



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. JAYAVARTHANA VELU (Chairman)

Sri. R. VENKATRANGAPPAN

Sri. V.J. JAYARAMAN

Sri. G. RANGASWAMY

Sri. N. SURYAKUMAR

Sri. SANJAY JAYAVARTHANA VELU

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

DIRECTORS' REPORT

Your Directors have pleasure in presenting to you the Twenty Ninth Annual Report of your Company together with the audited accounts for the year ended 31st March 2010.

Financial Results	Current Year ended 31.03.2010 (Amount in Rs.)	Previous year ended 31.03.2009 (Amount in Rs.)
Sales and Other Income	998,316,232	1,031,511,405
Gross Profit	144,133,431	122,849,829
Less : Depreciation	30,197,461	38,458,830
Net Profit/Loss	113,935,970	84,390,999
Prior year Income	—	—
Excess provision for I.T for earlier years reversed	874	12,778
Less : Prior year expenses/extraordinary items	—	—
Provision for Taxation	38,898,910	33,057,954
Provision for deferred tax	2,333,737	-4,229,133
Income Tax for earlier years	120,657	1,590,382
Add : Surplus Brought Forward	110,511,665	73,716,434
AVAILABLE FOR APPROPRIATION	183,095,205	127,701,008
Appropriations:		
Proposed Dividend	7,374,000	6,145,000
Provision for corporate tax on dividend	1,224,729	1,044,343
Transfer to General Reserve	10,000,000	10,000,000
Balance Carried Forward	164,496,476	110,511,665
Total	183,095,205	127,701,008

Dividend

Your Directors have pleasure in recommending a dividend of Rs.3/- 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.73,74,000/- and will be paid to those members or their mandatees whose name appear on the Register of Members as on 29th July 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

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beneficial ownership as per details furnished by the Depositories for this purpose at the end of the business hours on 15th July 2010.

Business and Operations

Your Directors inform you that the Turnover including other income for the year under review is Rs.9,983.16 Lakhs as against Rs.10,315.11 Lakhs for the preceding year.

However the profit before depreciation and tax for the year under review is Rs.1,441.33 Lakhs as against Rs.1,228.50 Lakhs, due to some changes in the product mix and optimization in the operating costs. The profit before tax is Rs.1,139.36 Lakhs as against Rs.843.91 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.N.Suryakumar
2. Sri R.Venkatrangappan
3. Sri V.J.Jayaraman

Smt. Nethra J.S. Kumar, was reappointed as Wholetime Director 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. This was approved by the Shareholders at the 25th Annual General Meeting of the Company held on 22.07.2006. The Board of Directors have proposed that her designation be changed to Managing Director from Wholetime Director and to fix the remuneration payable to her for the remaining period of appointment i.e., from 01.07.2010 to 30.06.2012.

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 has been paid up to the financial year 2010-2011.

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 last Annual General Meeting. Confirmation for Delisting of shares is awaited.

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.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 is furnished in the Annexure I forming part of this Report.

Information in accordance with Sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March, 2010 is given in Annexure - II of this Report.



Directors' Responsibility Statement

In compliance of Section 217 (2AA) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000, the Directors of your Company confirm that:

- all applicable accounting standards have been followed in the preparation of annual accounts and that there are no material departure;
- 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, 2010 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.

General

Details of Production, Licensed and installed capacity are annexed to the Balance Sheet as required by Law.

Acknowledgements

Your Directors wish to convey their thanks to all the customers, Company's bankers, associates, vendors and other business partners for their continued support to the Company.

Your Directors express their appreciation for the support given and contribution made by the employees at all levels to the successful operations of the Company during the year under review.

For and on behalf of the Board of Directors

Place : Coimbatore
Date : May 26, 2010

D. Jayavarthanelu
Chairman

Annexure I

INFORMATION PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988.

A) CONSERVATION OF ENERGY :

1. In spite of not being power intensive, your Company enforces strict discipline in reducing power consumption even for its auxiliary services.
2. Idle running of machinery consuming high power is restricted to the loading and unloading cycles of the respective machines.

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) Continuous improvement and upgradation of technology and design of components of the Low Voltage Switchgear & Control gear.
 - b) Manufacturing process improvements and testing methods & devices.
 - c) Further development in Electronic Motor Protection Relay for various applications.

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2. Benefits derived as a result of the above R & D
 - a) To conform to the latest relevant IS 13947/ IEC 947 standards and UL approvals. Reduction in cost through identification of alternative material / substitution of components.
 - b) Additional products are developed for commercial production to add to the mix such as Capacitor Duty Contactor, Electronic Timer, Thermister Protection Relays and Voltage Monitoring Relays.
3. Future plans of action
 - a) Development of new products like Automatic Transfer Switch Controller, Electronic Coil for Higher Amps. Contactor, Electronic Motor Protection Relay for Lower Amps and extend the range of Low Voltage switchgear & control gear.
4. Expenditure on R & D
 - a) Capital : NIL
 - b) Recurring : Rs.1.92 Lakhs
 - c) Total : Rs.1.92 Lakhs
 - d) Total R&D expenditure as a percentage of total turnover: 0.020%

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 material and manufacturing cost savings across the activities.

c. FOREIGN EXCHANGE EARNINGS AND OUTGO :

- a) Foreign Exchange Earnings during the year : Nil
- b) Foreign Exchange used : Rs.17,822,048

For and on behalf of the Board of Directors

Place : Coimbatore
Date : May 26, 2010

D.Jayavarthanelu
Chairman

Annexure II

Statement appended to the Directors' Report pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 & forming part of the Directors' Report for the year ended 31st March, 2010.

Sl. No.	Name	Age/ Yrs	Designation/ Nature of Duties	Remuneration	Qualification	Experience in years	Date of Commencement of employment	Last employment before joining the Company
1.	Smt. Nethra J.S. Kumar	38	Wholetime Director	Rs. 6,912,667/-	Management Degree Holder	10	01.07.02	-

Note : 1) The above remuneration includes Company's contribution to Provident Fund, Gratuity and other Perquisites and the employment is contractual.

2) Smt. Nethra J.S. Kumar, Wholetime Director is related to Dr.D.Jayavarthanelu, Chairman and Sri. Sanjay Jayavarthanelu & Sri. D.Senthilkumar, Directors



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Thanks to the government's fiscal measures and financial stimuluses, in the wake of global financial crisis, the manufacturing industry in India recovered faster than was feared.

Though the recovery was not uniform across the businesses, the Textiles and its Machinery Manufacturing sector was nearly back to its usual stride, by the middle of the financial year. This gave us a boost to stage a comeback.

OPPORTUNITIES AND THREATS

Electricals is fundamental and vital to the entire economic activity and so in a broad sense the scope and opportunities in the field have no bounds. But, the levels of technology and scale of engagement required are mammoth in size, in each of its diverse segments. Smaller players can't think of playing beyond a supportive role. Thus options remain limited and so the margins that can be earned.

SEGMENTWISE PERFORMANCE

In the building of control panels we have a mature knowledge base and optimized operating expertise. Hence it yields a dependable return. We are also successful in cultivating additional customer segments and variety.

As for the switchgear we believe that we should have been doing better. The products are received as amongst the best in the market. In the chosen category and range we have mostly covered the mix and gaps. With more intensive efforts and a wider distribution net-work we anticipate the volumes should accelerate.

Our activity in the segment of engineering plastics is essentially related to captive needs in our switchgear manufacturing and components for OEMs of Textile Machinery. There are limitations to growth as logistics dictate the economics to aspire for distant markets.

In the area of wind power generation our experience with two wind turbines of 1250 KW and 1650 KW has been good. Though the revenue is modest at present, because of the dictates of the EB, we anticipate to realize in the years to come better rates as rationality should ultimately descend. Time will dictate the equation between cost, supply and demand. This expectation and assured levels of return has prompted us to invest in two more wind mills of 850 KW each towards the end of Financial Year 2010 which have been commissioned well in time for the monsoon winds.

OUTLOOK

While most of the globalised world is still grappling with the consequences of the financial collapse in 2008, we are now confronted with the European "debt crisis". We are not immune to its ripple effect as Europe is our country's major trading partner. That could also trigger some resistive demand in the domestic market.

However, these setbacks could possibly be overcome by the unique strengths of India in the field of Textiles, which our company essentially serves.

RISK AND CONCERN

Raw-material prices are spurting rapidly, particularly the metals. All the innovations in production processes are also getting more than neutralized by the escalation in the cost of consumables and power. The need for an imminent adjustment in the selling prices of all manufactures is not an option anymore.

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In the scramble for business opportunities, more global players shall be entering and also expanding their existing operations in India. How the forces of market-matrix play out is a question to be watched.

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:

(Rs. in Lacs)

Particulars	2009-10	2008-09
Net Sales	9,828.43	10,125.48
Gross Profit before Interest, Depreciation & Tax	1,491.95	1,350.96
Interest	50.62	122.46
Depreciation	301.97	384.59
Provision for Income tax	413.52	304.06
Profit after tax	725.84	539.85
Earnings per share (in Rs.)	29.53	21.96

HUMAN RESOURCES:

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

For and on behalf of the Board of Directors

Place : Coimbatore
Date : May 26, 2010

D. Jayavarthanelu
Chairman

CORPORATE GOVERNANCE REPORT

1. PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The corporate vision of LECS is to maintain responsible corporate behaviour across the organization, respectful of all rules and regulations governing corporate bodies.

Makes all conscious efforts to conduct business in the best interests of all stake holders in a transparent manner.

Engages in continuous improvement of products, manufacturing processes and work environment to deliver the best-in-class products and services to customers.

2. BOARD OF DIRECTORS

In order to enable the Board to discharge its responsibilities effectively all statutory, significant and material informations are placed before the Board on Quarterly Basis.

(a) Composition

The Board of Directors of LECS is headed by Chairman and ably supported by One Wholetime Director and six non-executive Directors of which four of them are Independent Directors.

