

L.G. BALAKRISHNAN & BROS LIMITED



**61st
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, Sowripalaym 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**
"Kanchan",
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. 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.

14. 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.
15. 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)

- 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.
- 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

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**
- 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.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - 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.
 - 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.
 - 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.
16. 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.
17. 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.
18. 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.
19. 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.

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

Coimbatore
06.05.2017

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/ she 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.

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.

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 this 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,

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- (b) 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;
- (c) 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;
- (d) the annual accounts of the Company have been prepared on a going concern basis;
- (e) 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;
- (f) 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 this 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 with this 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	1609.39
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-subidiaries.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 this 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 is outstanding as on 31st March, 2017 for redressal.

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

EXTRACT OF ANNUAL RETURN as on the financial year ended 31.03.2017

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

FORM NO. MGT - 9

1.	REGISTRATION AND OTHER DETAILS:	
i)	CIN	L29191TZ1956PLC000257
ii)	Registration Date	24/03/1956
iii)	Name of the Company	L.G.BALAKRISHNAN & BROS LIMITED
iv)	Category / Sub-Category of the company	Company having Share Capital/Non-Govt. Company
v)	Address of the Registered office and contact details	6/16/13 Krishnarayapuram Road, Ganapathy Post, Coimbatore - 641 006 Tel: 0422-2532325 Fax: 0422 - 2532333
vi)	Whether listed company Yes / No	Yes
vii)	Name, Address and contact details of Registrar and Transfer Agent, if any	M/s.Cameo Corporate Services Limited "Subramanian Building" No.1, Club House Road Chennai - 600 002 Phone No. 044 - 28460390

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No	Name and Description of main products / services	NIC Code of the Products/ Service	% to total turnover of the Company
1.	Chains	2814	75.53%
2.	Metal Forming	2592	15.93%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:-

Sl. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of Shares held	Applicable Section
1.	BCW India V Tech Private Limited 6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore - 641 006	U72200TZ2006PTC012831	Subsidiary	100%	2(87)
2.	LGB USA INC. 1209, Orange Street City of Wilmington Country of New Castle, Delware 19801	Foreign Company	Subsidiary	75.22%	2(87)
3.	GFM Accquistion LLC 29685 Calahan, Roseville Michigan 48044	Foreign Company	Stepdown Subsidiary	Holding by LGB USA 90.97%	2(87)
4.	GFM LLC, 29685 Calahan, Roseville Michigan 48044	Foreign Company	Stepdown Subsidiary	Holding by GFM Accq- uistion LLC 100%	2(87)
5.	Renold Chain India P Ltd 568/1A, 569/1&2 D. Gudalur Vedasanthur (T.K.) Dindigul 624 620	U27109TZ2008FTCO17737	Associate	25%	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category Code	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
(A)	Promoter									
(1)	Indian									
(a)	Individuals/ HUF	6013100	-	6013100	38.31	6017800	-	6017800	38.34	0.03
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	1414630	-	1414630	9.01	1442980	-	1442980	9.19	0.18
(d)	Financial Institutions /Banks	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	7427730	-	7427730	47.32	7460780	-	7460780	47.53	0.21
(2)	Foreign									
(a)	NRI - Individuals	-	-	-	-	-	-	-	-	-
(b)	Other Individual	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Bank / FI	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter									
	(A)= (A)(1)+(A)(2)	7427730	-	7427730	47.32	7460780	-	7460780	47.53	0.21
(B)	Public shareholding									
(1)	Institutions									
(a)	Mutual Funds	2128257	-	2128257	13.56	1971512	-	1971512	12.56	-1.00
(b)	Banks / FI	5124	4	5128	0.03	8539	4	8543	0.05	0.02
(c)	Central Government	-	-	-	-	-	-	-	-	-
(d)	State Government(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	FIs	3600	-	3600	0.02	600	-	600	0.00	-0.02
(h)	Foreign Portfolio Investors	163815	-	163815	1.04	337078	-	337078	2.15	1.10
(h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	2300796	4	2300800	14.66	2317729	4	2317733	14.77	0.11

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)

i) Category-wise Share Holding (Contd.)

