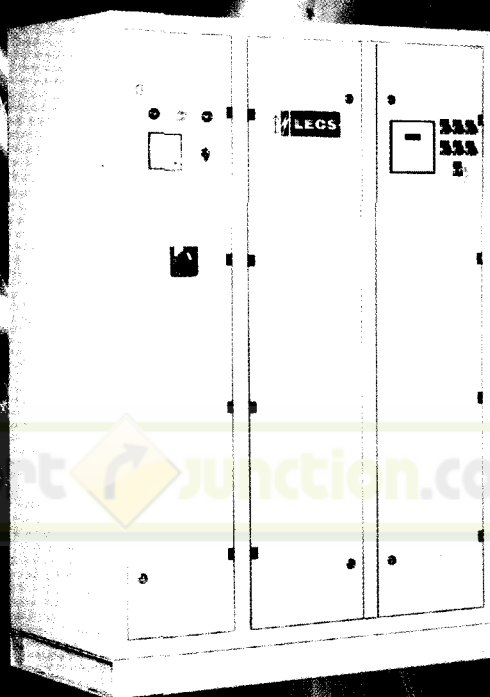




APFC System

Harmony without Heterogeneities



An Optimized and fully Automatic solution for power factor maintenance and harmonic control in LV industrial distribution systems.

**Corrupted Power
Corrected**

■ Effective utilization of Maximum demand.

Minimizing the line losses & Harmonics.

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We specialize in Reactive power management,
Harmonics studies and Energy audits.

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

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Low Voltage Switchgear products

- Contactors, Control Relays
- Thermal overload relays
- And their accessories

LECS Motor Control Solutions

DOL & Star Delta Starters and Motor Control Panels

- For all Industrial drives, Customised executions
- For all Submersible pumps and Agricultural pumps
- For all Construction & Domestic applications

LECS Automatic Power Factor Correction (APFC) Panels

- For Industrial & Windmill applications

LECS Custom built Control Panels for Industrial Machinery

- For centralised control of all actuating & operating elements and motorised drives - simple contactor logic to intelligent system with PLC's

LECS Control Elements

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- Solenoid Valves

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- Plastic components ranging from 1 gm to 1000 gm for all engineering and electrical machinery & control systems

Manufactured by
LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED
Arasur, Coimbatore 641 407. Ph: 0422 - 2360306 (6 Lines 2360301 - 306) Fax : 0422 - 2360307
E-mail : lecs@vsnl.com Website : www.lecsindia.com



LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Board of Directors

Dr. D. JAYAVARTHANAVELU (Chairman)
 Sri R. VENKATRANGAPPAN
 Sri V.J. JAYARAMAN
 Sri G. RANGASWAMY
 Sri N. SURYA KUMAR
 Sri SANJAY JAYAVARTHANAVELU
 Sri D. SENTHIL KUMAR
 Smt. NETHRA J.S. KUMAR
 (Wholetime Director)

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

Registered Office

34-A, Kamaraj Road
 Coimbatore 641 018.

Admn. Office and Works

Arasur - 641 407
 Coimbatore District

Bankers

Indian Bank
 Bank of Baroda

Subsidiary Companies

1. Lakshmi Precision Tools Limited

Arasur - 641 407
 Coimbatore District.

2. Harshni Textiles Limited

504, Avanashi Road
 Coimbatore - 641 004.

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LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Notice of Annual General Meeting

Notice is hereby given that the Twenty Third Annual General Meeting of the Company will be held on Friday, the 23rd July 2004 at 2.45 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 2004 and the Profit and Loss Account for the year ended 31st March 2004 and the Directors' and Auditors' Reports thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Dr. D. Jayavarthanavelu, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri. V. J. Jayaraman, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Sri. D. Senthil Kumar, 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 deemed fit to pass with or without modification, the following resolution as a Special Resolution:
"Resolved that pursuant to Section 31 of the Companies Act, 1956 and other applicable provisions, if any, the Articles of Association of the Company be and are hereby amended in the following manner":

The following Article shall be inserted as 53 of the Articles of Association and shall read as follows:

'The seal of the Company shall be used only by the authority of the Board previously given in writing and in the presence of any one of the Directors of the Company and of the Secretary or some other person appointed by the Board for the purpose. The Director and the Secretary or other person shall sign the document to which the seal is affixed'.

