



**45th
ANNUAL REPORT
2000 - 2001**

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L.G. BALAKRISHNAN & BROS LIMITED

FIVE YEAR PERFORMANCE AT A GLANCE**Rs. in Lakhs**

Year	1997	1998	1999	2000	2001
Sales & Other Income	13329.34	15488.21	16841.86	17323.10	19663.21
Export Sales	2241.80	2357.69	2836.45	1956.12	2718.16
Operating Profit	2134.70	2256.99	2347.25	2193.59	2426.20
Depreciation	428.04	591.72	616.78	651.66	727.30
Interest	1073.95	1223.70	1440.83	1051.29	918.53
Profit Before Tax	593.76	441.57	589.83	490.64	780.37
Tax	72.95	150.00	115.00	125.00	130.00
Profit After Tax	520.81	291.57	474.64	365.64	650.37
Rate of Dividend (%)	22.50	22.50	22.50	20.00	35.00
Dividend Including Tax	77.53	97.27	91.16	87.25	151.59
Retained Profit	443.28	194.30	383.48	278.35	498.78
Net Fixed Assets	4433.60	5619.37	5873.50	5747.20	6250.62
Share Capital - Equity (Rs.10/-)	313.23	393.03	393.03	393.03	393.03
Reserves & Surplus Excluding Revaluation Reserve	3724.09	4557.90	4954.16	5226.25	5758.73
Net Worth	4037.32	4950.93	5347.19	5639.28	6151.76
Return on Net Worth (%)	13.00	6.00	9.00	6.00	11.00
Book Value Per Share (Rs.)	128.89	125.97	136.05	143.48	156.52
EPS (Rs.)	16.63	7.42	12.08	9.30	16.55

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	
Sri. P. Shanmugasundaram	

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

REGISTERED OFFICE

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

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NOTICE

Notice is hereby given that the Forty Fifth Annual General Meeting of the members of the Company will be held on Wednesday, the 19th day of September, 2001 at 3.30 P.M. at 'Ardra' Kaanchan, 9, North Huzur Road, Coimbatore -641018 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 2001, 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. P.S.Srinivasan, who retires by rotation and being eligible, offers himself for reappointment.
- 4) To appoint a Director in the place of Sri. S.Sivakumar, who retires by rotation and being eligible, offers himself for reappointment.
- 5) To re-appoint Messrs. Fraser & Ross, Chartered Accountants as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to 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 increased from Eight to Nine.

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

Resolved that Sri. P. Shanmugasundaram who was appointed as an Additional Director of the Company with effect from 24.05.2001 by the Board of Directors and who holds office upto the date of this ensuing Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company and whose term of office shall be liable to determination by retirement of Directors by rotation.

- 8) **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. 1348 (part), 1354 (part), 1358 (part) at Pazhavor Village, Tirunelveli District, Tamil Nadu in certain events to or in favour of IREDA to secure its loan of Rs.262 Lacs under Equipment financing Scheme as per the agreement entered by the company.



9) 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 immovable and movable properties present and future in respect of our Plant located at Kurichi, Coimbatore District, Tamil Nadu in favour of M/s .ICICI Limited to secure its Rupee Term Loan of Rs.160 millions sanctioned together with interest thereon at the respective agreed rates, compound interest, additional interest liquidated damages premium on prepayment costs, charges, expenses and other money 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.

EXPLANATORY STATEMENT

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

ITEM NO.6

Due to the appointment of Sri.P.Shanmugasundaram, Director, the strength of the Board has been increased from Eight to Nine. Section 258 of the Companies Act, 1956 provides for passing of an ordinary resolution of the Company in the General Meeting to increase 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 approval of the shareholders.

ITEM NO. 7

Sri. P. Shanmugasundaram was appointed as an Additional Director of the Company on 24.05.2001 by the Board of Directors of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956. Sri. P.Shanmugasundaram holds office only upto the date of the forth coming Annual General Meeting. The Company has received a notice in writing from a member under Section 257 (1) of the Companies Act, 1956 notifying his intention to propose Sri.P.Shanmugasundaram as a candidate for the office of the Director.

Having considered the experience of Sri.P.Shanmugasundaram as Chartered Accountant and brings to the Board several years of his professional experience the Board desires to avail the services of Sri.P.Shanmugasundaram and accordingly recommend the resolution set out in item No.7 of the Agenda.

None of the Directors is in any way concerned or interested in this resolution except Sri.P.Shanmugasundaram.

ITEM NO.8

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 0.900 MW (4 x 225 KW WEG each) wind farm project at Pazhavor Village, Tirunelveli District, Tamilnadu under Equipment Financing Scheme and IREDA has agreed in principal to grant to our company a term loan of Rs. 262 Lacs (Rupees two hundred and sixty two Lacs only).

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. 1348 (Part), 1354 (Part) and 1358 (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 copy of the sanction letter No.221/1850/WE/2000/IREDA/7787 dated 06.10.2000 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 pm on any working day prior to the date of the meeting.

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

ITEM NO.9

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 and movable properties present and future in respect of our plant located at Kurichi Village, Coimbatore District, Tamil Nadu in addition to the properties of Our plants located at Gudalore Village, Veda sandur Taluk, Dindigul District and Vaiyampalayam, Kodayampalayam Village, Coimbatore Taluk, Coimbatore District, Tamil Nadu.

