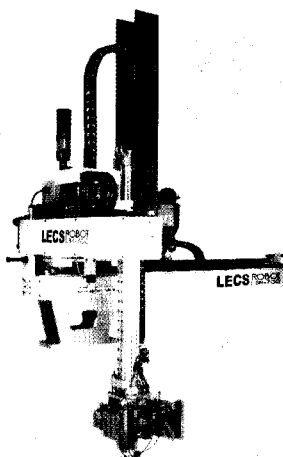
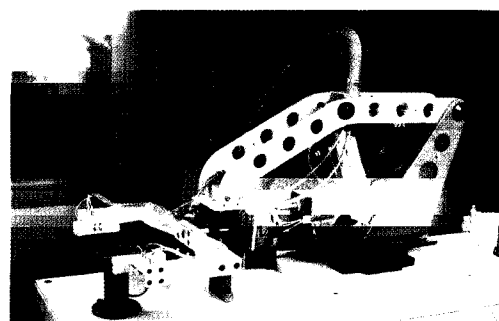
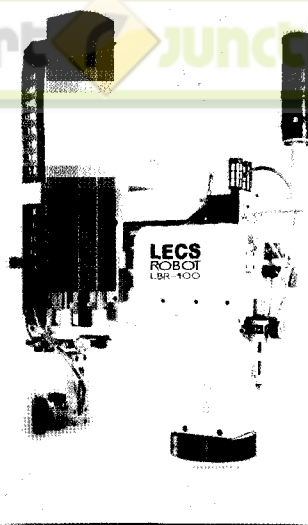
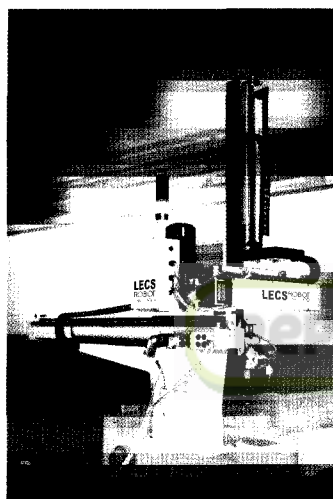
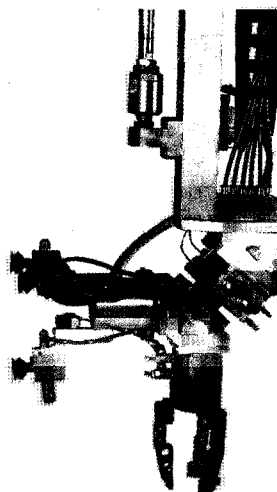




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work Intelligently Night & Day
Non - Stop !
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LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

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Manufactured by

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Arasur, Coimbatore 641 407. Ph: +91 422 - 2360 306 (6 Lines 2360301 - 306)

Fax : +91 422 - 2360 307 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. 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 Fifth Annual General Meeting of the share holders of Lakshmi Electrical Control Systems Limited will be held on Saturday, the 22nd July 2006 at 11.45 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 2006 and the Profit and Loss Account for the year ended 31st March 2006 and the Directors' and Auditors' Reports thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Sri Sanjay Jayavarthanavelu, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Dr. D. Jayavarthanavelu, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Sri V.J. Jayaraman, 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, 310, 349 and 350 read with Schedule-XIII and other applicable provisions, if any, of the Companies Act, 1956 or statutory modification or amendment or re-enactment thereof and subject to such other approvals as may be necessary, Smt. Nethra J. S. Kumar, is reappointed as Wholetime Director of the Company for a period of 5 years from 01.07.2007 to 30.06.2012 on the terms and conditions set herein.

RESOLVED FURTHER THAT in accordance with Schedule XIII of the Companies Act, 1956, the remuneration payable to Smt. Nethra J. S. Kumar shall be for a period of three years from 01.07.2007 to 30.06.2010.

- i. Salary : Rs.3,00,000/- p.m.
- ii. Commission : 2% of the net profits payable annually.
- iii. Perquisites :

In addition to the salary and commission, the Wholetime Director shall also be entitled to interchangeable perquisites like furnished accommodation and where accommodation is not provided, HRA not exceeding 50% of the salary, 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.

The Wholetime Director shall be entitled to reimbursement of all actual expenses incurred in the course of the Company's business.

In addition to the salary, commission and Perquisites, the Wholetime Director shall also be entitled to Company's contribution to Provident Fund, Superannuation Fund and Gratuity as per the rules of the Company to the extent these are not taxable under the Income Tax Act, 1961 shall not be included in the computation of perquisites. Gratuity payable shall not exceed half-a-month's salary for each completed year of service. The Wholetime Director is entitled to encashment of leave at the end of tenure which shall not be included in the computation of the ceiling on remuneration or perquisites.