Category Code	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
(2) Non-institutions										
(a) Bodies Corporate										
i) Indian		208936	4604	213540	1.36	307903	3684	311587	1.99	0.63
(ii) Overseas		-	-	-	-					
(b) Individuals										
(i) Individual shareholders holding nominal share capital up to ₹ 1 lakh.		3534069	521893	4055962	25.84	3332251	494781	3827032	24.38	-1.47
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.		1312497	-	1312497	8.36	1370903	-	1370903	8.73	0.37
(c) Qualified Foreign Investor										
(d) Any Other (specify)										
NRIs/OCBs		109166	3660	112826	0.72	117900	3660	121560	0.77	0.03
Clearing Member		11437	-	11437	0.07	27337	-	27337	0.17	0.1
Directors & Relatives		83817	-	83817	0.53	83817	-	83817	0.53	0.00
Hindu Undivided Families		171529	-	171529	1.09	169389	-	169389	1.08	-0.01
Trusts		6070	-	6070	0.04	6070	-	6070	0.04	0.00
Sub-Total (B)(2)		5437521	530157	5967678	38.02	5415570	502125	5917695	37.70	0.32
Total Public Shareholding (B)= (B)(1)+(B)(2)		7738317	530161	8268478	52.68	7733299	502129	8235428	52.47	-0.21
(C) Shares held by Custodians for GDRs & ADRs										
		-	-	-	-					
GRAND TOTAL (A)+(B)+(C)		15166047	530161	15696208	100.00	15194079	502129	15696208	100	

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)
ii) Shareholding of Promoters

S. No.	Shareholders Name	No. of Shares held at the beginning of the year 01.04.2016			No. of Shares held at the end of the year 31.03.2017			% change in share holding during the year
		No. of Shares	% of total Share of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Share of the Company	% of Shares Pledged / encumbered to total shares	
1	B.Vijayakumar	2507000	15.97	-	2507000	15.97	-	-
2	Vijayshree Vijayakumar	14812	0.09	-	17812	0.11	-	0.02
3	Rajsri Vijayakumar	1089576	6.94	-	1089576	6.94	-	-
4	V.Rajvirdhan	2198586	14.01	-	2198586	14.01	-	-
5	K.Arjun	101724	0.65	-	102424	0.65	-	-
6	K.Nithin	101400	0.65	-	102400	0.65	-	-
7	Rajiv Parthasarathy	2	0.00	-	2	0.00	-	-
8	ELGI Automotive Services Private Ltd	40000	0.25	-	40000	0.25	-	-
9	LGB Auto Products Private Ltd	862500	5.49	-	875000	5.58	-	0.09
10	LG Farm Products Private Ltd	400000	2.55	-	400000	2.55	-	-
11	Super Speeds Private Ltd	13380	0.09	-	13380	0.09	-	-
12	LG Sports Ltd	25150	0.16	-	41000	0.26	-	0.10
13	Super Transports Private Ltd	70000	0.45	-	70000	0.45	-	-
14	Silent Chain India Private Ltd	3600	0.02	-	3600	0.02	-	-
	Total	7427730	47.32	-	7460780	47.53	-	0.21

iii) Change in Promoters' shareholding (Please specify, if there is no change)

