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LAKSHMI MACHINE WORKS LIMITED

38th ANNUAL REPORT 2000 - 2001



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LAKSHMI MACHINE WORKS LIMITED

Annual Report 2000-2001

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

Sri. R. CHANDRASEKARAN
(Nominee Director of LIC)

Sri. R. VENKATRANGAPPAN
(Wholetime Director)

Sri. SANJAY JAYAVARTHANAVELU
(Wholetime Director)

COMPANY SECRETARY

Sri. K.V. RAMAN

AUDITORS

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

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

1999-2000 Annual Report

REGISTERED OFFICE :

Perianaickenpalayam
Coimbatore - 641 020
Tel : 0422 - 892371 - 79
Fax : 0422 - 892541 - 42
E-mail : regd.off@lmw.co.in

CORPORATE OFFICE :

34-A, Kamaraj Road
Coimbatore - 641 018
Tel : 0422 - 314680 - 86
Fax : 0422 - 315912
E-mail : corp.off@lmw.co.in
Website : www.lakshmimach.com

SUBSIDIARY COMPANY :

(Wholly owned)
Dee Jay Leasing Company Ltd.
Perianaickenpalayam
Coimbatore - 641 020

BANKERS :

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

Perianaickenpalayam

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INDIAN BANK

BANK OF BARODA

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ABN AMRO BANK N.V.

BANK OF NOVA SCOTIA

HDFC BANK LTD.

ICICI BANK LTD.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Thirty Eighth Annual General Meeting of the Shareholders of Lakshmi Machine Works Limited, Coimbatore - 641 020 will be held on Monday, the 16th July, 2001 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 2001, 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 Sri. R.V. Subrahmanian who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Justice Sri. S. Natarajan (Retd.) who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in the place of Sri. Sanjay Jayavarthanavelu who retires by rotation and being eligible offers himself for re-appointment.
6. 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.
7. 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. Subbuchar & 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 16th July, 2001.

Special Business :

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 198, 309 and other applicable provisions, if any of the Companies Act, 1956 a sum not exceeding 1% of the net profits of the Company per annum computed in the manner prescribed under section 349 and 350 of the Companies Act, 1956 subject to a maximum of Rs. 12,00,000/- in addition to the sitting fees payable for attending the meetings of Board or Committee thereof be paid and distributed amongst the Non-Executive Directors of the Company or some or any of them in such amounts or proportions and in such manner as may be decided by the Board of Directors for 3 financial years commencing from 1st April, 2001.

9. 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 if any of the Companies Act, 1956 and subject to such other approvals as may be necessary, in partial modification of the resolution No. 10 passed by the shareholders at the 36th Annual General Meeting held on 20th September, 1999, the remuneration payable to Dr. D. Jayavarthanaavelu, Managing Director be and is hereby revised as set out below for the remaining period of his tenure of office w.e.f. 1st April, 2001 upto 2nd April, 2005.

REMUNERATION :

- i) Salary - Rs. 1,75,000/- per month.
- ii) Commission - 1.5% of the net profit payable annually.
- iii) Perquisites - Restricted to Rs. 12 lakhs.

RESOLVED FURTHER that 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.

RESOLVED FURTHER that all other terms and conditions of his appointment embodied in resolution No. 10 passed by the shareholders at the 36th Annual General Meeting held on 20th September, 1999 remain unaltered.

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 if any of the Companies Act, 1956 and subject to such other approvals as may be necessary, Sri. R. Venkatrangappa be and is hereby re-appointed as Wholetime Director of the Company for a further period of five years with effect from 3rd June, 2002 to 2nd June, 2007 upon the terms and conditions set out below :

REMUNERATION :

- i) Salary - Rs. 1,00,000/- per month.
- ii) Commission - 1% of the net profit payable annually.
- iii) Perquisites -

In addition to the salary and commission, the Wholetime Director shall also be entitled to perquisites like furnished accommodation and where accommodation is not provided 50% of the salary as HRA, gas, electricity, water, furnishings, medical reimbursement, LTA for self and family, club fees, medical insurance etc., in accordance with the rules of the Company, such perquisites being restricted to Rupees 9 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 Wholetime 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 Wholtime 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.

