

L.G. BALAKRISHNAN & BROS LIMITED



**61st
ABRIDGED ANNUAL REPORT
2016 - 2017**

L.G. BALAKRISHNAN & BROS LIMITED**Corporate Information****BOARD OF DIRECTORS**

Sri. B. Vijayakumar
Chairman cum Managing Director

Sri. P. Prabakaran
Deputy Managing Director

Non-Executive Directors

Sri. P. Balasubramanian
Sri. S. Sivakumar
Sri. V. Govindarajulu
Sri. P. Shanmugasundaram
Smt. Rajsri Vijayakumar
Sri. V. Rajvirdhan
Dr. T. Balaji
Sri. R. Vidhya Shankar

CHIEF FINANCIAL OFFICER

Sri. N. Rengaraj

GENERAL MANAGER CUM COMPANY SECRETARY

Sri. M. Lakshmi Kanth Joshi

BANKERS

Axis Bank Limited
Corporation Bank
HDFC Bank Limited
HSBC Limited
IndusInd Bank Limited
ICICI Bank Limited
IDBI Bank Limited
Yes Bank Limited

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells
Chartered Accountants
Shanmuga Mandram
41 Race Course, Coimbatore 641018
Phone No. 0422 - 4392801

COST AUDITOR

Dr. G.L. Sankaran
82, EB Colony, Vadavalli, Coimbatore - 641 041
Phone No. 0422 - 2400767

SECRETARIAL AUDITOR

CS M.D. Selvaraj
MDS & Associates
Company Secretary in Practice
Surya, 35, Mayflower Avenue, Sowripalayam Road
Coimbatore - 641028
Phone : 0422 2318780

REGISTRAR AND SHARE TRANSFER AGENTS

M/s.Cameo Corporate Services Limited
“Subramanian Building”
No 1, Club House Road, Chennai- 600 002
Phone No. 044 - 28460390

SECURITIES ARE LISTED

BSE Ltd.
National Stock Exchange of India Ltd.

REGISTERED OFFICE

6/16/13, Krishnarayapuram Road,
Ganapathy, Coimbatore - 641 006.
CIN : L29191TZ1956PLC000257
Email: info@lgb.co.in Website: www.lgb.co.in
Phone: 0422 2532325 Fax: 0422 2532333

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61st ANNUAL GENERAL MEETING

Date : 27th July, 2017
Day : Thursday
Time : 10.30 A.M.
Venue : **Ardra Convention Centre**
"Kaanchan",
9, North Huzur Road
Coimbatore- 641 018.

NOTICE

Notice is hereby given that the Sixty First Annual General Meeting of the Members of the Company will be held on Thursday the 27th day of July 2017 at 10.30 A.M. at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore - 641 018, to transact the following businesses:

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company along with Consolidated Financial Statements for the financial year ended 31st March, 2017 together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on the equity shares for the financial year 31st March, 2017.
3. To appoint a Director in place of Sri.P.Prabakaran (DIN 01709564), who retires by rotation and being eligible, seeks re-appointment.
4. To appoint a Director in place of Smt.Rajsri Vijayakumar (DIN 00018244), who retires by rotation and being eligible, seeks re-appointment.
5. To appoint the Statutory Auditors of the Company, and, if thought fit, to pass the following resolution as an **ORDINARY RESOLUTION**:

“RESOLVED THAT pursuant to provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit & Auditors) Rules, 2014, including any statutory enactment or modification thereof, M/s. Suri & Co, Chartered Accountants, (Firm Registration No. 004283S) be and are hereby appointed as the Statutory Auditors of the Company in place of M/s.Deloitte Haskins & Sells, Chartered Accountants, (Firm Registration No.008072S), the retiring Statutory Auditors and to hold office for a period of 5 years from the conclusion of 61st Annual General Meeting till the conclusion of 66th Annual General Meeting of the Company, subject to ratification by the members at every Annual General Meeting, on a remuneration of ₹12,00,000/- (Rupees Twelve Lakhs Only) plus applicable taxes and reimbursement of out of pocket expenses.”

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass the following resolution as a Special Resolution:

RESOLVED THAT pursuant to Section 61(1)(a) of the Companies Act, 2013, including any statutory enactment or modification thereof the Authorised Share Capital of the Company be and is hereby increased from ₹ 20,00,00,000/- (Rupees Twenty Crores Only) divided into 2,00,00,000 (Two Crores) Equity Shares of ₹ 10/- (Rupees Ten Only) each to ₹ 40,00,00,000/- (Rupees Forty Crores Only) divided into 4,00,00,000 (Four Crores) Equity Shares of ₹ 10/- (Rupees Ten only) each by creation of additional 2,00,00,000 (Two Crores) equity shares of ₹ 10/- (Rupees Ten only) each ranking pari passu in all respect with the existing equity shares.

7. To consider and, if thought fit, to pass, the following resolution as **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 13 and 61 and all other applicable provisions, if any, of the Companies Act, 2013, read with relevant Rules thereunder, Clause V of the Memorandum of Association of the Company be and is hereby substituted by the following:

V. The Authorised Share Capital of the Company is ₹ 40,00,00,000/- (Rupees Forty Crores Only) divided into 4,00,00,000 (Four Crores) Equity Shares of ₹ 10/- (Rupee Ten Only) each.

8. To consider and, if thought fit, to pass, the following resolution, as **Special Resolution**:

“RESOLVED FURTHER THAT, the Articles of Association of the Company be and is hereby altered by replacing the existing Article 2 thereof with the following new Article 2:

2. The authorized share capital of the company shall be in accordance with clause V of the Memorandum of Association of the company with such rights, privileges and conditions respectively attached thereto as may be, from time to time, conferred by the regulations of the company, and the company may, in its general meeting, from time to time, increase or reduce and divide the shares in the capital for time being into several classes, consolidate or sub-divide the shares and

attached thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and the Companies Act, 2013 and the rules issued there under and vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company and the legislative provisions for the time being in force in that behalf.

9. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) Dr.G.L.Sankaran, Cost Accountant, (Membership No.4482) appointed as Cost Auditor by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018, on a remuneration of ₹ 1,25,000 (Rupees One Lakh Twenty Five Thousand Only) (exclusive of taxes and out of pocket expenses) be and is hereby ratified and confirmed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO.6, 7 & 8

The present Authorised Capital of the Company is ₹ 20,00,00,000/- (Rupees Twenty crores only) divided into 2,00,00,000 (Two Crores) Equity Shares of ₹ 10/- (Rupees Ten only) each and considering the expansion of operations and future business plans of the Company, it would require additional funds in excess of the present Authorised Capital. Hence, the Board of Directors has proposed to increase the Authorised Share Capital of the Company from ₹ 20,00,00,000/- to ₹ 40,00,00,000/- (Rupees Forty Crores Only) divided into 4,00,00,000 (Four Crores) Equity Shares of ₹ 10/- (Rupees Ten Only) each.

Consequent upon the proposed alteration, as mentioned above, the Clause V and the Article 2 (Share Capital Clause) of the Memorandum and Articles of Association

of the Company, respectively, would be required to be amended in order to reflect the aforesaid increase in the Authorised Share Capital of the Company. Pursuant to Section 13(1) and 14(1) of the Companies Act, 2013, the alteration of any provisions contained in the Memorandum and the Articles of Association would require the approval of the members of the Company by way of passing a special resolution.

Hence, the Special Resolution(s) as set out in Item No.6, 7 & 8 of the Agenda are being placed before the members for approval.

Your Directors recommends the passing of the Resolution(s) set out under Item No. 6, 7 & 8 of the Agenda.

A copy of the Memorandum and the Articles of Association together with the proposed alteration would be available for inspection at the Registered Office of the Company on any working day during the normal business hours.

None of the Directors and Key Managerial Personnel of the Company or their relatives are, financially or otherwise, interested or concerned in the Resolution(s) as set out under Item No. 6, 7 & 8.

ITEM NO. 9

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of Dr.G.L.Sankaran, Cost Accountant (Membership No.4482) as Cost Auditor to conduct the audit of the cost records of the Company for the financial year 2017-2018. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing ordinary resolution as set out in item no.9 of the notice for ratification of remuneration payable to the Cost Auditor for conducting the audit of the cost records of the Company, for the financial year ending 31st March, 2018.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested

in the proposed Ordinary Resolution as set out at Item No. 9 of the Notice.

The Board recommends the Ordinary Resolution as set out at Item No. 9 of the Notice for approval by the members.

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE “MEETING”) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM FOR THE AGM IS ENCLOSED.

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. Members / Proxies attending the Meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
4. Details under Regulation 36 of SEBI (Listing Obligations and disclosure Requirements) Regulation 2015 and clause 1.2.5 of Secretarial Standard (SS-2) in respect of the Directors seeking reappointment at the Annual General Meeting are furnished and forms a part of the notice. The Directors have furnished the requisite consents / declarations for their reappointment.

5. Pursuant to Section 123 of the Companies Act, 2013 dividend as recommended by the Board of Directors for the year ended 31st March 2017, if declared, at the ensuing Annual General Meeting is proposed to be paid on or before 21.08.2017.

6. The Register of Members and the Share Transfer Books of the Company shall remain closed from Friday, the 21st July, 2017 to Thursday, the 27th July, 2017 (both days inclusive) for payment of final dividend.

7. Members holding shares in electronic form are hereby informed that bank particulars registered against their depository accounts will be used by the Company for payment of dividend. The Company or the Registrars cannot act on any request received directly from the members holding shares in electronic form for any change in bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the Members.

Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Registrars and Share Transfer Agents of the Company.

8. Change of Address: Members are requested to notify any change of address and bank details to their depository participants in respect of their holdings in electronic form and in respect of shares held in physical form, to the secretarial department at the registered office of the Company or to M/s. Cameo Corporate Services Limited, “Subramanian Building” No.1, Club House Road, Chennai- 600 002 the Registrar and Share Transfer Agent of the Company.
9. Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013, the Company has transferred the unclaimed or un-encashed dividends paid up to the year 2009 to the Investor Education and Protection Fund (IEPF) established by the Central Government. The Company transfers the unclaimed or un-encashed dividend to IEPF after the expiry of seven years from the date of transfer to unpaid dividend account.

Members who have a valid claim to any unclaimed dividends which are not yet transferred, may claim the same from the Company immediately. The detailed

dividend history and due dates for transfer to IEPF are available on website of the Company, www.lgb.co.in. Further, pursuant to the provisions of the Investor Education and Protection Fund (Uploading of Information regarding Unpaid and Unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 14.07.2016, i.e., the date of last Annual General Meeting, in respect of dividends paid since 2010 up to financial year 2016, on the website of the Company and also filed the same with the Ministry of Corporate Affairs.

10. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar and Share Transfer Agents, for consolidation into a single folio.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agent.
12. Copies of the Annual Report 2017, the Notice of the 61st Annual General Meeting of the Company and instructions for e-voting, along with the Attendance Slip and Proxy Form, are being sent by electronic mode only to the members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report 2017 are being sent by permitted mode.
13. In terms of the provisions of Section 136(1) of the Companies Act, 2013, Rule 10 of Companies (Accounts of Companies) Rules, 2014 and Regulation 36 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 "Listing Regulations", the Board of Directors has decided to circulate the Abridged Annual Report

containing salient features of the balance sheet and statement of profit and loss and other documents to the shareholders for the Financial Year 2016-17 under the relevant laws.

The Abridged Annual Report is being circulated to the members excluding the 'Annual Report on 'Remuneration Philosophy/Policy', 'Secretarial Audit Report', 'Extract of Annual Return', Full Report on Corporate Governance and Shareholders' Information'.

Members who desire to obtain the full version of the Annual Report may write to us at: secretarial@lgb.co.in. Full version of the Annual Report is also be available on the Company's website www.lgb.co.in.

14. Members may also note that the Notice of the 61st Annual General Meeting and the Annual Report 2017 will be available on the Company's website, www.lgb.co.in. The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at: secretarial@lgb.co.in.
15. Pursuant to Section 72 of the Act, Members holding shares in Physical form are advised to file nomination in the prescribed form SH-13 with the Company's RTA. In respect of shares held in electronic/demat form, the members may please contact their respective depository participant.
16. Voting Through Electronic Means: In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Company is pleased to provide members facility to exercise their votes for all the resolutions detailed in the Notice of the 61st Annual General Meeting scheduled to be held at 10.30 a.m. on Thursday, the 27th July, 2017, by electronic means and the business may be transacted through remote e-voting.

The Company has engaged the services of CDSL as the authorised agency to provide the remote e-voting facilities. The instructions for remote e-voting is provided below.

Members, who have not voted through remote e-voting and present at the AGM in person or proxy, can vote through the ballot conducted at the AGM.

Kindly note that members can opt for only one mode of voting i.e., either by remote e-voting or by ballot at the AGM. A member present at the AGM and voted by remote e-voting will not be permitted to vote at the AGM by Ballot.

Votes cast by members who hold shares on the cutoff date viz 20.07.2017 alone will be counted.

Instructions for Shareholders Voting Electronically are as under:

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 24.07.2017 at 09.00 AM and ends on 26.07.2017 at 05.00 PM During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20.07.2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders / Members
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN

Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

²⁰²¹ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.

²⁰²¹ In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

Dividend Bank Details OR Date of Birth (DOB)

Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login

²⁰²¹ If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts

for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non - Individual Shareholders and Custodians

- ¹ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- ¹ A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- ¹ After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- ¹ The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- ¹ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

17. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 20th July, 2017. Mr. M.D. Selvaraj FCS of MDS & Associates, Company Secretary in Practice, Coimbatore has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

18. The Scrutinizer shall immediately after the conclusion of the Annual General Meeting first count the votes

cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

19. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.lgb.co.in and on the website of CDSL immediately. The Company shall simultaneously forward the results to National Stock Exchange of

India Limited and BSE Limited, where the shares of the Company are listed.

20. Request for additional information, if required: In case you intend to raise any queries in the forthcoming Annual General Meeting, you are requested to please forward the same at least 10 days before the date of the Meeting to Mr.M.Lakshmi Kanth Joshi, General Manager cum Company Secretary, to the Registered Office address so that the same may be attended appropriately to your entire satisfaction.

Coimbatore
06.05.2017

By Order of the Board,
M. LAKSHMI KANTH JOSHI
General Manager cum
Company Secretary

Additional information on Directors recommended for re-appointment as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 and Secretarial Standard-2 on General Meeting.

| Name | Sri. P. Prabakaran | Smt. Rajsri Vijayakumar |
|---|--|---|
| DIN | 01709564 | 00018244 |
| Date of Birth | 01.02.1959 | 11.09.1981 |
| Nationality | Indian | Indian |
| DOA on the Board | 30.05.2008 | 30.10.2006 |
| Relationship with other Director | None | Daughter of Sri. B. Vijayakumar Sister of Sri. V. Rajvirdhan |
| Qualification | B.E., | B.B.A., |
| Expertise in area | More than 27 years experience in Manufacturing and Marketing | More than 17 years in General administration |
| No. of shares held | 400 | 1089576 |
| Terms of appointment or reappointment | Appointed as DMD for a period of 3 years from 01.06.2016 and liable to retire by rotation. | Liable to retire by rotation |
| Remuneration sought to be paid | Salary | Sitting fees only |
| Remuneration last drawn | ₹55.69 Lakhs | ₹ 0.80 Lakhs |
| No. of Board meetings attended | 4 | 4 |
| List of Directorships held in other Companies | 1. BCW V Tech India P Ltd | 1. LGB Auto Products P Ltd |
| | 2. Silent Chain India P Ltd | 2. Elgi Automotive Services P Ltd |
| | | 3. Silent Chain India P Ltd |
| | | 4. LG Farm Products P Ltd |
| | | 5. Super Speeds P Ltd |
| | | 6. Super Transports P Ltd |
| Chairman/Member of the Committees of the Board of other companies in which he is Director | NIL | NIL |

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Sixty First Annual Report of your Company together with the audited accounts for the year ended 31st March, 2017.

FINANCIAL RESULTS

The summary of the financial performance of the Company for the year ended 31st March, 2017 as compared to the previous year is as below

| Particulars | Consolidated | | Standalone | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31.03.2017 (₹ in Lakhs) | 31-03-2016 (₹ in Lakhs) | 31-03-2017 (₹ in Lakhs) | 31-03-2016 (₹ in Lakhs) |
| TOTAL REVENUE | 129,132.02 | 120,922.43 | 117,588.19 | 109,427.32 |
| Profit before interest, depreciation & Tax | 16,178.80 | 14,159.65 | 14,998.88 | 12,994.99 |
| Less : Interest | 1,553.35 | 1,788.92 | 1,399.62 | 1,648.28 |
| Depreciation | 5,269.08 | 4,593.02 | 4,922.90 | 4,309.37 |
| PROFIT BEFORE TAX | 9,830.52 | 7,777.70 | 8,676.36 | 7,037.34 |
| Less : Provisions for Taxation | | | | |
| Current Income Tax / Mat | 3,212.42 | 1,090.64 | 2,870.50 | 1,090.65 |
| Deferred Tax (Credit / charge) | (215.57) | 200.99 | (218.17) | 201.33 |
| Add : Exceptional items | 131.33 | - | 131.33 | - |
| PROFIT AFTER TAX | 6,965.00 | 6,486.07 | 6,155.36 | 5,745.36 |
| Add : Share in Profit of Associate | 105.25 | 91.23 | - | - |
| Less : Share of Profit - Minority interest | 422.40 | 227.65 | - | - |
| PROFIT AFTER TAX | 6,647.85 | 6,349.65 | 6,155.36 | 5,745.36 |
| Add : Balance brought forward | 5,988.39 | 5,272.25 | 3,867.51 | 3,755.65 |
| AVAILABLE FOR APPROPRIATION | 12,636.24 | 11,621.90 | 10,022.87 | 9,501.01 |
| APPROPRIATIONS: | | | | |
| 1. Dividend on Equity Shares | - | 941.78 | - | 941.78 |
| 2. Tax on Dividend | - | 191.72 | - | 191.72 |
| 3. Transfer to General Reserve | 4,500.00 | 4,500.00 | 4,500.00 | 4,500.00 |
| 4. Balance carried over | 8,136.24 | 5,988.40 | 5,522.89 | 3,867.51 |
| Total | 12,636.24 | 11,621.90 | 10,022.87 | 9,501.01 |

CONSOLIDATED FINANCIALS

During the year under review, your Company's consolidated total revenue was ₹ 1,291.32 Crores as compared to ₹1,209.22 Crores for the previous year, representing an increase of 6.79 % and Profit before tax was ₹ 98.31 Crores for the year under review as compared to ₹ 77.77 Crores for the previous year, Profit after tax was ₹ 69.65 Crores as compared to ₹ 64.86 Crores for the previous year.