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	B.Vijayakumar				
	At the beginning of the year	2507000	15.97	2507000	15.97
	At the end of the year	2507000	15.97	2507000	15.97
2	Vijayshree Vijayakumar				
	At the beginning of the year	14812	0.09	14812	0.09
	Transfer of Shares as on 05.04.2016	1000	0.00	15812	0.10
	Transfer of Shares as on 06.05.2016	2000	0.01	17812	0.11
	At the end of the year	17812	0.11	17812	0.11
3	Rajsri Vijayakumar				
	At the beginning of the year	1089576	6.94	1089576	6.94
	At the end of the year	1089576	6.94	1089576	6.94
4	V.Rajvirdhan				
	At the beginning of the year	2198596	14.01	2198596	14.01
	At the end of the year	2198596	14.01	2198596	14.01
5	Arjun Karivardhan				
	At the beginning of the year	101724	0.65	101724	0.65
	Transfer of Shares as on 05.11.2016	5000	0.03	96724	0.62
	Transfer of Shares as on 17.03.2017	5700	0.04	102424	0.65
	At the end of the year	102424	0.65	102424	0.65
6	K.Nithin				
	At the beginning of the year	101400	0.65	101400	0.65
	Transfer of Shares as on 06.04.2016	1000	0.00	102400	0.65
	At the end of the year	102400	0.65	102400	0.65
7	Rajiv Parthasarathy				
	At the beginning of the year	2	0.00	2	0.00
	At the end of the year	2	0.00	2	0.00
8	ELGI Automotive Services Private Limited				
	At the beginning of the year	40000	0.25	40000	0.25
	At the end of the year	40000	0.25	40000	0.25
9	LGB Auto Products Private Limited				
	At the beginning of the year	862500	5.49	862500	5.49
	Transfer of Shares as on 05.04.2016	1850	0.01	864350	5.50
	Transfer of Shares as on 05.04.2016	2592	0.02	866942	5.52
	Transfer of Shares as on 13.04.2016	8058	0.05	875000	5.57
	At the end of the year	875000	5.57	875000	5.57
10	LG Farm Products Private Limited				
	At the beginning of the year	400000	2.55	400000	2.55
	At the end of the year	400000	2.55	400000	2.55

iii) Change in Promoters' shareholding (Please specify, if there is no change) (Contd.)

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
11	Super Speeds Private Limited				
	At the beginning of the year	13380	0.08	13380	0.08
	At the end of the year	13380	0.08	13380	0.08
12	LG Sports Limited				
	At the beginning of the year	25150	0.16	25150	0.16
	Transfer of Shares as on 27.06.2016	3998	0.02	29148	0.18
	Transfer of Shares as on 27.07.2016	2	0.00	29150	0.18
	Transfer of Shares as on 10.03.2017	3900	0.02	33050	0.21
	Transfer of Shares as on 25.03.2017	7950	0.05	41000	0.26
	At the end of the year	41000	0.26	41000	0.26
13	Super Transports Private Limited				
	At the beginning of the year	70000	0.44	70000	0.44
	At the end of the year	70000	0.44	70000	0.44
14	Silent Chain India Private Limited				
	At the beginning of the year	3600	0.02	3600	0.02
	At the end of the year	3600	0.02	3600	0.02

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)

iv) Shareholding Pattern of Top Ten Shareholders (Other than directors, Promoters and Holders of GDRs and ADRs)

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Reliance Capital Trustee Co. Ltd-				
	A/C Reliance Small Cap Fund				
	At the beginning of the year	966672	6.16	966672	6.16
	Transfer of Shares as on 17.03.2017	8485	0.05	975157	6.21
	Transfer of Shares as on 24.03.2017	2486	0.02	977643	6.23
	At the end of the year	977643	6.23	977643	6.23
2	Franklin India Smaller Companies Fund				
	At the beginning of the year	545076	3.47	545076	3.47
	Transfer of Shares as on 07.10.2016	-35231	0.22	509845	3.25
	Transfer of Shares as on 28.10.2016	72727	0.46	437118	2.78
	Transfer of Shares as on 04.11.2016	2212	0.01	434906	2.77
	Transfer of Shares as on 24.03.2017	4628	0.03	430278	2.74
	Transfer of Shares as on 31.03.2017	32172	0.20	398106	2.54
	At the end of the year	398106	2.54	398106	2.54
3	HDFC Small & Midcap Fund				
	At the beginning of the year	132100	0.84	132100	0.84
	Transfer of Shares as on 30.09.2016	50000	0.32	182100	1.16
	Transfer of Shares as on 07.10.2016	17356	0.11	199456	1.27
	Transfer of Shares as on 18.11.2016	4300	0.03	203756	1.30
	Transfer of Shares as on 25.11.2016	13809	0.09	217565	1.39
	Transfer of Shares as on 02.12.2016	33203	0.21	250768	1.60
	Transfer of Shares as on 09.12.2016	5505	0.03	256273	1.63
	Transfer of Shares as on 23.12.2016	3727	0.02	260000	1.65
	Transfer of Shares as on 30.12.2016	600	0.00	260600	1.66
	Transfer of Shares as on 20.01.2017	51011	0.32	311611	1.98
	At the end of the year	311611	1.98	311611	1.98
4	Sundaram Mutual fund				
	A/c Sundaram Smile Fund				
	At the beginning of the year	304758	1.94	304758	1.94
	Transfer of Shares as on 09.09.2016	23607	0.15	328365	2.09
	Transfer of Shares as on 30.09.2016	58000	0.37	386365	2.46
	Transfer of Shares as on 28.10.2016	-20121	0.13	366244	2.33
	Transfer of Shares as on 04.11.2016	-321	0.00	365923	2.33
	Transfer of Shares as on 13.01.2017	-400	0.00	365523	2.33
	Transfer of Shares as on 20.01.2017	-41442	0.26	324081	2.06
	Transfer of Shares as on 03.02.2017	-39929	0.25	284152	1.81
	At the end of the year	284152	1.81	284152	1.81

