



## LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

### BOARD OF DIRECTORS

Smt. NETHRA J.S. KUMAR	:	Chairperson and Managing Director
Sri. N. SURYAKUMAR	:	Director
Sri. SANJAY JAYAVARTHANAVELU	:	Director
Sri. D. SENTHILKUMAR	:	Director
Sri. RAMESH RUDRAPPAN	:	Director
Sri. A. PALANIAPPAN	:	Director
Sri. ARUN SELVARAJ	:	Director

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Sri. B. SATISH KRISHNAN	:	Company Secretary
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#### 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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# **LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED**

## **NOTICE TO SHAREHOLDERS**

Notice is hereby given that the Thirty Second Annual General Meeting of the share holders of Lakshmi Electrical Control Systems Limited will be held on Friday, the 9th August 2013 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 Statement of Profit and Loss of the Company for the financial year ended 31st March 2013 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. A.Palaniappan who was appointed by the Board of Directors as an Additional Director of the Company with effect from 28th January 2013 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 Act proposing his candidature for the office of Director of the Company be and is hereby appointed as a Director of the Company and he is liable to retire by rotation”.

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

“RESOLVED THAT Sri. Arun Selvaraj who was appointed by the Board of Directors as an Additional Director of the Company with effect from 28th January 2013 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 Act proposing his candidature for the office of Director of the Company be and is hereby appointed as a Director of the Company and he is liable to retire by rotation”.

Place : Coimbatore  
Date : May 24, 2013

By order of the Board  
**B. SATISH KRISHNAN**  
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/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 Thursday, the 1st August 2013 to Friday, the 9th August 2013 (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 9th August 2013, 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 31st July 2013.
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 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 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.
8. In respect of Unclaimed Dividend for the year 2005-2006, members are requested to make their claim on or before 21st July 2013 and the amount will be transferred to the Investors Education and Protection Fund of the Central Government immediately after that date and no claim can be made by the Shareholders thereafter.
9. 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.
10. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
11. 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.
12. 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 2012-13 should be lodged with M/s. SKDC Consultants Limited on or before 27.07.2013.
13. 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.

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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.A.Palaniappan was appointed as an Additional Director of the Company with effect from 28.01.2013 pursuant to Section 260 of the Companies Act, 1956 and Article 35 of Articles of Association of the Company. He is an Independent and Non-Executive Director in terms of Clause 49 of the Listing Agreement. He holds office only up to the date of the 32nd 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.A.Palaniappan as a Director of the Company along with the prescribed deposit.

None of the Directors except Sri.A.Palaniappan is concerned or interested in this resolution.

### Item No. 7

Sri. Arun Selvaraj was appointed as an Additional Director of the Company with effect from 28.01.2013 pursuant to Section 260 of the Companies Act, 1956 and Article 35 of Articles of Association of the Company. He is an Independent and Non-Executive Director in terms of Clause 49 of the Listing Agreement. He holds office only up to the date of the 32nd 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.Arun Selvaraj as a Director of the Company along with the prescribed deposit.

None of the Directors except Sri.Arun Selvaraj is concerned or interested in this resolution.

By order of the Board

Place : Coimbatore

**B. SATISH KRISHNAN**

Date : May 24, 2013

Company Secretary

## Annexure to Notice of Annual General Meeting

### Profile of Directors seeking election / re-appointment :

#### (Pursuant to Clause 49 of Listing Agreement)

#### 1. Profile of Sri.Sanjay Jayavarthanavelu

Sri.Sanjay Jayavarthanavelu is a Post Graduate in Business Administration from Philadelphia University, U.S.A with specialization in Management and Finance. He was the past Chairman of the Textile Machinery Manufacturers Association of India, past Chairman of Tamil Nadu State Council of CII, present member of Southern Regional Council of CII, past Chairman of the India ITME Society, Member of the Development Council for Textile Machinery as well as Machine Tools set up by the Government of India. He is also Managing Trustee / Trustee of a couple of leading trusts contributing to the promotion of health and education.

**Experience:** He has more than 20 years of experience in Finance, Administration and in the fields of Textile, Textile Engineering, Machine Tools, Foundry and Logistics.

#### He holds Directorships in the following companies:

1. Carborandum Universal Limited
2. Fortis Malar Hospital Limited
3. Lakshmi Cargo Company Limited
4. Lakshmi Machine Works Limited
5. Lakshmi Ring Travellers (Coimbatore) Limited
6. Lakshmi Technology and Engineering Industries Limited

7. Super Sales India Limited
8. The Lakshmi Mills Company Limited
9. Quattro Engineering India Limited
10. Lakshmi Life Science Limited
11. Alampara Hotels and Resorts Private Limited.

