



**44th
ANNUAL REPORT
1999 - 2000**



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.P.Balasubramanian	
Sri.P.S.Balasubramanian	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 Ltd
ANZ Grindlays Bank

REGISTERED OFFICE

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

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NOTICE

Notice is hereby given that the Forty Fourth Annual General Meeting of the members of the Company will be held on Monday the 25th day of September, 2000 at 4.30 P.M. at Ardra, "Kaanchan", 9, North Huzur Road, Coimbatore - 641 018 to transact the following business.

AGENDA

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Profit & Loss Account of the Company for the year ended 31st March 2000, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
- 2) To determine the dividend.
- 3) To appoint a Director in the place of Sri. C.Nachiappan who retires by rotation and being eligible, offers himself for reappointment
- 4) To appoint a Director in the place of Sri. V.Govindarajulu who retires by rotation and being eligible, offers himself for reappointment.
- 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 an Ordinary resolution.

Resolved that pursuant to the provisions of Section 258 and other applicable provisions if any of the Companies Act 1956, the number of Directors of our Company for the time being in the office be reduced from Ten to Eight.

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

Resolved that pursuant to provisions of Section 198, 269, 309, 310 and other applicable provisions if any read with Schedule XIII of the Companies Act, 1956, Sri.B.Vijayakumar be and is hereby re-appointed as Managing Director of the Company for a period of 5 years with effect from 01.01.2000 on the following remuneration.

- a) **Salary**

Rs.80000/- per month in the scale of Rs.80000 – 10000

- 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, Managing Director shall also be entitled to perquisites. The annual value of which shall be restricted to an amount equal to the annual salary.

Other Benefits

Benefits under Provident Fund as per the rules of the Company and this shall not be included in computing the value of perquisites.

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

Further resolved that the aforesaid remuneration and perquisites shall be the minimum remuneration to be paid in the event of loss or inadequacy of profits in any financial year.

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

Resolved that pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions if any, read with Schedule XIII of the Companies Act, 1956, Sri.P.S.Balasubramanian be and is hereby re-appointed as Executive Director of the Company for a period of 5 years with effect from 01.04.2000 on the following remuneration.

	(Per month)
	Rs.
Salary in the scale of Rs.40000-5000	40000
House Rent Allowance	6125
Conveyance Allowance	6000
Medical Allowance	2400
TOTAL	54525

Perquisites

In addition to the above Sri.P.S.Balasubramanian, Executive Director of the Company will also be entitled for the perquisites like vehicle purchase allowance, driver salary allowance, leave travel concession for self and family, club fees, subject to a maximum of 2 clubs, personal accident insurance premium not exceeding Rs.1000/-. However the annual value of the above perquisites etc., shall be restricted to an amount equal to monthly salary.

Other Benefits

Benefits under Provident Fund as per the rules of the Company and this shall not be included in computing the value of perquisites.

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

Further resolved that the aforesaid remuneration payable to Sri.P.S.Balasubramanian, Executive Director, shall be paid with effect from 01.01.2000

Further resolved that the aforesaid remuneration and perquisites shall be the minimum remuneration to be paid in the event of loss or inadequacy of profits in any financial year.



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

'Resolved that the 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 subject to such modifications as may be necessary 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 business and concern in respect of our Windmill situated in SF No. 1488 Part at Pazhavor Village, Tirunelveli District, TamilNadu in certain events to or in favour of IREDA to secure its loan of Rs.65.60 Lacs under Equipment financing Scheme as per the agreement entered by company'.

10) 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 other applicable provisions if any of the Companies Act 1956 the Article 5 of the articles of Association of the company be altered in the following manner.

" Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit and Investment Corporation of India Limited (ICICI), Life Insurance Corporation of India (LIC) and Indian Renewable Energy Development Agency Ltd (IREDA) or to any other Finance Corporation or credit Corporation or to any other Financing Company or Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC, IREDA and Unit Trust of India (UTI) or any other Financing Company or credit corporation or any other Financing company or Body (each of which IDBI, IFCI, ICICI, LIC, IREDA and UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this Article referred to as the ("The Corporation") continue to hold debentures in the company by direct subscription or private placement, or so long as the corporation holds shares in the company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole time or non whole time, (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

The Board of Directors of the Company shall have no power to remove from office, the Nominee Director/s.

At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as Corporation holds Debentures in the Company as a result of Direct subscription or private placement or so long as the Corporation holds shares in the company as a result of underwriting or direct subscription or the liability of the Company arising out of any guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the corporation is paid off or on the Corporation ceasing to hold Debentures / shares in the company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Corporation.



The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the committee of which the Nominee Director/s is / are Member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director/s sitting fees and expenses which the other Directors of the Company are entitled, but if any other fees, commission moneys or remuneration in any form is payable to the Directors of the Company, the fees, commission moneys and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the company to the Corporation, or as the case may be to such Nominee Director/s. Provided that if any such Nominee Director/s is an Officer of the Corporation, the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the corporation. In the event of the Nominee Director/s being appointed as whole-time Director/s, such Nominee Director/s shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised or available to a whole time Director in the management of the affairs of the Company. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation".

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO.6

Due to demise of Sri.A.Selvaraj Palaniswamy and the resignation of Sri.T.Ramakrishnan, the strength of the Board has been reduced from Ten to Eight. Section 258 of the Companies Act, 1956 provides for passing of an ordinary resolution of the Company in the General Meeting to reduce the number of Directors within the limit fixed by the Articles of Association of the Company. The resolution in item no.6 is therefore proposed for the approval of the shareholders.

