



**46th
ANNUAL REPORT
2001 - 2002**



L.G. BALAKRISHNAN & BROS LIMITED

L.G. BALAKRISHNAN & BROS LIMITED

DIRECTORS

Sri.L.G.Varadarajulu	
Sri.B.Vijayakumar	Managing Director
Sri.P.S.Balasubramanian	Deputy Managing Director
Sri.P.S.Srinivasan	
Sri.C.Nachiappan	
Sri. P.Balasubramanian	
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
State Bank of India
Union Bank of India
Andhra Bank
Indus Ind Bank Limited

REGISTERED OFFICE

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

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46TH ANNUAL GENERAL MEETING

Date : 23rd September 2002

Day : Monday

Time : 4.00 PM

Venue : **Ardra Convention Centre**
Kaanchan,
9, North Huzur Road,
Coimbatore - 641 018.

Book Closure Dates : 9th September - 23rd September 2002
(Both days inclusive)

**NOTICE**

Notice is hereby given that the Forty Sixth Annual General Meeting of the members of the Company will be held on Monday, the 23rd day of September at 4.00 P.M at Ardra Convention Centre , 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 2002, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
- 2) To declare dividend.
- 3) To appoint a Director in the place of Sri. L.G.Varadarajulu , who retires by rotation and being eligible, offers himself for reappointment.
- 4) To appoint a Director in the place of Sri. P.Balasubramanian, 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 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-designated as Deputy Managing Director of our Company for the period from 01.04.2002 to 31.03.2005 on the following remuneration :

	Per month Rs.
Salary in the scale of Rs.60,000-7500-82500	60,000
Vehicle Purchase Allowance	4,000
	<u>64,000</u>

Perquisites

He shall be entitled to actual reimbursement of medical expenses, servants expenses, vehicle maintenance and furnishing etc., not exceeding 50 % of the Annual Basic salary.



Other Benefits

Club fees, subject to a maximum of 2 clubs, Leave Travel concession, Personal Accident Insurance Premium, Benefits under Provident Fund are as per the Rules of the Company.

He is also eligible for Profit Share Incentive as per the rules of the company.

Minimum Remuneration

The aforesaid remuneration and other benefits shall be the minimum to be paid in the event of loss or inadequacy of profits in any financial year.

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.

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

Resolved that the authority be and is hereby accorded to the Board of Directors of the Company pursuant to Section 293 (1) (d) of the Companies Act 1956 , or any amendment or modification thereof, to borrow and raise such sums of money from time to time as may be required for the purpose of the business of the Company in excess of the aggregate of the Paid up Capital of the Company and its Free Reserves, that is to say, reserves not separate for any specific purposes, subject to the provisions that such borrowings shall not exceed Rs. 125 Crores (Rupees One hundred twentyfive Crores only) over and above the aggregate of the paid up capital of the Company and its free reserves and shall exclude all temporary loans obtained by the company from its bankers in the ordinary course of its business .

EXPLANATORY STATEMENT

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

ITEM NO.6

Sri.P.S.Balasubramanian, has been serving in this company for a period of 39 years in various capacities and having extensive knowledge in the operations of our Company and the Directors are of the opinion that his services would be beneficial to the Company. Accordingly, Sri P.S.Balasubramanian has been re-designated as Deputy Managing Director with an increase in his remuneration. The Board therefore recommends the acceptance of the Resolution set out in item No. 6.

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

ITEM NO.7

The Company at the Extra Ordinary General Meeting held on 08.08.1996 accorded its consent to the Board of Directors to borrow money to the extent of Rs. 75 Crores. Commensurate with the size and its multifarious operations it is deemed necessary to increase the borrowing limit from Rs. 75 Crores to Rs.125 Crores and hence the Board recommends this resolution set out in item No.7.