STANDALONE FINANCIALS

During the year under review, the Total Revenue was ₹ 1,175.88 Crores as compared to ₹ 1,094.27 Crores for the previous year, profit before tax stood at ₹ 86.76 Crores

for the year under review as compared to ₹ 70.37 Crores for the previous year, profit after tax ₹ 61.55 Crores as compared to ₹ 57.45 Crores for the previous year.

TRANSFER TO RESERVES

The Company has transferred an amount of ₹ 45.00 Crores to the General Reserve out of the amount available for appropriations.

DIVIDEND

Your Company has a steady dividend payment history and in line with the financial performance of the year 2017,

your Directors are pleased to recommend a dividend of ₹ 7/- per equity share (i.e. @ 70%) on the Equity Shares of face value of ₹ 10/- each for the Financial Year ended March 31, 2017 subject to the approval of shareholders at the ensuing Annual General Meeting which would result in appropriation of ₹ 10.99 Crores (including Corporate Dividend Tax of ₹ 2.24 Crores) out of profits of the Company for the current year as against ₹ 9.42 Crores in previous year.

The dividend if approved by the members at the forthcoming Annual General Meeting, will be paid in compliance with applicable regulations.

ABRIDGED ANNUAL REPORT

In terms of the provisions of regulation 36 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Section 136 of the Companies Act, 2013, the Board of Directors has decided to circulate the abridged annual report containing the salient features of the balance sheet and statement of profit and loss account to the shareholders for the financial year ending on March 31, 2017. Full version of the annual report will be available on Company's website www.lgb.co.in and will also be made available to investors upon request.

TRANSFER TO INVESTORS EDUCATION AND PROTECTION FUND

The Company have sent letters to all members whose dividend were unclaimed so as to ensure that they receive their rightful dues.

During the year, the Company transferred ₹ 4,88,452/- to the Investor Education and Protection Fund, the amount in unpaid Dividend Account opened in 2008-09 which was due & payable and remained unclaimed and unpaid for a period of seven years as provided under Section 124(5) of the Companies Act, 2013.

The Company has uploaded the details of unpaid and unclaimed dividend lying with the Company as on 14th July, 2016 (date of last Annual General Meeting) on the website of the Company (www.lgb.co.in), as also on the Ministry of Corporate Affairs website.

SHARE CAPITAL

The paid up share capital of the Company as at 31st March 2017 aggregates to ₹ 15,69,62,080/- comprising of 1,56,96,208 equity shares of ₹ 10/- each fully paid up.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92 (3) of the Act and Rule 12 (1) of The Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT-9 is annexed as **Annexure - A** to the full Annual Report.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors of your Company met 4 times during the year, details of which are given in the Corporate Governance Report which forms part of the full Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended on 31st March, 2017, the Board of Directors hereby confirms that,

- in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- that such accounting policies have been selected and applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts of the Company have been prepared on a going concern basis;
- internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- proper system have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DECLARATION BY INDEPENDENT DIRECTORS

Pursuant to the provisions of Section 149 of the Act, which came into effect from 1st April, 2014,

Sri.P.Balasubramanian, Sri.V.Govindarajulu, Sri.P.Shanmugasundaram, Dr.T.Balaji and Sri.R.Vidhya Shankar were appointed as Independent Directors at the Annual General Meeting of the Company held on July 09, 2014. The terms and conditions of appointment of Independent Directors are as per Schedule IV of the Act. They have submitted a declaration that each of them meets the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013 and there has been no change in the circumstances which may affect their status as Independent Directors during the year

NOMINATION AND REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The salient aspects covered in the Nomination and Remuneration Policy, covering the policy on appointment and remuneration of Directors and other matters as provided under Section 178(3) of the Companies Act, 2013 have been outlined in the Corporate Governance Report which forms part of the full Annual Report.

AUDITORS

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants (Firm's Registration No. 008072S), Statutory Auditors of the Company would retire on the conclusion of this Annual General Meeting on completion of their term of appointment.

Since M/s. Deloitte Haskins & Sells, Chartered Accountants are not eligible for reappointment as Statutory Auditors of the Company as per Companies Act, 2013, the Board of Directors on recommendation of the Audit Committee, recommended the appointment of M/s. Suri & Co, Chartered Accountants (Firm Registration No. 004283S) as Statutory Auditors of the Company for a term of 5 years, in place of M/s. Deloitte Haskins & Sells, to hold office from the conclusion of 61st Annual General Meeting until the conclusion of 66th Annual General Meeting, subject to ratification of their appointment at every Annual General Meeting. Consent and certificate from the said firm has been received to the effect that their appointment as Statutory Auditors of the Company, if appointed at ensuing Annual General Meeting, would

be according to the terms and conditions prescribed under Section 139 of the Act and Rules framed thereunder.

A resolution seeking their appointment forms part of the Notice convening the 61st Annual General Meeting and the same is recommended for your consideration and approval.

The board places on record its appreciation for the contribution of M/s. Deloitte Haskins & Sells, Chartered Accountants, during their tenure as the Statutory Auditors of the Company.

COST AUDITOR

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with notifications/ circulars issued by the Ministry of Corporate Affairs from time to time and as per the recommendation of the Audit Committee, the Board of Directors at their meeting dated 06.05.2017, appointed Dr.G.L.Sankaran, Cost Accountant, as Cost Auditor of the Company for the financial year 2017-2018. The Cost Audit Report for the financial year 2016-2017 will be filed within the period stipulated under Companies Act, 2013.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with corresponding Rules framed thereunder, Mr. CS M.D.Selvaraj of M/s.MDS & Associates, Company Secretaries were appointed as the Secretarial Auditors of the Company to carry out the Secretarial Audit for the year ended 31st March, 2017.

A Secretarial Audit Report given by the Secretarial Auditors in Form No. MR-3 is annexed to the full Annual Report as **Annexure - B**.

OBSERVATIONS OF STATUTORY AUDITORS AND SECRETARIAL AUDITOR IN RESPECT OF THEIR AUDIT REPORTS.

The Statutory Auditor report and Secretarial Audit report does not contain any adverse observation or qualification requiring explanation or comments from the Board under Section 134(3)(f) of the Companies Act, 2013.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY

During the financial year ended 31st March, 2017, no Loan, Guarantee and Investments under section 186 of the

Companies Act, 2013 was made by the Company. In respect of investment, loan, guarantee given in earlier years please refer notes to standalone financial statements.

RELATED PARTY TRANSACTIONS

Details of the transactions with Related Parties are provided in the accompanying financial statements. There were no transactions during the year which would require to be reported in Form AOC.2.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN MARCH 31, 2017 AND THE DATE OF THE REPORT

There were no material changes and commitments affecting the financial position of the Company occurred between the end of financial year (March 31, 2017) to which this financial statements relate and the date of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as “Annexure - C”.

RISK MANAGEMENT

The Company is not required to form a Risk Management Committee. The Company has developed and implemented a Risk Management procedures for identifying the risk associated with businesses of the Company and measures to be taken by including identification of elements of risk and measures to control them.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in “Annexure - D” of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

For other details regarding the CSR Committee, please refer to the corporate governance report, which forms

part of this report. The policy is available on the website of the Company <http://www.lgb.co.in/pdf/corporatesocial-responsibility-policy.pdf>.

BOARD EVALUATION

As per Section 178 of the Act and the corporate governance requirements as prescribed under the Listing Regulations, performance evaluation of the individual Directors, Chairman, Board and Committees thereof is an annual exercise. Based on the criteria set by the Nomination and Remuneration Committee, performance of Independent Directors was carried out by the Board of Directors. Independent Directors in their separate meeting evaluated the performance of non-independent Directors, including the Chairman, Board and Committees thereof. Evaluation results were discussed in the Board Meeting. The Board was satisfied with the evaluation results that reflected the overall engagement of the Directors individually, the Board and its Committees.

FAMILIARIZATION PROGRAMMES

The Company had conducted various sessions during the financial year to familiarize Independent Directors with the Company, their roles, responsibilities in the Company, and the technology and the risk management systems of the Company. Further, the Directors are encouraged to attend the training programmes being organized by various regulators/bodies/ institutions on above matters.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 152 of the Companies Act, 2013 Smt. Rajsri Vijayakumar & Sri.P. Prabakaran Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Brief profile of Smt. Rajsri Vijayakumar & Sri.P.Prabakaran as required under Regulation 36(3)(a) of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 and as per Secretarial Standard is provided in the Notice, attached hereto.

At the Board Meeting held on August, 01 2014 Sri.B.Vijayakumar Chairman Cum Managing Director, Sri.P.Prabakaran Deputy Managing Director, Sri.N.Rengaraj Chief Financial Officer and Sri.M.Lakshmi Kanth Joshi General Manager Cum Company Secretary were designated as “Key Managerial Personnel” of the Company pursuant to Sections 2(51), 203 of the

Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

FIXED DEPOSITS

As at 31st March, 2017, fixed deposits accepted by the Company from public and shareholders aggregated to ₹ 3883.34 Lakhs, which are within the limits prescribed under the Companies Act, 2013 ("2013 Act") and the rules framed thereunder.

The provisions of the Companies Act, 2013 also mandate that any Company inviting/ accepting/ renewing deposits is required to obtain Credit Rating from a recognized credit rating agency. Your Company has obtained a credit rating MAA - for its fixed deposit from ICRA.

The details relating to deposits covered under Chapter V of the 2013 Act are given here under:

| | | ₹ In Lakhs |
|--|---------------------------|------------|
| Accepted during the year | | 1,609.39 |
| Remained unpaid or unclaimed as at the end of the year | | - |
| Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved | | - |
| a) | At the beginning the year | - |
| b) | Maximum during the year | - |
| c) | At the end of the year | - |
| The details of deposits which are not in compliance with the requirements of Chapter V of the Act | | - |

DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL.

No Significant and Material orders have been passed by any Regulator or Court or Tribunal which can have an impact on the going concern status and the Company's operations in future

Adequacy of Internal Financial Controls with reference to the Financial Statements

The Company has implemented and evaluated the Internal Financial Controls which provide a reasonable assurance in

respect of providing financial and operational information, complying with applicable statutes and policies, safeguarding of assets, prevention and detection of frauds, accuracy and completeness of accounting records.

The Directors and Management confirm that the Internal Financial Controls (IFC) are adequate with respect to the operations of the Company. A report of Auditors pursuant to Section 143(3) (i) of the Companies Act, 2013 certifying the adequacy of Internal Financial Controls is annexed with the Auditors report

DETAILS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013

Details pursuant to Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 form part of this Report and are annexed herewith as "Annexure - E"

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has established adequate internal control procedures, commensurate with the nature of its business and size of its operations. The Company maintains all its records in SAP System and the work flow and approvals are routed through SAP.

The Company has appointed Internal Auditors to observe the Internal Controls, whether the work flow of organization is being done through the approved policies of the Company. Audit observation of Internal auditors and corrective actions thereon are presented to the Audit Committee of the Board to maintain its objectivity and independence, the internal audit report to the Audit Committee.

The Board of Directors of the Company have adopted various policies like Related Party Transactions Policy, Whistle Blower Policy, Policy to determine Material Subsidiaries and such other procedures for ensuring the orderly and efficient conduct of its business for safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

SUBSIDIARY COMPANIES, JOINT VENTURE AND CONSOLIDATED FINANCIAL STATEMENTS:

Your Company has four subsidiaries viz., M/s.BCW V Tech India Private Ltd (Wholly owned Indian Subsidiary),

LGB USA INC,. (Direct Overseas Subsidiary), GFM Acquisition LLC and GFM LLC (Step down overseas subsidiaries) in USA. There is One Associate Company Viz., M/s. Renold Chain India Private Limited within the meaning of Section 2(6) of the Companies Act, 2013 (“Act”).

Statement containing salient features of financial statements of subsidiaries pursuant to Section 129(3) of the Companies Act, 2013 (Act) read with Rule 5 of The Companies (Accounts) Rules, 2014 is annexed to this Report as “Annexure F” in the prescribed Form AOC-I.

As per the provisions of Section 136 of the Companies Act, 2013, the Company has placed separate audited accounts of its subsidiaries on its website www.lgb.co.in and copy of separate audited financial statements of its subsidiaries will be provided to the shareholders at their request.

The Company has laid down policy on Material subsidiary and the same is placed on the website <http://www.lgb.co.in/pdf/policy-on-material-subsidiaries.pdf>

None of the subsidiaries are material subsidiary as per the provisions of (LODR).

ASSOCIATE COMPANY

Your Company has a 25:75 joint venture with M/s. Renold Holding PLC, United Kingdom. under the name of M/s. Renold Chain India Private Limited. This Joint Venture Company is created with an objective to use advanced technology and know-how for production of Industrial Chains.

In Financial Year 2016-17, JV achieved sales of ₹ 77.80 Crores (Net) against ₹ 83.18 Crores (Net) in 2015-16 has resulted in net profit of ₹ 57.97 Lakhs as against net profit of ₹ 4.86 Crores in 2015-16.

NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

During the financial year ended 31st March, 2017, no entity became or ceased to be the subsidiary, joint venture or associate of the Company.

CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no change in the nature of business of the Company during the financial year ended 31st March, 2017.

MANAGEMENT DISCUSSION & ANALYSIS

In terms of the Listing Agreement with Stock Exchanges (“Listing Agreement”) Management Discussion & Analysis Report is given as **Annexure - G** to this report.

CORPORATE GOVERNANCE REPORT

As required under the Listing Agreement with Stock Exchanges (“Listing Agreement”) a report on Corporate Governance together with the Auditors Certificate regarding compliance of the conditions of Corporate Governance Report are annexed as **ANNEXURE - H** to the full Annual Report.

AUDIT COMMITTEE

Audit Committee is in existence in accordance with the provisions of Section 177 of the Companies Act, 2013. Kindly refer to the Section on Corporate Governance, under the head, ‘Audit Committee’ for matters relating to the composition, meetings, and functions of the Committee. The Board was accepted the Audit Committee recommendations during the year whenever required, hence no disclosure required under Section 177(8) of the Companies Act, 2013 with respect to rejection of any recommendations of Audit Committee by Board.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a Whistle Blower Policy for Directors and employees to report their genuine concern. The details of the same is explained in the Corporate Governance Report.

LISTING OF EQUITY SHARES

The Securities of your Company are listed with the National Stock Exchange of India Limited and BSE Limited. The Company has paid the Annual Listing Fees to the said stock exchanges for the financial year 2016-2017.

HUMAN RESOURCE

Your Company Firmly believes that employees are its most valued resource and their efficiency plays a key role in achieving defined goals and building a competitive work environment. Many initiatives have been taken to support business through organizational efficiency, process change support and various employee engagement programmes which has helped the Organization achieve higher productivity levels. In its pursuit to attract, retain and develop best available talents, several programmes are

regularly conducted at various levels across the Company. Employee relations continued to be cordial and harmonious across all levels and at all the units of the Company.

POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place an Anti-Sexual Harassment Policy in line with requirements, inter-alia, of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Compliance Committee has been set up to redress complaints received regarding sexual harassment.

There was no complaint received from any employee during the financial year 2016-17 and hence no complaint

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank customers, vendors, stakeholders, Central and State Governments, business associates and bankers for their consistent support and cooperation to the Company. Your Directors take this opportunity to thank all the employees who have helped for sustained excellence in performance of the Company.

Finally, the Directors would like to convey their gratitude to the members for reposing their confidence and faith in the Company and its management.

By order of the Board

Coimbatore
06.05.2017

B. VIJAYAKUMAR
Chairman cum Managing Director
DIN: 00015583

P. PRABAKARAN
Deputy Managing Director
DIN : 01709564

ANNEXURE 'C'

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

A. CONSERVATION OF ENERGY

LGB is making continuous efforts to conserve and optimize the energy wherever possible by economizing on fuel and power. During the year, LGB taken lot of effects to introduced energy conservation methods and achieved some considerable amount of saving in power & fuel cost. The Company implemented various latest technologies in manufacturing activities and thereby improving the production efficiency without consuming additional energy. Also replaced the old version lighting system in to latest technology Induction lamps in shop floor as well as outdoor lighting. The Company also installed LED lights in new project for outdoor application. Based on the findings , various formation of conservation measures have been taken to reduce power and fuels used by production equipments and utilities system.

Green Power:

LGB has installed 22 number of windmills with a total rated capacity of 7.16 MW. The total number of units of energy generated from these windmills was around 94.53 lakhs units which were used for captive consumption. All the above green power has supported the energy requirement of company and minimized the power cost certainly. Also the Company has installed 2 number of ON GRID solar power plants for a rated capacity of 100 KW each. The number of units generated through this solar system was around 1.30 lakhs units/Per 100 KW Solar Plant/Annum. All the above green power has supported the energy requirement of company and minimized the power cost certainly

(B) TECHNOLOGY ABSORPTION-

(i) the efforts made towards technology absorption -

^{2/21} Development of fatigue resistance chain plan

^{2/21} Development of long life chains

^{2/21} Upgradation of design and development. Development with upgraded software.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution

^{2/21} Opening of new avenue of sales with new products

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) -

(a) the details of technology imported : Silent Chain Technology for 4wd Application

(b) the year of import : 2009-2011

(c) whether the technology been fully absorbed : In phases

(iv) the expenditure incurred on Research and Development

The Company has incurred a total expenditure of ₹ 576.79 Lakhs (includes capital and recurring expenses) towards Research and Development.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earned : ₹ 9783.99 Lakhs

Foreign Exchange used : ₹ 5831.85 Lakhs

By order of the Board

Coimbatore
06.05.2017

B. VIJAYAKUMAR
Chairman cum Managing Director
DIN: 00015583

P. PRABAKARAN
Deputy Managing Director
DIN : 01709564

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

A brief outline of the (CSR) policy, including overview of projects or programs proposed to be undertaken and a reference to the weblink to the CSR policy and projects or programs:

The Company's CSR policy has been uploaded in the website of the Company under the website: <http://www.lgb.co.in/pdf/corporate-social-responsibility-policy.pdf>

Composition of the CSR Committee

| | | |
|----------------------|---|----------|
| Sri. B.Vijayakumar | - | Chairman |
| Smt. V.Rajsri | - | Member |
| Sri. R.Vidhyashankar | - | Member |

Average net profit of the Company for the last three financial years

Average net profit: ₹ 7,113.42 Lakhs

Prescribed CSR expenditure (2% of the average net profit of the last three financial years)

The Company during the financial year 2016-17 is required to spend ₹ 142.26 Lakhs towards CSR.

