LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

30th Annual Report 2010-2011

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

BOARD OF DIRECTORS

Dr. D. JAYAVARTHANAVELU	:	Chairman (upto 11.06.2010)
Sri. R. VENKATRANGAPPAN	:	Chairman (From 29.07.2010)
Sri. V.J. JAYARAMAN	:	Director
Sri. G. RANGASWAMY	:	Director
Sri. N. SURYAKUMAR	:	Director
Sri. SANJAY JAYAVARTHANAVELU	:	Director
Sri. D. SENTHIL KUMAR	:	Director
Sri. RAMESH RUDRAPPAN	:	Director (From 23.05.2011)
Smt. NETHRA J.S. KUMAR	:	Managing Director
Sri. R. SIVASUBRAMANIAN	:	Company Secretary

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.
Tel No. : 0422 - 6549995, 2539835-36, Fax : 2539837
E-mail : info@skdc-consultants.com

Registered Office

34-A, Kamaraj Road
Coimbatore 641 018

Admn. Office and Works

Arasur - 641 407
Coimbatore District
Tel No. : 0422-3093500
E-mail : secretary@lecsindia.com
investorscell@lecsindia.com

Bankers

Indian Bank
Bank of Baroda
Indian Overseas Bank
HDFC Bank Ltd.

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the Thirtieth Annual General Meeting of the share holders of Lakshmi Electrical Control Systems Limited will be held on Friday, the 12th August 2011 at 02.30 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 Profit and Loss Account of the Company for the financial year ended 31st March 2011 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. Sanjay Jayavarthanavelu who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri. D.Senthilkumar who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business:

6. To consider and if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Sri. Ramesh Rudrappan who was appointed by the Board of Directors as an Additional Director of the Company with effect from 23rd May 2011 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director of the Company be and is hereby elected and appointed as a Director of the Company liable to retire by rotation."

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 and other applicable provisions if any, of the Companies Act, 1956 including any amendments, modifications or reenactments thereof the Articles of Association of the Company be and are hereby amended by inserting the following new Article(s) 15 A , 15 B and 15 C after the existing Article 15.

15 - A CAPITALIZATION OF RESERVES

I 1) The Company in General Meeting may, upon the recommendations of the Board of Directors resolve:-

a) That it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve account or to the credit of the profit and loss account or otherwise available for distribution and:

b) that such sum be accordingly set free for distribution on the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

2) The sum of aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3) either in or towards:- i) paying up any amounts for the time being unpaid or any shares held by such member respectively.

a) Paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid up to and amongst members in the proportions aforesaid: or

b) Partly in the way specified in sub-clause (i) and partly in that specified in sub clause (ii)

3) A share premium account and a capital redemption reserve fund may, for the purpose of this article only be applied in the paying up of unissued shares, to be issued to members of the company as fully paid-up bonus shares.

4) The Board of Directors shall give effect to the resolution passed by the Company in pursuance of this Article.

II 1) Whenever such a resolution as aforesaid shall have been passed, the Board of Directors shall

a) Make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issue of fully paid-up shares, if any, and

b) Generally do all acts and things required to give effect thereto.

2) The Board of Directors shall have full power:

a) To make such provision by the issue of fractional certificates or by payment in cash or otherwise as it things fit, in the case of shares becoming distributable in fractions, and also.

b) To authorize any person to enter on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively credited as fully paid-up of any further shares to which they may be entitled upon such capitalization or (as the case may require) for the payment by the company on their behalf by the application thereto of their respective proportions of the profits resolved to be capitalized of the amount or any part of the amounts remaining unpaid on their existing shares.

3) Any agreement made under such authority shall be effective and binding on all such members.

15 - B REDUCTION OF CAPITAL

Subject to the provisions of Section 78 and 100 to 104 of the Companies Act, 1956 including any amendments, modifications and re enactments there of, the Company may from time to time by Special Resolution reduce its Capital or Share Premium Account in any manner whatsoever, including by paying off or Cancelling Capital or Share Premium Account which has been lost or is un represented by available assets or is superfluous or by reducing the liability on the shares or other wise as may deem expedient and Capital may be paid off upon the footing that it may be called up again or other wise. The Board of Directors subject to the Provisions of the Companies Act, 1956 are empowered to accept the surrender of shares.

15 - C BUY BACK OF SHARES

Subject to the provisions of Section 77A, 77AA and 77B of the Companies Act, 1956, including any amendments, modifications and re enactments thereof the Company be and is hereby empowered to buyback its own shares from time to time to the extent and in the manner permitted under the Company Law and such other regulations as may be applicable.

8. To consider and if deemed fit to pass with or without modification the following resolution as a SPECIAL RESOLUTION:

" RESOLVED THAT pursuant to Section 16, Section 17 and other applicable provisions if any, of the Companies Act, 1956, the object clause of the Memorandum of Association of the Company be and is hereby altered in the following manner.