Position of Board of Directors

As mandated by Clause 49 of the listing agreement entered into with the Stock Exchange, none of the directors hold any membership in more than ten committees of boards or Chairman of more than five committees in which they are members.

Name	Position	Other Directorships	Chairman / Member in Committees
Dr.D.Jayavarthanavelu	Non-executive Chairman	10	2
Sri.R.Venkatrangappan	Non-executive - Independent	9	5 / 12
Sri.N.Suryakumar	Non-executive - Independent	2	1
Sri.V.J.Jayaraman	Non-executive - Independent	5	1 / 3
Sri.G.Rangaswamy	Non-executive - Independent	3	-
Sri.Sanjay Jayavarthanavelu	Non-executive Director	8	5
Sri.D.Senthilkumar	Non-executive Director	15	2
Smt. Nethra J.S. Kumar	Executive -Wholetime Director	11	1

(b) Board Meetings and Attendance

During the period from 1st April, 2009 to 31st March, 2010 four Board meetings were held on 21.05.2009, 31.07.2009, 30.10.2009 and 27.01.2010.

Details of attendance of each Director at the meetings of the Board during the financial year ended 31st March, 2010 are as follows.

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Name	21.05.2009	31.07.2009	30.10.2009	27.01.2010	AGM 31.07.2009
Dr.D.Jayavarthanavelu	✓	✓	✓	✓	✓
Sri.R.Venkatrangappan	✓	✓	✓	✓	✓
Sri.N.Suryakumar	✓	✓	x	✓	x
Sri.V.J.Jayaraman	✓	✓	✓	✓	x
Sri.G.Rangaswamy	✓	✓	x	x	x
Sri.Sanjay Jayavarthanavelu	✓	✓	✓	x	x
Sri.D.Senthilkumar	✓	✓	✓	✓	✓
Smt. Nethra. J.S. Kumar	✓	✓	✓	✓	✓

(c) Profile of Directors retiring by rotation, eligible for re-appointment and seek re-appointment:

1. Sri.N.Suryakumar

Resume:

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
- Lakshmi Electrical Control Systems Limited - Remuneration Committee

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

2. Sri R.Venkatrangappan

Resume:

Sri R.Venkatrangappan is a graduate in Commerce and Science and served in various capacities in The Oriental Insurance Company Limited in India and Abroad. He is a past Chairman of Textile Machinery Manufacturer's Association (India). He is a member of Executive Committee of Federation of Indian Textile Engineering Industry and a member of the Steering Committee of India - International Textile Machinery Exhibition Society.

Experience: He is having more than five decades of rich experience in the areas of Financial Management, International Trade and Administration

He holds Directorships in the following companies:

1. Super Sales India Limited,
2. Annur Satya Textile Limited,
3. Harshni Textiles Limited,
4. Lakshmi Machine Works Limited,
5. Lakshmi Ring Travellers (Coimbatore) Limited,
6. Lakshmi Precision Tools Limited,
7. Rieter - LMW Machinery Limited,
8. Lakshmi Technology & Engg Industries Limited,
9. Jaitri Consultant Private Limited

Membership in Committees:

1. Super Sales India Limited - Share Transfer Committee
2. Annur Satya Textile Limited - Share Transfer Committee



- | | |
|--|---|
| 3. Harshni Textiles Limited | - Audit Committee |
| 4. Lakshmi Machine Works Limited | - Share Transfer Committee |
| 5. Lakshmi Ring Travellers (Coimbatore) Limited | - Share Transfer Committee |
| 6. Lakshmi Ring Travellers (Coimbatore) Limited | - Remuneration Committee |
| 7. Lakshmi Precision Tools Limited | - Share Transfer Committee |
| 8. Rieter - LMW Machinery Limited | - Audit Committee |
| 9. Rieter - LMW Machinery Limited | - Remuneration Committee |
| 10. Lakshmi Electrical Control Systems Limited | - Audit Committee |
| 11. Lakshmi Electrical Control Systems Limited | - Remuneration Committee |
| 12. Lakshmi Electrical Control Systems Limited | - Shareholders and Investors
Grievance Committee |

Shareholding: 300 equity shares of Rs.10/- constituting 0.012% of the Paid-up capital

3. Sri V.J.Jayaraman

Resume:

Sri V.J.Jayaraman is a Graduate in B.Sc., and B.S in Textile Engineering from USA.

Experience: He is a Eminent Industrialist with wide experience in the field of Textile Engineering Industry.

He holds Directorships in the following companies:

1. Veejay Lakshmi Engineering Works Limited, 2. Veejay Lakshmi Textiles Limited, 3. Veejay Sales and Services Limited, 4. Veejay Terry Products Limited, 5. Veejay Yarns & Fabrics Private Limited

Membership in Committees:

- | | |
|---|----------------------------|
| 1. Veejay Lakshmi Engineering Works Limited | - Share Transfer Committee |
| 2. Lakshmi Electrical Control Systems Limited | - Audit Committee |
| 3. Lakshmi Electrical Control Systems Limited | - Remuneration Committee |

Shareholding: 100 equity shares of Rs.10/- constituting 0.004% of the Paid-up capital.

3. REMUNERATION OF DIRECTORS:

Remuneration and sitting fee paid to the Directors during the year ended 31st March, 2009:

Name	Salary	Other Perquisites	Sitting fee	Commission	Total
Dr.D.Jayavarthanelu			20,000		20,000
Sri.R.Venkatrangappan			50,000		50,000
Sri.N.Suryakumar			30,000		30,000
Sri.V.J.Jayaraman			40,000		40,000
Sri.G.Rangaswamy			10,000		10,000
Sri.Sanjay Jayavarthanelu			15,000		15,000
Sri.D.Senthilkumar			30,000		30,000
Smt. Nethra J.S. Kumar	36,00,000	18,00,000	-	6,51,543	60,51,543 *

*This excludes contribution to provident fund, gratuity and leave encashment.

The remuneration of Non-Executive Directors is decided by the Board of Directors. At present, the Company pays only sitting fees of Rs.5,000/- per Meeting to all the Non-Executive Directors for attending each meeting of the board and / or committee thereof.

No benefit other than the above is given by the Company to the Non Executive Directors.

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

SHAREHOLDING OF NON-EXECUTIVE DIRECTORS

Name	No. of Shares
1. Dr.D.Jayavarthanavelu	3,76,913
2. Sri.R.Venkatrangappan	300
3. Sri.N.Suryakumar	103
4. Sri.V.J.Jayaraman	100
5. Sri.G.Rangaswamy	Nil
6. Sri.Sanjay Jayavarthanavelu	Nil
7. Sri.D.Senthilkumar	100

4. COMMITTEE OF DIRECTORS:

The Board has constituted various Committees of Directors to deal with matters referred to it for timely decisions.

(i) Audit Committee:

Audit Committee consists of the following independent Directors:

1. Sri. R.Venkatrangappan - Chairman
2. Sri. V.J.Jayaraman - Member
3. Sri. N.Suryakumar - Member

Company Secretary of the Company is the Secretary of the Committee. The Audit committee would assure to the Board, compliance of adequate internal control systems and financial disclosure and other issues confirming to the requirements specified in the Companies Act and Listing Agreement entered into with the Stock Exchange.

The Committee met four times during the financial year ended 31st March 2010.

Particulars of Audit Committee meeting and attendance of members

Name	21.05.2009	31.07.2009	30.10.2009	27.01.2010
Sri. R.Venkatrangappan	✓	✓	✓	✓
Sri. V.J.Jayaraman	✓	✓	✓	✓
Sri. N.Suryakumar	✓	✓	x	✓

(ii) Shareholders / Investors Grievance Committee:

The committee has been formed to specifically look into shareholders / investors complaints, if any, on transfer of shares, non-receipt of balance sheet, non receipt of declared dividends etc., and also the action taken by the Company on the above matters.

The committee consists of the following Directors as its members:

1. Sri.R.Venkatrangappan - Chairman
2. Sri. D.Senthilkumar - Member
3. Smt. Nethra J.S. Kumar - Member

Company Secretary of the Company is the Secretary of the Committee.

During the year 5 letters / complaints were received from the investors which were replied/ resolved to the satisfaction of the investors. The outstanding letters / complaints as on 31.03.2010 was nil.

(iii) Share Transfer Committee:

Share Transfer Committee consists of the members of the Board and Share Transfer Agents. At present there are 8 members in the Committee. The committee reviews and approves transfers and transmission of equity shares. The committee had met 25 times during the financial year ended 31st March, 2010.

(iv) Remuneration Committee:

This Committee was formed for determining remuneration payable to Wholetime Director and it consists of the following independent Directors:

1. Sri. R.Venkatrangappan - Chairman
2. Sri. V.J.Jayaraman - Member
3. Sri. N.Suryakumar - Member

5. GENERAL BODY MEETINGS:

Information about the last three Annual General Meetings are given below:

Location	Time	Day	Date
Nani Kalai Arangam, Mani Higher Sec. School Coimbatore - 641 037	12.05 p.m	Friday	31.07.2009
-do-	11.30 a.m.	Monday	21.07.2008
-do-	10.30 a.m	Wednesday	25.07.2007

Details of Special Resolutions passed at the above Annual General Meetings:

1. At the AGM held on 31.07.2009: To seek voluntary delisting of equity shares from Madras Stock Exchange Limited, Chennai.
 2. At the AGM held on 21.07.2008, no Special Resolution was passed.
 3. At the AGM held on 25.07.2007, no Special Resolution was passed.
- No postal ballot exercise undertaken in the last three Annual General Meetings.

6. DISCLOSURES:

There are no materially significant related party transactions that would have potential conflict with the interests of the Company at large. Details of related party transactions are given elsewhere in the Annual Report.

No penalty imposed or strictures passed on the Company by any regulatory authority for non-compliance of any law and no person has been denied access to Audit Committee. No non-mandatory requirement is complied with except the constitution of Remuneration Committee. No whistle blower policy is in vogue in the Company. In the preparation of Financial Statements no differential treatment from the prescribed Accounting Standard is followed.