Details of CSR spent during the financial year:

a) Total amount spent for the financial year; ₹ 108.66 Lakhs

b) Amount unspent, if any; ₹ 33.60 Lakhs

Manner in which amount spent during the financial year is detailed below:

| S. No | CSR Project or activity identified | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise ₹ in Lakhs | Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads; ₹ in Lakhs | Cumulative expenditure up to the reporting period ₹ in Lakhs | Amount spent Direct or through implementation agency |
|-------|---|--|---|---|--|---|--|
| 1 | Women's Voluntary Services Association | Promoting Gender Equality empowering women etc | Coimbatore Tamilnadu | 0.20 | 0.20 | 0.20 | Direct |
| 2 | Coimbatore District Association. | Welfare Activities | Coimbatore Tamilnadu | 0.15 | 0.15 | 0.15 | Through Implementation Agency |
| 3 | Fees / Other expenses to needy students | Promoting Education | Tamilnadu | 130.00 | 96.50 | 96.50 | Through Implementation Agency |

Manner in which amount spent during the financial year is detailed below:

| S. No | CSR Project or activity identified | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise ₹ in Lakhs | Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads; ₹ in Lakhs | Cumulative expenditure up to the reporting period ₹ in Lakhs | Amount spent Direct or through implementation agency |
|-------|-------------------------------------|---|---|---|--|---|--|
| 4 | Hospital Charges for needy patients | Health Care | Tamilnadu | 12.00 | 11.50 | 11.50 | Through Implementation Agency |
| 5 | St Joseph Leprosy | Promotion of health care and Preventive health care | Tamilnadu | 0.50 | 0.31 | 0.31 | Direct |
| | Total | | | 142.85 | 108.66 | 108.66 | |

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

The Company has borrowed heavily for its capital expenditure. This expenditure has not returned its due revenue receipt due to prevailing market conditions. The Company's target in reducing the level of borrowings have not been reached.

As a prudent measure the Company has decided to curb the amount to be spent on the CSR for the current year though the Company has spent more than 75% of the eligible amount required to be spent on the CSR as per norms of the Companies Act.

7. The CSR Committee hereby confirms that the implementation of CSR activities is in compliance with the CSR Objectives and CSR Policy of your Company.

By order of the Board

Coimbatore
06.05.2017

B. VIJAYAKUMAR
Chairman cum Managing Director
DIN: 00015583

P. PRABAKARAN
Deputy Managing Director
DIN : 01709564

Annexure - 'E'

A. Disclosure under Section 197(12) and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. Ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year ended March 31, 2017 and the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the Financial Year ended March 31, 2017:

| Sr. No | Director | Category | Remuneration ₹ in lakhs | Median Remuneration | Ratio | % increase / decrease |
|--------|--------------------------|-------------------------------------|----------------------------|---------------------|---------|-----------------------|
| 1 | Sri.B.Vijayakumar | Chairman Cum Managing Director | 266.38 | 2..49 | 107 : 1 | 19 % |
| 2 | Sri.P.Prabakaran | Deputy Managing Director | 66.65 | 2..49 | 27.1 | 20 % |
| 3 | Smt. V.Rajsri | Non-Executive Promoter | - | - | - | |
| 4 | Sri.V.Rajvirdhan | Non-Executive Promoter | - | - | - | |
| 5 | Sri.S.Sivakumar | Non-Executive Non-Independent | - | - | - | |
| 6 | Sri.P.Balasubramanian | Non- Executive Independent | - | - | - | |
| 7 | Dr.T.Balaji | Non-Executive Independent | - | - | - | |
| 8 | Sri.V.Govindarajulu | Non- Executive Independent | - | - | - | |
| 9 | Sri.P.Shanmugasundaram | Non- Executive Independent | - | - | - | |
| 10 | Sri.R.Vidhya Shankar | Non- Executive Independent | - | - | - | |
| 11 | Sri.N.Rengaraj | Chief Financial Officer | 31.37 | - | - | 10%11% |
| 12 | Sri.M.Lakshmikanth Joshi | General Manager & Company Secretary | 25.13 | - | - | 10% |

Note: For this purpose, sitting fees paid to the Directors have not been considered as remuneration

- | | |
|---|---|
| <p>2. Percentage increase in the median remuneration of employees in the financial year. : 2%</p> <p>3. Number of permanent employees on the rolls of Company as on 31st March, 2017. : 1797</p> <p>4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration</p> <p>5. Affirmation that the remuneration is as per the remuneration policy of the Company</p> | <p>Average percentile increase in remuneration other than managerial personnel is 12.05% and average percentile increase / (decrease) in remuneration for managerial personnel is (19.49%)</p> <p>Your director affirm that the remuneration is as per the Nomination and Remuneration Policy of the Company.</p> |
|---|---|

Part B - information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

(a) Details of Top ten employees in terms of gross remuneration paid during the year ended March 31, 2017:

| S. No | Name of Employee | Designation | Remuneration Received ₹ In Lakhs | Nature of Employment | Qualification | Experience (Years) | Date of Commencement of Employment | Age | Last Employment | % of Equity Share held |
|-------|-----------------------|---------------------------------------|----------------------------------|----------------------|--------------------|--------------------|------------------------------------|-----|---|------------------------|
| 1 | B. Vijayakumar | Chairman Cum Managing Director | 266.38 | Permanent | B.Sc | 41 | 25.11.1986 | 64 | NIL | 15.97 |
| 2 | P.Prabakaran | Deputy Managing Director | 66.65 | Permanent | BE | 30 | 21.03.1988 | | Shanthi Gears Limited | 0.00 |
| 3 | N Rengaraj | Chief Financial Officer | 33.00 | Permanent | BBA, MBA FCA., MBA | 19 | 01.03.2004 | 48 | Rubfila International Limited | 0.00 |
| 4 | P.Subbiah | General Manager | 29.00 | Permanent | BE | 28 | 02.07.2007 | 51 | PHC Manufacturing Private Ltd | 0.00 |
| 5 | M Lakshmi Kanth Joshi | General Manager Cum Company Secretary | 26.52 | Permanent | ACS, MBA, ACMA LLB | 16 | 30.03.2005 | 49 | Veejay Lakshmi EngineeringWorks Ltd | 0.00 |
| 6 | N Suresh Kumar | General Manager | 26.26 | Permanent | DME, B.B.A | 26 | 01.02.1995 | 46 | Milltex Engineering Private Ltd | 0.00 |
| 7 | P.S.Arul Ramalingam | Deputy General Manager | 23.65 | Permanent | BE | 31 | 16.06.2011 | 54 | Appicom India Private Ltd | 0.00 |
| 8 | K Rajendran | General Manager | 23.65 | Permanent | B.A., LLB | 40 | 01.08.2001 | 58 | Nil | 0.00 |
| 9 | N K A Nambi | General Manager | 20.92 | Permanent | BE(MECH) | 23 | 12.10.2015 | 46 | IFPL (KK Birla Group) | 0.00 |
| 10 | J Prakash | Deputy General Manager | 20.18 | Permanent | DME | 27 | 17.01.2000 | 46 | Lakshmi Synthetic Machinery Private Ltd | 0.00 |

(b) Details of every employee, who was employed throughout the financial year, was in receipt of gross remuneration for that year which, in the aggregate, was not less than One Crores Two Lakhs rupees;

| S. No | Name of Employee | Designation | Remuneration Received ₹ In Lakhs | Nature of Employment | Qualification | Experience (Years) | Date of Commencement of Employment | Age | Last Employment | % of Equity Share held |
|-------|------------------|--------------------------------|----------------------------------|----------------------|---------------|--------------------|------------------------------------|-----|-----------------|------------------------|
| 1 | B. Vijayakumar | Chairman Cum Managing Director | 266.38 | Permanent | B.Sc | 41 | 25.11.1986 | 64 | NIL | 15.97 |

By order of the Board

B. VIJAYAKUMAR

Chairman cum Managing Director
DIN : 00015583

P. PRABAKARAN

Deputy Managing Director
DIN : 01709564

Coimbatore
06.05.2017

ANNEXURE 'F'
FORM AOC-1

Figures in Lakhs.

(Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the Financial Statement of Subsidiaries/Associate Companies/ Joint Ventures.

Part "A" : Subsidiaries

| 1. | Name of the Subsidiary Company | | BCW V Tech India Private Limited | LGB USA INC & its Subsidiaries |
|-----|---|-------------------------------------|----------------------------------|--------------------------------|
| 2. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | | 01.04.2016 to 31.03.2017 | 01.01.2016 to 31.12.2016 |
| 3. | Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries | | INR | USD |
| 4. | Share Capital | Foreign Currency Indian Currency | 499.99 | 35.45 2,004.15 |
| 5. | Reserves & surplus | Foreign Currency Indian Currency | (16.99) | 40.32 3,053.50 |
| 6. | Total Liabilities | Foreign Currency Indian Currency | 856.28 | 61.00 4,155.67 |
| 7. | Total Assets | Foreign Currency Indian Currency | 1,339.28 | 136.77 9,213.32 |
| 8. | Investments | Foreign Currency Indian Currency | NIL NIL | NIL NIL |
| 9. | Turnover and other income | Foreign Currency Indian Currency | 1,156.32 | 150.17 10,092.88 |
| 10. | Profit / (Loss) before Taxation | Foreign Currency Indian Currency | (114.94) | 18.59 1,271.34 |
| 11. | Provision for Tax | Foreign Currency Indian Currency | (65.20) | Nil Nil |
| 12. | Profit / (Loss) after Taxation | Foreign Currency Indian Currency | (49.74) | 18.59 1,271.34 |
| 13. | Proposed Dividend | Foreign Currency Indian Currency | Nil | NIL Nil |
| 14. | % of share holding | | 100 | 77.01 |

* LGB USA INC. figures presented along with Subsidiaries

Notes:

- Names of Subsidiaries which are yet to commence operations : None
- Names of Subsidiaries which have been liquidated or sold during the year: None

ANNEXURE 'F'
FORM AOC-1 (Contd.)

(Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the Financial Statement of Subsidiaries/ Associate Companies/ Joint Ventures.

Part "B": Associates and Joint Ventures

| | | |
|---|---|------------------------------------|
| 1 | Name of the Associate Company | Renold Chain India Private Limited |
| 2 | Latest audited Balance Sheet Date | 31 st March, 2017 |
| 3 | Shares of Associate/ Joint Ventures held by the Company | |
| | on the year end: No. of shares (equity) | 10250000 |
| | Amount of investment in Associates / Joint Venture | ₹ 1025.00 Lakhs |
| | Extend of Holding % | 25% |
| 4 | Description of how there is significant influence | Share holding |
| 5 | Reason why the Associate is not consolidated | NA |
| 6 | Networth attributable to shareholding as per | |
| | latest audited Balance Sheet | ₹ 1570.80 Lakhs |
| 7 | Profit/Loss for the year: | |
| | i. Considered in Consolidation | ₹ 14.49 Lakhs |
| | ii. Not considered in Consolidation | ₹ 43.48 Lakhs |

Notes:

- Names of the Associate or Joint Ventures which are yet to commence operations : None
- Names of Associate or Joint Ventures which have been liquidated or sold during the year: None

Annexure - 'G'
MANAGEMENT DISCUSSION AND ANALYSIS REPORT
**MANAGEMENT DISCUSSION AND ANALYSIS REPORT
INDUSTRY STRUCTURE AND DEVELOPMENT**
INDUSTRY STRUCTURE AND DEVELOPMNET

Our Company has performed well in all our products especially with our two wheeler account. It is expected that the trend will continue and any down turn will be temporary.

We have invested heavily in the last four years and an amount of almost Rs.285.03 Crores have been spent in upgrading our existing facilities as well as in expanding capacities.

We are geared for the future and we shall continue to march ahead.

OPPORTUNITIES

Our Country has a population of upward of 1.4 billion people out of this hardly 25% have personal mobility. As the Country continues to develop and GDP improves, more people will improve their standard and quality of living and will opt for personal vehicles.

The four wheeler industry is also set to pickup and become hub for manufacturers for whole world .

THREATS

The power situation in our Country is always uncertain and this could lead to higher cost of manufacturing for us and our client.

If the power cost and other manufacturing cost as well as forex rates are adverse in future it could lead not only to a drop in our profitability but open the gates for imports and restrict our exports.

RISKS AND CONCERNS

The Company has put in place a risk management policy to identify the nature and magnitude of risk associated with the Company and to take steps for mitigating the impact of such risks. These are reviewed periodically and placed before the Board.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems to monitor internal business process, financial reporting and

compliance with applicable laws. The company periodically reviews the adequacy and effectiveness of the control systems.

The Audit Committee at their meetings regularly reviews the significant observations of the compliance and other monitoring reports. The heads of various monitoring / operating cells and statutory auditors are invited to attend the Audit Committee meetings

HEALTH, SAFETY, SECURITY ENVIRONMENT

The Company already has in place its own Safety System. Regular training is imparted to the workers and staff at all levels. The increased focus on safety has resulted in improved safety records at all our Plants and thus has improved the working environment.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

Employer - employee relations continued to remain cordial during the year. Training and development of employees continue to be an area of prime importance. The devotion

and commitment of our employees has enabled the Company to fulfill its targets and deadlines in time.

RISK MANAGEMENT

Risk Management is an integral part of the business process, with the help of experts, the Company mapped the risks at the business processes and enterprise levels and evolved a risk management framework. Mitigative measures have been identified in respect of the latter. These would be periodically reviewed by the Board of Directors.

CAUTIONARY STATEMENT

The Management Discussion and Analysis Report contains forward looking statements based upon the data available with the Company, assumptions with regard to global economic conditions, the government policies etc. The Company cannot guarantee the accuracy of assumptions and perceived performance of the Company in future. Therefore, it is cautioned that the actual results may materially differ from those expressed or implied in the report.

By order of the Board

Coimbatore
06.05.2017

B. VIJAYAKUMAR
Chairman cum Managing Director
DIN: 00015583

P. PRABAKARAN
Deputy Managing Director
DIN : 01709564

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance:

Your Company believes that Corporate Governance is a pre-requisite for attaining sustainable growth in this competitive world. LGB philosophy on Corporate Governance is based on transparency and accountability and has been a part of the organizational culture of your Company. In recent times, governance has been further strengthened within the organization by introduction of incremental changes to various policies and processes. Your Company has achieved sustainable growth by being a responsible and well-governed corporate, while exceeding the expectations of all stakeholders. It is your Company's unending mission to regularly nurture and develop steadfast professionalism, accountability and increased disclosures by taking all steps necessary towards superior growth in its value for its stakeholders.

COMPLIANCE WITH CORPORATE GOVERNANCE GUIDELINES

The Company is fully compliant with the requirements of the prevailing and applicable Corporate Governance Code. Your Company's compliance with these requirements is presented in the full annual report.

The entire Corporate Governance Report forms part of the full Annual Report. The full Annual Report of the Company is available on our website: www.lgb.co.in

Any member who is interested in obtaining the physical copy of the full Annual Report may write to the Company Secretary at the Registered Office of your Company.

The Auditors' certificate on Corporate Governance is annexed as below:

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of L.G. Balakrishnan & Bros Limited

I have examined the compliance conditions of Corporate Governance by M/s.L.G.Balakrishnan & Bros Limited (The Company) for the financial year ended 31st March, 2017 as stipulated under SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the Directors and Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015.

I further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Coimbatore
06.05.2017

M.D. SELVARAJ
Practicing Company Secretary
C.P. No. 411 (FCS 960)

INDEPENDENT AUDITORS' REPORT ON ABRIDGED STANDALONE FINANCIAL STATEMENTS**TO THE MEMBERS OF L.G. BALAKRISHNAN & BROS LIMITED**

The accompanying abridged standalone financial statements, which comprise the abridged Balance Sheet as at 31st March, 2017, the abridged Statement of Profit and Loss and the abridged Cash Flow Statement for the year then ended and related Notes, are derived from the audited standalone financial statements of **L.G. BALAKRISHNAN & BROS LIMITED** ("the Company") for the year ended 31st March, 2017, on which we have expressed an unmodified audit opinion vide our report dated 6th May, 2017.

The abridged standalone financial statements do not contain all the disclosures required by the Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("the Act") applied in the preparation of audited standalone financial statements of the Company. Reading the abridged standalone financial statements, therefore, is not a substitute for reading the audited standalone financial statements of the Company.

Management's Responsibility for the Abridged Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (ACT) for the preparation of these abridged standalone financial statements in accordance with Rule 10 of the Companies (Accounts) Rules, 2014, based on the audited standalone financial statements of the Company for the year ended 31st March, 2017 prepared in accordance with the Accounting Standards prescribed under section 133 of the Act and accounting principles generally accepted in India.

Auditor's Responsibility

Our responsibility is to express an opinion on the abridged standalone financial statements based on our procedures conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

Opinion

In our opinion, the abridged standalone financial statements prepared in accordance with Rule 10 of the Companies (Accounts) Rules, 2014, derived from the audited standalone financial statements of the Company for the year ended 31st March, 2017 prepared in accordance with the Accounting Standards prescribed under section 133 of the Act and accounting principles generally accepted in India, are a fair summary of those standalone financial statements.