8. To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution :

RESOLVED that pursuant to the provisions of Sec.149(2A) of the Companies Act, 1956 consent be and is hereby accorded to the Company to commence all or any business as specified in Item No.15, 16 & 17 in the Object Clause-III(C) of the Memorandum of Association (as altered) which is set out below :-

- (15) To carry on the business of ginners, spinners, doublers, twistors, combers, finishers, bleachers, dyers, printers, mercers, processors, manufacturers, traders, dealers, importers and exporters in all kinds of yarn made of cotton, waste cotton, staple fibre, silk, artificial silk, rayon, nylon, polyester, linen, flax, hemp, jute, worsted wool, and other natural or synthetic or fibrous substances and to act as commission agents, exporters either on own account or merchant exporters for all the above.
- (16) To carry on the business of design, fabrication, manufacture, sale, lease, importers, exporters, dealers of all kinds of machinery, machine tools, diesel engines, motors, generators, alternators, agricultural implements, domestic and industrial pumps and parts, components and accessories thereof.
- (17) To carry on the business of manufacturers and dealers in all kinds of textile accessories, spare parts, components made of plastic, paper, rubber, wood and any kind of allied materials, cones, cardboard, packing materials, spinning cops, bobbins, cams, crates, aprons, shuttles, gears, rings, spindle tapes, rope necessary for the manufacture and working of textile and other machinery and hosiery needles used in knitting mills.

Place : Coimbatore
Date : June 8, 2004

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. PROXIES SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF 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 Friday, the 16th July 2004 to Friday the 23rd July 2004 (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, S.N. Layout, Street No.1, 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, S.N. Layout, Street No.1, Coimbatore – 641012.
6. The dividend as recommended by the Board, if sanctioned at the meeting, will be paid to those members (or their mandatees) whose name appear on the Register of Members on 23rd July 2004, for those holding shares in physical form. In respect of the shares held in dematerialised form the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose at the end of the business hours on 15th July 2004.
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 "Investors 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, 1997-1998, 2000-2001, 2001-2002 & 2002-2003 are requested to write to our Registrars and Share Transfer Agents M/s. S.K.D.C. Consultants Limited, No.11, S.N. Layout, Street No. 1, Tatabad, Coimbatore – 641012 for claiming the dividend before the aforesaid dates. The seven year period for the unclaimed dividend of the year 1996-97 comes to an end on 22nd August 2004 and hence the amount will be transferred to the Investors Education and Protection Fund immediately after the said date. No claim can be made by the shareholders thereafter.
8. With respect to payment of dividend, the Company provides the facility of Electronic Clearing Service (ECS) to shareholders residing in the following cities:
Ahmedabad, Bangalore, Baroda, Bhubaneshwar, Chandigarh, Chennai, Delhi, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, Pune, Surat and Thiruvananthapuram.
Shareholders holding shares in the physical form who now wish to avail ECS facility, may authorise the Company with their ECS mandate in the prescribed form (enclosed) or can be had from the Registrars and Share Transfer Agents, M/s. SKDC Consultants Limited, on request. Requests for payment of dividend through ECS for the year 2003-2004 should be lodged with M/s. SKDC Consultants Limited on or before 15.07.2004.

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

Item No.7

At present, the Common seal is affixed in the presence of two Directors of the company and of the Secretary or some other person appointed by board for the purpose. For administrative purpose, the amendment is proposed.

Item No.8

Members are aware that the alterations to Memorandum of Association of the Company have been sent for approval of the shareholders through postal ballot. In terms of the amendment, the Company can enter into textile and other related business.

The commencement of the above business is also to be approved by the shareholders by a Special Resolution in terms of Sec.149(2A) of the Companies Act, 1956. Accordingly, the resolution set out in Item No.8 is submitted for your approval.

Inspection of Documents :

A copy of the existing Memorandum and Articles of Association of the Company together with the copy of the proposed alterations to Clause-III of the Memorandum of Association and Articles of Association is available for inspection at the Registered Office of the Company during business hours on any working day.

Interest of Directors :

None of the Directors of the Company is concerned or interested in the above resolutions.

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED**Directors' Report**

Your Directors present the Twenty Third Annual Report of your Company together with the audited accounts for the year ended 31st March 2004.

Financial Results	Current Year ended 31.03.2004 (Amount in Rs.)	Previous year ended 31.03.2003 (Amount in Rs.)
Sales and Other Income	26,40,20,366	22,56,55,579
Gross Profit	4,65,22,607	4,09,34,467
Less : Depreciation	94,91,851	1,15,17,401
Net Profit/Loss	3,70,30,756	2,94,17,066
Add : Prior year income	—	12,213
Provision no longer required	54,087	—
	3,70,84,843	2,94,29,279
Less : Prior year expenses/extraordinary items	1,013	80,860
Income tax for earlier years	—	6,39,993
Provision for Income Tax	1,40,90,000	1,15,18,046
Provision for deferred tax	2,11,734	1,57,872
	2,27,82,096	1,70,32,508
Add : Surplus Brought Forward	1,22,93,533	96,70,654
AVAILABLE FOR APPROPRIATION	3,50,75,629	2,67,03,162

Directors' Recommendation for Appropriations

Proposed Equity Dividend	73,74,000	61,45,000
Provision for Corporate tax on dividend	9,44,794	7,68,125
General Reserve	1,16,19,124	74,96,504
Balance Carried Forward	1,51,37,711	1,22,93,533
	3,50,75,629	2,67,03,162



Dividend:

Your Directors have pleasure in recommending a dividend of Rs.3/- per Equity share of Rs.10.00 each.