Certificate from the Statutory Auditors confirming the compliance with all the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges in India forms part of this report.

7. MEANS OF COMMUNICATION:

The quarterly results were published in leading newspapers viz., Financial Express (English) and Dina Malar (Tamil).

The Company Profile, Corporate Information, Share Holding Pattern, Code of Conduct for Directors and Officers, Financial Statements and Product Range are published in the Company's website www.lecsindia.com.

8. SHAREHOLDERS INFORMATION:

i. Annual General Meeting

- Day & Date : Thursday, 29th July 2010
- Time : 11.00 A.M
- Venue : Nani Kalai Arangam
Mani Higher Secondary School,
Pappanaickenpalayam, Coimbatore - 641 037.

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

ii. Financial Calendar (2009-10)

Financial year	: 1st April to 31st March
Annual Results 2009-10 announced	: 26th May 2010
Posting of Annual reports	: On or before 05.07.2010
Last date of receipt of Proxy forms	: 27.07.2010
Announcement of Quarterly Results	: July-2010, October-2010, January-2011 & May-2011

iii. Date of Book Closure : 16th July 2010 to 29th July 2010
(both days inclusive)

iv. Dividend Payment Date : Within 30 days from the date on which the shareholders approve the dividend.

v. LISTING ON STOCK EXCHANGES:

The equity shares of the Company is listed in Bombay Stock Exchange Limited, Mumbai and the listing fees has been paid up to the financial year 2010-2011.

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 last Annual General Meeting. Confirmation for Delisting of equity shares from the exchange is awaited.

STOCK CODES & ISIN NUMBER:

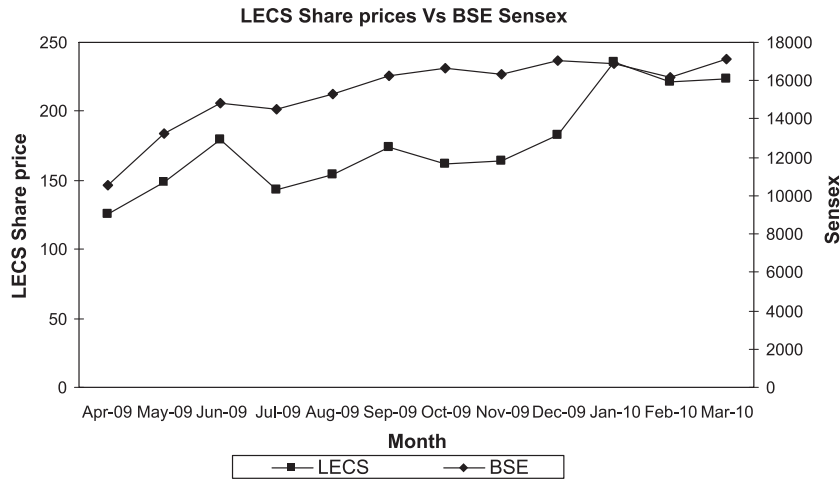
Stock Exchange	Code No.	ISIN No.
Bombay Stock Exchange Limited	504258	INE284C01018

vi. MARKET PRICE DATA:

The High & Low during each month in last financial year in BSE is given below:

Month	Share Price (Rs.)	
	High	Low
Apr-09	157.50	94.50
May-09	186.35	111.10
Jun-09	216.00	142.50
Jul-09	162.20	125.00
Aug-09	168.00	140.00
Sep-09	193.30	154.05
Oct-09	184.00	140.25
Nov-09	179.80	148.00
Dec-09	205.00	160.00
Jan-10	280.00	192.15
Feb-10	245.30	197.35
Mar-10	238.95	208.25

vii.



viii. REGISTRAR & SHARE TRANSFER / DEMAT AGENTS:

Share Transfer work of the company both physical as well as demat segment are done by the share transfer agents M/s. SKDC Consultants Limited, Kanapathy Towers, 3rd Floor, 1391 / A-1, Sathy Road, Ganapathy, Coimbatore - 641 006. They are the connectivity providers for Demat Segment.

ix. SHARE TRANSFER SYSTEM:

The share transfers are registered and share certificates are returned within a period of 15 days from the date of receipt, if documents are in order. The share transfers are approved by Share Transfer Committee.

x. DISTRIBUTION OF SHARE HOLDING : (as on 31.03.2010)

Range	No. of shares	% Held	No. of Shareholders	%
Upto 500	856,780	34.86	10,424	96.31
501 - 1000	176,197	7.17	233	2.15
1001 - 2000	128,229	5.22	86	0.80
2001 - 3000	84,694	3.45	34	0.31
3001 - 4000	44,030	1.79	12	0.11
4001 - 5000	14,478	0.59	3	0.03
5001-10000	76,073	3.09	11	0.10
10001 and above	1,077,519	43.83	20	0.19
Total	2,458,000	100.00	10,823	100.00

xi. SHARE HOLDING PATTERN AS ON 31.03.2010

S.No.	Category	No. of Shares	Percentage of holding
1.	Indian Promoters	533,310	21.70
2.	Financial Institutions and Mutual Fund	250	0.01
3.	Bodies Corporate	352,123	14.33
4.	Indian Public	1,490,199	60.63
5.	NRI	80,908	3.29
6.	Overseas Corporate Bodies	1,150	0.05
7.	Others	60	-
	Total	2,458,000	100

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

xii. DEMATERIALISATION OF SHARES:

As on 31.03.2010, 18,33,573 Shares constituting 74.60% of the total paid up capital of the Company have been dematerialized.

xiii. Outstanding ADR / GDR - The Company has not issued any ADR / GDR.

xiv. PLANT LOCATIONS:

The Company's plant is situated at the following location:

Factory : Arasur, Coimbatore - 641 407
Wind Mill Division : Palladam (TK), Tirupur District
Udumalpet (TK), Tirupur District

xv. ADDRESS FOR CORRESPONDENCE:

All correspondence should be addressed to:

Company Secretary,
Lakshmi Electrical Control Systems Limited
Arasur, Coimbatore - 641 407
E-mail: investorscell@lecsindia.com

Place : Coimbatore

Date : 26.05.2010

For and on behalf of the Board

Nethra J.S. Kumar
Wholetime Director

xvi. CHIEF EXECUTIVE OFFICER'S DECLARATION ON CODE OF CONDUCT

The Board of Directors of the Company have adopted a Code of Conduct for the Board Members and Senior Management of the Company and the same has also been posted in the website of the Company and that all the Board Members and Senior Management personnel to whom this Code of Conduct is applicable have affirmed the Compliance of Code of Conduct during the year 2009-2010.

Place : Coimbatore

Date : 26.05.2010

Nethra J.S. Kumar
Wholetime Director



CERTIFICATION

To
The Board of Directors
Lakshmi Electrical Control Systems Limited

As required by Clause 49 (V) of the Listing Agreement entered into with the Stock Exchange,

We hereby certify that :

1. We have reviewed the financial statements and cash flow statement of Lakshmi Electrical Control Systems Limited for the year ended March 31, 2010 and that to the best of our knowledge and belief;
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, there are, no transactions entered into by the company during the year, which are fraudulent, illegal or violating the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls over financial reporting and we have evaluated the effectiveness of internal control systems of the company over financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls over financial reporting, if any, of which we are aware and the steps we have taken, propose to take to rectify these deficiencies. In our opinion, there are adequate internal controls over financial reporting.
4. We have indicated to the Auditors and the Audit Committee that there are
 - i) significant improvement in internal controls over financial reporting during the year;
 - ii) no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system on financial reporting.

B.K.Ravikumar
D.G.M - Finance & Accounts

Nethra J.S. Kumar
Wholetime Director

Place: Coimbatore
Date : 26.05.2010

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

CERTIFICATE

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES

To
The Members of Lakshmi Electrical Control Systems Limited

We have examined the compliance of conditions of Corporate Governance by M/s.Lakshmi Electrical Control Systems Limited for the year ended 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examinations was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges for the year ended 31st March, 2010.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' / Investors' Grievance Committee.

We further state that our examination of such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For N.R. DORAISWAMI & CO.,
Chartered Accountants
Firm Regn. No.000771S

Place : Coimbatore
Date : 26.05.2010

SUGUNA RAVICHANDRAN
Partner
Membership No. 207893

AUDITORS' REPORT

To

The members of Lakshmi Electrical Control Systems Limited

1. We have audited the attached Balance Sheet of M/s. Lakshmi Electrical Control Systems Limited, as at 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Amendment Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit:
 - ii. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of such books;
 - iii. The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the companies Act, 1956;
 - v. On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India read with the significant accounting policies and other notes thereon,
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010; and
 - b) in the case of Profit and Loss Account, of the Profit for the year ended on that date.
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For N.R. DORAISWAMI & CO.,
Chartered Accountants
Firm Regn. No.000771S

Place : Coimbatore
Date : 26.05.2010

SUGUNA RAVICHANDRAN
Partner
Membership No. 207893

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- 1) a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
b) The fixed assets of the company have been physically verified during the year by the management and no material discrepancies between the book records and the physical inventory have been noticed.
c) No substantial part of fixed assets of the company has been disposed off during the year.
- 2) a) The inventories of the company have been physically verified by the management during the year.
b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
c) The company has maintained proper records of inventories and the discrepancies between the physical inventories and the book records which have been properly dealt with in the books of account were not material.
- 3) In respect of loans, secured or unsecured, granted or taken by the Company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - a) The Company has given loans to one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1287.66 lakhs and the year end balance of loans given to such party was Rs. 1107.36 lakhs.
 - b) The terms and conditions of such loans are, in our opinion, prima facie, not prejudicial to the interest of the Company.
 - c) The repayment of the principal amount is as per the agreed terms.
 - d) There is no overdue amount of such loans granted to the aforesaid Company.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- 5) In respect of contracts and arrangements entered in the register maintained in pursuance of section 301 of the Companies Act, 1956;
 - a) To the best of our knowledge and belief and according to the information and explanations given to us, contracts and arrangements that needed to be entered into the register have been so entered.
 - b) In our opinion, the aforesaid transactions exceeding the value of Rs. 5.00 lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. Based on our scrutiny of the Company's records and according to the information and explanations provided by the management, the company has not accepted any deposits from the public and hence the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable.
- 7) In our opinion, the company's present internal audit system is commensurate with its size and nature of its business.
- 8) As explained to us, no order for the maintenance of cost records under section 209(1) (d) of the Act has been made by the Central Government in respect of products manufactured by the Company.
- 9) According to the information and explanations given to us in respect of statutory and other dues:
 - a) the Company has been regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess.

