



**LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED**

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**42nd Annual Report 2022 -2023**





## LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

CIN : L31200TZ1981PLC001124

### Board of Directors

Smt. Nethra. J.S. Kumar (DIN : 00217906)	:	Chairperson and Managing Director
Sri. Sanjay Jayavarthanelu (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

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Sri. A. Thiagarajan	:	Chief Financial Officer
Sri. S. Sathyanarayanan	:	Company Secretary

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### Statutory Auditor

M/s. Subbchar & Srinivasan  
Chartered Accountants  
Coimbatore.

### Secretarial Auditor

M/s. MDS & Associates LLP  
Company Secretaries  
Coimbatore.

### Registrars and Share Transfer Agents

M/s. S.K.D.C. Consultants Ltd.  
'Surya', 35, Mayflower Avenue, Behind Senthil Nagar  
Sowripalayam Road, Coimbatore - 641 028.  
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  
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, India.

CIN: L31200TZ1981PLC001124

Phone: +91 422 6616500

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

### NOTICE TO SHAREHOLDERS

Notice is hereby given that the Forty Second (42<sup>nd</sup>) Annual General Meeting of the shareholders of Lakshmi Electrical Control Systems Limited will be held on Monday, the 24<sup>th</sup> July 2023 at 4.35 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 31<sup>st</sup> March 2023, 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 31<sup>st</sup> March 2023.
3. To appoint a director in the place of Sri. Sanjay Jayavarthanelu (DIN: 00004505), 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 2023-24 on a remuneration of ₹ 40,000/- (Rupees Forty Thousand only) for the financial year 2023-24 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 approval of material related party transactions with Lakshmi Machine Works Limited, as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the applicable provisions, if any, of the Companies Act, 2013 (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the approval of the Audit Committee and on the recommendation of the Board of Directors of the Company, the approval of the members of the Company be and is hereby accorded to enter into agreement/ contract/ business transactions with Lakshmi Machine Works Limited, a related party of the Company for an amount not exceeding ₹ 450 Crores (Rupees Four Hundred and Fifty Crores only), per financial year, from the Annual General Meeting to be held in the year 2023 till the Annual General Meeting to be held in the year 2024 as per the details more particularly described in the statement pursuant to Section 102 of the Companies Act, 2013, annexed to this notice notwithstanding the fact that such transactions either taken individually or together with previous transactions during the financial year may exceed 10% of the annual consolidated turnover of the Company as per the last audited financial statements or such other materiality threshold as may be specified under applicable laws/ regulations from time to time.

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

6. To consider and if thought fit, to pass the following resolution for approval of material related party transactions with Lakshmi Precision Technologies Limited, as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the applicable provisions, if any, of the Companies Act, 2013 (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the approval of the Audit Committee and on the recommendation of the Board of Directors of the Company, the approval of the members of the Company be and is hereby accorded to enter into agreement/ contract/ business transactions with Lakshmi Precision Technologies Limited, a related party of the Company for an amount not exceeding ₹ 100 Crores (Rupees One Hundred Crores only), per financial year, from the Annual General Meeting to be held in the year 2023 till the Annual General Meeting to be held in the year 2024 as per the details more particularly described in the statement pursuant to Section 102 of the Companies Act, 2013, annexed to this notice notwithstanding the fact that such transactions either taken individually or together with previous transactions during the financial year may exceed 10% of the annual consolidated turnover of the Company as per the last audited financial statements or such other materiality threshold as may be specified under applicable laws/ regulations from time to time.

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

Place : Coimbatore

Date : May 25, 2023

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.**
- The Ministry of Corporate Affairs (“MCA”) has vide its circular dated 5<sup>th</sup> May, 2020 read with circulars dated 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020, 15<sup>th</sup> June, 2020, 28<sup>th</sup> September, 2020, 31<sup>st</sup> December, 2020, 13<sup>th</sup> January, 2021, 05<sup>th</sup> May 2022 and 28<sup>th</sup> December, 2022 (collectively referred to as “MCA Circulars”) and the Securities and Exchange Board of India vide their circulars dated 12<sup>th</sup> May, 2020, 15<sup>th</sup> January, 2021, 13<sup>th</sup> May 2022 and 5<sup>th</sup> January, 2023 (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](mailto:bk.scrutiniser@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- The Register of Members and share transfer books of the Company will remain closed from Tuesday, 18<sup>th</sup> July 2023 to Monday, 24<sup>th</sup> July 2023 (both days inclusive) as per Section 91 of the Companies Act, 2013 and Regulation 42 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

7. 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 Members whose names appear in the Register of Members as on 17<sup>th</sup> July 2023 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 17<sup>th</sup> July 2023.
8. 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 2015-16 to 2021-22.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN), bank account details and other KYC details by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the KYC details to their Depository Participants with whom they are maintaining their demat account(s). Members holding shares in physical mode are requested to update the KYC details before **01<sup>st</sup> October 2023** pursuant to the SEBI circulars by coordinating with the Registrars and Share Transfer Agents (RTA), M/s SKDC Consultants Limited, "Surya" 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028, Tamilnadu, India. Similarly, members holding shares in Demat form shall intimate the above details to their respective Depository Participants.
10. Brief profile, details of shareholding and 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. 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 [info@skdc-consultants.com](mailto:info@skdc-consultants.com) on or before the end of the business hours of 17<sup>th</sup> July 2023. 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 [info@skdc-consultants.com](mailto:info@skdc-consultants.com). The aforesaid declarations and documents need to be submitted by the shareholders on or before the end of business hours of 17<sup>th</sup> July 2023.

12. 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.
13. As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the transfer of shares in physical mode is not allowed from 1<sup>st</sup> April 2019. Further, SEBI had mandated the listed entities to issue shares only in dematerialized mode, with effect from 25<sup>th</sup> January 2022 to shareholder(s)/claimant(s) holding shares in physical mode, as against their service requests including for transmission or transposition of shares.
14. SEBI vide its circular dated 3<sup>rd</sup> November 2021 and 16<sup>th</sup> March 2023 has also mandated that the shareholders holding shares in physical form are required to update their PAN, KYC details, bank details and nomination details with the RTA on or before **01<sup>st</sup> October 2023**, failing which the securities held by such shareholder will be frozen by the RTA. The

securities once frozen will revert to normal status only upon receipt of requisite KYC documents or upon dematerialization of the said securities. Shareholders holding shares in physical form may also note that once the securities are frozen, the payment of dividend will be processed only upon receipt of requisite KYC details to the bank account of the shareholder electronically.

Further, SEBI vide its circular dated 3<sup>rd</sup> November 2021 and 16<sup>th</sup> March 2023 has also mandated that the shareholders holding shares in physical form are required to compulsorily link their PAN and Aadhaar. Accordingly, the physical folios in which PAN and Aadhaar are not linked have been frozen by the RTA. The securities which have been frozen will revert to normal status only upon receipt of requisite KYC documents or upon dematerialization of the said securities.

Necessary prior intimation(s) in this regard was provided to the concerned Shareholders. Therefore, Members holding share(s) in physical form are requested to immediately update their KYC details / dematerialize their shareholding in the Company. A copy of the said circular(s) is available on the Company's website <https://www.lecsindia.com/investors/investors-services/>

15. 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 coordinate with 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.
16. Members who require any clarifications on accounts or operations of the Company are requested to write to the Company before 17<sup>th</sup> July 2023 (5.00 pm IST). The queries will be answered accordingly.
17. 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.
18. 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 2022-23 will also be available on the Company's website [www.lecsindia.com](http://www.lecsindia.com) and website of the BSE Limited at [www.bseindia.com](http://www.bseindia.com). Further pursuant to SEBI's Circular dated 5<sup>th</sup> January 2023, the Company will be sending a hard copy of the Annual Report to those Shareholders who request the same through email or letter.
19. The results of the remote e-voting and e-voting during the Annual General Meeting will be announced by the Chairperson or person authorised by the Chairperson within two working days 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.
20. 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](mailto: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-enactments 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 42<sup>nd</sup> Annual General Meeting scheduled to be held on Monday, 24<sup>th</sup> July 2023 at 4.35 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.



## LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

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](mailto: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 a 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](http://www.bseindia.com) and the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://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 (IST) on 21.07.2023 and ends on 23.07.2023 at 05.00 PM (IST). 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 17.07.2023 may cast their vote electronically.

The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 17.07.2023.

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


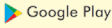


### **Step 1: Access to NSDL e-Voting system**

#### **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
<p>Individual Shareholders holding securities in demat mode with NSDL.</p>	<ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the <b>“Beneficial Owner”</b> icon under <b>“Login”</b> which is available under <b>‘IDeAS’</b> section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on <b>“Access to e-Voting”</b> under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select <b>“Register Online for IDeAS Portal”</b> or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon <b>“Login”</b> which is available under <b>‘Shareholder/Member’</b> section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App <b>“NSDL Speede”</b> facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <p style="text-align: center;">NSDL Mobile App is available on</p> <div style="display: flex; justify-content: center; gap: 20px;">   </div> <div style="display: flex; justify-content: center; gap: 20px; margin-top: 10px;">   </div>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> <li>Users who have opted for CDSL Easi / Easiest, they can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then use your existing my easi username and password.</li> <li>After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also link provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>

## LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Type of shareholders	Login Method
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. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & 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 <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at: 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33

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

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

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

*Alternatively, if you are registered for NSDL 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:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

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

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

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

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join 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 [bk.scrutiniser@gmail.com](mailto:bk.scrutiniser@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

## LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on.: 022 - 4886 7000 and 022 - 2499 7000 or send a request to Ms. Prajakta Pawle at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [info@skdc-consultants.com](mailto:info@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](mailto: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](mailto: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 THROUGHVC/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 Meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join 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' on or before 17.07.2023 (5.00 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 2023-2024 at a remuneration of ₹ 40,000/- (Rupees Forty Thousand only) excluding the applicable taxes and reimbursement of out of pocket expenses incurred by him in connection with the audit.

As per Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 the remuneration payable to the Cost Auditor as determined by the Board is required to be ratified by the members of the Company. Accordingly, the consent of the Members is sought for passing an Ordinary Resolution as set out in Item No.4 of the notice for ratification of the remuneration payable to the Cost Auditor for the Financial Year 2023-2024.

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 & 6**

Pursuant to proviso to Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), a transaction with a related party shall be considered "material", if the transactions entered into individually or taken together with previous transactions during a Financial Year with such related party exceeds ₹ 1000 Crores or 10% of the total consolidated turnover of the Company as per the last audited financial statements, whichever is lower.

The Company is purchasing Control Panel Components and Selling Control Panels and Engineering Plastics Components assembled / manufactured by the Company to Lakshmi Machine Works Limited (LMW) as per their customized requirements on arms' length basis. Company is also rendering job work services to Lakshmi Machine Works Limited as per their customized requirements on arms' length basis. The transactions with LMW contributes major revenue to the Company. LMW is a capital machinery / original equipment manufacturer and require large volume of control panel, engineering plastics and their accessories. There would be constant order flow and the capacity utilization of the Company would be optimum.

Further, the Company is also purchasing Control Panel Components and Selling Engineering Plastics Components / Electrical spares manufactured by the Company to Lakshmi Precision Technologies Limited (LPT) on arms' length basis.

The shareholders approved the earlier material related party transaction with LMW and LPT as per the details mentioned in the AGM notice of the Annual General Meeting held on 04.08.2022.

The transactions proposed to be entered by the Company with LMW and LPT may exceed 10% of the annual consolidated turnover of the Company as per the last audited financial statements and are proposed to be undertaken on an arms' length basis and in the ordinary course of business.

As per Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 all Related Party Transactions shall require prior approval of the Audit Committee and all material Related Party Transactions shall require approval of the Members. The Audit Committee have approved the transactions with the above-mentioned related parties at their meeting held on 25<sup>th</sup> May 2023.

Pursuant to the amendment to Regulation 23 of the Listing Regulations, and SEBI circular No. SEBI/HO/CFD/CMD1/CIR/P/2022/40 dated 30<sup>th</sup> March 2022 and SEBI circular No. SEBI/HO/CFD/CMD1/CIR/P/2022/47 dated 8<sup>th</sup> April 2022, all related party transactions which exceeds 10% of the Annual Turnover needs to be approved by the shareholders by way of a Resolution and such approval shall be valid upto the date of next Annual General Meeting.

Accordingly, the approval of the Members is now being sought for the transactions proposed to be entered into with the above-mentioned related parties as per the details given below.

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



## LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

<b>Name of the related party</b>	Lakshmi Machine Works Limited	Lakshmi Precision Technologies Limited (Formerly Lakshmi Precision Tools Limited)
<b>Type, material terms and particulars of the proposed transaction</b>	Sale / Purchase of goods and Availing/ Rendering of services. The transactions are in ordinary course of business and on arm's length basis.	Sale / Purchase of goods and Availing/ Rendering of services. The transactions are in ordinary course of business and on arm's length basis.
<b>Relationship with the listed entity, including nature of its concern or interest (financial or otherwise)</b>	A public company in which Sri. Sanjay Jayavarthanelu, Director is a director and holds along with his relatives, more than 2% of its paid-up share capital. Nature of interest is financial.	A public company in which Smt. Nethra. J. S. Kumar, Chairperson & Managing Director and Sri. D. Senthilkumar, Director are directors and hold along with their relatives, more than 2% of its paid-up share capital. Nature of interest is financial.
<b>Tenure of the proposed transaction</b>	From the Annual General Meeting to be held in the year 2023 till the Annual General Meeting to be held in the year 2024.	From the Annual General Meeting to be held in the year 2023 till the Annual General Meeting to be held in the year 2024.
<b>Value of the proposed transaction</b>	₹ 450 Crores per Financial Year.	₹ 100 Crores per Financial Year.
<b>The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction</b>	125% based on audited financials for the year ended 31 <sup>st</sup> March 2023.	28% based on audited financials for the year ended 31 <sup>st</sup> March 2023.
<b>Justification as to why the RPT is in the interest of the listed entity</b>	As detailed above.	As detailed above.

A copy of the valuation or other external party report, if any such report has been relied upon – The Company has not relied upon any such document.

The proposed transaction does not involve any loans, inter-corporate deposits, advances or investments and hence disclosure of details pertaining to the same does not arise.

Any other information that may be relevant – Nil.

The Board of Directors recommend the resolution(s) as set out in Item Nos. 5 & 6 of the Notice for the approval of the Members who are not related parties of the Company.

The Members may please note that in terms of the provisions of the Listing Regulations, no related party(ies) as defined thereunder (whether such related party(ies) is a party to the aforesaid transactions or not), shall vote to approve the resolutions under Item Nos. 5 & 6 of this notice.

### Interest of Directors:

None of the Directors, Key Managerial Personnel or their relatives other than Sri.Sanjay Jayavarthanelu, Director, Smt. Nethra. J.S. Kumar, Chairperson and Managing Director and Sri.D.Senthilkumar, Director is concerned or interested in the resolution set out in Item No. 5 of the Notice.

None of the Directors, Key Managerial Personnel or their relatives other than Smt. Nethra. J.S. Kumar, Chairperson and Managing Director and Sri.D.Senthilkumar, Director is concerned or interested in the resolution set out in Item No. 6 of the Notice.

**Profiles of the Directors seeking appointment / re-appointment.**

**Profile of Sri. Sanjay Jayavarthanelu (DIN: 00004505) – Director retiring by rotation**

Date of Birth / Nationality: 15.06.1968 / Indian

Date of appointment in the Board: 21.06.1989

Sri.Sanjay Jayavarthanelu, aged 55 years, is a Postgraduate in Business Administration from Philadelphia University, U.S.A with specialization in Management and Finance.

He has nearly three decades of experience in the fields of textile, textile engineering, machine tools, foundry, aerospace, logistics, finance and administration. Sri. Sanjay Jayavarthanelu has been both a member and/ or Chairman of various prestigious industrial bodies / association for nearly three decades. He has also been suitably recognized by various forums/ industrial bodies/ association(s) for his contribution to the cause of industrial growth and development.

Sri.Sanjay Jayavarthanelu is related to Smt.Nethra. J S Kumar, Chairperson and Managing Director of the Company.

**He holds Directorships in the following other companies:**

Lakshmi Machine Works Limited	Super Sales India Limited
The Lakshmi Mills Company Limited	Carborundum Universal Limited
Lakshmi Technology and Engineering Industries Limited	Lakshmi Cargo Company Limited
Petrus Technologies Private Limited	Lakshmi Life Sciences Private Limited
Lakshmi Ring Travellers (Coimbatore) Private Limited	Alampara Hotels and Resorts Private Limited
Chakradhara Aerospace and Cargo Private Limited	Rhodium Abrasives GmbH

**Membership in Committees:**

Name of the Company	Name of the Committee	Member / Chairman
Lakshmi Machine Works Limited	Shares & Debentures Committee	Chairman
	Corporate Social Responsibility Committee	Chairman
Super Sales India Limited	Share Transfer Committee	Member
Carborundum Universal Limited	Audit Committee	Chairman
	Nomination & Remuneration Committee	Chairman
The Lakshmi Mills Company Limited	Nomination & Remuneration Committee	Member
Chakradhara Aerospace and Cargo Private Limited	Corporate Social Responsibility Committee	Member

No. of Shares held in the Company: NIL

No.of Shares held in Subsidiary Company: Not applicable

He has not resigned from any listed company during the past three years.

Board position held: Director (Non-executive Non-independent)

Terms and conditions of appointment / reappointment: He is proposed to be re-appointed as Director (Non-executive Non-independent) on retirement by rotation. He shall be liable to retire by rotation.

Remuneration paid for the financial year: Nil. Only sitting fees is paid for attending the meetings of the Board of Directors. The details of the same are disclosed in the Corporate Governance Report.

Remuneration proposed to be paid: Sitting fees for attending the meetings of the Board of Directors.

Number of Board Meetings attended during the financial year: 2

Place : Coimbatore  
Date : May 25, 2023

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, India.

