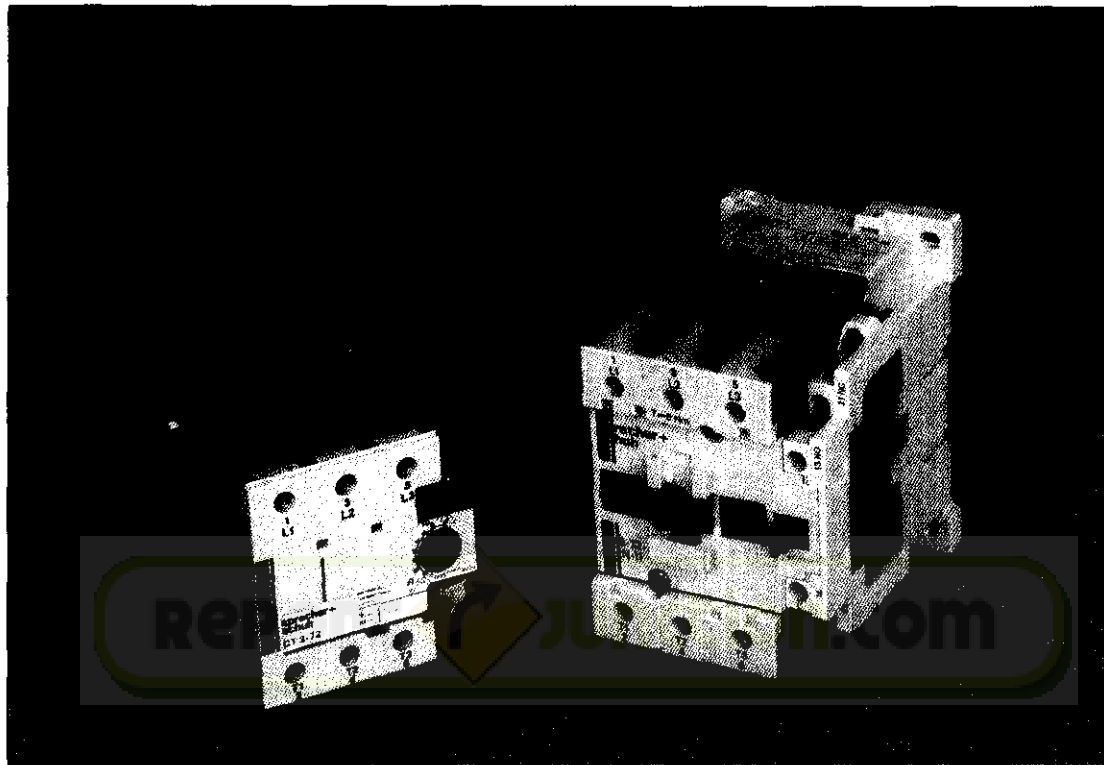


18TH ANNUAL REPORT

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An ISO 9000 Company



LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED



**LAKSHMI
ELECTRICAL CONTROL
SYSTEMS LIMITED**

Board of Directors

Dr. D. JAYAVARTHANAVELU (Chairman)
Sri R. VENKATRANGAPPAN
Sri V.J. JAYARAMAN
Sri G. RANGASWAMY
Sri N. SURYAKUMAR
Sri P. JAGATHEESAN
Sri SANJAY JAYAVARTHANAVELU
Sri R.V.M. KESAVACHANDRA RAU
Sri D. SENTHIL KUMAR

Auditors

M/s. N.R. DORAISWAMI & CO.,
CHARTERED ACCOUNTANTS
COIMBATORE.

Registrars and Share Transfer Agents

M/s. S.K.D.C. CONSULTANTS LTD.
11, S.N. LAYOUT, STREET No. 1
COIMBATORE - 641 012

Lakshmi Electrical Control Systems Limited

Registered Office

695 Avanashi Road
COIMBATORE - 641 037

Admn. Office and Works

Arasur - 641 407
COIMBATORE DISTRICT

Bankers

Indian Bank
Bank of Baroda
Bank of India
The South Indian Bank Ltd.