- b) according to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty and excise duty were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
- c) at the end of the financial year there were no dues of Sales Tax, Income Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute except as follows:-

Name of the Statute	Nature of the Dues	Amount (Rs. in Lakhs)	Forum where dispute is pending
Tamilnadu General Sales Tax Act, 1955	Sales Tax penalty	1.34	Sales Tax Appellate Tribunal

10. The Company did not have any accumulated losses at the end of the financial year, nor had it incurred any cash loss during the financial year or in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions and banks.
12. According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society and as such reporting under clause (xiii) of the Order is not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments and as such clause (xiv) of the Order is not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
17. On the basis of review of utilization of funds on an overall basis, in our opinion, the funds raised on short term basis have not been used for long term investment during the year.
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the Company nor have been informed by the management of any such instance being noticed or reported during the year.

For N.R. DORAISWAMI & CO.,
Chartered Accountants
Firm Regn. No.000771S

Place : Coimbatore
Date : 26.05.2010

SUGUNA RAVICHANDRAN
Partner
Membership No. 207893

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

BALANCE SHEET AS AT 31st MARCH, 2010

	Schedule No.	As at 31.03.2010 (Amount in Rs.)	As at 31.03.2009 (Amount in Rs.)
A. SOURCE OF FUNDS			
SHARE HOLDERS' FUNDS			
Share Capital	1	24,580,000	24,580,000
Reserves & Surplus	2	516,135,634	450,407,139
LOAN FUNDS			
Secured Loans	3	110,000,000	73,300,000
DEFERRED TAX LIABILITY			
As per last Balance Sheet		24,393,187	29,167,729
Add : Transferred from Profit & Loss a/c		2,333,737	-4,229,133
Less : Transferred to General Reserve		1,743,684	545,409
		<u>24,983,240</u>	<u>24,393,187</u>
TOTAL		<u>675,698,874</u>	<u>572,680,326</u>
B. APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	551,742,209	491,978,166
Less : Depreciation		384,113,751	354,767,534
Net Block		<u>167,628,458</u>	<u>137,210,632</u>
Add : Capital Work in Progress		44,899,642	—
		<u>212,528,100</u>	<u>137,210,632</u>
INVESTMENTS	5	106,960,398	106,960,398
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories		105,770,540	98,686,198
Sundry Debtors		229,628,214	123,971,256
Cash and Bank Balances		42,509,612	6,647,543
Loans & Advances		215,775,665	199,506,526
	(i)	<u>593,684,031</u>	<u>428,811,523</u>
Less : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	7	156,920,062	60,054,930
Provisions		80,553,593	40,247,297
	(ii)	<u>237,473,655</u>	<u>100,302,227</u>
Net Current Assets	(i-ii)	356,210,376	328,509,296
TOTAL		<u>675,698,874</u>	<u>572,680,326</u>
ACCOUNTING POLICIES AND NOTES TO PROFIT AND LOSS ACCOUNT AND BALANCE SHEET	18		
CASH FLOW STATEMENT	19		
STATEMENT PURSUANT TO PART IV	20		
ADDITIONAL DISCLOSURES	21		

Note : Schedules referred to above form part of these accounts

As per our report of even date
For N.R. DORAISWAMI & CO.,
Chartered Accountants
Firm Regn No.000771S

SUGUNA RAVICHANDRAN
Partner
Membership No. 207893

D. JAYAVARTHANAVELU
Chairman

NETHRA J.S. KUMAR
Wholetime Director

Place : Coimbatore
Date : May 26, 2010

R. SIVASUBRAMANIAN
Company Secretary



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	Schedule No.	As at 31.03.2010 (Amount in Rs.)	As at 31.03.2009 (Amount in Rs.)
A. INCOME			
Sales (Gross)	8	1,071,525,275	1,157,948,830
Less : Excise Duty		88,682,335	145,400,557
Sales (Net)		982,842,940	1,012,548,273
Stock Adjustment	9	3,694,873	-13,570,299
Other Income	10	15,473,292	18,963,132
		<u>1,002,011,105</u>	<u>1,017,941,106</u>
B. EXPENDITURE			
Goods Consumed	11	729,197,373	766,743,579
Direct Overheads	12	26,971,859	20,982,196
Salaries, Wages and Other Benefits	13	70,607,266	67,233,838
Repairs & Maintenance	14	8,912,023	13,470,596
Administrative & Other Overheads	15	13,455,882	12,483,213
Selling Overheads	16	3,671,397	1,932,319
Interest and Finance Charges	17	5,061,874	12,245,536
Depreciation		30,197,461	38,458,830
		<u>888,075,135</u>	<u>933,550,107</u>
NET PROFIT / (NET LOSS) FOR THE YEAR		113,935,970	84,390,999
Surplus Brought Forward		110,511,665	73,716,434
Excess Provision for IT for Earlier Years Reversed		874	12,778
		<u>224,448,509</u>	<u>158,120,211</u>
APPROPRIATIONS			
Provision for Taxation		38,898,910	32,730,863
Provision for Fringe Benefit Tax		—	327,091
Provision for Deferred Tax(Net)		2,333,737	-4,229,133
Income Tax for Earlier Years		120,657	1,590,382
Provision for Corporate Tax on Dividends		1,224,729	1,044,343
Proposed Equity Dividend		7,374,000	6,145,000
Transfer to General Reserve		10,000,000	10,000,000
Surplus / Deficit Carried Over		164,496,476	110,511,665
		<u>224,448,509</u>	<u>158,120,211</u>
Earning Per Share - Face Value-Rs.10 / Share (Basic/Diluted)	18	29.53	21.96

Note : Schedules referred to above form part of these accounts

As per our report of even date
For N.R. DORAISWAMI & CO.,
Chartered Accountants
Firm Regn No.000771S

SUGUNA RAVICHANDRAN
Partner
Membership No. 207893

D. JAYAVARTHANA VELU
Chairman

NETHRA J.S. KUMAR
Wholetime Director

Place : Coimbatore
Date : May 26, 2010

R. SIVASUBRAMANIAN
Company Secretary

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

SCHEDULES ANNEXED TO THE BALANCE SHEET AS AT 31st MARCH, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	As at 31.03.2010 (Amount in Rs.)	As at 31.03.2009 (Amount in Rs.)
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED		
20,000 - 13.5% Cumulative Redeemable Preference Shares of Rs.100/- each	2,000,000	2,000,000
50,00,000 Equity Shares of Rs.10/- each	50,000,000	50,000,000
TOTAL	<u>52,000,000</u>	<u>52,000,000</u>
ISSUED, SUBSCRIBED, CALLED AND PAID-UP		
24,58,000 - Equity Shares of Rs.10/- each	24,580,000	24,580,000
TOTAL	<u>24,580,000</u>	<u>24,580,000</u>
SCHEDULE 2 : RESERVES AND SURPLUS		
Capital Reserve (A)	3,500,000	3,500,000
Share Premium Account (B)	<u>50,320,000</u>	<u>50,320,000</u>
GENERAL RESERVE		
As per last Balance Sheet	286,075,474	275,530,065
Add : Appropriation from Profit and Loss a/c	10,000,000	10,000,000
Transferred from Deferred Tax Liability	1,743,684	545,409
TOTAL (A+B+C+D)	<u>297,819,158</u>	<u>286,075,474</u>
Surplus in Profit and Loss a/c (D)	164,496,476	110,511,665
TOTAL (A+B+C+D)	<u>516,135,634</u>	<u>450,407,139</u>
SCHEDULE 3 : SECURED LOANS		
WORKING CAPITAL LOAN		
From Scheduled Banks	-	-
TERM LOANS		
From Scheduled Banks	110,000,000	73,300,000
TOTAL	<u>110,000,000</u>	<u>73,300,000</u>

Schedules (Contd..)

