



LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

CIN : L31200TZ1981PLC001124

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 |

| | | |
|-------------------------|---|-------------------|
| Sri. B. SATISH KRISHNAN | : | 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.

Contents

Page No.

| | |
|---|----|
| Notice to Shareholders | 2 |
| Directors' Report | 10 |
| Management Discussion and Analysis Report | 14 |
| Corporate Governance Report | 15 |
| Auditors' Report | 23 |
| Accounts | 26 |

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Thirty Third Annual General Meeting of the share holders of Lakshmi Electrical Control Systems Limited will be held on Friday, the 8th August 2014 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 2014 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 (DIN: 00004505), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the financial year 2014-15 and to fix their remuneration.

Special Business:

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

"RESOLVED that pursuant to Sections 149, 152 and any other applicable provisions if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, Sri. N. Suryakumar (DIN: 00008316), Director of the Company, in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years from the conclusion of this Annual General Meeting and he is not liable to retire by rotation".

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

"RESOLVED that pursuant to Sections 149, 152 and any other applicable provisions if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, Sri. Ramesh Rudrappan (DIN: 00008325), Director of the Company, in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years from the conclusion of this Annual General Meeting and he is not 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 pursuant to Sections 149, 152 and any other applicable provisions if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, Sri. A. Palaniappan (DIN: 00044022), Director of the Company, in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years from the conclusion of this Annual General Meeting and he is not liable to retire by rotation".

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

"RESOLVED that pursuant to Sections 149, 152 and any other applicable provisions if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, Sri. Arun Selvaraj (DIN: 01829277), Director of the Company, in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of five consecutive years from the conclusion of this Annual General Meeting and he is not liable to retire by rotation".

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

RESOLVED that pursuant to the provisions of Section 14 and any other applicable provisions of the Companies Act, 2013, the Articles of Association of the Company be and is hereby amended as below :

- a. Replacement of Article 45 :

"Article 45. The Directors may elect one among themselves as Chairperson of the Board, such Chairperson could be so elected notwithstanding that he / she is the Managing Director of the Company."

- b. Insertion of Articles 52A, 52B and 52C :

"Article 52A. Fee chargeable for inspection of the registers, returns which are all eligible for inspection by member / non member is Rs. 50/- per inspection.

Article 52B. Fee chargeable for issuing the copies of the registers, returns which are required to be provided is Rs. 10/- per page.

Article 52C. Time for inspection or take extract or avail copies of the registers, returns which are all permitted for inspection or take extract or avail the copies is 2.30 PM to 4.30 PM on all working days of the Company."

10. To consider and if thought fit, to pass with or without modification the following resolution as a SPECIAL RESOLUTION.

"RESOLVED that in supersession of the Ordinary Resolution adopted at the 25th Annual General Meeting held on 26th July, 2006 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, the consent of the Company be and is hereby accorded to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of Rs. 100 Crores (Rupees One Hundred crores)."

Place : Coimbatore
Date : May 26, 2014

By order of the Board
B. SATISH KRISHNAN
Company Secretary

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

NOTE:

1. The statement pursuant to Section 102 of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. **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.**
3. **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. A PROXY FORM FOR THE AGM IS ENCLOSED.**
4. Brief resume and details of shareholding and Directors inter-se relationship of Directors seeking election/re-election as required under Clause 49 of the Listing Agreement, are provided as Annexure to this notice.
5. Members / Proxies should bring the duly filled attendance slip enclosed herewith to attend the meeting.
6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting.
7. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting.
8. The Register of Members and Share Transfer Books of the Company will be closed from Friday, the 1st August 2014 to Friday, the 8th August 2014 (both days inclusive) as per Clause 16 of the Listing Agreement.
9. 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.
10. Subject to the provisions of the Companies Act, 2013, 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 8th August 2014, 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 2014.
11. Shareholders wishing to claim dividends, which remain unclaimed 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. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013 (Section 205-A of the erstwhile Companies Act, 1956) be transferred to the "Investors Education and Protection Fund".
12. 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.
13. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
14. 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.
15. 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 2013-14 should be lodged with M/s. S.K.D.C. Consultants Limited on or before 28.07.2014.
16. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in Demat form to enable the Company to serve documents in electronic form.

17. Electronic copy of the Annual Report and Annual General Meeting Notice is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report and Annual General Meeting Notice for the year 2013-14 are sent in the permitted mode separately.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

Item No. 5

Sri.N.Suryakumar, in the ordinary course, is a Director retiring by rotation at this Annual General Meeting. However, since he is an Independent Director, the provisions of the Companies Act, 2013 require that he be appointed as an Independent Director not liable to retire by rotation. In view of this position, the subject of his appointment is considered as a Special Business.

