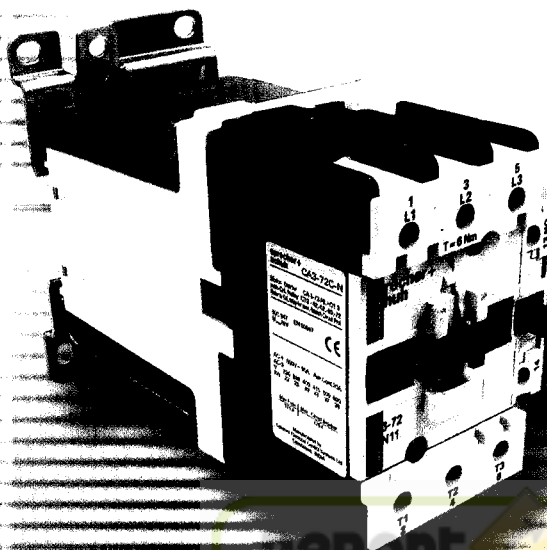




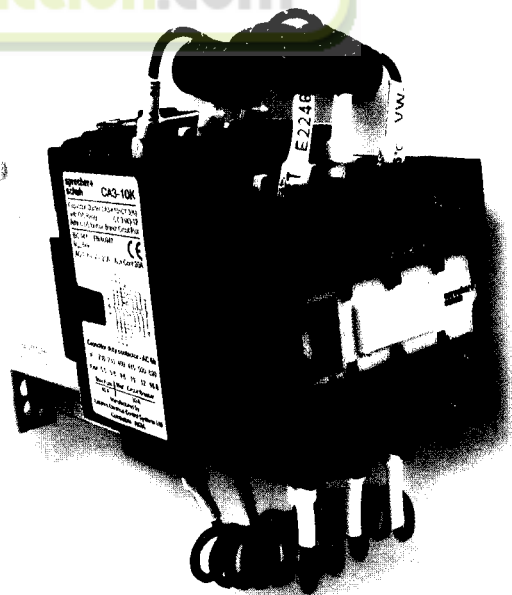
For Switchgear & Controlgear

**Sprecher + Schuh**



POWER CONTACTORS  
FROM 23A TO 72 A

CAPACITOR DUTY  
CONTACTORS



**LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED**

**24th ANNUAL REPORT 2004 - 2005**



## **“Sprecher + Schuh”**

### **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**

- Limit Switches
- Solenoid Valves

### **Industrial Plastic Components**

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



## 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 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 Company

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 Fourth Annual General Meeting of the Company will be held on Saturday, the 30th July 2005 at 12.30 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 2005 and the Profit and Loss Account for the year ended 31st March 2005 and the Directors' and Auditors' Reports thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Sri G. Rangaswamy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri N. Suryakumar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Sri R. Venkatrangappan, 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 in accordance with the provisions of Sections-198, 309, 349 and 350 read with Schedule-XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary the remuneration payable to Smt. Nethra J.S.Kumar, Wholtime Director be and is hereby revised as set out below for the remaining period of her term of office i.e. with effect from 01.07.2005 to 30.06.2007 :

Salary : Rs. 2,00,000/- per month.

Commission : 2% of the net profits payable annually.

Perquisites :

In addition to the salary and commission, the Wholtime Director shall also be entitled to inter changeable perquisites like furnished accommodation and where accommodation is not provided 50% of the salary as HRA, gas, electricity, water, furnishings, medical reimbursement, LTA for self and family, club fees, medical insurance etc. in accordance with the rules of the Company, such perquisites being restricted to Rs.18,00,000/- (Rupees eighteen lakhs only) per annum. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax rules wherever applicable.

RESOLVED FURTHER that the minimum remuneration and perquisites to be paid in the event of loss or inadequacy of profit in any financial year during the tenure of office shall be as per Schedule-XIII of the Companies Act, 1956.

Place : Coimbatore

Date : June 2, 2005

By order of the Board

**D. Jayavarthanaavelu**

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 Saturday, the 16th July 2005 to Saturday the 30th July 2005 (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. Members holding shares in demat form shall intimate the change in their address to their depository participant with whom they have demat account.
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 - 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 name appear on the Register of Members on 30th July 2005, 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 2005.
7. Pursuant to Section 205-C 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 1997-1998, 2000-2001, 2001-2002, 2002-2003 & 2003-2004 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 - 641 012 for claiming the dividend before the aforesaid dates. The seven year period for the unclaimed dividend of the year 1997-98 comes to an end on 17th September 2005 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 2004-2005 should be lodged with M/s. SKDC Consultants Limited on or before 15.07.2005.