SCHEDULE 4 : FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 31.03.2009	Additions (Sales / Transfers)	As at 31.03.2010	Upto For the Year 31.03.2009	Upto For the Year (withdrawn)	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1 Land	10,130,958	691,460	10,822,418	-	-	-	10,822,418	10,130,958
2 Buildings	49,745,490	0	49,745,490	38,918,715	1,049,786	39,968,501	9,776,989	10,826,775
3 Machinery	347,688,079	51,454,394 (81,599)	399,060,874	240,456,056	25,177,713 (74,873)	265,558,896	133,501,978	107,232,023
4 Furniture & Fittings	12,336,983	55,120 (136,735)	12,255,368	10,172,668	399,491 (129,747)	10,442,412	1,812,956	2,164,315
5 Dies and Moulds	66,161,031	2,230,771 (585,312)	67,806,490	60,696,381	2,889,065 (585,312)	63,000,134	4,806,356	5,464,650
6 Vehicles	5,915,625	6,198,217 (62,273)	12,051,569	4,523,714	681,406 (61,312)	5,143,808	6,907,761	1,391,911
SUB TOTAL	491,978,166	60,629,962 (865,919)	551,742,209	354,767,534	30,197,461 (851,244)	384,113,751	167,628,458	137,210,632
Capital WIP	-	44,899,642	44,899,642	-	-	-	44,899,642	-
TOTAL	491,978,166	105,529,604 (865,919)	596,641,851	354,767,534	30,197,461 (851,244)	384,113,751	212,528,100	137,210,632
TOTAL PREVIOUS YEAR	484,016,103	10,417,265 (2,455,202)	491,978,166	318,633,668	38,458,830 (2,324,964)	354,767,534	137,210,632	165,382,435

SCHEDULE 5 : INVESTMENTS	As at 31.03.2010 (Amount in Rs.)	As at 31.03.2009 (Amount in Rs.)
	Long Term Investment at cost	
NON-TRADE : QUOTED		
i) 88,800 Fully Paid-Up Equity Shares of Rs 10/- each in Lakshmi Machine Works Ltd.	6,385,499	6,385,499
ii) 6,289 Equity Shares of Rs.10/- each in Indian Bank	572,299	572,299
NON-TRADE : UNQUOTED		
1,00,00,000 Fully Paid-Up Equity Shares of Rs.10/- each in Harshni Textiles Ltd	100,002,600	100,002,600
TOTAL	106,960,398	106,960,398
Aggregate value of Quoted Investments		
Cost	6,957,798	
Market value	161,986,491	
Aggregate value of Unquoted Investments	100,002,600	

SCHEDULE 6 : CURRENT ASSETS

a) INVENTORIES

(As per inventories certified by the Director)

Raw Materials at cost	13,043,746	16,398,018
Components at cost	54,646,859	47,448,381
Work-in-process at estimated cost	17,779,637	11,160,748
Scrap at realisable value	319,164	398,310
Finished Goods	8,404,418	11,328,434
Stock of Stores, Spares and } Building Materials at cost }	11,576,716	11,952,307
	<u>105,770,540</u>	<u>98,686,198</u>

b) SUNDRY DEBTORS

(Unsecured and considered good)

Outstanding for more than six months	35,500,431	21,386,624
Others	194,127,783	102,584,632
	<u>229,628,214</u>	<u>123,971,256</u>

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Schedules (Contd..)

	As at 31.03.2010 (Amount in Rs.)	As at 31.03.2009 (Amount in Rs.)
c) CASH AND BANK BALANCES		
Cash with Scheduled Banks		
In Current Accounts	40,458,330	4,863,790
In Unclaimed Dividend Accounts	1,482,522	1,493,704
In Margin Money Deposit Accounts	489,700	206,900
Cash on hand	79,060	83,149
	42,509,612	6,647,543
d) LOANS AND ADVANCES		
(Unsecured, considered good and recoverable in cash or in kind)		
Advances recoverable in cash or in kind	34,008,091	30,081,201
Inter Corporate Loan including interest accrued thereon	110,730,912	128,765,620
Security and other Deposits	1,382,549	1,819,359
Balances with Customs and Central Excise	1,138,321	1,241,422
Prepaid expenses	1,806,729	1,731,412
Advance payment of Income-tax	66,605,430	35,751,601
Interest Receivable	103,633	115,911
	215,775,665	199,506,526
TOTAL	593,684,031	428,811,523
SCHEDULE 7 : CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors - Micro, Small and Medium Enterprises	13,998,078	1,976,996
Sundry Creditors - Others	141,439,462	56,584,230
Unpaid Dividends*	1,482,522	1,493,704
	156,920,062	60,054,930
*No amount is due and outstanding to be credited to the Investor Education and Protection Fund		
B. PROVISIONS		
Provision for Taxation	71,954,864	33,057,954
Provision for Corporate Tax on Dividend	1,224,729	1,044,343
Proposed Dividend on Equity Shares	7,374,000	6,145,000
	80,553,593	40,247,297
TOTAL	237,473,655	100,302,227
SCHEDULE 8 : SALES		
Sale of Contactors and Relays	118,274,793	102,628,828
Sale of Control Panels	742,474,823	796,566,520
Sale of Plastic Components	96,366,500	87,976,163
Sale of Electronics, Spares and Accessories	4,137,908	5,590,775
Sale of Power	21,588,916	19,785,987
	982,842,940	1,012,548,273

Schedules (Contd..)

	As at 31.03.2010 (Amount in Rs.)	As at 31.03.2009 (Amount in Rs.)
SCHEDULE 9 : STOCK ADJUSTMENT		
Closing Stock of Work-in-Process	17,779,637	11,160,748
Closing Stock of Finished Goods	8,404,418	11,328,434
	<u>26,184,055</u>	<u>22,489,182</u>
Less :		
Opening Stock of Work-in-Process	11,160,748	29,248,013
Opening Stock of Finished Goods	11,328,434	6,811,468
TOTAL	<u>3,694,873</u>	<u>-13,570,299</u>
SCHEDULE 10 : OTHER INCOME		
Labour Charges	3,056,485	5,924,585
Interest receipts(TDS RS.19,58,662/-)	9,474,251	9,486,707
Dividend receipts	1,366,590	2,257,734
Lease rent receipts	50,000	-
Realisation of Scrap	1,507,064	967,256
Profit on Sale of Assets	18,902	326,850
TOTAL	<u>15,473,292</u>	<u>18,963,132</u>
SCHEDULE 11 : GOODS CONSUMED		
Opening Stock of Raw Materials & Components	63,846,399	129,211,355
	<u>63,846,399</u>	<u>129,211,355</u>
Add :		
Purchase of Raw Materials & Components	733,041,579	701,378,623
(A)	<u>796,887,978</u>	<u>830,589,978</u>
Less :		
Closing Stock of Raw Materials & Components	67,690,605	63,846,399
(B)	<u>67,690,605</u>	<u>63,846,399</u>
TOTAL (A-B)	<u>729,197,373</u>	<u>766,743,579</u>
SCHEDULE 12 : DIRECT OVERHEADS		
Stores Consumed	2,288,740	3,760,842
Power and Fuel	8,891,764	7,867,136
Material Fabrication Charges	15,791,355	9,354,218
TOTAL	<u>26,971,859</u>	<u>20,982,196</u>

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Schedules (Contd..)

	As at 31.03.2010 (Amount in Rs.)	As at 31.03.2009 (Amount in Rs.)
SCHEDULE 13 : SALARIES, WAGES AND OTHER BENEFITS		
Salaries, Wages and Bonus	54,225,094	52,391,707
Contribution to Provident Fund	3,304,088	3,395,224
Staff Training Expenses	411,404	191,776
Workmen Welfare Expenses	5,754,013	5,988,735
Managerial Remuneration	6,912,667	5,266,396
TOTAL	<u>70,607,266</u>	<u>67,233,838</u>
SCHEDULE 14 : REPAIRS		
Building Maintenance	1,191,249	2,003,502
Machinery Maintenance	6,295,832	9,836,828
Others	1,424,942	1,630,266
TOTAL	<u>8,912,023</u>	<u>13,470,596</u>
SCHEDULE 15 : ADMINISTRATIVE AND OTHER OVERHEADS		
Insurance	539,368	523,467
Printing & Stationery	903,616	929,197
Postage & Telegram	971,201	952,197
Legal & Professional Fees	4,130,477	1,835,049
Software development charges	-	16,854
Licences and Taxes	2,306,075	3,247,116
Travelling Expenses	3,171,778	3,399,784
Auditors' Remuneration	130,000	131,030
Sitting Fees	195,000	195,000
Donation	-	220,000
Miscellaneous Expenses	771,003	582,718
Rent	139,200	96,000
Loss on Sale of Assets	6,121	-
Research & Development	192,043	354,801
TOTAL	<u>13,455,882</u>	<u>12,483,213</u>
SCHEDULE 16 : SELLING OVERHEADS		
Advertisement Charges	477,048	476,315
Freight Outwards	1,380,352	1,105,732
Selling Expenses	1,813,997	350,272
TOTAL	<u>3,671,397</u>	<u>1,932,319</u>
SCHEDULE 17 : INTEREST AND FINANCE CHARGES		
Fixed Period Loans	4,771,691	11,045,751
On other loans	290,183	1,199,785
TOTAL	<u>5,061,874</u>	<u>12,245,536</u>

As per our report of even date
For N.R. DORAISWAMI & CO.,
Chartered Accountants
Firm Regn No.000771S

SUGUNA RAVICHANDRAN
Partner
Membership No. 207893

D. JAYAVARTHANAVELU
Chairman

NETHRA J.S. KUMAR
Wholetime Director

Place : Coimbatore
Date : May 26, 2010

R. SIVASUBRAMANIAN
Company Secretary

Schedules (Contd..)

SCHEDULE 18

ACCOUNTING POLICIES AND NOTES TO PROFIT AND LOSS ACCOUNT AND BALANCE SHEET AS AT 31st MARCH 2010

I. Significant Accounting Policies

1. Method of accounting :

The financial statements are prepared on the historical cost convention basis on accrual concept and in accordance with the applicable Accounting Standards referred to in Sub Section 3C of Section 211 of the Companies Act, 1956 and normally accepted accounting principles. The accounting is on the basis of going concern concept.

2. Fixed Assets :

Fixed Assets include all expenditure of capital nature and are stated at aggregate of cost of acquisition, installation and commissioning less Cenvat Credit, VAT credit wherever applicable. Fixed assets values are stated at historical cost. Interest, if any, on borrowing attributable to acquisition of assets are capitalised and included in the cost of asset, as appropriate.

3. Depreciation :

- a) Depreciation on Fixed Assets has been provided on Written Down Value Method in accordance with Schedule XIV of the Companies Act, 1956, except for Moulds and Dies added after 1st April 1994 for which depreciation is provided @ 33.33% on straight line method.
- b) For additions during the year, Prorata depreciation has been provided from the date of addition
- c) For all the assets costing below Rs.5,000/- each, depreciation is provided @ 100% retaining Re.1/- as residual value in the year of addition, irrespective of date of addition.

4. Investments :

Investments being long term are stated at cost inclusive of all expenses incidental to acquisition. Provision for diminution in their market value is made only if such decline is other than temporary.