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 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 pm on any working day prior to the date of the meeting.

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

NOTE

- Particulars about the Directors proposed for Reappointment / Appointment as per clause 49(VI)(A) of the Listing agreement.

No.	Name	Qualification	Experience	Directorship
1.	Sri. P.S. Srinivasan	B.Sc., B.L.,	Lawyer in Practice for 50 years	El Ess Engineering (p) Ltd.,
2.	Sri. S. Sivakumar	B.Com.,	Experience in Business for 20 years	Elgi Automotive Services Ltd., LGB Auto Products Ltd., Coimbatore Private Industrial Estates Ltd., Ishwarya Lakshmi Finance (P) Ltd., SLVM Components (P) Ltd.,
3.	Sri. P. Shanmugasundaram	B.Com., LLB., FCA.	Chartered Accountant in Practice for 26 Years	--



2. 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.
3. The Register of Members and the Share Transfer Register of our Company will remain closed from 01.09.2001 to 19.09.2001 (Both days inclusive)
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) Act, 2000, now the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investors Education and Protection Fund.

5. 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. If the dividend warrant is lost, apply for duplicate 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, if any, may be intimated for better communication.
9. 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**.
10. Trading of our shares are compulsorily in dematerialised form for all shareholders with effect from 26.06.2000 as per the SEBI Circular No.SMDRP/POLICY/CIR – 9/2000 dated 16.02.2000.

By order of the Board

Coimbatore
24.05.2001

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



DIRECTORS' REPORT

The Directors have great pleasure in presenting their Forty Fifth Annual Report together with Audited Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS:

Gross Income

- Domestic
- Export

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. Interim Dividend
2. Tax on Dividend
3. Transfer to General Reserves
4. Balance carried over

(Rs. in Lacs)	
31.03.2001	31.03.2000
16945.05	15366.99
2718.16	1956.11
19663.21	17323.10
2426.20	2193.59
918.53	1051.29
1507.67	1142.30
727.30	651.66
780.37	490.64
130.00	125.00
650.37	365.64
693.47	451.58
1343.84	817.22
137.56	-
-	78.61
14.03	8.64
713.14	36.50
479.11	693.47
1343.84	817.22

DIVIDEND

Your Directors are pleased to recommend a Dividend of 35% (i.e) Rs. 3.50 per share absorbing a sum of Rs. 151.59 Lacs which includes tax on Dividend.

REVIEW OF OPERATIONS

The last twelve months have been a demanding and tough period for your company, where we have had to face stiff competition both in the domestic as well as in markets overseas. We have however been able to increase our turnover and profitability as seen in the profit and loss account.

The turnover at Rs.196 Crores represents an increase of 13.50 % on the total turnover. The bulk of the increase is from the Exports of our products as well as from the Motor cycle manufacturing customers. We have also increased our fine product capability and expect further growth in the coming years. Our textile division has also grown with the addition of 2000 spindles and the present spindleage stands at 9000.

The process of mechanization in the bus body division has been completed and we are in the position of offering the most competitive rates for our bus bodies to our customers.

Various steps are being taken to improve the performance of our Rubber Division and we are confident of attaining even better overall results.

The goal of excellence in performance in all parameters including management has been defined, targets set. All the executives, staff, and workers have committed themselves in attempting to achieve this ideal. We are sure that with the continuance of the present trends we will continue to report better and better results in the coming years.



INDUSTRIAL RELATIONS

The employees relationship in your company was satisfactory. Management Development and Career Development received continued attention. Systematic assessment of leadership potential was carried out through Development centres. Specific learning programs were organized to help employees to upgrade their professional skills and inter personal ethics.

Your Directors acknowledge and thank employees for their contribution and involvement.

DIRECTORS

Sri.P.S.Srinivasan and Sri.S.Sivakumar retire from the Board by rotation at the ensuing Annual General meeting and , being eligible, offer themselves for re-appointment.

Sri.P.Shanmugasundaram has been inducted in to the Board with effect from 24.05.2001.

DIRECTORS' RESPONSIBILITY STATEMENT

- i) That on the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations.
- (ii) That the Directors has selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit & loss of the company for the period:
- (iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities:
- (iv) That the directors had prepared the annual accounts on a going concern basis.

AUDITORS

M/s.Fraser & Ross, Auditors of the Company retire at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

FIXED DEPOSITS

As on 31.03.2001 your Company had 2957 deposits amounting to Rs. 480.07 Lacs . During the year the deposit holders whose deposits matured were paid the interest due to them and refunded their principal amount except when they chose to renew the deposits.

As on 31.03.2001 48 deposits amounting to Rs. 4.36 Lakhs had become due for payment which has not been claimed or renewed. These persons have been approached for instructions.

Subsequently 17 deposits amounting to Rs1.98 lakhs have been renewed or repaid.

There was no failure to make repayment of Fixed Deposit on maturity on fulfilment of the terms and conditions of your company's schemes.

LISTING WITH STOCK EXCHANGES

Your Company Shares are listed with Madras, Coimbatore, Mumbai, and National Stock Exchanges. Listing fees has already been paid to all these stock exchanges for 2000 – 2001 and 2001 – 2002.