:

| Range | No.of Shares | % of Shares Held | No.of Shareholders | % |
|-----------------|--------------|------------------|--------------------|---------|
| 1 - 500 | 677050 | 27.545 | 8380 | 95.206 |
| 501 - 1000 | 176044 | 7.162 | 233 | 2.647 |
| 1001 - 2000 | 153094 | 6.228 | 110 | 1.250 |
| 2001 - 3000 | 84866 | 3.453 | 33 | 0.375 |
| 3001 - 4000 | 21028 | 0.856 | 6 | 0.068 |
| 4001 - 5000 | 51626 | 2.100 | 11 | 0.125 |
| 5001 - 10000 | 125751 | 5.116 | 17 | 0.193 |
| 10001 AND ABOVE | 1168541 | 47.540 | 12 | 0.136 |
| Total | 2458000 | 100.000 | 8802 | 100.000 |

Dematerialisation of Shares and liquidity:

23,74,924 shares constituting 96.62% of the total paid up capital of the Company has been dematerialized as on 31st March 2021. The Company has arrangement with National Securities Depository Ltd. (NSDL) as well as Central Depository Services (India) Limited (CDSL) for demat facility.

Outstanding ADR / GDR / Warrants / or any Convertible Instruments – The Company has not issued any ADR / GDR / Warrants / or any Convertible Instruments.

Commodity price risk or foreign exchange risk and hedging activities –

For Electricals segment the Company negotiates with its suppliers to meet the specifications of the Customers. The Company manages the price volatility through appropriate arrangements and commitments in line with customer's demand and well planned procurement. The control panels have many number of components to be assembled into it. The Company in consultation with its customers has the policy to procure high value raw materials only from the Original Equipment Manufacturers to ensure quality and competitive price.

For Plastics segment the Company procures various grades of polymers as per the specifications of the Customers which are predominantly the derivatives of crude oil. Volatility in Crude Oil prices, Currency fluctuation of Rupee vis-à-vis other global currencies coupled with demand–supply scenario in the market affect the price and availability of requisite polymers.

Exposure of the Company to Commodities – Polymers

| Commodity Name | Exposure towards the particular commodity (Rs. In Lakhs) | Exposure towards the particular commodity (in tons) | % of such exposure hedged through commodity derivatives | | | | |
|----------------|--|---|---|----------|----------------------|----------|-------|
| | | | Domestic market | | International market | | Total |
| | | | OTC | Exchange | OTC | Exchange | |
| Polymers | 884.38 | 381.33 | Nil | Nil | Nil | Nil | Nil |

The Company does not have voluminous transactions which necessitates foreign exchange hedging.

Plant Locations:

The Company's plant is situated at the following location:

Factory: Arasur, Coimbatore – 641 407. Wind Mill Division: Palladam (TK), Tirupur District.

Address for Correspondence:

All correspondence should be addressed to: The Compliance Officer, Lakshmi Electrical Control Systems Limited, Arasur, Coimbatore – 641 407. E-mail: investorscell@lecsindia.com

Credit Rating:

List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad – Nil.

11. OTHER DISCLOSURES**a) Materially significant related party transactions:**

The transactions with related parties are monitored in accordance with the policy. All the transactions with the related parties are at arms length transaction and are taking place in the ordinary course of business. The details of related party transactions are provided elsewhere in the Annual Report. There were no materially significant related party transactions that would have potential conflict with the interests of the Company at large.

b) Strictures and Penalties:

The Company has complied with all the requirements, regulations and guidelines of SEBI including SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. No penalties have been levied or strictures have been passed by SEBI, Stock Exchange or any other statutory authority on matters relating to capital markets during the last three years.

c) Vigil Mechanism and Whistle-Blower Policy:

The Company has adopted vigil mechanism and Whistle Blower Policy. It is affirmed that no personnel of the Company have been denied access to the Audit Committee.

The Whistle Blower Policy has been posted on the website of the Company www.lecsindia.com. Your Company hereby affirms that no complaints were received during the year under review.

d) Details of compliance with mandatory requirements and adoption of non-mandatory requirements:

The Company has complied with all mandatory requirements laid down under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has adopted the non-mandatory requirement of reporting of internal auditors to Audit Committee as recommended under Regulation 27(1) read with Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

e) Policy for determining material subsidiaries:

The company has no subsidiary and accordingly, the Company is not required to formulate a policy pertaining to the same.

f) Policy on related party transactions:

The Board has approved a policy for related party transactions which has been uploaded on the Company's website. Weblink: <http://www.lecsindia.com/wp-content/themes/lecs/pdf/policies/related-party-transaction-policy.pdf>

g) Commodity price risks and Commodity hedging activities - During the financial year ended 31st March, 2021 the company did not engage in commodity hedging activities.**h) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) – Nil****i) The Company has obtained certificate from a practising company secretary 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 SEBI / Ministry of Corporate Affairs or any such statutory authority. The same is enclosed as annexure to this Corporate Governance Report.****j) The Board has accepted the recommendation of the committees of the Board wherever applicable.****k) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part – Rs. 2.48 lakhs.**

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

I) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

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.

- a. number of complaints filed during the financial year 2020-21 - Nil
- b. number of complaints disposed of during the financial year 2020-21 - Nil
- c. number of complaints pending as on end of the financial year 2020-21 - Nil

12. The Company has complied all the requirements as specified in sub para (2) to (10) of Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in the Corporate Governance report to the extent applicable.

13. The Internal Auditor reports directly to the Audit Committee. Other than the above, the Company has not adopted any of the discretionary requirements as specified in Part E of Schedule II of SEBI LODR.

14. The Company complies with the corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The constitution of Risk Management Committee is not applicable to the Company.

15. Management Discussion and Analysis Report forms part of this Annual Report.

16. Risk Management - Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board.

17. Certificate from the Statutory Auditors confirming the compliance with all the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this report.

18. There are no unclaimed shares of the Company and hence the Company has not opened any unclaimed suspense account.

19. Share Transfer Committee:

Share Transfer Committee consists of the members of the Board, Company Secretary and Share Transfer Agents. At present there are 6 members in the Committee. The Committee reviews and approves transmission, split, consolidation, issue of duplicate share certificate, recording change of name, deletion of joint holder name, recording attainment of majority, transposition of names etc. in equity shares of the Company.

20. Certificate from Chairperson and Managing Director (CMD) & CFO

The CMD and CFO certification of the financial statements for the financial year has been submitted to the Board of Directors, in its meeting held on 28th May 2021 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place : Coimbatore

Date : May 28, 2021

For and on behalf of the board

Nethra J. S. Kumar
Chairperson and Managing Director
DIN : 00217906

CHIEF EXECUTIVE OFFICER'S DECLARATION ON CODE OF CONDUCT

The Board of Directors of the Company have adopted a Code of Conduct for the Board Members and Senior Management of the Company and the same has also been posted in the website of the Company and that all the Board Members and Senior Management personnel to whom this Code of Conduct is applicable have affirmed the Compliance of Code of Conduct during the year 2020-2021.

Place : Coimbatore

Date : May 28, 2021

Nethra J. S. Kumar
Chairperson and Managing Director
DIN : 00217906

Annexure to Corporate Governance Report

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

The Members of

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

(CIN: L31200TZ1981PLC001124)

504, Avinashi Road,

Peelamedu Post,

Coimbatore – 641004

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED** having CIN L31200TZ1981PLC001124 and having registered office at 504, Avinashi Road, Peelamedu Post, Coimbatore – 641004 (hereinafter referred to as ‘the Company’), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31st March 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Date of appointment in Company |
|---------|---|----------|--------------------------------|
| 1 | Mrs. Nethra Jayavarthanelu Senthil Kumar (Chairperson and Managing Director) | 00217906 | 23/10/2000 |
| 2 | Mr. Sanjay Jayavarthanelu | 00004505 | 21/06/1989 |
| 3 | Mr. Dinakaran Senthilkumar | 00006172 | 22/03/1997 |
| 4 | Mr. Suryakumar Narayanaswamy | 00008316 | 30/09/1982 |
| 5 | Mr. Ramesh Rudrappan | 00008325 | 23/05/2011 |
| 6 | Mr. Naidoor Ramachandran Selvaraj | 00013954 | 01/02/2019 |
| 7 | Mr. Annamalai Palaniappan | 00044022 | 28/01/2013 |
| 8 | Mr. Arun Selvaraj | 01829277 | 28/01/2013 |

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

Place : Coimbatore

Date : May 28, 2021

M D SELVARAJ
MDS & Associates
Company Secretaries
FCS No.: 960; C P No.: 411
UDIN: F000960C000364840
Peer Review No. 985/2020

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Auditors' Certificate on Corporate Governance

To

The Members of

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Coimbatore

We have examined the compliance of conditions of Corporate Governance by LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED ('the Company') for the year ended March 31, 2021 as per relevant Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Managements' Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditors' Responsibility

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

We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the company in accordance with the Guidance Note on certification of Corporate Governance issued by the Institute of Chartered Accountants of India, the standards on Auditing specified under section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India, which requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

Based on our examination of the relevant records and to the best of our information and according to the explanations given to us and the representation provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as specified in the relevant Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as applicable during the year ended 31st March 2021.

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

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

For M/s Subbachar & Srinivasan

Chartered Accountants

Firm Registration No.0040835

(T.S.V.RAJAGOPAL)

Partner

Membership No. 200380

UDIN: 21200380AAAAHH9493

Place : Coimbatore

Date : May 28, 2021

INDEPENDENT AUDITOR’S REPORT

To the Members of LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Report on the audit of standalone Financial Statements

Opinion

We have audited the standalone financial statements of **LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED** (“the Company”), which comprise the Balance Sheet as at **March 31, 2021**, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement and for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information. (hereinafter referred to 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 Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at **March 31, 2021**, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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. We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the Standalone financial statements section of our report, including in relation to these matters.

| S. No. | Key Audit Matter | Auditor’s Response |
|--------|---|---|
| 1. | <p>Evaluation of uncertain tax positions</p> <p>The Company did not have material uncertain tax positions other than uncertain position of statutory dues of indirect taxes and electricity generation tax under dispute, which involves significant judgment to determine the possible outcome of these disputes.</p> | <p>Principal Audit Procedures</p> <p>We obtained details of completed tax assessments, demands received and latest rulings of appellate forums from the management. We analysed the management’s underlying assumptions in estimating the tax provision and the possible outcome of the disputes. We considered legal precedence and other rulings in evaluating management’s position on these uncertain tax positions and electricity generation tax. Additionally, we considered the effect of new information in respect of material uncertain tax positions and other uncertain position of statutory dues of indirect taxes and electricity generation tax under dispute, to evaluate whether any change was required to management’s position on these uncertainties.</p> |

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

| S. No. | Key Audit Matter | Auditor's Response |
|--------|---|--|
| 2. | <p>Assessment of carrying value of Investments</p> <p>The Company has invested in listed equity instruments and mutual funds. The evaluation of their fair values is considered as a key audit matter given the relative significance of the value of investments and the fluctuations in their fair values.</p> | <p>Principal Audit Procedures</p> <p>Our audit procedures in relation to assessing the carrying value of these investments include ascertaining from relevant external sources that the equity instruments and the mutual funds are carried at fair value as on 31st March 2021. In line with general market fluctuations, there are significant fair value changes in these investments. We agree with the management's evaluation of the fair values as at the balance sheet date read with the disclosures by the management in note on Investments [Refer Note No.6].</p> |

We have determined that there are no other key audit matters to communicate in our report.

