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LAKSHMI MACHINE WORKS LIMITED

36th ANNUAL REPORT - 1998 - 99

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LAKSHMI MACHINE WORKS LIMITED

BOARD OF DIRECTORS

Dr . D. JAYAVARTHANAVELU
(Chairman and Managing Director)

Sri. V.N. RAMACHANDRAN

Sri. M. Ct. MUTHIAH

Sri. M.V. SUBBIAH

Justice Sri. G. RAMANUJAM (Retd.)

Justice Sri. S. NATARAJAN (Retd.)

Sri. R.V. SUBRAHMANIAN

Sri. S. PATHY

Sri. R. SATAGOPAN
(Nominee Director of LIC)

Sri. R. VENKATRANGAPPAN
(Wholetime Director)

Sri. SANJAY JAYAVARTHANAVELU
(Wholetime Director)

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COMPANY SECRETARY

Sri. K.V. RAMAN

AUDITORS

M/s. M.S. JAGANNATHAN & VISVANATHAN
Chartered Accountants, Coimbatore.

M/s. SUBBACHAR & SRINIVASAN
Chartered Accountants, Coimbatore.

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LAKSHMI MACHINE WORKS LIMITED

REGISTERED OFFICE :
Perianaickenpalayam
Coimbatore - 641 020

CORPORATE OFFICE :
34-A, Kamaraj Road
Coimbatore - 641 018

TEXTILE MACHINERY DIVISIONS :

UNIT - I : Perianaickenpalayam
Coimbatore - 641 020

UNIT - II : Kaniyur
Coimbatore - 641 659

SPINDLES UNIT : SF 113, Annur Road,
Arasur, Coimbatore - 641 407

MACHINE TOOL DIVISION,

FOUNDRY DIVISION &

G.K.D. INSTITUTE FOR TECHNOLOGICAL RESOURCES
PRESS TOOLS, MOULDS FOR DIE CASTINGS AND
PLASTIC PARTS DIVISION
Arasur,
Coimbatore - 641 407

SUBSIDIARY COMPANIES :
(Wholly owned)

DEEJAY LEASING COMPANY LTD.
Perianaickenpalayam
Coimbatore - 641 020

LMW MANAGEMENT SERVICES LTD.
Perianaickenpalayam
Coimbatore - 641 020

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BANKERS :
INDIAN BANK
BANK OF BARODA
INDIAN OVERSEAS BANK
CITI BANK N.A.
ABN AMRO BANK N.V.
BANK OF NOVA SCOTIA
HDFC BANK
ICICI BANKING CORPORATION LTD.

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Thirty Sixth Annual General Meeting of the Shareholders of Lakshmi Machine Works Limited, Coimbatore - 641 020 will be held on Monday, the 20th September, 1999 at 3.00 p.m. at 'Nani Kalai Arangam', Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641 037, to transact the following business :

ORDINARY BUSINESS :

1. To consider the Profit and Loss Account for the financial year ended 31st March 1999, the Balance Sheet as at that date, the Report of the Board of Directors and the Report of the Auditors.

2. To declare a Dividend.

3. To appoint a Director in the place of Justice Sri. G. Ramanujam (Retd.) who retires by rotation and being eligible offers himself for re-appointment.

4. To appoint a Director in the place of Sri. V.N. Ramachandran who retires by rotation and being eligible offers himself for re-appointment.

5. To appoint a Director in the place of Sri. M.Ct. Muthiah who retires by rotation and being eligible offers himself for re-appointment.

6. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration and in this connection to consider and if deemed fit to pass with or without modification the following resolution as a Special Resolution in terms of Section 224-A of the Companies Act, 1956 ;

   'RESOLVED that Messrs. M.S. Jagannathan & Visvanathan and Messrs. Subbachar & Srinivasan, Chartered Accountants be and are hereby re-appointed as Auditors of the Company till the conclusion of the next Annual General Meeting on a remuneration to be determined at the Annual General Meeting on 20th September, 1999'.

SPECIAL BUSINESS :

7. To consider and if deemed fit, to pass with or without modification the following resolution as a Special Resolution :

   RESOLVED that pursuant to the provisions of Section 17 and other applicable provisions if any of the Companies Act, 1956 (including any statutory modifications and re-enactment thereof) the Memorandum of Association of the Company be and is hereby amended by inserting the following as sub-clause 63 after sub-clause 62 in the object clause of the Memorandum of Association of the Company.