Coimbatore
06.05.2017

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No.008072S

C.R. RAJAGOPAL
Membership No.23418
Partner

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF L.G. BALAKRISHNAN & BROS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **L.G. BALAKRISHNAN & BROS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included

in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

Coimbatore
06.05.2017For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No.008072S**C.R. RAJAGOPAL**
Membership No.23418
Partner

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

**(Referred to in paragraph 1f) under ‘Report on Other Legal and Regulatory Requirements’
of our report of even date)**

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **L.G. BALAKRISHNAN & BROS LIMITED** (“the Company”) as of 31st March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply

with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and

directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or

that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Coimbatore
06.05.2017

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No.008072S

C.R. RAJAGOPAL
Membership No.23418
Partner

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as fixed assets in the financial statements and the buildings constructed on such leasehold land, whose lease deeds have been pledged as security for credit facilities taken from banks, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement based on the confirmations directly received by us from banks.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans hence provisions of Section 185 is not applicable, however the Company has made investments and provided guarantee which are within limits of Section 186 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regards to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for automotive components. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Sales Tax, Service Tax, Duty of Excise, Value Added Tax and Cess which have not been deposited as on 31st March, 2017 on account of disputes are given below:

| Name of Statute | Nature of Dues | Forum where dispute is pending | Period to which the the amount relates | Amount involved (₹ in Lakhs) | Amount Unpaid (₹ in Lakhs) |
|--|--|---|--|---------------------------------|-------------------------------|
| Finance Act | Service Tax on import of services | Hon'ble Supreme Court | 2005-06, 2006-07 2007-08 | 5.07 | 5.07 |
| Finance Act | Denial of Service Tax | CESTAT Chennai | Various periods | 2.95 | 2.95 |
| Finance Act | Common Credit input | CESTAT Chennai | 2010-11, 2011-12 2012-13 | 113.68 | 113.68 |
| Finance Act | Customer Receivable written off | CESTAT Coimbatore | Various periods | 60.00 | 55.50 |
| Finance Act | Common Credit Input | Commissioner (Appeals) (Appeals) | 2011-12, 2013-14 | 1.29 | 1.29 |
| Central Excise Act | Differential Duty | CESTAT Chennai | 2006-07, 2007-08 | 72.59 | 62.59 |
| Central Excise Act | Rebate claims | CESTAT Chennai | 2011-12 | 107.06 | 107.06 |
| Central Excise Act | Valuation & Capital Goods | CESTAT Chennai | Various periods | 9.44 | 9.44 |
| Central Excise Act | ED-Transfer of Division | CESTAT Chennai | 2009 - 10 | 100.00 | 92.50 |
| Central Excise Act | Duty on R & D Testing | CESTAT Chennai | 2009 - 14 | 0.50 | 0.50 |
| Central Excise Act | Duty on in-house Testing | Commissioner (Appeals) | 2015 - 16 | 0.09 | 0.09 |
| Central Excise Act | CENVAT Credit | Commissioner (Appeals) | 2011 - 16 | 79.77 | 79.77 |
| Maharashtra Value Added Tax Act | Classification of Goods | Sales Tax Appellate Tribunal | 2005-06, 2006-07 2007-08 | 22.76 | 22.76 |
| Delhi Value Added Tax Act | Stock Transfer | Sales Tax Appellate Tribunal | 2007-08 | 0.62 | 0.62 |
| Tamil Nadu VAT Act | Input Tax Credit/ Sales return | Joint Commissioner (Appeals) Coimbatore | 2007-08, 2008-09 2010-11, 2011-12 | 345.82 | 172.83 |
| Tamil Nadu General Sales Tax Act | Assesment matters | Hon'ble High Court of Madras (Stayed by the High Court) | 2002 - 03 | 43.94 | 43.94 |
| Tamil Nadu General Sales Tax Act & Central Sales | Differential rate and Inter State sale | Sales Tax Appellate Tribunal, Coimbatore | 2006 - 07 2010 - 11 2011 - 12 | 5.91 | 591 |
| The Uttarakhand Value Added Tax | Branch Transfer Sales | Joint Commissioner | 2007 - 08 | 697.88 | 662.99 |
| Entry tax | Entry tax | Hon'ble High Court of Madras (Stayed by the High Court) | 2007-08 | 408.36 | 408.36 |
| Karnataka Entry tax | Entry tax | Karnataka Appellate Tribunal | 2005 - 06 | 19.93 | 19.93 |

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks. The Company has neither taken any loan or borrowings from Government nor has issued any debentures.
- (ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the CARO 2016 Order is not applicable to the Company.
- (xv) In our opinion and according to information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Coimbatore
06.05.2017

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No.008072S

C.R. RAJAGOPAL
Membership No.23418
Partner

ABRIDGED BALANCE SHEET AS AT 31.03.2017

(₹ in Lakhs)

| Particulars | Note No. | As at 31.03.2017 | As at 31.03.2016 |
|---|----------|---------------------|---------------------|
| A EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 3 | 1,569.62 | 1,569.62 |
| (b) Reserves and surplus | 4 | 44,153.48 | 38,137.03 |
| | | 45,723.10 | 39,706.65 |
| 2 Non-current liabilities | | | |
| (a) Long-term borrowings | 5 | 7,886.98 | 7,882.29 |
| (b) Deferred tax liabilities (net) | 26.6 | 1,704.16 | 1,922.33 |
| (c) Long term provisions | 6 | 836.19 | 325.00 |
| | | 10,427.33 | 10,129.62 |
| 3 Current liabilities | | | |
| (a) Short-term borrowings | 7 | 114.00 | 3,233.84 |
| (b) Trade payables | | | |
| (i) total outstanding dues of micro & small enterprises | 25.2 | 139.01 | 171.62 |
| (ii) total outstanding dues other than micro & small enterprises | | 19,742.12 | 17,439.44 |
| (c) Other current liabilities | 8 | 6,159.52 | 7,675.68 |
| (d) Short-term provisions | 9 | 105.72 | 203.08 |
| | | 26,260.37 | 28,723.66 |
| TOTAL | | 82,410.80 | 78,559.93 |
| B ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Property, Plant & Equipments | | | |
| (i) Tangible assets | 10.a | 35,390.20 | 32,637.85 |
| (ii) Intangible assets | 10.b | 325.27 | 337.40 |
| (iii) Capital work-in-progress | | 320.50 | 716.49 |
| (b) Non-current investments | 11 | 3,864.40 | 3,864.40 |
| (c) Long-term loans and advances | 12 | 1,598.68 | 2,449.20 |
| (d) Other non-current assets | 13 | 37.83 | 37.83 |
| | | 41,536.88 | 40,043.17 |
| 2 Current assets | | | |
| (a) Inventories | 14 | 22,006.48 | 21,340.37 |
| (b) Trade receivables | 15 | 15,533.32 | 13,817.16 |
| (c) Cash and cash equivalents | 16 | 1,385.12 | 636.87 |
| (d) Short-term loans and advances | 17 | 1,822.78 | 2,600.51 |
| (e) Other current assets | 18 | 126.22 | 121.85 |
| | | 40,873.92 | 38,516.76 |
| TOTAL | | 82,410.80 | 78,559.93 |

See accompanying notes forming part of the financial statements

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

C.R. RAJAGOPAL
Partner

Place : Coimbatore
Date : 06.05.2017

For and on behalf of Board of Directors

B. VIJAYAKUMAR
Chairman cum Managing Director
DIN: 00015583

M. LAKSHMI KANTH JOSHI
General Manager cum Company Secretary

P. PRABAKARAN
Deputy Managing Director
DIN : 01709564

N. RENGARAJ
Chief Financial Officer

| | | (₹ in Lakhs) | |
|--|----------|-------------------------------------|-------------------------------------|
| Particulars | Note No. | For the Year ended 31.03.2017 | For the Year ended 31.03.2016 |
| A. CONTINUING OPERATIONS | | | |
| 1 Revenue from operations(gross) | 19 | 130,699.79 | 121,012.06 |
| Less: Excise duty | 19 | 13,540.40 | 12,001.95 |
| Revenue from operations (net) | | 117,159.39 | 109,010.11 |
| 2 Other income | 20 | 428.80 | 417.21 |
| 3 Total revenue (1 + 2) | | 117,588.19 | 109,427.32 |
| 4 Expenses: | | | |
| (a) Cost of materials consumed | 21 a | 46,576.82 | 44,760.87 |
| (b) Purchases of stock-in-trade | 21 b | 4,212.14 | 3,738.32 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 21 c | 35.81 | (652.32) |
| (d) Employee benefits expense | 22 | 17,015.94 | 15,167.49 |
| (e) Finance costs | 23 | 1,399.62 | 1,648.28 |
| (f) Depreciation and amortisation expense | 10 c | 4,922.90 | 4,309.37 |
| (g) Other expenses | 24 | 34,748.60 | 33,417.97 |
| Total Expenses | | 108,911.83 | 102,389.98 |
| 5 Profit before exceptional items and tax (3-4) | | 8,676.36 | 7,037.34 |
| 6 Exceptional items | 34 | 131.33 | - |
| 7 Profit before tax (5±6) | | 8,807.69 | 7,037.34 |
| 8 Tax expense / (benefit): | | | |
| (a) Current tax / MAT tax expense | | 2,870.50 | 1,493.02 |
| Less : Mat Credit Entitlement | | - | 402.37 |
| (b) Deferred tax | | (218.17) | 201.33 |
| Net tax expense | | 2,652.33 | 1,291.98 |
| 9 Profit for the year (7-8) | | 6,155.36 | 5,745.36 |
| 10 Earnings per share (of Face value of ₹ 10/- each) | | | |
| (a) Basic | 26.5 | 39.22 | 36.60 |
| (b) Diluted | 26.5 | 39.22 | 36.60 |

See accompanying notes forming part of the financial statements

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
C.R. RAJAGOPAL
Partner
Place : Coimbatore
Date : 06.05.2017

For and on behalf of Board of Directors

B. VIJAYAKUMAR
Chairman cum Managing Director
DIN: 00015583

P. PRABAKARAN
Deputy Managing Director
DIN : 01709564

M. LAKSHMI KANTH JOSHI
General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

Notes forming part of the financial statements

1 Corporate Information

L.G.Balakrishnan & Bros Limited was founded in 1937 as a transport Company and has evolved today as a major manufacturer of chains, sprockets and metal formed parts for automotive applications. Its business segments include transmission, metal forming and others. Its transmission products include chains, sprockets, tensioners, belts and brake shoe. It also offers metal forming products consisting of fine blanking for precision sheet metal parts, machined components and wire drawing products for internal use as well as for other chain manufacturing plants, spring steel suppliers and umbrella manufacturers. The Company's products are marketed under the "Rolon" brand. LGB has manufacturing units spread across Tamil Nadu, Maharashtra, Uttrakhand, Karnataka, Hariyana and Rajasthan.

2 Significant accounting policies

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, and the relevant provision of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention (also refer Notes 31 & 32). The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates

The preparation of the financial statements in conformity with the accounting standards generally accepted in India requires, the management to make estimates that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statement and reported amounts of revenues and expenses for the year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the periods in which the results are known/materialize.

2.3 Inventories

Inventories are valued at lower of cost and net realizable value. Cost includes all direct costs and applicable production overheads, to bring the goods to the present location and condition. Excise duty on the finished goods is added to the cost.

- i) Costs of raw materials, packing materials, tools and dies and Store & Spare Parts are computed on weighted average basis.
- ii) Costs of finished goods and semi-finished goods are computed on weighted average basis.
- iii) Agriculture Produce is valued at estimate realisable value.
- iv) Cost of stock held for trading are computed on weighted average basis.

2.4 Cash and cash equivalents (for the purpose of cash flow statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cashflows are reported using the indirect method, whereby profit/(loss) before extra-ordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible property, plant & equipments has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history

of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Depreciation on tools and dies is provided on the basis of estimated useful life of 5 years.

Leasehold land is amortized over the duration of the lease 99 years.

Windmill is considered as a continuous process plant and depreciation is provided at the rate applicable thereto as per Companies Act, 2013 useful life of 25 years.

Policy for amortization of Intangibles:

Intangible assets are amortized over their useful life as follows:

Technical knowhow - 10 years

Computer software - 2 - 3 years

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

2.7 Revenue recognition

Sale of goods:

Sales are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales-tax and value added tax.

Income from Service:

Revenue from services are recognized when services are rendered and related costs are incurred.

Export incentives:

Export incentive under various schemes notified by the Government has been recognized on the basis of Export of goods.

2.8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.9 Tangible fixed assets:

Tangible assets are stated at cost (net of CENVAT wherever applicable) less accumulated depreciation except certain land which was taken over from amalgamating companies at a valuation as per their books. Cost comprises of direct cost, related taxes, duties, freight and attributable finance costs till such assets are ready for its intended use. Subsidy received from Government towards

specific assets is reduced from the cost of property, plant & equipments

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.10. Intangible assets:

Intangible assets are stated at cost (net of CENVAT wherever applicable) less accumulated depreciation/amortization. Cost comprises of direct cost, related taxes, duties, freight and attributable finance costs till such assets are ready for its intended use.

2.11 Foreign currency transactions and translations

Foreign exchange transactions are accounted at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency and outstanding at the year-end are reinstated at the year-end exchange rates. All foreign exchange gains and losses are taken to Statement of Profit and Loss.

Net investments in non-integral foreign operations are carried at historical cost.

The Company enters into forward exchange contract to hedge its risk associated with Foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract is amortized as expense or income over the life of the contract. In case of monetary items which are covered by forward exchange contract, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference. Any profit or loss arising on cancellation of a forward exchange contract is recognized as income or expense for that year.

2.12 Government grants and subsidies:

Government grants and subsidies are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received.

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve.

Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the

non-monetary asset is given free of cost, the grant is recorded at a nominal value.

2.13 Investments

Long-term investments are stated at cost less provision for diminution, other than temporary, in value. Current investments are stated at lower of cost and market value.

2.14 Employee benefits

(a) Short-term employee benefits:

All short-term employee benefits such as salaries, wages, bonus, medical benefits which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognised on an undiscounted basis and charged to the Statement of profit and loss.

(b) Post retirement:

Other long-term employee benefits such as leave salary is recognized as an expense in the Statement of profit and loss of the year in which the employee has rendered services. Provision for estimated liability is made based on the best estimate.

i) Provident Fund (Government PF)

This is a defined contribution plan, and contributions made to the fund are charged to revenue. The Company has no further obligations for future provident fund benefits other than monthly contributions.

ii) Superannuation Fund

This is a defined contribution plan. The company contributes a sum equivalent to defined contribution plan for eligible employees' salary towards superannuation fund administered by the Trustees and managed by Life Insurance Corporation of India (LIC). The Company has no further obligations for future superannuation benefits other than its annual contributions and recognizes such contributions as expense in the year incurred.

iii) Gratuity Fund

This is a defined benefit plan. The Company makes annual contribution to a Gratuity Fund administered and managed by a Trust through Life Insurance Corporation of India. The net present

value of obligation towards gratuity is actuarially determined based on Projected Unit Credit method as at the Balance Sheet date. Actuarial gains and losses are recognised in the Accounts.

2.15 Borrowing cost

Borrowing costs, if any, identifiable with an asset under construction are capitalized as part of qualifying property, plant & equipments when it is possible, that they will result in future economic benefits. Other borrowing costs are expensed.

2.16 Segment reporting

a) Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.

b) Revenue and expenses, which relate to the enterprise as a whole and not allocable to segments on a reasonable basis, have been included under "unallocated corporate expenses".

2.17 Leases

Leases are classified as finance or operating leases depending upon the terms of the lease agreements. Assets held under finance leases are recognised as assets of the Company on the date of acquisition and depreciated over their estimated useful lives using the method and rates applicable to the class of asset as described in Para 2.6 above. Finance cost is treated as period cost using effective interest rate method and expensed. Rentals payable under operating leases are charged to Statement of Profit & Loss of the period to which it relates.

2.18 Earnings per share

Basic and diluted earnings per share are computed in accordance with Accounting Standard 20 - 'Earnings per share'. Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share are

computed using the weighted average number of equity shares outstanding during the year and dilutive potential equity shares outstanding at year end.

2.19 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised and carried forward only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such asset items can be realised.

2.20 Research and development expenses

All revenue expenditure related to research and development are charged to the respective heads in the Statement of Profit & Loss. Capital expenditure incurred on research and development is grouped under fixed assets and depreciated in accordance with the depreciation policy of the Company.

2.21 Impairment of assets

At each Balance Sheet date, the carrying values of the tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where there is an indication that there is a likely

impairment loss for a group of assets, the company estimates the recoverable amount of the group of assets as a whole, to determine the value of impairment.

2.22 Provisions, contingent liabilities and contingent assets

A Provision is recognized, when there is a present obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation, which can be reliably estimated. Provision is not discounted to its present value and is determined based on the best estimate required to settle the obligation at the Balance Sheet date. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the best current estimate.

Contingent Liabilities are recognised only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets are not recognised in the financial statements.

2.23 Service tax input credit

CENVAT credit on materials purchased / services availed for production / input services are taken into account at the time of purchase. CENVAT credit on purchase of capital items wherever applicable are taken into account as and when the assets are acquired. The CENVAT credits so taken are utilised for payment of excise duty on goods manufactured / service tax on output services. The unutilised CENVAT credit is carried forward in the books.

