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20th ANNUAL REPORT 2000-2001



**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 D. SENTHIL KUMAR
Smt. NETHRA J.S. 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

Subsidiary Company

Lakshmi Precision Tools Limited
Arasur - 641 407
COIMBATORE DISTRICT

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Notice of Annual General Meeting

Notice is hereby given that the Twentieth Annual General Meeting of the Company will be held on Tuesday, 17th July 2001 at 10.00 a.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, 2001 and the Profit and Loss Account for the year ended 31st March, 2001 and the Directors' and Auditors' Reports thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in the place of Sri R. Venkatrangappan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri Sanjay Jayavarthanavelu, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Dr. D. Jayavarthanavelu, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business :

7. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution of which notice has been received by the Company from a member :

"RESOLVED that Smt. Nethra J.S. Kumar be and is hereby appointed as a Director of the Company."

Explanatory statement under Section 173 of the Companies Act 1956.

Smt. Nethra J.S. Kumar was appointed as an Additional Director of the Company on 23.10.2000 in accordance with the Articles of Association of the Company under Section 260 of the Companies Act, 1956. She holds Office only upto the date of 20th Annual General Meeting of the Company.

In terms of Section 257 of the Companies Act, 1956, the Company has received a notice from a member on her intention to propose at the ensuing Annual General Meeting, the appointment of Smt. Nethra J.S. Kumar as a Director of the Company along with a deposit of Rs.500/- to move the resolution as said in Item No.7.

Lakshmi Electrical Control Systems Limited

Interest of Directors :

None of the Directors other than Dr. D. Jayavarthanavelu, Sri Sanjay Jayavarthanavelu, Sri D. Senthil Kumar and Smt. Nethra J.S. Kumar are concerned or interested in this resolution.

Place : Coimbatore

Date : May 19, 2001

By Order of the Board
D. JAYAVARTHANAVELU
Chairman

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 forty eight 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 Tuesday, 3rd July 2001 to Tuesday, 17th July 2001 (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. Members are requested to intimate their Bank Account Number details for incorporating the same in Warrants/Cheques/Demand Drafts 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.
6. The Dividend as recommended by the Board, if sanctioned at the Meeting, will be paid to those Members (or their Mandatees) whose names appear on the Register of Members as on 17th July 2001.
7. 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, Coimbatore – 641 012 for claiming the dividend before the aforesaid dates. After that dates, the shareholders cannot claim the dividend.
8. Securities and Exchange Board of India (SEBI) has made the dematerialisation of shares of your Company compulsory for all investors from 26.3.2001. The Company, consequent to the introduction of the Depository System (DS), signed tripartite Agreement with Central Depository Services (India) Limited (CDSL), National Securities Depository Limited (NSDL) and S.K.D.C. Consultants Limited, No.11, Street No. 1, S.N.Layout, Coimbatore – 641 012 who provides electronic connectivity with CDSL & NSDL.



Directors' Report

Your Directors present the Twentieth Annual Report of your Company together with the audited accounts for the year ended 31st March 2001.

Financial Results	Current Year ended 31.3.2001 (Amount in Rs.)	Previous year ended 31.03.2000 (Amount in Rs.)
Sales and Other Income	22,04,03,277	19,48,14,645
Gross Profit	3,43,54,906	2,06,83,995
Less : Depreciation	1,61,24,876	1,88,12,654
Net Profit/Loss	1,82,30,030	18,71,341
Add : Transferred from Investment allowance (utilised) reserve	—	4,55,000
	1,82,30,030	23,26,341
Less : Prior year expenses/extraordinary items	1,09,347	1,39,448
Income tax for earlier years	1,46,999	1,45,039
Provision for Income Tax	58,50,000	90,000
	1,21,23,684	19,51,854
Add : Surplus Brought Forward	19,51,854	—
AVAILABLE FOR APPROPRIATION	1,40,75,538	19,51,854
Directors' Recommendation for Appropriations		
Proposed Equity Dividend	49,16,000	—
Provision for Corporate tax on dividend	5,01,432	—
General Reserve	25,00,000	—
Balance Carried Forward	61,58,106	19,51,854
	1,40,75,538	19,51,854
Dividend :		

Your Directors have pleasure in recommending a dividend of Rs. 2/- per Equity Share of Rs.10.00 each.