The existing Clause 9 in the main object Clause III (A) of the Memorandum of Association be deleted and the following new Clause 9 be substituted thereof.

(9) To carry on the business of Electrical Engineers, Electricians, Engineers, Contractors, Manufacturers, suppliers and dealers in electrical and all other appliances, magnetic, galvanic and other appliances, apparatus, mechanical engineers, generate, buy, accumulate, distribute and supply electricity for all purposes for which electrical energy can be employed and deal in all apparatus and things required for or capable of being used in connection with the generation or distribution of electricity and suppliers of electric light, heat, sound, power, gas, steam, oil or other power by among other things installation and operation of Wind Energy Generators".

9. To consider and if deemed fit to pass with or without modification the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT in supersession of the Special Resolution passed at the Annual General Meeting held on 31.07.2009 relating to the delisting of the equity shares of the Company from Madras Stock Exchange Limited (MSE), consent of the Company be and is hereby accorded for the withdrawal of the delisting application pending with MSE in view of the benefits of continued listing in MSE."

"RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorized to take necessary steps for the withdrawal of the delisting application submitted to MSE."

By order of the Board
R. Sivasubramanian
Company Secretary

Place : Coimbatore
Date : May 23, 2011

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/HERSELF 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 29th July 2011 to Friday, the 12th August 2011 (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 12th August 2011, 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 28th July 2011.

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 years 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-2010 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 2003-04 comes to an end on 23rd August 2011. 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.
8. Members who need any clarification on the annual accounts of the Company are requested to send their queries to the registered office at least 7 days before the meeting so that the information required will be made available at the meeting.
9. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
10. With respect to payment of dividend, the Company provides the facility of Electronic Clearing Service (ECS) to those shareholders who have provided their Bank Account Numbers to their respective Depository Participant and those who have provided such Bank Account Numbers, the name of the Bank and address of the branch to the Registrar.
11. 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. S.K.D.C. Consultants Limited, on request. Requests for payment of dividend through ECS for the year 2010-11 should be lodged with M/s. S.K.D.C. Consultants Limited on or before 26.07.2011.
12. The Ministry of Corporate Affairs (MCA),Government of India, has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by serving the documents viz. Notices for General Meetings, Financial Statements, Annual Reports etc. through electronic mode, for which the Company has to obtain email addresses of its members. To take part in the above Green Initiative, we propose to send the above documents in electronic form to the email addresses of the members.

In order to serve the documents in electronic mode, Members holding shares in physical mode are requested to communicate their e-mail address quoting their folio numbers to our Registrars and Share Transfer Agents. Similarly members holding shares in Demat form, shall intimate their e-mail address to their respective Depository Participants at the earliest.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No.6

Sri. Ramesh Rudrappan was appointed as an Additional Director of the Company with effect from 23.05.2011 pursuant to Section 260 of the Companies Act, 1956 and Article 35 of Articles of Association of the Company and as an Independent, Non-Executive Director in compliance of Clause 49 of the Listing Agreement. He holds office only up to the date of the 30th Annual General Meeting of the Company.

In terms of Section 257 of the Companies Act, 1956, the Company has received from a member, notice of his intention to propose at the ensuing Annual General Meeting, the appointment of Sri. Ramesh Rudrappan as a Director of the Company along with the prescribed deposit.

None of the Directors of the Company is concerned or interested in this resolution.

Item No.7

In terms of the provisions of the Companies Act, 1956 and other applicable Statutory regulations, Capitalization of Reserves is permissible if there is a provision in the Articles of Association of the Company.

Companies were permitted to buy back its own securities through the Companies Amendment Act, 1999. The Companies Act, 1956 also permits reduction of Share Capital if there is provision in the Articles of Association of the Company. However there is caveat that the Articles of Association of the Company should contain suitable articles enabling the Company to have the above provisions. At present there is no provision in the Articles of Association of the Company for the above.

The above proposals are enabling provisions and the Board of Directors of the Company recommends the above resolutions for the approval of shareholders.

Item No.8

The Company is engaged in the business of manufacturing Low Voltage Switch Gears, Electrical Control Panels and Engineering Plastic Components etc.

As the Members are aware power generation is gaining momentum and adoption of conventional sources which are environmental friendly in Indian situation is highly encouraged. The Board of Directors to be more precise and specific have proposed to amend / alter Clause 9 of the Memorandum of Association to enable the Company to take up the activities mentioned in the said clause.

Members are aware that the alterations to the Memorandum of Association of the Company have been sent for approval of the shareholders through postal ballot. Accordingly the resolution set out in item no. 8 is submitted for your approval.

Interest of Directors:

None of the Directors of the Company is concerned or interested in the resolutions number 7 and 8.

A copy of the existing Memorandum and Articles of Association of the Company together with proposed alterations are available for inspection at the registered office of the company on any working day during the usual business hours.

