



LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

29th Annual Report 2009-2010

Homage



02.07.1940

11.06.2010

Dr. D. JAYAVARTHANA VELU

Chairman



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)

Company Secretary

Sri. R. SIVASUBRAMANIAN

Auditors

M/s. N.R. Doraiswami & Co.,
Chartered Accountants
Coimbatore.

Registrars and Share Transfer Agents

M/s. S.K.D.C. Consultants Ltd.
Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road
Ganapathy, Coimbatore - 641 006

Registered Office

34-A, Kamaraj Road
Coimbatore 641 018

Admn. Office and Works

Arasur - 641 407
Coimbatore District

Bankers

Indian Bank
Bank of Baroda

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LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty Ninth Annual General Meeting of the share holders of Lakshmi Electrical Control Systems Limited will be held on Thursday, the 29th July 2010 at 11.00 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 Profit and Loss Account of the Company for the financial year ended 31st March 2010 and the Balance Sheet as at that date and the Report of Board of Directors' and the Auditor's Report thereon .
2. To declare a dividend.
3. To appoint a Director in the place of Sri.N.Suryakumar who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri.R.Venkatrangappan, 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 Smt. Nethra J.S. Kumar, Wholetime Director be and is hereby redesignated as Managing Director and further in accordance with the provisions of the Sections 198, 309, 349 and 350 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 including any amendments, modifications and reenactments thereof and subject to such other approval as may be necessary, the remuneration payable to Smt. Nethra J.S. Kumar, Managing Director for the remaining period of appointment from 01.07.2010 to 30.06.2012 is given below:

Remuneration:

- i) Salary : Rs. 3,50,000/- p.m
- ii) Commission : 4% of the net profits payable annually
- iii) Perquisites :

In addition to the salary and commission, the Managing 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. 21,00,000/- (Rupees Twenty One Lakhs Only) per annum. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules wherever applicable.

The Managing 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 Managing Director shall also be entitled to Company's contribution to Provident Fund and Gratuity as per the rules of the Company to the extent these are not taxable under the Income Tax Act, 1961 and 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 Managing 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 Managing Director.

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 : May 26, 2010

By order of the Board
R. Sivasubramanian
Company Secretary

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 IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED COMMENCEMENT OF THE MEETING.**
3. Brief resume and details of shareholding of Non-Executive Directors who retire by rotation and seeking re-election as required under Clause 49 of the listing agreement, are provided under the Corporate Governance Report.
4. The Register of Members and Share Transfer Books of the Company will be closed from Friday, the 16th July 2010 to Thursday, the 29th July 2010 (both days inclusive).
5. Members holding shares in physical form are requested to communicate their change of address and their Bank Account details such as Bank Name, Branch with address and Account Number for incorporating the same in the Dividend Warrants, quoting their folio numbers to our Registrar and Share Transfer Agents, M/s. S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641 006. Members holding shares in dematerialized form shall intimate the above particulars to their Depository Participant with whom they have demat account.
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 29th July

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2010, 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 2010.

7. In terms of Section 302 of the Companies Act, 1956 the abstract of terms of remuneration payable to Smt. Nethra J.S. Kumar, Managing Director for the remaining period of appointment i.e., from 01.07.2010 to 30.06.2012 has already been sent to the members.
8. 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 years 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09 are requested to write to our Registrar and Share Transfer Agents, M/s. S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391 / A-1, Sathy Road, Ganapathy, Coimbatore - 641 006 for claiming the dividend. The seven year period for the unclaimed dividend of the year 2002-03 comes to an end on 30th July 2010. The amount will be transferred to the Investors Education and Protection Fund immediately after that date and no claim can be made by the Shareholders thereafter.
9. 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, Bhubaneshwar, Chandigarh, Chennai, Delhi, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, Patna, Pune and Thiruvananthapuram.

Shareholders holding shares in the physical form, who wish to avail ECS facility, may authorise the Company with their ECS mandate in the prescribed form (enclosed) or can be obtained from the Registrar and Share Transfer Agents, M/s. SKDC Consultants Limited, on request. Requests for payment of dividend through ECS for the year 2009-10 should be lodged with M/s. SKDC Consultants Limited on or before 14.07.2010.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.

Item No.7

Smt. Nethra. J.S. Kumar was reappointed as Wholetime Director of the Company for a period of five years from 01.07.2007 to 30.06.2012 in conformity with Schedule XIII of the Companies Act, 1956 and the remuneration payable was fixed for a period of three years from 01.07.2007 to 30.06.2010 and the same was approved by the Shareholders in the 25th Annual General Meeting held on 22.07.2006.

Board of Directors by a Resolution dated 13.05.2010 have proposed to redesignate as Managing Director and fix the remuneration payable to Smt. Nethra J.S. Kumar, Managing Director and advised the Remuneration Committee to determine the remuneration payable to her for the remaining period of appointment i.e., from 01.07.2010 to 30.06.2012. The Remuneration Committee at its meeting held on 19.05.2010 had fixed the remuneration as set out in the resolution. Board of Directors at their meeting held on 26th May 2010, have approved the revised remuneration. Accordingly the said resolution is submitted for your approval.

Interest of Directors:

No Director other than Dr.D.Jayavarthanavelu, Chairman, Sri.Sanjay Jayavarthanavelu, Director, Sri. D.Senthilkumar, Director and Smt. Nethra J.S. Kumar, Wholetime Director is concerned or interested in the resolution.

STATEMENT OF DISCLOSURES PURSUANT TO SCHEDULE XIII TO 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.
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	2009	2008	2007	2006	2005
Turnover - Total Income	10315.11	11984.95	7020.88	5127.13	4103.89
Profit / (Loss) as per P&L	843.91	1797.38	1171.13	802.39	656.96
Dividend Paid	61.45	147.48	122.90	122.90	110.61
Rate of Dividend (in %)	25	60	50	50	45

5. Export Performance and net foreign exchange earning

Year	2009	2008	2007	2006	2005
Amt. (Rs. in lacs)	Nil	Nil	Nil	Nil	Nil

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.
2. Past Remuneration:

(Amount in Rs.)

Particulars	2005-06	2006-07	2007-08	2008-09
Salary	2,175,000	2,400,000	3,300,000	3,600,000
Perquisites	353,796	1,341,516	1,800,000	876,277
Commission	1,685,864	2,494,344	3,791,451	-

3. Recognition or awards : Nil
4. Job Profile and suitability : Smt. Nethra J.S. Kumar is a Wholetime Director since 01.07.2002 and she has a sound business acumen and has gained good experience in the manufacturing, administration, finance etc.
5. Remuneration Proposed : Given in the Item No.7 of notice to Shareholders.

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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/her origin) : The proposed remuneration to Smt. Nethra J.S. Kumar is as per 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 : During the first half of last financial year 2009-2010, the economic slowdown experienced worldwide has affected our industry. Nevertheless during the second half, the manufacturing industry in India has recovered.
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 are 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 Section 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: Yes
 - ii) Details of fixed components and performance linked incentives along with performance criteria: Nil
 - iii) Service Contracts, notice period, severance fees: Nil
 - 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: Nil

Place: Coimbatore
Date : May 26, 2010

By order of the Board
R. Sivasubramanian
Company Secretary