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)

iv) Shareholding Pattern of Top Ten Shareholders (Other than directors, Promoters and Holders of GDRs and ADRs)

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
5	Anil Kumar Goel				
	At the beginning of the year	255000	1.62	255000	1.62
	Transfer of Shares as on 09.09.2016	-1000	0.00	254000	1.62
	Transfer of Shares as on 07.10.2016	-1000	0.00	253000	1.61
	At the end of the year	253000	1.61	253000	1.61
6	B V Educational Foundation				
	At the beginning of the year	205500	1.31	205500	1.31
	At the end of the year	205500	1.31	205500	1.31
7	B V Medical Foundation				
	At the beginning of the year	157000	1.00	157000	1.00
	At the end of the year	157000	1.00	157000	1.00
8	Premier Investment Fund Limited				
	At the beginning of the year	140640	0.90	140640	0.90
	Transfer of Shares as on 08.04.2016	17248	0.11	157888	1.00
	Transfer of Shares as on 06.05.2016	13000	0.08	170888	1.09
	Transfer of Shares as on 13.05.2016	9400	0.06	180288	1.15
	Transfer of Shares as on 20.05.2016	6257	0.04	186545	1.19
	Transfer of Shares as on 27.05.2016	3343	0.02	189888	1.21
	Transfer of Shares as on 11.11.2016	-34700	0.22	155188	0.99
	At the end of the year	155188	0.99	155188	0.99
9	R.Srinivasan				
	At the beginning of the year	146980	0.94	146980	0.94
	At the end of the year	146980	0.94	146980	0.94
10	K India Opportunities Fund Limited *				
	At the beginning of the year	23175	0.15	23175	0.15
	Transfer of Shares as on 08.04.2016	1056	0.01	24231	0.15
	Transfer of Shares as on 15.04.2016	3194	0.02	27425	0.17
	Transfer of Shares as on 03.06.2016	2634	0.02	30059	0.19
	Transfer of Shares as on 10.06.2016	595	0.00	30654	0.19
	Transfer of Shares as on 17.06.2016	2530	0.02	33184	0.21
	Transfer of Shares as on 02.02.2017	103183	0.66	136367	0.87
	At the end of the year	136367	0.87	136367	0.87
11	Shelly Desai				
	At the beginning of the year	47518	0.30	47518	0.30
	Transfer of Shares as on 03.09.2015	57733	0.37	105251	0.67
	Transfer of Shares as on 20.11.2015	40	0.00	105291	0.67
	At the end of the year	105291	0.67	105291	0.67

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)

iv) Shareholding Pattern of Top Ten Shareholders (Other than directors, Promoters and Holders of GDRs and ADRs)

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
12	Nozer Jasi Shrofy**				
	At the beginning of the year	60000	0.38	60000	0.38
	At the end of the year	60000	0.38	60000	0.38

* Not in the list of Top 10 Shareholders as on 31.03.2016. The same has been reflected above since the Shareholder was one of the Top 10 Shareholders as on 31.03.2017

** Ceased to be in the list of Top 10 Shareholders as on 31.03.2017. The same is reflected above since the Shareholder was one of the Top 10 Shareholders as on 31.03.2016.