The Company has received a nomination under Sec.160 of the Companies Act, 2013 from a member of the Company with requisite deposit signifying his intention to propose the appointment of Sri.N.Suryakumar as an Independent Director. Sri.N.Suryakumar will hold office for a term of 5 consecutive years from the conclusion of this Annual General Meeting.

In the opinion of the Board, Sri.N.Suryakumar fulfils the conditions specified in the Companies Act, 2013 and the Rules made there under for his appointment as an Independent Director of the Company. He is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Sri.N.Suryakumar as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri.N.Suryakumar as an Independent Director, for the approval by the shareholders of the Company.

Interest of Directors:

Except Sri.N.Suryakumar, being an appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the resolution.

Item No. 6

Sri. Ramesh Rudrappan, in the ordinary course, is a Director retiring by rotation at this Annual General Meeting. However, since he is an Independent Director, the provisions of the Companies Act, 2013 require that he be appointed as an Independent Director not liable to retire by rotation. In view of this position, the subject of his appointment is considered as a Special Business.

The Company has received a nomination under Sec.160 of the Companies Act, 2013 from a member of the Company with requisite deposit signifying his intention to propose the appointment of Sri. Ramesh Rudrappan as an Independent Director. Sri. Ramesh Rudrappan will hold office for a term of 5 consecutive years from the conclusion of this Annual General Meeting.

In the opinion of the Board, Sri. Ramesh Rudrappan fulfils the conditions specified in the Companies Act, 2013 and the Rules made there under for his appointment as an independent Director of the Company. He is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Sri. Ramesh Rudrappan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri. Ramesh Rudrappan as an Independent Director, for the approval by the shareholders of the Company.

Interest of Directors:

Except Sri. Ramesh Rudrappan, being an appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the resolution.

Item No. 7

Sri.A.Palaniappan is a Director of the Company, who, though is a Director liable to retire by rotation, is not retiring at this Annual General Meeting. However, in the light of the provisions of the Companies Act, 2013, he is to be

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

appointed as an Independent Director at this Meeting to hold office for a period of five consecutive years from the conclusion of this Annual General Meeting

One of the members of the Company has proposed the name of Sri.A.Palaniappan for appointment as an Independent Director and the member has also made the required deposit therefor.

In the opinion of the Board, Sri.A.Palaniappan fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder for his appointment as an Independent Director of the Company. He is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Sri A.Palaniappan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri A.Palaniappan as an Independent Director, for the approval by the shareholders of the Company.

Interest of Directors:

Except Sri A.Palaniappan, being an appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the resolution.

Item No. 8

Sri. Arun Selvaraj is a Director of the Company, who, though is a Director liable to retire by rotation, is not retiring at this Annual General Meeting. However, in the light of the provisions of the Companies Act, 2013, he is to be appointed as an Independent Director at this Meeting to hold office for a period of five consecutive years from the conclusion of this Annual General Meeting.

One of the members of the Company has proposed the name of Sri. Arun Selvaraj for appointment as an Independent Director and the member has also made the required deposit therefor.

In the opinion of the Board, Sri. Arun Selvaraj fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder for his appointment as an Independent Director of the Company. He is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Sri. Arun Selvaraj as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri. Arun Selvaraj as an Independent Director, for the approval by the shareholders of the Company.

Interest of Directors:

Except Sri. Arun Selvaraj, being an appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the resolution.

Item No. 9

As per the provisions of the Companies Act, 2013, the Articles of Association should contain a specific provision for any person to occupy the position of both Managing Director and Chairperson. The present articles do not have such enabling provision.

The Companies Act, 2013 allows members and others to inspect certain registers, returns etc and also state that Articles of the company can fix fee for inspection, taking extracts of the registers, returns etc.

Accordingly, the Board of Directors recommends amendment to the Articles of Association of the Company by replacing article 45 and inserting articles 52A, 52B and 52C after the articles 52.

The fee specified in the articles shall apply for inspection of the registers, returns by members and non members as such. In case Act or Rules made there under permit the members to inspect the registers, returns by with out fee, the fee shall not applicable to the members.

The fee specified in the articles shall apply for taking copies of the registers, returns by members and non members as such. In case Act or Rules made there under permit the members to take copies of the registers, returns by with out fee, the fee shall not applicable to the members.

The Resolution at Item No. 8 of the Notice is set out as a Special Resolution for approval by the members in terms of Section 14 of the Companies Act, 2013. A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations would be available for inspection by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday, upto and including the date of the Annual General Meeting.

Interest of Directors:

None of the Directors, Key Managerial Personnel of the Company or their relatives other than Smt. Nethra J.S. Kumar, Chairperson and Managing Director, Sri. Sanjay Jayavarthanavelu, Director and Sri.D.Senthilkumar, Director are concerned or interested in the resolution.