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

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

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

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

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

Responsibilities of Management and those charged with governance for the standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("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 Indian Accounting Standards (IND AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the 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, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in **Annexure "A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

- c) The balance sheet, the statement of profit and loss (including other comprehensive income), statement of changes in equity and the cash flow statement 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 Rule 7 of the Companies (Accounts) Rules 2014;
- e) On the basis of the written representations received from the directors of the Company as on **March 31, 2021** taken on record by the board of directors, none of the directors are disqualified as on **March 31, 2021** from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure "B"** and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Companies Act 2013. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

- h) With respect to the other matters to be included in the auditors' report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note No 39 to the standalone financial statements.
 - ii The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
 - iii There has been no delay in transferring amounts, required to be transferred, to the investor Education and Protection Fund by the Company.

For M/s Subbachar & Srinivasan

Chartered Accountants

Firm Registration No.004083S

(T.S.V.RAJAGOPAL)

Partner

Membership No. 200380

UDIN: 21200380AAAAHI8818

Place : Coimbatore

Date : May 28, 2021

Annexure – “A” to the Independent Auditors’ Report

(Referred to in Paragraph 1 under “Report on Other legal and regulatory requirements” section of our report to the members of LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED of even date).

We report that,

1. In respect of its Fixed Assets [Property, Plant and Equipment]:

- The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets [Property, Plant and Equipment].
- As explained to us, fixed assets [Property, Plant and Equipment] have been physically verified by the management at regular intervals, in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the company and nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- According to the information and explanations given to us and the records examined by us, the title deeds of immovable properties are held in the name of the Company.

2. In respect of its inventories:

As explained to us, physical verification of inventories has been conducted at reasonable intervals by the management during the year and no material discrepancies were noticed.

- The company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, during the financial year and hence sub-clauses (a) to (c) of clause (iii) of the Order are not applicable to the company.
- The Company has not granted loans or given any guarantee or provided any security or made any investments in any body corporate during the year and hence compliance with Section 185 and 186 are not applicable.
- The company has not accepted any deposits from the public during the year to which the provisions of sections 73 to 76 of the Act are applicable and as such clause 3(v) of the Order is not applicable.
- We have broadly reviewed the cost records maintained by the company specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, as applicable to the company, and are of the opinion that prima facie the specified cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- According to the information and explanations given to us and on the basis of our examination of the records of the company in respect of the statutory dues:
 - The company is regular in depositing undisputed statutory dues including Provident Fund, Employees’ State insurance, Income tax, Duty of customs, Goods and Service Tax and any other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2021 for a period of more than six months from the date they became payable.
 - According to the information and explanations given to us, the details of disputed statutory dues that have not been deposited on account of dispute is as under:

| Name of the Statute | Nature of the dues | Amount [Rs. in lakhs] | Amount paid/ adjusted [Rs in lakhs] | Period to which the amount relates | Forum where dispute is pending |
|---|--------------------|-----------------------|-------------------------------------|------------------------------------|--------------------------------|
| Central Excise Act / Service Tax Act | Service Tax | 9.18 | 0.92 | 2011-12 to 2014-15 | CESTAT |
| The Tamilnadu Tax on Consumption or sale of Electricity Act, 2003 | Electricity Tax | 33.27 | NIL | 2007-08 and 2009-10 to 2012-13 | High Court |

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

| Name of the Statute | Nature of the dues | Amount [Rs. in lakhs] | Amount paid/ adjusted [Rs in lakhs] | Period to which the amount relates | Forum where dispute is pending |
|----------------------|-----------------------|-----------------------|-------------------------------------|------------------------------------|--------------------------------|
| Income Tax Act, 1961 | Income Tax & Interest | 49.28 | 1.08 | Assessment Year 2017-18 & 2018-19 | Commissioner (Appeals) |

8. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowings to any financial institution, bank, government or dues to debenture holders.
9. In our opinion and according to the information and explanations given to us, the company has not raised any money by way of term loans or by way of initial public offer or further public offer (including debt instruments) during the year and hence clause 3(ix) of the Order is not applicable to the company.
10. To the best of our knowledge and belief and according to the information and explanations given to us during the course of our examination of the books and records of the company carried out in accordance with the auditing standards generally accepted in India, no fraud on or by the company was noticed or reported during the year that causes the standalone financial statements to be materially misstated.
11. According to the information and explanations given to us and based on our examination of the records of the company, the company has paid / provided for managerial remuneration during the year, read with the requisite terms of approvals as mandated by the provisions of section 197 and read with Schedule V to the Companies Act, 2013.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, clause 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For M/s Subbachar & Srinivasan

Chartered Accountants

Firm Registration No.0040835

(T.S.V.RAJAGOPAL)

Partner

Membership No. 200380

UDIN: 21200380AAAHI8818

Place : Coimbatore

Date : May 28, 2021

Annexure – “B” to the Independent Auditors’ Report

(Referred to in Paragraph 2(f) under “Report on Other legal and regulatory requirements” section of our report to the members of **LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED** of even date).

Report on the Internal Financial Controls over Financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED as of 31st March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘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 Companies Act, 2013.

Auditors’ Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, 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 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 financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2021, 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.

Place : Coimbatore

Date : May 28, 2021

For M/s Subbachar & Srinivasan

Chartered Accountants

Firm Registration No.004083S

(T.S.V.RAJAGOPAL)

Partner

Membership No. 200380

UDIN: 21200380AAAAHI8818

Balance Sheet as at 31st March, 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | Note No | As at 31st March, 2021 | As at 31st March, 2020 |
|---|---------|---------------------------|---------------------------|
| I. ASSETS | | | |
| (1) Non-Current Assets | | | |
| (a) Property, Plant and Equipment | 3 | 3,219.83 | 3,365.17 |
| (b) Capital Work-in-Progress | 4 | 12.43 | 10.34 |
| (c) Investment Properties | 5 | 87.87 | 87.87 |
| (d) Financial Assets | | | |
| i. Investments | 6 | 10,327.32 | 6,967.83 |
| ii. Other Financial Assets | 7 | 23.02 | 52.92 |
| (e) Income Tax Assets | 14 | 80.74 | 66.02 |
| Total Non-Current Assets | | 13,751.21 | 10,550.15 |
| (2) Current Assets | | | |
| (a) Inventories | 8 | 3,021.52 | 1,962.69 |
| (b) Financial Assets | | | |
| i. Trade Receivables | 9 | 4,500.06 | 3,074.00 |
| ii. Cash and Cash Equivalents | 10 | 4.86 | 5.72 |
| iii. Bank balances other than (ii) above | 11 | 978.05 | 29.86 |
| iv. Other Financial Assets | 12 | 15.43 | 9.28 |
| (c) Other Current Assets | 13 | 283.85 | 125.70 |
| (d) Current Tax Assets(Net) | 14 | 1.19 | 8.47 |
| Total Current Assets | | 8,804.96 | 5,215.72 |
| Total Assets | | 22,556.17 | 15,765.87 |
| II. EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| (a) Equity Share Capital | 15 | 245.80 | 245.80 |
| (b) Other Equity | 16 | 17,374.14 | 13,158.12 |
| Total Equity | | 17,619.94 | 13,403.92 |
| (2) Liabilities | | | |
| Non-Current Liabilities | | | |
| (a) Provisions | 17 | 91.94 | 82.42 |
| (b) Deferred Tax Liabilities (Net) | 18 | 271.08 | 288.41 |
| Total Non-Current Liabilities | | 363.02 | 370.83 |
| (3) Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| i. Borrowings | 19 | 1,077.45 | 40.23 |
| ii. Trade Payables | 20 | | |
| a) Total outstanding dues of micro enterprises and small enterprises | | 587.93 | 395.07 |
| b) Total outstanding dues of Creditors other than micro enterprises and small enterprises | | 2,447.51 | 1,298.61 |
| iii. Other Financial Liabilities | 21 | 180.23 | 163.34 |
| (b) Provisions | 17 | 39.74 | 43.55 |
| (c) Other Current Liabilities | 22 | 240.35 | 50.32 |
| Total Current Liabilities | | 4,573.21 | 1,991.12 |
| Total Liabilities | | 4,936.23 | 2,361.95 |
| Total Equity and Liabilities | | 22,556.17 | 15,765.87 |

See accompanying notes to the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

Nethra J.S.Kumar

 Chairperson and Managing Director
(DIN : 00217906)

Sanjay Jayavarthanelu

 Director
(DIN : 00004505)

For Subbchar & Srinivasan

 Chartered Accountants
Firm Regn.No.004083S

T.S.V.Rajagopal

 Partner
Membership No.200380

Place : Coimbatore

A.Thiagarajan

Date : May 28, 2021

Chief Financial Officer

S.Sathyarayanan

Company Secretary

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Statement of Profit and Loss for the Year Ended 31st March, 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | Note No | Year Ended 31st March, 2021 | Year Ended 31st March, 2020 |
|--|---------|--------------------------------|--------------------------------|
| I. INCOME | | | |
| Revenue from Operations | 23 | 13,224.58 | 11,322.30 |
| Other Income | 24 | 349.15 | 331.84 |
| Total Income | | 13,573.73 | 11,654.14 |
| II. EXPENSES | | | |
| Cost of Materials Consumed | 25 | 10,446.80 | 8,791.67 |
| Changes in Inventories of Finished Goods, Stock-in -Trade and Work-in-Progress | 26 | (220.36) | 50.62 |
| Employee Benefits Expense | 27 | 1,649.66 | 1,560.98 |
| Finance Costs | 28 | 8.78 | 2.93 |
| Depreciation and Amortisation Expense | 29 | 219.90 | 223.12 |
| Other Expenses | 30 | 951.09 | 933.06 |
| Total Expenses | | 13,055.87 | 11,562.38 |
| Profit before Exceptional Items and Tax | | 517.86 | 91.76 |
| Exceptional Items | | | - |
| VRS Payment | | 256.67 | - |
| Profit before Tax after Exceptional Items | | 261.19 | 91.76 |
| Income Tax Expense | 31 | | |
| Current Tax(MAT) | | 42.89 | 31.94 |
| Deferred Tax(Including MAT Credit Entitlement) | | (87.58) | 16.94 |
| Profit for the period | | 305.88 | 42.88 |
| Other Comprehensive Income | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Remeasurement of post Employment Benefit Obligations | | 2.11 | 17.33 |
| Income Tax relating to these items | | (0.59) | (4.82) |
| Change in fair value of FVOCI Equity Instruments | | 3,990.57 | (3,382.72) |
| Income Tax relating to these items | | (69.66) | (77.21) |
| <i>Items that will be reclassified to profit or loss</i> | | | |
| | | - | - |
| Other Comprehensive Income for the period, net of Tax | | 3,922.43 | (3,447.42) |
| Total Comprehensive Income for the period | | 4,228.31 | (3,404.54) |
| Earnings per Equity Share | | | |
| Basic Earnings per Share (par value of ₹ 10/- each) | 36 | 12.44 | 1.74 |
| Diluted Earnings per Share (par value of ₹ 10/- each) | 36 | 12.44 | 1.74 |

See accompanying notes to the financial statements

For and on behalf of the Board of Directors

Nethra J.S.Kumar

Chairperson and Managing Director
(DIN : 00217906)

Sanjay Jayavarthanavelu

Director
(DIN : 00004505)