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

**NOTE**

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

No.	Name	Qualification	Experience	Other Directorships in Public Limited Companies and membership in Committees
1.	Sri.L.G.Varadarajulu	D.A.E	Industrialist 50 Years	Elgitread (India) Ltd Elgi Rubber Products Ltd Elgitread (International) Ltd Elgi Automotive Services Ltd Elgi Equipments Ltd Elgi Ultra Industries Ltd L.G.B.Auto Products Ltd Magna Electro Castings Ltd Meridian Industries Ltd Precot Mills Ltd Premier Instruments & Controls Ltd Rayalaseema Technologies Ltd AUDIT COMMITTEE - Elgi Equipments Ltd. – Member SHAREHOLDERS & INVESTORS RELATION COMMITTEE – Premier Instruments & Controls Ltd.- Member.
2.	Sri.P.Balasubramanian	B.S	19 Years Business	Rayalaseema Technologies Ltd. AUDIT COMMITTEE of our Company- Member.
3.	Sri.P.S.Balasubramanian	B E	39 Years Services	L.G.B. Auto Products Limited Elgi Automotive Services Limited Super Energy Systems Limited SHAREHOLDERS & INVESTORS COMMITTEE of our Company - Member

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 9th September 2002 to 23rd September 2002 (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.

- 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 and if the dividend warrant is lost, they may apply for duplicate warrant.
- Members desiring any information as regards to the 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.
- Members who are holding shares under more than one folio may approach the company for consolidation.
- Change in address, if any, may be intimated for better communication.
- 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.
- Those members who have not received their shares of **L.G.Balakrishnan & Bros Limited** so far, in exchange of the shares held in **L.G.B.Industries Limited** due to **Amalgamation** are requested to claim the shares by surrendering the shares of **L.G.B. Industries Limited**.



Coimbatore
22.05.2002

By order of the Board

A. JAMES CHANDRA MOHAN
Corporate General Manager
Company Secretary

**DIRECTORS' REPORT**

The Directors have great pleasure in presenting their Forty Sixth Annual Report together with Audited Accounts for the year ended 31st March 2002.

FINANCIAL RESULTS

Gross Income
Domestic
Export

Operating Profit
LESS: Interest & Bank charges

Gross Profit
LESS: Depreciation

Profit Before Tax
LESS: Provision for Taxation
Current Income Tax
Deferred Tax

Profit After Tax

ADD
Balance brought forward

Available for appropriation

APPROPRIATIONS

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

DIVIDEND

Your Directors are pleased to recommend a Dividend of 40 % (i.e) Rs 4 /- per share on the Paid up Capital which absorbs a sum of Rs.157.21 Lacs subject to deduction of Income Tax as applicable at the appropriate rate .

REVIEW OF OPERATIONS

Your company has increased its turnover from Rs. 196.63 Crs to Rs.208.23 Crs and maintained its profitability despite adverse conditions both within India and overseas especially due to September 11 incidents as well as internal crisis in Gujarat and the border situations severely affecting our projections and estimates.

The adverse conditions in world trade forced your company to review its core strengths and applications and then redefined its activities. In view of the declining markets, the competition for the business is very fierce and intense. The Chinese have emerged as major contenders in some of our product ranges. Therefore, apart from the traditional and historic businesses, such as the Bus Body Division, Textile Division and Rubber Division, your company has redefined itself as a metal transformation company which would include different types of metals, such as aluminum, steel etc., and also include processes such as precision machining , moulding, cold forming etc. In addition the company would concentrate on supply of assembled components and products. In the process your company has made various exploratory steps in the manufacturing as well as marketing of certain products.

(Rs.in Lacs)	
31.03.2002	31.03.2001
18533.68	16945.05
2288.94	2718.16
20822.62	19663.21
2498.47	2426.20
808.64	918.53
1689.83	1507.67
863.45	727.30
826.38	780.37
240.00	130.00
(67.38)	
653.76	650.37
479.11	693.47
1132.87	1343.84
157.21	137.56
-	14.03
685.69	713.14
289.97	479.11
1132.87	1343.84



Though a number of initiatives have been made we are happy to state that this has enabled in expansion of our Fine Blanking Division into a commercially viable unit.

The Bus Body Division has reduced its work force as a cost control measure and also mechanized major part of the manufacturing activity and supplemented with outsourcing to become more competitive.

The Textile Division has been reeling along with the textile industry and facing steep drop in market prices. However the market seems to have improved and we are sure that the year 2002-2003 will be distinctively better.