Item No. 10

The members of the Company at their 25th Annual General Meeting held on 26th July, 2006 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 50 Crores (Rupees Fifty Crores).

Section 180(1)(c) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 10 of the Notice, to enable the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto ₹ 100 Crores (Rupees One Hundred Crores) in excess of the aggregate of the paid up share capital and free reserves of the Company.

Interest of Directors:

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the resolution.

Place : Coimbatore
Date : May 26, 2014

By order of the Board
B. SATISH KRISHNAN
Company Secretary

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

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, USA 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. 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 |
| Carborandum Universal Limited | - Audit Committee |

Shareholding: Nil

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. N.Suryakumar

Sri.N.Suryakumar is a Science Graduate and holds a Degree in Textile Engineering (Philadelphia, USA) and has submitted two thesis on Textile Technology to SITRA.

Experience: He was former Managing Director of M/s. Vijayalakshmi Mills Ltd and former Chairman of VLB Trust.

He holds Directorships in the following companies :

1. Sri Venkatram Fabricators Private Limited
2. Sova Private Limited

Membership in Committees:

| | |
|--|--------------------------|
| Lakshmi Electrical Control Systems Limited | - Audit Committee |
| | - Remuneration Committee |

Shareholding: 103 equity shares of ₹ 10/- constituting 0.004% of the Paid-up capital.

Directors' inter-se relationship :

None of the Directors of the Company is related to Sri. N. Suryakumar.

3. Profile of Sri. Ramesh Rudrappan

Sri. Ramesh Rudrappan, is a Business Management Graduate (Rider University, New Jersey - USA)

Experience : He was former Chairman of CII Coimbatore Zone.

He holds Directorships in the following companies:

1. Tulya Alloy Castings Limited
2. Titan Paints and Chemicals Limited

Membership in Committees:

- | | |
|--|---|
| Lakshmi Electrical Control Systems Limited | - Audit Committee |
| Lakshmi Electrical Control Systems Limited | - Shareholders / Investors Grievance Committee. |

Shareholding: Nil

Directors' inter-se relationship:

None of the Directors of the Company is related to Sri. Ramesh Rudrappan.

4. 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 |
|--|-------------------|

Shareholding: Nil

Directors' inter-se relationship:

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

5. 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

Shareholding: Nil

Directors' inter-se relationship:

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

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting to you the Thirty Third Annual Report of your Company together with the audited accounts for the year ended 31st March 2014.

| Financial Results | Current Year Ended 31.03.2014 (Amount in ₹) | Previous Year Ended 31.03.2013 (Amount in ₹) |
|---|--|---|
| Sales and Other Income | 1,64,69,55,236 | 1,34,96,99,491 |
| Gross Profit | 11,64,45,428 | 8,20,41,153 |
| Less : Depreciation | 2,30,49,757 | 2,78,56,591 |
| Net Profit/Loss | 9,33,95,671 | 5,41,84,562 |
| Prior year Income | - | - |
| Excess provision for I.T for earlier years reversed | - | - |
| Less : Prior year Expenses / Extraordinary Items | - | - |
| Provision for Taxation | 3,11,00,509 | 2,45,74,040 |
| Provision for Deferred Tax | (-)14,09,422 | (-)84,55,847 |
| Income Tax for earlier years | 51,565 | 20,900 |
| Add : Surplus brought Forward | 13,40,28,514 | 11,17,34,519 |
| Available for Appropriation | 19,76,81,533 | 14,97,79,988 |
| Appropriations: | | |
| Proposed Dividend | 1,22,90,000 | 49,16,000 |
| Provision for Corporate Tax on Dividend | 20,88,686 | 8,35,474 |
| Transfer to General Reserve | 1,00,00,000 | 1,00,00,000 |
| Balance Carried Forward | 17,33,02,847 | 13,40,28,514 |
| TOTAL | 19,76,81,533 | 14,97,79,988 |

Dividend

Your Directors have pleasure in recommending a dividend of ₹ 5 /- per Equity Share of ₹ 10.00 each. The above dividend, if approved by the shareholders at the forthcoming Annual General Meeting will absorb ₹ 1,22,90,000/- and will be paid to those members or their mandatees whose name appear on the Register of Members as on 8th August 2014 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 2014.

Business and Operations

Your Directors inform you that the Turnover including other income for the year under review is ₹ 16,469.55 Lakhs as against 13,496.99 Lakhs for the preceding year.

The profit before depreciation and tax for the year under review is ₹ 1,164.45 Lakhs as against ₹ 820.41 Lakhs for the preceding year. The profit before tax is ₹ 933.96 Lakhs as against ₹ 541.85 Lakhs.

The increase in turnover has been due to improved off take from our customers and also due to expansion of our customer base.