5. Inventory valuation :

- a) Stores, spares & Building Materials at cost
- b) Raw Materials at cost (Weighted average price)
- c) Components at cost (Weighted average price)
- d) Work-in-progress at estimated cost
- e) Finished goods at cost or Net realisable value whichever is lower. The finished goods are valued inclusive of Excise Duty.
- f) Scrap at net realisable value

6. a) The Gratuity liability is covered by contributions to Life Insurance Corporation of India's Employees (Cash Accumulation) Assurance Scheme and the contribution paid relating to the year is charged to the Profit & Loss Account of the year.

- b) Provision is made in the accounts for Unpaid Leave Encashment based on actuarial certificate obtained in terms of AS 15 (Revised 2005).

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

NOTES TO PROFIT AND LOSS ACCOUNT AND BALANCE SHEET AS AT 31st MARCH 2010 (Contd..)

- 7. Taxation:**
Provision for taxation is made as per estimated total income after considering various reliefs admissible under the provisions of the Income Tax Act, 1961.
In terms of Accounting Standard 22, the deferred tax liability for timing difference between the book and tax profits for the year is accounted for, using the tax rates and laws that have been enacted on the Balance Sheet date.
- 8. Provisions, contingent liabilities and contingent assets:**
Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes to financial statements. Contingent assets are neither recognized nor disclosed in the financial statements. Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date and adjusted to reflect the current best estimate.
- 9. Transaction of Foreign Currency Transactions:**
Foreign currency transactions are recorded at the prevailing exchange rates at the time of initial recognition. Exchange differences arising on final settlement are adjusted to cost of fixed assets if it relates to Fixed Assets and recognized as income or expense in the profit and loss account in other cases. Outstanding balances of monetary items denominated in foreign currency are restated at closing exchange rates and the difference adjusted to cost of fixed assets if related to fixed assets and as income or expense in the profit and loss account in other cases.
The premium or discount arising at the inception of forward exchange contracts is accounted as income or expense over the life of the contract. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense in the period in which they arise.
- 10. Recognition of Income and Expenditure:**
Income and expenditure are recognised and accounted on accrual basis. Revenue from sale transaction is recognised as and when the goods are sold to the buyer for a definite consideration and the legal title is passed on to the buyer. Revenue from service transaction and other sources is recognised on the completion of the contract.
- 11. Excise duty and Customs duty:**
Excise duty in respect of goods manufactured by the Company is accounted at the time of removal of goods from the factory for sale or captive consumption. Cenvat credit in respect of capital goods is deducted in the respective capital goods and in respect of revenue items deducted from respective revenue items and consumption arrived at on that basis. Excise duty on closing stock of inventory of finished goods is included in the inventory value in terms of the relevant Accounting Standard AS2.
- 12. Research & Development:**
Research & Development costs are charged to revenue in the period in which they are incurred.
- 13. Impairment of assets:**
An asset is treated as impaired when the carrying amount of the asset exceeds its estimated recoverable value. Carrying amounts of fixed assets are reviewed at each balance sheet date to determine indications of impairment, if any, of those assets. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss equal to the excess of the carrying amount over its recoverable value is recognized as an impairment loss. The impairment loss, if any, recognized in prior accounting period is reversed if there is a change in estimate of recoverable amount.

**NOTES TO PROFIT AND LOSS ACCOUNT AND BALANCE SHEET AS AT 31st MARCH 2010
(Contd..)**

II. Notes to Profit and Loss Account and Balance Sheet as at 31st March 2010

1. Secured Loans

- a. Term Loan from Indian Bank availed by the Company have been secured by Equitable Mortgage of the Land and Buildings and Movable Machinery including Wind Mills.
- b. Working Capital loans from Indian Bank and Bank of Baroda have been secured by the hypothecation of Raw Materials, Components, Work-in-progress, Finished Goods, Book Debts and all the movable assets pertaining to the current assets of the Company.

2. Details of Turnover

Description	Unit	2009-2010		2008-2009	
		Quantity	Amount in Rs.	Quantity	Amount in Rs.
a) Switchgear of all types	Nos.	428,049	118,274,793	394,670	102,628,828
b) Control Panels	Nos.	22,323	742,474,823	19,891	796,566,520
c) Plastic Components	Tonnes	247.79	96,366,500	312.38	87,976,163
d) Spares & Accessories	Nos.	-	4,137,908	-	5,590,775
e) Sale of Power	Units	7,196,293	21,588,916	6,595,329	19,785,987

3. Raw Materials & Components Consumed

Description	Unit	2009-2010		2008-2009	
		Quantity	Amount in Rs.	Quantity	Amount in Rs.
A] Raw Materials :					
a) Polycarbonate & Nylon	Kgs	60,233	10,284,114	59,638	10,426,678
b) Brass, Bimetal & Steel Strips	Kgs	322,764	18,063,995	219,708	14,351,543
c) Copper, Silver & Nickel wires	Kgs	133,426	11,277,793	131,493	11,250,707
d) Zytel (Natural & Black)	Kgs	8,382	2,337,189	8,851	2,017,130
e) PBT	Kgs	34,386	4,985,113	48,667	6,830,651
f) ABS	Kgs	176,088	17,473,149	197,147	21,034,978
g) Others - Raw Materials		-	62,748,739	-	37,479,802

[Quantitative details could not be given in respect of item "g" as their list is too large and no item individually accounts for 10% or more of the value of raw materials consumed]

B] Components :

a) MCCB & Inverters	Nos.	8,174	144,683,110	10,748	128,616,786
b) Panel Box	Nos.	6,398	57,795,216	6,417	63,170,088
c) Others-Components	Nos.	—	399,548,955	—	471,565,216

[Quantitative details could not be given in respect of item "c" as their list is too large and no item individually accounts for 10% or more of the value of components consumed]

4. (a) Opening Stock of Finished Goods

Switchgears	Nos	21,389	2,658,309	8,954	2,380,714
Control Panels, Spares, Accessories & Others		—	8,670,125	—	4,430,754

(b) Closing Stock of Finished Goods

Switchgears	Nos	20,307	2,124,639	21,389	2,658,309
Control Panels, Spares, Accessories & Others		—	6,279,779	—	8,670,125

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

5. Installed Capacities	Unit	Installed Capacity	Installed Capacity
i) Switchgears of all types	Nos	400,000	400,000
ii) Control Panels	Nos	5,000	5,000
iii) Plastic Components	Tonnes	400	400
iv) Power	MW	3,750	2,900
6. Actual Production	Unit	Quantity	Quantity
i) Switchgears of all types	Nos	535,518*	555,728*
ii) Control Panels	Nos	22,323	19,891
iii) Plastic Components	Tonnes	247.79	312.38
iv) Power	Units	7,196,293	6,595,329
* The production figures include captive consumption			
7. Value of Imports on CIF Basis		2009-2010	2008-2009
		(Amount in Rs)	(Amount in Rs)
a) Raw Materials		12,211,340	8,226,462
b) Components & Spare parts		4,398,656	5,409,870
c) Capital goods		555,507	-
8. Expenditure in Foreign currency (Others)		656,545	917,739
9. Consumption of Raw Materials & Components			
	Value in Rs.	% to total consumption	Value in Rs.
			% to total consumption
i) Raw Materials-Imported	17,747,357	2.43	5,247,679
ii) Components-Imported	5,696,152	0.78	4,829,930
iii) Raw Materials-Indigenous	109,422,735	15.01	98,143,810
iv) Components - Indigenous	596,331,129	81.78	658,522,160
Total	729,197,373	100.00	766,743,579
10. a) Calculation of Managerial Commission		(Amount in Rs.)	(Amount in Rs.)
Net Profit Before tax as per Profit and Loss Account		113,935,970	84,390,999
Add : Managerial remuneration		6,912,667	5,266,396
Sitting Fees paid to Directors		195,000	195,000
Loss on Sale of Assets		6,121	-
Total		121,049,758	89,852,395
Less : Profit on Sale of Assets		18,902	326,850
Net adjusted profit		121,030,856	89,525,545
b) Remuneration to Whole Time Director		(Amount in Rs.)	(Amount in Rs.)
Salary		3,600,000	3,600,000
Provident Fund Contribution		432,000	432,000
Gratuity		216,288	263,744
Leave Encashment (Provision)		212,836	94,375
Other Perquisites		1,800,000	876,277
Commission		651,543	-
Total		6,912,667	5,266,396

11. Earnings in Foreign Exchange		Nil		Nil	
12. Employee Benefits		Gratuity (Funded)		Leave Encashment (Unfunded)	
DEFINED BENEFIT PLANS		31.03.10	31.03.09	31.03.10	31.03.09
A. Expense recognised during the year ended 31.03.2010		(Amount in Rs.)		(Amount in Rs.)	
1	Current Service Cost	968,708	737,976	382,595	404,303
2	Interest cost	1,107,537	792,436	167,250	153,402
3	Expected return on plan assets	-1,402,485	-1,181,741	-	-
4	Actuarial Losses / (Gains) during the year	1,277,600	1,990,111	655,039	-39,625
5	Total Expense	1,951,360	2,338,782	1,204,884	518,080
B. Actual return on Plan assets					
1	Expected return on plan assets	1,402,485	1,181,741	-	-
2	Actuarial (Loss) / Gain on Plan assets	-	-	-	-
3	Actual return on Plan assets	1,402,485	1,181,741	-	-
C. Net Asset/(Liability) recognised in the Balance Sheet					
1	Present value of the obligation as on 31.03.2010	16,901,407	13,039,702	3,162,798	2,276,261
2	Fair value of plan assets as on 31.03.2010	16,977,549	14,341,242	-	-
3	Funded status (Surplus/Deficit)	76,142	1,301,540	3,162,798	2,276,261
4	Unrecognised past service cost	-	-	-	-
5	Net Asset/(Liability) recognised in the Balance Sheet	-	-	3,162,798	2,276,261
D. Change in present value of the Obligation during the year ended March 31,2010					
1	Present value of the obligation as at April 1, 2009	13,844,207	9,905,446	2,276,261	2,029,518
2	Current Service Cost	968,708	737,976	382,595	404,303
3	Interest cost	1,107,537	792,436	167,250	153,402
4	Benefits paid	-296,645	-386,267	-318,347	-271,337
5	Actuarial (gain) / loss on obligation	1,277,600	1,990,111	655,039	-39,625
6	Present value of obligation as at March 31,2010	16,901,407	13,039,702	3,162,798	2,276,261
E. Change in Assets during the year ended March 31, 2010					
1	Fair value of plan assets as at April 1, 2009	14,341,242	11,774,050	-	-
2	Expected return on plan assets	1,402,485	1,181,741	-	-
3	Contributions made	1,530,467	1,771,718	318,347	271,337
4	Benefits paid	-296,645	-386,267	-318,347	-271,337
5	Actuarial gain / (loss) on plan assets	-	-	-	-
6	Fair value of plan assets as at March 31, 2010	16,977,549	14,341,242	-	-
F. Major categories of plan assets as a percentage of total plan					
1	Qualifying insurance policies	16,977,549	14,341,242	-	-
2	Own plan assets	-	-	-	-
	Total	16,977,549	14,341,242	-	-
G. Actuarial Assumptions					
1	Discount rate	8%	8%	8.50%	7.90%
2	Salary escalation	7%	6%	4.00%	4.00%
3	Expected rate of return on plan assets	9.25%	9.25%	-	-
4	Attrition rate	1.50%	1.50%	1.50%	1.50%
5	Mortality rate	LIC(1994-96)ultimate			