#### Membership In Committees:

- |                               |  |
|-------------------------------|--|
| Lakshmi Machine Works Limited | - Share Transfer Committee                     |
| Super Sales India Limited     | - Share Transfer Committee                     |
|                               | - Shareholders / Investors Grievance Committee |
| Fortis Malar Hospital Limited | - Audit, Risk and Controls Committee           |
|                               | - Human Resources and Remuneration Committee   |

#### Directors' inter-se relationship:

Except the following, none of the Directors of the Company is related to Sri. Sanjay Jayavarthanavelu.

Name	Relationship
Smt. Nethra J S Kumar	Sister
Sri. D.Senthilkumar	Sister's Husband

#### 2. Profile of Sri D.Senthilkumar

Sri D.Senthilkumar holds a Bachelors Degree in Mechanical Engineering and Master's Degree in Textile Technology.

**Experience:** He is having rich experience in Managing Spinning Mills in all its facets such as Production, Marketing, Finance etc.,

#### He holds Directorships in the following companies:

1. Shri Ramalinga Builders Limited
2. Shri Ramalinga Mills Limited
3. Tamilnadu Jaibhrath Mills Limited
4. Supreme Dairy Products India Limited
5. Aruppukottai Sri Jayavilas Finance (P) Limited
6. Sree Jeya Soundharam Textile Mills (P) Limited
7. Shri Sathu Spinning Mills (P) Limited
8. Shri Ramalinga Exports Limited
9. Lakshmi Electrical Drives Limited
10. Ramalakshmi Agro Farms (P) Limited
11. Harshni Textiles Limited
12. Integrated Electrical Controls India Limited
13. Ramalakshmi Agro Plantations (P) Limited
14. Ramalakshmi Plantations (P) Limited
15. Ramalakshmi Agro Holdings (P) Limited
16. Sun Spintex India (P) Ltd
17. Shri Ramalinga Leasing Company Private Limited

#### Membership in Committees:

- |  |   |
|--|---|
| Harshini Textiles Limited                  | - Audit Committee                               |
| Lakshmi Electrical Control Systems Limited | - Shareholders / Investors Grievances Committee |
|  | - Share Transfer Committee                      |

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

## Directors' inter-se relationship:

Except the following, none of the Directors of the Company is related to Sri. D.Senthilkumar.

Name	Relationship
Smt. Nethra J S Kumar	Wife
Sri. Sanjay Jayavarthanavelu	Brother-in-law

## 3. Profile of Sri. A.Palaniappan

Sri A.Palaniappan is a Science Graduate from University of Maryland at Towson (Baltimore), USA. Sri. A.Palaniappan had founded Chess Management Services (P) Ltd. New Delhi, a consultancy firm providing Legal Compliance Management Services and Halidon Marketing Ltd., Chennai, a Logistics and Marketing Company.

**Experience :** Since 2005, he is the Managing Director of M/s Sree Karpagambal Mills Limited. Sri. A.Palaniappan was working with HCL and Hewlett Packard, New Delhi, in software development for about 5 years. Sri. A.Palaniappan has also worked with US Army's Chemical Research Development and Engineering Centre at Edgewood Arsenal, Maryland, USA, as a System Analyst and Developer between 1987 and 1991.

## He holds Directorships in the following companies:

1. Kaimabetta Estates Private Limited
2. Karthikeya Estate Private Limited
3. Kwaliteit Floritech Private Limited
4. Chess Management Services Private Limited
5. Halidon Marketing Limited
6. Chess Healthcare Solution Private Limited
7. Sree Karpagambal Mills Limited
8. Halidon Logistics Limited
9. SIMA Textile Processing Centre Limited

## Membership in Committees:

Lakshmi Electrical Control Systems Limited - Audit Committee

## Directors' inter-se relationship:

None of the Directors of the Company is related to Sri. A.Palaniappan.

## 4. Profile of Sri Arun Selvaraj

Sri Arun Selvaraj is a Textile Marketing and Management Graduate from Philadelphia University, USA.

**Experience:** He has more than 10 years experience in administration in the fields of Textile and Aerospace Industries.