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 Forty Second Annual Report on the business and operations of the Company along with the summary of financial statements for the year ended 31<sup>st</sup> March 2023.

#### 1. The State of Affairs of the Company

##### Financial summary/highlights

Particulars	Financial Year	Financial Year
	2022-2023	2021-2022
	(₹ in Lakhs)	(₹ in Lakhs)
Revenue from operations	36,081.78	25,611.72
Other Income	306.26	299.54
Profit before Interest, Depreciation & amortisation expense and exceptional items	3,019.26	2,327.86
Less: Interest	54.00	42.77
Profit before Depreciation & amortisation expenses and exceptional items	2,965.26	2,285.09
Less: Depreciation & amortisation expense	245.89	220.64
Profit before Exceptional items and Tax	2,719.37	2,064.45
Less: Exceptional item	-	-
Less: Provision for Taxes	726.67	515.72
Profit after Tax	1,992.70	1,548.73

##### Business and Operations

During the financial year under review, the Company has achieved highest revenue from operations to an extent of ₹ 36,081.78 Lakhs (previous financial year ₹ 25,611.72 lakhs) and has increased by ₹ 10,470.06 lakhs over the previous financial year.

The profit before interest and depreciation is ₹ 3,019.26 Lakhs as against ₹ 2,327.86 Lakhs for the previous financial year. The profit after tax is ₹ 1,992.70 Lakhs as against ₹ 1,548.73 Lakhs for the previous financial year and has increased by 28.67% compared to the previous financial year.

The main revenue segment of the Company, Electricals achieved highest turnover of ₹ 31,180.85 Lakhs (previous financial year ₹ 21,697.58 Lakhs). The Plastics segment recorded a turnover of ₹ 4,908.69 Lakhs (previous financial year ₹ 3,896.50 Lakhs). In both the segments, the Company continues to put its efforts in increasing the productivity levels, reduction of cost and adding new customers. There was a slight increase in generation of electricity by Wind Electric Generators.

##### Second Unit

The Board of Directors approved the proposal for establishment of Second Factory Unit at a leased premises near the existing factory at Arasur, Coimbatore to meet the production requirements of the Company which is under process.

##### Dividend

The Board recommends 220% dividend of ₹ 22.00/- (Rupees Twenty Two only) per equity share of the face value of ₹ 10/- (Rupees Ten only) each on the equity share capital of Rs 2,45,80,000/- for the financial year ended 31<sup>st</sup> March 2023. 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 17.07.2023 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 17.07.2023.

#### **Transfer to Reserves**

The Company has not transferred any amount to the General Reserve during the year under review. However, an amount of ₹ 1,992.70 lakhs of the current year profits have been carried forward under the head retained earnings.

#### **Share Capital**

The paid-up capital of the Company as at March 31, 2023 stood at ₹ 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 on the website of the Company <https://www.lecsindia.com/investors/annual-return/>

### **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 / regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['SEBI (LODR) / Listing Regulations'].

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. The details of the familiarization programme undertaken have been uploaded on the Company's website.

### **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:

## LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

1	Sri. Ramesh Rudrappan, Chairman	Non-Executive – Independent
2	Sri. Arun Selvaraj, Member	Non-Executive – Independent
3	Sri. Arjun Balu, 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 and other matters provided under sub-section (3) of section 178. The policy is available on the Company's website <https://www.lecsindia.com/wp-content/themes/lecs/pdf/policies/nomination-and-remuneration-policy.pdf>

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, if any.
- 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 qualifications, reservations or adverse remarks or disclaimers 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 2022-23 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 [https://www.lecsindia.com/wp-content/uploads/2022/05/Related-Party-transaction-Policy\\_web.pdf](https://www.lecsindia.com/wp-content/uploads/2022/05/Related-Party-transaction-Policy_web.pdf)

### 11. Material Changes and Commitments between the end of financial year (March 31, 2023) to which this financial statement relate and the date of this Directors' Report.

There were no material changes and commitments affecting the financial position of the Company occurred between the end of financial year (March 31, 2023) to which this financial statement relates and the date of this Report.

## 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

S.No.	Particulars	Disclosures
(i)	Steps taken or impact on conservation of energy	1. Fluorescent lamp is converted to LED wherever possible. 2. Conventional Ceiling FAN is converted to BLDC Fan 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;	The Company has purchased smart meter technology from an external source and developing its variants.
(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 for other production activities.
(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: ₹ 48.88 Lakhs Total Expenditure: ₹ 48.88 Lakhs

### Foreign Exchange Outgo And Earnings:

(₹ in Lakhs)

Foreign Exchange earned through exports	646.90
Foreign Exchange used	1,388.70

## 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 [https://www.lecsindia.com/wp-content/uploads/2021/12/CSR-Policy\\_LECS\\_2021.pdf](https://www.lecsindia.com/wp-content/uploads/2021/12/CSR-Policy_LECS_2021.pdf). 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 25<sup>th</sup> July 2022. A report in prescribed format detailing the CSR spend for the financial year 2022-23 is attached herewith as Annexure-3 forming a part of this report.

## 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

## LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

undertaken for the financial year 2022-23. 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.	Sri. N. R. Selvaraj was redesignated as Non-Executive Independent director with effect from 04.08.2022.  Smt. Nethra. J. S. Kumar was re-appointed as the Managing Director of the Company for a further period of 3 years with effect from 1 <sup>st</sup> April 2022 at the Annual General Meeting held on 6 <sup>th</sup> August 2021.
(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.	Board of Directors have formed the opinion on the Independent Director appointed during the financial year 2022-2023 and found that the integrity, expertise and experience (including proficiency) of the Independent Director is satisfactory.
(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 2022-23, 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 retiring Director:

Sri. Sanjay Jayavarthanelu, 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.

#### Re-designation / Appointment of Independent Director:

Sri. N. R. Selvaraj was redesignated as Non-Executive Independent director with effect from 04.08.2022 at the Annual General Meeting held in the year 2022.

#### Cessation:

There was no instance of cessation of Directorship of any Director.

#### Resignation:

There was no incidence of resignation of any Director

### 19. Composition of Audit Committee

The Audit Committee of the Board of Directors consists of:

1	Sri. N. R. Selvaraj – Chairman*	Non-Executive – Independent
2	Sri Ramesh Rudrappan – Member	Non-Executive – Independent
3	Sri. A.Palaniappan – Member	Non-Executive – Independent

\*During the financial year under review Sri. N.R. Selvaraj was appointed as Independent Director of the Company. Subsequently, Sri. N.R. Selvaraj was appointed as Chairman of the Audit Committee and Sri. Ramesh Rudrappan was redesignated as Member with effect from 01<sup>st</sup> December 2022. Sri. Arun Selvaraj is not a Member of the Audit Committee with effect from 01<sup>st</sup> December 2022.

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 [https://www.lecsindia.com/wp-content/uploads/2023/06/WHISTLE-BLOWER-POLICY\\_2023.pdf](https://www.lecsindia.com/wp-content/uploads/2023/06/WHISTLE-BLOWER-POLICY_2023.pdf) . During the year under review, there were no complaints received under this mechanism.

### 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)	1:59.45
Sri. Sanjay Jayavarthanelu (DIN: 00004505)	Non-Executive – Non Independent	-
Sri. D.Senthilkumar (DIN: 00006172)	Non-Executive – Non Independent	-



## LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Name	Category	Ratio
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 – Independent	-
Sri Arjun Balu (DIN: 00383184)	Non-Executive – Independent	-

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

\*CMD has drawn salary of ₹ 84.00 lakhs and eligible for commission of ₹ 51.88 lakhs.

- 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	37.46
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 – Independent Director	-
Sri. Arjun Balu	Non-Executive – Independent Director	-
Sri. A.Thiagarajan*	Chief Financial Officer (CFO)	11.73
Sri. S.Sathyanarayanan*	Company Secretary (CS)	12.64

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

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

- c) The percentage increase / (decrease) in the median remuneration of employees in the financial year: (31.02%)
- d) The number of permanent employees on the rolls of company: 191
- 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 (6.18%) for employees other than Managerial Personnel and KMP while it is 29% for Managerial Personnel (KMP and Senior Management). Smt. Nethra.J.S.Kumar, Chairperson and Managing Director is eligible for commission of ₹ 51.88 lakhs for the financial year 2022-23 [for the previous financial year 2021-22 ₹ 40.05 lakhs commission was paid]
- 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.

Pursuant to Regulation 34(2)(f) of the Listing Regulations, the applicability of providing the Business Responsibility and Sustainability Report does not arise.

## 25. Investor Education and Protection Fund

The Company has transferred 2,810 equity shares, 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 2022-2023. Details of shares transferred have been uploaded on the website of the Company. The Company also transferred ₹ 4,52,676/- of unclaimed dividend out of the dividend declared for the financial year 2014-2015 to IEPF.

## 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 LLP, Coimbatore, Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2023-2024. M/s. MDS & Associates LLP have also carried out an audit as per Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provided the Annual Secretarial Compliance Report for the financial year 2022-23.

### 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 2023-24. 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 2023-24 to the Cost Auditors of the Company is subject to ratification by the shareholders at the ensuing Annual General Meeting. The Board recommends the remuneration for members' ratification.

### Internal Auditor:

Sri. V.C.Thirupathi, Chartered Accountants, Coimbatore who are the Internal Auditors have carried out internal audit for the financial year 2022-23. Their reports were reviewed by the Audit Committee.

### 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 25, 2023

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 2023**

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

To

The Members,

**LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED**

(CIN: L31200TZ1981PLC001124)

504, Avinashi Road,

Peelamedu Post,

Coimbatore – 641 004

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

Based on our 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **31<sup>st</sup> March 2023**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

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

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

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

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

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

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

- a. 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 and Sweat Equity) Regulations, 2021
- d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021
- e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 and
- f. The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021

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

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

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

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

We further report that during the 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 25, 2023

**For MDS & Associates LLP**  
**Company Secretaries**  
**M D SELVARAJ**  
**Managing Partner**  
**FCS No.: 960; C P No.: 411**  
**Peer Review No. 3030/2023**  
**UDIN: F000960E000354148**

*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

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

1. Maintenance of Secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records.

The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulation, standards are the responsibility of the management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Coimbatore

Date : May 25, 2023

**For MDS & Associates LLP**  
**Company Secretaries**  
**M D SELVARAJ**  
**Managing Partner**  
**FCS No.: 960; C P No.: 411**  
**Peer Review No. 3030/2023**  
**UDIN: F000960E000354148**

**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: Not Applicable (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 Technologies Limited (formerly known as 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	1 <sup>st</sup> April 2020 to 11 <sup>th</sup> February 2022. 11 <sup>th</sup> February 2022 to 31 <sup>st</sup> March 2025.	1 <sup>st</sup> April 2020 to 31 <sup>st</sup> 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 / 11.02.2022	07.02.2020
Amount paid as advances, if any	-	-

Place : Coimbatore  
Date : May 25, 2023

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

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

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

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/ Non- Executive Non Independent Director	1	1
2	Smt.Nethra. J.S. Kumar	Member/ Chairperson and Managing Director	1	1
3	Sri.Arun Selvaraj	Member/ Non-Executive Independent Director	1	1

**3. Weblink(s) where Composition of CSR committee, CSR policy and CSR projects approved by the board are disclosed on the website of the company:**

CSR Policy : <https://www.lecsindia.com/investors/policies/>  
 CSR Committee : <https://www.lecsindia.com/investors/board-of-directors-and-committees-of-board/>  
 CSR Reports : <https://www.lecsindia.com/investors/csr-details/>

**4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable. : Not Applicable.**

5.	(a) Average net profit of the company as per section 135(5)	₹ 6,08,24,532
	(b) Two percent of average net profit of the company as per section 135(5)	₹ 12,16,491
	(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years	Nil
	(d) Amount required to be set off for the financial year, if any	Nil
	(e) Total CSR obligation for the financial year (b + c - d).	₹ 12,16,491

6.	<b>(a) Amount spent on CSR Projects:</b>	<b>₹ 12,25,460</b>
	(i) On going Project	Nil
	(ii) Other than On going Project	₹ 12,25,460
	<b>(b) Amount spent in Administrative Overheads.</b>	<b>Nil</b>
	<b>(c) Amount spent on Impact Assessment, if applicable.</b>	<b>Nil</b>
	<b>(d) Total amount spent for the Financial Year [ (a) + (b) + (c) ].</b>	<b>₹ 12,25,460</b>

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

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	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	Date of transfer
12,25,460	Nil	Nil	Nil	Nil	Nil

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

S. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	12,16,491
(ii)	Total amount spent for the Financial Year	12,25,460
(iii)	Excess amount spent for the financial year ((ii)-(i))	8,969
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years ((iii)-(iv))	Nil

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

S. No	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs)	Balance amount in unspent CSR amount under section 135(6) (in Rs)	Amount spent in the Financial Year (in Rs)	Amount transferred to a fund as specified under Schedule VII as per section 135(5), if any		Amount remaining to be spent in succeeding financial years (in Rs)	Deficiency, if any
					Amount (in Rs)	Date of transfer		
1	2019-20	NOT APPLICABLE						
2	2020-21							
3	2021-22							
	<b>TOTAL</b>							

The Company has not transferred any amount to the Unspent Corporate Social Responsibility account in the preceding three financial years and hence disclosure of the details pertaining to the amount spent therefrom does not arise.

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

Yes / No - No

No capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year. Accordingly, disclosure pertaining to the details of the same does not arise.

If Yes, enter the number of Capital assets created / acquired: Nil

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

Sl. No	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
1	2	3	4	5	6		
					CSR Registration Number, if applicable	Name	Registered address
NOT APPLICABLE							

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

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

**Nethra. J.S. Kumar**

Chairperson and Managing Director  
(DIN : 00217906)

**D. Senthilkumar**

Chairman - CSR Committee  
(DIN : 00006172)

Place : Coimbatore

Date : May 25, 2023



**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* (51 Years)	Chairperson & Managing Director	136.17	Management Degree	22	23.10.2000	Nil
J. Sivakumar (48 Years)	Chief Operating Officer	42.59	B.E.Mech., MBA (Operation Mgmt)	25	16.09.2021	Barga India Pvt Ltd.,
A Thiagarajan (53 Years)	Chief Financial Officer	34.38	M.Com., ACMA	27	31.01.2018	The Peria Karamalai Tea & Produce Co Ltd.,
C Palani (55 Years)	Group Head - HIR	32.57	B.Sc., MBA., PGDPM & IR., DL	30	06.06.2018	Roca Bathroom Products Pvt. Ltd.
N Ramachandran (56 Years)	General Manager	31.06	B.E.Mech.,	33	16.07.2021	Doosan Bobcat India Pvt Ltd.,
S Sathyanarayanan (42 Years)	Company Secretary (CS)	26.78	M.com., FCS., DIA	19	13.08.2015	Practicing CS
C N Jayapragasan (55 Years)	General Manager	22.91	DME., ME., MBA., PhD.	34	04.06.2018	Universal Heat Exchangers Ltd.
G.S Vajjiravel # (58 Years)	General Manager	22.54	DME., B.E.Mech.,, DPM, MBA.,	36	14.07.1993	Janatics India Pvt.Ltd.,
R Jagadesh (43 Years)	Senior Manager	16.81	Diploma in Plastic Eng.,	22	29.09.2012	National Plastic Technology
V Senthilkumar (54 Years)	Senior Manager	16.48	DME, B.E.Mech, MBA.,	36	01.09.1986	Nil

Notes:

- \*Employment of Smt.Nethra J.S.Kumar is contractual. She 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.
- 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.
- All other employees are permanent employees and remuneration excludes PF and Gratuity contribution, if any.
- #Sri G.S. Vajjiravel was in employment till February 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Economy Overview

#### Global:

Global growth is projected at 2.9% in 2023 and expected to rise to 3.1% in 2024. The rise in central bank rates in respective countries to fight inflation and geo-political situations continue to weigh on economic activity. Global inflation is expected at 6.6% in 2023 and 4.3% in 2024. In most economies, amid the cost-of-living crisis, the priority remains in achieving sustained disinflation. The forecast of low growth in 2023 reflects the rise in central bank rates to fight inflation especially in advanced economies and geo-political situations globally.

World trade growth is expected to decline in 2023 to 2.4%, despite an easing of supply bottlenecks, before rising to 3.4% in 2024. These forecasts are based on number of assumptions, including fuel and nonfuel commodity prices.

#### India Scenario:

India is expected to witness GDP growth of 6.0% to 6.8% in 2023-24, depending on economic and political developments globally. The optimistic growth forecasts stem from a number of positives like the rebound of private consumption given a boost to production activity, higher capital expenditure, near-universal vaccination coverage enabling people to spend on contact-based services, such as restaurants, hotels, shopping malls, and cinemas, as well as the return of migrant workers to cities to work in construction sites leading to a significant decline in housing market inventory, the strengthening of the balance sheets of the organisations, a well-capitalised public sector banks ready to increase the credit supply and the credit growth to the Micro, Small, and Medium Enterprises (MSME) sector to name the major ones.

The economic growth is expected to be brisk for the financial year ending 2024 as a vigorous credit disbursement, and capital investment cycle is expected to unfold in India with the strengthening of the balance sheets of the corporate and banking sectors. Further, support to economic growth is expected to come from the expansion of public digital platforms and measures such as PM GatiShakti, the National Logistics Policy, and the Production-Linked Incentive schemes to boost manufacturing output.

India's recovery from the pandemic was relatively quick, and growth in the upcoming year will be supported by solid domestic demand and a pickup in capital investment. It is aided by healthy financials, emerging signs of new private sector capital formation cycle and government's substantial capital expenditure.

#### Opportunities and Threats

The electric control panel market is expected to grow at a CAGR rate of 6.7%. The Government of India along with various state governments aggressive promoting and making incentives for Electric Vehicles and in the modernization of the state power distribution corporation by promoting Smart Meters. Increasing requirements for industrial plastics and medical plastics equipment are expected as good opportunity for the business.