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

ITEM NO.7

The Tenure of office of Sri.B.Vijayakumar, as Managing Director of our Company completed on 31.12.1999. The Board of Directors at their meeting held on 29.10.1999 re-appointed Sri.B.Vijayakumar as Managing Director for a further period of 5 years commencing from 01.01.2000.

In order to avail the experience of Sri.B.Vijayakumar in strategic planning and new growth opportunities of business and to shoulder the increased responsibilities in all spheres of business activities of the Company, the Board recommends the approval of the resolution set out in item No.7

None of the Directors except Sri.B.Vijayakumar is interested or concerned in this resolution.

ITEM NO.8

The Tenure of office of Sri.P.S.Balasubramanian, Executive Director of our Company completed on 31.03.2000. The Board of Directors at their meeting held on 29.10.1999 re-appointed Sri.P.S.Balasubramanian as Executive Director for a further period of 5 years commencing from 01.04.2000.



The Directors are of the opinion that Sri.P.S.Balasubramanian's knowledge and experience will be of immense value to the Company. The Board, therefore, recommends the acceptance of the Resolution set out in the item No.8

None of the Directors except Sri.P.S.Balasubramanian is interested or concerned in this resolution.

ITEM NO.9

The company has approached M/s.Indian Renewable Energy Development Agency Ltd (IREDA) for financial assistance in the form of Term Loan for setting up of 0.225 MW wind farm project at Pazhavor Village, Tirunelveli District, Tamilnadu under Equipment Financing Scheme.

The financial assistance from the above institution has been secured by first mortgage of all the immovable and movable properties present and future together with power to take over the business and concern in respect of our Windmill situated in SF No. 1488 Part at Pazhavor Village, Tirunelveli District, TamilNadu in certain events to or in favour of IREDA.

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 in General Meeting, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the company owns more than one undertaking of the whole or substantially the whole of any such undertaking.

Since the mortgaging of the Company of its immovable and movable properties as aforesaid in favour of financial institutions 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. The Board of Directors therefore recommends the resolution set out in item No. 9

The copy of the sanction letter No. 221/1793/WE/99/IREDA/89603 dated 02.02.2000 received from IREDA and the Copies of the relevant documents / correspondence between the said institutions and the Company are open for inspection at the registered office of the Company between 11.00 a.m to 1.00 p.m on any working day prior to the date of the meeting.

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

ITEM NO.10

The company has approached M/s.Indian Renewable Energy Development Agency Ltd (IREDA) for financial assistance in the form of Term Loan for setting up of 0.225 MW wind farm project at Pazhavor Village, Tirunelveli District, Tamilnadu under Equipment Financing Scheme.

The Board of Directors at their meeting held on 31.01.2000 agreed that IREDA shall be entitled to appoint and withdraw from time to time nominee Directors on the Board of Directors of the Company at any time during the currency of the agreement entered with IREDA which requires alteration of article No. 5 of the Articles of Association of the Company.

The copy of the sanction letter No. 221/1793/WE/99/IREDA/89603 dated 02.02.2000 received from IREDA and the Copies of the relevant documents / correspondence between the said institutions and the Company are open for inspection at the registered office of the Company between 11.00 a.m to 1.00 p.m on any working day prior to the date of the meeting.

The Board of Directors therefore recommends the resolution set out in item No.10.

None of the Directors is interested or concerned 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 our company will remain closed from 16.09.2000 to 25.09.2000. (Both days inclusive)
3. 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.

4. 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.
5. Members who are holding shares under more than one folio may approach the company for consolidation.
6. Change in address, if any, may be intimated for better communication.
7. **Those members who have not received the shares of our Company so far, in exchange of the shares held in L.G.B. Industries Limited on amalgamation are requested to claim the shares by surrendering the shares of L.G.B. Industries Limited.**

By order of the Board

Coimbatore
29.05.2000

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



DIRECTORS' REPORT

The Directors have great pleasure in presenting their Forty Fourth Annual Report together with Audited Accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS

	(Rs.in Lacs)	
	31.03.2000	31.03.1999
Gross Income	17323.10	16841.86
Operating Profit	2193.59	2347.25
LESS: Interest & Bank charges	1051.29	1140.83
Gross Profit	1142.30	1206.42
LESS: Depreciation	651.66	616.78
Profit Before Tax	490.64	589.64
LESS: Provision for Taxation	125.00	115.00
Profit After Tax	365.64	474.64
ADD		
Balance brought forward	451.58	122.60
Available for appropriation	817.22	597.24
APPROPRIATIONS		
1. Proposed Dividend on Equity shares	-	88.43
2. Interim Dividend	78.61	-
3. Tax on Dividend	8.64	9.73
4. Transfer to General Reserve	36.50	47.50
5. Balance carried over	693.47	451.58
	817.22	597.24

DIVIDEND

The Company has paid an Interim dividend of 20% (i.e) Rs.2/- per share which absorbs a sum of Rs.87.25 lacs including tax on dividend. The Board has determined the Interim Dividend as Final dividend for the year 1999-2000.

REVIEW OF OPERATIONS

The year just concluded was a mixed year for our Company with great strides being made in the motorcycle and timing chains segments of the market. The bus body building has also improved its operations and running at capacity. The planned operations in Sri Lanka have been dropped due to the current strife in the Island and will be taken up when the circumstances are more favourable.

The company was able to improve its turnover from Rs.168.42 crores to Rs.173.23 crores inspite of the generally continuing sluggishness in the overall markets.

The noticeable recovery was in the textile market where the Company improved from a loss making scenario to a profitable one in the month of March. It is hoped that this profitable trend will continue in the current year. The company is planning to increase the capacity and also enter into polyester Yarn market during the current financial year.