11. 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 if any of the Companies Act, 1956 and subject to such other approvals as may be necessary, Sri. Sanjay Jayavarthanavelu be and is hereby re-appointed as Wholtime Director of the Company for a further period of five years with effect from 3rd June, 2002 to 2nd June, 2007 upon the terms and conditions set out below :

REMUNERATION :

- i) Salary - Rs. 1,00,000/- per month.
- ii) Commission - 1% of the net profit payable annually.
- iii) Perquisites -

In addition to the salary and commission, the Wholtime Director shall also be entitled to

perquisites like furnished accommodation and where accommodation is not provided 50% of the salary as HRA, gas, electricity, water, furnishings, medical reimbursement, LTA for self and family, club fees, medical insurance etc., in accordance with the rules of the Company, such perquisites being restricted to Rupees 9 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 Wholtime 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 Wholtime 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

Coimbatore - 641 020
11th May, 2001

K.V. Raman
Company Secretary

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 the 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 Dividend Warrants to the Secretarial Department of the Company at 34-A, Kamaraj Road, Coimbatore - 641 018 quoting their respective folio numbers.
4. Members are requested to intimate their change of address, if any, to the Secretarial Department of the Company at 34-A, Kamaraj Road, Coimbatore - 641 018 quoting their respective folio numbers.
5. The Register of Members of the Company will remain closed from Tuesday, the 3rd July, 2001 to Monday, the 16th July, 2001 (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 16th July, 2001, 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 year 1995-96, 96-97, 97-98, 98-99 and 99-2000 are requested to write to the Secretarial Department of the Company at 34-A, Kamaraj Road, Coimbatore - 641 018 for claiming the dividend.
7. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
8. Any member who need any clarification on accounts or operations of the Company shall write to the Company Secretary, so as to reach him at least 7 days before the meeting so that the information required can be made available at the meeting.

ANNEXURE TO THE NOTICE**Statement in respect of item No. 7**

Section 224-A of the Companies Act, 1956, provides that in 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. 7.

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. 8 :**

Presently the Non-Executive Directors are not paid any remuneration for their services. Under the emerging corporate environment the Non-Executive Directors are also required to participate actively and take responsibilities. It is considered desirable to pay them a remuneration by way of commission on the net profits in addition to the sitting fees payable in recognition of their services. Accordingly it is proposed to pay the Non-Executive Directors remuneration by way of commission upto 1% of the net profits of the company for a period of three financial years commencing from 1st April, 2001 in the manner stated in the Resolution. The proposed payment of remuneration by way of commission to Non-Executive



Directors, requires the approval of the Company in General Meeting by a Special Resolution as per section 309 of the Companies Act, 1956.

The Board of Directors at their meeting held on 11.05.2001 proposed for the payment of commission of a sum not exceeding 1% of the net profits of the Company subject to a maximum of Rs. 12,00,000/- per annum calculated in accordance with section 349 & 350 of the Companies Act, 1956 in such amounts and proportions to all or some or any of the Non-Executive Directors of the Company in such a manner as determined by the Board of Directors of the Company for a period of 3 financial years commencing from 1st April, 2001.

Hence the Board of Directors recommend the resolution for your approval.

Interest of Directors :

All the Directors except Dr. D. Jayavarthanelu, Chairman and Managing Director, Sri. R. Venkatrangappan and Sri. Sanjay Jayavarthanelu, Wholetime Directors are concerned or interested in this resolution to the extent of commission payable to them.

Item No. 9 :

Dr. D. Jayavarthanelu was re-appointed as Managing Director for a period of 5 years from 3rd April, 2000 to 2nd April, 2005 in conformity with Schedule XIII of the Companies Act, 1956 and the same was approved by the shareholders at the 36th Annual General Meeting held on 20th September, 1999. At the above re-appointment the remuneration payable was not enhanced and continued at the same remuneration as paid during his earlier tenure of office.

The emerging competitive environment have added additional responsibilities on the Managing Director, it is appropriate that the remuneration payable to the Managing Director during remaining period of his term of office be enhanced w.e.f. 1st April, 2001 to 2nd April, 2005 as set out in the resolution.

Accordingly the said resolution is submitted for your approval.

Interest of Directors :

Dr. D. Jayavarthanelu, Chairman and Managing Director and Sri. Sanjay Jayavarthanelu, Wholetime Director are concerned or interested in the above item. No other Director of the Company is concerned or interested in the proposed revision of remuneration to Managing Director.

Item No. 10 & 11 :

Sri. R. Venkatrangappan and Sri. Sanjay Jayavarthanelu were re-appointed as Wholetime Directors of the Company for a period of five years with effect from 3rd June, 1997 and the same was approved by the shareholders at 34th Annual General Meeting held on 21st August, 1997. The term of their office expires on 2nd June, 2002 and in the interest and progress of the Company, they are re-appointed for a further period of five (5) years from 3rd June, 2002 to 2nd June, 2007.

Accordingly the said Resolutions are submitted for your approval.

Sri. R. Venkatrangappan and Sri. Sanjay Jayavarthanelu, Wholetime Directors are not liable to retire by rotation.

Interest of Directors :

- i) No Director other than Sri. R. Venkatrangappan is concerned or interested in his re-appointment as Wholetime Director.
- ii) No Director other than Dr. D. Jayavarthanelu, Chairman and Managing Director and Sri. Sanjay Jayavarthanelu, Wholetime Director are concerned or interested in the re-appointment of the later as Wholetime Director.

Coimbatore - 641 020
11th May, 2001

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



BALE PLUCKING MACHINE LA17/28



The Gentle Giant