The increasing price of commodities are challenging, it becomes difficult to retain the buying price and the global shortage of electronics and supply chain disturbance becomes a threat to the execution.

#### Segment wise performance

The Company has achieved highest revenue from operations in the financial year 2022-2023 to an extent of ₹ 36,081.78 Lakhs (previous financial year ₹ 25,611.72 Lakhs) and has increased by ₹ 10,470.06 Lakhs over the previous financial year. The profit before interest and depreciation is ₹ 3,019.26 Lakhs as against ₹ 2,327.86 Lakhs for the previous financial year. The profit after tax is ₹ 1,992.70 Lakhs as against ₹ 1,548.73 Lakhs for the previous financial year and has increased by 28.67% compared to the previous financial year.

The main revenue segment of the Company, Electricals achieved highest turnover of ₹ 31,180.85 Lakhs (previous financial year ₹ 21,697.58 Lakhs). The Plastics segment recorded a turnover of ₹ 4,908.69 Lakhs (previous financial year ₹ 3,896.50 Lakhs). In both the segments, the Company continues to put its efforts in increasing the productivity levels, reduction of cost and adding new customers. There was a slight increase in generation of electricity by Wind Electric Generators

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

## Outlook and Risks & Concerns

Competition from small traders make a serious price risk on the Electric Vehicles Charger Market. The evaluation of DBFOT model in the smart meter business tends big players only to have the access due to the need of large financials. Due to which there may be a slow down on the progress. Increase on the manpower cost, availability of skilled manpower and raw material cost are concern for the business operations. The Company is confident to overcome the concerns.

## 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 the 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 2022-2023 (₹ in Lakhs)	Financial Year 2021-2022 (₹ in Lakhs)
Revenue from operations	36,081.78	25,611.72
Other Income	306.26	299.54
Profit before Interest, Depreciation & amortisation expense and exceptional items	3,019.26	2,327.86
Less: Interest	54.00	42.77
Profit before Depreciation & amortisation expense and exceptional items	2,965.26	2,285.09
Less: Depreciation & amortisation expense	245.89	220.64
Profit before Exceptional items and Tax	2,719.37	2,064.45
Less: Exceptional item	-	-
Less: Provision for Taxes	726.67	515.72
Profit after Tax	1,992.70	1,548.73

## 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 2022-2023	Financial Year 2021-2022	% of Change
1	Debtors Turnover Ratio	4.65	4.59	1.31
2	Inventory Turnover Ratio	11.65	8.52	36.74
3	Interest Coverage Ratio	51.36	49.27	4.24
4	Current Ratio	1.84	2.00	-8.00
5	Debt Equity Ratio	0.03	0.03	0.00
6	Operating Margin (%)	6.85	6.98	-1.86
7	Net Profit Margin (%)	5.52	6.05	-8.76

- Increase in Inventory Turnover Ratio is due to increase in sales / turnover.

**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 2022-2023: 8.59%.

For the financial year 2021-2022: 7.27%

The reason for increase in Net Worth is due to increase in profit for the financial year 2022-2023.

**Cautionary Statement**

The Management Discussion and Analysis Report contains forward looking statements based upon assumptions regarding 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 25, 2023

For and on behalf of the board

**Nethra. J.S. Kumar**

Chairperson and Managing Director

DIN : 00217906

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

## CORPORATE GOVERNANCE REPORT

The Directors present the Report on Corporate Governance for the financial year ended 31<sup>st</sup> March 2023, 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 five 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
Sri.Sanjay Jayavarthanavelu	Non-executive Director	11	1	-
Sri. D. Senthilkumar	Non-executive Director	14	-	1
Sri. Ramesh Rudrappan	Non-executive – Independent Director	1	1	1
Sri. A. Palaniappan	Non-executive – Independent Director	7	-	1
Sri. Arun Selvaraj	Non-executive – Independent Director	2	-	2
Sri N.R. Selvaraj	Non-executive – Independent Director	7	1	-
Sri Arjun Balu	Non-executive – Independent Director	3	-	-

Note: - Sri. N. R. Selvaraj was appointed as Non-Executive-Independent Director with effect from 04.08.2022.

**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.Sanjay Jayavarthanavelu	1.Lakshmi Machine Works Limited	Chairman and Managing Director
		2.Super Sales India Limited	Chairman – Non-executive Director
		3.The Lakshmi Mills Company Limited	Non-Independent Director
		4.Carborundum Universal Limited	Independent Director
3.	Sri. D. Senthilkumar	Nil	Nil
4.	Sri. Ramesh Rudrappan	Nil	Nil
5.	Sri. A. Palaniappan	Nil	Nil
6.	Sri. Arun Selvaraj	Precot Limited	Independent Director
7.	Sri N.R. Selvaraj	Nil	Nil
8.	Sri Arjun Balu	Nil	Nil

**Board Meetings and Attendance**

During the period from 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023, 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: 04.08.2022)
	25.05.2022	04.08.2022	04.11.2022	03.02.2023	
Smt.Nethra J.S.Kumar	✓	✓	✓	✓	✓
Sri.Sanjay Jayavarthanavelu	✓	✓	X	X	✓
Sri.D.Senthilkumar	✓	✓	✓	✓	✓
Sri.Ramesh Rudrappan	✓	✓	✓	✓	✓
Sri A. Palaniappan	✓	✓	✓	✓	✓
Sri Arun Selvaraj	✓	✓	✓	✓	✓
Sri.N.R.Selvaraj	✓	✓	✓	✓	✓
Sri Arjun Balu	✓	✓	✓	✓	✓

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. Sanjay Jayavarthanavelu	Nil
2. Sri. D. Senthilkumar	100
3. Sri. Ramesh Rudrappan	Nil
4. Sri. A. Palaniappan	Nil
5. Sri. Arun Selvaraj	Nil
6. Sri N.R. Selvaraj	Nil
7. Sri. Arjun Balu	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.

*Note: - Sri. N. R. Selvaraj was appointed as Non-Executive-Independent Director with effect from 04.08.2022.*

**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 functionaries 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 [https://www.lecsindia.com/wp-content/uploads/2023/03/Familiarisation-Program-2022-23\\_web.pdf](https://www.lecsindia.com/wp-content/uploads/2023/03/Familiarisation-Program-2022-23_web.pdf)

**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 03<sup>rd</sup> February 2023. 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.Sanjay Jayavarthanavelu	Sri.D.Senthilkumar	Sri.Ramesh Rudrappan	Sri. A. Palaniappan	Sri Arun Selvaraj	Sri.N.R.Selvaraj	Sri Arjun Balu
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	✓	✓	✓	✓	✓	✓	✓	✓

**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

Sri. N.R Selvaraj was appointed as Independent Director with effect from 04<sup>th</sup> August 2022. There was no instance of resignation of any Independent Director during the financial year 2022-23.

### 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 31<sup>st</sup> March 2023.

Name of the Director	Attendance in Audit Committee meetings			
	25.05.2022	04.08.2022	04.11.2022	03.02.2023
Sri. N.R.Selvaraj – Chairman*	NA	NA	NA	✓
Sri. Ramesh Rudrappan – Member/Chairman*	✓	✓	✓	✓
Sri. A. Palaniappan – Member	✓	✓	✓	✓
Sri Arun Selvaraj – Member*	✓	✓	✓	NA

NA- Not Applicable

\*During the financial year under review Sri. N.R.Selvaraj was appointed as Non-Executive – Independent Director with effect from 04.08.2022. Subsequently, Sri N. R Selvaraj was appointed as Chairman of the Committee and Sri. Ramesh Rudrappan was re-designated as Member of the Committee with effect from 01<sup>st</sup> December 2022. Sri. Arun Selvaraj is not a member of the Committee with effect from 01<sup>st</sup> December 2022. The Audit Committee of the Company comprises of Independent Directors.

The Chairman of the Committee attended the AGM held on 04<sup>th</sup> August 2022. 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.

## LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

The Chairman of the Committee attended the AGM held on 04<sup>th</sup> August 2022.

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

Name of the Director	Date of Meeting(s)
	18.05.2022
Sri. Ramesh Rudrappan – Chairman	✓
Sri. Arun Selvaraj – Member	✓
Sri. Arjun Balu – 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 SEBI (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)	
	25.07.2022	27.01.2023
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 04<sup>th</sup> August 2022.

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 transmission, non-receipt of annual reports, dividend payments and other miscellaneous complaints.

During the financial year 4 (four) complaints were received from the shareholders and all the complaints were resolved. The outstanding complaints as on 31.03.2023 was NIL.

Pursuant to Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificate 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 2022 - 2023:

Amount in ₹

Name of the Director	Salary	Other Perquisites	Sitting fee	Commission	Total
Sri.Sanjay Jayavarthanavelu	-	-	50,000	-	50,000
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	-	-	2,50,000	-	2,50,000
Sri.N.R.Selvaraj	-	-	1,50,000	-	1,50,000
Sri Arjun Balu	-	-	1,50,000	-	1,50,000
Smt.Nethra J.S.Kumar#	84,00,000	28,800	-	51,88,385	1,36,17,185

# The amount excludes contribution to Provident Fund of ₹ 10,08,000/- and provision for Leave Encashment of Rs 5,12,102/-

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.

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 <https://www.lecsindia.com/wp-content/uploads/2023/02/Remuneration-to-nonexecutive-Directors.pdf>

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	03.05 p.m	Thursday	04.08.2022
Video Conferencing facility	02.45 p.m	Friday	06.08.2021
Video Conferencing facility	02.30 p.m	Friday	14.08.2020

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

- At the AGM held on 14.08.2020 special resolution was passed for partial modification on terms and conditions of remuneration payable to Smt. Nethra. J.S. Kumar, Managing Director.
- At the AGM held on 06.08.2021, two Special Resolutions were passed.
  - Re-appointment of Smt. Nethra. J.S. Kumar as Managing Director.
  - Continuation of Directorship of Sri. N.R.Selvaraj as a Non-executive Director beyond the age of 75 years.
- At the AGM held on 04.08.2022 Special Resolution was passed for appointment of Sri. N.R.Selvaraj as an Independent director of the Company.

No Special Resolution was passed through Postal Ballot during the financial year 2022-23.

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 2022-23 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 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, as applicable, is published in the Company's website [www.lecsindia.com](http://www.lecsindia.com). There was no analyst or institutional investor meet and no presentation was made to them during the financial year 2022-23.

## 10. GENERAL SHAREHOLDERS INFORMATION

### Annual General Meeting

Day & Date	:	Monday, 24 <sup>th</sup> July 2023.
Time	:	4.35 P.M
Mode	:	Video Conference / Other Audio Visual Means

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

## Financial Calendar

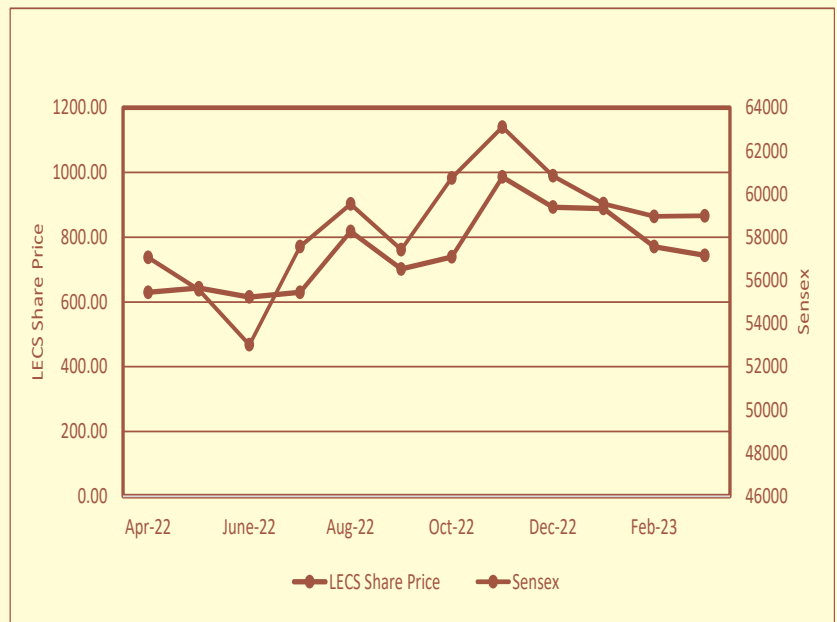
Financial Year	: 1 <sup>st</sup> April to 31 <sup>st</sup> March
Announcement of Quarterly Results for the Financial Year 2023 – 2024 (Tentative)	: August 2023, November 2023, February 2024 and May 2024
Date of Book Closure	: Tuesday, 18 <sup>th</sup> July 2023 to Monday, 24 <sup>th</sup> July 2023 (both days inclusive)
Dividend Payment Date	: On or before 22 <sup>nd</sup> August 2023.
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 2023-2024.
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-22	647.35	589.00
May-22	679.95	541.00
June-22	659.80	512.25
July-22	665.00	597.35
Aug-22	863.00	622.65
Sep-22	848.00	652.25
Oct-22	765.00	650.00
Nov-22	1070.00	734.20
Dec-22	999.00	780.25
Jan-23	969.90	818.00
Feb-23	931.00	750.15
Mar-23	777.70	732.25

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 and Share Transfer System:

Transmission, 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, Surya, 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028, Tamilnadu, India. They are the connectivity providers for Demat Segment.

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 shall not be processed by the listed entities/Registrar and Share Transfer Agents. SEBI, vide its Circular no. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 03, 2021, has laid down the common and simplified norms for processing

investor's service request by RTAs and norms for furnishing PAN, KYC details and Nomination. Further, SEBI vide its Circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16,2023 has extended the timeline and laid down the common and simplified norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC details and Nomination. As per the circulars, the gist of the requirements and necessary action to be taken by the shareholders who are holding the shares in physical form are provided in the Company's website [www.lecsindia.com](http://www.lecsindia.com) under the heading 'Investors Services'.

The Company has sent communication to the shareholders who are holding shares in physical form to take necessary action for the compliance of the aforesaid SEBI circulars. Therefore, shareholders holding share(s) in physical form are requested to take immediate action.

#### Distribution of Shareholding as on 31<sup>st</sup> March 2023:

Range	No.of Shares	% of Shares Held	No.of Shareholders	%
1 - 500	662361	26.95	8920	95.2178
501 - 1000	173482	7.06	235	2.5085
1001 - 2000	190188	7.74	129	1.3770
2001 - 3000	96026	3.91	38	0.4056
3001 - 4000	33996	1.38	10	0.1067
4001 - 5000	55744	2.27	12	0.1281
5001 - 10000	81727	3.32	10	0.1067
10001 AND ABOVE	1164476	47.37	14	0.1494
<b>Total</b>	<b>2458000</b>	<b>100.000</b>	<b>9368</b>	<b>100.000</b>

#### Dematerialisation of Shares and liquidity:

23,86,105 shares constituting 97.08% of the total paid up capital of the Company has been dematerialized as on 31<sup>st</sup> March 2023. 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 numbers 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 (₹ 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	2154.40	709.62	Nil	Nil	Nil	Nil	Nil

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

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

## **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](mailto: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 basis 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 [https://www.lecsindia.com/wp-content/uploads/2023/06/WHISTLE-BLOWER-POLICY\\_2023.pdf](https://www.lecsindia.com/wp-content/uploads/2023/06/WHISTLE-BLOWER-POLICY_2023.pdf) 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: [https://www.lecsindia.com/wp-content/uploads/2022/05/Related-Party-transaction-Policy\\_web.pdf](https://www.lecsindia.com/wp-content/uploads/2022/05/Related-Party-transaction-Policy_web.pdf)

### **g) Commodity price risks and Commodity hedging activities** - During the financial year ended 31<sup>st</sup> March, 2023 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 all the recommendations 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 – ₹ 3.17 lakhs.

**l) 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 2022-23 - Nil.
- b. number of complaints disposed of during the financial year 2022-23 - Nil.
- c. number of complaints pending as on end of the financial year 2022-23 - Nil.

- m) The Company has not granted any loans or provided any advances in the nature of loans to firms/companies in which directors are interested.
  - n) Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries - The Company does not have any subsidiaries and hence disclosure of details of material subsidiaries does not arise.
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 applicable clauses of sub-regulation (2) of regulation 46 and Schedule V 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 are 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 5 members in the Committee. The Committee reviews and approves transmission, split, consolidation, issue of duplicate share certificate / confirmation letter, recording change of name, deletion of joint holder name, recording attainment of majority, transposition of names etc. in equity shares of the Company subject to the circulars issued by SEBI from time to time.

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

The CMD and CFO certification of the financial statements for the financial year 2022-2023 has been submitted to the Board of Directors, in its meeting held on 25<sup>th</sup> May 2023 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place : Coimbatore  
Date : May 25, 2023

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

## LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

### 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 on 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 financial year 2022-2023.

Place : Coimbatore

Date : May 25, 2023

**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, Tamilnadu.

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on **31<sup>st</sup> March 2023** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

<b>Sr. No.</b>	<b>Name of Director</b>	<b>DIN</b>	<b>Date of appointment in Company</b>
1	Mrs. Nethra Jayavarthanavelu Senthil Kumar (Chairperson and Managing Director)	00217906	23/10/2000
2	Mr. Sanjay Jayavarthanavelu	00004505	21/06/1989
3	Mr. Dinakaran Senthilkumar	00006172	22/03/1997
4	Mr. Ramesh Rudrappan	00008325	23/05/2011
5	Mr. Naidoor Ramachandran Selvaraj	00013954	01/02/2019
6	Mr. Annamalai Palaniappan	00044022	28/01/2013
7	Mr. Arun Selvaraj	01829277	28/01/2013
8	Mr. Arjun Balu	00383184	28/05/2021

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

Place : Coimbatore

Date : May 25, 2023

**For MDS & Associates LLP**

**Company Secretaries**

**M D SELVARAJ**

**Managing Partner**

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

**Peer Review No. 3030/2023**

**UDIN: F000960E000354161**

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

## Independent 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, 2023** 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 **31<sup>st</sup> March 2023**.