## He holds Directorships in the following companies:

1. Ravilla Aerospace Industries Private Limited
2. Iris Engineering Industries Private Limited
3. Lakshmi Vignesh Corporate Services Private Limited

## Directors' inter-se relationship:

None of the Directors of the Company is related to Sri. Arun Selvaraj.

## DIRECTORS' REPORT

Your Directors have pleasure in presenting to you the Thirty Second Annual Report of your Company together with the Audited Accounts for the year ended 31st March 2013.

Financial Results	Current Year Ended 31.03.2013 (Amount in ₹)	Previous Year Ended 31.03.2012 (Amount in ₹)
Sales and Other Income	1,34,96,99,491	1,68,08,49,533
<b>Gross Profit</b>	<b>8,20,41,153</b>	<b>18,78,09,320</b>
Less : Depreciation	2,78,56,591	3,77,48,799
<b>Net Profit/Loss</b>	<b>5,41,84,562</b>	<b>15,00,60,521</b>
Prior year Income	-	-
Excess provision for I.T for earlier years reversed	-	44,804
Less : Prior year Expenses / Extraordinary Items	-	-
Provision for Taxation	2,45,74,040	5,63,38,420
Provision for Deferred Tax	(-)84,55,847	(-)1,21,30,971
Income Tax for earlier years	20,900	22,53,925
Add : Surplus brought Forward	11,17,34,519	23,27,74,313
<b>Available for Appropriation</b>	<b>14,97,79,988</b>	<b>33,64,18,264</b>
<b>Appropriations:</b>		
Proposed Dividend	49,16,000	1,22,90,000
Provision for Corporate Tax on Dividend	8,35,474	19,93,745
Transfer to General Reserve	1,00,00,000	21,04,00,000
Balance Carried Forward	13,40,28,514	11,17,34,519
<b>TOTAL</b>	<b>14,97,79,988</b>	<b>33,64,18,264</b>

### Dividend

Your Directors have pleasure in recommending a dividend of ₹ 2/- per Equity Share of ₹ 10.00 each. The above dividend, if approved by the shareholders at the forthcoming Annual General Meeting will absorb ₹ 49,16,000/- and will be paid to those members or their mandatees whose name appear on the Register of Members as on 9th August 2013 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 31st July 2013.

### Business and Operations

Your Directors inform you that the Turnover including other income for the year under review is ₹ 13,496.99 Lakhs as against ₹ 16,808.50 Lakhs for the preceding year.

The profit before depreciation and tax for the year under review is ₹ 820.41 Lakhs as against ₹ 1,878.09 Lakhs for the preceding year. The profit before tax is ₹ 541.85 Lakhs as against ₹ 1,500.61 Lakhs.

The decline in turnover has been due to lower off take from our customers and also due to absence of turnover from the Switchgear Division. This in turn has affected our net margins. The downward pressure on net margins has also been accentuated with a sharp rise in our input material cost. Necessary efforts are being taken to sustain our existing profit margins.

### Industrial Relations

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

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

## Fixed Deposits

The Company has not accepted any fixed deposits.

## Directors

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

Sri. Sanjay Jayavarthanavelu

Sri. D.Senthilkumar

Sri A.Palaniappan and Sri Arun Selvaraj were appointed as Additional Directors with effect from 28th January 2013 and they will hold office upto the ensuing Annual General Meeting. Nominations with necessary deposit have been received from members of the Company proposing their candidature for appointment as Directors of the Company.

Sri.R.Venkatrangappan relinquished the Chairmanship and the directorship of the Company on 26th October 2012.

Sri.V.J.Jayaraman relinquished the directorship of the Company on 23rd November 2012.

Sri. G.Rangaswamy relinquished the directorship of the Company on 24th May 2013.

## Corporate Governance

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

## Listing

Your Company's shares are listed in Bombay Stock Exchange Limited, Mumbai and Madras Stock Exchange Limited, Chennai and the listing fees have been paid up to the Financial Year 2012-2013 to Bombay Stock Exchange Limited and upto Financial Year 2013-2014 to Madras Stock Exchange Limited.

## 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 Statutory 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.

## Cost Auditors

M/s. S. Mahadevan & Co., Cost Accountants have been appointed as Cost Auditors of Company. Necessary certificate pursuant to Section 224(1B) of the Companies Act, 1956 has been received from them.

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## 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.

## 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;
- 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, 2013 and of the profit of the Company for the year ended on that date;
- 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;
- the annual accounts have been prepared on a going concern basis.