#### **EXPLANATORY STATEMENT PURSUANT TO SEC.173 OF THE COMPANIES ACT, 1956**

Smt. Nethra J.S. Kumar was appointed as Wholtime Director for a period of 5 years from 01.07.2002 to 30.06.2007 in conformity with Schedule XIII of the Companies Act, 1956 at a remuneration of Rs. 1,25,000/- per month. She is not entitled to any other perquisites or commission. This was approved by the shareholders at their meeting held on 22.08.2002.

Since then the activities of the Company have increased and the turnover and profits have also increased. The Company is having a wholly owned subsidiary Harshni Textiles Limited with 21,504 spindles and the Company has also erected wind mills.

All the above with the emerging competitive environment have added additional responsibilities on the Wholtime Director and it is appropriate that the remuneration payable to the Wholtime Director for the remaining period of tenure of office be enhanced from 01.07.2005 to 30.06.2007.

## LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

### Statement of disclosures pursuant to Schedule XIII to the Companies Act, 1956 in relation to Item No. 7 of the Notice

#### I. General Information

1. Nature of the Industry : The Company has three divisions viz. Electricals, Plastics and Wind Power Generation. Manufacturing Switchgears, Control Panels, Plastics and Generating Wind Power.
2. Date of commencement of commercial production : 01.11.1984
3. Incase of new Companies expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus : Not applicable
4. Financial Performance based on given indicators. (Rupees in lacs)

Financial Performance	2005	2004	2003	2002	2001
Turnover – Total Income	4103.89	2640.20	2256.55	1827.17	2204.03
Profit / (Loss) as per P&L	656.96	370.31	294.17	188.67	182.30
Dividend Paid / Recommended	110.61	73.74	61.45	49.16	49.16
Rate of Dividend (in %)	45	30	25	20	20

5. Export Performance and net foreign exchange collaborations : The Company has not incurred any foreign exchange on account of collaboration for the last 5 financial years as the company has not entered into any foreign collaboration agreement. However export performance for the last year 5 financial years are given below:

(Rupees in lacs)

Year	2005	2004	2003	2002	2001
Amount	Nil	Nil	Nil	Nil	3.24

6. Foreign Investments or Collaborators, if any : Nil

#### II. Information about the appointee

1. Background details : Smt. Nethra J.S.Kumar, a Management Degree holder is a Director since 23.10.2000. She has a sound business acumen and has gained good experience in the manufacturing, administration, finance etc.
2. Past Remuneration :

Particulars	01.07.02 to 30.06.03	01.07.03 to 30.06.04	01.07.04 to 31.03.05
Salary per month (Rs.)	1,25,000*	1,25,000*	1,25,000*

\*Consolidated Salary

3. Recognition or awards : Nil
4. Job Profile and has suitability : Given in the Explanatory Statement to Item No. 7 of the Notice to shareholders.
5. Remuneration Proposed : Given in the Item No. 7 of the Notice to Shareholders



6. Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details with reference to the country of his origin) : The proposed remuneration to Smt. Nethra J.S. Kumar is as prevalent in the industry standard.
7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any; : Nil

### III. Other Information

1. Reason for loss or inadequate profit : Not Applicable
2. Steps taken or proposed to be taken for improvement : Upgradation of technology, changing of product mix, improving the R&D activities, extension to present products and derivatives.
3. Expected increase in productivity and profits in measurable terms : Both productivity and profitability is expected to increase by a minimum of 10%.

### IV. Disclosures

1. Shareholders of the Company shall be informed of the remuneration package of the managerial person : Yes, the information is given in the Notice to Shareholders and also an abstract of the terms of remuneration is sent as per provision 302 of the Companies Act, 1956
2. The following disclosures shall be mentioned in the Board of Directors' report under the heading Corporate Governance, if any, attached to the Annual Report:
- i) All elements of remuneration package such as salary, benefits, bonus, stock options, pension, etc., of all the directors : Not applicable
- ii) Details of fixed components and performance linked incentives along with performance criteria : Not applicable
- iii) Service Contracts, notice period, severance fees : Not applicable
- iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable : Not applicable

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

Your Directors present the Twenty Fourth Annual Report of your Company together with the audited accounts for the year ended 31st March 2005.