2.24 Operating cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

| Particulars | As at 31.03.2017 (₹ in lakhs) | As at 31.03.2016 (₹ in lakhs) |
|--|-------------------------------------|-------------------------------------|
| 3. Note No. 16 of the Standalone Audited Financial Statements | | |
| A. Cash and Bank balances (as per AS 3 Cash Flow Statements) | | |
| (a) Cash- on- Hand | 12.98 | 24.49 |
| (b) Balances with Banks | | |
| (i) In Current Account | 628.32 | 33.06 |
| (ii) In Collection Account | 214.86 | 188.40 |
| (iii) In Deposit Account | 162.96 | - |
| Total | 1,019.12 | 245.95 |
| B OTHERS | | |
| (a) In Margin money with Banks | 310.70 | 309.74 |
| (b) In Earmarked Accounts | | |
| (i) Unpaid Dividend Account | 55.30 | 80.96 |
| (ii) Unpaid Interest Account | - | 0.22 |
| Total | 366.00 | 390.92 |
| Total Cash and Bank balance (A+B) | 1,385.12 | 636.87 |

Transaction in Specified Bank Notes

During the year, the Company had specified bank notes and other denomination note as defined in the MCA notification G.S.R.308(e) dated 31 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 08 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

| Particulars | SBNs | Other Denomination Notes | Total |
|---------------------------------------|-------|--------------------------|-------|
| Closing cash in hand on 08.11.2016 | 29.03 | 14.06 | 43.09 |
| (+) Permitted receipts | - | 95.74 | 95.74 |
| (-) Permitted payments | - | 65.88 | 65.88 |
| (-) Amount deposited in banks | 29.03 | 28.89 | 57.92 |
| Closing Cash in Hand as on 30.12.2016 | - | 15.03 | 15.03 |

| Particulars | As at 31.03.2017 (₹ in lakhs) | As at 31.03.2016 (₹ in lakhs) |
|--|-------------------------------------|-------------------------------------|
| 4. Note No. 19 of the Standalone Audited Financial Statements | | |
| REVENUE FROM OPERATIONS | | |
| a) Sale of products (Refer Note (i) below) | 124,205.69 | 114,227.20 |
| b) Sale of services (Refer Note (ii) below) | 401.91 | 384.07 |
| c) Other operating revenue (Refer Note (iii) below) | 6,092.19 | 6,400.79 |
| Revenue from operations (Gross) | 130,699.79 | 121,012.06 |
| Less: Excise duty | 13,540.40 | 12,001.95 |
| Total | 117,159.39 | 109,010.11 |
| Note: | | |
| (i) Sale of products | | |
| Manufactured goods: | | |
| Chains | 98,716.51 | 91,243.38 |
| Metal Forming | 20,817.70 | 18,375.61 |
| Others | 149.62 | 137.24 |
| Total - sale of manufactured goods | 119,683.83 | 109,756.23 |

| Particulars | As at 31.03.2017 (₹ in lakhs) | As at 31.03.2016 (₹ in lakhs) |
|---|-------------------------------------|-------------------------------------|
| Traded goods: | | |
| Light commercial vehicles | 4,521.86 | 4,470.97 |
| Total - Sale of traded goods | 4,521.86 | 4,470.97 |
| Total - Sale of products | 124,205.69 | 114,227.20 |
| (ii) Sale of services: | | |
| Service income on vehicles | 401.91 | 384.07 |
| Total - Sale of services | 401.91 | 384.07 |
| (iii) Other operating revenue: | | |
| Scrap sales | 5,892.55 | 6,245.50 |
| Duty drawback and other export incentives | 199.64 | 155.29 |
| Total - other operating revenue | 6,092.19 | 6,400.79 |
| Total | 130,699.79 | 121,012.06 |
| 5. Note No. 25.1 of the Standalone Audited Financial Statements | | |
| Contingent liabilities and commitments | | |
| (to the extent not provided for) | | |
| (i) Contingent liabilities: | | |
| (a) Claims against the Company, not acknowledged as debt - disputed tax liability. | | |
| i. Central Excise | 369.45 | 637.91 |
| ii. Entry Tax | 428.29 | 428.29 |
| iii. Service tax | 182.99 | 183.70 |
| iv. VAT / CST | 1,116.93 | 423.28 |
| Total | 2,097.66 | 1,673.18 |
| (b) Guarantee given by Bankers and outstanding | 419.18 | 381.25 |
| (c) Corporate guarantee given for others | 2,700.00 | 2,700.00 |
| (d) Estimated customs duty obligation on imports, if corresponding export obligation is not satisfied. | 853.27 | 1,557.41 |
| Note : Future Cash outflows in respect of the above matters are determinable only on receipt of Judgements/decisions pending at various forums / authorities. | | |
| (ii) Commitments: | | |
| 6. Note No. 11 of the Standalone Audited Financial Statements | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for - Tangible assets | 2,058.00 | 2,535.67 |

Notes forming part of the financial statements

7. Note No. 26.3. of the Standalone Audited Financial Statements

Related party transactions : (As identified by the Management and relied upon by Auditors)

A. Name of related parties and nature of relationship where control exists are as under:

i) **Enterprise owned or significantly influenced by KMP and relatives of KMP.**

| | |
|--------------------------------------|--|
| Elgi Automotive Services (P) Limited | Super Transports Private Limited |
| L.G.B. Auto Products (P) Limited | LGB Forge Limited |
| LG Farm Products (P) Limited | Tribe Investments and Services Private Limited |
| L.G. Balakrishnan & Bros - Karur | South Western Engineering India Limited |
| LG Sports Limited | Silent Chain India Private Limited |
| Super Speeds Private Limited | |

ii) **Associate**

Renold Chain India Private Limited - 25%

iii) **Subsidiaries**

BCW V Tech India Private Limited - 100%
LGB USA, INC - 77.01%

iv) **Fellow Subsidiaries**

GFM Acquisition LLC Holding by LGB USA : 90.97% GFM LLC Holding by GFM Acquisition LLC: 100%

v) **Key Management Personnel**

| | |
|---|--|
| a. Sri. B. Vijayakumar, Chairman cum Managing Director | b. Sri. P. Prabakaran, Deputy Managing Director |
|---|--|

vi) **Relatives of Key Management Personnel**

| Relatives of Sri. B. Vijayakumar | | | |
|--|-------------------------|---------------------|---------------------------------|
| Wife | : Smt. Vijayashree V. | Daughter | : Smt. Rajsri Vijayakumar |
| Sons | : Sri. V. Rajvirdhan | Daughter's Husband | : Sri. Rajiv Parthasarathy |
| | Sri. Nithin Karivardhan | Daughter's daughter | : Minor. Samriddhi Andal Rajiv |
| | Sri. Arjun Karivardhan | Daughter's Son | : Minor. Vidhur Narayanan Rajiv |
| Daughter in law Smt. Shreya Mythrei. V | | | |
| Relatives of Sri. P. Prabakaran | | | |
| Father | : Sri. K. Palanichamy | Wife | : Smt. D. Maheswari |
| Mother | : Smt. Rajalakshmi | Son | : Sri. P. Suryakumar |

Notes forming part of the financial statements

(₹ in lakhs)

| Nature of transactions | Associates / Others | Subsidiaries | Key Managerial Personnel | Relatives of Key Managerial Personnel | Total |
|---|---------------------|--------------|--------------------------|---------------------------------------|------------|
| Managerial Remuneration | | | | | |
| B. Vijayakumar | - | - | 266.38 | - | 266.38 |
| | (-) | (-) | (223.03) | (-) | (223.03) |
| P. Prabakaran | - | - | 66.65 | - | 66.65 |
| | (-) | (-) | (55.69) | (-) | (55.69) |
| Loan Receipts (Borrowing) | 541.00 | - | 173.00 | 86.00 | 800.00 |
| | (1,834.00) | (-) | (739.25) | (430.00) | (3003.25) |
| Loan Repayment (Borrowing) | 465.00 | - | 434.00 | 498.00 | 1397.00 |
| | (2,229.00) | - | (897.00) | (717.00) | (3843.00) |
| Interest Expense | 22.89 | - | 7.71 | 7.82 | 38.42 |
| | (66.45) | - | (57.49) | (82.53) | (206.47) |
| Equity Investment | - | - | - | - | - |
| | (-) | (173.73) | (-) | (-) | (173.73) |
| Dividend Receipts | - | - | - | - | - |
| | (5.43) | (-) | (-) | (-) | (5.43) |
| Dividend Payments | 14.31 | - | 25.07 | 32.89 | 72.27 |
| | (121.26) | (-) | (220.65) | (289.36) | (631.23) |
| Rent Income | 64.41 | 38.54 | - | - | 102.95 |
| | (62.62) | (26.00) | (-) | (-) | (88.62) |
| Rent / Lease Expenses | 28.74 | - | - | - | 28.74 |
| | (12.74) | (-) | (-) | (-) | (12.74) |
| Purchase of Materials, Spares & power | 789.17 | - | - | - | 789.17 |
| | (978.63) | (-) | (-) | (-) | (978.63) |
| Processing / Conversion Charges | 297.68 | 92.22 | - | - | 389.90 |
| | (209.65) | (40.45) | (-) | (-) | (250.10) |
| Sale of Materials, Stores and Service Charges | 1,011.81 | 60.33 | - | - | 1,072.14 |
| | (1,094.77) | (55.32) | (-) | (-) | (1,150.09) |
| Processing Charges Receipts | 67.75 | 46.37 | - | - | 114.12 |
| | (71.82) | (41.56) | (-) | (-) | (113.38) |
| Sale of Property, Plant & Equipment | - | 93.02 | - | - | 93.02 |
| | (5.25) | (4.18) | (-) | (-) | (9.43) |
| Purchase of Property, Plant & Equipment | 0.28 | - | - | - | 0.28 |
| | (260.12) | (-) | (-) | (-) | (260.12) |
| Receivable Balance | 225.26 | 104.67 | - | - | 329.93 |
| | (199.82) | (45.99) | (-) | (-) | (245.81) |
| Payable Balance | - | 162.99 | - | - | 162.99 |
| | (74.43) | (270.87) | (-) | (-) | (345.30) |
| Unsecured borrowings balance | 86.00 | - | 15.00 | 13.00 | 114.00 |
| | (10.00) | (-) | (276.00) | (425.00) | (711.00) |
| Fixed Deposit Receipt (Borrowings) | 645.00 | - | 230.00 | 615.00 | 1490.00 |
| | (1120.00) | (-) | (540.00) | (575.00) | (2235.00) |
| Fixed Deposit Repayment (Borrowings) | 105.00 | - | - | - | 105.00 |
| | (-) | (-) | (-) | (-) | (-) |

Note : 1) Figures in bracket relate to the previous year

2) None of the balances due to or receivable from related parties have been adjusted or written-off during this period.

Notes forming part of the financial statements

| Particulars | As at 31.03.2017 (₹ in lakhs) | As at 31.03.2016 (₹ in lakhs) |
|---|-------------------------------------|-------------------------------------|
| Loan Receipts: | | |
| Associates: | | |
| Tribe Investments & Services (P) Limited | - | 500.00 |
| L.G.Sports Ltd | 370.00 | 810.00 |
| LGB Auto Products (P) Limited | - | 312.00 |
| Elgi Automotive Services (P) Limited | 164.00 | - |
| Key managerial personnel: | | |
| Sri.B.Vijayakumar | 173.00 | 739.25 |
| Relatives of key managerial personnel: | | |
| Sri.V.Rajvirdhan | 70.00 | 200.00 |
| Smt.V.Rajsri | 16.00 | 131.00 |
| Loan repayment: | | |
| Associates: | | |
| Tribe Investments & Services (P) Limited | - | 550.00 |
| LGB Auto Products (P) Limited | - | 462.00 |
| L.G.Sports Ltd | 370.00 | 810.00 |
| Key managerial personnel: | | |
| Sri.B.Vijayakumar | 434.00 | 897.00 |
| Relatives of key managerial personnel: | | |
| Smt.V.Rajsri | 166.00 | 41.00 |
| Sri.V.Rajvirdhan | 332.00 | 126.00 |
| Interest expense: | | |
| Associates/Others: | | |
| Elgi Automotive Services Private Limited | 7.34 | 19.42 |
| L.G.Sports Ltd | 15.28 | 31.34 |
| Key Managerial Personnel: | | |
| Sri.B.Vijayakumar | 7.71 | 57.49 |
| Relatives of key managerial personnel: | | |
| Sri.V.Rajvirdhan | 6.10 | 30.24 |
| Smt.V.Rajsri | 1.72 | 12.33 |
| Dividend Payment: | | |
| Key managerial personnel: | | |
| Sri.B.Vijayakumar | 25.07 | 220.62 |
| Relatives of key managerial personnel: | | |
| Smt.V.Rajsri | 10.90 | 95.88 |
| Sri.V.Rajvirdhan | 21.99 | 193.48 |

Notes forming part of the financial statements

| Particulars | As at 31.03.2017 (₹ in lakhs) | As at 31.03.2016 (₹ in lakhs) |
|--|-------------------------------------|-------------------------------------|
| Purchase of Property, Plant & Equipments: | | |
| Associates/Others: | | |
| LGB Auto Products (P) Limited | - | 26.77 |
| LG.B.Forge Limited | - | 217.80 |
| Rent income | | |
| Associates/Others: | | |
| L.G.B.Forge Limited | 47.80 | 42.38 |
| Silent Chain India (P) limited | 0.21 | - |
| Elgi Automotive Service (P) Limited | 0.07 | - |
| Sale of Property, Plant & Equipments | | |
| BCW VTech India (p) Limited | 93.02 | 418 |
| Super Transports Private Limited | 7.66 | - |
| Rent /Lease payment | | |
| Associates/Others: | | |
| South Western Engineering India Limited | 10.78 | 12.74 |
| L.G.B.Forge Limited | 17.96 | - |
| Purchase of material, spares & power | | |
| Associates/Others: | | |
| Renold Chain India (P) Limited | 86.54 | 278.21 |
| LGB Forge Ltd | 604.07 | 590.09 |
| LGB & Bros, Karur | 62.87 | 73.88 |
| Processing/other charge payment | | |
| Associates/Others: | | |
| Silent Chain India (P) Limited | 43.78 | 44.83 |
| South Western Engineering India Limited | 253.90 | 164.82 |
| Subsidiaries | | |
| BCW VTech India (P) Limited | 92.22 | 40.45 |
| Processing receipts | | |
| Associates/Others: | | |
| LGB Forge Limited | 65.45 | 71.82 |
| Sale of Material ,Stores and Service charges | | |
| Associates/Others: | | |
| Renold Chain India (P) Limited | 702.65 | 883.73 |
| LGB Forge Limited | 214.68 | 186.52 |

8. Note No. 28 of the Standalone Audited Financial Statements

Details of provision

The Company has made provision for various contractual obligations and disputed liabilities based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

| Particulars | As at 1 April, 2016 | Additions | Utilisation | As at 31 March, 2017 |
|---|------------------------|--------------------|-------------|-------------------------|
| Provision for other contingencies (Excise/ Customs / IT) | 325.00 (190.00) | 300.00 (135.00) | - - | 625.00 (325.00) |
| Total | 325.00 (190.00) | 300.00 (135.00) | - - | 625.00 (325.00) |

Note: Figures in brackets relate to the previous year.

9. Note No. 29 of the Standalone Audited Financial Statements

Since the Company prepares consolidated financial statements, segment information as revised by AS 17 "Segment Reporting" has been disclosed in consolidated financial statements.

10. Note No. 30 of the Standalone Audited Financial Statements.

The Board of Directors of the Company have recommended a final dividend of Rs.7.00 per share, (70% on the face value of Rs.10/-) aggregating to Rs.1,322.41 Lakhs on the equity shares of the company, for the year ended 31st March, 2017. In terms of the revised Accounting Standard (AS)-4 "Contingencies and Events occurring after Balance sheet date" as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, the Company has not accounted for proposed dividend as liability as at 31st March, 2017. However, the proposed dividend of the previous year was accounted as liability as at 31st March, 2016 in accordance with the then existing Accounting Standard.

11. Note No. 31 of the Standalone Audited Financial Statements.

Revaluation reserve of Rs.44.44 Lakhs relating to certain revalued assets sold in the earlier years is transferred to the Statement of Profit and Loss and included in Other Income for the year ended 31st March, 2017.

12. Note No. 32 of the Standalone Audited Financial Statements.

Accounting Standard (AS) - 10 "Property, Plant and Equipment's" became applicable to the Company from 1st April, 2016. The management has decided that it would adopt the cost model and accordingly revaluation reserve of Rs.94.47 Lakhs has been adjusted against the cost of respective assets as provided in the transitional provisions of the standard.

13. Note No. 33 of the Standalone Audited Financial Statements.

The Board of Directors at its meeting held on 6th May, 2017 has given an in principle approval of the proposed merger of its wholly owned Subsidiary BCW V Tech India Private Limited with the Company with effect from 1st April, 2017 under a scheme of amalgamation, subject to necessary statutory and other approvals.

14. Note No. 34 of the Standalone Audited Financial Statements.

Exceptional item represents profit on sale of Land and Building.

15. Note No. 35 of the Standalone Audited Financial Statements

Previous year figures have been regrouped and reclassified, wherever necessary, to correspond with the current year's classification/disclosure.

16. Note No. 11 of the Standalone Audited Financial Statements

Aggregate Book value and market value of quoted investments (Both for current year and previous year are given below

| Particulars | As at 31.03.2017 | As at 31.03.2016 |
|---|---------------------|---------------------|
| Aggregate amount of quoted investments | 727.34 | 727.34 |
| Aggregate market value of the listed and quoted investments | 4,748.78 | 3,220.15 |
| Aggregate value of unquoted investments | 3,137.06 | 3,137.06 |

For and on behalf of Board of Directors

B. VIJAYAKUMAR

Chairman cum Managing Director

DIN: 00015583

P. PRABAKARAN

Deputy Managing Director

DIN : 01709564

Place : Coimbatore

Date : 06.05.2017

M. LAKSHMI KANTH JOSHI

General Manager cum Company Secretary

N. RENGARAJ

Chief Financial Officer



Abridged Standalone Cash Flow Statement for the year ended 31.03.2017

| PARTICULARS | 31.03.2017 (₹ in Lakhs) | 31.03.2016 (₹ in Lakhs) |
|---|----------------------------|----------------------------|
| A. Cash flow from operating activities | 14,243.35 | 10,751.13 |
| B. Cash flow from Investing activities | (7,726.13) | (7,971.37) |
| C. Cash flow from financing activities | (5,744.05) | (3,012.17) |
| Net (decrease)/increase in cash and cash equivalents (A) + (B) + (C) | 773.17 | (232.31) |
| Cash and Cash Equivalents at the beginning of the year | 245.95 | 478.26 |
| Cash and Cash Equivalents at the end of the year | 1,019.12 | 245.95 |

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
C.R. RAJAGOPAL
Partner
Place : Coimbatore
Date : 06.05.2017

For and on behalf of Board of Directors

B. VIJAYAKUMAR
Chairman cum Managing Director
DIN: 00015583

P. PRABAKARAN
Deputy Managing Director
DIN : 01709564

M. LAKSHMI KANTH JOSHI
General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

**INDEPENDENT AUDITORS' REPORT ON THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS
TO THE MEMBERS OF L.G. BALAKRISHNAN & BROS LIMITED**

The accompanying abridged consolidated financial statements, which comprise the Abridged Consolidated Balance Sheet as at 31st March, 2017, the Abridged Consolidated Statement of Profit and Loss and the Abridged Consolidated Cash Flow Statement for the year then ended and related Notes, are derived from the audited consolidated financial statements of **L.G. BALAKRISHNAN & BROS LIMITED** ("the Company" / "Holding Company"), its Subsidiaries (the Holding Company and its Subsidiaries together referred to as "the Group") and its Associate for the year ended 31st March, 2017 ("audited consolidated financial statements of the Company"), on which we have expressed an unmodified audit opinion vide our report dated 6th May, 2017.