Note: The salary escalation considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Gratuity is applicable to all permanent and full time employees of the Company.

Gratuity payment is based on last drawn basic salary and dearness allowance at the time of termination or retirement.

The Scheme takes into account each completed year of service or part thereof in excess of six months. The entire contribution is borne by the Company.

Leave encashment benefits are provided as per the Rules of the Company.

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

13. Contingent Liabilities and claims against the company not acknowledged as debts.

	2009-10 (Amount in Rs.)	2008-09 (Amount in Rs.)
A] (i) Estimated amount of contracts to be Executed on capital account and not provided for	6,981,310	2,431,200
(ii) Guarantees and Counter Guarantees executed by the Company	2,796,450	2,069,000
(iii) Letters of Credit	2,027,235	-
B] (i) Sales tax assessments have been completed upto financial year 2003 - 2004		
(ii) The Company's appeal against demand for Sales Tax penalty of Rs.1.34 Lakhs for the financial year 1997-98 has been decided against the Company. However no provision is made as on 31.03.2010 in view of the waiver of penalty under the Tamilnadu Sales Tax (Settlement of Arrear) Scheme 2008.		
C] Income Tax assessments have been completed upto A.Y. 2007 -08.		

14. Auditors' Remuneration

	2009-2010 (Amount in Rs.)	2008-2009 (Amount in Rs.)
Audit Fees	130,000	130,000
Other Fees - Issue of Certificates	10,000	14,914
Total	140,000	144,914

15. Provision for Excise Duty amounting to Rs. 7,84,819/- for the uncleared stock of finished goods has been made in the accounts.

16. 2 Nos. of Engel make injection moulding machines were imported under EPCG Scheme during the financial year 2007-08. The entire export obligation of Rs.131.72 lakhs which is to be fulfilled on or before 30.01.2016 will be fulfilled by the Group Company Lakshmi Precision Tools Limited. The export obligation pending as on 31.03.2010 is Rs.131.72 lakhs. Non fulfillment will entail payment of duty saved together with interest, the amount being indeterminant.

17. Deferred Tax

(a) Out of the deferred tax liability created from General Reserve for the earlier years in 2001-02, Rs.17,43,684/- has been transferred to General Reserve on account of reversal.

(b) The break-up of the deferred tax assets / liabilities is as under :

Deferred Taxes	2009-10 (Amount in Rs)	2008-09 (Amount in Rs)
Deferred Tax Asset :		
On account of Depreciation	-	-
On account of Software Implementation charges	301,676	754,190
Deferred Tax Liabilities :		
On account of VRS	-	-
On account of Depreciation	25,284,916	25,147,377
Net deferred tax Asset / (Liability)	24,983,240	24,393,187

18. Calculation of Earning per share : (Face value of Rs.10/- per share)

		2009-2010	2008-2009
1) Net Profit after tax before Extraordinary items	: (A)	Rs. 72,583,540	Rs. 53,984,574
No. of Shares	: (B)	2,458,000	2,458,000
Basic and diluted EPS (A)/(B)		Rs. 29.53	Rs. 21.96
2) Net Profit after tax & after Extraordinary items	: (A)	Rs. 72,583,540	Rs. 53,984,574
No. of Shares	: (B)	2,458,000	2,458,000
Basic and diluted EPS (A)/(B)		Rs. 29.53	Rs. 21.96

19. As defined under Micro, Small and Medium Enterprises Development Act 2006, the disclosure in respect of the amount payable to such enterprises as at 31.03.2010 has been made in the financial statements based on information received and available with the company.

	31.3.2010	31.3.2009
	(Rs. in lakhs)	
a) The Principal amount and the Interest due there on remaining unpaid to any supplier as at the end of each accounting year	Nil	19.77
b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the dues are actually paid for the purpose of disallowance under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

20. Some of the Debtors / Creditors accounts whose balances show a variance as compared to the Books of Accounts of the company are in the process of reconciliation. This however will not have any material impact on the profits for the year.

21. Figures have been rounded off to the nearest rupee.

22. The previous year's figures have been regrouped and reclassified wherever necessary to suit this year's presentation.

As per our report of even date
For N.R. DORAISWAMI & CO.,
Chartered Accountants
Firm Regn No.000771S

SUGUNA RAVICHANDRAN
Partner
Membership No. 207893

D. JAYAVARTHANAVELU
Chairman

NETHRA J.S. KUMAR
Wholetime Director

Place : Coimbatore
Date : May 26, 2010

R. SIVASUBRAMANIAN
Company Secretary

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Schedules (Contd..)

SCHEDULE 19

CASH FLOW STATEMENT

31.03.2009 (Rs.in Lakhs)	A. CASHFLOW FROM OPERATING ACTIVITIES :		31.03.2010 (Rs.in Lakhs)
843.91	Net profit before tax and extraordinary items	1,139.36	1,139.36
	Adjustments for :		
384.59	Depreciation	301.97	
–	Deferred Revenue Expenditure	–	
122.46	Interest paid	50.62	
–	Foreign Exchange	–	
-3.27	Profit/Loss on sale of assets (net)	-0.13	
-117.44	Interest / Dividend	-108.41	244.06
<u>1,230.25</u>	Operating Profit before Working capital changes	<u> </u>	<u>1,383.42</u>
	Adjustments for :		
1,208.80	Trade and other receivables	-1,091.07	
779.84	Inventories	-70.84	
-1,764.68	Trade payables	968.65	-193.26
<u>1,454.21</u>	Cash generated from operations	<u> </u>	<u>1,190.16</u>
<u>-350.44</u>	Direct Taxes paid	-309.76	-309.76
<u>1,103.77</u>	Cash flow before extraordinary items	<u> </u>	<u>880.40</u>
–	Extraordinary items :-	–	–
<u>1,103.77</u>	Net cash from operating activities	<u> </u>	<u>880.40</u>
	B. CASH FLOW FROM INVESTING ACTIVITIES :		
-104.17	Purchase of Fixed Assets	-1,055.30	
4.57	Sale of Fixed Assets	0.27	
–	Purchase of Investments	–	
–	Sale of investments	–	
117.44	Interest/Dividend received	108.41	
<u>-70.94</u>	Intercompany loan	<u>180.35</u>	<u>-766.27</u>
<u>-53.10</u>	Net cash used in investing activities	<u> </u>	<u>-766.27</u>

Schedules (Contd..)

31.03.2009 (Rs.in Lakhs)	C. CASH FLOW FROM FINANCING ACTIVITIES :	31.03.2010 (Rs.in Lakhs)
—	Proceeds from long term borrowings	700.00
-460.00	Repayment of long term borrowings	-333.00
-283.03	Working Capital Borrowings	—
-122.46	Interest paid	-50.62
-147.48	Dividend paid	-61.45
<u>-25.06</u>	Corporate Tax on Dividend	<u>-10.44</u>
<u>-1,038.03</u>	Net cash used in financing activities	<u>244.49</u>
12.64	Net increase in cash and cash equivalents	358.62
53.84	Cash and Cash equivalents (Opening Balance)	66.48
66.48	Cash and Cash equivalents (Closing Balance)	425.10

As per our report of even date
For N.R. DORAISWAMI & CO.,
Chartered Accountants
Firm Regn No.000771S

SUGUNA RAVICHANDRAN
Partner
Membership No. 207893

D. JAYAVARTHANA VELU
Chairman

NETHRA J.S. KUMAR
Wholetime Director

Place : Coimbatore
Date : May 26, 2010

R. SIVASUBRAMANIAN
Company Secretary

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Schedules (Contd..)