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Notice of Annual General Meeting

Notice is hereby given that the Eighteenth Annual General Meeting of the Company will be held on Thursday, 23rd September 1999 at 3.30 p.m at Nani Kalai Arangam, Mani Higher Secondary School, Coimbatore - 641 037 to transact the following business:

Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 1999 and the Profit and Loss Account for the year ended 31st March, 1999 and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in the place of Dr. D. Jayavarthanavelu, who retires by rotation being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Sri. V.J. Jayaraman, who retires by rotation being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri. D. Senthil Kumar, who retires by rotation being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business :

6. To consider and, if thought fit, to pass with or without modification, as a Special Resolution the following:

RESOLVED THAT pursuant to Section 31 and other applicable provisions, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force) the Articles of Association of the Company be and are hereby amended, altered and/or substituted in the manner and to the extent as is set out hereinbelow:

Article 2 of the Articles of Association shall include the following definitions in alphabetical order with marginal notes:

Beneficial Owner	'Beneficial Owner' shall mean beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.
Depositories Act	'Depositories Act' means the Depositories Act, 1996 including any statutory modification or re-enactment thereof for the time being in force.
Depository	Depository shall mean a Depository as defined under clause (e) of subsection (1) of Section 2 of the Depositories Act, 1996.

Lakshmi Electrical Control Systems Limited

Member Member means the duly registered holder from time to time of the shares of the Company and includes the subscribers of the Memorandum of Association of the Company and the beneficial owner(s) as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

The following Article shall be inserted as 3-A of the Articles of Association and shall read as follows:

Register and Index of Members The Company shall cause to be kept a Register and Index of Members in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media.

The following article shall be inserted as 3-B of the Articles of Association and shall read as follows :

Shares to be numbered progressively and no share to be sub-divided The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner herein before mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

The following article shall be inserted as 3-C of the Articles of Association and shall read as follows :

Dematerialised Shares The Company shall be entitled to dematerialise its existing shares, rematerialise its shares held in the depositories and/or to offer its fresh shares in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.

The following article shall be inserted as 3-D of the Articles of Association and shall read as follows :

Company not bound to recognise any interest in share other than that of registered holder Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust or equity or equitable, contingent



or other claim to or interest in such share on the part of any other person whether or not he shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any shares in the joint names of any two or more persons or the survivor or survivors of them.

The following article shall be inserted as 17A of the Articles of Association and shall read as follows :

Register of Transfers

The Company shall keep a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share and debenture held in material form.

The following article shall be inserted as 17B of the Articles of Association and shall read as follows :

Transfer and Transmission of shares held in electronic form

In the case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

Explanatory Statement Pursuant to Section 173 of the Companies Act 1956.

Item No. 6

Some of the provisions of the Companies Act, 1956 have been amended to facilitate the Depository System consequent to the passing of the Depositories Act, 1996 and the introduction of the Depository System. It is, therefore, proposed to alter the Articles of Association of the Company in certain respects so that they conform to the amended provisions of the Companies Act, 1956 and the Depositories Act, 1996.

The Board recommends the passing of the Special Resolution contained in Item No. 6 of the accompanying Notice.

A copy of the existing Articles of Association of the Company and the proposed amendments will be available for inspection by members at the Registered office of the Company between 3 to 5 p.m. on any working day (Monday to Friday) excluding bank holidays prior to the date of the Annual General Meeting and will also be available for inspection at the Meeting.

None of the Directors of the Company is concerned or interested in passing of the Resolution.

Place : Coimbatore
Date : May 17, 1999

By Order of the Board
D. Jayavarthanavelu
Chairman

Lakshmi Electrical Control Systems Limited

NOTE :