v) Shareholding of Directors and Key Managerial Personnel

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of Company	No. of Shares	% of total shares of Company
Sri.B.Vijayakumar	2507000	15.97	2507000	15.97
Sri.P.Prabakaran	400	0.00	400	0.00
Smt.Rajsri Vijayakumar	1089576	6.94	1089576	6.94
Sri.V.Rajvirdhan	2198586	14.01	2198586	14.01
Dr.T.Balaji	580	0.00	580	0.00
Sri.P.Balasubramanian	2000	0.01	2000	0.01
Sri.S.Sivakumar	1205	0.01	1205	0.01
Sri.V.Govindarajulu	0	0	0	0
Sri.P.Shanmugasundaram	0	0	0	0
Sri.R.Vidhya Shankar	0	0	0	0
Sri.N.Rengaraj, Chief Financial Officer	200	0.00	300	0.00
Sri.M.Lakshmikanth Joshi General Manager Cum company Secretary	0	0	0	0

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	111,175.61	1,211.00	2,385.45	14,772.07
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	28.68	16.15	-	44.83
Total (i+ii+iii)	11,204.29	1,227.15	2,385.45	14,816.90
Change in Indebtedness during the financial year				
Addition	113.87	76.00	1,497.89	1,687.76
Reduction	4,706.14	1,173.00	-	5,879.14
Net Change	(4,592.27)	(1,097.00)	1,497.89	(4,191.38)
Indebtedness at the end of the financial year				
i) Principal Amount	16,583.34	114.00	3,883.34	10,580.68
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	23.86	78.53	-	102.39
Total (i+ii+iii)	6,607.20	192.53	3,883.34	10,683.07

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

₹ in Lakhs

Sl. No	Particulars of Remuneration	Sri. B. Vijayakumar Chairman cum Managing Director	Sri. P. Prabakaran Deputy Managing Director	Total
	Gross Salary			
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	83.35	39.20	122.55
		75.77	33.60	109.37
(b)	Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission	147.26183.03	27.45	210.48
	- as % of profit	2%	0.3%	2.3%
	- others, specify	-		
5	Others, please specify i. Deferred bonus (pertaining to the current Financial year payable in 2018)ii. Retirals	-	-	-
	Total (A)	266.38	66.65	333.03

Note : Remuneration shown above includes salary, allowances, (based on receipt), companies contribution to Provided fund.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

B. Remuneration to other Directors:

1. Independent Directors

Name of Directors	Particulars of Remuneration			Total (B)(1) in Lakhs
	Fee for attending Board / committee Meetings	Commission	Others, please specify	
Sri. P. Balasubramanian	1.90	-	-	1.90
Sri. V. Govindarajulu	1.70	-	-	1.70
Sri. P. Shanmugasundaram	1.70	-	-	1.70
Dr. T. Balaji	1.15	-	-	1.15
Sri. R. Vidhya shankar	0.80	-	-	0.80
Total Amount in Lakhs	7.25	-	-	7.25

2. Non Executive Directors

Name of Directors	Particulars of Remuneration			Total (B)(2) in Lakhs	Total (B) = (B)(1) + (B)(2)
	Fee for attending Board / committee Meetings	Commission	Others, please specify		
Smt. Rajsri Vijayakumar	0.75	-	-	0.75	
Sri. V.Rajvirdhan	0.40	-	-	0.40	
Sri. S.Sivakumar	0.75	-	-	0.75	
Total Amount in Lakhs	1.90	-	-	1.90	9.15

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No	Particulars of Remuneration	Sri. N. Rengaraj Chief Financial Officer	Sri. Lakshmikanth Joshi General Manager Cum Company Secretary	Total Amount in Lakhs
	Gross Salary			
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	31.37	25.73	56.50
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	231.37	25.73	56.50

Note : Remuneration shown above includes Salary, allowances, Bonus, Incentive (Based on receipts).

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. COMPANY Penalty Punishment Compounding					
	NONE				
B. DIRECTORS Penalty Punishment Compounding					
	NONE				
C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding					
	NONE				

By order of the Board

Coimbatore
06.05.2017

B. VIJAYAKUMAR
Chairman cum Managing Director
DIN: 00015583

P. PRABAKARAN
Deputy Managing Director
DIN : 01709564

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31STMARCH, 2017
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,
L G BALAKRISHNAN & BROS LIMITED
CIN: L29191TZ1956PLC000257
6/16/13 Krishnarayapuram Road
Ganapathy, Coimbatore -641006

I have conducted the Secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s L.G. BALAKRISHNAN & BROS LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of **M/s. L.G. BALAKRISHNAN & BROS LIMITED's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended **31st March, 2017**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Companies Act, 1956 and the rules made thereunder (to the extent applicable);

- iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iv. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- v. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment.
- vi. The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;

I have also examined compliance with the applicable clauses of the following:

- a. Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI);
- b. The Listing Agreement entered into by the Company with BSE Limited and the National Stock Exchange of India Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, and Standards etc., mentioned above.