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

Place : Coimbatore

Date : May 25, 2023

**T.S.ANANDATHIRTHAN**

Partner

Membership No.230192

UDIN: 23230192BGYAY4552

## 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 accompanying standalone financial statements of **LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED** (“the Company”), which comprise the Balance Sheet as at **March 31, 2023**, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the 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 as the ‘standalone financial statements’).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 [“the Act”], in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules 2015, as amended (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at **March 31, 2023**, its profits 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><b>Evaluation of uncertain tax positions</b></p> <p>The Company has uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes as on the balance sheet date (Refer <b>Note No. 41</b> to the standalone financial statements).</p>	<p><b>Principal Audit Procedures</b></p> <p>We obtained details of the completed tax assessments and demands and the statutory appeals preferred by the company before appropriate appellate forums.</p> <p>We evaluated and tested the Company’s processes and controls for monitoring of litigations, disputes, compliances and assessment thereof for determining the likely outcome of disputes.</p>

## LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

S. No.	Key Audit Matter	Auditor's Response
	<p>The Company assesses the need to make a provision or disclose a contingency on a case-to-case basis considering the underlying facts of each matter, in consultation with its legal advisors. This involves a high level of management judgment and assumptions which impact the risk assessment and consequential provisioning and disclosure of contingencies in the financial statements. This area is significant to our audit, since the completeness and accuracy of accounting and disclosures for contingencies is dependent on such management judgment and assumptions.</p>	<p>We reviewed the summary of the litigations obtained from the management and discussed the material cases to determine the Company's assessment of the likelihood and magnitude of any liability that may arise.</p> <p>We analysed the management's underlying assumptions and grounds in estimating the tax provision and the possible outcome of the disputes at appellate forums.</p> <p>We considered legal precedents, other rulings and legal opinions obtained by the management in evaluating the management's judgments and assumptions on these uncertain tax positions. Additionally, we considered the effect of new information, if any, in respect of material uncertain tax positions and other uncertain position of the tax dues under dispute, to evaluate whether any change was required to management's position on these uncertainties</p> <p>We tested the adequacy of disclosures in the financial statements. We also obtained necessary representations from the management in regard to the provisioning and disclosures in respect of the litigations.</p>
2.	<p><b>Assessment of carrying value of Investments</b></p> <p>The Company has invested in listed equity instruments and mutual funds through OCI and through Profit or Loss. 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><b>Principal Audit Procedures</b></p> <p>In line with general market fluctuations, there are significant fair value changes in these investments. Our audit procedures in relation to assessing the carrying value of these investments included ascertaining from relevant external sources that the equity instruments and the mutual funds are carried at their fair value as on <b>31<sup>st</sup> March 2023</b>. [Refer <b>Note No.6</b> to the standalone financial statements].</p>
3.	<p><b>Recoverability of Income tax assets and Receivables from Government authorities</b></p> <p>As at March 31, 2023 non-current assets in respect of Income tax assets to the extent of ₹ 82.06 lakhs (Net of provisions) and Indirect taxes recoverable to the extent of ₹ 23.92 lakhs are outstanding. (Refer Note No. 16A and Note No. 15 to the standalone financial statements)</p> <p>This area is significant to our audit, since the completeness and accuracy of accounting and disclosures for determining the recoverability of these items.</p>	<p><b>Principal Audit Procedures</b></p> <p>We analysed and reviewed the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution.</p> <p>The income tax assets represents tax deducted at source, the taxes paid in advance and taxes paid towards disputed dues. The indirect taxes recoverable represents input tax credits eligible for set off.</p> <p>We considered legal precedents, other rulings and legal opinions obtained by the management and the management's representations in this regard, in evaluating the management's judgments and assumptions on the recoverability / set off of these balances recoverable.</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, Report on Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our report thereon.

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



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

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

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

The 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), changes in equity of the Company and its cash flows 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

## LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

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 standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

### Report on Other Legal and Regulatory Requirements

1. As required by the **Companies (Auditor's Report) Order, 2020** ("the Order") issued by the Central Government 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;
  - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash flows 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 the Companies (Indian Accounting Standards) Rules 2015;
  - e) On the basis of the written representations received from the directors of the Company as on **March 31, 2023** taken on record by the board of directors, none of the directors are disqualified as on **March 31, 2023** from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure "B"** 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. 41** 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.
  - iv.
    - (a) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, where applicable, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - (b) The Management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, where applicable, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v.
    - a) The final dividend proposed for the previous financial year, declared and paid by the company during the current financial year is in accordance with Sec. 123 of the Act, as applicable.
    - b) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act. [Refer **Note No. 50** to the standalone financial statements].

**For M/s. Subbachar & Srinivasan**

Chartered Accountants

Firm Registration No.004083S

Place : Coimbatore

Date : May 25, 2023

**T.S.ANANDATHIRTHAN**

Partner

Membership No.230192

UDIN: 23230192BGYAYQ1510

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

## 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).

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we report that:

- i) In respect of its Property, Plant and Equipment, Intangible Assets and Investment Property:
  - a) The company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, Intangible Assets and Investment Property.
  - b) The Company has a regular program of physical verification of Property, Plant and Equipment and Investment Property, so as to cover all the assets once in every three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its Property, Plant and Equipment and Investment Property. Pursuant to the program, certain Property, Plant and Equipment and Investment Property were physically verified by the management during the year. According to the information and explanations given to us during the course of the audit no material discrepancies were noticed on such verification.
  - c) Based on our examination of relevant records and on the basis of information and explanations given to us, we report that the title deeds of all immovable properties disclosed in the financial statements included under Property, Plant and Equipment, Intangible Assets (where applicable) and Investment Property are held in the name of the Company as at the balance sheet date.
  - d) The Company has not revalued any of its Property, Plant and Equipment, Intangible Assets and Investment Property during the year.
  - e) No proceedings have been initiated during the year or are pending against the Company as at **March 31, 2023** for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii) In respect of its inventories:
  - a) As explained to us, physical verification of inventories has been conducted at reasonable intervals by the management during the year.
  - b) In our opinion and according to the information and explanations given to us during the course of the audit, the coverage and procedure for such physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) In our opinion and according to the information and explanations given to us, the company has maintained proper records for its inventories and no material discrepancies were noticed on physical verification in any class of inventories as compared to the book records.
  - d) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹ 5 Crores, in aggregate, during the year from banks or financial institutions on the basis of security of current assets and the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of accounts of the Company of the respective quarters and no material discrepancies have been observed.
- iii) Based on our audit procedures and according to the information and explanations given to us, the company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties, including promoters and related parties, during the financial year and accordingly sub-clauses (a) to (f) of Paragraph 3(iii) of the Order are not applicable to the company.
- iv) According to the information and explanations given to us, the Company has not granted loans or made investments or provided guarantees and securities during the year and hence compliance with Section 185 and Section 186 is not applicable.
- v) According to the information and explanations given to us, the company has not accepted any deposits from the public or amounts which are deemed to be deposits during the year to which directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 of the Act are applicable and as such Paragraph 3(v) of the Order is not applicable.

- vi) 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 and the rules made thereunder, as applicable to the company, and are of the opinion that prima facie the specified cost records have been made and maintained. We have not, however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) According to the information and explanations given to us during the course of the audit and on the basis of our examination of the records of the company in respect of the statutory dues:
- The company is generally regular in depositing undisputed statutory dues including Goods and service Tax, Provident Fund, Employees' State insurance, Income tax, Sales Tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us during the course of the audit, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at **31<sup>st</sup> March 2023** for a period of more than six months from the date they became payable.
  - According to the information and explanations given to us during the course of the audit, 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 [₹ in lakhs]	Amount paid/ adjusted [₹ 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
Income Tax Act, 1961	Income Tax & Interest	49.28	1.32	Assessment Year 2017-18 & 2018-19	Commissioner of Income Tax (Appeals)
Arasur Panchayat running licence fees	Licence fees	0.84	0.00	F.Y. 2020 - 21, 2021 - 22 & 2022 - 23	High Court

- viii) Based on our audit procedures and as per the information and explanations given by the management, during the year there were no transactions recorded in the books of account that have been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 and hence paragraph 3(viii) of the Order is not applicable
- ix) a) In our opinion and according to the information and explanations given to us during the course of the audit, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender including banks, financial institutions and government.
- b) According to the information and explanations given to us during the course of the audit and on the basis of our audit procedures, the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- c) In our opinion and according to the explanations given to us during the course of the audit, the company has not availed any term loans during the year and hence reporting under this clause regarding term loans applied for the purpose for which the loans were obtained is not applicable.
- d) According to the information and explanations given to us during the course of the audit and the audit procedures performed by us, and on an overall examination of the financial statements of the company, funds raised on short term basis have, prima facie, not been used during the year for long term purposes by the company.
- e) The company does not have any subsidiaries, associates or joint ventures and hence reporting on the funds taken by the company from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures is not applicable.
- f) The company does not have any subsidiaries, associates or joint ventures and hence reporting on the loans raised by the company during the year on the pledge of securities held in its subsidiaries, associates or joint ventures is not applicable.

## LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

- x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under paragraph 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally convertible) and hence reporting under paragraph 3(x)(b) of the Order is not applicable.
- xi) (a) To the best of our knowledge and belief and according to the information and explanations given to us during the course of the audit no fraud by the Company or any fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and upto the date of this report.
- (c) According to information and explanations given to us and as represented to us by the management and on the basis of our audit procedures there are no whistle blower complaints were received by the company during the year.
- xii) The Company is not a Nidhi Company and hence reporting under sub clauses (a) to (c) of paragraph 3(xii) of the Order is not applicable.
- xiii) In our opinion according to the information and explanations provided to us and based on our examination of the records of the company, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties undertaken during the year and the details of such related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv) a) In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.
- b) We have considered the internal audit reports for the year under audit issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv) According to the information and explanations given to us during the course of the audit the Company has not entered into non-cash transactions with directors or persons connected with its directors during the year and hence provisions of section 192 of the Companies Act, 2013 are not applicable and accordingly paragraph 3(xv) of the Order is not applicable.
- xvi) a) According to the information and explanations given to us during the course of the audit and on the basis of our examination of the financial statements of the company in our opinion the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- b) In our opinion on the basis of our examination of the financial statements and representations made by the company it has not conducted any Non-Banking Financial or Housing Finance activities during the year.
- c) According to the information and explanations given to us during the course of the audit and on the basis of our examination of the financial statements of the company and representations made by the company, in our opinion the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- d) According to the information and explanations given to us during the course of the audit and as represented to us by the company in our opinion, there is no core investment company within Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvid) of the Order is not applicable.
- xvii) The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii) There has been no resignation of Statutory Auditors of the Company during the year and accordingly reporting under clause 3(xviii) is not applicable.



- xix) According to the information and explanations given to us during the course of the audit and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx) As per information and explanations given to us during the course of the audit and based on our examination of the records of the company, there are no unspent amounts towards Corporate Social Responsibility (CSR) on ongoing projects or other than ongoing projects. Accordingly transfer of unspent amount to a special account in compliance with provisions of sub-section (6) of Section 135 of the Companies Act, 2013 or transfer to a Fund specified in Schedule VII to the Companies Act 2013 in compliance with second proviso to sub-section (5) of Section 135 of the said Act is not applicable and accordingly, reporting under clause 3(xx)(a) and 3(xx)(b) of the Order is not applicable for the year.
- xxi) The company is not required to prepare consolidated financial statements and hence clause 3(xxi) of the Order regarding qualifications or adverse remarks by the auditors of the companies included in the consolidated financial statements is not applicable.

Place : Coimbatore  
Date : May 25, 2023

**For M/s. Subbchar & Srinivasan**  
Chartered Accountants  
Firm Registration No.004083S

**T.S.ANANDATHIRTHAN**  
Partner  
Membership No.230192  
UDIN: 23230192BGYAYQ1510

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

## 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 **31<sup>st</sup> March 2023** in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Board of Directors of the company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at **31<sup>st</sup> March 2023**, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For M/s. Subbchar & Srinivasan**

Chartered Accountants

Firm Registration No.004083S

Place : Coimbatore

Date : May 25, 2023

**T.S.ANANDATHIRTHAN**

Partner

Membership No.230192

UDIN: 23230192BGYAYQ1510

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

## Balance Sheet as at 31<sup>st</sup> March, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Note No	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>I. ASSETS</b>			
<b>(1) <u>Non-Current Assets</u></b>			
(a) Property, Plant and Equipment	3	3,634.05	3,220.26
(b) Capital Work-in-Progress	4	67.81	26.13
(c) Investment Property	5	87.87	87.87
(d) Intangible asset	6	97.93	-
(e) Intangible assets under development	7	-	71.70
(f) Financial Assets			
i. Investments	8	12,973.11	12,624.12
ii. Other Financial Assets	9	27.47	287.05
(g) Other Non-Current Assets	16A	1,169.83	164.09
<b>Total Non-Current Assets</b>		<b>18,058.07</b>	<b>16,481.22</b>
<b>(2) <u>Current Assets</u></b>			
(a) Inventories	10	3,201.39	2,992.76
(b) Financial Assets			
i. Trade Receivables	11	8,860.52	6,670.46
ii. Cash and Cash Equivalents	12	3.70	4.20
iii. Bank balances other than (ii) above	13	523.93	1,183.40
iv. Other Financial Assets	14	17.14	39.59
(c) Other Current Assets	15	336.74	279.40
<b>Total Current Assets</b>		<b>12,943.42</b>	<b>11,169.81</b>
<b>Total Assets</b>		<b>31,001.49</b>	<b>27,651.03</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) <u>Equity</u></b>			
(a) Equity Share Capital	17	245.80	245.80
(b) Other Equity	18	22,952.06	21,051.60
<b>Total Equity</b>		<b>23,197.86</b>	<b>21,297.40</b>
<b>(2) <u>Liabilities</u></b>			
<b><u>Non-Current Liabilities</u></b>			
(a) Provisions	19	81.25	121.52
(b) Deferred Tax Liabilities (Net)	20	701.76	636.30
<b>Total Non-Current Liabilities</b>		<b>783.01</b>	<b>757.82</b>

**Balance Sheet as at 31<sup>st</sup> March, 2023**

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Note No	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
(3) <b>Current Liabilities</b>			
(a) Financial Liabilities			
i. Borrowings	21	759.66	615.55
ii. Trade Payables :	22		
a) Total outstanding dues of micro enterprises and small enterprises		1,783.92	1,159.36
b) Total outstanding dues of Creditors other than micro enterprises and small enterprises		3,579.11	2,966.39
iii. Other Financial Liabilities	23	273.25	273.01
(b) Provisions	19	45.01	48.13
(c) Current Tax Liabilities (Net)	16	41.85	63.44
(d) Other Current Liabilities	24	537.82	469.93
<b>Total Current Liabilities</b>		<b>7,020.62</b>	<b>5,595.81</b>
<b>Total Liabilities</b>		<b>7,803.63</b>	<b>6,353.63</b>
<b>Total Equity and Liabilities</b>		<b>31,001.49</b>	<b>27,651.03</b>

See accompanying notes to the financial statements

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For and on behalf of the Board of Directors

In terms of our report attached

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

**Sanjay Jayavarthanelu**  
 Director  
 (DIN : 00004505)

**For Subbachar & Srinivasan**  
 Chartered Accountants  
 Firm Regn.No.004083S

 Place : Coimbatore  
 Date : May 25, 2023

**A.Thiagarajan**  
 Chief Financial Officer

**S.Sathyanarayanan**  
 Company Secretary

**T.S.Anandathirthan**  
 Partner  
 Membership No.230192

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

## Statement of Profit and Loss for the Year Ended 31<sup>st</sup> March, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Note No	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
<b>I. INCOME</b>			
Revenue from Operations	25	36,081.78	25,611.72
Other Income	26	306.26	299.54
<b>Total Income</b>		<b>36,388.04</b>	<b>25,911.26</b>
<b>II. EXPENSES</b>			
Cost of Materials Consumed	27	28,899.43	20,215.95
Changes in Inventories of Finished Goods, Stock-in -Trade and Work-in-Progress	28	108.92	45.99
Employee Benefits Expense	29	2,606.09	2,138.52
Finance Costs	30	54.00	42.77
Depreciation and Amortisation Expense	31	245.89	220.64
Other Expenses	32	1,754.34	1,182.94
<b>Total Expenses</b>		<b>33,668.67</b>	<b>23,846.81</b>
<b>Profit before Exceptional Items and Tax</b>		<b>2,719.37</b>	<b>2,064.45</b>
<b>Exceptional Items</b>		-	-
<b>Profit before Tax after Exceptional Items</b>		<b>2,719.37</b>	<b>2,064.45</b>
Income Tax Expense	33		
Current Tax		696.59	442.20
Deferred Tax		30.08	73.52
<b>Profit for the period</b>		<b>1,992.70</b>	<b>1,548.73</b>
<b>Other Comprehensive Income</b>			
<b><i>Items that will not be reclassified to profit or loss</i></b>			
Remeasurement of post Employment Benefit Obligations		0.23	(18.48)
Income Tax relating to these items		(0.07)	5.38
Change in fair value of FVTOCI Equity Instruments		311.61	2,524.95
Income Tax relating to these items		(35.31)	(297.09)
<b><i>Items that will be reclassified to profit or loss</i></b>			
		-	-
<b>Other Comprehensive Income for the period, net of Tax</b>		<b>276.46</b>	<b>2,214.76</b>
<b>Total Comprehensive Income for the period</b>		<b>2,269.16</b>	<b>3,763.49</b>
<b>Earnings per Equity Share</b>			
Basic Earnings per Share (par value of ₹ 10/- each)	38	81.07	63.01
Diluted Earnings per Share (par value of ₹ 10/- each)	38	81.07	63.01
Weighted average Equity shares used in computing Basic & Diluted EPS		24,58,000	24,58,000