The above dividend, if approved by the shareholders at the forthcoming Annual General Meeting will absorb Rs.73,74,000/- and will be paid to those members or their mandatees whose name appear on the Register of Members as on 23rd July 2004 for holding shares in physical form. In respect of the shares held in dematerialised form the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose at the end of the business hours on 15th July 2004.

Performance:

Your Directors are pleased to inform you that the Turnover including other income have increased to Rs.2640.20 Lakhs as against Rs.2256.55 Lakhs for the preceding year. This represents an increase of 17% over the previous year.

The profit before depreciation and tax for the year under review is Rs.465.22 Lakhs as against Rs.409.34 Lakhs representing an increase of 13.65% over the previous year. The profit before tax is Rs.370.30 Lakhs as against the previous year figure of Rs.294.17 Lakhs during the year under review. The company has improved its sales performance in all its products that has resulted in higher profit to the company.

Prospects :

The Company's innovative efforts to improve the processes in manufacture and extensions to present products and activities are yielding encouraging results. The products that were developed and ready for commercialisation are Capacitor Duty Contactors and Single Winding DC Contactors. Some more related products are also taken for development.

Electric power would remain to be a serious cause of concern for the industry both on cost and adequacy. So its efficient use means substantial savings. Noticing the anxiety of the industry for a dependable solution. The Company is undertaking Reactive Power Management, Harmonics studies and Energy Audits and offering solutions.

Industrial Relations :

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

Subsidiary Companies:

M/s.Harshni Textiles Limited was acquired by your company with effect from 10.03.2004 as a wholly owned subsidiary. This should turn out, to be beneficial to the Company in the long run.

The accounts of the subsidiary Companies M/s.Lakshmi Precision Tools Limited and M/s.Harshni Textiles Limited form part of the Annual Report.

In accordance with the Accounting Standards (AS21) issued by the Institute of Chartered Accountants of India, the audited consolidated financial statements are annexed.

Fixed Deposits:

There were no unclaimed Fixed Deposits as on 31st March 2004 and the Company is not accepting any fresh deposits.

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. Jayavarthanavelu
2. Sri V. J. Jayaraman
3. Sri D. Senthil Kumar

Listing:

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

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

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.

During the year under report, no employee, throughout the year or part of the year was in receipt of remuneration of Rs.24,00,000/- per annum or Rs.2,00,000/- per month or in excess thereof respectively.

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, 2004 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.

General :

Details of Production, Licensed and installed capacity are annexed to the Balance Sheet as required by Law.

Acknowledgements :

Your Directors wish to convey their thanks to the Company's Bankers, Associates, Vendors and other business partners 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.

Place : Coimbatore
Date : June 8, 2004

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



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 wide range of Limit Switches and APFC 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 and UL approvals.
b) Reduction in cost as a result of import substitution of material/components. |
| 3. Future plans of action | a) The production of extended ranges of Low Voltage Switchgear 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 substantially indigenise the components required for the manufacture of Low Voltage Switchgear products. |
| 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc. | : 1. Cost reduction due to reduced imports and reliable continuous production.
2. Product development to suit Indian conditions. |

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

- | | |
|---|-------------|
| 1) a) Foreign Exchange Earnings during the year | : Rs. Nil |
| b) Foreign Exchange used | : Rs. 77526 |

Place : Coimbatore
Date : June 8, 2004

For and on behalf of the Board of Directors
D. JAYAVARTHANA VELU
Chairman

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED**Auditors' Report****To the Members of Lakshmi Electrical Control Systems Limited**

1. We have audited the attached Balance Sheet of LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED as at 31st March, 2004 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

- i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of such books;
- iii) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
- v) On the Basis of written representations received from the Directors, as on 31st March, 2004 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2004 from being appointed as a Director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India read with the significant accounting policies and other notes thereon.
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004; and
 - b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.
 - c) in the case of Case Flow Statement, of the cash flows for the year ended on that date.

For N.R. DORAISWAMI & CO.,
Chartered Accountants

N.R. DORAISWAMI
Partner

Membership No. 2138

Place : Coimbatore
Date : June 8, 2004