I further report that, during the year under review, there were no actions/ events in pursuance of the following Rules/Regulations requiring compliance thereof by the Company:

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

I further report that based on the information provided by the Company, its officers and authorized representatives; there are no laws specifically applicable to the Company.

I further report that having regard to the compliance system prevailing in the Company and on the review of quarterly compliance reports taken on record by the Board of Directors and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the labour and environmental laws as applicable.

I further report that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same has been subject to review by statutory financial auditor and other designated professionals.

This report is to be read with our letter of even date which is annexed as Annexure A and forms integral part of this report

Place : Coimbatore

Date : 06.05.2017

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no instances of:

- Public / Rights / Preferential issue of shares / debentures / sweat equity
- Redemption / buy-back of securities
- Major decision taken by the members in pursuant to section 180 of the Companies Act, 2013
- Merger / amalgamation / reconstruction / Foreign technical collaborations etc

M D Selvaraj
MDS & Associates
Company Secretaries
FCS No.: 960
C P No.: 411

To
The Members,
L G BALAKRISHNAN & BROS LIMITED
CIN: L29191TZ1956PLC000257
6/16/13 Krishnarayapuram Road
Ganapathy
Coimbatore -641006

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulation, standards is the responsibility of the management. My examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Coimbatore
Date : 06.05.2017

M D Selvaraj
MDS & Associates
Company Secretaries
FCS No.: 960
C P No.: 411

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 -**

- Development of fatigue resistance chain plan
- Development of long life chains
- Upgradation of design and development. Development with upgraded software.

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

- 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:

- Total amount spent for the financial year; ₹ 108.66 Lakhs
- 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 Pre ventive 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 as 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.Rajsri Vijayakumar	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

2. Percentage increase in the median remuneration of employees in the financial year. : 2%
3. Number of permanent employees on the rolls of Company as on 31st March, 2017. : 1797
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
- 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%)
5. Affirmation that the remuneration is as per the remuneration policy of the Company
- Your director affirm that the remuneration is as per the Nomination and Remuneration Policy of the Company.

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 Engineering Works 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 KA 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

FORM AOC-1

(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

Figures in Lakhs

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

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

The Directors present the Company's Report on Corporate Governance for the year ended 31st March 2017, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1. 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.

2. Board of Directors:

Your Company's Board has an optimum combination of executive, non-executive, independent and women directors as per Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The composition of the Board, details of other directorships, committee positions as on 31st March, 2017 and attendance of Directors at the Board Meetings and at the Annual General Meeting, Number of Other Directorship(s) and other Board Committee Membership(s) are given in the table below:

Name of the Directors	Category	No of Directorship in other Companies*	** No. of Board Committee Memberships/ Chairmanships held		Attendance Particulars	
			Member	Chairman	Board Meeting	Last AGM
Sri. B. Vijayakumar# Chairman Cum Managing Director DIN : 00015583	Executive Promoter	6	2	-	4	Yes
Sri. P. Prabakaran Deputy Managing Director DIN : 01709564	Executive	1	-	-	4	Yes
Smt.Rajsri Vijayakumar# DIN : 00018244	Non-Executive Promoter	-	-	-	4	Yes
Sri. V. Rajvirdhan# DIN : 00156787	Non-Executive Promoter	3	1	-	1	No
Sri. S. Sivakumar DIN : 00016040	Non-Executive Non-Independent	3	-	-	3	Yes
Sri. P. Balasubramanian DIN : 00018197	Non- Executive Independent	-	1	-	4	Yes
Dr. T. Balaji DIN : 00002755	Non-Executive Independent	2	1	-	4	Yes
Sri. V. Govindarajulu DIN : 00016108	Non- Executive Independent	-	1	1	4	Yes
Sri. P. Shanmugasundaram DIN : 00119411	Non- Executive Independent	1	-	2	4	Yes
Sri. R. Vidhya Shankar DIN : 00002498	Non- Executive Independent	1	1	1	1	No

* Exclude Directorship in Private Companies and Foreign Companies.

