



LMW

LAKSHMI MACHINE WORKS LIMITED

37th ANNUAL REPORT - 1999 - 2000



THINK GLOBAL



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
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.

LAKSHMI MACHINE WORKS LIMITED

REGISTERED OFFICE :

Perianaickenpalayam
Coimbatore - 641 020
Tel : 0422 - 892371 - 79
Fax : 0422 - 892541 - 42
E-mail : lmw.cbe@rmw.sprintrpg.ems.vsnl.net.in

CORPORATE OFFICE :

34-A, Kamaraj Road
Coimbatore - 641 018
Tel : 0422 - 314680 - 86
Fax : 0422 - 315912
E-mail : lmw.corp@sprintrpg.ems.vsnl.net.in

Website : www.lakshmimach.com

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

BEARINGS UNIT : Plot No : D-5
SIPCOT Industrial Complex
Gummidipundi
Chennai - 601 201.

FLYER UNIT : Kurumbapalayam - 641 406

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 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
ICICI BANKING CORPORATION LTD.

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N O T I C E
TO SHARE HOLDERS



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Thirty Seventh Annual General Meeting of the Shareholders of Lakshmi Machine Works Limited, Coimbatore - 641 020 will be held on Thursday, the 20th July, 2000 at 3.30 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 2000, the Balance Sheet as at that date, the Report of the Board of Directors and the Report of the Auditors.
2. To appoint a Director in the place of Sri. M.V. Subbiah who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Sri. S. Pathy who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in the place of Sri. R. Venkatrangappan who retires by rotation and being eligible offers himself for re-appointment.
5. 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 20th July 2000'.

SPECIAL BUSINESS :

6. To consider and if deemed fit, to pass with or without modification the following resolution as an Ordinary Resolution of which notice has been received by the Company from a member.

RESOLVED that Sri R. Satagopan be and is hereby appointed as Director of the Company.

Place : Coimbatore - 641 020
Date : 10th May, 2000

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

LAKSHMI MACHINE WORKS LIMITED

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 Warrants / 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 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 Saturday, the 15th July, 2000 to Thursday, the 20th July, 2000 (both days inclusive).
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, 1996-97, 1997-98 & 1998-99 are requested to write to the Secretarial Department of the Company at 34-A, Kamaraj Road, Coimbatore - 641 018 for claiming the dividend.
7. The members having shares in identical manner or order of names in more than one folio are requested to write to the company enclosing the share certificates to enable the company to consolidate the shareholdings in one folio.
8. Securities and Exchange Board of India (SEBI) has made the dematerialisation of shares of your Company compulsory for all institutional investors viz., Financial Institutions, Overseas Corporate Bodies, Foreign Institutional Investors, Mutual Funds and Banks and all trading on or after 26.06.2000 shall be in the dematerialised form for these investors.

The Company, consequent to the introduction of the Depository System (DS), signed tripartite agreement with Central Depository Services (India) Limited (CDSL), National Securities Depository Limited (NSDL) and SKDC Consultants Limited, No.11, Street No.1, SN Layout, Coimbatore - 641 012 who will provide electronic connectivity with CDSL and NSDL. While this is compulsory for institutional investors, for other members it is optional.

The DS envisages the elimination of several problems involving in the scrip based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, long settlement cycles, mutilations of share certificates etc. Simultaneously, DS offers several advantages like exemption from stamp duty, elimination of the concept of market lot, elimination of bad deliveries, reduction in transaction cost, improved liquidity etc.

If you wish to maintain your share holding in the electronic form by joining the DS, you will have to open an account with the Depository Participant (DP) who are agents of CDSL or NSDL and lodge your share certificates through the DP with the Share Department of the Company for dematerialisation. These physical form of certificate be cancelled by the Company and the DP after confirmation by the Company will credit the equivalent number of shares to your account with DP in electronic form. You are also permitted under DS to re-convert your electronic shareholding into physical form of share certificates by a process of rematerialisation. It may be noted that the DP would charge the investors for its services which may vary from one DP to another.

It may also be noted that any information from the company such as dividend warrants, sending of annual reports etc. whether held in electronic form or in physical mode by way of share certificates will be sent by the Company to the respective shareholders directly as per the present practice followed under the scrip based system.

It is reiterated that the request for dematerialisation and rematerialisation are to be made only to the DP with whom you have opened an account and not to the Company or its depository transfer agent.

9. 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. 5

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. 5.



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. 6 :

Sri R. Satagopan was appointed as Nominee Director of Life Insurance Corporation of India (LIC) on 2nd March, 1991 and LIC withdrew the Nominee Director from 29th May, 1999. Sri R. Satagopan, a qualified Chartered Accountant had retired from LIC as its Executive Director and has a wide range of experience in finance, accounts, investments, administration etc.

Sri R. Satagopan was appointed as additional director of the Company on 20.09.1999 in accordance with Article 207 of the Articles of Association of the Company and section 260 of the Companies Act, 1956. He will hold office only upto the date of 37th Annual General Meeting of the Company. He is subject to retirement by rotation.