See accompanying notes to the financial statements

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For and on behalf of the Board of Directors  
**Nethra. J.S. Kumar**  
 Chairperson and Managing Director  
 (DIN : 00217906)

**A.Thiagarajan**  
 Chief Financial Officer

Place : Coimbatore  
 Date : May 25, 2023

**Sanjay Jayavarthanavelu**  
 Director  
 (DIN : 00004505)

**S.Sathyanarayanan**  
 Company Secretary

In terms of our report attached  
**For Subbchar & Srinivasan**  
 Chartered Accountants  
 Firm Regn.No.004083S  
**T.S.Anandathirthan**  
 Partner  
 Membership No.230192



**Statement of Changes in Equity for the Year Ended 31<sup>st</sup> March, 2023**

(All amounts in ₹ Lakhs, unless otherwise stated)

**I. Equity Share Capital**

<b>1. For the Year Ended 31<sup>st</sup> March 2023</b>				
Balance as at 1 <sup>st</sup> April 2022	Changes in equity share capital due to prior period errors	Restated balance as at 1 <sup>st</sup> April 2022	Changes in equity share capital during the year	Balance as at 31 <sup>st</sup> March 2023
245.80	-	245.80	-	245.80

<b>2. For the Year Ended 31<sup>st</sup> March 2022</b>				
Balance as at 1 <sup>st</sup> April 2021	Changes in equity share capital due to prior period errors	Restated balance as at 1 <sup>st</sup> April 2021	Changes in equity share capital during the year	Balance as at 31 <sup>st</sup> March 2022
245.80	-	245.80	-	245.80

**II. Other Equity**
**1) For the Year Ended 31<sup>st</sup> March 2023**

Particulars	Reserves and surplus					Other Comprehensive Income	Total
	Note No	General Reserve	Securities Premium	Retained Earnings	Remeasurement of defined benefit obligations	FVTOCI - Equity Instruments	
<b>Balance as at 1<sup>st</sup> April, 2022</b>		5,672.34	503.20	6,763.03	(11.58)	8,124.61	21,051.60
Changes in accounting policy and prior period errors		-	-	-	-	-	-
<b>Restated balance as at 1<sup>st</sup> April 2022</b>		5,672.34	503.20	6,763.03	(11.58)	8,124.61	21,051.60
Profit for the period	18	-	-	1,992.70	-	-	1,992.70
<u>Other comprehensive income</u>							
Remeasurement of post employment defined benefit obligations (Net of Taxes)	18	-	-	-	0.16	-	0.16
Fair value changes of equity instruments (Net of Taxes)	18	-	-	-	-	276.30	276.30
<b>Total Comprehensive Income</b>		-	-	1,992.70	0.16	276.30	2,269.16
Dividends paid	18	-	-	(368.70)	-	-	(368.70)
Dividend distribution tax	18	-	-	-	-	-	-
Transfer to general reserve	18	-	-	-	-	-	-
<b>Balance as at 31<sup>st</sup> March, 2023</b>		5,672.34	503.20	8,387.03	(11.42)	8,400.91	22,952.06

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Statement of Changes in Equity for the Year Ended 31<sup>st</sup> March, 2023 (All amounts in ₹ Lakhs, unless otherwise stated)

## 2) For the Year Ended 31<sup>st</sup> March 2022

Particulars	Reserves and surplus					Other Comprehensive Income	Total
	Note No	General Reserve	Securities Premium	Retained Earnings	Remeasurement of defined benefit obligations	FVTOCI - Equity Instruments	
<b>Balance as at 1<sup>st</sup> April, 2021</b>		<b>5,672.34</b>	<b>503.20</b>	<b>5,300.33</b>	<b>1.52</b>	<b>5,896.75</b>	<b>17,374.14</b>
Changes in accounting policy and prior period errors		-	-	-	-	-	-
<b>Restated balance as at 1<sup>st</sup> April 2021</b>		<b>5,672.34</b>	<b>503.20</b>	<b>5,300.33</b>	<b>1.52</b>	<b>5,896.75</b>	<b>17,374.14</b>
Profit for the period	18	-	-	1,548.73	-	-	1,548.73
<u>Other comprehensive income</u>							
Remeasurement of post employment defined benefit obligations (Net of Taxes)	18	-	-	-	(13.10)	-	(13.10)
Fair value changes of equity instruments (Net of Taxes)	18	-	-	-	-	2,227.86	2,227.86
<b>Total Comprehensive Income</b>		<b>-</b>	<b>-</b>	<b>1,548.73</b>	<b>(13.10)</b>	<b>2,227.86</b>	<b>3,763.49</b>
Dividends paid	18	-	-	(86.03)	-	-	(86.03)
Dividend distribution tax	18	-	-	-	-	-	-
Transfer to general reserve	18	-	-	-	-	-	-
<b>Balance as at 31<sup>st</sup> March, 2022</b>		<b>5,672.34</b>	<b>503.20</b>	<b>6,763.03</b>	<b>(11.58)</b>	<b>8,124.61</b>	<b>21,051.60</b>

- 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) FVTOCI - 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 FVTOCI 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

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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

Date : May 25, 2023

**A.Thiagarajan**

Chief Financial Officer

**S.Sathyanarayanan**

Company Secretary

In terms of our report attached

**For Subbchar & Srinivasan**

Chartered Accountants  
Firm Regn.No.0040835

**T.S.Anandathirthan**

Partner  
Membership No.230192

**Statement of Cash Flow for the Year Ended 31<sup>st</sup> March, 2023**

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Income Tax	2,719.37	2,064.45
<b>Adjustments for:</b>		
Depreciation and amortisation expense	245.89	220.64
(Gain)/Loss on disposal of property, plant and equipment	(0.01)	-
Dividend and interest income classified as investing cash flows	(92.92)	(70.74)
Finance costs	54.00	42.77
Net gain on financial assets mandatorily measured at fair value through profit or loss	(165.78)	(213.06)
<b>Operating Profit before working capital change</b>	<b>2,760.55</b>	<b>2,044.06</b>
<b>Change in operating assets and liabilities</b>		
(Increase)/Decrease in trade receivables	(2,190.06)	(2,170.40)
(Increase)/Decrease in inventories	(208.63)	28.76
Increase/(Decrease) in trade payables	1,237.28	1,090.30
(Increase)/Decrease in other financial assets & loans	259.57	(295.87)
(Increase)/Decrease in other current assets	(57.34)	12.13
Increase/(Decrease) in provisions	(43.16)	19.49
Increase/(Decrease) in other current liabilities	67.89	229.58
Increase/(Decrease) in Other financial liabilities	(0.94)	94.48
<b>Cash used in / generated from operations</b>	<b>1,825.16</b>	<b>1,052.53</b>
Income taxes paid	(718.18)	(378.89)
<b>Cash used in / generated from operations</b>	<b>1,106.98</b>	<b>673.64</b>
	<b>[A]</b>	
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(697.30)	(234.76)
Payments for Intangible assets	(30.58)	(71.70)
Payments for capital advance for property, plant and equipment	(1,005.74)	(82.03)
Proceeds from sale of property, plant and equipment	0.30	-
Proceeds from sale of investments	128.41	441.20
Dividends received	35.93	8.99
Interest received	79.44	61.75
(Increase)/Decrease in other Bank balances not treated as Cash and Cash Equivalents	659.47	(205.35)
<b>Net cash outflow from investing activities</b>	<b>(830.07)</b>	<b>(81.90)</b>
	<b>[B]</b>	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance costs	(54.00)	(42.77)
Dividends paid	(367.52)	(87.73)
Availment/(Repayment) of Working Capital Borrowings	144.11	(461.90)
<b>Net cash inflow/ (outflow) from financing activities</b>	<b>(277.41)</b>	<b>(592.40)</b>
	<b>[C]</b>	
Net Increase/ (Decrease) in cash and cash equivalents (A + B + C)	(0.50)	(0.66)
Cash and Cash Equivalents at the beginning of the financial year	4.20	4.86
<b>Cash and Cash Equivalents at end of the year</b>	<b>3.70</b>	<b>4.20</b>

See accompanying notes to the financial statements

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For and on behalf of the Board of Directors  
**Nethra. J.S. Kumar**  
 Chairperson and Managing Director  
 (DIN : 00217906)

**A.Thiagarajan**  
 Chief Financial Officer

Place : Coimbatore  
 Date : May 25, 2023

**Sanjay Jayavarthanavelu**  
 Director  
 (DIN : 00004505)

**S.Sathyarayanan**  
 Company Secretary

In terms of our report attached  
**For Subbachar & Srinivasan**  
 Chartered Accountants  
 Firm Regn.No.004083S  
**T.S.Anandathirthan**  
 Partner  
 Membership No.230192

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

## Notes to the Financial Statement for the Year Ended 31<sup>st</sup> March, 2023

### Statement of Significant Accounting Policies

#### 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 31<sup>st</sup> March, 2023 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.

##### 2.5 Revenue Recognition

Revenue is measured at the amount of consideration which the Company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognised when it becomes unconditional.

###### 2.5.1 Sale of goods

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually

## Notes to the Financial Statement for the Year Ended 31<sup>st</sup> March, 2023

transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the individual delivery and acceptance terms agreed with the customers.

The amount of revenue to be recognised (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as sales tax or other taxes directly linked to sales.

### 2.5.2 Income from service

Revenue from rendering of services is recognised over time as and when the customer receives the benefit of the Company's performance and the Company has an enforceable right to payment for services transferred.

## 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.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or Statement of Profit and Loss are also recognised in Other Comprehensive Income or Statement of Profit and Loss, respectively)

## 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 Statement of Profit and 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.

## Notes to the Financial Statement for the Year Ended 31<sup>st</sup> March, 2023

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.

### 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.

Voluntary Retirement Scheme : A liability for termination benefits like expenditure on Voluntary Retirement Scheme is recognised at the earlier of when the Company can no longer withdraw the offer of termination benefit or when the Company recognises any related restructuring costs.

#### 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 determined in accordance with the provisions of Income Tax Act, 1961. 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



## Notes to the Financial Statement for the Year Ended 31<sup>st</sup> March, 2023

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.

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.

### 2.9.1 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.

Notes to the Financial Statement for the Year Ended 31<sup>st</sup> March, 2023

**2.9.2 Investment property**

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model. The cost of Investment property includes the cost of replacing parts and borrowing costs if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

All other repair and maintenance costs are recognised in Statement of Profit and Loss as incurred. The Company's Investment property consists only of land and hence depreciation thereon is not provided. The fair value of investment property is disclosed in the notes. Fair values are determined based on evaluation performed by accredited external independent valuers. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in Statement of Profit and Loss in the period in which the property is derecognised.

**2.10 Intangible assets**

An intangible asset is an identifiable non-monetary asset without physical substance

Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it, the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit and loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

**Amortization of Intangible assets**

An intangible asset with finite useful life that are acquired separately and where the useful life is 2 years or more is capitalised and carried at cost less accumulated amortization. Amortization is recognised on a straight line basis over the useful life of the asset.

Internally generated intangible assets are amortized over the period for which the company expects to derive the economic benefits from such assets.

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

Particulars	Useful life in years (Nos)
Technical Know Fees	6

## Notes to the Financial Statement for the Year Ended 31<sup>st</sup> March, 2023

### De-recognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in Statement of profit and loss when the asset is derecognised.

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.

### **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.

Raw Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Work in progress and finished goods are valued at cost or Net Realisable Value whichever is lower. Saleable scrap is valued at the net realisable value.

### **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.

Contingent asset: Contingent Assets is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

## Notes to the Financial Statement for the Year Ended 31<sup>st</sup> March, 2023

### 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.

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

## Notes to the Financial Statement for the Year Ended 31<sup>st</sup> March, 2023

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 unless they do not carry a significant financing component, in which case they are recognized at the transaction price.

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.

### 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. Bank 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.

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. 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.

## Notes to the Financial Statement for the Year Ended 31<sup>st</sup> March, 2023

### 2.15.6 Income recognition

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

### 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

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### 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.

### 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



## Notes to the Financial Statement for the Year Ended 31<sup>st</sup> March, 2023

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.

#### 2.22.1 Leases [As Lessee]

In cases of finance leases, 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.

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.

## Notes to the Financial Statement for the Year Ended 31<sup>st</sup> March, 2023

### 2.22.2 Leases [As Lessor]

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental Income arising there from is accounted for on a straight line basis over the lease terms.

### 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

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

#### **Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

#### **Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

#### **Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

#### **IND AS 101 – First time adoption of IND AS**

Deferred tax assets and deferred tax liabilities to be recognized for all temporary differences associated with ROU assets, lease liabilities, decommissioning / restoration / similar liabilities. The Company does not expect this amendment to have any significant impact in its financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

#### **IND AS 107 – Financial Instruments – Disclosures**

Information about the measurement basis for financial instruments shall be disclosed as a part of material accounting policy information. The Company does not expect this amendment to have any significant impact in its financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023** (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 31<sup>st</sup> March, 2023 are as follows:

Asset Description	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 1 <sup>st</sup> April, 2022	Additions	Disposals / Adjustments	As at 31 <sup>st</sup> March, 2023	As at 1 <sup>st</sup> April, 2022	Depreciation for the year	Disposals	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2023
Freehold land	1084.07	-	-	1084.07	-	-	-	-	1084.07	1084.07
Buildings	539.53	22.09	-	561.62	96.03	19.45	-	115.48	443.50	446.14
Plant and equipments	2290.82	451.53	-	2742.35	724.15	177.25	-	901.40	1566.67	1840.95
Furniture and fixtures	78.11	31.85	-	109.96	45.53	7.27	-	52.80	32.58	57.16
Vehicles	75.78	125.05	-	200.83	46.58	11.60	-	58.18	29.20	142.65
Office Equipments	241.05	25.10	4.10	262.05	176.81	25.97	3.81	198.97	64.24	63.08
<b>Total</b>	<b>4309.36</b>	<b>655.62</b>	<b>4.10</b>	<b>4960.88</b>	<b>1089.10</b>	<b>241.54</b>	<b>3.81</b>	<b>1326.83</b>	<b>3220.26</b>	<b>3634.05</b>

The changes in the carrying value of property, plant and equipment for the Year ended 31<sup>st</sup> March, 2022 are as follows:

Asset Description	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 1 <sup>st</sup> April, 2021	Additions	Disposals / Adjustments	As at 31 <sup>st</sup> March, 2022	As at 1 <sup>st</sup> April, 2021	Depreciation for the year	Disposals	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2022
Freehold land	1,084.07	-	-	1,084.07	-	-	-	-	1,084.07	1,084.07
Buildings	539.53	-	-	539.53	79.63	16.40	-	96.03	459.90	443.50
Plant and equipments	2,105.92	184.90	-	2,290.82	562.61	161.54	-	724.15	1,543.31	1,566.67
Furniture and fixtures	76.49	1.62	-	78.11	37.43	8.10	-	45.53	39.06	32.58
Vehicles	59.70	16.08	-	75.78	38.56	8.02	-	46.58	21.14	29.20
Office Equipments	222.58	18.47	-	241.05	150.23	26.58	-	176.81	72.35	64.24
<b>Total</b>	<b>4,088.29</b>	<b>221.07</b>	<b>-</b>	<b>4,309.36</b>	<b>868.46</b>	<b>220.64</b>	<b>-</b>	<b>1,089.10</b>	<b>3,219.83</b>	<b>3,220.26</b>

### 4 CAPITAL WORK-IN-PROGRESS

Asset Description	As at 1 <sup>st</sup> April, 2022	Additions	Capitalized	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Capital work in progress	26.13	697.30	655.62	67.81	26.13

Asset Description	As at 1 <sup>st</sup> April, 2021	Additions	Capitalized	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Capital work in progress	12.43	234.77	221.07	26.13	12.43

#### a) Ageing for Capital work in progress (CWIP) as at 31<sup>st</sup> March, 2023

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	67.81	-	-	-	67.81
Projects temporarily suspended	-	-	-	-	-

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023 (All amounts in ₹ Lakhs, unless otherwise stated)

## b) Ageing for Capital work in progress (CWIP) as at 31<sup>st</sup> March, 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	14.83	-	-	-	14.83
Projects temporarily suspended	1.58	-	-	9.72	11.30

## 5 INVESTMENT PROPERTY

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(i) Land</b>		
<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	-	-
<b>Net carrying amount</b>	<b>87.87</b>	<b>87.87</b>
<b>(ii) Fair value</b>		
Investment property	124.34	119.01

The Company's investment property consist of property in the nature of land and buildings in India. As at March 31, 2023 and March 31, 2022 the fair values of the property are ₹ 124.34 Lakhs and ₹ 119.01 Lakhs.

The fair value of investment property (as measured for disclosure purposes in the financial statements) is based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

The fair value hierarchy is at level 2, which is derived using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data.

The Company has no restrictions on the realisability of its investment property and no contractual obligations to either construct or develop investment properties or for repairs, maintenance and enhancements.