The abridged consolidated financial statements do not contain all the disclosures required by the Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("the Act") applied in the preparation of audited consolidated financial statements of the Company. Reading the abridged consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Company.

Management's Responsibility for the Abridged Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of the abridged consolidated financial statements in accordance with Rule 10 of the Companies (Accounts) Rules, 2014, based on the audited consolidated financial statements for the year ended 31st March, 2017 prepared in accordance with the Accounting Standards prescribed under section 133 of the Act and accounting principles generally accepted in India.

Auditor's Responsibility

Our responsibility is to express an opinion on the abridged consolidated financial statements based on our procedures conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

Opinion

In our opinion, the abridged consolidated financial statements prepared in accordance with Rule 10 of the Companies (Accounts) Rules, 2014, derived from the audited consolidated financial statements for the year ended 31st March, 2017 prepared in accordance with the Accounting Standards prescribed under section 133 of the Act and accounting principles generally accepted in India, are a fair summary of those consolidated financial statements.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No.008072S
C.R. RAJAGOPAL
Membership No.23418
Partner

Coimbatore
06.05.2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF L. G. BALAKRISHNAN & BROS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **L. G. BALAKRISHNAN & BROS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its Associate, comprising of the Consolidated Balance Sheet as at 31 March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its Associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its Associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditor on

separate financial statements of the subsidiary, referred to in the Other Matters paragraph below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its Associate as at 31 March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

- (a) We did not audit the financial statements / financial information of one subsidiary, whose financial statements reflect total assets of Rs. 1,339.28 lakhs as at 31 March, 2017, total revenues of Rs. 1,156.32 Lakhs and net cash inflows amounting to Rs. 1.20 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The financial statement / financial information has been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.
- (b) We did not audit the financial statements / financial information of two subsidiaries, whose financial statements / financial information reflect total assets of Rs. 8,335.89 lakhs as at 31 March, 2017, total revenues of Nil and net cash inflows amounting to Rs. 246.36 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 105.25 Lakhs for the year ended 31 March, 2017, as considered in the consolidated financial statements, in respect of one Associate, whose financial statements / financial information has not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and Associate, is based solely on such unaudited financial

statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements and the other financial information of subsidiaries, and associate, referred in the Other Matters paragraph above we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2017 taken on record by the Board of Directors of the Holding Company; declarations received from the Directors of the Associate and the report of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the

- Group companies and its Associate company incorporated in India is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”, which is based on the auditors’ reports of the Holding company, subsidiary company and the Associate company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company and subsidiary company incorporated in India internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its Associate.
 - ii. The Group and its Associate did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary company and the Associate incorporated in India.
 - iv. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November, 2016 of the Ministry of Finance, during the period from 8 November, 2016 to 30 December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us and the other auditors by the Management of the respective Group entities.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No.0080725
C.R. RAJAGOPAL
Membership No.23418
Partner

Coimbatore
06.05.2017

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2017, we have audited the internal financial controls over financial reporting of **L.G.BALAKRISHNAN & BROS LIMITED** (hereinafter referred to as “the Holding Company”) and its subsidiary company and associate company, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary company and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over the financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (“the Guidance Note”) issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company, its Subsidiary and its Associate Company, which are Companies incorporated in India based on our audit. We conducted our audit in accordance with the Guidance

Note issued by the Institute of Chartered Accountants of India on audit of Internal Financial Controls over Financial Reporting and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the Subsidiary Company and Associate Company, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company’s Subsidiary Company and its Associate Company which are Company incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of

records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Coimbatore
06.05.2017

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor referred to in the Other Matters paragraph below, the Holding Company, its subsidiary company and its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company and one associate company, which are companies incorporated in India, is based solely on the corresponding reports of the auditor of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No.008072S

C.R. RAJAGOPAL
Membership No.23418
Partner

| ABRIDGED CONSOLIDATED BALANCE SHEET AS AT 31.03.2017 | | (₹ in Lakhs) | |
|--|----------|------------------|------------------|
| Particulars | Note No. | As at 31.03.2017 | As at 31.03.2016 |
| A EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 3 | 1,569.62 | 1,569.62 |
| (b) Reserves and surplus | 4 | 46,565.99 | 40,060.09 |
| | | 48,135.61 | 41,629.71 |
| 2 Minority interest | | 1,692.17 | 1,531.91 |
| 3 Non-current liabilities | | | |
| (a) Long-term borrowings | 5 | 9,157.85 | 9,487.57 |
| (b) Deferred tax liabilities (Net) | 26.6 | 1,704.16 | 1,922.33 |
| (c) Long term provisions | 6 | 836.19 | 325.00 |
| | | 11,698.20 | 11,734.90 |
| 4 Current liabilities | | | |
| (a) Short-term borrowings | 7 | 584.00 | 4,445.88 |
| (b) Trade payables | | | |
| (i) total outstanding dues of micro & small enterprises | | 139.01 | 171.62 |
| (ii) total outstanding dues other than micro & small enterprises | | 21,234.96 | 18,490.93 |
| (c) Other current liabilities | 8 | 7,289.07 | 7,885.08 |
| (d) Short-term provisions | 9 | 30.96 | 203.08 |
| | | 29,278.00 | 31,196.59 |
| TOTAL | | 90,803.98 | 86,093.11 |
| B ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Property, Plant & Equipments | | | |
| (i) Tangible assets | 10.a | 38,926.05 | 36,342.07 |
| (ii) Intangible assets | 10.b | 322.12 | 337.27 |
| (iii) Capital work-in-progress | | 1,395.31 | 1,022.32 |
| (b) Goodwill on Consolidation | | 1,410.48 | 1,376.86 |
| (c) Non-current investments | 11 | 1,956.86 | 1,851.62 |
| (d) Deferred Tax Asset | 26.6 | 71.33 | 73.04 |
| (e) Long-term loans and advances | 12 | 1,660.75 | 2,920.62 |
| (f) Other non-current assets | 13 | 40.35 | 43.00 |
| | | 45,783.25 | 43,966.80 |
| 2 Current assets | | | |
| (a) Inventories | 14 | 23,258.48 | 22,787.98 |
| (b) Trade receivables | 15 | 17,550.12 | 15,252.48 |
| (c) Cash and cash equivalents | 16 | 1,898.94 | 804.23 |
| (d) Short-term loans and advances | 17 | 1,963.04 | 2,714.33 |
| (e) Other current assets | 18 | 350.15 | 567.29 |
| | | 45,020.73 | 42,126.31 |
| TOTAL | | 90,803.98 | 86,093.11 |

See accompanying notes forming part of the financial statements

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
C.R. RAJAGOPAL
Partner
Place : Coimbatore
Date : 06.05.2017

For and on behalf of Board of Directors

B. VIJAYAKUMAR
Chairman cum Managing Director
DIN: 00015583

M. LAKSHMI KANTH JOSHI
General Manager cum Company Secretary

P. PRABAKARAN
Deputy Managing Director
DIN : 01709564

N. RENGARAJ
Chief Financial Officer

| ABRIDGED STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2017 | | (₹ in Lakhs) | |
|---|----------|-------------------------------|-------------------------------|
| Particulars | Note No. | For the Year ended 31.03.2017 | For the Year ended 31.03.2016 |
| A. CONTINUING OPERATIONS | | | |
| 1 Revenue from operations(gross) | 19 | 141,833.00 | 132,551.36 |
| Less: Excise duty | 19 | 13,563.16 | 12,021.03 |
| Revenue from operations (net) | | 128,269.84 | 120,530.33 |
| 2 Other income | 20 | 862.18 | 392.10 |
| 3 Total revenue (1 + 2) | | 129,132.02 | 120,922.43 |
| 4 Expenses: | | | |
| (a) Cost of materials consumed | 21 a | 51,776.27 | 50,619.78 |
| (b) Purchases of stock-in-trade (traded goods) | 21 b | 4,212.14 | 3,738.32 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 21 c | 113.73 | (670.09) |
| (d) Employee benefits expense | 22 | 19,284.60 | 17,310.14 |
| (e) Finance costs | 23 | 1,553.35 | 1,788.92 |
| (f) Depreciation and amortisation expense | 10 c | 5,269.08 | 4,593.02 |
| (g) Other expenses | 24 | 37,092.33 | 35,764.64 |
| Total Expenses | | 119,301.50 | 113,144.73 |
| 5 Profit before exceptional items and tax (3-4) | | 9,830.52 | 7,777.70 |
| 6 Exceptional items | 31 | 131.33 | - |
| 7 Profit before tax (5+6) | | 9,961.85 | 7,777.70 |
| 8 Tax expense / (benefit): | | | |
| (a) Current tax / MAT tax expense | | 3,212.43 | 1,493.01 |
| Less: Mat Credit Entitlement | | - | 402.37 |
| | | 3,212.43 | 1,090.64 |
| (b) Deferred Tax | | (215.57) | 200.98 |
| Net tax expense | | 2,996.85 | 1,291.63 |
| 9 Profit for the year (7-8) | | 6,965.00 | 6,486.07 |
| 10 Share in Profit of associates | | 105.25 | 91.23 |
| 11 Profit after tax before share of profit attributable to minority interest (9 + 10) | | 7,070.25 | 6,577.31 |
| 12. Less: Share of profit attributable to Minority interest | | 422.40 | 227.65 |
| 13 Profit for the year attributable to the shareholders of the Company (11 - 12) | | 6,647.85 | 6,349.65 |
| 14 Earnings per share (of ₹10/- each) | | | |
| Basic | 26.5 | 42.35 | 40.45 |
| Diluted | 26.5 | 42.35 | 40.45 |

See accompanying notes forming part of the financial statements

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
C.R. RAJAGOPAL
Partner
Place : Coimbatore
Date : 06.05.2017

For and on behalf of Board of Directors

B. VIJAYAKUMAR
Chairman cum Managing Director
DIN: 00015583

P. PRABAKARAN
Deputy Managing Director
DIN : 01709564

M. LAKSHMI KANTH JOSHI
General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

Notes forming part of the Abridged Consolidated financial statements

Note:1 Corporate Information

L.G.Balakrishnan & Bros Limited was founded in 1937 as a transport Company and has evolved today as a major manufacturer of chains, sprockets and metal formed parts for automotive applications. Its business segments include transmission, metal forming and others. Its transmission products include chains, sprockets, tensioners, belts and brake shoe. It also offers metal forming products consisting of fine blanking for precision sheet metal parts, machined components and wire drawing products for internal use as well as for other chain manufacturing plants, spring steel suppliers and umbrella manufacturers. The Company's products are marketed under the "Rolon" brand. LGB has manufacturing units spread across Tamil Nadu, Maharashtra, Uttarakhand, Karnataka, Haryana and Rajasthan.

BCW V Tech India Private Limited is a Company established under the Flagship of L.G.Balakrishnan & Bros Limited in the year 2006. This Company is engaged in the manufacture of machined components and the same being used in the automobile sector. M /s.LGB-USA LLC, a subsidiary of M/s.L.G.Balakrishnan & Bros Limited were established in the year 2012 which includes its fellow subsidiaries i.e GFM Acquisition LLC and GFM LLC. The main activity of GFM LLC (Operating Company) is manufacture of Precision Stamped Metal Parts which are used in the automobiles.

Note: 2 Significant accounting policies (consolidation)

2 (i) Basis of accounting and preparation of consolidated financial statements

The consolidated financial statements of the Company and its subsidiaries (together the 'Group') have been prepared in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The consolidated financial statements have been prepared on accrual basis under the historical cost convention

except for categories of fixed assets acquired before 1 April, 2014, that are carried at revalued amounts. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year

a) Principles of consolidation:

The consolidated financial statements relate to L.G.Balakrishnan & Bros Limited (the 'Company'), its subsidiary companies and the Group's share of profit / loss in its associates. The consolidated financial statements have been prepared on the following basis:

- (i) The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as that of the Company i.e., 31 March, 2017, except for certain subsidiary companies as mentioned in (ix) below for which financial statements as on reporting date are not available. These have been consolidated based on latest available financial statements. Necessary adjustments have been made, for the effects of significant transactions and other events between the reporting dates of the such financial statements and these consolidated financial statements.
- (ii) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and resultant unrealized profits or losses, unless cost cannot be recovered have been fully eliminated.
- (iii) The consolidated financial statements include the share of profit / loss of the associate companies which have been accounted for using equity method as per AS 23 Accounting for Investments in Associates in Consolidated Financial Statements. Accordingly, the share of profit/ loss of each of the associate companies (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments.

- (iv) The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. On the other hand, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements. The 'Goodwill' / 'Capital Reserve' is determined separately for each subsidiary company and such amounts are not set off between different entities.
- (v) In case of the foreign subsidiary, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All the assets and liabilities are converted at the rate of prevailing at the year end. Any exchange difference arising on consolidation is recognized in the exchange fluctuation reserve.
- (vi) Minority interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit/loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to the shareholders of the Company.
- (vii) The difference between the cost of investment in the subsidiary and the share of net assets at the time of acquisition of shares in the subsidiary is identified in the consolidated financial statements as Goodwill or Capital Reserve as the case may be.
- (viii) Goodwill arising on consolidation is not amortized but tested for impairment.
- (ix) The following subsidiary companies and associates have been considered in the preparation of consolidated financial statements:

| Sl. No | Name of Subsidiary Company | Relationship | Country of Incorporation | Ownership held by | Reporting date of the financial statements used in consolidation | % of holding directly or indirectly through subsidiary as at | |
|--------|---|-------------------------|--------------------------|---|--|--|------------|
| | | | | | | 31.03.2017 | 31.03.2016 |
| 1. | M/s.BCW V TECH INDIA P LTD | Wholly owned Subsidiary | INDIA | L.G. Balakrishnan & Bros Ltd | 31.03.2017 | 100% | 100% |
| 2. | LGB-USA, INC | Subsidiary | USA | L.G. Balakrishnan & Bros Ltd | 31.12.2016 | 77.01% | 77.01% |
| 3. | GFM Acquisition LLC (Formerly known as GFM Corporation) | Subsidiary | USA | LGB-USA, INC | 31.12.2016 | 90.97% | 90.97% |
| 4. | GFM LLC | Subsidiary | USA | GFM Acquisition LLC | 31.12.2016 | 90.97% | 90.97% |
| 5. | RENOLD CHAIN INDIA PRIVATE LTD | Associate | India | RENOLD Holding Limited & L.G. Balakrishnan & Bros Ltd | 31.03.2017 | 25% | 25% |

2.2 Use of estimates

The preparation of the financial statements in conformity with the accounting standards generally accepted in India requires, the management to make estimates that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statement and reported amounts of revenues and expenses for the year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the periods in which the results are known/materialize.

2.3 Inventories

Inventories are valued at lower of cost and net realizable value. Cost includes all direct costs and applicable production overheads, to bring the goods to the present location and condition. Excise duty on the finished goods is added to the cost.

- i) Costs of raw materials, packing materials, tools and dies and Store & Spare Parts are computed on weighted average basis.
- ii) Costs of finished goods and semi-finished goods are computed on weighted average basis.
- iii) Agriculture Produce is valued at estimate realisable value.
- iv) Cost of stock held for trading are computed on weighted average basis.

2.4 Cash and cash equivalents (for the purpose of cash flow statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cashflows are reported using the indirect method, whereby profit/(loss) before extra-ordinary items

and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6. Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value

Depreciation on tangible Property, Plant & Equipments has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Depreciation on tools and dies is provided on the basis of estimated useful life of 5 years.

Leasehold land is amortized over the duration of the lease of 99 years.

Windmill is considered as a continuous process plant and depreciation is provided at the rate applicable thereto as per Companies Act, 2013 useful life of 25 years.

Policy for amortization of Intangibles:

Intangible assets are amortized over their useful life as follows:

Technical knowhow - 10 years

Computer software - 2 - 3 years

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortisation

period is revised to reflect the changed pattern, if any.

2.7 Revenue recognition

Sale of goods:

Sales are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales-tax and value added tax.

Income from Service:

Revenue from services are recognized when services are rendered and related costs are incurred.

Export incentives:

Export incentive under various schemes notified by the Government has been recognized on the basis of Export of goods.

2.8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.9 Tangible fixed assets:

Tangible assets are stated at cost (net of CENVAT wherever applicable) less accumulated depreciation except certain land which was taken over from amalgamating companies at a valuation as per their books. Cost comprises of direct cost, related taxes, duties, freight and attributable finance costs till such assets are ready for its intended use. Subsidy received from Government towards specific assets is reduced from the cost of fixed assets.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.10 Intangible assets:

Intangible assets are stated at cost (net of CENVAT wherever applicable) less accumulated depreciation/ amortization. Cost comprises of direct cost, related

2.11 Government grants and subsidies:

Government grants and subsidies are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received.

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve.

Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value.

2.12 Investments

Long-term investments are stated at cost less provision for diminution, other than temporary, in value. Current investments are stated at lower of cost and market value.

2.13 Employee benefits

(a) Short-term employee benefits:

All short-term employee benefits such as salaries, wages, bonus, medical benefits which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognised on an undiscounted basis and charged to the Statement of profit and loss.