Item No.9

The Company had decided to delist the shares from Madras Stock Exchange Limited(MSE), at its Annual General Meeting held on 31.07.2009 as there was no trading in the Stock Exchange. Based on the resolution, delisting application was submitted to the Stock Exchange in October 2009 which is still pending with them.

MSE has requested the Company and informed that they are taking steps for restarting the trading facilities and they have also informed that MSE has entered in to a Strategic arrangement with the National Stock Exchange in terms of which the members of the MSE are allowed to trade in the National Stock Exchange platform.

The continuous listing in MSE will add liquidity to our shares which is beneficial to our shareholders. The Board of Directors recommends adoption of the resolution.

Interest of Directors

None of the Directors of the Company is concerned or interested in this resolution.

By order of the Board
R. Sivasubramanian
Company Secretary

Place : Coimbatore
Date : May 23, 2011

DIRECTORS' REPORT

Your Directors have pleasure in presenting to you the Thirtieth Annual Report of your Company together with the audited accounts for the year ended 31st March 2011.

Financial Results	Current Year ended 31.03.2011 (Amount in Rs.)	Previous year ended 31.03.2010 (Amount in Rs.)
Sales and Other Income	1,477,110,389	998,316,232
Profit Before Depreciation	188,983,059	144,133,431
Less : Depreciation	52,237,390	30,197,461
Net Profit/Loss	136,745,669	113,935,970
Prior year Income	–	–
Excess provision for I.T for earlier years reversed	1,463	874
Less : Prior year expenses/extraordinary items		
Provision for Taxation	41,281,134	38,898,910
Provision for deferred tax	3,914,591	2,333,737
Income Tax for earlier years	1,403,198	120,657
Add : Surplus Brought Forward	164,496,477	110,511,665
AVAILABLE FOR APPROPRIATION	**254,644,686**	**183,095,205**
Appropriations:		
Proposed Dividend	11,061,000	7,374,000
Provision for corporate tax on dividend	1,794,371	1,224,729
Transfer to General Reserve	9,015,000	10,000,000
Balance Carried Forward	232,774,316	164,496,476
Total	**254,644,686**	**183,095,205**

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.11,061,000/- and will be paid to those members or their mandatees whose name appear on the Register of Members as on 12th August 2011 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 28th July 2011.

Business and Operations

Your Directors inform you that the Turnover including other income for the year under review is Rs.14,771.10 Lakhs as against Rs. 9,983.16 Lakhs for the preceding year.

The profit before depreciation and tax for the year under review is Rs.1,889.83 Lakhs as against Rs. 1,441.33 Lakhs for the preceding year. The profit before tax is Rs.1,367.46 Lakhs as against Rs. 1,139.36 Lakhs.

Industrial Relations

Your Directors are pleased to inform that the industrial relations has remained cordial and harmonious throughout the year.

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. Sri D.Senthilkumar

Dr.D.Jayavarthanavelu, the founder Chairman of the Company passed away on 11.06.2010. He was instrumental in bringing the technical collaboration with Sprecher & Schue of Switzerland to manufacture LV Switchgear at the dedicated facility. He was a person of clear perception, progressive outlook and always devoted his attention to the needs of the consumers. He was associated with Textile & Textile Machinery Industry for over four decades. He was a visionary, dynamic leader and a great philanthropist. The Board of the Company would like to place on record its sincere appreciation for the advisory support he gave during his tenure as Chairman.

Sri Ramesh Rudrappan, was appointed as an Additional Director on the Board with effect from 23.05.2011. As per the provisions of Section 260 of the Companies Act, 1956, he can hold office only up to the date of the forthcoming Annual General Meeting of the Company. The Company has received notice under Section 257 of the Companies Act, 1956 along with the requisite deposit in respect of the above person proposing his candidature as Director of the Company.

Corporate Governance

In line with the requirements of Listing Agreement entered into with the Stock Exchange, a separate report on Corporate Governance is enclosed as part of this Annual Report.

Listing

Your Company's shares are listed in Bombay Stock Exchange Limited, Mumbai and the listing fees have been paid up to the financial year 2011-2012.

The Company has filed an application for Delisting of its equity shares from Madras Stock Exchange Limited, Chennai based on the resolution passed at the 28th Annual General Meeting held on 31.07.2009.

In the meanwhile, MSE has requested the Company and informed that they are taking steps for restarting the trading facilities and they have also informed that MSE has entered into a Strategic arrangement with the National Stock Exchange of India in terms of which the members of the MSE are allowed to trade in the National Stock Exchange platform. The continuous listing in MSE will add liquidity to our shares which is beneficial to our shareholders. So the Board of Directors at their meeting held on 23.05.2011 has passed a resolution to withdraw the delisting application submitted with the Madras Stock Exchange Limited, Chennai.

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 has been received from them.