## 6 INTANGIBLE ASSET

The changes in the carrying value of Intangible Asset for the Year Ended 31<sup>st</sup> March, 2023 are as follows:

Asset Description	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 1 <sup>st</sup> April, 2022	Additions	Disposals / Adjustments	As at 31 <sup>st</sup> March, 2023	As at 1 <sup>st</sup> April, 2022	Depreciation for the year	Disposals	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2023
Technical Knowhow	-	102.28	-	102.28	-	4.35	-	4.35	-	97.93

The changes in the carrying value of Intangible Asset for the Period ended 31<sup>st</sup> March, 2022 are as follows:

Asset Description	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 1 <sup>st</sup> April, 2021	Additions	Disposals / Adjustments	As at 31 <sup>st</sup> March, 2022	As at 1 <sup>st</sup> April, 2021	Depreciation for the year	Disposals	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2022
Technical Knowhow	-	-	-	-	-	-	-	-	-	-

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023 (All amounts in ₹ Lakhs, unless otherwise stated)

## 7 INTANGIBLE ASSETS UNDER DEVELOPMENT

Asset Description	As at 1 <sup>st</sup> April, 2022	Additions	Capitalized	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Capital work in progress	71.70	30.58	102.28	-	71.70

Asset Description	As at 1 <sup>st</sup> April, 2021	Additions	Capitalized	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Capital work in progress	71.70	-	-	71.70	-

### a) Ageing for Intangible assets under development as at 31<sup>st</sup> March 2023

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	-	-	-	-

### b) Ageing for Intangible assets under development as at 31<sup>st</sup> March 2022

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	71.70	-	-	-	71.70

## 8 INVESTMENTS

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	Units	Amount	Units	Amount
<b>Non-current Investments</b>				
<b>Investment in equity instruments (quoted) at FVTOCI</b>				
(i) Equity Shares of ₹ 10/- each fully paid in Lakshmi Machine Works Limited	88,800	8,854.43	88,800	8,551.26
(ii) Equity Shares of ₹ 10/- each fully paid in Indian Bank	6,289	18.12	6,289	9.67
<b>Investment in Mutual Funds (unquoted) at FVTPL</b>				
Franklin IBA Plan A (G)	3,82,841.070	319.62	3,93,820.070	316.48
Franklin Dyaccrual (G)	5,28,593.378	2.66	15,334.890	17.63
HDFC Income RP (G)	6,39,472.420	313.14	6,50,952.420	310.98
ICICI Pru Long Term MRP (G)	10,54,378.100	325.46	10,84,250.100	316.30
Nippon Income GR (G)	4,21,308.560	319.50	4,30,050.560	310.86
IDFC SSIF INVS (G)	5,60,452.550	312.58	5,73,831.550	314.64
IDFC SSIF MT (G)	8,08,556.250	314.44	8,30,908.250	316.41
HDFC Corp debt opp RP (G)	15,89,382.990	321.95	16,54,814.990	322.17
Nippon RS Debt (G)	11,53,350.120	335.31	12,04,971.120	334.51
Birla SL Short term (G)	3,42,978.520	323.74	3,54,586.520	319.80
HDFC Arbitrage Fund	18,95,712.142	495.07	19,40,530.142	482.28
IDFC Arbitrage Fund (G)	8,93,681.297	247.55	9,15,314.297	241.55
ICICI PEDIRG Equity Arbitrage Fund (G)	8,47,566.908	247.85	8,68,901.908	241.84
HDFC EquitySavingsRP (G)	53,077.670	26.74	55,708.670	26.90
ICICI Pru EqSaving (G)	1,54,566.790	28.08	1,62,801.790	28.00
Kotak Equity Savings (G)	1,46,257.670	28.65	1,56,569.670	29.12
Nippon EqSavings (G)	1,62,897.860	21.86	1,67,895.860	21.30

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023 (All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	Units	Amount	Units	Amount
Aditya Birla Sun Life Liquid Fund (G)	6,450.649	23.21	6,615.649	22.52
Franklin India Liquid Fund (G)	691.331	23.22	709.331	22.56
HDFC Liquid Fund (G)	540.472	23.69	540.472	22.44
ICICI Liquid Fund (G)	7,005.179	23.16	7,182.179	22.49
IDFC Cash Fund (G)	854.589	23.08	876.589	22.41
		4,100.56		4,063.19
<b>Total Non-Current Investments</b>		<b>12,973.11</b>		<b>12,624.12</b>

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Aggregate amount of quoted investments and market value thereof	8,872.55	8,560.93
Aggregate amount of unquoted investments	4,100.56	4,063.19
<b>Total</b>	<b>12,973.11</b>	<b>12,624.12</b>

## 9 OTHER FINANCIAL ASSETS

### Non-current - Measured at amortized cost

Security deposits	27.47	32.05
Bank Deposits with maturity more than 12 months	-	255.00
<b>Total Non-Current Other Financial Assets</b>	<b>27.47</b>	<b>287.05</b>

## 10 INVENTORIES

Raw materials and components	2,332.71	2,018.05
Work-in-progress	479.04	580.83
Finished goods	287.82	294.95
Stores & Spares	46.48	50.12
<b>Others</b>		
Scrap	4.89	1.89
Consumables	38.38	36.72
Packing materials	12.07	10.20
<b>Total Inventories</b>	<b>3,201.39</b>	<b>2,992.76</b>

Inventories are valued at the lower of cost and net realizable value.

The cost of inventories recognised as an expense amounted to ₹ 29,281.54/- lakhs.[Previous year ₹ 20,502.37/- lakhs]

## 11 TRADE RECEIVABLES

Trade Receivables Considered good-Secured	-	-
Trade Receivables Considered good-Unsecured*	8,877.84	6,670.46
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables- credit impaired	-	-
	8,877.84	6,670.46
Less: Expected Credit loss allowance	17.32	-
<b>Total Trade Receivables</b>	<b>8,860.52</b>	<b>6,670.46</b>

\*Includes dues from Companies where directors are interested 26.71 35.96

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023 (All amounts in ₹ Lakhs, unless otherwise stated)

**11a) Trade Receivables Ageing Schedule as at 31<sup>st</sup> March 2023**

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
i) Undisputed Trade receivables – considered good	8,776.92	51.27	24.84	17.58	7.23	8,877.84
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Total Trade Receivables</b>	<b>8,776.92</b>	<b>51.27</b>	<b>24.84</b>	<b>17.58</b>	<b>7.23</b>	<b>8,877.84</b>
Less: Expected Credit loss allowance						17.32
<b>Total Trade Receivables net of credit loss allowance</b>						<b>8,860.52</b>

**11b) Trade Receivables Ageing Schedule as at 31<sup>st</sup> March 2022**

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
i) Undisputed Trade receivables – considered good	6,603.50	31.32	23.95	5.63	6.06	6,670.46
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Total Trade Receivables</b>	<b>6,603.50</b>	<b>31.32</b>	<b>23.95</b>	<b>5.63</b>	<b>6.06</b>	<b>6,670.46</b>
Less: Expected Credit loss allowance						-
<b>Total Trade Receivables net of credit loss allowance</b>						<b>6,670.46</b>



# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023 (All amounts in ₹ Lakhs, unless otherwise stated)

## 11c) Trade Receivables (dues) from firms or private companies in which any director is a partner or a director or a member as at 31<sup>st</sup> March 2023

Name of the entity	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Lakshmi Ring Travellers (Coimbatore) Private Limited	5.10	6.10
Lakshmi Electrical Drives Private Limited	1.94	-
Lakshmi Life Sciences Private Limited	19.67	29.86
<b>Total</b>	<b>26.71</b>	<b>35.96</b>

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
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### 12 CASH AND CASH EQUIVALENTS

Balances with banks		
- in current accounts	-	-
Cash on hand	3.70	4.20
<b>Total Cash and Cash Equivalents</b>	<b>3.70</b>	<b>4.20</b>

### 13 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Bank Deposits (with maturity more than 3 months but less than 12 months)	496.00	1,156.65
Unpaid Dividend	27.93	26.75
<b>Total Other Bank Balances</b>	<b>523.93</b>	<b>1,183.40</b>

### 14 OTHER FINANCIAL ASSETS

<b>Current - Measured at amortized cost</b>		
<b>Unsecured, considered good</b>		
Interest accrued but not due	17.14	39.59
<b>Total Current Other Financial Assets</b>	<b>17.14</b>	<b>39.59</b>

### 15 OTHER CURRENT ASSETS

Advance for purchase	253.05	216.63
Indirect taxes recoverable	23.92	10.24
Prepaid expenses	51.48	44.85
Employee Advances	8.29	7.68
<b>Total Other Current Assets</b>	<b>336.74</b>	<b>279.40</b>

### 16 CURRENT AND NON-CURRENT TAX ASSETS (Net)

Opening balance	18.62	81.93
Add: Current tax payable for the year	(696.59)	(442.20)
Less: Taxes paid/adjusted	718.18	378.89
<b>Total Current and Non-Current Tax Asset</b>	<b>40.21</b>	<b>18.62</b>
Current Tax Liability/(Asset) [Net]	41.85	63.44
Non Current Tax Liability/(Asset) [Net]	(82.06)	(82.06)

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.

### 16A OTHER NON CURRENT ASSETS

Capital Advances	1,087.77	82.03
Income tax assets	82.06	82.06
<b>Total Other Current Assets</b>	<b>1,169.83</b>	<b>164.09</b>

**Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023** (All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>17 SHARE CAPITAL</b>		
<b>Authorised share capital</b>		
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
<b>Equity share capital</b>		
<b>Issued, subscribed and fully paid up capital</b>		
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 ₹ 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.

**17a) Reconciliation of the shares outstanding at the beginning and at the end of the year**

Equity shares with voting rights	Opening Balance	Increase	Decrease	Closing Balance
Year ended March 31, 2023				
- Number of shares	24,58,000	-	-	24,58,000
- Amount (in lakhs)	245.80	-	-	245.80
Year ended March 31, 2022				
- Number of shares	24,58,000	-	-	24,58,000
- Amount (in lakhs)	245.80	-	-	245.80

**17b) Details of shareholders holding more than 5% shares in the company**

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	Number of shares	% holding	Number of shares	% holding
Smt.Nethra. J.S. Kumar	7,60,903	30.96%	7,60,903	30.96%
<b>Total</b>	<b>7,60,903</b>	<b>30.96%</b>	<b>7,60,903</b>	<b>30.96%</b>

**17c) Shares held by promoters at the end of the year**

Promoter name	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022		% Change during the year
	No. of Shares	% of total shares	No. of Shares	% of total shares	
<b>Promoter</b>					
Smt. Nethra. J.S. Kumar	7,60,903	30.96%	7,60,903	30.96%	-
<b>Promoter Group</b>					
Sri. Vedhant Senthil Kumar	26,195	1.07%	26,195	1.07%	-
Sri.D.Senthilkumar	100	0.00%	100	0.00%	-
M/s. Lakshmi Electrical Drives Private Limited	1,01,000	4.11%	1,01,000	4.11%	-
<b>Total</b>	<b>8,88,198</b>	<b>36.13%</b>	<b>8,88,198</b>	<b>36.13%</b>	-

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023 (All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>18 OTHER EQUITY</b>		
<b><u>Reserves and Surplus</u></b>		
General reserve	5,672.34	5,672.34
Security premium	503.20	503.20
Retained earnings	8,375.61	6,751.45
Other Equity	8,400.91	8,124.61
<b>Total Reserves and Surplus</b>	<b>22,952.06</b>	<b>21,051.60</b>
<b>a) General Reserve</b>		
Opening balance	5,672.34	5,672.34
Additions during the year	-	-
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>5,672.34</b>	<b>5,672.34</b>
<b>b) Securities premium</b>		
Opening balance	503.20	503.20
Additions during the year	-	-
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>503.20</b>	<b>503.20</b>
<b>c) Retained earnings</b>		
Opening balance	6,751.45	5,301.85
Net profit for the period	1,992.70	1,548.73
<b><u>Items of other comprehensive income recognised directly in retained earnings</u></b>		
Remeasurements of post-employment benefit obligation (Net of tax)	0.16	(13.10)
<b><u>Appropriations</u></b>		
Dividends Paid	(368.70)	(86.03)
<b>Closing balance</b>	<b>8,375.61</b>	<b>6,751.45</b>
<b>d) Other equity</b>		
<b><u>FVTOCI - Equity instruments</u></b>		
Opening balance	8,124.61	5,896.75
Change in fair value of equity instruments (Net of tax)	276.30	2,227.86
<b>Closing balance</b>	<b>8,400.91</b>	<b>8,124.61</b>

**Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023** (All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>19 PROVISIONS</b>		
<b>Non-current</b>		
<b>Provisions for Employee Benefits (Refer Note 34)</b>		
Compensated absences	39.25	61.32
Gratuity	8.73	26.93
<b>Other provisions</b>		
Electricity Tax	33.27	33.27
<b>Total Non-Current Provisions</b>	<b>81.25</b>	<b>121.52</b>
<b>Current</b>		
<b>Provisions for Employee Benefits (Refer Note 34)</b>		
Compensated absences	9.37	12.81
Gratuity	35.64	35.32
<b>Total Current Provisions</b>	<b>45.01</b>	<b>48.13</b>
<b>20 DEFERRED TAX LIABILITIES (NET)</b>		
<b><u>The balance comprises temporary differences attributable to:</u></b>		
Depreciation	276.81	262.08
Others including Fair valuation of Mutual funds and equity shares	500.84	472.20
<b>Total Deferred Tax Liabilities</b>	<b>777.65</b>	<b>734.28</b>
<b><u>Set-off of deferred tax assets pursuant to set-off provisions</u></b>		
Investment Property	(31.84)	(31.55)
Expenses eligible for deduction on payment basis and expenses eligible for deduction over multiple years	(44.05)	(66.43)
<b>Net Deferred Tax Liabilities</b>	<b>701.76</b>	<b>636.30</b>

**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	Minimum Alternate Tax Entitlement	Total
<b>At 1<sup>st</sup> April, 2021</b>	<b>249.10</b>	<b>174.38</b>	<b>(27.81)</b>	<b>(73.81)</b>	<b>(50.78)</b>	<b>271.08</b>
<b><u>Charged/(credited):</u></b>						
- to profit or loss	12.98	6.12	(3.74)	7.38	-	22.74
- to other comprehensive income	-	291.70	-	-	-	291.70
- Adjustment for unutilised tax credits for prior periods	-	-	-	-	(33.20)	(33.20)
- Adjustment for unutilised tax credits	-	-	-	-	83.98	83.98
<b>As at 31<sup>st</sup> March, 2022</b>	<b>262.08</b>	<b>472.20</b>	<b>(31.55)</b>	<b>(66.43)</b>	<b>-</b>	<b>636.30</b>
<b><u>Charged/(credited):</u></b>						
- to profit or loss	14.73	(6.74)	(0.29)	22.38	-	30.08
- to other comprehensive income	-	35.38	-	-	-	35.38
- Adjustment for unutilised tax credits for prior periods	-	-	-	-	-	-
- Adjustment for unutilised tax credits	-	-	-	-	-	-
<b>As at 31<sup>st</sup> March, 2023</b>	<b>276.81</b>	<b>500.84</b>	<b>(31.84)</b>	<b>(44.05)</b>	<b>-</b>	<b>701.76</b>

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023 (All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>21 BORROWINGS</b>		
<b>Secured - Measured at amortized cost</b>		
<b>Loans repayable on demand - From Banks</b>		
(i) Indian Bank-Limit ₹ 10 Crores	276.37	305.84
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 - 10.55 % p.a.		
Period of default : Nil		
(ii) HDFC Bank Limited-Limit ₹ 5 Crores	483.29	309.71
Security - Paripassu First charge on the entire Current Assets of the Company with Indian Bank.		
Interest Rate - 9.40 % p.a.		
Period of default : Nil		
<b>Total Borrowings</b>	<b>759.66</b>	<b>615.55</b>

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

## 21.1 Details of charges on assets against loans (or) satisfaction of the loans yet to be registered with ROC beyond the statutory period provided below

Name of the lender	Details of security on which charge has been satisfied / modified	Amount of loan obtained	Amount repaid	Name of the ROC form	Due date of filing	Reason for not filing
Indian Bank	Current Assets & Immovable Properties	2,200	-	CHG-04	NA	Banks insist on Further Charge creation when the Borrowing exceeds the fund based sanctioned limits. In vice-versa situations Banks do not allow for reduction of Charges created, unless the borrowings are repaid in full.

21.2 The Company has borrowings from banks on the basis of security of current assets. There are no material discrepancies between the quarterly returns or statements of current assets filed by the Company with banks compared with the books of accounts taking into account the reconciliation of such discrepancies.