The Rubber Division has maintained its performance as compared to the earlier year. We are also in the process of manufacturing new products in addition to existing line of business.

The Chain Division has witnessed a very sluggish export demand due to competition from China as well as global recession. In spite of this we have maintained and in fact increased the turnover in this division and also the company is looking into alternate markets.

SEGMENTWISE PERFORMANCE

Segment wise performance is disclosed in notes forming part of accounts vide Note No.9.

INTERNAL CONTROL SYSTEM

Adequate Internal Control System has been formulated to have reasonable assurance on the objectives of operations relating to efficiency and effectiveness of operations, reliability of financial reporting, compliance to applicable laws and regulations and for safeguarding the assets of the Company. Periodical reviews resulting in identification of control deficiencies and to improve the efficiency of the System.

DIRECTORS

Sri.L.G.Varadarajulu and Sri.P.Balasubramanian, Directors, retire from the Board by rotation at the ensuing Annual General meeting and, being eligible, offer themselves for re-appointment.

Sri.P.S.Balasubramanian who was holding the position of Executive Director has been re-designated as Deputy Managing Director of our Company with effect from 01.04.2002.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with the provisions of Section 217 (2AA) of the Companies Act, 1956 your Directors wish to place on record :

- (i) that in preparing the Annual Accounts, all the applicable accounting standards had been followed ;
- (ii) that the accounting policies are consistently followed and the 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, 2002 and of the profit of the company for the financial year;
- (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.

INDUSTRIAL RELATIONS

The Companies focus on Human Resources yielded a smooth industrial relations climate with amicable, mutually beneficial settlements. Continuous harnessing of human potential through effective training and development initiatives made the company to march ahead into TPM culture. The present Employees strength of your company is 1765.

CORPORATE GOVERNANCE

As per the Amended Listing Agreement with the Stock Exchanges, a Report on Corporate Governance together with the Auditors' Certificate regarding the Compliance of conditions of Corporate Governance form part of the Annual Report.



STATUTORY INFORMATION

The Statement showing the particulars of Conservation of Energy, Technology Absorption, Adaptation and Innovation pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 is given in the annexure forming part of this report .

PARTICULARS OF EMPLOYEES

The Statement referred to in Section 217 (2-A) of the Companies Act, 1956 does not arise as no one is in receipt of a monthly salary of Rs.1,00,000/- or more when employed for part of the year or Annual Salary of Rs.12,00,000/- or more when employed throughout the year.

AUDITORS

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

SUBSIDIARY COMPANY

Your Company has diluted its holding in Super Energy Systems Limited, an Erstwhile Subsidiary Company during the year and hence it is no more a subsidiary Company.

FIXED DEPOSITS

As on 31.03.2002 your Company had 2149 deposits amounting to Rs.514.86.Lakhs. 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 31.03.2002, 23 Deposits amounting to Rs 2.30 Lakhs had become due for payment which has not been claimed or renewed. These persons have been approached for instructions.

Subsequently 12 deposits amounting to Rs 1.27 Lakhs have been renewed or repaid.

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

LISTING WITH STOCK EXCHANGES

Your Company Shares are listed with Madras, Coimbatore, Mumbai, and The National Stock Exchange. Necessary Listing fees have been paid to all these stock exchanges for 2001 – 2002 .

DEMATERIALISATION OF SHARES

Your Company's shares have been activated for Dematerialisation with National Security Depository Ltd (NSDL) with effect from 19.02.1999 and Central Depository Services Limited with effect from 29.02.2000. Till Date Company had received 1024942. shares for Dematerialisation representing 26.08 % of total equity capital.

Trading of our shares are compulsorily in dematerialised form for all share holders with effect from 26.06.2000 as per the SEBI Circular No.SMDRP/POLICY/CIR – 9/2000 dated 16.02.2000.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation of the invaluable contribution of the Employees for achieving these results . They would also like to take this opportunity to thank the customers , the suppliers, the Bankers, the Financial Institutions and the valued shareholders for their support and encouragement.

By Order of the Board,

Coimbatore
22.05.2002

L.G.VARADARAJULU
Director

B.VIJAYAKUMAR
Managing Director