Place : Coimbatore

Date : May 28, 2021

A.Thiagarajan

Chief Financial Officer

S.Sathyanarayanan

Company Secretary

In terms of our report attached

For Subbachar & Srinivasan

Chartered Accountants
Firm Regn.No.004083S

T.S.V.Rajagopal

Partner
Membership No.200380

Statement of Changes in Equity for the Year Ended 31st March, 2021 (All amounts in ₹ Lakhs, unless otherwise stated)

I. Equity Share Capital

| Particulars | Note No | Amount |
|---|---------|--------|
| Balance as at 1st April, 2019 | | 245.80 |
| Changes in equity share capital during the year | 15 | - |
| Balance as at 31st March, 2020 | | 245.80 |
| Changes in equity share capital during the year | 15 | - |
| Balance as at 31st March, 2021 | | 245.80 |

II. Other Equity

| Particulars | Reserves and surplus | | | | Other Comprehensive Income | Total |
|---|----------------------|-----------------|--------------------|-------------------|----------------------------|------------|
| | Note No | General Reserve | Securities Premium | Retained Earnings | FVOCI - Equity Instruments | |
| Balance as at 1st April, 2019 | | 5,672.34 | 503.20 | 5,218.04 | 5,435.77 | 16,829.35 |
| Profit for the period | 16 | - | - | 42.88 | - | 42.88 |
| Other comprehensive income (Net of taxes) | 16 | - | - | 12.51 | (3,459.93) | (3,447.42) |
| Dividends paid | 16 | - | - | (221.22) | - | (221.22) |
| Dividend distribution tax | 16 | - | - | (45.47) | - | (45.47) |
| Transfer to general reserve | 16 | - | - | - | - | - |
| Balance as at 31st March, 2020 | | 5,672.34 | 503.20 | 5,006.74 | 1,975.84 | 13,158.12 |
| Profit for the period | 16 | - | - | 305.88 | - | 305.88 |
| Other comprehensive income (Net of taxes) | 16 | - | - | 1.52 | 3,920.91 | 3,922.43 |
| Dividends paid | 16 | - | - | (12.29) | - | (12.29) |
| Transfer to general reserve | 16 | - | - | - | - | - |
| Balance as at 31st March, 2021 | | 5,672.34 | 503.20 | 5,301.85 | 5,896.75 | 17,374.14 |

- i) General reserve: General Reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payouts, bonus issue etc.
- ii) Retained earnings: Company's cumulative earnings since its formation minus the dividends/capitalisation and earnings transferred to general reserve.
- iii) Securities Premium: Securities premium is used to record the premium on issue of shares. This is utilised in accordance with the provisions of the Companies Act, 2013.
- iv) FVOCI - Equity instruments: The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

See accompanying notes to the financial statements

For and on behalf of the Board of Directors

Nethra J.S.Kumar

Chairperson and Managing Director
(DIN : 00217906)

Sanjay Jayavarthanavelu

Director
(DIN : 00004505)

Place : Coimbatore

A.Thiagarajan

Date : May 28, 2021 Chief Financial Officer

S.Sathyanarayanan

Company Secretary

In terms of our report attached

For Subbchar & Srinivasan

Chartered Accountants
Firm Regn.No.004083S

T.S.V.Rajagopal

Partner
Membership No.200380

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Statement of Cash Flow for the Year Ended 31st March, 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | Year Ended 31st March, 2021 | Year Ended 31st March, 2020 |
|--|--------------------------------|--------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before Income Tax | 261.19 | 91.76 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 219.90 | 223.12 |
| (Gain)/Loss on disposal of property, plant and equipment | (0.02) | (1.01) |
| Dividend and interest income classified as investing cash flows | (40.57) | (34.87) |
| Finance costs | 8.78 | 2.93 |
| Net gain on financial assets mandatorily measured at fair value through profit or loss | (297.47) | (289.84) |
| Operating Profit before working capital change | 151.81 | (7.91) |
| Change in operating assets and liabilities | | |
| (Increase)/Decrease in trade receivables | (1,426.06) | 993.91 |
| (Increase)/Decrease in inventories | (1,058.83) | 58.01 |
| Increase/(Decrease) in trade payables | 1,341.75 | (29.64) |
| (Increase)/Decrease in other financial assets | 23.75 | 21.94 |
| (Increase)/Decrease in other current assets | (158.15) | (31.79) |
| Increase/(Decrease) in provisions | 7.83 | (32.98) |
| Increase/(Decrease) in other current liabilities | 190.03 | (105.25) |
| Increase/(Decrease) in Other financial liabilities | 18.30 | (5.84) |
| Cash used in / generated from operations | (909.57) | 860.45 |
| Income taxes paid | (50.33) | (14.38) |
| Cash used in / generated from operations | [A] (959.90) | 846.07 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Payments for property, plant and equipment | (76.65) | (1,110.11) |
| Purchase of investments | - | (100.00) |
| Proceeds from sale of property, plant and equipment | 0.02 | 5.99 |
| Proceeds from sale of investments | 928.55 | - |
| Dividends received | 8.88 | 31.08 |
| Interest received | 31.69 | 3.79 |
| (Increase)/Decrease in other Bank balances not treated as Cash and Cash Equivalents | (948.19) | 1,079.20 |
| Net cash outflow from investing activities | [B] (55.70) | (90.05) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Finance costs | (8.78) | (2.93) |
| Dividends paid | (13.70) | (220.44) |
| Dividend Tax paid | - | (45.47) |
| Availment/(Repayment) of Working Capital Borrowings | 1,037.22 | (486.71) |
| Net cash inflow/ (outflow) from financing activities | [C] 1,014.74 | (755.55) |
| Net Increase/ (Decrease) in cash and cash equivalents (A + B + C) | (0.86) | 0.47 |
| Cash and Cash Equivalents at the beginning of the financial year | 5.72 | 5.25 |
| Cash and Cash Equivalents at end of the year | 4.86 | 5.72 |

See accompanying notes to the financial statements

For and on behalf of the Board of Directors

Nethra J.S.Kumar

Chairperson and Managing Director
(DIN : 00217906)

Sanjay Jayavarthanavelu

Director
(DIN : 00004505)

Place : Coimbatore

A.Thiagarajan

Date : May 28, 2021

Chief Financial Officer

S.Sathyanarayanan

Company Secretary

In terms of our report attached

For Subbachar & Srinivasan

Chartered Accountants
Firm Regn.No.004083S

T.S.V.Rajagopal

Partner

Membership No.200380

ACCOUNTING POLICIES AND NOTES TO STATEMENT OF PROFIT AND LOSS AND BALANCE SHEET AS AT 31ST MARCH, 2021

1 Company overview

Lakshmi Electrical Control Systems Limited ('the Company') is a public limited company incorporated in India. The company's equity shares are listed on BSE. The address of its registered office and principal place of business are disclosed in the introduction to the Annual Report. The company is engaged in the manufacturing and selling of control panels and plastic components.

2 Significant Accounting Policies

2.1 Statement of Compliance

The financial statements have been prepared as a going concern in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

2.2 Basis of Preparation and Presentation

The financial statements have been prepared on the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below. Historical cost is generally based on the fair value of the consideration given in exchange of goods or services.

The principal accounting policies are set out below:

All assets and liabilities have been classified as current or noncurrent according to the Company's operating cycle and other criteria set out in the Act. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

2.3 Going Concern

The board of directors have considered the financial position of the Company at 31st March, 2021 and projected cash flows and financial performance of the Company for at least twelve months from the date of approval of these financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course.

The board of directors have taken actions to ensure that appropriate long-term cash resources are in place at the date of signing the accounts to fund the Company's operations.

2.4 Use of Estimates and Judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected.

Estimation uncertainty relating to COVID-19 outbreak:

The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of trade receivables including unbilled receivables, goodwill, intangible assets and investments. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

2.5 Revenue Recognition

The Company recognizes revenue when the amount of revenue and its related cost can be reliably measured and it is probable that future economic benefits will flow to the entity and specific criteria in relation to significant risk.

The Company has evaluated the impact of COVID – 19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional

ACCOUNTING POLICIES AND NOTES TO STATEMENT OF PROFIT AND LOSS AND BALANCE SHEET AS AT 31ST MARCH, 2021

efforts;(ii) onerous obligations;(iii) penalties relating to breaches of service level agreements, and (iv) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

2.5.1 Sale of goods

Revenue from sale of products is recognised when the products are delivered to the dealer / customer or when delivered to the carrier, when the company transfers control of goods and services to the dealer / customer, as per terms of contract.

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances and rebates. It excludes Goods and Services Tax.

2.5.2 Income from service

Income from services is accounted over the period of rendering of services.

2.6 Foreign Currencies

2.6.1 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupee, which is the Company's functional and presentation currency.

2.6.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

2.7 Employee Benefits

2.7.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services upto the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

2.7.2 Other long term employee benefit

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the period-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

ACCOUNTING POLICIES AND NOTES TO STATEMENT OF PROFIT AND LOSS AND BALANCE SHEET AS AT 31ST MARCH, 2021

2.7.3 Post-employment obligation

The Company operates the following post-employment schemes:

- a) Defined benefit plans such as gratuity for its eligible employees, and
- b) Defined contribution plans such as provident fund.

Defined contribution plan:

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme and pension scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit plan:

The Company has a gratuity defined benefit plans for its employees. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and the balance sheet. The Company has funded this with Life Insurance Corporation of India ('LIC'). The contributions made to the LIC are treated as plan assets. The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

2.7.4 Bonus plans

The Company recognizes a liability and an expense for bonus. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.8.1. Current tax

The income tax expenses or credit is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted.

2.8.2. Deferred tax

Deferred tax is provided in full, using the balance sheet approach, 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 profits. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and incurred tax losses 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.

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.

ACCOUNTING POLICIES AND NOTES TO STATEMENT OF PROFIT AND LOSS AND BALANCE SHEET AS AT 31ST MARCH, 2021

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.

2.8.3. Current and deferred tax for the year

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

2.9. Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any.

Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. The other repairs and maintenance of revenue nature are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value :

Depreciation is calculated using the straight-line method on a pro-rata basis from the month in which each asset is put to use to allocate their cost, net of their residual values, over their estimated useful lives.

Estimated useful life of assets are as follows which is based on technical evaluation of the useful lives of the assets:

| Particulars | Useful life in years (Nos) |
|------------------------|----------------------------|
| Buildings | 30 |
| Plant and equipments | 15 |
| Furniture and fixtures | 10 |
| Vehicles | 10 |
| Office Equipments | 3 |

The assets' residual values, estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are credited / debited to profit or loss.

2.10. Intangible assets

Intangible assets are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any.

2.11. Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of 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.

ACCOUNTING POLICIES AND NOTES TO STATEMENT OF PROFIT AND LOSS AND BALANCE SHEET AS AT 31ST MARCH, 2021

As a practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At regular intervals, the historically observed default rates are updated and changes in forward-looking estimates are analysed. In addition to the historical pattern of credit loss, the Company has considered the likelihood of increased credit risk and consequential default by customers including revisions in the credit period provided to the customers. In making this assessment, the Company has considered current and anticipated future economic conditions relating to industries/business verticals that the company deals with and the countries where it operates. In addition the Company has also considered credit reports and other credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19. The Company believes that the carrying amount of allowance for expected credit loss with respect to trade receivables, unbilled revenue and other financial assets is adequate.

2.12. Inventories

Inventories are valued at the lower of cost and net realizable value after providing for obsolescence and other losses where considered necessary.