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>22 TRADE PAYABLES</b>		
Dues to Micro Enterprises and Small Enterprises (Refer Note No.43)	1,783.92	1,159.36
Total outstanding dues of Creditors other than Micro enterprises and Small enterprises	3,579.11	2,966.39
<b>Total Trade Payables</b>	<b>5,363.03</b>	<b>4,125.75</b>

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023 (All amounts in ₹ Lakhs, unless otherwise stated)

**22a) Trade Payable Ageing Schedule as at 31<sup>st</sup> March 2023**

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME *	1,783.92	-	-	-	1,783.92
(ii) Others	3,579.11	-	-	-	3,579.11
(iii) Disputed dues – MSME*	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-

\*MSME as per Micro, Small and Medium Enterprises Development Act, 2006

**22b) Trade Payable Ageing Schedule as at 31<sup>st</sup> March 2022**

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME *	1,159.36	-	-	-	1,159.36
(ii) Others	2,966.39	-	-	-	2,966.39
(iii) Disputed dues – MSME*	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-

\*MSME as per Micro, Small and Medium Enterprises Development Act, 2006

**23 OTHER FINANCIAL LIABILITIES**

**Current**

Salaries and wages	62.81	95.77
Bonus	156.86	122.96
Other employee benefits	25.65	27.53
Unpaid dividends	27.93	26.75
<b>Total Other Current Financial Liabilities</b>	<b>273.25</b>	<b>273.01</b>

**24 OTHER CURRENT LIABILITIES**

Advance from customers	408.76	150.63
Statutory Liabilities	111.99	307.66
Employee incentives	0.62	0.71
Provision for Expenses	16.45	10.93
<b>Total Other Current Liabilities</b>	<b>537.82</b>	<b>469.93</b>

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>25 REVENUE FROM OPERATIONS</b>		
Sale of products	36,024.75	25,546.64
Sale of services	8.29	36.20
Other operating revenue	48.74	28.88
<b>Total Revenue</b>	<b>36,081.78</b>	<b>25,611.72</b>
<b>26 OTHER INCOME</b>		
Interest income from financial asset held at amortised cost	56.99	61.75
Rent Received	4.72	-
Dividend income from equity instruments designated as FVTOCI	35.93	8.99
Effect of foreign currency exchange differences	26.30	10.87
Profit on sale of property, plant and equipment	0.09	-
Net gain on financial assets mandatorily measured at fair value through profit or loss	165.78	213.06
Government grants	1.65	4.86
Duty Drawback	14.80	0.01
<b>Total Other Income</b>	<b>306.26</b>	<b>299.54</b>
<b>27 COST OF MATERIALS CONSUMED</b>		
Raw materials at the beginning of the year	2,028.25	1,971.70
Add: Purchases	29,215.96	20,272.50
Less: Raw materials at the end of the year	2,344.78	2,028.25
<b>Total Cost of Materials Consumed</b>	<b>28,899.43</b>	<b>20,215.95</b>
<b>28 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>		
<b><u>Opening Balance</u></b>		
Work-in-progress	580.83	736.30
Finished goods	294.95	185.47
<b>Total Opening Balance</b>	<b>875.78</b>	<b>921.77</b>
<b><u>Closing Balance</u></b>		
Work-in-progress	479.04	580.83
Finished goods	287.82	294.95
<b>Total Closing Balance</b>	<b>766.86</b>	<b>875.78</b>
<b>Total Changes in Inventories of Finished Goods and Work-in-Progress</b>	<b>108.92</b>	<b>45.99</b>
<b>29 EMPLOYEES BENEFITS EXPENSE</b>		
Salaries, wages and bonus	2,330.14	1,892.34
Contribution to provident and other funds	104.93	81.81
Contribution to gratuity fund	30.69	27.00
Staff welfare expenses	140.33	137.37
<b>Total Employee Benefits Expense</b>	<b>2,606.09</b>	<b>2,138.52</b>
<b>30 FINANCE COSTS</b>		
Interest on financial liabilities	54.00	42.77
<b>Finance Costs Expenses in Profit or Loss</b>	<b>54.00</b>	<b>42.77</b>



Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>31 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation of property, plant and equipment	241.54	220.64
Amortisation of Intangible Assets	4.35	-
<b>Total Depreciation and Amortisation Expense</b>	<b>245.89</b>	<b>220.64</b>
<b>32 OTHER EXPENSES</b>		
Consumption of stores and spare parts	178.35	167.32
Consumption of Packing Materials	94.84	73.11
Power and fuel	97.64	69.43
<b>Repairs &amp; maintenance</b>		
Machinery	124.19	112.64
Vehicles	25.01	20.63
Buildings	154.98	103.71
Others	60.23	52.85
Machining charges paid	222.17	128.55
Insurance	18.47	24.81
Rates and taxes, excluding, taxes on income	25.55	25.59
<b>Audit fees:</b>		
i) Statutory audit	3.00	2.30
ii) For other services	0.17	0.15
Communication expenses	9.65	8.93
Postage, printing & stationery	5.86	6.54
Sitting fees	13.00	13.25
Legal & professional charges	235.03	128.20
Travelling & conveyance expenses	155.06	33.82
Expected Credit Loss on Trade Receivables	17.32	-
CSR expenses (Refer Note No. 45)	12.25	6.45
Miscellaneous expenses	301.57	204.66
<b>Total Other Expenses</b>	<b>1,754.34</b>	<b>1,182.94</b>
<b>33 INCOME TAX EXPENSE</b>		
<b>(a) Income tax expense</b>		
<b>Current tax</b>		
Current tax on profits for the year	702.69	439.55
Adjustments for current tax of prior periods	(6.10)	2.65
<b>Total Current Tax Expense</b>	<b>696.59</b>	<b>442.20</b>
<b>Deferred tax</b>		
Decrease/(Increase) in deferred tax assets	22.09	3.64
(Decrease)/Increase in deferred tax liabilities	7.99	69.88
<b>Total Deferred Tax Expense/(Benefit)</b>	<b>30.08</b>	<b>73.52</b>
<b>Income Tax Expense</b>	<b>726.67</b>	<b>515.72</b>

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>		
Profit before Income Tax Expense- (Business Income)	2,719.37	2,064.45
Capital Gain	37.58	104.62
Tax at the Indian tax rate	29.12%	29.12%
Tax at the Indian tax rate (Minimum Alternate Tax)	17.47%	17.47%
Tax at the Indian tax rate for Long Term Capital Gain	11.65%	11.65%
Computed expected tax expense at enacted tax rate	791.88	601.17
Computed expected tax expense at enacted tax rate for capital Gain	-	-
<b><u>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</u></b>		
Tax effect on exempted income	-	-
Corporate Social Responsibility expenditure disallowed	3.57	1.88
Tax effect on account of tax deductions	(44.48)	(17.48)
Adjustments for current tax of prior periods	(6.10)	2.65
Tax effect of other adjustments	(48.28)	(146.02)
<b>Income Tax Expense</b>	<b>696.59</b>	<b>442.20</b>

### 34 EMPLOYEE BENEFIT OBLIGATIONS

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company has recognised ₹ 111.00 Lakhs (Previous year: ₹ 87.38 Lakhs) as contribution to Provident Fund, and ₹ 7.26 Lakhs (Previous year: ₹ 5.54 Lakhs) as contribution to Employee State Insurance (ESI) in the Statement of Profit and Loss. These contributions have been made at the rates specified in the rules of the respective schemes and has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

Particulars	As at 31 <sup>st</sup> March, 2023			As at 31 <sup>st</sup> March, 2022		
	Current	Non-current	Total	Current	Non-current	Total
Compensated absences	9.37	39.25	48.62	12.81	61.32	74.13
Gratuity	35.64	8.73	44.37	35.32	26.93	62.25
Total employee benefit obligations	45.01	47.98	92.99	48.13	88.25	136.38

#### (i) Compensated absences

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Current leave obligations expected to be settled within the next 12 months	9.37	12.81

#### (ii) Post employment benefit obligation Gratuity

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>1<sup>st</sup> April, 2021</b>	417.01	(378.60)	38.41
Current service cost	25.26	-	25.26
Interest expense/(income)	25.99	(24.26)	1.73
<b>Total amount recognised in profit or loss</b>	<b>51.25</b>	<b>(24.26)</b>	<b>26.99</b>

**Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023**

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b><u>Remeasurements</u></b>			
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	21.62	(0.76)	20.86
<b>Total amount recognised in other comprehensive income</b>	<b>21.62</b>	<b>(0.76)</b>	<b>20.86</b>
Employer contributions	-	(24.01)	(24.01)
Benefit payments	(8.80)	8.80	-
<b>As at 31<sup>st</sup> March, 2022</b>	<b>481.08</b>	<b>(418.83)</b>	<b>62.25</b>
<b>1<sup>st</sup> April, 2022</b>	<b>481.08</b>	<b>(418.83)</b>	<b>62.25</b>
Current service cost	28.09	-	28.09
Interest expense/(income)	30.78	(28.18)	2.60
<b>Total amount recognised in profit or loss</b>	<b>58.87</b>	<b>(28.18)</b>	<b>30.69</b>
<b><u>Remeasurements</u></b>			
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	(7.61)	7.38	(0.23)
<b>Total amount recognised in other comprehensive income</b>	<b>(7.61)</b>	<b>7.38</b>	<b>(0.23)</b>
Employer contributions	-	(48.34)	(48.34)
Benefit payments	(62.13)	62.13	-
<b>As at 31<sup>st</sup> March, 2023</b>	<b>470.21</b>	<b>(425.84)</b>	<b>44.37</b>

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

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Present value of funded obligations	470.21	481.08
Fair value of plan assets	(425.84)	(418.83)
Deficit of funded plan	44.37	62.25

The Company expects to make the contribution of ₹ 44.37 lakhs (as at 31<sup>st</sup> March, 2022 ₹ 62.25 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 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Discount rate	7.33%	6.84%
Salary growth rate	11.00%	11.00%
Attrition rate	31.60%	31.60%
Expected return on assets	6.84%	6.30%

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

**Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023** (All amounts in ₹ Lakhs, unless otherwise stated)

## (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 government 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.

### Longetivity 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 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Discount rate	1%	1%	-4.77%	-4.76%	5.13%	5.14%
Salary growth rate	1%	1%	5.00%	4.98%	-4.73%	-4.69%
Attrition rate	1%	1%	-0.61%	-0.63%	0.63%	0.65%

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.

## (vii) The Company's best estimate of pay-outs are as under:

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Within one year	34.95	78.86
After one year but not beyond five years	151.58	119.15
Beyond five years upto ten years	259.21	231.82

(viii) The weighted average duration of the defined benefit obligation is 12.73 years (March 31, 2022 – 13.63 years).

**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**
**35 FAIR VALUE MEASUREMENTS**
**Financial instruments by category**

Particulars	As at 31 <sup>st</sup> March, 2023			As at 31 <sup>st</sup> March, 2022		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial assets</b>						
Investments						
- Equity instruments	-	8,872.55	-	-	8,560.93	-
- Mutual funds	4,100.56	-	-	4,063.19	-	-
Trade receivables	-	-	8,860.52	-	-	6,670.46
Cash and cash equivalents	-	-	3.70	-	-	4.20
Other bank balances	-	-	523.93	-	-	1,183.40
Security deposits	-	-	27.47	-	-	287.05
Interest receivable	-	-	17.14	-	-	39.59
<b>Total financial assets</b>	<b>4,100.56</b>	<b>8,872.55</b>	<b>9,432.76</b>	<b>4,063.19</b>	<b>8,560.93</b>	<b>8,184.70</b>
<b>Financial liabilities</b>						
Borrowings	-	-	759.66	-	-	615.55
Trade payables	-	-	5,363.03	-	-	4,125.75
Salaries and wages	-	-	62.81	-	-	95.77
Bonus	-	-	156.86	-	-	122.96
Other employee benefits	-	-	25.65	-	-	27.53
Unpaid dividends	-	-	27.93	-	-	26.75
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>6,395.94</b>	<b>-</b>	<b>-</b>	<b>5,014.31</b>

**(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
<b>As at 31<sup>st</sup> March, 2023</b>					
<b>Financial assets :</b>					
Financial Investments at FVTOCI:	8	8,872.55	-	-	8,872.55
Financial Investments at FVTPL:	8	4,100.56	-	-	4,100.56
<b>Total financial assets as at 31<sup>st</sup> March, 2023</b>		<b>12,973.11</b>	<b>-</b>	<b>-</b>	<b>12,973.11</b>
<b>As at 31<sup>st</sup> March, 2022</b>					
<b>Financial assets:</b>					
Financial Investments at FVTOCI:	8	8,560.93	-	-	8,560.93
Financial Investments at FVTPL:	8	4,063.19	-	-	4,063.19
<b>Total financial assets as at 31<sup>st</sup> March, 2022</b>		<b>12,624.12</b>	<b>-</b>	<b>-</b>	<b>12,624.12</b>

**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.

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

**Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023** (All amounts in ₹ Lakhs, unless otherwise stated)

**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.

## 36 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's debt consists of short term borrowings currently and it intends to maintain a optimal gearing ratio for optimising shareholder value.

Gearing Ratio:

Particulars	As at 31.03.2023	As at 31.03.2022
Net Debts	759.66	615.55
Total Equity	23,197.86	21297.40
Gearing Ratio	0.03	0.03

### (b) Dividends

Particulars	(Amount in ₹)
Final Dividend for the year ended 31 <sup>st</sup> March, 2022 of ₹ 10/- per fully paid share (For year ended 31 <sup>st</sup> March, 2021 : ₹ 3.50)	15.00
Final Dividend for the year ended 31 <sup>st</sup> March, 2021 of ₹ 10/- per fully paid share (For year ended 31 <sup>st</sup> March, 2020 : ₹ 0.50)	3.50

**37 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 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 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 under simplified approach:

**Year ended 31<sup>st</sup> March, 2023:**

Expected credit loss for trade receivables under simplified approach

Particulars	₹ in lakhs
Opening Expected loss as at 01.04.2022	-
Add : Provided during the year	17.32
Closing Expected loss as at 31.03.2023	17.32

**(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 .

**(i) Financing arrangements**

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

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Floating rate</b>		
- Expiring within one year (bank overdraft and other facilities)	740.34	1,134.45

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



# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023 (All amounts in ₹ Lakhs, unless otherwise stated)

- b) 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 31 <sup>st</sup> March, 2023			As at 31 <sup>st</sup> March, 2022		
	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
Borrowings	759.66	-	759.66	615.55	-	615.55
Trade payables	5,363.03	-	5,363.03	4,125.75	-	4,125.75
Salaries and wages	62.81	-	62.81	95.77	-	95.77
Bonus	-	156.86	156.86	-	122.96	122.96
Other employee benefits	25.65	-	25.65	27.53	-	27.53
Unpaid dividends	-	27.93	27.93	-	26.75	26.75
<b>Total non-derivative liabilities</b>	<b>6,211.15</b>	<b>184.79</b>	<b>6,395.94</b>	<b>4,864.60</b>	<b>149.71</b>	<b>5,014.31</b>

### (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 31 <sup>st</sup> March, 2023			As at 31 <sup>st</sup> March, 2022		
	USD	EUR	JPY	USD	EUR	JPY
<b>Financial assets</b>						
Trade receivables	259.32	0.02	-	0.61	0.11	-
Exposure to foreign currency risk (assets)	259.32	0.02	-	0.61	0.11	-
<b>Financial liabilities</b>						
Trade payables	87.13	2.27	0.83	-	-	-
Exposure to foreign currency risk (liabilities)	87.13	2.27	0.83	-	-	-
<b>Net exposure to foreign currency risk</b>	<b>(172.19)</b>	<b>2.25</b>	<b>0.83</b>	<b>(0.61)</b>	<b>(0.11)</b>	<b>-</b>

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

Particulars	As at 31 <sup>st</sup> March, 2023			As at 31 <sup>st</sup> March, 2022		
	USD	EUR	JPY	USD	EUR	JPY
<b>Financial assets</b>						
Trade receivables	3.18	0.00	-	0.01	0.00	-
Exposure to foreign currency risk (assets)	3.18	0.00	-	0.01	0.00	-
<b>Financial liabilities</b>						
Trade payables	1.05	0.03	1.33	-	-	-
Exposure to foreign currency risk (liabilities)	1.05	0.03	1.33	-	-	-
<b>Net exposure to foreign currency risk</b>	<b>(2.13)</b>	<b>0.03</b>	<b>1.33</b>	<b>(0.01)</b>	<b>0.00</b>	<b>-</b>

**Sensitivity**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from major foreign currency denominated financial instruments

Particulars	As at 31 <sup>st</sup> March, 2023			As at 31 <sup>st</sup> March, 2022		
	Impact on profit after tax			Impact on profit after tax		
	USD	EUR	JPY	USD	EUR	JPY
INR/Forex Increases by 5%	(6.10)	0.08	0.03	(0.02)	(0.00)	-
INR/Forex Decreases by 5%	6.10	(0.08)	(0.03)	0.02	0.00	-
<b>Total Increase</b>			<b>(5.99)</b>			<b>(0.02)</b>
<b>Total Decrease</b>			<b>5.99</b>			<b>0.02</b>

\* Holding all other variables constant

**(ii) Equity price risk**

Equity price risk is related to the change in market reference price of the investments in equity securities. The fair value of sum of the company's investments measure at fair value through other comprehensive income exposes to the company to equity price risks. This investments are subject to change in the market price of securities.

The fair value of company's investment in quoted equity securities as of March 31, 2023 and March 31, 2022 was ₹ 8,872.55 lakhs and ₹ 8,560.93 lakhs respectively.

A 5% change in equity price of March 31, 2023 and March 31, 2022 would result in impact of ₹ 443.63 lakhs and ₹ 428.05 lakhs respectively.

**(D) Interest Rate Risk**
**(i) Assets**

The Company holds interest bearing assets in the form of fixed deposits with banks. The variation in interest risks is managed by distributing deposits among wide base of banks and financial institutions.

**Interest rate sensitivity analysis:**

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Fixed Deposits with Bank	496.00	1,411.65
Impact on profit - increase of 25 basis points	1.24	3.53
Impact on profit - decrease of 25 basis points	(1.24)	(3.53)

**(ii) Liabilities**

The Company's policy is to minimise interest rate cash flow risk exposures on long term financing. At March 31, 2023 the company is exposed to changes in market interest rates through bank borrowings at variable rates.