(b) Post retirement:

Other long-term employee benefits such as leave salary is recognized as an expense in the Statement of profit and loss of the year in which the employee has rendered services. Provision for estimated liability is made based on the best estimate.

i) Provident Fund (Government PF)

This is a defined contribution plan, and contributions made to the fund are charged to revenue. The Company has no further obligations for future provident fund benefits other than monthly contributions.

ii) Superannuation Fund

This is a defined contribution plan. The company contributes a sum equivalent to defined contribution plan for eligible employees' salary towards superannuation fund administered by the Trustees and managed by Life Insurance Corporation of India (LIC). The Company has no further obligations for future superannuation benefits other than its annual contributions and recognizes such contributions as expense in the year incurred.

iii) Gratuity Fund

This is a defined benefit plan. The Company makes annual contribution to a Gratuity Fund administered and managed by a Trust through Life Insurance Corporation of India. The net present value of obligation towards gratuity is actuarially determined based on Projected Unit Credit method as at the Balance Sheet date. Actuarial gains and losses are recognised in the Accounts.

2.14 Borrowing cost

Borrowing costs, if any, identifiable with an asset under construction are capitalized as part of qualifying fixed assets when it is possible, that they will result in future economic benefits. Other borrowing costs are expensed.

2.15 Segment reporting

- a) Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.
- b) Revenue and expenses, which relate to the enterprise as a whole and not allocable to segments on a reasonable basis, have been included under "unallocated corporate expenses."

2.16 Leases

Leases are classified as finance or operating leases depending upon the terms of the lease agreements. Assets held under finance leases are recognised as assets of the Company on the date of acquisition and depreciated over their estimated useful lives

using the method and rates applicable to the class of asset as described in Para 2.6 above. Finance cost is treated as period cost using effective interest rate method and expensed. Rentals payable under operating leases are charged to Statement of Profit & Loss of the period to which it relates.

2.17 Earnings per share

Basic and diluted earnings per share are computed in accordance with Accounting Standard 20 'Earnings per share'. Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share are computed using the weighted average number of equity shares outstanding during the year and dilutive potential equity shares outstanding at year end.

2.18 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have

been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised and carried forward only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such asset items can be realised.

2.19 Research and development expenses

All revenue expenditure related to research and development are charged to the respective heads in the Statement of Profit & Loss. Capital expenditure incurred on research and development is grouped under fixed assets and depreciated in accordance with the depreciation policy of the Company.

2.20 Impairment of assets

At each Balance Sheet date, the carrying values of the tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where there is an indication that there is a likely impairment loss for a group of assets, the company estimates the recoverable amount of the group of assets as a whole, to determine the value of impairment.

2.21 Provisions, contingent liabilities and contingent assets

A Provision is recognized, in terms of Accounting Standard 29 - 'Provisions, Contingent Liabilities and Contingent Assets' notified by the Companies (Accounting Standards) Rules, 2006, when there is a present obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation, which can be reliably estimated. Provision is not discounted to

its present value and is determined based on the best estimate required to settle the obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect the best current estimate.

Contingent Liabilities are recognised only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets are not recognised in the financial statements.

2.22 Service tax input credit

CENVAT credit on materials purchased / services availed for production / input services are taken into account at the time of purchase. CENVAT credit on purchase of capital items wherever applicable are taken into account as and when the assets are acquired. The CENVAT credits so taken are utilised for payment of excise duty on goods manufactured / service tax on output services. The unutilised CENVAT credit is carried forward in the books.

2.23 Operating cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Notes forming part of the Abridged Consolidated financial statements

| Particulars | As at 31.03.2017 (₹ in lakhs) | As at 31.03.2016 (₹ in lakhs) |
|---|-------------------------------------|-------------------------------------|
| 3. Note No. 16 of the Consolidated Audited Financial Statements. | | |
| Cash and bank balance | | |
| A. Cash and Bank Balance (As per AS 3 Cash Flow Statements) | | |
| (a) Cash- on- Hand | 524.41 | 190.67 |
| (b) Balances with Banks | | |
| (i) In Current Account | 630.70 | 34.22 |
| (ii) In Collection Account | 214.85 | 188.41 |
| (iii) In Deposit Account | 162.98 | - |
| Total | 1,532.94 | 413.30 |
| B. Others | | |
| (a) In Margin money with Banks | 310.70 | 309.75 |
| (b) In Earmarked Accounts | | |
| (i) Unpaid Dividend Account | 55.30 | 80.96 |
| (ii) Unpaid Interest Account | - | 0.22 |
| Total | 366.00 | 390.93 |
| Total Cash and Cash Equivalents (A+B) | 1,898.94 | 804.23 |

Notes:

- (i) Balances with banks include deposits with remaining maturity of more than 12 months from the balance sheet date

Transaction in Specified Bank Notes

During the year, the Company had specified bank notes and other denomination note as defined in the MCA notification G.S.R.308(e) dated 31 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 08 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

| Particulars | SBNs | Other Denomination Notes | Total |
|---------------------------------------|-------|--------------------------|-------|
| Closing cash in hand on 08.11.2016 | 29.24 | 14.10 | 43.34 |
| (+) Permitted receipts | - | 95.94 | 95.94 |
| (-) Permitted payments | - | 66.09 | 66.09 |
| (-) Amount deposited in banks | 29.24 | 28.89 | 58.13 |
| Closing Cash in Hand as on 30.12.2016 | - | 15.05 | 15.05 |

Notes forming part of the Abridged Consolidated financial statements

| Particulars | Year ended 31.03.2017 (₹ in lakhs) | Year ended 31.03.2016 (₹ in lakhs) |
|---|--|--|
| 4. Note No. 19 of the Consolidated Audited Financial Statements. | | |
| REVENUE FROM OPERATIONS | | |
| a) Sale of products (Refer Note (i) below) | 135,277.86 | 125,697.62 |
| b) Sale of services (Refer Note (ii) below) | 401.91 | 384.07 |
| c) Other operating revenue (Refer Note (iii) below) | 6,153.23 | 6,469.67 |
| Revenue from Operations (Gross) | 141,833.00 | 132,551.36 |
| Less: Excise duty | 13,563.16 | 12,021.03 |
| Total | 128,269.84 | 120,530.33 |
| Note: | | |
| (i) Sale of products | | |
| Manufactured goods: | | |
| Chains | 98,716.51 | 91,262.47 |
| Metal Forming | 20,817.70 | 18,375.61 |
| Others | 11,221.79 | 11,588.57 |
| Total - sale of manufactured goods | 130,756.00 | 121,226.65 |
| Traded goods: | | |
| Light commercial vehicles | 4,521.86 | 4,470.97 |
| Total - Sale of traded goods | 4,521.86 | 4,470.97 |
| Total - Sale of products | 135,277.86 | 125,697.62 |
| (ii) Sale of services: | | |
| Service income on vehicles | 401.91 | 384.07 |
| Total - Sale of services | 401.91 | 384.07 |
| (iii) Other operating revenue: | | |
| Scrap sales | 5,945.03 | 6,309.81 |
| Duty drawback and other export incentives | 208.20 | 159.87 |
| Total - other operating revenue | 6,153.23 | 6,469.67 |
| Total | 141,833.00 | 132,551.36 |

Notes forming part of the Abridged Consolidated financial statements

| Particulars | As at 31.03.2017 (₹ in lakhs) | As at 31.03.2016 (₹ in lakhs) |
|--|-------------------------------------|-------------------------------------|
| 5. Note No. 25.1 of the Consolidated Audited Financial Statements. | | |
| Contingent liabilities and commitments | | |
| (to the extent not provided for) | | |
| (i) Contingent liabilities: | | |
| (a) Claims against the Company, not acknowledged as debts - disputed tax liabilities. | | |
| (i) Central Excise | 369.45 | 637.91 |
| (ii) Entry Tax | 428.29 | 428.29 |
| (iii) Service Tax | 182.99 | 183.70 |
| (iv) VAT / CST | 1,116.93 | 423.28 |
| TOTAL | 2,097.66 | 1,673.18 |
| (b) Guarantee given by Bankers and outstanding | 419.18 | 381.25 |
| (c) Corporate guarantee given for others | 2,700.00 | 2,700.00 |
| (d) Estimated customs duty obligation on imports, if corresponding export obligation is not satisfied. | 853.27 | 1,557.41 |
| Note : Future Cash outflows in respect of the above matters are determinable only on receipt of Judgements/decisions pending at various forums / authorities. | | |
| (ii) Commitments: | | |
| | As at | As at |
| Particulars | 31.03.2017 | 31.03.2016 |
| | (₹ in lakhs) | (₹ in lakhs) |
| Estimated amount of contracts remaining to be executed on capital account and not provided for - Tangible assets | 2,058.00 | 2,535.67 |

Notes forming part of the Abridged Consolidated financial statements

6 Note No. 2.62of the Consolidated Audited Financial Statements.

Related party transactions : (As identified by the Management and relied upon by Auditors)

A. Name of related parties and nature of relationship where control exists are as under:

i) Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel

| | |
|--------------------------------------|--|
| Elgi Automotive Services (P) Limited | Super Transports Private Limited |
| L.G.B. Auto Products (P) Limited | LGB Forge Limited |
| LG Farm Products (P) Limited | Tribe Investments and Services Private Limited |
| L.G. Balakrishnan & Bros - Karur | South Western Engineering India Limited |
| LG Sports Limited | Silent Chain India Private Limited |
| Super Speeds Private Limited | |

ii) Associates

| |
|--|
| Renold Chain India Private Limited - 25% |
|--|

iii) Key Management Personnel

| | |
|---|--|
| a. Sri. B. Vijayakumar, Chairman & Managing Director | b. Sri. P. Prabakaran, Deputy Managing Director |
|---|--|

iv) Relatives of Key Management Personnel

| Relatives of Sri. B. Vijayakumar | Relatives of Sri. P. Prabakaran |
|--|---------------------------------|
| Wife : Smt. Vijayshree V. | Father : Sri. K. Palanichamy |
| Sons : Sri. V. Rajvirdhan | Mother : Smt. Rajalakshmi |
| Sri. Nithin Karivardhan | Wife : Smt. D. Maheswari |
| Sri. Arjun Karivardhan | Son : Sri. P. Suryakumar |
| Daughter in Law : Smt. Shreya Mythrei V | |
| Daughter : Smt. Rajsri Vijayakumar | |
| Daughter's Husband : Sri. Rajiv Parthasarathy | |
| Daughter's daughter : Minor. Samriddhi Andal Rajiv | |
| Daughter's Son : Minor.Vidhur Narayanan Rajiv | |

Notes forming part of the Abridged Consolidated financial statements

| Nature of transactions | Associates / Others | Key Managerial Personnel | Relatives of Key Managerial Personnel | Total |
|---|---------------------|--------------------------|---------------------------------------|-----------|
| Managerial Remuneration | | | | |
| B. Vijayakumar | - | 266.38 | - | 266.38 |
| | - | (223.03) | - | (223.03) |
| P. Prabakaran | - | 66.65 | - | 66.65 |
| | - | (55.69) | - | (55.69) |
| Loan Receipts (Borrowings) | 541.00 | 173.00 | 86.00 | 800.00 |
| | (1834.00) | (739.25) | (430.00) | (3003.25) |
| Loan Repayment (Borrowings) | 465.00 | 434.00 | 498.00 | 1397.00 |
| | (2229.00) | (897.00) | (717.00) | (3843.00) |
| Interest Expenses | 22.89 | 7.71 | 7.82 | 38.42 |
| | (66.45) | (57.49) | (82.53) | (206.47) |
| Equity Investment | - | - | - | - |
| | (-) | (-) | (-) | (173.73) |
| Dividend Receipts | - | - | - | - |
| | (5.43) | (-) | (-) | (5.43) |
| Dividend Payments | 14.31 | 25.07 | 32.89 | 72.27 |
| | (121.26) | (220.65) | (289.36) | (631.27) |
| Rent Income | 64.41 | - | - | 64.41 |
| | (62.62) | (-) | (-) | (62.62) |
| Rent / Lease Expenses | 28.74 | - | - | 28.74 |
| | (12.74) | (-) | (-) | (12.74) |
| Purchase of Materials, Spares & power | 789.17 | - | - | 789.17 |
| | (978.63) | (-) | (-) | (978.63) |
| Processing/Conversion Cgs Payment | 297.68 | - | - | 297.68 |
| | (209.65) | (-) | (-) | (209.65) |
| Sale of Materials, Stores and Service Charges | 1011.81 | - | - | 1011.81 |
| | (1094.77) | (-) | (-) | (1094.77) |
| Processing charges Receipts | 67.75 | - | - | 67.75 |
| | (71.82) | (-) | (-) | (71.82) |
| Sale of Property, Plant & Equipments | - | - | - | - |
| | (5.25) | (-) | (-) | (5.25) |
| Purchase of Property, Plant & Equipments | 0.28 | - | - | 0.28 |
| | (260.12) | (-) | (-) | (260.12) |
| Receivable balance | 225.26 | - | - | 225.26 |
| | (199.82) | (-) | (-) | (199.82) |
| Payable balance | - | - | - | - |
| | (74.43) | (-) | (-) | (74.43) |
| Unsecured borrowings balance | 86.00 | 15.00 | 13.00 | 114.00 |
| | (10.00) | (276.00) | (425.00) | (711.00) |
| Fixed Deposit Receipt (Borrowings) | 645.00 | 230.00 | 615.00 | 1490.00 |
| | (1120.00) | (540.00) | (575.00) | (2235.00) |
| Fixed Deposit Repayment (Borrowings) | 105.00 | - | - | 105.00 |
| | (-) | (-) | (-) | (-) |

- Note** : 1) Figures in bracket relate to the previous year
2) None of the balances due to or receivable from related parties has been adjusted for written-off during this period.
3) Party wise transaction of more than 10% taken place during the year and previous year is shown below

Notes forming part of the Abridged Consolidated financial statements

| Particulars | As at 31.03.2017 (₹ in lakhs) | As at 31.03.2016 (₹ in lakhs) |
|---|-------------------------------------|-------------------------------------|
| LOAN RECEIPTS: | | |
| Associates: | | |
| Tribe Investments & Services (P) Limited | - | 500.00 |
| L.G.Sports Ltd | 370.00 | 810.00 |
| LGB Auto Products (P) Limited | - | 312.00 |
| Elgi Automotive Services (P) Limited | 164.00 | - |
| LG Farm Products (P) Limited | 7.00 | - |
| Key managerial personnel: | | |
| Sri.B.Vijayakumar | 173.00 | 739.25 |
| Relatives of key managerial personnel: | | |
| Sri.V.Rajvirdhan | 70.00 | 200.00 |
| Smt.V.Rajsri | 16.00 | 131.00 |
| LOAN REPAYMENT: | | |
| Associates: | | |
| Tribe Investments & Services (P) Limited | - | 550.00 |
| LGB Auto Products (P) Limited | - | 462.00 |
| L.G.Sports Ltd | 370.00 | 810.00 |
| Key managerial personnel: | | |
| Sri.B.Vijayakumar | 434.00 | 897.00 |
| Relatives of key managerial personnel: | | |
| Smt.V.Rajsri | 166.00 | 41.00 |
| Sri.V.Rajvirdhan | 332.00 | 126.00 |
| Interest expense: | | |
| Associates/Others: | | |
| Elgi Automotive Services (P) Limited | 7.34 | 19.42 |
| L.G.Sports Ltd | 15.28 | 31.34 |
| Key managerial personnel: | | |
| Sri.B.Vijayakumar | 7.71 | 57.49 |
| Relatives of key managerial personnel: | | |
| Sri.V.Rajvirdhan | 6.10 | 30.24 |
| Smt.V.Rajsri | 1.72 | 12.33 |
| DIVIDEND PAYMENT: | | |
| Key managerial personnel: | | |
| Sri.B.Vijayakumar | 25.07 | 220.62 |
| Relatives of key managerial personnel: | | |
| Smt.V.Rajsri | 10.90 | 95.88 |
| Sri.V.Rajvirdhan | 21.99 | 193.48 |
| PURCHASE OF FIXED ASSETS: | | |
| Associates/Others: | | |
| LGB Auto Products (P) Limited | - | 26.77 |
| LGB Forge Limited | - | 217.80 |

Notes forming part of the Abridged Consolidated financial statements

| Particulars | As at 31.03.2017 (₹ in lakhs) | As at 31.03.2016 (₹ in lakhs) |
|---|-------------------------------------|-------------------------------------|
| RENT INCOME | | |
| Associates/Others: | | |
| LGB Forge Limited | 47.80 | 42.38 |
| Super Transports Private Limited | 7.66 | - |
| RENT /LEASE PAYMENT | | |
| Associates/Others: | | |
| South Western Engineering India Limited | 10.78 | 12.74 |
| LGB Forge Limited | 17.96 | - |
| PURCHASE OF MATERIAL, SPARES & POWER | | |
| Associates/Others: | | |
| Renold Chain India (P) Limited | 86.54 | 278.21 |
| LGB Forge Ltd | 604.07 | 590.09 |
| LGB & Bros, Karur | 62.87 | 73.88 |
| PROCESSING/CONVERSION CHARGES PAYMENT | | |
| Associates/Others: | | |
| Silent Chain India (P) Limited | 43.78 | 44.83 |
| South Western Engineering India Limited | 253.90 | 164.82 |
| PROCESSING RECEIPTS | | |
| Associates/Others: | | |
| LGB Forge Limited | 65.45 | 71.82 |
| SALE OF MATERIAL, STORES AND SERVICE CHARGES | | |
| Associates/Others: | | |
| Renold Chain India (P) Limited | 702.65 | 883.73 |
| LGB Forge Limited | 214.68 | 186.52 |