Lakshmi Electrical Control Systems Limited

The above dividend, if approved by the shareholders at the forthcoming Annual General Meeting will absorb Rs. 49.16 Lakhs.

Performance :

Your Directors are pleased to report that the sales and other income have increased from Rs.1948.15 Lakhs in the preceding year to Rs.2204.03 Lakhs during the year under review. This represents an increase of 13.13% over the previous year.

The profit before depreciation and tax for the year under review is Rs.343.55 Lakhs as against Rs.206.84 Lakhs for the preceding year, representing an increase of 66.09% over the previous year. The profit after tax for the year under review is Rs.123.80 Lakhs as against a net profit of Rs.17.81 Lakhs. The Company has shown better results due to the favourable market conditions, improvements in the production processes and the Management controls over the materials cost & Current Assets.

Prospects :

Your Directors expect that the Company should be able to maintain the levels of performance with a fair rate of growth in the immediate years.

Investments :

Your Company has invested Rs.1,40,00,000/- in the fully paid up 14,00,000 Equity Shares of Rs.10/- each in M/s. Lakshmi Precision Tools Limited, Arasur - 641 407, Coimbatore, which has become subsidiary of your Company. The Accounts of the Subsidiary Company form part of the Annual Report.

Industrial Relations :

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

Fixed Deposits :

Two Fixed Deposits for a total amount of Rs.20,000/- have not been repaid or renewed till 31st March 2001, as the Company did not receive instructions either for repayment or renewal thereof. The Fixed Deposits have since been repaid.

Directors :

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

1. Sri R. Venkatrangappan
2. Sri Sanjay Jayavarthanavelu
3. Dr. D. Jayavarthanavelu

**Listing :**

Your Company's shares are listed in Madras and Mumbai Stock Exchanges and the listing fees have been paid.

Auditors :

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

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956 :

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 is furnished in the Annexure forming part of this Report.

The particulars of employees required to be given pursuant to Sub-Section (2A) of Section 217 of the Companies Act, 1956 are attached to this Report.

Directors' Responsibility Statement

In compliance of Section 217 (2AA) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000, the Directors of your Company confirm:

- That all applicable accounting standards have been followed in the preparation of annual accounts and that there are no material departure;
- That such accounting policies have been selected and applied consistently and such judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2001 and of the profit of the Company for the year ended on that date;
- That proper and sufficient care has been taken 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;
- That the annual accounts have been prepared on a going concern basis

Acknowledgements :

Your Directors wish to convey their thanks to the Company's bankers, distributors and collaborators for their continuing support to the Company.

Your Directors express their appreciation for the support given and contribution made by the employees at all levels to the successful operations of the Company during the year under review.

For and on behalf of the Board of Directors

Place : Coimbatore

D. JAYAVARTHANAVELU

Date : May 19, 2001

Chairman

Lakshmi Electrical Control Systems Limited

Annexure to Directors' Report

Information pursuant to Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988.

A) CONSERVATION OF ENERGY :

1. In spite of not being power intensive, your Company enforces strict discipline in reducing power consumption even for its auxiliary services.
2. Idle running of machinery consuming high power is restricted to the loading and unloading cycles of the respective machines.

B) FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

Research and Development :

- | | |
|---|---|
| 1. Specific areas in which R & D carried out by the Company | a) Improvement and upgradation of technology of the Low Voltage Switchgear products.
b) Development of Motor Starters and Motor Control Panels. |
| 2. Benefits derived as a result of the above R & D | a) The Low Voltage Switchgear products confirm to the latest relevant IS 13947/IC 947 standards.
b) Reduction in cost as a result of import substitution of material/components. |
| 3. Future plans of action | a) The production of higher ranges of Low Voltage Switchgear products.
b) Development of allied Electro-Mechanical products. |
| 4. Expenditure on R & D | : Nil |

Technology absorption, adaptation & Innovation :

- | | |
|---|---|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | : The Company has been able to indigenise the components required for the manufacture of Contactors and Relays. |
| 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc. | : <ol style="list-style-type: none"> 1. Cost reduction due to reduced imports and reliable continuous production. 2. Product development to suit Indian conditions. |



C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

i) a) Foreign Exchange Earnings during the year	:	Rs. 3.24 Lakhs
b) Foreign Exchange used	:	Rs.142.45 Lakhs

Place : Coimbatore
Date : May 19, 2001

For and on behalf of the Board of Directors
D. JAYAVARTHANAVELU
Chairman