Provision of a Company car with driver for use on Company's business and telephone facility at her residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purposes shall be billed by the Company to Wholetime Director.

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.

8. To consider and if deemed fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution.

RESOLVED that in supersession of the Resolution passed at the General Meeting of the Company held on 21st September 1990 consent be and is hereby accorded under Section 293(1)(d) of the Companies Act, 1956 to the Board of Directors of the Company to borrow from time to time any sum or sums of money for purposes of the Company's business which together, with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the aggregate of the monies borrowed and to be so borrowed and outstanding at any one time shall not exceed Rs.50 Crores (Rupees Fifty crores only).

Place : Coimbatore
Date : April 26, 2006

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 Saturday, the 15th July 2006 to Saturday the 22nd July 2006 (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 22nd July 2006, 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 14th July 2006.
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 2000-2001, 2001-2002, 2002-2003, 2003-2004 & 2004-05 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.
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. S.K.D.C. Consultants Limited, on request. Requests for payment of dividend through ECS for the year 2005-06 should be lodged with M/s. S.K.D.C. Consultants Limited on or before 10.07.2006.

EXPLANATORY STATEMENT PURSUANT TO SEC.173 OF THE COMPANIES ACT, 1956**Item No.7**

Smt. Nethra J.S. Kumar was appointed as Wholtime Director for a period of five years from 01.07.2002 to 30.06.2007 in conformity with Schedule XIII of the Companies Act, 1956 and the same was approved by the shareholders at the 21st Annual General Meeting held on 22nd August 2002. The remuneration payable to her was revised with effect from 01.07.2005 to 30.06.2007 and was approved by the shareholders at the 24th Annual General Meeting held on 30th July 2005. Her period of office would expire on 30.06.2007.

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.

The activities of the Company have increased and turnover and profit have also increased. The Company is having a wholly owned subsidiary, Harshni Textiles Limited. The Company and the subsidiary Company have plans to expand its activities. This puts additional responsibilities and in the interest and progress of the Company she should be re-appointed as Wholtime Director of the Company for a further period of five years with effect from 01.07.2007 on the terms and conditions set out in the resolution.

Board of Directors at their meeting held on 28.01.2006 had re-appointed Smt. Nethra J.S. Kumar as Wholtime Director and requested the Remuneration Committee of Board of Directors to fix her remuneration. The Remuneration Committee at its meeting held on 03.04.2006 had fixed the remuneration as set out in the resolution. In accordance with the Schedule XIII of the Companies Act, 1956, the Remuneration shall be for a period of three years from 01.07.2007 to 30.06.2010 though her appointment is for a period of five years from 01.07.2007 to 30.06.2012.

Accordingly the said resolution is submitted for your approval.

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Interest of Directors

No Director other than Dr. D. Jayavarthanelu, Chairman, Sri. Sanjay Jayavarthanelu, Director, Sri. D. Senthil Kumar, Director and Smt. Nethra J.S. Kumar, Wholetime Director is concerned or interested in the proposed re-appointment.

Item No.8

Section 293(1)(d) of the Companies Act, 1956 provides, inter-alia that the Board of Directors shall not except with the consent of the Company in General Meeting borrow monies where the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from its banker in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

Your Company at its General Meeting held on 24th August 1983, authorised the Board to borrow monies upto a limit not exceeding Rupees Twenty Crores by a resolution passed under Section 293(1) (d) of the Companies Act, 1956.

Taking into the requirements, which may arise in future, your Directors consider that it would be in the interest of the Company and its business if the above said limit of borrowing powers of the Board is raised and fixed at Rupees Fifty Crores.

Accordingly your Directors recommend the resolution set out at Item No.8 of the Notice for your approval. This is only an enabling resolution.

No Director of the Company is concerned / interested in the Resolution.

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 Switch Gears, 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	2006	2005	2004	2003	2002
Turnover - Total Income	5127.13	4103.89	2640.20	2256.55	1827.17
Profit / (Loss) as per P&L	802.39	656.96	370.31	294.17	188.67
Dividend Paid	122.90	110.61	73.74	61.45	49.16
Rate of Dividend (in %)	50	45	30	25	20

5. Export Performance and net foreign exchange collaborations : Nil

Year	2006	2005	2004	2003	2002
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

(Amount in Rs.)

Particulars	2002-03	2003-04	2004-05	2005-06
Salary	11,25,000	15,00,000	15,00,000	21,75,000
Perquisites	—	—	—	3,53,796
Commission	—	—	—	16,85,864

3. Recognition or awards : Nil
4. Job Profile and suitability : Given in the Explanatory Statement in Clause No.7 of the Notice to shareholders.
5. Remuneration Proposed : Given in the Explanatory Statement to Item No.7 of 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 have pleasure in presenting the Twenty Fifth Annual Report of your Company together with the audited accounts for the year ended 31st March 2006.