   "To carry on the business of developers, purchasers, consultants and technical advisors in the field of computers, computer software, information and management system, development and dealing in computer programs, application systems, maintenance, software development and to depute personnel to develop and process

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software and hardware and other electronic items in India and Abroad, also to deal with the property of the company by sale or lease or in any other manner deal with or dispose-off the undertaking or properties of the company or any part thereof and to generate, distribute and supply electricity subject to such statutory regulations".

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

RESOLVED that pursuant to the provisions of Section 149(2A) of the Companies Act, 1956, the consent be and is hereby accorded to the Company to commence all or any of business as specified in item 63 of the objects clause of the Memorandum of Association (as altered) which is setout below :

"To carry on the business of developers, purchasers, consultants and technical advisors in the field of computers, computer software, information and management system, development and dealing in computer programs, application systems, maintenance, software development and to depute personnel to develop and process software and hardware and other electronic items in India and Abroad, also to deal with the property of the company by sale or lease or in any other manner deal with or dispose-off the undertaking or properties of the company or any part thereof and to generate, distribute and supply electricity subject to such statutory regulations".

9. To consider and if deemed 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, (including any statutory modification or re-enactment thereof) the Articles of Association of the Company be and are hereby amended, altered and/or substituted in the manner and to the extent as is set out herein below :

I) The following sub-clause be inserted after sub-clause (b) of clause 1.

(bb) 'Beneficial Owner' shall mean beneficial owner as defined in clause (a) of sub-section (1) of section 2 of the Depositories Act, 1996.

II) The following sub-clauses be inserted after sub-clause (e) of clause 1 :

(ee) 'Depositories Act' means the Depositories Act, 1996 including any statutory modification or re-enactment thereof for the time being in force.

(eee) Depository shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.

III) The following sub-clause be inserted after sub-clause (l) of clause 1 :

(ll) Member means the duly registered holder from time to time of the shares of the Company and includes the subscribers of the Memorandum of Association of the Company and the beneficial owner(s) as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

IV) The following sub-clause be inserted after sub-clause (u) of clause 1 :

(uu) 'Security' means such security as may be specified by the Securities Exchange Board of India.

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V) Article 28, 29, 30 & 31 be deleted and the following clause numbered as Article 27A be inserted :

The Company shall cause to be kept a Register and Index of Members and Debenture holders in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with details of securities held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media.

VI) Article 32 of the Articles of Association be substituted by the following :

Except as ordered by a Court of Competent jurisdiction or as by law required, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any security or whose name appears as the beneficial owner of securities in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust or equity or equitable contingent or other claim to or interest in such share on the part of any other person whether or not be shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any securities in the joint names of any two or more persons or the survivor or survivors of them.

VII) *Article 39 of the Articles of Association be substituted by the following :*

The securities shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the securities of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinafter mentioned, no security shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

VIII) The following article be inserted after the existing Article 40 and be numbered as Article 40A :

The Company shall be entitled to dematerialise its existing shares, rematerialise its shares held in the Depositories and / or to offer its fresh shares dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

IX) The following clauses numbered as Article 98A and 98B be inserted after the existing Article 98

98A) The Company shall keep a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any security held in material form.

98B) In the case of transfer or transmission of securities where the Company has not issued any certificates and where such securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

X) The word "Ordinary" be substituted for the word "Special" appearing in the Article 238.

XI) The following article numbered as Article 266A be inserted after the existing Article 266.

The Board of Directors may from time to time appoint one or more of their body to the office of Wholetime Director for such period and on such terms including remuneration as the Board may think fit and subject to the terms of any agreement entered into with him may revoke such appointment. A Director so appointed shall not, whilst holding that office be subject to retirement by rotation.

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LAKSHMI MACHINE WORKS LIMITED

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

"RESOLVED that in accordance with the provisions of Sections 198, 269 and 309, read with Schedule XIII and other applicable provisions of the Companies Act, 1956 and subject to such approvals as may be necessary, Dr. D. Jayavarthanavelu be and is hereby re-appointed as Managing Director of the Company for a further period of five years with effect from 3rd April 2000 to 2nd April 2005 upon the same terms and conditions of his current tenure of office which are setout below :

REMUNERATION :

i) Salary : Rs. 1,50,000 p.m.

ii) Commission : 1 percent of the net profits payable annually.

iii) Perquisites :

In addition to the salary and commission, the Managing Director shall also be entitled to perquisites like furnished accommodation, gas, electricity, water, furnishings, medical reimbursement, LTA for self and family, club fees, medical insurance etc., in accordance with the rules of Company, such perquisites being restricted to Rs. 10 lakhs per annum. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax rules wherever applicable.