Cost is determined on weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and appropriate proportion of variable and fixed overhead expenditure and also other costs incurred in bringing the inventories to their present location and condition. Overhead expenditures are being allocated on the basis of normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Non- production inventory (other than those supplied along with main plant and machinery, which are capitalised and depreciated accordingly) are charged to profit or loss on consumption.

2.13 Provisions and contingencies

Provisions: Provisions are recognised when there is a present obligation or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

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 or a reliable estimate of the amount cannot be made.

2.14. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. 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 instruments (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

2.15. Financial assets

All purchases or sales of financial assets are recognized and de-recognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

ACCOUNTING POLICIES AND NOTES TO STATEMENT OF PROFIT AND LOSS AND BALANCE SHEET AS AT 31ST MARCH, 2021

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

2.15.1. Classification of financial assets

Classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

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

A financial asset that meets the following two conditions is measured at amortised cost unless the asset is designated at fair value through profit or loss under the fair value option:

- Business model test : the objective of the Company's business model is to hold the financial asset to collect the contractual cash flows.
- Cash flow characteristic test : the contractual term of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option:

- Business model test : the financial asset is held within a business model whose objective is achieved by both collecting cash flows and selling financial assets.
- Cash flow characteristic test : the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value through profit or loss.

2.15.2. Financial assets at fair value through profit or loss (FVTPL)

Investment in equity instrument are classified at fair value through profit or loss, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets that do not meet the amortised cost criteria or fair value through other comprehensive income criteria are measured at fair value through profit or loss. A financial asset that meets the amortised cost criteria or fair value through other comprehensive income criteria may be designated as at fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets and liabilities or recognising the gains or losses on them on different bases.

Investments in debt based mutual funds are measured at fair value through profit or loss.

Financial assets which are fair valued through profit or loss are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss.

2.15.3. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

The Company generally determines the allowance for expected credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

ACCOUNTING POLICIES AND NOTES TO STATEMENT OF PROFIT AND LOSS AND BALANCE SHEET AS AT 31ST MARCH, 2021

2.15.4. Cash and cash equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, cheques and drafts in hand, balances with bank and deposits held at call with financial institutions, short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet and forms part of financing activities in the cash flow statement. Book overdraft are shown within other financial liabilities in the balance sheet and forms part of operating activities in the cash flow statement.

2.15.5. Impairment of financial assets

The Company assesses impairment based on Expected Credit Losses (ECL) model to the following :

- financial assets measured at amortised cost
 - financial assets measured at fair value through other comprehensive income
- Expected credit loss are measured through a loss allowance at an amount equal to :
- the twelve month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within twelve months after the reporting date); or
 - full life time expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

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

2.15.6. Income recognition

Interest Income: Interest income from debt instruments is recognised using the effective interest rate method.

2.16. Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method or at fair value through profit or loss.

2.16.1. Trade and other payables

Trade and other payables represent liabilities for goods or services provided to the Company prior to the end of financial year which are unpaid.

2.16.2. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.16.3. Foreign exchange gains or losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in profit or loss.

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

ACCOUNTING POLICIES AND NOTES TO STATEMENT OF PROFIT AND LOSS AND BALANCE SHEET AS AT 31ST MARCH, 2021

2.17. Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer [CEO], who is the Chief Operating Decision Maker [CODM], to make decisions about resources to be allocated to the segments and assess their performance. Information reported to the CODM for the purpose of resource allocation and assessment of segment performance focuses on the type of goods or services delivered or provided. The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Income / costs which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under unallocated income / costs. Interest income and expenses are not allocated to respective segments. Inter segment pricing is determined on arm's length basis. The Company has three reportable segments viz., Electricals, Plastics and Wind Power generation. Geographic information is based on business sources from respective geographic regions.

2.18. Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.19. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

2.20. Earning Per Share

Basic earnings per share have been computed by dividing the net income by the weighted average number of shares outstanding during the year. Diluted earnings per share has been computed using the weighted average number of shares and diluted potential shares, except where the result would be anti-dilutive

2.21. Dividends

Final dividends on shares are recorded on the date of approval by the shareholders of the Company.

2.22. Leases [As Lessee]

The Company's lease asset classes primarily consist of leases for buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

ACCOUNTING POLICIES AND NOTES TO STATEMENT OF PROFIT AND LOSS AND BALANCE SHEET AS AT 31ST MARCH, 2021

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

2.23. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents include cash on hand, cash with banks in current and deposit accounts with necessary disclosure of cash and cash equivalent balances that are not available for use by the company.

2.24 Recent accounting pronouncements

On March 24, 2021, the Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The Company is evaluating the effect of amendments on its financial statements.

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Notes to the Financial Statements as at 31st March, 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

3 PROPERTY, PLANT AND EQUIPMENT

The changes in the carrying value of property, plant and equipment for the Year ended 31st March, 2021 are as follows:

| Asset Description | Gross Carrying Amount | | | | Accumulated Depreciation | | | | Net Carrying Amount | |
|------------------------|-----------------------|--------------|-------------------------|------------------------|--------------------------|---------------------------|-------------|------------------------|------------------------|------------------------|
| | As at 1st April, 2020 | Additions | Disposals / Adjustments | As at 31st March, 2021 | As at 1st April, 2020 | Depreciation for the year | Disposals | As at 31st March, 2021 | As at 31st March, 2020 | As at 31st March, 2021 |
| Freehold land | 1084.07 | - | - | 1084.07 | - | - | - | - | 1084.07 | 1084.07 |
| Buildings | 539.53 | - | - | 539.53 | 63.10 | 16.53 | - | 79.63 | 476.43 | 459.90 |
| Plant and equipments | 2050.06 | 55.86 | - | 2105.92 | 404.64 | 157.97 | - | 562.61 | 1645.42 | 1543.31 |
| Furniture and fixtures | 69.21 | 7.28 | - | 76.49 | 29.68 | 7.75 | - | 37.43 | 39.53 | 39.06 |
| Vehicles | 60.05 | - | 0.35 | 59.70 | 30.94 | 7.97 | 0.35 | 38.56 | 29.11 | 21.14 |
| Office Equipments | 211.16 | 11.42 | - | 222.58 | 120.55 | 29.68 | - | 150.23 | 90.61 | 72.35 |
| Total | 4014.08 | 74.56 | 0.35 | 4088.29 | 648.91 | 219.90 | 0.35 | 868.46 | 3365.17 | 3219.83 |

The changes in the carrying value of property, plant and equipment for the Year ended 31st March, 2020 are as follows:

| Asset Description | Gross Carrying Amount | | | | Accumulated Depreciation | | | | Net Carrying Amount | |
|------------------------|-----------------------------------|-----------------|-------------------------|------------------------|--------------------------|---------------------------|--------------|------------------------|------------------------|------------------------|
| | Deemed Cost as at 1st April, 2019 | Additions | Disposals / Adjustments | As at 31st March, 2020 | As at 1st April, 2019 | Depreciation for the year | Disposals | As at 31st March, 2020 | As at 31st March, 2019 | As at 31st March, 2020 |
| Freehold land | 10.29 | 1,073.78 | - | 1,084.07 | - | - | - | - | 10.29 | 1,084.07 |
| Buildings | 533.48 | 6.05 | - | 539.53 | 46.52 | 16.58 | - | 63.10 | 486.96 | 476.43 |
| Plant and equipments | 2,021.85 | 38.69 | 10.48 | 2,050.06 | 252.87 | 157.44 | 5.67 | 404.64 | 1,768.98 | 1,645.42 |
| Furniture and fixtures | 69.21 | - | - | 69.21 | 21.97 | 7.71 | - | 29.68 | 47.24 | 39.53 |
| Vehicles | 60.05 | - | - | 60.05 | 22.83 | 8.11 | - | 30.94 | 37.22 | 29.11 |
| Office Equipments | 209.20 | 6.85 | 4.89 | 211.16 | 91.99 | 33.28 | 4.72 | 120.55 | 117.21 | 90.61 |
| Total | 2,904.08 | 1,125.37 | 15.37 | 4,014.08 | 436.18 | 223.12 | 10.39 | 648.91 | 2,467.90 | 3,365.17 |

4 CAPITAL WORK-IN-PROGRESS

| Asset Description | As at 1st April, 2020 | Additions | Capitalized | As at 31st March, 2021 | As at 31st March, 2020 |
|--------------------------|-----------------------|-----------|-------------|------------------------|------------------------|
| Capital work in progress | 10.34 | 76.65 | 74.56 | 12.43 | 10.34 |

| Asset Description | As at 1st April, 2019 | Additions | Capitalized | As at 31st March, 2020 | As at 31st March, 2019 |
|--------------------------|-----------------------|-----------|-------------|------------------------|------------------------|
| Capital work in progress | 25.61 | 1110.10 | 1125.37 | 10.34 | 25.61 |

5 INVESTMENT PROPERTY

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|------------------------|------------------------|
| (i) Land | | |
| <u>Gross carrying amount</u> | | |
| Opening gross carrying amount / Deemed cost | 87.87 | 87.87 |
| Additions | - | - |
| Closing gross carrying amount | 87.87 | 87.87 |
| <u>Accumulated depreciation</u> | | |
| Opening accumulated depreciation | - | - |
| Depreciation charge | - | - |
| Closing accumulated depreciation | - | - |
| Net carrying amount | 87.87 | 87.87 |
| (ii) Fair value | | |
| Investment property | 119.01 | 111.96 |

The fair values of investment properties have been determined with reference to the market value as for the location at which the property is located by an independent third party valuer.

6 INVESTMENTS

| Particulars | As at 31st March, 2021 | | As at 31st March, 2020 | |
|---|------------------------|----------|------------------------|----------|
| | Units | Amount | Units | Amount |
| Non-current Investments | | | | |
| <u>Investment in equity instruments (quoted) at FVOCI</u> | | | | |
| (i) Equity Shares of Rs.10/- each fully paid in Lakshmi Machine Works Limited | 88,800 | 6,028.68 | 88,800 | 2,042.71 |
| (ii) Equity Shares of Rs.10/- each fully paid in Indian Bank | 6,289 | 7.31 | 6,289 | 2.71 |
| <u>Investment in Mutual Funds (unquoted) at FVTPL</u> | | | | |
| Franklin IBA Plan A (G) | 4,18,713.071 | 323.29 | 5,27,671.070 | 378.02 |
| Franklin Dyaccrual (G)* | 3,19,081.309 | 225.19 | 5,28,593.380 | 353.95 |
| HDFC Income RP (G) | 6,76,454.424 | 314.40 | 8,04,997.420 | 354.39 |
| ICICI Pru Long Term MRP (G) | 11,57,805.101 | 323.61 | 14,71,497.100 | 377.40 |
| Reliance Income GR (G) | 4,39,586.564 | 309.25 | 5,64,290.560 | 376.61 |
| IDFC SSIF INVS (G) | 5,88,806.554 | 311.17 | 7,42,491.550 | 369.84 |
| IDFC SSIF MT (G) | 8,62,339.247 | 315.17 | 10,81,962.250 | 369.43 |
| HDFC Corp debt opp RP (G) | 18,28,699.993 | 332.97 | 22,10,644.993 | 367.99 |
| Reliance RS Debt (G) | 13,13,272.116 | 324.92 | 13,22,448.116 | 302.47 |
| Birla SL Short term (G) | 3,76,499.515 | 323.43 | 4,81,216.515 | 376.57 |