Financial Results	Current Year ended 31.03.2006 (Amount in Rs.)	Previous year ended 31.03.2005 (Amount in Rs.)
Sales and Other Income	51,27,13,423	41,03,89,041
Gross Profit	10,31,22,281	8,23,56,332
Less : Depreciation	2,28,83,252	1,66,60,076
Net Profit/Loss	8,02,39,029	6,56,96,256
Provision no longer required	1,74,192	2,40,144
	8,04,13,221	6,59,36,400
Less : Prior year expenses/extraordinary items	2,62,608	6,922
Provision for Income Tax	2,82,37,888	99,68,652
Provision for deferred tax	(10,16,429)	1,31,23,971
	5,29,29,154	4,28,36,855
Add : Surplus brought Forward	4,04,68,032	1,51,37,711
AVAILABLE FOR APPROPRIATION	9,33,97,186	5,79,74,566

Directors' Recommendation for Appropriations

Proposed Equity Dividend	1,22,90,000	1,10,61,000
Provision for corporate tax on dividend	17,23,673	14,45,534
General Reserve	1,00,00,000	50,00,000
Balance Carried Forward	6,93,83,513	4,04,68,032
	9,33,97,186	5,79,74,566

Dividend :

Your Directors have pleasure in recommending a dividend of Rs.5/- 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.1,22,90,000/- and will be paid to those members or their mandatees whose name appear on the Register of Members as on 22nd July 2006 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 14th July 2006.

Performance :

Your Directors are pleased to inform you that the Turnover including other income have increased to Rs.5127.13 Lakhs as against Rs.4103.89 Lakhs for the preceding year representing a growth of 25% over the previous year.



The profit before depreciation and tax for the year under review is Rs.1031.22 Lakhs as against Rs.823.56 Lakhs. The profit before tax has increased from Rs.656.96 Lakhs to Rs.802.39 Lakhs. Good demand for the company's products from General Engineering Industry and in particular from Textile Engineering Industry has resulted in the good growth.

Prospects / Plans :

With the expanding market and new business opportunities, the competition is also growing, with new players including Multinationals setting up shop or substantially enlarging their activities in India. To keep-up with the challenges of the time continuous efforts are in gear in the Company.

During the year under review, four sophisticated Engel (Austria) injection moulding machines were installed as a part of our modernization programme in the Plastics Shop. Automation of various processes across the plant is an ongoing activity to enhance quality of production and compression of costs.

As a part of product diversification, Company has developed a novel system for the feeding of raw material to the Plastics processing machinery, under the Trade Name "NeumaFeed". A provisional patent application has also been filed. The other product range is "LECS Robots" for use in conjunction with Plastic Injection Moulding machines, capable of multiple functions. These products were star attractions in the "PLAST INDIA 2006" exhibition, recently held in Pragati Maidan, New Delhi. Marketing has also commenced.

Research & Development :

The Company is ploughing in resources generously in R&D activity on a continuing basis, to create an inclusive setup. The R&D design center was augmented with additional manpower to model & design several new products. This has helped the R&D to reduce the cycle time for developing new products. The New products like 4 pole contactors up to 120 A, Autoswitch, ATS Controller and new versions of APFC Panels developed in-house were displayed in recent "Elecrama" exhibition held in January 2006 at Mumbai. The R&D Laboratory was upgraded with installation of Data Acquisition System.

Industrial Relations :

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

Subsidiary Company :

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.

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 Sanjay Jayavarthanavelu
2. Dr. D. Jayavarthanavelu
3. Sri V.J. Jayaraman

Smt. Nethra J.S. Kumar, Wholtime Director was appointed for a period for 5 years from 01.07.2002 to 30.06.2007 in conformity with Schedule XIII of the Companies Act, 1956. This was approved by the shareholders at the 21st Annual General Meeting of the Company. The period of office would expire on 30.06.2007. Since the interest and progress of the Company, the Board of Directors reappointed her as Wholtime Director for a further period of 5 years from 01.07.2007 to 30.06.2012.

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

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. They are eligible for re-appointment and have consented to act as Auditors of the Company, if appointed and the necessary certificate pursuant to Section 224 (1B) of the Companies Act, 1956 have been received from them.

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 I forming part of this Report.

Information in accordance with Sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March, 2006 is given in Annexure - II of 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, 2006 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.

For and on behalf of the Board of Directors

Place : Coimbatore

D. Jayavarthanavelu

Date : April 26, 2006

Chairman

Annexure I

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.