Company's contribution to Provident Fund and Superannuation Fund as per rules of the Company, to the extent these, either singly or together, are not taxable under the Income Tax Act, 1961 shall not be included in the computation of the ceiling on remuneration or perquisites. Gratuity payable shall not exceed half a month's salary for each completed year of service. The Managing Director is entitled to encashment of leave at the end of tenure which shall not be included in the computation of the ceiling on remuneration or perquisites.

Provision of a Company car with driver for use on Company's business and telephone facility at his residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purposes shall be billed by the Company to the Managing Director".

The Minimum remuneration and perquisites to be paid in the event of loss or inadequacy of profit in any financial year during the tenure of office shall be as per schedule XIII of the Companies Act, 1956.

By Order of the Board
K.V. Raman
Company Secretary

Place : Coimbatore - 641 020
Date : 28th July, 1999

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NOTE :

1. A member who is entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
2. Proxies in order to be effective must be deposited at the Registered Office of the Company at Perianaickenpalayam, Coimbatore - 641 020 not less than 48 hours before holding the meeting.
3. *Members are requested to intimate their Bank Account Number details for incorporating the same in Cheques / Demand Drafts to the* Secretarial Department of the Company at 34-A, Kamaraj Road, Coimbatore - 641 018 quoting their respective folio number.
4. Members are requested to intimate their change of address, if any, to the Secretarial Department of the Company 34-A, Kamaraj Road, Coimbatore - 641 018 quoting their respective folio numbers.
5. The Register of Members of the Company will remain closed from Wednesday, the 1st September, 1999 to Monday, the 20th September, 1999 (both days inclusive). The dividend as recommended by the Board, if sanctioned at the Meeting, will be paid to those Members (or their mandatees) whose names appear on the Register of Members on 20th September, 1999, without deduction of tax.
6. Pursuant to Section 205-A of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1999 all unclaimed dividends shall be transferred to the "Investor Education and Protection Fund" of the Central Government after a period of 7 years from the date of declaration. Shareholders who have not encashed the dividend warrants for the years 1995-96, 96-97 & 97-98 are requested to write to the Secretarial Department of the Company at 34-A, Kamaraj Road, Coimbatore - 641 018 for claiming the dividend.
7. In compliance with the requirements of Sec 302 of the Companies Act, 1956 the terms contained in the notice for item No.10 be taken as the abstract of terms of remuneration payable to Dr. D. Jayavarthanavelu, Managing Director.
8. *Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.*

ANNEXURE TO THE NOTICE

STATEMENT IN RESPECT OF ITEM NO. 6

Section 224-A of the Companies Act, 1956, provides that in the case of a Company, in which not less than 25% of the subscribed share capital is held by public financial institutions or any Government or nationalised banks or other financial institutions referred to therein, the appointment or re-appointment of the auditors shall be made by a Special Resolution. As more than 25% of the subscribed share capital of your Company is held by the categories of bodies corporate mentioned in that Section, the resolution for the appointment of the said Auditors and the fixation of their remuneration is proposed as a Special Resolution as set out in item No. 6.

As required under Section 224(1) of the Companies Act, 1956, certificates have been received from them to the effect that their appointment, if made, will be in accordance with the limits prescribed in Section 224 (1B) of the Companies Act, 1956.

EXPLANATORY STATEMENT IN TERMS OF SECTION 173 OF THE COMPANIES ACT, 1956

ITEM No. 7 and 8 :

The members are aware that the Government has opened up the economy and your company desires to enter into telecommunication business by manufacture of pay phone system etc. One of the important system in the pay phone is the software. Your company may develop software for its captive consumption and later for use by other telecom companies. In order to undertake the above business and also other related activities your Board of Directors consider this to recommend for inclusion in the Object Clause of the Memorandum of Association of the Company.