**Interest rate sensitivity analysis:**

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Floating rate borrowing from Banks	759.66	615.55
Impact on profit - increase of 100 basis points	7.60	6.16
Impact on profit - decrease of 100 basis points	(7.60)	(6.16)

**38 EARNINGS PER SHARE**

Particulars	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
<b>Basic</b>		
Profit attributable to equity holders of the company	1,992.70	1,548.73
Number of Shares (par value of ₹ 10/- each)	24,58,000	24,58,000
Basic Earnings Per Share (in ₹)	81.07	63.01
<b>Diluted</b>		
Profit attributable to equity holders of the company	1,992.70	1,548.73
Number of Shares (par value of ₹ 10/- each)	24,58,000	24,58,000
Diluted Earnings Per Share (in ₹)	81.07	63.01

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023 (All amounts in ₹ Lakhs, unless otherwise stated)

## 39 Related Party Disclosures for the Year Ended 31<sup>st</sup> March, 2023

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) <u>Others - Non Executive - Non Independent Directors</u> Sri. Sanjay Jayavarthanavelu Sri. D. Senthilkumar <u>Others - Non Executive - Independent Directors</u> Sri. Ramesh Rudrappan Sri. A. Palaniappan Sri. Arun Selvaraj Sri. N. R. Selvaraj Sri. Arjun Balu
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 Technologies Limited Starline Travels Private Limited Chakradhara Aerospace and Cargo Private Limited Venkatavaradhaa Agencies Private Limited Supreme Dairy Products India Private Limited Lakshmi Life Sciences Private Limited Lakshmi Global, UAE Super Sales India Limited Eshaan Enterprises Private Limited Harshni Textiles Private Limited Adwaith Textiles Private Limited Adwaith Lakshmi Industries Private Limited Revantha Services Private Limited Lakshmi Electrical Drives Corporate Services LLP Integrated Electrical Controls India Private Limited Titan Paints and Chemicals Private Limited

**Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023**

(All amounts in ₹ Lakhs, unless otherwise stated)

**39 Related Party Disclosures for the Year Ended 31<sup>st</sup> March, 2023 (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 / Sitting Fees		Contribution to Gratuity Fund		Accounts Payable		Accounts Receivable	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	
Lakshmi Machine Works Limited	1,910.72	1,281.66	36,022.63	25,269.86	-	-	-	-	8.93	36.12	-	-	-	-	951.90	432.71	7,505.12	5,610.18
LMW Textile Machinery (SUZHOU) Co. Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.15
Lakshmi Electrical Drives Private Limited	5.29	3.50	-	-	-	-	5.20	5.12	5.58	-	-	-	-	-	0.44	0.44	1.94	-
Lakshmi Ring Travellers (Combatore) Private Limited	-	-	34.92	44.53	-	-	3.49	2.87	-	-	-	-	-	-	0.30	0.25	5.10	6.10
Lakshmi Precision Technologies Limited	3,434.09	3,102.17	234.03	270.91	-	-	10.13	6.03	19.63	52.90	-	-	-	-	259.86	240.73	31.70	220.43
Starline Travels Private Limited	0.22	-	-	-	-	-	110.50	38.95	-	-	-	-	-	-	13.80	6.42	-	-
Supreme Dairy Products India Private Limited	54.82	49.80	-	-	-	-	-	-	-	-	-	-	-	-	-	1.38	-	-
Lakshmi Life Sciences Private Limited	-	10.79	145.72	185.88	-	-	0.03	2.41	-	7.28	-	-	-	-	0.02	0.48	19.67	29.86
Lakshmi Global	-	-	634.18	-	-	-	-	-	-	-	-	-	-	-	-	-	249.41	-
Eshaan Enterprises Private Limited	9.05	10.98	-	-	-	-	-	-	-	-	-	-	-	-	0.82	3.71	-	-
Chakradhara Aerospace and Cargo Private Limited	-	-	-	-	-	-	124.72	129.33	-	(0.43)	-	-	-	-	11.89	12.92	-	-
Titan Paints and Chemicals Private Limited	1.78	0.68	-	-	-	-	-	-	-	-	-	-	-	-	0.11	0.36	-	-
Adwath Textiles Private Limited	-	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	-
Revantha Services Private Limited	-	0.29	-	-	-	-	59.74	28.39	-	-	-	-	-	-	7.08	4.17	-	-
Lakshmi Electrical Drives Corporate Services LLP	-	-	-	-	-	-	714.84	-	-	-	-	-	-	-	55.88	-	-	-

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

Name of the Related Party	Purchase of Goods		Sale of goods		Sale of Fixed Assets		Receiving of Services		Rendering of Services		Remuneration to KMP / Sitting Fees		Contribution to Gratuity Fund		Accounts Payable		Accounts Receivable	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
Adwait Lakshmi Industries Private Limited	0.09	-																
Lakshmi Electrical Control Systems Ltd Employees' Gratuity Fund												48.34	21.63					
Smt. Nethra. J.S. Kumar (Chairperson and Managing Director) *											151.08	115.16			33.27	26.31		
Sri. A. Thiagarajan (CFO)											34.39	30.10						
Sri. S. Sathyanarayanan (Company Secretary)											26.79	23.39						
Sitting Fees to Non-Executive Directors											13.00	13.25						

\* ₹ 5.12/- lakhs is a provision made for leave encashment of Smt. Nethra. J.S.Kumar for the financial year 22-23. ₹ 8.97/- lakhs is a provision made for leave encashment of Smt. Nethra. J.S.Kumar for the financial year 21-22.

**Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023**

(All amounts in ₹ Lakhs, unless otherwise stated)

**40 Segment reporting for the Year ended 31<sup>st</sup> March, 2023**

PRIMARY- BUSINESS SEGMENT	Electricals		Plastics		Wind Power Generation		TOTAL	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
<b>Revenue</b>								
External Sales	31,122.80	21,644.42	4,866.87	3,868.85	35.08	33.37	36,024.75	25,546.64
Inter segment transfers	-	-	-	-	73.64	72.54	73.64	72.54
Allocable other income	58.05	53.16	41.82	27.65	-	-	99.87	80.81
Total Revenue	31,180.85	21,697.58	4,908.69	3,896.50	108.72	105.91	36,198.26	25,699.99
Less: Inter unit transfers							73.64	72.54
Add: Unallocable other income							263.42	283.81
Enterprise Revenue							36,388.04	25,911.26
<b>Result</b>								
Segment results	2,434.83	1,604.84	233.78	319.17	56.96	52.29	2,725.57	1,976.30
Unallocable expenses							209.34	148.16
Operating profit							2,516.23	1,828.14
Less: Interest expenses							54.00	42.77
Bank Charges							6.28	4.72
Income tax expenses							726.67	515.72
Add: <u>Unallocable income</u>								
Interest receipts							56.99	61.75
Dividend receipts							35.93	8.99
Rent Received							4.72	-
Net gain on financial assets mandatorily measured at fair value through profit or loss							165.78	213.06
Net Profit after Tax							1,992.70	1,548.73
<b>Other information</b>								
Segment assets	13,714.99	11,136.69	2,824.36	2,329.72	245.32	234.75	16,784.67	13,701.16
Add: Unallocated corporate assets							14,216.82	13,949.87
Enterprise Assets							31,001.49	27,651.03
Segment liabilities	6,666.78	5,036.30	359.97	584.31	33.27	33.27	7,060.02	5,653.88
Add: Unallocated corporate liabilities							23,941.47	21,997.15
Enterprise Liabilities							31,001.49	27,651.03
Capital expenditure	466.23	157.46	189.39	63.61	-	-	655.62	221.07
Depreciation	135.40	112.36	98.02	95.80	12.47	12.48	245.89	220.64

**Note:**

- The Company has identified business segments as primary segments. The reportable segments are Electricals, (includes Control Panels, Electric Vehicles Charger) Plastics (includes components to textile machinery and automobiles) and Wind Power Generation.
- One customer has contributed to 10% or more of the total revenue of the company across all segments amounting to ₹ 30,517.88 Lakhs (PY ₹ 21,439.50 lakhs).

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023 (All amounts in ₹ Lakhs, unless otherwise stated)

## OTHER DISCLOSURES

### 41 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Contingent liabilities</b>		
Central excise/ Service Tax	9.18	9.18
Income Tax	49.28	49.28
Arasur Panchayat running licence fees	0.84	0.56
Bank Guarantee	15.21	-

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.

### 42 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 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Property, plant and equipment	391.24	271.91

### 43 DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MEMED ACT, 2006

As defined under Micro, Small and Medium Enterprises Development Act, 2006, the disclosure in respect of the amount payable to such enterprises as at 31.03.2023 has been made in the financial statements based on information received and available with the Company.

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
The Principal amount and the Interest due there on remaining unpaid to any supplier as at the end of each accounting year		
- Principal	1,783.92	1,159.36
- 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.	-	-

44 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	Year ended 31 <sup>st</sup> March, 2023	Year ended 31 <sup>st</sup> March, 2022
Health related expenses	2.57	1.29
Safety related expenses	1.74	21.54
<b>Total</b>	<b>4.31</b>	<b>22.83</b>



Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023 (All amounts in ₹ Lakhs, unless otherwise stated)

#### 45 Corporate Social Responsibility Expenditure

Particulars	Year ended 31 <sup>st</sup> March, 2023	Year ended 31 <sup>st</sup> March, 2022
Amount spent through approved trusts and institutions	6.10	6.45
Amount spent directly	6.15	-
<b>Total</b>	<b>12.25</b>	<b>6.45</b>
Amount required to be spent as per Sec.135 of the Act	12.16	6.41
<b>Amount spent during the year on</b>		
- Construction / acquisition of an asset	-	-
- On purposes other than above	12.25	6.45
<b>Total</b>	<b>12.25</b>	<b>6.45</b>

#### CSR Disclosures

Particulars	Amount
(i) amount required to be spent by the company during the year,	12.16
(ii) amount of expenditure incurred,	12.25
(iii) shortfall at the end of the year,	-
(iv) total of previous years shortfall,	-
(v) reason for shortfall,	-

(vi) Nature of CSR activities

Nature of activities	Capital/revenue expense	Amount
Healthcare, Education and Conservation of Water Resources	Revenue	12.25

(vii) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard,

Name of the Trust	Nature of relation	Amount contributed
Not Applicable		

(viii) There is no provision to be made with respect to any liability incurred by entering into a contractual obligation.

#### 46 Disclosure of ratios as per Schedule III of the Companies Act, 2013

Particulars	Formula	Ratio		% of change
		FY 22-23	FY 21-22	
(a) Current Ratio(In times)	Current Assets /Current Liabilities	1.84	2.00	-8.00%
(b) Debt-Equity Ratio (In times)	Total Debt (Including lease liabilities) / Shareholders' Equity	0.03	0.03	0%
(c) Debt Service Coverage Ratio (In times)	Earnings available for debt service / Debt service	40.74	40.72	0.05%
(d) Return on Equity Ratio (In percentage)	Net Profit after taxes - Preference dividend /Average shareholders' equity	8.96%	7.96%	12.56%
(e) Inventory turnover ratio (In times)	Sales of goods /Average Inventory	11.65	8.52	36.74%
(f) Trade Receivables turnover ratio (In times)	Credit Sales /Average Trade Receivables	4.65	4.59	1.31%
(g) Trade payables turnover ratio (In times)	Credit Purchases /Average Trade Payables	6.16	5.66	8.83%

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023 (All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Formula	Ratio		% of change
		FY 22-23	FY 21-22	
(h) Net capital turnover ratio (In times)	Net Sales / Working Capital	6.09	4.59	32.68%
(i) Net profit ratio (In percentage)	Net Profit after taxes / Net Sales	5.52%	6.05%	-8.76%
(j) Return on Capital employed (In percentage)	Earnings before Interest & Tax /Capital Employed	11.25%	9.34%	20.45%
(k) Return on investment (In percentage)	Income generated from investments/Time weighted average investments	4.01%	28.04%	-85.70%

## 46.1 Reasons for the change,if the change of ratio is more than 25%

(a) Current Ratio	NA
(b) Debt-Equity Ratio	NA
(c) Debt Service Coverage Ratio	NA
(d) Return on Equity Ratio	NA
(e) Inventory turnover ratio	Due to Increased Sales in Current Year
(f) Trade Receivables turnover ratio	NA
(g) Trade payables turnover ratio	NA
(h) Net capital turnover ratio	Due to Increased Sales in Current Year
(i) Net profit ratio	NA
(j) Return on Capital employed	NA
(k) Return on investment.	Due to Market Fluctuations in Equity & Bond Markets

## 46.2 Details of the items included in numerator and denominator for computing the above ratios.

a) Capital employed refers to sum of [Share Capital + Reserves & Surplus - Intangible Assets + Lease Liabilities + Deferred Tax liabilities + Total Debt-Borrowings]

b) Earnings before interest and taxes = [Profits after current & deferred taxes + Finance Costs + Current Taxes + Deferred Taxes]

c) Earnings available for debt servicing = [Net profit after current & deferred taxes + Depreciation + Finance cost [Incl Interest on lease liabilities] - Profit on sale of assets - Dividend income - Interest income ]

47 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment had released draft rules for the Code on Social Security, 2020 on November 13, 2020, and invited suggestions from stakeholders which are under consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified. The Company will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

48 Additional Regulatory Disclosures as per Schedule III of Companies Act, 2013

- There are no proceedings initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) act 1988 and rules made there under.
- There are no transactions not recorded in the books of accounts that have been surrendered or disclosed as income during the year in the tax assessments under the Income tax act 1961.
- The Company has not (which are material either individually or in the aggregate) advanced or loaned or invested any funds (either from borrowed funds or share premium or any other sources or kind of funds) in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2023** (All amounts in ₹ Lakhs, unless otherwise stated)

- iv). The Company has not (which are material either individually or in the aggregate) received any funds from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- v). The Company has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority
- vi). As per the information available with the Company, the Company has no transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- vii). The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year ended March 31, 2023
- viii). No scheme of arrangement has been approved by the competent authority in terms of Section 230 to 237 of the Companies Act, 2013
- ix). The Company has not made investments in more than one layer of body corporate in accordance with provisions of clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017

The fair valuation of the investment property as disclosed in Note 5 has been done by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

49 The financial statements were approved for issue by the Board of Directors on 25<sup>th</sup> May, 2023.

50 The final dividend on shares is recorded as liability on the date of approval by the shareholders.

Dividend declared by the company are based on the profits available for distribution.

The Board of Directors have recommended a dividend of ₹ 22.00/- (220%) 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 ₹ 540.76/- Lakhs.

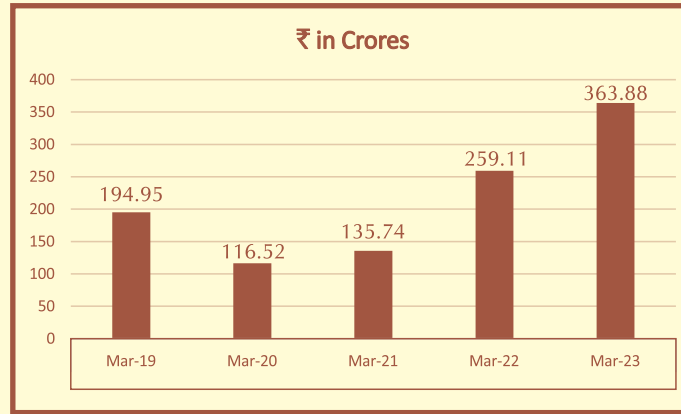
51 The figures of the previous year have been regrouped / rearranged wherever necessary to correspond with the current year figures.

See accompanying notes to the financial statements 1-51

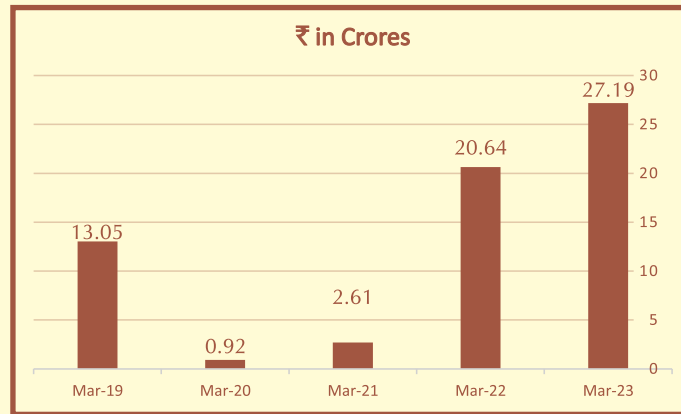
	For and on behalf of the Board of Directors		In terms of our report attached
	<b>Nethra. J.S. Kumar</b>	<b>Sanjay Jayavarthanelu</b>	<b>For Subbchar &amp; Srinivasan</b>
	Chairperson and Managing Director	Director	Chartered Accountants
	(DIN : 00217906)	(DIN : 00004505)	Firm Regn.No.004083S
Place : Coimbatore	<b>A.Thiagarajan</b>	<b>S.Sathyanarayanan</b>	<b>T.S.Anandathirthan</b>
Date : May 25, 2023	Chief Financial Officer	Company Secretary	Partner
			Membership No.230192

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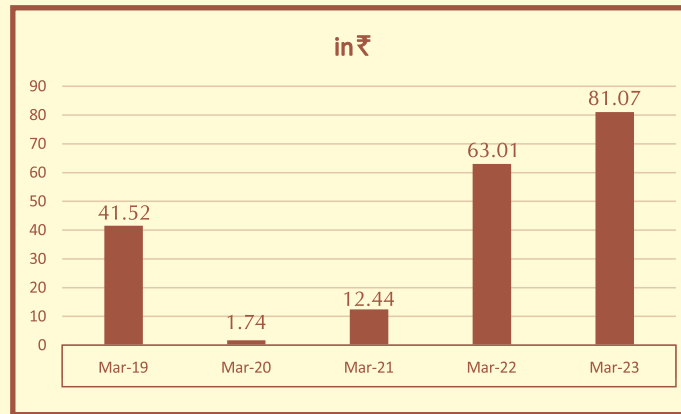
## TOTAL INCOME



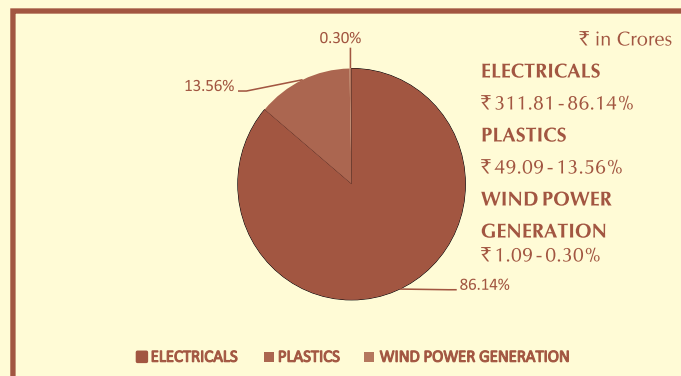
## PROFIT BEFORE TAX



## EARNINGS PER SHARE



## SEGMENT REVENUE 2022 - 2023









**LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED**

Arasur - 641 407, Coimbatore Dist, India

Phone : +91 422 6616500

Email: [contact@lecsindia.com](mailto:contact@lecsindia.com) | Website: [www.lecsindia.com](http://www.lecsindia.com)

CIN: L31200TZ1981PLC001124