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Notes to the Financial Statements as at 31st March, 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | As at 31st March, 2021 | | As at 31st March, 2020 | |
|--|------------------------|------------------|------------------------|-----------------|
| | Units | Amount | Units | Amount |
| HDFC Arbitrage Fund | 20,07,180.142 | 481.26 | 23,57,036.140 | 548.18 |
| IDFC Arbitrage Fund (G) | 9,45,515.574 | 240.87 | 11,15,348.297 | 275.23 |
| ICICI PEDIRG Equity Arbitrage Fund (G) | 8,99,544.908 | 241.08 | 10,62,738.908 | 275.37 |
| HDFC EquitySavingsRP (G) | 71,610.667 | 30.59 | 71,610.667 | 23.61 |
| ICICI Pru EqSaving (G) | 1,91,717.791 | 30.52 | 1,91,717.791 | 24.37 |
| Kotak Equity Savings (G) | 1,84,901.669 | 31.02 | 1,84,901.669 | 24.70 |
| Reliance EqSavings (G) | 2,03,400.862 | 23.82 | 2,03,400.862 | 19.23 |
| Aditya Birla Sun Life Liquid Fund (G) | 6,615.649 | 21.79 | 6,615.649 | 21.02 |
| Franklin India Liquid Fund (G) | 709.331 | 21.82 | 709.331 | 21.07 |
| HDFC Liquid Fund (G) | 540.472 | 21.71 | 540.472 | 20.99 |
| ICICI Liquid Fund (G) | 7,182.179 | 21.77 | 7,182.179 | 21.01 |
| IDFC Cash Fund (G) | 876.589 | 21.68 | 876.589 | 20.96 |
| | | 4,291.33 | | 4,922.41 |
| Total Non-Current Investments | | 10,327.32 | | 6,967.83 |

*The Company has invested in Franklin Templeton Mutual Funds. These funds have been wound-up on 24th April'2020. As on 31.03.2021, the Company has realised Rs,1,18,90,732/- out of the original amount of Rs.3,00,00,000/-The management expects to receive balance amount from these funds. However, the company will continue to monitor the repayments to be made by the fund in the future and will initiate action in case of the management expects any shortfall in the repayment.

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|------------------------|------------------------|
| Aggregate amount of quoted investments and market value thereof | 6,035.99 | 2,045.42 |
| Aggregate amount of unquoted investments | 4,291.33 | 4,922.41 |
| Total | 10,327.32 | 6,967.83 |

7 OTHER FINANCIAL ASSETS

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|------------------------|------------------------|
| Non-current | | |
| Security deposits | 23.02 | 52.92 |
| Total Non-Current Other Financial Assets | 23.02 | 52.92 |

8 INVENTORIES

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|------------------------------|------------------------|------------------------|
| Raw materials and components | 1,959.37 | 1,163.56 |
| Work-in-progress | 736.30 | 488.17 |
| Finished goods | 185.47 | 213.24 |
| Stores & Spares | 70.11 | 72.63 |
| Others | | |
| Scrap | 2.96 | 0.53 |
| Consumables | 54.98 | 19.46 |
| Packing materials | 12.33 | 5.10 |
| Total Inventories | 3,021.52 | 1,962.69 |

Notes to the Financial Statements as at 31st March, 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|------------------------|------------------------|
| 9 TRADE RECEIVABLES | | |
| Trade Receivables Considered good-Secured | - | - |
| Trade Receivables Considered good-Unsecured* | 4,500.06 | 3,074.00 |
| Trade Receivables which have significant increase in credit risk | - | - |
| Trade Receivables- credit impaired | - | - |
| Total Trade Receivables | 4,500.06 | 3,074.00 |
| *Includes dues from Companies where directors are interested | 11.33 | 8.30 |
| 10 CASH AND CASH EQUIVALENTS | | |
| Balances with banks | | |
| - in current accounts | 3.36 | 4.11 |
| Cash on hand | 1.50 | 1.61 |
| Total Cash and Cash Equivalents | 4.86 | 5.72 |
| 11 OTHER BANK BALANCES | | |
| Short term Bank Deposits | 949.60 | - |
| (Deposits with original maturity more than 3 months but less than 12 months) | | |
| Unpaid Dividend | 28.45 | 29.86 |
| Total Other Bank Balances | 978.05 | 29.86 |
| 12 OTHER FINANCIAL ASSET | | |
| Current | | |
| Unsecured, considered good | | |
| Interest accrued but not due | 7.71 | - |
| Employee Advances | 7.72 | 9.28 |
| Total Current Other Financial Assets | 15.43 | 9.28 |
| 13 OTHER CURRENT ASSETS | | |
| Advance for purchase | 226.42 | 42.96 |
| Indirect taxes recoverable | 7.86 | 43.74 |
| Prepaid expenses | 49.57 | 39.00 |
| Total Other Current Assets | 283.85 | 125.70 |
| 14 CURRENT AND NON-CURRENT TAX ASSETS (Net) | | |
| Opening balance | 74.49 | 92.05 |
| Add: Current tax payable for the year | (42.89) | (31.94) |
| Less: Taxes paid/adjusted | 50.33 | 14.38 |
| Total Current and Non-Current Tax Asset | 81.93 | 74.49 |
| Current Tax Liability/(Asset) | (1.19) | (8.47) |
| Non Current Tax Liability/(Asset) | (80.74) | (66.02) |

Current tax liabilities represent tax payments to be made within next financial year, Tax assets has been bifurcated into current and non current based on expected realisation date.

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Notes to the Financial Statements as at 31st March, 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|------------------------|------------------------|
| 15 SHARE CAPITAL | | |
| <u>Authorised share capital</u> | | |
| 50,00,000 - Equity shares of ₹ 10/- Each | 500.00 | 500.00 |
| 20,000 - 13.5% Cumulative Redeemable Preference Shares of ₹ 100/- each | 20.00 | 20.00 |
| <u>Equity share capital</u> | | |
| Issued, subscribed and fully paid up capital | | |
| 24,58,000 - Equity Shares of ₹ 10/- Each | 245.80 | 245.80 |

Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/- each. All these equity shares have the same rights and preferences with respect to payment of dividend, repayment of capital and carries one vote for every such class of shares held. In the event of liquidation, the excess assets shall be distributed amongst the members in proportion to the capital.

Details of shareholders holding more than 5% shares in the company

| Particulars | As at 31st March, 2021 | | As at 31st March, 2020 | |
|----------------------|------------------------|---------------|------------------------|---------------|
| | Number of shares | % holding | Number of shares | % holding |
| Smt.Nethra J.S.Kumar | 7,60,903 | 30.96% | 6,70,193 | 27.27% |
| Total | 7,60,903 | 30.96% | 6,70,193 | 27.27% |

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|------------------------|------------------------|
| 16 OTHER EQUITY | | |
| <u>Reserves and Surplus</u> | | |
| General reserve | 5,672.34 | 5,672.34 |
| Security premium | 503.20 | 503.20 |
| Retained earnings | 5,301.85 | 5,006.74 |
| Other Equity | 5,896.75 | 1,975.84 |
| Total Reserves and Surplus | 17,374.14 | 13,158.12 |
| a) General Reserve | | |
| Opening balance | 5,672.34 | 5,672.34 |
| Additions during the year | - | - |
| Deductions/Adjustments during the year | - | - |
| Closing balance | 5,672.34 | 5,672.34 |
| b) Securities premium | | |
| Opening balance | 503.20 | 503.20 |
| Additions during the year | - | - |
| Deductions/Adjustments during the year | - | - |
| Closing balance | 503.20 | 503.20 |
| c) Retained earnings | | |
| Opening balance | 5,006.74 | 5,218.04 |
| Net profit for the period | 305.88 | 42.88 |
| <u>Items of other comprehensive income recognised directly in retained earnings</u> | | |
| Remeasurements of post-employment benefit obligation (Net of tax) | 1.52 | 12.51 |
| <u>Appropriations</u> | | |
| General Reserve | - | - |
| Dividends Paid | (12.29) | (221.22) |
| Dividend distribution tax paid | - | (45.47) |
| Closing balance | 5,301.85 | 5,006.74 |

Notes to the Financial Statements as at 31st March, 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|------------------------|------------------------|
| d) Other equity | | |
| <u>FVOCI - Equity instruments</u> | | |
| Opening balance | 1,975.84 | 5,435.77 |
| Change in fair value of equity instruments (Net of taxes) | 3,920.91 | (3,459.93) |
| Closing balance | 5,896.75 | 1,975.84 |
| 17 PROVISIONS | | |
| Non-current | | |
| Provisions for Employee Benefits (Refer Note 32) | | |
| Compensated absences | 48.47 | 49.15 |
| Gratuity | 10.20 | - |
| Other provisions | | |
| Electricity Tax | 33.27 | 33.27 |
| Total Non-Current Provisions | 91.94 | 82.42 |
| Current | | |
| Provisions for Employee Benefits (Refer Note 32) | | |
| Compensated absences | 11.53 | 9.45 |
| Gratuity | 28.21 | 34.10 |
| Total Current Provisions | 39.74 | 43.55 |
| 18 DEFERRED TAX LIABILITIES (NET) | | |
| <u>The balance comprises temporary differences attributable to:</u> | | |
| Depreciation | 249.10 | 250.91 |
| Others including Fair valuation of Mutual funds and equity shares | 174.38 | 124.53 |
| Total Deferred Tax Liabilities | 423.48 | 375.44 |
| <u>Set-off of deferred tax assets pursuant to set-off provisions</u> | | |
| Investment Property | (27.81) | (26.00) |
| Expenses eligible for deduction on payment basis and expenses eligible for deduction over multiple years | (73.81) | (21.00) |
| Minimum Alternate Tax Entitlement | (50.78) | (40.03) |
| Net Deferred Tax Liabilities | 271.08 | 288.41 |

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Notes to the Financial Statements as at 31st March, 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

Movement in Deferred Tax Liabilities/ (Assets)

| Particulars | Depreciation | Others including Fair valuation of Mutual funds | Investment property | Expenses eligible for deduction on payment basis and expenses eligible for deduction over multiple years | Carried forward Losses-Sale of Land | Minimum Alternate Tax Entitlement | Total |
|---|---------------|---|---------------------|--|-------------------------------------|-----------------------------------|---------------|
| At 1st April, 2019 | 245.26 | (5.88) | (24.64) | (23.47) | (1.83) | - | 189.44 |
| Charged/(credited): | | | | | | | |
| - to profit or loss | 5.65 | 48.38 | (1.36) | 2.47 | 1.83 | - | 56.97 |
| - to other comprehensive income | - | 82.03 | - | - | - | - | 82.03 |
| - Adjustment for unutilised tax credits | - | - | - | - | - | (40.03) | (40.03) |
| As at 31st March, 2020 | 250.91 | 124.53 | (26.00) | (21.00) | - | (40.03) | 288.41 |
| Charged/(credited): | | | | | | | |
| - to profit or loss | (1.81) | (20.40) | (1.81) | (52.81) | - | - | (76.83) |
| - to other comprehensive income | - | 70.25 | - | - | - | - | 70.25 |
| - Adjustment for unutilised tax credits | - | - | - | - | - | (10.75) | (10.75) |
| As at 31st March, 2021 | 249.10 | 174.38 | (27.81) | (73.81) | - | (50.78) | 271.08 |

Particulars

As at 31st March, 2021

As at 31st March, 2020

19 BORROWINGS

Secured

Loans repayable on demand - From Banks

| | | |
|---|--------|-------|
| (i) Indian Bank-Limit Rs.10 Crores | 877.45 | 40.23 |
| Security - Paripassu First charge on entire Current Assets of the Company with Bank of Baroda and HDFC Bank Ltd. Second charge by way of Equitable Mortgage by way of deposit of the title deeds of the properties of the Company situated at SF No.147 an extent of 3.35 acres of land, SF No.145/2 an extent of 1.37 acres of land & SF No.145/2B2 an extent of 1.33 acres of land. | | |
| Interest Rate - 8.05 % p.a. | | |
| Period of default : Nil | | |
| (ii) Bank of Baroda-Limit Rs.2.5 Crores | - | - |
| Security - Paripassu First charge on the entire Current Assets of the Company with Indian Bank and HDFC Bank Ltd. | | |
| Interest Rate - 9.50 % p.a. | | |
| Period of default : Nil | | |
| (iii) HDFC Bank Limited-Limit Rs.5 Crores | - | - |
| Security - Paripassu First charge on the entire Current Assets of the Company with Indian Bank and Bank of Baroda | | |
| Interest Rate - 7.85 % p.a. | | |
| Period of default : Nil | | |

Unsecured-From Banks

| | | |
|--|--------|---|
| HDFC Bank Limited -Working Capital Demand Loan | 200.00 | - |
| Interest Rate -7.00 % p.a. | | |

Total Borrowings

1,077.45

40.23

* There is no non cash transactions in borrowing. For net cash transactions refer cash flow statement.

