



LMW

LAKSHMI MACHINE WORKS LIMITED

41st ANNUAL REPORT 2003-2004

Evolving products for evolving needs

LMW is committed to evolving products for evolving needs by providing end-to-end solutions based on Values, Human Resources, Cost competitiveness and Innovation...

Values

- High domain knowledge.
- Training abroad.
- International knowledge sharing.
- Early adopter of technology.
- World-class quality measures spreading across selling agents, raw materials needs etc.

Human Resources

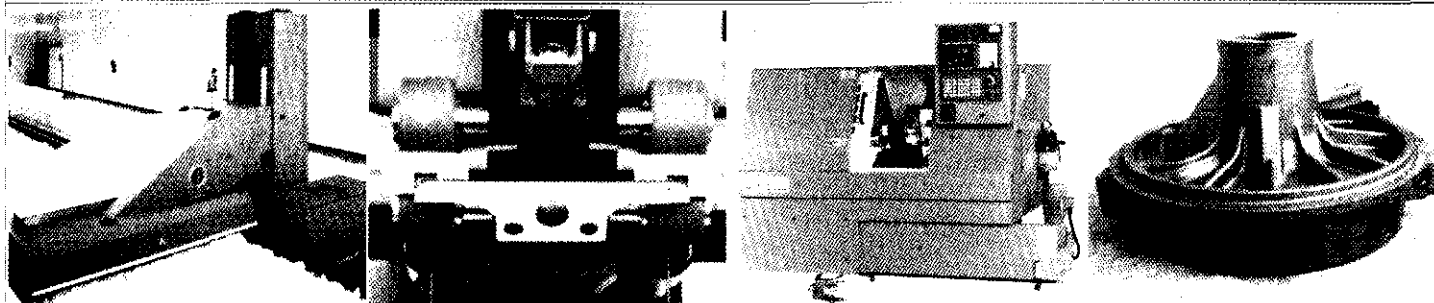
- Self-appraisal.
- Clear growth patterns.
- Growth based on performance.
- Engineers from premier institutions.

Cost Competitiveness

- Product, Price, Performance.

Innovation

- Technology advancements.
- Process efficiency.
- Customised approach to machines.





LAKSHMI MACHINE WORKS LIMITED

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Website : www.lakshmimach.com

BANKERS

Report Junction.com

Indian Bank

Bank of Baroda

Indian Overseas Bank

Citibank n.a.

HDFC Bank Ltd.

ICICI Bank Ltd.

IDBI Bank Ltd.

Standard Chartered Bank

SHARE TRANSFER AGENTS

SKDC Consultants Ltd.
Post box no.2979
11, S.N.Layout, Street No. 1
West Power House Road
Coimbatore - 641 012.
Phone : 2494704,2499856, 2495962
Fax : 91-0422-2499574
E-mail : info@skdc-consultants.com



LAKSHMI MACHINE WORKS LIMITED

ANNUAL REPORT 2003-2004

BOARD OF DIRECTORS-----

- Dr. D. Jayavarthanavelu
(Chairman and Managing Director)
- 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. R. Nair
(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 and Visvanathan
Chartered Accountants, Coimbatore
- M/s Subbachar and Srinivasan
Chartered Accountants, Coimbatore



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Forty first Annual General Meeting of the Shareholders of Lakshmi Machine Works Limited, Coimbatore- 641020 will be held on Wednesday, the 28th July, 2004 at 3.30 PM 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 2004, 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 S Natarajan (Retd.) who retires by rotation and being eligible offers himself for re-appointment.
4. 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.
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 28th July, 2004'.

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 Sections 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 Sections 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 Committees 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, 2004.'



8. 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, 309, 349 and 350 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 1st April, 2005 to 31st March, 2010 upon the terms and conditions set out below:

Remuneration:

- i) Salary : Rs.4,50,000 p.m.
- ii) Commission : 2 percent of the net profits payable annually
- iii) Perquisites

In addition to the salary and commission, the Managing Director shall also be entitled to interchangeable 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 Rupees Fifty Four (54) 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, 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.'