1. A member who is entitled to attend and vote at the above meeting is entitled to appoint a proxy and vote instead of himself and such proxy need not be a member of the Company.
2. Proxy should be lodged with the Company not less than fortyeight hours before the scheduled commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company relating to Equity Shares will be closed from Wednesday, 1st September, 1999 to Thursday, 23rd September 1999 (both days inclusive).
4. Members are requested to communicate their change of address, if any, quoting their folio numbers to our Registrars and Share Transfer Agents, M/s. S.K.D.C. Consultants Limited, No.11, Street No. 1, S.N. Layout, Coimbatore - 641 012.
5. Pursuant to Section 205-A of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1999 all unclaimed dividends shall be transferred to the "Investor Education and Protection Fund" of the Central Government after a period of 7 years from the date of declaration. Shareholders who have not encashed the dividend warrants for the year 1996, 1997 & 1998 are requested to write to our Registrars and Share Transfer Agents M/s. S.K.D.C. Consultants Limited, No. 11, Street No. 1, S.N. Layout, Tatabad, Coimbatore - 641 012 for claiming the dividend before the aforesaid dates. After that dates, the Shareholders cannot claim the dividend.





Directors' Report

Your Directors present the Eighteenth Annual Report of your Company together with the audited accounts for the year ended 31st March 1999.

Financial Results	Current Year ended 31-03-1999	Previous Year ended 31-03-1998
	(Amount in Rs.)	(Amount in Rs.)
Sales and other Income	<u>19,10,73,317</u>	<u>29,29,61,290</u>
Gross Profit	1,00,90,498	4,55,87,746
Less : Depreciation	<u>2,25,02,554</u>	<u>2,41,47,303</u>
Net Profit/Loss	(-) 1,24,12,056	2,14,40,443
Add : Provision no longer required	5,30,689	6,79,676
Prior Year Income	—	2,16,339
Transferred from		
Investment allowance (utilised) reserve	<u>—</u>	<u>6,35,578</u>
	(-) 1,18,81,367	2,29,72,036
Less : Prior year expenses / extraordinary items	<u>1,56,106</u>	<u>1,47,362</u>
Income tax for earlier years	5,02,777	—
Provision for Income Tax	—	77,00,000
Corporate Tax on dividends for earlier year	<u>—</u>	<u>7,37,400</u>
Net Profit/Loss after extra-ordinary items	(-) 1,25,40,250	1,43,87,274

The Loss of Rs. 1,25,40,250/- is proposed to be set off and met out of surplus in Profit and Loss Account and General Reserve.

Dividend :

In the absence of profits, your Directors are unable to recommend any dividend on the share capital.

Lakshmi Electrical Control Systems Limited

Performance :

During the year under review, the Company's sales and other income have recorded at Rs. 1910.73 Lakhs as against Rs. 2929.61 Lakhs during the preceding year. The reduction in turnover was mainly due to lack of industrial demand.

The profit before depreciation and tax for the year under review is Rs. 100.90 Lakhs as against Rs. 455.88 Lakhs for the preceding year. The Company has incurred a Net loss of Rs. 124.12 Lakhs as against Net profit before tax of Rs. 214.40 Lakhs for the preceding year due to reduction in volume of sales.

Prospects:

The switchgear products manufactured by the Company under the strategic alliance with M/s. Allen Bradley India Limited and the technology provided by M/s. Rockwell Automation of Switzerland have been well accepted in the market. The efforts are being made to increase our market share and also to explore export markets.

Industrial Relations:

Your Directors are pleased to inform that the industrial relations during the year under review were very cordial.

Fixed Deposits:

Three Fixed Deposits for a total amount of Rs. 24,000/- have not been repaid or renewed till 31st March 1999, as the Company did not receive instructions either for repayment or renewal thereof.

Y2K Preparedness:

The Company initiated measures to become Y2K compliant in July 1998. Implementation plans are in progress for both Hardware and Software and to the best of our knowledge we anticipate full compliance could be achieved by 31st July 1999. The estimated cost for achieving Y2K compliance is to be around Rs. 5 Lacs. Follow up action has been initiated with concerned intermediaries for compliances. Contingency plans have been developed to ensure smooth operations and transition through adequate backups/manual operations in case of any eventuality.

Directors :

The following Directors are due to retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

1. Dr. D. Jayavarthanaavelu
2. Sri. V.J. Jayaraman
3. Sri. D. Senthil Kumar

Auditors :

M/s N.R. Doraiswami & Co., Chartered Accountants retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.