Notes to the Financial Statements as at 31st March, 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|------------------------|------------------------|
| 20 TRADE PAYABLES | | |
| Dues to Micro Enterprises and Small Enterprises (Refer Note No.41) | 587.93 | 395.07 |
| Total outstanding dues of Creditors other than Micro enterprises and Small enterprises | 2,447.51 | 1,298.61 |
| Total Trade Payables | 3,035.44 | 1,693.68 |
| 21 OTHER FINANCIAL LIABILITIES | | |
| Current | | |
| Salaries and wages | 16.77 | - |
| Bonus | 118.36 | 118.53 |
| Other employee benefits | 16.65 | 14.95 |
| Unpaid dividends | 28.45 | 29.86 |
| Total Other Current Financial Liabilities | 180.23 | 163.34 |
| 22 OTHER CURRENT LIABILITIES | | |
| Advance from customers | 166.99 | 41.96 |
| Statutory Liabilities | 58.52 | 8.04 |
| Employee incentives | 0.70 | - |
| Provision for Expenses | 14.14 | 0.32 |
| Total Other Current Liabilities | 240.35 | 50.32 |

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Notes to the Financial Statements for the year ended 31st March, 2021 (All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|------------------------|------------------------|
| 23 REVENUE FROM OPERATIONS | | |
| Sale of products | 13,193.32 | 11,287.73 |
| Sale of services | 19.87 | 11.25 |
| Other operating revenue | 11.39 | 23.32 |
| Total Revenue | 13,224.58 | 11,322.30 |
| 24 OTHER INCOME | | |
| Interest income from financial asset held at amortised cost | 31.69 | 3.79 |
| Dividend income from equity instruments designated as FVOCI | 8.88 | 31.08 |
| Effect of foreign currency exchange differences | 8.80 | 3.63 |
| Profit on sale of property, plant and equipment | 0.02 | 1.01 |
| Net gain on financial assets mandatorily measured at fair value through profit or loss | 297.47 | 289.84 |
| Government grants | 2.14 | 2.07 |
| Miscellaneous income | 0.15 | 0.42 |
| Total Other Income | 349.15 | 331.84 |
| 25 COST OF MATERIALS CONSUMED | | |
| Raw materials at the beginning of the year | 1,168.65 | 1,163.70 |
| Add: Purchases | 11,249.85 | 8,796.62 |
| Less: Raw materials at the end of the year | 1,971.70 | 1,168.65 |
| Total Cost of Materials Consumed | 10,446.80 | 8,791.67 |
| 26 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS | | |
| <u>Opening Balance</u> | | |
| Work-in-progress | 488.17 | 508.60 |
| Finished goods | 213.24 | 243.43 |
| Total Opening Balance | 701.41 | 752.03 |
| <u>Closing Balance</u> | | |
| Work-in-progress | 736.30 | 488.17 |
| Finished goods | 185.47 | 213.24 |
| Total Closing Balance | 921.77 | 701.41 |
| Total Changes in Inventories of Finished Goods and Work-in-Progress | (220.36) | 50.62 |
| 27 EMPLOYEES BENEFITS EXPENSE | | |
| Salaries, wages and bonus | 1,476.61 | 1,368.44 |
| Contribution to provident and other funds | 71.04 | 80.07 |
| Contribution to gratuity fund | 23.48 | 29.47 |
| Staff welfare expenses | 78.53 | 83.00 |
| Total Employee Benefits Expense | 1,649.66 | 1,560.98 |
| 28 FINANCE COSTS | | |
| Interest on financial liabilities | 8.78 | 2.93 |
| Finance Costs Expenses in Profit or Loss | 8.78 | 2.93 |

Notes to the Financial Statements for the year ended 31st March, 2021 (All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|------------------------|------------------------|
| 29 DEPRECIATION AND AMORTISATION EXPENSE | | |
| Depreciation of property, plant and equipment | 219.90 | 223.12 |
| Total Depreciation | 219.90 | 223.12 |
| 30 OTHER EXPENSES | | |
| Consumption of stores and spare parts | 64.23 | 57.28 |
| Consumption of Packing Materials | 33.72 | 31.93 |
| Power and fuel | 54.17 | 44.50 |
| Repairs & maintenance | | |
| Machinery | 84.03 | 94.65 |
| Vehicles | 8.99 | 11.92 |
| Buildings | 93.86 | 133.27 |
| Others | 54.02 | 44.95 |
| Machining charges paid | 209.99 | 100.64 |
| Insurance | 16.52 | 9.24 |
| Rates and taxes, excluding, taxes on income | 18.95 | 22.40 |
| Audit fees | | |
| i) Statutory audit | 2.30 | 2.30 |
| ii) For other services | 0.18 | 0.53 |
| Communication expenses | 8.65 | 10.68 |
| Postage, printing & stationery | 4.63 | 8.14 |
| Sitting fees | 13.25 | 13.00 |
| Legal & professional charges | 108.94 | 71.11 |
| Travelling & conveyance expenses | 19.88 | 120.24 |
| CSR expenses (Refer Note No. 43) | 14.50 | 25.00 |
| Miscellaneous expenses | 140.28 | 131.28 |
| Total Other Expenses | 951.09 | 933.06 |
| 31 INCOME TAX EXPENSE | | |
| (a) Income tax expense | | |
| Current tax | | |
| Current tax on profits for the year | 42.89 | 12.59 |
| Adjustments for current tax of prior periods | - | 19.35 |
| Total Current Tax Expense | 42.89 | 31.94 |
| Deferred tax | | |
| Decrease/(Increase) in deferred tax assets | (65.37) | (37.10) |
| (Decrease)/Increase in deferred tax liabilities | (22.21) | 54.04 |
| Total Deferred Tax Expense/(Benefit) | (87.58) | 16.94 |
| Income Tax Expense | (44.69) | 48.88 |

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Notes to the Financial Statements for the year ended 31st March, 2021 (All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|------------------------|------------------------|
| (b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate: | | |
| Profit before Income Tax Expense- (Business Income) | 261.19 | 91.76 |
| Capital Gain | 186.08 | - |
| Tax at the Indian tax rate | 27.82% | 27.82% |
| Tax at the Indian tax rate (Minimum Alternate Tax) | 16.69% | 16.69% |
| Tax at the Indian tax rate of for Long Term Capital Gain | 11.13% | 11.13% |
| Computed expected tax expense at enacted tax rate | 43.59 | 15.32 |
| <u>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</u> | | |
| Tax effect on exempted income | (1.48) | (5.19) |
| Tax effect on account of tax deductions | 0.35 | 2.89 |
| Adjustments for current tax of prior periods | - | 19.35 |
| Tax effect of other adjustments | 0.43 | (0.43) |
| Income Tax Expense | 42.89 | 31.94 |

32 EMPLOYEE BENEFIT OBLIGATIONS

| Particulars | As at 31st March, 2021 | | | As at 31st March, 2020 | | |
|------------------------------------|------------------------|-------------|-------|------------------------|-------------|-------|
| | Current | Non-current | Total | Current | Non-current | Total |
| Compensated absences | 11.53 | 48.47 | 60.00 | 9.45 | 49.15 | 58.60 |
| Gratuity | 28.21 | 10.20 | 38.41 | 34.10 | - | 34.10 |
| Total employee benefit obligations | 39.74 | 58.67 | 98.41 | 43.55 | 49.15 | 92.70 |

(i) Compensated absences

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|------------------------|------------------------|
| Current leave obligations expected to be settled within the next 12 months | 11.53 | 9.45 |

(ii) Post employment benefit obligation

Gratuity

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|--|-----------------------------|---------------------------|----------------|
| 1st April, 2019 | 487.67 | (394.92) | 92.75 |
| Current service cost | 25.69 | - | 25.69 |
| Interest expense/(income) | 31.81 | (28.03) | 3.78 |
| Total amount recognised in profit or loss | 57.50 | (28.03) | 29.47 |
| <u>Remeasurements</u> | | | |
| Return on plan assets, excluding amounts included in interest expense/(income) | - | - | - |
| (Gain)/loss from change in demographic assumptions | - | - | - |
| (Gain)/loss from change in financial assumptions | - | - | - |
| Actuarial (gains)/losses due to Experience | (15.22) | (2.11) | (17.33) |
| Total amount recognised in other comprehensive income | (15.22) | (2.11) | (17.33) |
| Employer contributions | - | (70.79) | (70.79) |
| Benefit payments | (9.90) | 9.90 | - |
| As at 31st March, 2020 | 520.05 | (485.95) | 34.10 |

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|--|-----------------------------|---------------------------|---------------|
| 1st April, 2020 | 520.05 | (485.95) | 34.10 |
| Current service cost | 21.87 | - | 21.87 |
| Interest expense/(income) | 28.06 | (26.45) | 1.61 |
| Total amount recognised in profit or loss | 49.93 | (26.45) | 23.48 |
| <u>Remeasurements</u> | | | |
| Return on plan assets, excluding amounts included in interest expense/(income) | - | - | - |
| (Gain)/loss from change in demographic assumptions | - | - | - |
| (Gain)/loss from change in financial assumptions | - | - | - |
| Actuarial (gains)/losses due to Experience | (3.78) | 1.67 | (2.11) |
| Total amount recognised in other comprehensive income | (3.78) | 1.67 | (2.11) |
| Employer contributions | - | (17.06) | (17.06) |
| Benefit payments | (149.19) | 149.19 | - |
| As at 31st March, 2021 | 417.01 | (378.60) | 38.41 |

(iii) The net liability disclosed above relates to funded and unfunded plans are as follows:

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|-------------------------------------|------------------------|------------------------|
| Present value of funded obligations | 417.01 | 520.05 |
| Fair value of plan assets | (378.60) | (485.95) |
| Deficit of funded plan | 38.41 | 34.10 |

The Company expects to make the contribution of ₹ 38.41 lakhs (as at 31st March, 2020 ₹ 34.10 lakhs) to the defined benefit plan during the next financial year.