He does not hold any other Directorships at present.

In terms of Section 257 of the Companies Act, 1956 the Company has received from a member, notice of his intention to propose at the ensuing Annual General Meeting the appointment of Sri R. Satagopan as Director of the Company along with the deposit of Rs. 500/- and for that purpose to move the resolution set out under item No.6

Accordingly the said resolution is submitted for your approval.

INTEREST OF DIRECTORS :

None of the Directors of the Company except Sri R. Satagopan is concerned or interested in the above resolution.

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Place : Coimbatore - 641 020
Date : 10th May, 2000

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

**DIRECTORS' REPORT TO SHAREHOLDERS**

Dear Shareholder

Your Directors have great pleasure in presenting the Thirty Seventh Annual Report of your Company together with the audited accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS

	1999-2000 Rs.	1998-1999 Rs.
Gross Profit	62,26,89,544	59,69,21,033
Depreciation	35,85,02,283	45,27,98,248
Net profit	26,41,87,261	14,41,22,785
Provision for Income tax	4,50,00,000	6,00,00,000
Profit after tax	21,91,87,261	8,41,22,785
Balance Brought forward from Profit & Loss A/c.	23,74,52,383	29,44,69,600
	45,66,39,644	37,85,92,385

APPROPRIATIONS

Donation	1,10,00,013	39,96,000
Prior year Taxes	15,57,063	7,26,03,908
Investment Fluctuation Reserve	4,50,00,000	1,42,42,332
Interim Dividend	3,65,74,698	---
Proposed Dividend	---	3,65,74,560
Tax on Dividend	40,23,217	40,23,202
Loss transferred from India Precision Bearing Mfrs. Ltd. on account of merger	4,07,46,303	---
Amount Transferred to General Reserve	2,50,00,000	1,00,00,000
Balance carried to Profit and Loss A/c	29,27,38,350	23,74,52,383
	45,66,39,644	37,85,92,385

DIVIDEND

An Interim Dividend at Rs. 30 per equity share of Rs. 100/- each for the year 1999-2000 on 12,19,152 shares and on 21 shares on pro-rata basis for 80 days aggregating Rs. 3,65,74,698/- was paid. The Directors do not propose any further dividend for the year.

LAKSHMI MACHINE WORKS LIMITED

OPERATIONS

During the year under review, the Company has achieved a turnover of Rs. 43120.88 lakhs (1998-99 Rs. 41082.25 lakhs) resulting in a net profit of Rs. 2641.87 lakhs (1998-99 Rs. 1441.22 lakhs) before taxation.

In 1999-2000 the economic growth was nearly 6%. The industrial production which was very slow during the first half of the financial year started recovering during the second half. However, the cost of inputs continue to increase and the manufacturing sector has been affected especially the capital goods industry.

The demand for textile machinery has increased during the last 6-7 years. However, the demand for indigenous machinery has not recorded proportionate increase as most of the demands were met through imports. The domestic textile machinery industry which has installed capacity of Rs. 3,600 crores during the year under review could utilise only 30% of the installed capacity. This was mainly due to Government permitting import of second-hand machinery without restrictions till 31.03.1999 and since then on restricted basis.

The global recession in the textile industry and the availability of machinery at discounted prices from Europe contributed to poor performance. In addition, the anomaly of payment of higher duties on imported inputs than duty on completed machines affected the performance. The much awaited Technology Upgradation Fund meant for modernisation of textile industry has not resulted in more inflow of orders as expected since the Banks and Financial Institutions are reluctant to support the textile mills.

Presently the textile industry is facing the problem of multiple varieties of cotton with different quality fibres. It is necessary for the Government to initiate steps to educate farmers to cultivate quality cotton instead of multiple varieties. This will help the textile industry to become globally competitive.

With globalisation it is imperative for the textile machinery manufacturers to go in for cost effective contemporary machines for the spinners. It is also necessary for the spinners to take technology upgradation seriously and adopt the market strategy to reflect new customer driven markets.

In the light of the above the performance of your company can be considered as satisfactory.

The trend of the world market for textile machinery during 2000-2001 does not show any clear indications. It is expected that the present trend may continue for the current year also.

MACHINE TOOL AND FOUNDRY

The new model machines manufactured by this division are well received and accepted in the market. The sales value to the indigenous market has increased substantially and your Company is receiving repeat orders from the customers.

Your Company is also exploring the possibility of exporting the range of machinery currently manufactured. On account of change of model of the machines by collaborators, the export of machinery under the buy-back arrangement has come to an end.

We have participated in the INTEC 2000 exhibition at Coimbatore and NMTS at Mumbai and we got the best stall award.

Regarding Foundry Division, the products are well accepted by countries like USA, Denmark, Germany, Spain, Switzerland etc. and the performance is expected to improve further.

The Company participated in the Indian Foundrymen Exhibition (IFEX 2000) at Coimbatore where our various products have been displayed. The manufacturers of capital goods not only from India but also from various countries visited our stall and trade enquires have started coming in.