



**43rd
ANNUAL REPORT
1998 - 99**

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L.G. BALAKRISHNAN & BROS LIMITED

L.G. BALAKRISHNAN & BROS LIMITED

DIRECTORS

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	Executive Director
Sri. S. Sivakumar	
Sri. V. Govindarajulu	

COMPANY SECRETARY

Sri. A. James Chandra Mohan

AUDITORS

M/s. Fraser & Ross
Chartered Accountants

BANKERS

Corporation Bank
Central Bank of India
Union Bank of India
State Bank of India
The Lakshmi Vilas Bank Limited
ANZ Grindlays Bank Limited

REGISTERED OFFICE

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

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**INFORMATION TO SHAREHOLDERS**

Forty Third Annual General Meeting	:	
Time	:	4.30 P.M.
Day & Date	:	Monday, 20 th September 1999
Venue	:	"Chamber Hall" , Chamber of Commerce Buildings, Avanashi Road, Coimbatore - 18

DIVIDEND

Dividend at 22.5 % (i.e) Rs.2.25 per share will be paid after 20th September 1999 subject to the approval of the shareholders at the AGM. Dividend is exempted from Income Tax in the hands of the shareholders.

BOOK CLOSURE DATES

From 01.09.1999 To 20.09.1999 (both days inclusive)

LISTING

The company's shares are listed and traded at Madras, Coimbatore, Mumbai and National Stock Exchanges.

SHAREHOLDERS ASSISTANCE

For any assistance regarding share transfers, transpositions, transmissions, subdivisions, consolidations change of Address, non-receipt of dividends, duplicate / loss of share certificates and other matters, please write to / Contact

The Company Secretary
L.G.Balakrishnan & Bros Limited
6/16/t3 Krishnarayapuram Road
Ganapathy, Coimbatore - 641 006
Phone: (0422) 532325
Fax : (0422) 532333
Email : lbgpy@Satyam.net.in

DEMATERIALISATION OF SHARES

Our Company Shares have been activated for Dematerialisation with M/s National Securities Depository Ltd. (NSDL) with effect from 19.02.1999. Till date company had received 412002 shares for dematerialisation representing 10.48 % of total equity capital.

SHARE TRANSFER SYSTEM :

The documents lodged for share transfers / transpositions / transmissions / subdivisions/ consolidations/ would be effected and returned within a period of 20 days from the date of receipt and the Dematerialisations will be confirmed within 15 days, if the documents are clear in all respects. The share transfer committee generally meets twice in a month.

L.G. Balakrishnan & Bros Limited

**MARKET VALUE****APRIL 1998 – JUNE 1999**

Month	High	Low	Month	High	Low
April 1998	81.90	46.50	Dec 1998	43.00	37.50
May 1998	72.40	54.00	Jan 1999	54.00	40.10
June 1998	63.00	36.00	Feb 1999	51.90	43.65
July 1998	40.95	35.80	Mar 1999	56.15	40.60
Aug 1998	41.90	35.55	Apr 1999	55.00	41.50
Sep 1998	66.00	31.85	Mar 1999	47.90	41.00
Oct 1998	55.00	38.50	Jun 1999	48.30	38.05
Nov 1998	52.00	39.50			

SHAREHOLDING PATTERN AS AT JUNE 1999

Category	No.of Shares	% Of Holding
DIRECTORS & THEIR RELATIVES	901075	22.93
DOMESTIC COMPANIES	680062	17.30
FII'S	3150	0.08
MUTUAL FUNDS	155943	3.96
NRI	1693	0.04
BANKS	276	0.01
PUBLIC	2188117	55.68
TOTAL	3930316	100.00