(iv) Post-Employment benefits

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---------------------------|------------------------|------------------------|
| Discount rate | 6.30% | 6.59% |
| Salary growth rate | 11.00% | 11.00% |
| Attrition rate | 31.60% | 31.60% |
| Expected return on assets | 6.30% | 6.59% |

(v) Brief description of the Plans & risks

These plans typically expose the Company to actuarial risks such as : Investment risk, interest risk, longetivity risk and salary risk.

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount which is determined with reference to market yields at the end of the reporting period on governemnt bonds. Plan investment is a mix of investments in government securities, other debt instruments and equity shares of listed companies.

Interest risk:

A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt instruments, if any.

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Notes to the Financial Statements for the year ended 31st March, 2021 (All amounts in ₹ Lakhs, unless otherwise stated)

Longevity risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of plan participants will increase the plan's liability.

(vi) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:
Impact on defined benefit obligation

| Particulars | Change in assumption | | Increase in assumption | | Decrease in assumption | |
|--------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | As at 31st March, 2021 | As at 31st March, 2020 | As at 31st March, 2021 | As at 31st March, 2020 | As at 31st March, 2021 | As at 31st March, 2020 |
| Discount rate | 1% | 1% | -5.15% | -4.95% | 5.59% | 5.39% |
| Salary growth rate | 1% | 1% | 5.33% | 5.16% | -4.99% | -4.82% |
| Attrition rate | 1% | 1% | -0.73% | -0.59% | 0.76% | 0.62% |

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

33 FAIR VALUE MEASUREMENTS

Financial instruments by category

| Particulars | As at 31st March, 2021 | | | As at 31st March, 2020 | | |
|------------------------------------|------------------------|-----------------|-----------------|------------------------|-----------------|-----------------|
| | FVTPL | FVOCI | Amortised cost | FVTPL | FVOCI | Amortised cost |
| Financial assets | | | | | | |
| Investments | | | | | | |
| - Equity instruments | - | 6,035.99 | - | - | 2,045.42 | - |
| - Mutual funds | 4,291.33 | - | - | 4,922.41 | - | - |
| Trade receivables | - | - | 4,500.06 | - | - | 3,074.00 |
| Cash and cash equivalents | - | - | 4.86 | - | - | 5.72 |
| Other bank balances | - | - | 978.05 | - | - | 29.86 |
| Security deposits | - | - | 23.02 | - | - | 52.92 |
| Interest receivable | - | - | 7.71 | - | - | - |
| Employee advances | - | - | 7.72 | - | - | 9.28 |
| Total financial assets | 4,291.33 | 6,035.99 | 5,521.42 | 4,922.41 | 2,045.42 | 3,171.78 |
| Financial liabilities | | | | | | |
| Borrowings | - | - | 1,077.45 | - | - | 40.23 |
| Trade payables | - | - | 3,035.44 | - | - | 1,693.68 |
| Salaries and wages | - | - | 16.77 | - | - | - |
| Bonus | - | - | 118.36 | - | - | 118.53 |
| Other employee benefits | - | - | 16.65 | - | - | 14.95 |
| Unpaid dividends | - | - | 28.45 | - | - | 29.86 |
| Total financial liabilities | - | - | 4,293.12 | - | - | 1,897.25 |

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements.

| Particulars | Note No. | Level 1 | Level 2 | Level 3 | Total |
|--|----------|------------------|---------|---------|------------------|
| As at 31st March, 2021 | | | | | |
| Financial assets : | | | | | |
| Financial Investments at FVOCI: | 6 | 6,035.99 | - | - | 6,035.99 |
| Financial Investments at FVTPL: | 6 | 4,291.33 | - | - | 4,291.33 |
| Total financial assets as at 31st March, 2021 | | 10,327.32 | - | - | 10,327.32 |
| As at 31st March, 2020 | | | | | |
| Financial assets: | | | | | |
| Financial Investments at FVOCI: | 6 | 2,045.42 | - | - | 2,045.42 |
| Financial Investments at FVTPL: | 6 | 4,922.41 | - | - | 4,922.41 |
| Total financial assets as at 31st March, 2020 | | 6,967.83 | - | - | 6,967.83 |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments. The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

34 CAPITAL MANAGEMENT

(a) Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, The company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Company is debt free currently and it intends to maintain a optimal gearing ratio for optimising shareholder value.

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Notes to the Financial Statements for the year ended 31st March, 2021 (All amounts in ₹ Lakhs, unless otherwise stated)

(b) Dividends

| Particulars | (Amount in ₹) |
|--|---------------|
| Final Dividend for the year ended 31st March, 2020 of ₹ 10/- per fully paid share (For year ended 31st March, 2019 : ₹ 9.00) | 0.50 |
| Final Dividend for the year ended 31st March, 2019 of ₹ 10/- per fully paid share (For year ended 31st March, 2018 : ₹ 10.00) | 9.00 |

35 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk.

(A) Credit risk

Company faces credit risk from cash and cash equivalents, deposits with banks and financial institutions and unsecured trade receivables. The Company doesn't face any credit risk with other financial assets.

(i) Credit risk management

Credit risk on deposit is mitigated by the depositing the funds in Scheduled Commercial Banks.

For trade receivables, the primary source of credit risk is that these are unsecured. The Company sells the products to customers only when the collection of trade receivables is certain and whether there has been a significant increase in the credit risk on an on-going basis is monitored throughout each reporting period. As at the balance sheet date, based on the credit assessment the historical trend of low default is expected to continue. An impairment analysis is performed at each reporting date on an individual basis for major clients. Any recoverability of receivables is provided for based on the impairment assessment.

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high ratings assigned by international and domestic credit rating agencies. Ratings are monitored periodically and the Company has considered the latest available credit ratings in view of COVID – 19 as at the date of approval of these financial statements.

(ii) Provision for expected credit losses for trade receivables

The company provides for expected credit loss based on the following:

Year ended 31st March, 2021:

Expected credit loss for trade receivables under simplified approach

| Ageing | Not due | 0-60 days past due | 61-180 days past due | More than 180 days past due | Total |
|--|----------|--------------------|----------------------|-----------------------------|----------|
| Gross carrying amount | 3,027.56 | 1,316.17 | 67.50 | 88.83 | 4,500.06 |
| Expected loss rate | 0% | 0% | 0% | 0% | |
| Expected credit losses | - | - | - | - | - |
| Loss provision specifically identified and provided | - | - | - | - | - |
| Carrying amount of trade receivables (net of impairment) | 3,027.56 | 1,316.17 | 67.50 | 88.83 | 4,500.06 |

(B) Liquidity risk

Objective of liquidity risk management is to maintain sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. The company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal requirements .

Notes to the Financial Statements for the year ended 31st March, 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|------------------------|------------------------|
| Floating rate | | |
| - Expiring within one year (bank overdraft and other facilities) | 872.55 | 1,709.77 |

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity of 1 year.

(ii) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| Particulars | As at 31st March, 2021 | | | As at 31st March, 2020 | | |
|---|--------------------------|---|-----------------|--------------------------|---|-----------------|
| | Maturing within 3 months | Maturing after 3 months but within a year | Total | Maturing within 3 months | Maturing after 3 months but within a year | Total |
| Non-derivatives | | | | | | |
| Borrowings | 1,077.45 | - | 1,077.45 | 40.23 | - | 40.23 |
| Trade payables | 3,035.44 | - | 3,035.44 | 1,693.68 | - | 1,693.68 |
| Salaries and wages | 16.77 | - | 16.77 | - | - | - |
| Bonus | - | 118.36 | 118.36 | - | 118.53 | 118.53 |
| Other employee benefits | 16.65 | - | 16.65 | 14.95 | - | 14.95 |
| Unpaid dividends | - | 28.45 | 28.45 | - | 29.86 | 29.86 |
| Total non-derivative liabilities | 4,146.31 | 146.81 | 4,293.12 | 1,748.86 | 148.39 | 1,897.25 |

(C) Market risk
(i) Foreign currency risk

The Company activities exposes it to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and EURO Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows.

| Particulars | As at 31st March, 2021 | | | | As at 31st March, 2020 |
|---|------------------------|--------------|-------------|--------------|------------------------|
| | USD | EUR | KRW | JPY | USD |
| Financial assets | | | | | |
| Trade receivables | 0.43 | 0.11 | - | - | 11.31 |
| Exposure to foreign currency risk (assets) | 0.43 | 0.11 | - | - | 11.31 |
| Financial liabilities | | | | | |
| Trade payables | 16.98 | 45.85 | 8.71 | 11.45 | - |
| Exposure to foreign currency risk (liabilities) | 16.98 | 45.85 | 8.71 | 11.45 | - |
| Net exposure to foreign currency risk | 16.55 | 45.74 | 8.71 | 11.45 | (11.31) |

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Notes to the Financial Statements for the year ended 31st March, 2021 (All amounts in ₹ Lakhs, unless otherwise stated)

36 EARNINGS PER SHARE

| Particulars | Year Ended 31st March, 2021 | Year Ended 31st March, 2020 |
|--|-----------------------------|-----------------------------|
| Basic | | |
| Profit attributable to equity holders of the company | 305.88 | 42.88 |
| Number of Shares (par value of ₹ 10/- each) | 24,58,000 | 24,58,000 |
| Basic Earnings Per Share (in ₹) | 12.44 | 1.74 |
| Diluted | | |
| Profit attributable to equity holders of the company | 305.88 | 42.88 |
| Number of Shares (par value of ₹ 10/- each) | 24,58,000 | 24,58,000 |
| Diluted Earnings Per Share (in ₹) | 12.44 | 1.74 |

37 Related Party Disclosures for the Year Ended 31st March, 2021

| Description of the relationship | Names of Related Parties |
|--|--|
| Key Management Personnel | Smt.Nethra J.S.Kumar (Chairperson and Managing Director) Sri. A.Thiagarajan (Chief Financial Officer) Sri. S.Sathyanarayanan (Company Secretary) |
| Post employment benefit plans | Lakshmi Electrical Control Systems Ltd Employees' Gratuity Fund |
| Enterprises over which Key Managerial Personnel and relatives are able to exercise significant influence | Lakshmi Machine Works Limited LMW Textile Machinery (SUZHOU) Co.Limited Lakshmi Electrical Drives Private Limited Lakshmi Ring Travellers (Coimbatore) Private Limited Lakshmi Precision Tools Limited Starline Travels Private Limited Chakradhara Aerospace and Cargo Private Limited Venkatavaradhaa Agencies Private Limited Supreme Dairy Products India Private Limited Lakshmi Life Sciences Limited Sri Kamakoti Kamakshi Enterprises Private Limited Super Sales India Limited Eshaan Enterprises Private Limited Harshni Textiles Private Limited Integrated Electrical Controls India Private Limited Titan Paints and Chemicals Private Limited |

Notes to the Financial Statements for the year ended 31st March, 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