## Acknowledgements

Your Directors wish to convey their thanks to all the Customers, 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 : May 24, 2013

For and on behalf of the Board of Directors  
**NETHRA J.S. KUMAR**  
Chairperson and Managing Director

## 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.

### B) FORM B (See Rule 2)

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

#### a. Research and Development:

- |   |  |
|---|--|
| 1. Specific areas in which R & D carried out by the Company | a) Initiatives have been taken to focus on the R & D activities in the Textile field.<br>b) Manufacturing process improvements and testing methods & devices.          |
| 2. Benefits derived as a result of the above R & D          | a) Improvement in productivity and reduction in energy consumption.<br>b) Reduction in cost through identification of alternative material/substitution of components. |
| 3. Future plans of action                                   | a) Developing products in the field of Textile.<br>b) Developing special purpose machines to facilitate automation in the existing production process.                 |
| 4. Expenditure on R & D                                     | a) Capital : NIL    b) Recurring : ₹ 0.50 Lakhs    c) Total : ₹ 0.50 Lakhs<br>d) Total R&D expenditure as a percentage of total turnover 0.004%                        |

#### b. Technology Absorption, Adaptation & Innovation:

- |   |   |
|---|---|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation   | No technology or know-how is bought from external bodies or imported.   |
| 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc. | In house developmental and operational research is a continual process. Innovations in process and tool designs have contributed to cost savings in the operations. |

### C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

- |  |                |
|--|----------------|
| a) Foreign Exchange Earnings during the year | NIL            |
| b) Foreign Exchange used                     | ₹ 20,39,836.00 |

Place : Coimbatore  
Date : May 24, 2013

For and on behalf of the Board of Directors  
**NETHRA J.S. KUMAR**  
Chairperson and Managing Director

# LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE AND DEVELOPMENTS

Indian Electrical Equipment industry has witnessed a negative growth in the year 2012-13 in comparison to 2011-12. Our company's performance has been a reflection of this trend.

Since our fortunes are tied to the performance of the Textile Machinery Manufacturing Industry and the subdued sentiments in that sector has further added to our woes. Power crisis in the southern states have played a crucial role in the overall industrial performance.

All the above said factors have played a role in our Company posting a negative growth in the year under review.

### OPPORTUNITIES AND THREATS

The need to broadbase our customer range for our existing product lines has been an ongoing effort. There has also been attempts to diversify our product profile. But conversion to business has remained elusive. It is a challenge to convert our innate potential to actual growth. We continue to be steadfast in our attempt to scan the horizon for new products, technical tieups and other areas of potential interest.

### SEGMENTWISE PERFORMANCE

Control Panel Production continues to be our major activity and we have endeavoured to keep ourself abreast of all latest tools and techniques. The excellent infrastructure we have built in this segment will enable us to scale up as the market heads for the revival. The growth in this segment is constrained by the logistics cost of distribution.

In Plastics, we have made some initial forays in extending beyond the current products and existing customers. We are on the lookout for new products and projects.

### OUTLOOK

In spite of the current state of affairs, we retain our optimism in the long term growth potential of our country, industry and sector. It is our earnest intent to make LECS a part of the growth story.

### RISK AND CONCERNS

Our immediate concern is escalating cost of Raw Material, Labour and acute shortage of power. We need to broadbase our customer and product profiles.

### INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company has adequate internal control system, commensurate with its size and nature of its business. The management has the overall responsibility for the Company's internal control system to safeguard the assets and to ensure reliability of financial records.

The Company has a detailed budgetary control system and periodically the actual performance is reviewed and the deviations are addressed accordingly.

The Audit Committee reviews all financial statements and ensures adequacy of internal control systems.

### FINANCIAL PERFORMANCE

(₹ in Lakhs)

Particulars	2012-13	2011-12
Net Sales	12811.85	16130.80
Profit before Interest, Depreciation & Tax	824.57	1,880.48
Interest	4.16	2.39
Depreciation	278.57	377.49
Provision for Income tax (Current & Deferred)	161.39	464.16
Profit after tax	380.45	1036.44
Earnings per share (in ₹)	15.48	42.17

### HUMAN RESOURCES

The Company's HR objective is to achieve Company's growth through developing a skilled, motivated and committed work force.

Place : Coimbatore

Date : May 24, 2013

For and on behalf of the Board of Directors  
**NETHRA J.S. KUMAR**  
Chairperson and Managing Director