DISTRIBUTION OF SHAREHOLDINGS

No.Of Shares Held	No.Of Shareholders	%	No.Of Shares	%
1 - 500	9026	95.00	686546	17.47
501 - 1000	262	2.76	185969	4.73
1001 - 2000	116	1.22	172697	4.40
2001 - 3000	36	0.38	91457	2.33
3001 - 4000	21	0.22	76324	1.94
4001 - 5000	5	0.05	23701	0.60
5000 -10000	17	0.18	114070	2.90
10000 & above	18	0.19	2579552	65.63
TOTAL	9501	100.00	3930316	100.00



NOTICE

Notice is hereby given that the Forty Third Annual General Meeting of the members of the Company will be held on Monday, the 20th day of September, 1999 at 4.30 P.M at "Chamber Hall", Chamber of Commerce Buildings, Avanashi Road, Coimbatore - 641018, 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 1999, 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.L.G.Varadarajulu who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Sri.P.Balasubramanian who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Sri.A.Selvaraj Palaniswamy who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

Resolved that consent of the Company be and is hereby accorded in terms of section 293 (1) (a) and other applicable provisions if any of the Companies Act 1956 for mortgaging and/or charging by Board of Directors of the Company of all the immoveable properties present and future in respect of our Plants located at D-Gudalore Village, Veda sandur Taluk, Dindigul District and Vaiyampalayam, Kondaiyampalayam Village, Coimbatore Taluk, Coimbatore District, TamilNadu in favour of M/s.ICICI Limited to secure its Rupee Term Loan of Rs.350 millions sanctioned under Rupee Term Loan together with interest thereon at the respective agreed rates, compound interest, additional interest liquidated damages premium on prepayment costs, charges, expenses and other moneys payable by the Company to ICICI Limited under its Rupee Term Loan Agreement entered into by the Company in respect of the said Term Loan.

Resolved further that the Board of Directors of the Company be and are hereby authorised to finalise with ICICI Limited the documents for creating the aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution.

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

Resolved that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner.

"Insert the following Heading and Article, as Article 19A after Article 19".

DEMATERIALISATION OF SECURITIES

Definitions

- (1) For the purpose of this Article:

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository.

'SEBI' means the Securities and Exchanges Board of India ;



'Depository' means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992, and

'Security' means such security as may be specified by SEBI from time to time.

Dematerialisation of Securities :

- (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

Options for investors :

- (3) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security and, on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Securities in Depositories to be in fungible form :

- (4) All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to depository in respect of the securities held by it on behalf of the beneficial owners.

Rights of Depositories and Beneficial Owners :

- (5) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owners.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and the benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

Service of Documents :

- (6) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of securities :

- (7) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Allotment of Securities dealt with by a depository :

- (8) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository, immediately on allotment of such securities.

**Distinctive Numbers of Securities held in a Depository :**

- (9) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in a depository.

Register and Index of Beneficial Owners :

- (10) The Register and Index of Beneficial Owners, maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of members and security holders for the purposes of these Articles.

EXPLANATORY STATEMENT

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

ITEM NO.7

The Company has availed financial assistance from ICICI Limited in the form of Rupee Term Loan.

The financial assistance from the above institution has been secured by mortgaging all the immovable properties present and future in respect of our Plants located at D-Gudalore Village, Veda sandur Taluk, Dindigul District and Vaiyampalayam, Kondaiyampalayam Village, Coimbatore Taluk, Coimbatore District, TamilNadu.

Section 293 (1) (a) of the Companies Act 1956 provides inter alia 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 immoveable 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 or concerned in this resolution.

ITEM NO.8

With the introduction of the Depositories Act, 1996 and the Depository System, some of the provisions of the Act relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The Depository System of holding securities in an electronic form is a far safer and more convenient method for holding and trading in the securities of a Company. It is therefore, proposed that the Company's Articles of Association be suitably altered, as set out in the Resolution at Item No.8 to reflect the provisions introduced by the Depositories Act, 1996 and to spell out the rights of the beneficial owners of the securities in such a system.

The Directors recommend the resolution for approval by the members.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alteration is available for inspection at the Registered office of the Company during office hours on all working days upto the date of ensuing Annual General Meeting.