SCHEDULE 20

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

PART - IV

I. Registration Details			
Registration No.	181-001124	State Code	181
Balance Sheet Date	31 03 2010		
	Date Month Year		
II. Capital Raised during the year (Amount in Rs. Thousands)			
Public Issue		Rights Issue	
Bonus Issue		Private Placement	
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)			
Sources of Funds			
Total Liabilities		Total Assets	
675699		675699	
Paid-Up Capital		Reserves & Surplus	
24580		516136	
Secured Loans	Unsecured Loans	Deferred Tax liability	
110000		24983	
Net Fixed Assets		Investments	
212528		106960	
Net Current Assets		Miscellaneous Expenditure	
356211			
Accumulated Losses			
NIL			
IV. Performance of the Company (Amount in Rs. Thousands)			
Turnover		Total Expenditure	
998316		884380	
Profit / Loss Before Tax		Profit / Loss After Tax	
<input checked="" type="checkbox"/> 113936		<input checked="" type="checkbox"/> 72584	
+ - Earning Per Share in Rs.		+ - Dividend Rate %	
29.53		30	
V. Generic Names of Three Principal Products/Service of Company (As per monetary terms)			
a) Item Code	85.36		
(ITC. Code)			
Product Description	S W I T C H G E A R S		
b) Item Code	85.37		
(ITC. Code)			
Product Description	C O N T R O L P A N E L S		
c) Item Code	84.48		
(ITC. Code)			
Product Description	P L A S T I C C O M P O N E N T S		

As per our report of even date
For N.R. DORAISWAMI & CO.,
Chartered Accountants
Firm Regn No.000771S

SUGUNA RAVICHANDRAN

Partner

Membership No. 207893

Place : Coimbatore

Date : May 26, 2010

D. JAYAVARTHANAVELU

Chairman

NETHRA J.S. KUMAR

Wholetime Director

R. SIVASUBRAMANIAN

Company Secretary

Schedules (Contd..)

SCHEDULE 21

(A) SEGMENT REPORT FOR THE YEAR ENDED 31st MARCH, 2010

(Amount in Rs.)

Primary Business Segment	Electricals		Plastics		Wind Power Generation		Total	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Revenue								
Sales	864,851,924	904,736,123	96,402,100	88,026,163	21,588,916	19,785,987	982,842,940	1,012,548,273
Inter Unit Transfers	-	-	-	-	-	-	-	-
Allocable other Income	1,265,675	960,701	3,366,776	6,257,990	-	-	4,632,451	7,218,691
Total Revenue	866,117,599	905,696,824	99,768,876	94,284,153	21,588,916	19,785,987	987,475,391	1,019,766,964
Less: Inter Unit Transfers								
Add: Unallocable Other Income							10,840,841	11,744,441
Enterprise revenue							998,316,232	1,031,511,405
Result								
Segment Results	102,248,709	101,816,083	5,524,440	-8,036,663	383854	-8887326	108,157,003	84,892,094
Unallocable Expenses								
Operating profit							108,157,003	84,892,094
Less : Interest Expenses							5,061,874	12,245,536
IncomeTax Expenses							41,352,430	30,406,425
Add : Unallocable Income								
Interest receipts							9,474,251	9,486,707
Dividend receipts							1,366,590	2,257,734
Rent received							-	-
Net Profit after Tax							72,583,540	53,984,574
Other Information								
Segment assets	382,080,581	262,469,447	60,487,653	53,464,924	186,307,555	85,570,563	628,875,789	401,504,934
Add : Unallocated corporate assets							284,296,740	271,477,619
Enterprise assets							913,172,529	672,982,553
Segment Liabilities	152,059,503	58,641,808	4,519,693	1,072,256	340,866	340,866	156,920,062	60,054,930
Add : Unallocated corporate liabilities							756,252,467	612,927,623
Enterprise Liabilities							913,172,529	672,982,553
Capital Expenditure	6,679,113	5,446,850	2,616,229	4,970,415	96,234,262	-	105,529,604	10,417,265
Depreciation	5,786,551	6,403,652	6,187,711	6,861,773	18,223,199	25,193,405	30,197,461	38,458,830

Notes :

- 1) The company is organised into three main Business Segments viz., Electricals , Plastics & Wind Power Generation.
- 2) All customers are located within India. There are no reportable segments in Secondary Geographical segments.
- 3) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

As per our report of even date
For N.R. DORAISWAMI & CO.,
Chartered Accountants
Firm Regn No.000771S

SUGUNA RAVICHANDRAN
Partner
Membership No. 207893

Place : Coimbatore
Date : May 26, 2010

D. JAYAVARTHANA VELU
Chairman

NETHRA J.S. KUMAR
Wholetime Director

R. SIVASUBRAMANIAN
Company Secretary

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Schedules (Contd..)

(B) RELATED PARTY DISCLOSURES FOR THE YEAR ENDED 31st MARCH, 2010

1) Relationships

Description of relationship	Names of related parties
Other related parties	Eshann Enterprises Ltd Harshni Textiles Ltd Integrated Electrical Controls India Limited Lakshmi Precision Tools Ltd Lakshmi Electrical Drives Limited Lakshmi Ring Travellers(CBE) Ltd Lakshmi Cargo Company Ltd Lakshmi Technology & Engineering Industries Ltd LCC Cargo Holding Ltd Lakshmi Machine Works Ltd Mahalaxmi Engineering Holding Ltd Starline Travels Limited Titan HMG Paints India Ltd Venkata Varadhaa Agencies Limited
Key Management Personnel	Smt. Nethra. J.S. Kumar Wholetime Director

2) Transactions

DETAILS	OTHER RELATED PARTIES	KEY MANAGEMENT PERSONNEL
Purchase of goods	479,737,596 (467,511,882)	
Sale of goods	939,204,118 (1,047,057,791)	
Sale of Power	21,588,591 (19,785,987)	
Sale of Fixed Assets	13,160 (82,181)	
Rendering of services	2,940,919 (5,050,421)	
Interest received	9,175,701 (9,172,560)	
Receiving of services	3,605,154 (3,367,979)	
Managerial Remuneration	-	6,912,667 (5,266,396)
Loans given	-	
Investment in Equity	-	
Sale of equity	-	
Amount due to / from related parties		

DETAILS	OTHER RELATED PARTIES	KEY MANAGEMENT PERSONNEL
Accounts Receivable	213,679,219 (118,540,107)	-
Accounts Payable	85,180,864 (34,657,315)	778,503 (Nil)
Inter corporate loan including Interest accrued thereon	110,730,912 (128,765,620)	-

Note : Figures in brackets relate to previous year.

3) The undernoted companies constitute the "Group" in terms of regulation 3(1)(e)(i) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended with effect from 09-09-2002.

- Eshann Enterprises Ltd
- Harshni Textiles Ltd
- Integrated Electrical Controls India Limited
- Lakshmi Precision Tools Ltd
- Lakshmi Electrical Drives Limited
- Lakshmi Ring Travellers(CBE) Ltd
- Lakshmi cargo Company Ltd
- Lakshmi Technology & Engineering Industries Ltd
- LCC Cargo Holding Ltd
- Lakshmi Machine Works Ltd
- Mahalaxmi Engineering Holding Ltd
- Starline Travels Limited
- Titan HMG Paints India Ltd
- VenkataVaradhaa Agencies Limited

As per our report of even date
For N.R. DORAISWAMI & CO.,

Chartered Accountants
Firm Regn No.000771S

SUGUNA RAVICHANDRAN

Partner

Membership No. 207893

Place : Coimbatore

Date : May 26, 2010

D. JAYAVARTHANAVELU

Chairman

NETHRA J.S. KUMAR

Wholetime Director

R. SIVASUBRAMANIAN

Company Secretary

To

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

Unit : LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED
ELECTRONIC CLEARING SERVICE (CREDIT CLEARING)

1. Particulars of the shareholder

- a) Regd. Folio No. : _____
- b) Name of the first Regd. Holder (in block letters) : _____

2. Particulars of the Bank

- a) Name of your Bank : _____
- b) Address of the Branch : _____
- c) Account No. (as appearing in the Cheque book) : _____
- d) Ledger Folio No. (if any) of the bank account : _____

- e) Account Type (Savings Account, Current Account or Cash Credit) : _____
- Please Tick relevant box
- | | | |
|---------|---------|-------------|
| SAVINGS | CURRENT | CASH CREDIT |
|---------|---------|-------------|

- f) Nine Digit code number of the bank and branch appearing on the MICR cheque issued by the bank (Please attach a photocopy of a cheque for verifying the accuracy of the code number)
- | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|

DECLARATION

I, hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effective at all for reasons of incomplete or incorrect information, I would not hold the Company responsible.

(Signature of the first Regd.holder)
as per specimen signature with the Company

Place : _____ Name : _____

Date : _____ Address: _____

_____ Pin code _____

- Note : 1. Please send the form to the address mentioned above.
2. ECS Mode of payment is valid only for payments upto Rs.5,00,000/-
3. In case the scheme does not meet with the desired response or due to any other operational reasons it is found to be unviable, the Company reserves the right to pay dividend by issue of Warrants.



LECS

PRODUCTS

“Sprecher + Schuh”

Low Voltage Switchgear products

- Contactors, Control Relays
- Thermal Overload Relays
- Pneumatic Timers
- And Their Accessories

LECS Motor Protection & Control Devices

- Auto Switches
- Phase Protection Relays
- Electronic Motor Protection Relays
- Voltage Monitoring Relays
- Thermister Protection Relays

LECS Motor Control Solutions

DOL & Star Delta Starters and Motor Control Panels

- For all Industrial drivers, Customised executions
- For all Submersible pumps and Agricultural pumps
- For all Construction & Domestic applications

LECS Automatic Power Management Systems

- APFC Panels (Automatic Power Factor Correction Panels)

LECS Custom Built Control Panels for Industrial Machinery

- For centralised control of all actuating & operating elements and motorised drives - simple contactor logic to intelligent system with PLC's
- CNC interface Panels

LECS Automation Devices & Elements

- ROBOTS for Plastics Processing Machinery & Machine Tools
- “NeumaFeed” - Automatic Hopper Loaders & Auto Mixers
- Electronic Timers - On Delay / Cyclic
- Limit Switches

Engineering Plastic Components

- Plastic components ranging from 1 gm to 1000 gms for all engineering and electrical machinery & control systems

Manufactured by

LAKSHMI ELECTRICAL CONTROL SYSTEMS LIMITED

Arasur, Coimbatore 641 407. Ph: +91 422 - 3093500

Fax : +91 422 - 2360 307 E-mail : lecs@vsnl.com Website : www.lecsindia.com

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Arasur - 641 407, Coimbatore Dist, India.

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Email: lecs@vsnl.com. Website: www.lecsindia.com