37 Related Party Disclosures for the Year Ended 31st March, 2021 (Contd...)

| Name of the Related Party | Purchase of Goods | | Sale of Goods | | Sale of Fixed Assets | | Receiving of Services | | Rendering of Services | | Remuneration to KMP | | Accounts Payable | | Accounts Receivable | |
|--|-------------------|----------|---------------|-----------|----------------------|---------|-----------------------|---------|-----------------------|---------|---------------------|---------|------------------|----------|---------------------|---------|
| | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| Lakshmi Machine Works Limited | 828.13 | 566.41 | 12,788.18 | 11,195.70 | - | 7.05 | - | 5.94 | 17.35 | 1.50 | - | 334.32 | 219.38 | 3,396.89 | 2,483.40 | - |
| LMW Textile Machinery (SUZHOU) Co. Limited | - | - | 0.14 | 0.02 | - | - | - | - | - | - | - | - | - | 0.14 | - | - |
| Lakshmi Electrical Drives Private Limited | 0.20 | - | - | - | - | - | 5.35 | 4.72 | - | - | - | - | 0.41 | - | - | - |
| Lakshmi Ring Travellers (Coimbatore) Private Limited | - | - | 25.72 | 23.00 | - | - | 1.39 | - | - | - | - | - | - | 7.62 | 4.55 | - |
| Lakshmi Precision Tools Limited | 1,545.10 | 1,212.40 | 63.25 | 23.17 | - | - | 1.52 | 3.97 | 54.22 | 64.23 | - | 106.22 | 197.36 | 44.89 | 34.76 | - |
| Starline Travels Private Limited | - | - | - | - | - | - | 21.30 | 61.59 | - | - | - | 0.08 | 6.38 | - | - | - |
| Lakshmi Technology and Engineering Industries Limited | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.76 | - |
| Supreme Dairy Products India Private Limited | 31.68 | 37.32 | - | - | - | - | - | - | - | - | - | 1.15 | 1.15 | - | - | - |
| Lakshmi Life Sciences Limited | 7.07 | 2.66 | 233.18 | 161.59 | - | - | 1.04 | 0.58 | - | - | - | 1.55 | 2.53 | 136.12 | 75.96 | - |
| Super Sales India Limited | - | - | - | - | - | - | 0.02 | - | - | - | - | 0.02 | - | - | - | - |
| Eshaan Enterprises Private Limited | 4.33 | 3.88 | - | - | - | - | - | - | - | - | - | 1.25 | 0.23 | - | - | - |
| Chakradhara Aerospace and Cargo Private Limited | 0.14 | 0.14 | - | - | - | - | 124.61 | 51.69 | 2.55 | - | - | 2.24 | 3.18 | 3.71 | 3.75 | - |
| Titan Paints and Chemicals Private Limited | 0.26 | - | - | - | - | - | - | - | - | - | - | 0.02 | - | - | - | - |
| Harshni Textiles Private Limited | - | - | 0.02 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Smt.Nethra J.S.Kumar (Chairperson and Managing Director) * | - | - | - | - | - | - | - | - | - | - | 71.60 | 6.43 | - | - | - | - |
| Sri. A.Thiagarajan (CFO) | - | - | - | - | - | - | - | - | - | - | 25.69 | 24.82 | - | - | - | - |
| Sri. S.Sathyarayanan (Company Secretary) | - | - | - | - | - | - | - | - | - | - | 19.26 | 21.19 | - | - | - | - |

* Rs. 7.57 lakhs is a provision made for leave encashment of Smt. Nethra J.S.Kumar for the financial year 20-21. Rs. 6.43 lakhs is a provision made for leave encashment of Smt. Nethra J.S.Kumar for the financial year 19-20.

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Notes to the Financial Statements for the year ended 31st March, 2021 (All amounts in ₹ Lakhs, unless otherwise stated)

38 Segment reporting for the Year ended 31st March, 2021

| PRIMARY- BUSINESS SEGMENT | Electricals | | Plastics | | Wind Power Generation | | TOTAL | |
|--|-------------|------------|------------|------------|-----------------------|------------|------------|------------|
| | 31.03.2021 | 31.03.2020 | 31.03.2021 | 31.03.2020 | 31.03.2021 | 31.03.2020 | 31.03.2021 | 31.03.2020 |
| Revenue | | | | | | | | |
| External Sales | 10,940.19 | 9,210.75 | 2,219.58 | 2,038.44 | 33.55 | 38.54 | 13,193.32 | 11,287.73 |
| Inter segment transfers | - | - | - | - | 62.71 | 74.63 | 62.71 | 74.63 |
| Allocable other income | 30.09 | 23.63 | 12.28 | 18.07 | - | - | 42.37 | 41.70 |
| Total Revenue | 10,970.28 | 9,234.38 | 2,231.86 | 2,056.51 | 96.26 | 113.17 | 13,298.40 | 11,404.06 |
| Less: Inter unit transfers | | | | | | | 62.71 | 74.63 |
| Add: Unallocable other income | | | | | | | 338.04 | 324.71 |
| Enterprise Revenue | | | | | | | 13,573.73 | 11,654.14 |
| Result | | | | | | | | |
| Segment results | 42.37 | (179.70) | (48.36) | (67.70) | 50.98 | 71.35 | 44.99 | (176.05) |
| Unallocable expenses | | | | | | | 106.65 | 52.11 |
| Operating profit | | | | | | | (61.66) | (228.16) |
| Less: Interest expenses | | | | | | | 8.78 | 2.93 |
| Bank Charges | | | | | | | 6.41 | 1.86 |
| Income tax expenses | | | | | | | (44.69) | 48.88 |
| Add: <u>Unallocable income</u> | | | | | | | | |
| Interest receipts | | | | | | | 31.69 | 3.79 |
| Dividend receipts | | | | | | | 8.88 | 31.08 |
| Net gain on financial assets mandatorily measured at fair value through profit or loss | | | | | | | 297.47 | 289.84 |
| Net Profit after Tax | | | | | | | 305.88 | 42.88 |
| Other information | | | | | | | | |
| Segment assets | 8,100.87 | 5,243.83 | 2,626.37 | 2,030.52 | 258.03 | 287.55 | 10,985.27 | 7,561.90 |
| Add: Unallocated corporate assets | | | | | | | 11,570.90 | 8,203.97 |
| Enterprise Assets | | | | | | | 22,556.17 | 15,765.87 |
| Segment liabilities | 4,127.85 | 1,945.88 | 504.03 | 94.39 | 33.27 | 33.27 | 4,665.15 | 2,073.54 |
| Add: Unallocated corporate liabilities | | | | | | | 17,891.02 | 13,692.33 |
| Enterprise Liabilities | | | | | | | 22,556.17 | 15,765.87 |
| Capital expenditure | 43.68 | 1,111.00 | 30.88 | 14.37 | - | - | 74.56 | 1,125.37 |
| Depreciation | 110.51 | 113.67 | 96.92 | 96.97 | 12.47 | 12.48 | 219.90 | 223.12 |

The Company derives revenue from transactions with one single external customer which is more than 10% of its total revenue in its Electricals, Plastics and Wind Power Generation segments and the total revenue from that single customer is ₹ 10,846.98 (PY ₹ 9,431.11)

OTHER DISCLOSURES
39 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|-------------------------------|------------------------|------------------------|
| Contingent liabilities | | |
| Central excise/ Service Tax | 9.18 | 9.18 |
| Income Tax | 49.28 | 21.89 |

Future cash flows in respect of the above matters are determinable only on receipt of judgements/ decisions pending at various forums / authorities. Management is hopeful of successful outcome in the appellate proceedings.

Disputed tax dues are appealed before concerned appellate authorities. The company is advised that the cases are likely to be disposed off in favour of the company and hence no provision is considered necessary therefor.

40 COMMITMENTS

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|-------------------------------|------------------------|------------------------|
| Property, plant and equipment | 100.51 | 4.25 |

41 DISCLOSURE AS PER SCHEDULE III

As defined under Micro, Small and Medium Enterprises Development Act, 2006, the disclosure in respect of the amount payable to such enterprises as at 31.03.2021 has been made in the financial statements based on information received and available with the Company.

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|------------------------|------------------------|
| The Principal amount and the Interest due there on remaining unpaid to any supplier as at the end of each accounting year | | |
| - Principal | 587.93 | 395.07 |
| - Interest | - | - |
| The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year. | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act. | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year. | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the Interest dues above are actually paid to the Small Enterprises for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | - | - |

42 The Company has ensured the health and safety of the employees as prescribed under the Factories Act, 1948. The Company has incurred the following expenditure during the year in this regard.

| Particulars | 31st March, 2021 | 31st March, 2020 |
|-------------------------|------------------|------------------|
| Health related expenses | 1.41 | 0.65 |
| Safety related expenses | 5.25 | 1.72 |
| Total | 6.66 | 2.37 |

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Notes to the Financial Statements as at 31st March, 2021

(All amounts in ₹ Lakhs, unless otherwise stated)

43 Corporate Social Responsibility Expenditure

| Particulars | 31st March, 2021 | 31st March, 2020 |
|---|------------------|------------------|
| Amount spent through approved trusts and institutions | 14.50 | 25.00 |
| Amount spent directly | - | - |
| Total | 14.50 | 25.00 |
| Amount required to be spent as per Sec.135 of the Act | 14.43 | 24.74 |
| Amount spent during the year on | | |
| - Construction / acquisition of an asset | - | - |
| - On purposes other than above | 14.50 | 25.00 |
| Total | 14.50 | 25.00 |

44 The financial statements were approved for issue by the Board of Directors on 28th May, 2021.

45 The Board of Directors have recommended a dividend of ₹ 3.5/- (35%) each per equity share of the face value of ₹ 10 each, subject to the approval of the shareholders at the ensuing Annual General Meeting. This will result in a total dividend outgo of ₹ 86.03/- Lakhs.

46 The figures of the previous year have been regrouped / rearranged wherever necessary to correspond with the current year figures.

See accompanying notes to the financial statements

For and on behalf of the Board of Directors

Nethra J.S.Kumar

Chairperson and Managing Director
(DIN : 00217906)

Sanjay Jayavarthanelu

Director
(DIN : 00004505)

Place : Coimbatore

A.Thiagarajan

Date : May 28, 2021

Chief Financial Officer

S.Sathyanarayanan

Company Secretary

In terms of our report attached

For Subbchar & Srinivasan

Chartered Accountants
Firm Regn.No.004083S

T.S.V.Rajagopal

Partner
Membership No.200380

To
 M/s. S.K.D.C. Consultants Ltd.
 Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road,
 Ganapathy, Coimbatore - 641 006

Unit : LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED
 ELECTRONIC CLEARING SERVICE (CREDIT CLEARING)

1. Particulars of the shareholder

- a) Regd. Folio no. : _____
- b) Name of the first Regd. Holder (in block letters) : _____

2. Particulars of the Bank

- a) Name of your Bank : _____
- b) Address of the Branch : _____
- c) Account no. (as appearing in the Cheque book) : _____
- d) Ledger Folio No. (if any) of the bank account : _____

- e) Account Type : _____ Please Tick relevant box
 (Savings account, Current account or Cash Credit)

| | | |
|---------|---------|-------------|
| SAVINGS | CURRENT | CASH CREDIT |
|---------|---------|-------------|

- f) Nine Digit code number of the bank and branch appearing on the MICR cheque issued by the bank

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|

(please attach a photocopy of a cheque for verifying the accuracy of the code number)

DECLARATION

I, hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effective at all for reasons of incomplete or incorrect information, I would not hold the Company responsible

Place : _____

Date : _____

(Signature of the first Regd.holder)
 as per specimen signature with the Company

Name : _____

Address : _____

Pincode _____

- Note : 1. Please send the form to the address mentioned above.
 2. In case the scheme does not meet with the desired response or due to any other operational reasons it is found to be unviable, the Company reserves the right to pay dividend by issue of Warrants.

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Arasur - 641 407, Coimbatore Dist, India.

Phone : +91 422 6616500.

Email : contact@lecsindia.com Website : www.lecsindia.com

CIN : L31200TZ1981PLC001124