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

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 01.09.1999 to 20.09.1999 (Both days inclusive).
3. If Dividend, as recommended by the Directors if approved at the Meeting, payment will be made to those members whose name(s) appear on the Company's Register of Members on 20th September 1999.
4. Dividend amount remaining unclaimed for and upto the financial year ended 31.03.1994 has been transferred to the General Revenue Account of the Central Government as required under sub-section (5) of Section 205(A) of the Companies Act, 1956.

Financial year of the Company to which the dividend relates	Date of declaration of Dividend	Total amount transferred (Rs.)	Total no.of Equity shareholders not claimed the dividend
1991-92	05.09.1992	14720	31
1992-93	25.09.1993	8601	28
1993-94	29.09.1994	8072	27

In accordance with amendment in Section 205(A) of the Companies Act, 1956 and the introduction of Section 205-C, by The Companies (Amendment) Ordinance, 1999, now the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.

Members who have not encashed the dividend warrant(s) so far for the financial year 31st March 1995, or any subsequent dividend payment (s) are requested to make their claim to the Company.

5. 'Members who wish to print their Bank account in the dividend Warrant to realise the dividend by way of 'Account payee Dividend Warrant', may intimate the Company the name and address of the Bank and the Account No for incorporating the same in the Dividend Warrant'.
6. Members desiring any information as regards accounts at the forthcoming Annual General Meeting, are requested to write to the Company at least 7 days before the date of Meeting so as to enable the Company to keep the information ready.
7. Members who are holding shares under more than one folio may approach the company for consolidation.
8. Change in address may be intimated for easy communication.



By order of the Board

Coimbatore
19.07.1999

A.JAMES CHANDRA MOHAN
Gen.Manager (Accounts & Finance)
Cum Company Secretary



DIRECTORS' REPORT

The Directors have great pleasure in presenting their Forty Third Annual Report together with Audited Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS :

Gross Income
Operating Profit
LESS: Interest & Bank charges
Gross Profit
LESS: Depreciation
Profit Before Tax
LESS: Provision for Taxation

ADD

Balance brought forward
Available for appropriation

APPROPRIATIONS

1. Proposed Dividend on Equity shares
2. Tax on proposed Dividend
3. Transfer to General Reserve
4. Balance carried over

	31.03.1999	31.03.1998
	Rs. in Lacs	
	16841.86	15488.21
	2347.25	2256.99
	1140.83	1223.70
	1206.42	1033.29
	616.78	591.72
	589.64	441.57
	115.00	150.00
	474.64	291.57
	122.60	128.30
	597.24	419.87
	88.43	88.43
	9.73	8.84
	47.50	200.00
	451.58	122.60
	597.24	419.87

DIVIDEND

Your Directors are pleased to recommend a Dividend of 22.5 % absorbing a sum of Rs. 98.16 lakhs, including tax on dividend.

REVIEW OF OPERATIONS

The economic situation during the year continued to be deflative continuing the pressure on the profitability. Coupled with the VRS payments, modernization costs and the re-engineering effort, the Company was burdened with high interest costs affecting its profitability. The Steel division was closed for maintenance cum modernization in January and has resumed from June'99. This forced the Company to hold larger than normal raw material signs of abating. In spite of the above factors the company has increased its turnover by 9% from Rs.15488.21 lakhs to Rs.16841.76 lakhs and achieved a higher profitability of Rs.589.64 lakhs. Our exports also have been maintained in these difficult circumstances at Rs.2677.45 lakhs compared to Rs.2281.62 lakhs during the previous year registering a growth rate of 17%.

The current period is continuing in the same trend and is expected to improve only in the third quarter. The Company's Chain products which are of high quality are being Re-engineered in an effort to make them "THE BEST IN CLASS". This will automatically ensure that our chains meet the more demanding specifications as called for by the ISO standards committee in which our company is the only Indian representative.

The company is also considering in setting up of a Subsidiary Company at SriLanka to tap the business opportunities during the current year.