Coimbatore-641 018
14.06.2004

By Order of the Board
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 holding shares in physical form are requested to intimate the Change of Address and their Bank Account details such as Bank Name, Branch with address and Account number for incorporating the same in Dividend Warrants/Cheques to M/s SKDC Consultants Limited, Post Box No.2979 11, S N Layout, Street No.1 (West Power House Road), Coimbatore - 641 012 quoting their respective folio number and members holding shares in Demat form shall intimate the above details to their Depository Participant with whom they have Demat Account.
4. The Register of Members of the Company will remain closed from Friday, the 16th July, 2004 to Wednesday, the 28th July, 2004 (both days inclusive).
5. 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 of the Company on 28th July, 2004. In respect of the shares held in dematerialised form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose at the end of business hours on 15th July, 2004. No deduction of tax at source will be made from dividend.
6. Pursuant to Section 205-A of the Companies Act, 1956, 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 96-97, 97-98, 98-99, 99-2000, 2000-2001, 2001-02 and 2002-03 are requested to write to the Secretarial Department of the Company at 34-A, Kamaraj Road, Coimbatore-641 018 for claiming the dividend. The seven year period for the unclaimed dividend of the year 1996-97 comes to an end on 20th August, 2004 and hence the amount will be transferred to the Investors' Education and Protection Fund immediately after the said date. No claim can be made by the shareholder thereafter.
7. With respect to payment of Dividend, the Company provides the facility of Electronic Clearing Service (ECS) to shareholders residing in the following cities: Ahmedabad, Bangalore, Baroda, Bhuvaneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Pune, Surat, Trivandrum.

Shareholders holding shares in the physical form, who now wish to avail ECS facility, may authorise the Company with their ECS mandate in the prescribed form (enclosed) or can be had from Registrar and Transfer Agents, M/s SKDC Consultants Limited, on request. Requests for payment of dividend through ECS for the year 2003-2004 should be lodged with M/s SKDC Consultants Limited on or before 16.07.2004.
8. In compliance with the requirements of Section 302 of the Companies Act, 1956, terms contained in the notice for item no. 8 may be taken as the abstract of terms of remuneration payable to Dr. D. Jayavarthanavelu, Managing Director.
9. Any member who needs 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.



10. 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 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 nationalized 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:

Under the emerging corporate environment, the Non-Executive Directors also participate actively and take responsibilities. It is considered desirable to pay them remuneration by way of commission on the net profits in addition to the sitting fees in recognition of their services. Accordingly, shareholders at the Annual General Meeting held on 16th July, 2001 had approved the payment of Commission to Non-executive Directors upto 1% of the net profits of the Company for a period of three financial years commencing from 1st April, 2001 to 31.03.2004. It is proposed to extend the same for a further period of three years. The proposed payment of remuneration by way of commission to Non-Executive Directors for a further period of three years 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 14.06.2004 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 Sections 349 and 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, 2004.

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

Interest of Directors:

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



Item No.8

Dr.D. Jayavarthanavelu 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 and the remuneration payable to him was raised w.e.f 01.04.2001 to 2nd April, 2005 and was approved by the shareholders at the Annual General Meeting held on 16.07.2001. His period of office would expire on 2nd April, 2005. 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 1st April, 2005 on the terms and conditions set out in the resolution.

Board of Directors by a Circular Resolution dated 19.05.2004 had re-appointed Dr.D. Jayavarthanavelu as Managing Director and requested the Remuneration Committee of Board of Directors to fix his remuneration. The remuneration Committee at its meeting held on 26.05.2004 had fixed the remuneration as set out in the resolution.

Accordingly the said resolution is submitted for your approval.

In terms of Articles 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, Wholtime 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.

Coimbatore-641 018
14.06.2004

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