



MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

41st
ANNUAL REPORT

1996 - 97

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L.G. BALAKRISHNAN & BROS LIMITED



L.G.BALAKRISHNAN & BROS LIMITED

DIRECTORS

Sri L.G.Balakrishnan - Chairman
Sri L.G.Varadarajulu
Sri B.Vijayakumar - Managing Director
Sri P.S.Srinivasan
Sri C.Nachiappan
Sri A.Selvaraj Palaniswamy
Sri P.Balasubramanian
Sri P.S.Balasubramanian - Executive Director
Sri T.Ramakrishnan
Sri S.Sivakumar

COMPANY SECRETARY

Sri A.James Chandra Mohan

AUDITORS

M/s.FRASER & ROSS
Chartered Accountants
Coimbatore

BANKERS

Central Bank of India
Union Bank of India
Corporation Bank
State Bank of India
The Lakshmi Vilas Bank Limited
The Karur Vysya Bank Limited
Bharat Overseas Bank Limited
ANZ Grindlays Bank
HongKong Bank

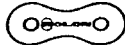
REGISTERED OFFICE

6/16/13, Krishnarayapuram Road,
Ganapathy, Coimbatore - 641 006

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NOTICE

To All members,

Notice is hereby given that the 41st Annual General Meeting of the members of the Company will be held on Friday, the 29th day of August, 1997 at 10.00 A.M at Chamber Towers, Indian Chamber of Commerce and Industries Buildings, Avinashi Road, Coimbatore - 641 018 to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended 31st March 1997, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Sri.A.Selvaraj Palaniswamy who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri. C. Nachiappan who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

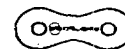
SPECIAL BUSINESS

6. **To Consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution.**

Resolved that pursuant to Section 269 read with Schedule XIII, 198,309 and other applicable provisions of the Companies Act, 1956, if any, and subject to such approvals as may be required, the company hereby approves the re-appointment of Sri.B.Vijayakumar as Managing Director on the payment of the following remuneration for a period of 3 years commencing from 1st January 1997 subject to the various provisions of the Companies Act, 1956.

a) Salary

In the Scale of Rs.50,000/- per month with an increment on 1st January each year of Rs.10,000/- per month.

**b) Commission**

1% on net profit of the company determined in accordance with relevant provisions of the Companies Act, 1956.

c) Perquisites

In addition to the above remuneration Sri.B.Vijayakumar shall also be entitled to perquisites. The annual value of which shall be restricted to an amount equal to the annual salary.

Resolved further that the Board of Directors be and are hereby authorised to alter or vary the terms of remuneration set out here in above in such manner so as not to exceed the limits specified in Schedule XIII or any amendments thereto.

Sri.B.Vijayakumar, Managing Director may be deemed to be concerned or interested in the above, since it relates to his appointment and to the terms of remuneration.

Sri.L.G.Balakrishnan, Chairman may be deemed to be interested, by virtue of being relative of Sri.B.Vijayakumar.

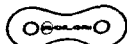
7. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.

The company has been sanctioned an additional term loan of Rs.500 lakhs under Corporate Loan Scheme besides Rs.179 lakhs under Project finance scheme by Industrial Development Bank of India for our unit at Veda sandur and this requires additional security.

Resolved that in supersession of the resolution passed by the members of the company in the Extra Ordinary General meeting held on 31st July 1993 the consent of the company be and is hereby accorded in terms of the Section 293 (1) (a) and other applicable provisions if any of the Companies Act 1956 for mortgaging and / or charging by the Board of Directors of the Company of all the immovable and movable properties present and future together with power to take over the management of the business and concern in respect of our unit situated at Veda sandur, Quid E Millet district, TamilNadu in certain events to or in favour of Industrial Development Bank of India (IDBI) under its loan agreement entered into by the company in respect of the said term loan.

8. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.

Resolved that the Authorised Share Capital of the company amounting to Rs.12,00,00,000 consisting of 1,20,00,000 equity shares of Rs.10/- each be and is hereby altered to Rs.4,00,00,000 consisting of 40,00,000 equity shares of Rs.10/- each and 80,000 Cumulative Redeemable Preference shares of Rs.1000/- each.



9. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution.

Resolved that Clause V of the Memorandum of Association be altered in the following manner.

The existing Clause V of the Memorandum of Association be deleted and the following new Clause V be substituted thereof.

The Authorised Share Capital of the Company is Rs.12,00,00,000 divided into 40,00,000 Equity shares of Rs.10/- each and 80,000 Cumulative Redeemable Preference shares of Rs.1000/- each. The Company shall have power to issue Equity shares or Preference shares in the capital original or increased in accordance with the provisions of the Companies Act 1956 and Directors may subject to the provisions of the Act, exercise such power in any manner they think fit and provide for redemption to the Preference shares on such terms including right to redeem at a premium or otherwise.

10. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution.

Resolved that Article 2 of the Articles of Association be altered in the following manner.