Notes forming part of the Abridged Consolidated financial statements

| Particulars | As at 31.03.2017 (₹ in lakhs) | As at 31.03.2016 (₹ in lakhs) |
|---|-------------------------------------|-------------------------------------|
| 7 Note No. 26.3. of the Consolidated Audited Financial Statements. | | |
| SEGMENT REPORTING | | |
| Primary Segment Information | | |
| (Business Segments): | | |
| A. Segment Revenue: | | |
| Transmission | 91,977.94 | 85,946.76 |
| Metal Forming | 20,126.02 | 18,090.67 |
| Others | 16,165.88 | 16,492.90 |
| Total | 128,269.84 | 120,530.33 |
| B. Segment Results: | | |
| Transmission | 8,412.72 | 6,936.63 |
| Metal Forming | 1,810.44 | 1,814.47 |
| Others | 1,578.02 | 1,221.15 |
| Total | 11,801.18 | 9,973.25 |
| Interest Expenses | 1,553.35 | 1,788.92 |
| Unallocated corporate expenses | | |
| Net of unallocated income | 285.98 | 406.63 |
| Profit before tax | 9,961.85 | 7,777.70 |
| Provision for taxation | 2,996.85 | 1,291.63 |
| Profit after tax | 6,965.00 | 6,486.07 |

C. Other Information:

| Particulars | As at 31.03.2017 | | | | |
|---------------|------------------------|------------------------|----------------------|----------------------|---|
| | Segment Assets | Segment Liabilities | Capital Expenditure | Depreciation | Non-cash expenditure excluding depreciation |
| Transmission | 46722.90 (45882.82) | 17253.85 (15974.69) | 4192.68 (7544.16) | 3301.56 (2518.86) | 308.28 (194.02) |
| Metal Forming | 25554.09 (22355.82) | 5700.75 (5052.56) | 2329.50 (1432.62) | 1396.03 (1565.72) | 128.83 (12.41) |
| Others | 16436.79 (14645.54) | 2877.27 (2186.78) | 1773.54 (2120.49) | 571.49 (508.44) | 0.51 (4.32) |
| Unallocated | 2090.20 (3208.93) | 16836.50 (21249.32) | - (-) | - (-) | - (-) |

Note: Components of business segments are as under:

| | |
|---------------|--|
| Transmission | Chains & Sprockets |
| Metal Forming | Fine Blanking, Machining and Wire drawing products |
| Others | Trading Goods |

Notes forming part of the Abridged Consolidated financial statements

| Particulars | As at 31.03.2017 (₹ in lakhs) | As at 31.03.2016 (₹ in lakhs) |
|--|-------------------------------------|-------------------------------------|
| A. Secondary Segment Information (Geographical Segment) | | |
| 1) Segment Revenue: | | |
| Within India | 107,489.08 | 100,731.91 |
| Outside India | 20,780.76 | 19,798.42 |
| Total | 128,269.84 | 120,530.33 |
| 2) Segment Assets: | | |
| Within India | 81,168.61 | 76,885.98 |
| Outside India | 9,635.37 | 9,134.08 |
| Total | 90,803.98 | 86,093.11 |
| 3) Capital Expenditure: | | |
| Within India | 8,085.96 | 11,097.27 |
| Outside India | 209.76 | - |
| Total Capital Expenditure | 8,295.72 | 11,097.27 |
| Note No. 26.4 of the Consolidated Audited Financial Statements. | | |
| Details of leasing arrangements | | |
| As Lessor | | |
| Note No 26.4.a of the Consolidated Audited Financial Statements. | | |
| The Company has entered into operating lease arrangements for certain surplus facilities and equipments. | | |
| Total rental and lease income recognized in the Statement of Profit and Loss | 104.34 | 101.44 |
| As Lessee | | |
| 26.4.b The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and may be renewed based on mutual agreement of the parties. | | |
| Future minimum lease payments | | |
| not later than one year | 138.57 | 138.57 |
| later than one year and not later than five years | 7.70 | 146.27 |
| later than five years | - | - |
| Lease payments recognized in the Statement of Profit and Loss | 543.24 | 624.36 |
| Note No. 26.5 of the Consolidated Audited Financial Statements. | | |
| Earnings per share | | |
| Basic & Diluted: | | |
| Continuing operations: | | |
| Net profit after tax from continuing operations - (₹ in lakhs) | 6,647.85 | 6,349.65 |
| Profit attributable to Equity Shareholders - (₹ in lakhs) (A) | 6,647.85 | 6,349.65 |
| Total number of Equity Shares outstanding at Balance Sheet date. | 156,96,208 | 156,96,208 |
| Weighted average number of Equity Shares outstanding, considered for the purpose of computing Basic EPS (B) | 156,96,208 | 156,96,208 |
| Nominal value of Equity Shares - in ₹ | 10 | 10 |
| Basic and Diluted Earnings Per Share-in ₹ (A/B) | 42.35 | 40.45 |

Notes forming part of the Abridged Consolidated financial statements

26.6 Deferred tax liability/Asset:

| Particulars | As at 31.03.2017 (₹ in lakhs) | As at 31.03.2016 (₹ in lakhs) |
|--|-------------------------------------|-------------------------------------|
| Tax effect of items constituting deferred tax Liability: | | |
| On difference between book balance and tax balance of fixed assets | 1,977.52 | 1,962.29 |
| On account of provision for doubtful debts | (39.00) | (39.96) |
| On account of provision for contingencies | (150.55) | - |
| On account of provision for leave salary | (83.81) | - |
| Total Deferred Tax Liability | 1,704.16 | 1,922.33 |

Tax effect of items constituting deferred tax Asset:

On difference between book balance and tax balance of fixed assets **71.33** 73.04

8 Note No. 27 of the Consolidated Audited Financial Statements.

The Board of Directors of the Company have recommended a final dividend of ₹ 7.00 per share, (70% on the face value of ₹10/-) aggregating to ₹ 1,322.41 Lakhs on the equity shares of the company, for the year ended 31st March, 2017. In terms of the revised Accounting Standard (AS)-4 "Contingencies and Events occurring after Balance sheet date" as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, the Company has not accounted for proposed dividend as liability as at 31st March, 2017. However, the proposed dividend of the previous year was accounted as liability as at 31st March, 2016 in accordance with the then existing Accounting Standard.

9 Note No. 28 of the Consolidated Audited Financial Statements.

Revaluation reserve of ₹ 44.44 Lakhs relating to certain revalued assets sold in the earlier years is transferred to the Statement of Profit and Loss and included in Other Income for the year ended 31st March, 2017.

10 Note No. 29 of the Consolidated Audited Financial Statements.

Accounting Standard (AS) - 10 "Property, Plant and Equipment's" became applicable to the Company from 1st April, 2016. The management has decided that it would adopt the cost model and accordingly revaluation reserve of ₹ 94.47 Lakhs on standalone financials and ₹ 205.17 Lakhs on consolidated financials, has been adjusted against the cost of respective assets as provided in the transitional provisions of the standard.

11 Note No. 30 of the Consolidated Audited Financial Statements.

The Board of Directors at its meeting held on 6th May, 2017 has given an in principle approval of the proposed merger of its wholly owned Subsidiary BCW V Tech India Private Limited with the Company with effect from 1st April, 2017 under a scheme of amalgamation, subject to necessary statutory and other approvals.

12 Note No. 31 of the Consolidated Audited Financial Statements.

Exceptional item represents profit on sale of Land and Building.

13 Note No. 32 of the Consolidated Audited Financial Statements.

Previous year figures have been regrouped and reclassified, wherever necessary, to correspond with the current year's classification/disclosure.

For and on behalf of Board of Directors

B. VIJAYAKUMAR
Chairman cum Managing Director
DIN: 00015583

P. PRABAKARAN
Deputy Managing Director
DIN : 01709564

Place : Coimbatore
Date : 06.05.2017

M. LAKSHMI KANTH JOSHI
General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

Abridged Consolidated Cash Flow Statement for the year ended 31.03.2017

| PARTICULARS | 31.03.2017 (₹ in Lakhs) | 31.03.2016 (₹ in Lakhs) |
|---|----------------------------|----------------------------|
| A. Cash flow from operating activities | 15,489.68 | 11,735.84 |
| B. Cash flow from Investing activities | (8,308.70) | (8,661.90) |
| C. Cash flow from financing activities | (6,061.34) | (3,295.00) |
| Net decrease in cash and cash equivalents (A) + (B) + (C) | 1,119.64 | (221.07) |
| Cash and Cash Equivalents at the beginning of the year | 413.30 | 634.37 |
| Cash and Cash Equivalents at the end of the year | 1,532.94 | 413.30 |

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
C.R. RAJAGOPAL
Partner
Place : Coimbatore
Date : 06.05.2017

For and on behalf of Board of Directors

B. VIJAYAKUMAR
Chairman cum Managing Director
DIN: 00015583

P. PRABAKARAN
Deputy Managing Director
DIN : 01709564

M. LAKSHMI KANTH JOSHI
General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

Information regarding Subsidiary Companies

Statement pursuant to general exemption received under Section 129(3) of the Companies Act, 2013 relating to Subsidiary Companies

Figures in Lakhs

| Name of the Subsidiary Company | | BCW V Tech India Private Limited | LGB USA INC & its Subsidiaries |
|---|-------------------------------------|----------------------------------|--------------------------------|
| Currency | | INR | USD |
| Share Capital | Foreign Currency Indian Currency | 499.99 | 35.45 2,004.15 |
| Reserves & surplus | Foreign Currency Indian Currency | (16.99) | 40.32 3,053.50 |
| Total Liabilities | Foreign Currency Indian Currency | 856.28 | 61.00 4,155.67 |
| Total Assets | Foreign Currency Indian Currency | 1,339.28 | 136.77 9,213.32 |
| Investments (Excl'd. Investment in Sudidiaries) | Foreign Currency Indian Currency | NIL NIL | NIL NIL |
| Turnover and other income | Foreign Currency Indian Currency | 1,156.32 | 150.17 10,092.88 |
| Profit / (Loss) before Taxation | Foreign Currency Indian Currency | (114.94) | 18.59 1,271.34 |
| Provision for Tax (Incl. Deferred Tax) | Foreign Currency Indian Currency | (65.20) | Nil 18.59 |
| Profit / (Loss) after Taxation | Indian Currency Foreign Currency | (49.74) | 1,271.34 NIL |
| Proposed Dividend | Indian Currency | Nil | Nil |
| % of share holding | | 100 | 77.01 |

* LGB USA INC. figures presented along with Subsidiaries

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III of the Companies Act, 2013.

| Name of the entity in the Information | Net assets, ie., total assets minus total liabilities | | Share of profit or loss | |
|--|---|-------------------|-------------------------------------|-------------------|
| | As % of condolidated net assets | Amount ₹ in lakhs | As % of consolidated Profit or Loss | Amount ₹ in lakhs |
| L.G. Balakrishnan & Bros Limited | 92% | 45,723 | 85% | 5,841 |
| Subsidiaries | | | | |
| Indian : | | | | |
| BCW Tech Private Limited | (0.06%) | (31) | (1%) | (52) |
| Foreign : | | | | |
| 1. LGB USA INC. * | 5 % | 2,308 | 7% | 439 |
| 2. Minority Interest in all Subsidiaries | 3% | 1,692 | 6% | 420 |
| Associate Indian | | | | |
| Renold Chain India Private Limited | 0.27% | 136 | - | - |
| Total | 100% | 49,828 | 100% | 6,648 |

* LGB USA Inc. figures presented along with Subsidiaries

ATTENDANCE SLIP**L.G. BALAKRISHNAN & BROS LIMITED**

CIN : L29191TZ1956PLC000257

Regd. Office: 6/16/13, Krishnarayapuram Road, Ganapathy, Coimbatore- 641 006.

Email: info@lgb.co.in, Website: www.lgb.co.in

Phone: 0422 2532325, Fax: 0422 2532333

61st ANNUAL GENERAL MEETING

| | |
|--------------------|---------------|
| DP ID | Folio No. |
| Client ID | No. of Shares |
| Name of the Member | |
| Name of the Proxy | |

I hereby record my presence at the 61st ANNUAL GENERAL MEETING of the Company held on **Thursday, July 27th, 2017 at 10.30 A.M.** at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore - 641 018

Member's / Proxy's Signature

Note:

1. Please complete the Folio / DP ID - Client ID No. and name, sign this Attendance Slip and handover at the Attendance Verification Counter at THE MEETING HALL
2. Electronic copy of the Abridged Annual Report for FY 2016-17 and the Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Abridged Annual Report for 2016-17 and the Notice of the Annual General Meeting along with the Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or who have requested for a hard copy.

**E-VOTING PARTICULARS**

| EVS (Electronic Voting Sequence Number) | USED ID | PASSWORD* |
|--|-----------------------|---|
| 170624003 | Folio No. / Client ID | PAN Number / Bank Account No / Date of Birth |

* Physical Shareholders who does not have PAN should enter No. of Shares they hold as their password if they prefer to exercise e-voting.

The e-voting facility will be available during the following voting period:

| Commencement of e-voting | End of e-voting |
|---|--|
| Monday, 24th July, 2017 (from 9.00 A.M) | Wednesday, 26th July, 2017 (upto 5.00 P.M) |

Note : Please refer the details and instructions form integral part of the Notice for the Annual General Meeting.

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]



L.G. BALAKRISHNAN & BROS LIMITED



CIN : L29191TZ1956PLC000257

Regd. Office: 6/16/13, Krishnarayapuram Road, Ganapathy, Coimbatore- 641 006.

Email: info@lgb.co.in, Website: www.lgb.co.in

Phone: 0422 2532325, Fax: 0422 2532333

61st ANNUAL GENERAL MEETING 27th July, 2017

Name of the member(s):

Registered address:

E-mail ID:

Folio No/Client ID:

DP ID:

I/We being the member(s) of _____ shares of L.G. Balakrishnan & Bros Limited, hereby appoint:

1) Name:..... Address.....

Email ID.....Signature.....or failing him;

2) Name:..... Address.....

Email ID.....Signature.....or failing him;

3) Name:..... Address.....

Email ID.....Signature.....or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 61st Annual General Meeting of the Company, to be held on **Thursday, July 27, 2017 at 10.30 A.M** at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore - 641 018, and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

P.T.O.

| S.No | Resolutions |
|--------------------------|---|
| Ordinary Business | |
| 1. | To receive, consider and adopt the Audited Financial Statements of the Company along with Consolidated Financial Statements for the financial year ended 31st March, 2017 together with the Reports of the Board of Directors and Auditors thereon. |
| 2. | To declare Dividend on the Equity Shares for the financial year ended 31 st March, 2017. |
| 3. | To appoint a Director in place of Sri. P. Prabakaran (DIN 01709564), who retires by rotation and being eligible, seeks re-appointment. |
| 4. | To appoint a Director in place of Smt.Rajsri Vijayakumar (DIN 00018244), who retires by rotation and being eligible, seeks re-appointment. |
| 5. | Appointment of Statutory Auditor |
| Special Business | |
| 6. | Increase in Authorised Share Capital |
| 7. | Alteration of Capital clause of Memorandum of Association |
| 8. | Alteration of Capital clause of Articles of Association |
| 9. | Appointment of Cost Auditor |

Signed this day of 2017

Signature of Shareholder

Affix
Revenue
Stamp not
less than
₹ 1/-

Notes

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting
2. For the resolutions, explanatory statements and Notes, please refer to the Notice of 61st Annual General Meeting

To

The General Manager cum Company Secretary
L.G. Balakrishnan & Bros Limited
6/16/13, Krishnarayapuram Road, Coimbatore- 641 006.
Phone No. 0422 - 3911212

Mandate for payment of Dividend (Physical Shareholders Only)
FORM FOR NATIONAL ELECTRONIC CLEARING SERVICE FOR PAYMENT OF DIVIDEND

1. Particulars of the shareholder

- a) Regd. Folio No. :
- b) Name of the first Regd. Holder (in block letters) :

2. Particulars of the Bank

- a) Name of the Bank :
- b) Address of the Branch :
:
- c) Account No. :
(As appearing in the cheque book)

- d) Account Type
(Savings Account,
Current Account or Cash Credit) :

Please Tick relevant box

| | | |
|---------|---------|-------------|
| SAVINGS | CURRENT | CASH CREDIT |
|---------|---------|-------------|

- e) Nine Digit code number of the bank
and branch appearing on the MICR
cheque issued by the bank
(Please attach a photocopy of a cheque for
verifying the accuracy of the code number)
IFSC code of the Bank

| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|

| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|

DECLARATION

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effective at all for reasons of incomplete or incorrect information, I would not hold the Company responsible.

(Signature of the first Regd. holder)

(Signature of the second holder)

Place : Name :

Date : Address :

.....Pincode

Phone :

Email:.....

Note : Please send this form to the address mentioned above, if shares are held in physical form.



To (Your Depository Participant)

Cameo Corporate Services Limited
"Subramanian Building"
No.1, Club House Road, Chennai- 600 002.
Phone No. 044 - 28460390

**FORM FOR NATIONAL ELECTRONIC CLEARING SERVICE FOR PAYMENT OF DIVIDEND
(NECS)**

1. Particulars of the shareholder
 - a) Name of the first/ Sole Share Holder (in block letters) :
 - b) DP ID & Client ID Nos. :
2. Particulars of the Bank
 - a) Name of the Bank :
 - b) Address of the Branch :
 - c) Account No. (As appearing in the cheque book) :
 - d) Account Type (Savings Account, Current Account or Cash Credit) :

| Please Tick relevant box | | |
|--------------------------|---------|-------------|
| SAVINGS | CURRENT | CASH CREDIT |
 - e) Nine Digit code number of the bank and branch appearing on the MICR cheque issued by the bank (Please attach a photocopy of a cheque for verifying the accuracy of the code number) IFSC code of the Bank

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|

DECLARATION

I hereby declare that the particulars given above are correct and complete. I undertake to inform any subsequent changes in the above particulars before the relevant book closure date(s). If the payment transaction is delayed or not effected at all for any reason(s), beyond the control of the Company, I would not hold the Company responsible.

(Signature of the First (regd.) holder)

Place :

Date :

Phone :

Email:.....

Note : Please send this form to your Depository participant.



If Undelivered Please Return to :



L.G. BALAKRISHNAN & BROS LIMITED

Registered Office : 6/16/13, Krishnarayapuram Road,
Ganapathy, Coimbatore - 641 006, India.

Tel : 0422 - 2532325, Fax : 0422 - 2532333

CIN : L29191TZ1956PLC000257

E-Mail : info@lgb.co.in Web site : www.lgb.co.in