<b>Financial Results</b>	Current Year ended 31.03.2005 (Amount in Rs.)	Previous year ended 31.03.2004 (Amount in Rs.)
Sales and Other Income	41,03,89,041	26,40,20,366
<b>Gross Profit</b>	8,23,56,332	4,65,22,607
Less : Depreciation	1,66,60,076	94,91,851
<b>Net Profit/Loss</b>	6,56,96,256	3,70,30,756
Provision no longer required	2,40,144	54,087
	6,59,36,400	3,70,84,843
Less : Prior year expenses/extraordinary items	6,922	1,013
Provision for Income Tax	99,68,652	1,40,90,000
Provision for deferred tax	1,31,23,971	2,11,734
	4,28,36,855	2,27,82,096
Add : Surplus brought Forward	1,51,37,711	1,22,93,533
<b>AVAILABLE FOR APPROPRIATION</b>	5,79,74,566	3,50,75,629

**Directors' Recommendation for Appropriations**

Proposed Equity Dividend	1,10,61,000	73,74,000
Provision for corporate tax on dividend	14,45,534	9,44,794
General Reserve	50,00,000	1,16,19,124
Balance Carried Forward	4,04,68,032	1,51,37,711
	5,79,74,566	3,50,75,629



**Dividend :**

Your Directors have pleasure in recommending a dividend of Rs.4.50 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. 1,10,61,000/- and will be paid to those members or their mandatees whose name appear on the Register of Members as on 30th July 2005 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 2005.

**Performance :**

Your Directors are pleased to inform you that the Turnover including other income have increased to Rs. 4103.89 Lakhs as against Rs. 2640.20 Lakhs for the preceding year. This represents the topline growth of 55.44% over the previous year.

The profit before depreciation and tax for the year under review is Rs. 823.56 Lakhs as against of Rs. 465.23 Lakhs. The profit before tax has increased from Rs. 370.30 Lakhs to Rs. 656.96 Lakhs. The bottom line has almost doubled as compared with the previous year's figure. Good demand for the Company's products from General Engineering Industry and in particular from Textile Engineering Industry has resulted in the good growth.

One Wind Power Generator having a capacity of 1.250 MW has been installed and commissioned in September 2004 to effectively engage the cash surplus and the Power generated is being sold to M/s. Harshni Textiles Limited (Wholly Owned Subsidiary Company).

**Prospects / Plans :**

Low Voltage Switchgears & Control gears are central to the business operations of the Company. Hence, R&D endeavours are being focused in this direction and strengthened with additional technical personnel and facilities. This has yielded the development of extension to present products and derivatives like Capacitor Duty contactors, Single Winding DC contactors, 4 pole contactors and APFC Panels.

Plans are afoot to modernise the Plastic Machine shop with fully automated modern machines and auxiliary facilities.

**Quality Certification :**

During the year, the Company has been certified to the quality management system under ISO-9001 : 2000 from BVQI.

**Research & Development :**

The Company is ploughing in generous resources in R&D activity on continuing basis, to create a prancing setup. The R&D design center was augmented with CAE modeling software for enhanced Product design & development. This has helped the R&D to reduce the cycle time for new product Introduction. The New products like Capacitor Duty Contactors, Single Winding DC Contactors and 4 pole Contactors developed by R&D were displayed in recent Elecrama exhibition held in 2004 in New Delhi. The R&D Laboratory is being upgraded to meet in house product testing demands.

The R&D has also developed & installed several new processes for enhancing reliability & quality manufacturing. Several R&D personnel are being deputed to International and National Conferences & Exhibitions to seek abreast with the global technologies.

**Industrial Relations :**

Your Directors are pleased to inform that the industrial relations during the year under review were very cordial. Three year settlement has been reached with the workers.

**Subsidiary Companies :**

M/s. Lakshmi Precision Tools Limited ceased to be subsidiary of the Company during the year under review.

The accounts of the Wholly Owned Subsidiary Company 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.

## LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

### Fixed Deposits :

The Company has not accepted any fixed deposits.

### Directors :

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

1. Sri G. Rangaswamy
2. Sri N. Surya Kumar
3. Sri R. Venkatrangappan

### 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.

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, 2005 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 2, 2005

For and on behalf of the Board of Directors  
**D. Jayavarthanavelu**  
Chairman