The existing Article 2 of the Articles of Association be deleted and the following new Article 2 be substituted thereof.

The Authorised Share Capital of the Company is Rs.12,00,00,000 divided into 40,00,000 Equity shares of Rs.10/- each and 80,000 Cumulative Redeemable Preference shares of Rs.1000/- each. The Company shall have power to issue Equity shares or Preference shares in the capital original or increased in accordance with the provisions of the Companies Act 1956 and Directors may subject to the provisions of the Act, exercise such power in any manner they think fit and provide for redemption to the Preference shares on such terms including right to redeem at a premium or otherwise.

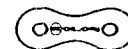
EXPLANATORY STATEMENT

(Under Section 173(2) of the Companies Act, 1956)

Item No. 6

The previous appointment of Sri B.Vijayakumar Managing Director expired on 31.12.96 and he has been re-appointed by the Board of Directors for a further period of 3 years commencing from 01.01.1997 at their meeting held on 22.11.1996.

In view of the substantial and significant contribution made by Sri B.Vijayakumar for the growth of the Company and keeping in view the manifold operations of the Company handled efficiently, the Board felt that it would be just and fair of his re-appointment for a further period of 3 years and to pay the revised remuneration and perquisites as set out in the resolution appearing as item no 6 of the agenda.

L.G. Balakrishnan & Bros Limited

None of the Directors except Sri B.Vijayakumar as recipient of the remuneration and Sri L.G.Balakrishnan as relative is interested in this resolution.

The proposal set out in the Notice is placed before the members for approval.

Item No. 7

The Company has availed financial assistance from Industrial Development Bank of India in the form of Corporate loan Scheme.

The financial assistance from the above institution has been secured by first mortgage of all the movable and immovable properties present and future in respect of the unit situated at Vedasandur.

Section 293 (1)(a) of the Companies Act 1956 provides interalia that the Board of Directors of a Public Limited Company shall not without the consent of the Company in General meeting sell, lease, or dispose whole or substantially whole of the undertakings of the company.

Since mortgaging by the company of its movable and immovable properties as aforesaid in favour of the financial institution may be regarded as disposal of the company's properties / undertakings, it is necessary for the members to pass a resolution under Section 293 (1) (a) of the Companies Act 1956.

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

Item Nos. 8, 9 & 10

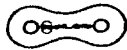
The present Authorised Share Capital of the company is Rs.12,00,00,000 consisting of 1,20,00,000 equity shares of Rs.10/- each required to be converted into 40,00,000 equity shares of Rs.10/- each and 80,000 Cumulative Redeemable Preference shares of Rs.1000/- each to enable the issue of Preference shares.

The Ordinary resolution at item No 9 is to alter the Capital Clause of Memorandum of Association and the Special resolution at item No 10 of the notice is to alter the Capital Clause of Articles of Association.

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

NOTE:

1. A member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. The Register of members and the Share Transfer Register of the Company will remain closed from 15th August 1997 to 29th August 1997 (Both days inclusive).



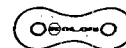
3. Particulars of unclaimed dividend already transferred to the General Revenue of the Central Government under Section 205A(5) of the Companies Act, 1956 and the rule made there under as amended upto date are given hereunder for the information of the Shareholders.

Financial year of the company to which the dividend relates	Date of declaration of dividend	Total amount transferred	Total No.of Equity Shareholders not claimed the dividend
		Rs.	
1990-91	08.11.1991	9,728.40	41
1991-92	05.09.1992	14,720.00	31
1992-93	25.09.1993	8,601.00	28

Coimbatore
30.06.1997

By Order of the Board,
A. JAMES CHANDRA MOHAN
Asst. Gen. Manager (Admn.)
Csr Company Secretary

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DIRECTORS' REPORT

Dear Members,

The Directors have great pleasure in presenting their 41st Annual Report together with Audited Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

	31.03.1997 Rs. in Lakhs	31.03.1996 Rs.in.Lakhs
Gross Income	<u>13329.34</u>	<u>12142.93</u>
Profit before Interest and Bank Charges and Depreciation	2134.70	2160.16
LESS		
Interest and Bank charges	1112.90	820.93
Depreciation	<u>428.04</u>	<u>323.34</u>
	593.76	1015.89
Provision for Taxation	<u>72.95</u>	<u>50.00</u>
	520.81	965.89

ADD

Balance brought forward	85.02	78.74
Available for appropriation	<u>605.83</u>	<u>1044.63</u>

The Directors recommend the following appropriations:

	1996-97 Rs.in.Lakhs	1995-96 Rs.in.Lakhs
Proposed Dividend on Equity Shares	70.48	109.61
Tax on Proposed Dividend	7.05	-
Transfer to General Reserve	400.00	850.00
Balance carried over	<u>128.30</u>	<u>85.02</u>
	605.83	1044.63

DIVIDEND

Your Directors recommend a Dividend of 22.5 % on the paid up capital which absorbs a sum of Rs. 70.48 lacs.