The commencement of the above new business is also to be approved by the shareholders by a special resolution in terms of section 149(2A) of the Companies Act, 1956. Accordingly, the resolutions set out in Item Nos. 7 & 8 are submitted for your approval.

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LAKSHMI MACHINE WORKS LIMITED

INSPECTION OF DOCUMENTS :

A copy of the existing Memorandum of Association of the Company together with a copy of the proposed alterations to Clause III of the Memorandum of Association as set out in the Special Resolution under Item No. 7 of the Notice are open for inspection at the Registered Office of the Company during business hours on any working day.

INTEREST OF DIRECTORS :

None of the Directors of the Company is interested in the Resolution.

ITEM No. 9 :

The passing of the Depositories Act, 1996, the introduction of Depository system and to facilitate adoption of the above, certain amendments to some of the provisions of the Companies Act, 1956 and schedules thereto have been made. It is therefore proposed to alter the Articles of Association of the Company to the extent provided in the resolution so that they conform in line with the provisions of the Depositories Act, 1996 / the amended provisions of the Companies Act, 1956 and schedules thereto.

INSPECTION OF DOCUMENTS :

A copy of the existing Articles of Association of the Company and the proposed amendments are available for inspection by members at the Registered Office of the Company on all working days during working hours.

INTEREST OF DIRECTORS :

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

ITEM No. 10 :

Dr. D. Jayavarthanavelu was re-appointed as Managing Director for a period of five years from 3rd April 1995 to 2nd April 2000 in conformity with schedule XIII of the Companies Act, 1956 and the same was approved by the shareholders at the 31st Annual General Meeting held on 4th August, 1994. His period of office would expire on 2nd April, 2000. In the interest and progress of the Company he should be re-appointed as Managing Director of the Company for a further period of five years with effect from 3rd April, 2000 on the same terms and conditions of his previous tenure.

Accordingly the said resolution is submitted for your approval.

In terms of Article 321 of Articles of Association of the Company, Dr. D. Jayavarthanavelu is not liable to retire by rotation.

INTEREST OF DIRECTORS :

Dr. D. Jayavarthanavelu, Chairman and Managing Director and Sri. Sanjay Jayavarthanavelu, Wholetime Director are concerned or interested in the re-appointment of the former as Managing Director. No other Director of the Company is concerned or interested in the proposed re-appointment.

By Order of the Board
K.V. Raman
Company Secretary

Place : Coimbatore - 641 020
Date : 28th July, 1999

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DIRECTORS' REPORT TO SHAREHOLDERS

Dear Shareholder

Your Directors have great pleasure in presenting the Thirty Sixth Annual Report of your Company together with the audited accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

		1998-99 Rs.	1997-98 Rs.
Gross Profit		59,69,21,033	88,02,82,676
Depreciation		45,27,98,248	48,87,65,319
Net profit		14,41,22,785	39,15,17,357
ADD :	Excess provision of depreciation for prior years reversed	---	12,49,93,320
	Balance Brought forward from Profit & Loss A/c.	29,44,69,600	---
		43,85,92,385	51,65,10,677
LESS :	Donation	36,96,000	83,51,605
		43,48,96,385	50,81,59,072

APPROPRIATIONS

Provision for Taxation	6,00,00,000	13,25,00,000
Prior year Taxes	7,26,03,908	---
Investment Fluctuation Reserve	1,42,42,332	---
Dividend Tax for prior year	---	36,57,456
Proposed Dividend	3,65,74,560	3,65,74,560
Provision for Dividend Tax	40,23,202	36,57,456
Amount Transferred to General Reserve	1,00,00,000	3,73,00,000
Balance carried to profit and loss A/c	23,74,52,383	29,44,69,600
	43,48,96,385	50,81,59,072

DIVIDEND

Your Directors recommend payment of Dividend at 30% on the equity share capital of Rs.12,19,15,200/-, for the year ended 31st March, 1999. The Dividend if approved will be paid to those members or their mandatees whose name appear on the Register of Members on 20th September, 1999, without deduction of tax.

OPERATIONS

During the year under review, the Company has achieved a turnover of Rs. 41082.25 lakhs (1997-98 Rs. 51420.35 lakhs) resulting in a net profit of Rs. 1441.22 lakhs (1997-98 Rs. 3915.17 lakhs). The net profit is after providing a compensation of Rs. 1903.49 lakhs under Voluntary Retirement Scheme.

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