** Only Audit Committee and Stakeholders' Relationship Committee has been considered.

Sri. B. Vijayakumar, Father of Smt. V. Rajsri and Sri. V. Rajvirdhan

As will be seen from the above table, none of the Directors hold directorship in more than 20 Companies (including limit of maximum directorship in 10 public companies) pursuant to the provisions of the Companies Act, 2013.

Further, in compliance with Regulation 25(1) of the SEBI Listing Regulations, none of the Independent Directors hold directorships in more than seven listed companies.

None of the Directors are members of more than ten committees of the prescribed nature or holds Chairmanship of more than five such committees across all listed or unlisted public limited companies in which they are directors, thereby complying with the provisions of Regulation 26 of the SEBI Listing Regulations.

The details of Equity Shareholding of all the Directors are provided elsewhere in this Report.

Separate Meetings of Independent Directors

During the year under review, the Independent Directors met on 15.03.2017, inter alia, to Discuss to discuss / review the matters specified in Regulation 25 of SEBI LODR / Schedule IV of the Companies Act, 2013. All the five Independent Directors were present at the meeting.

Familiarisation programme for Independent Directors

The Company has conducted the Familiarisation programmes for Independent Directors during the year. The Programmes aim to provide insights into the Company to enable the Independent Directors to understand its business in depth, to familiarise them with the processes, businesses and functionalities of the Company and to assist them in performing their role as Independent Directors of the Company. The Company's Policy of conducting the Familiarisation Programme and the details of familiarisation programmes imparted to independent directors during 2016-2017 have been disclosed on the website of the Company at <http://www.lgb.co.in>

Details of the Board meetings held during the financial year 2016-2017

During the year, 4 (Four) Meetings of the Board of Directors of the Company were held on 30th April, 2016, 26th July, 2016, 22th October, 2016 and 07th February, 2017.

3. Audit Committee

The Board has constituted a well-qualified Audit Committee in compliance with Section 177 of the Companies Act, 2013 read with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the members of the Committee are Independent Directors including Chairman. They possess sound knowledge on accounts, audit, finance, taxation, internal controls etc.

3.1 Terms of Reference:-

The role, powers and functions of the committee are as per Section 177 of the Companies Act, 2013 and the guidelines set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of this committee are as required by SEBI - under Regulation 18 read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Besides having access to all the required information from within the company, the committee can obtain external professional advice whenever required.

3.2 Composition & Meetings:-

During the financial year ended 31st March 2017, four Audit Committee Meetings were held on 29th April, 2016, 25th July, 2016, 21st October, 2016 and 06th February, 2017. The necessary quorum was present at these meetings, and the details of meetings attended by the Members are as follows

Name of the Member	Category	Designation	No of Meetings	
			Held	Attended
Sri. P. Shanmugasundaram	Independent Non Executive	Chairman	4	4
Sri. V. Govindarajulu	Independent Non Executive	Member	4	4
Sri. P. Balasubramanian	Independent Non Executive	Member	4	4

Chairman of the Audit Committee had attended the last Annual General Meeting.

The Deputy Managing Director, Chief Financial Officer, Statutory Auditors, Internal Auditors and Cost Auditor are the permanent invitees of the Audit Committee and the Company Secretary attended the meetings as Secretary of the Committee.

In line with its terms of reference, the Audit Committee, at its each meeting reviewed the operations and the audit reports for businesses pursuant to audits undertaken by the Internal Auditors under the audit plan approved at the commencement of the year. The quarterly financial results were reviewed by the Committee before submission to the Board. Independent sessions were held with the Statutory and the Internal Auditors to assess the effectiveness of the audit processes. The Committee reviewed adequacy of Internal Financial Controls and shared their recommendations on the internal control processes to the Board. On a quarterly basis, the Committee continues to review whistle-blower complaints, litigations, related party transactions and policy violation instances, the corrective actions and mitigating controls put in place therefor.

4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee is constituted in compliance with the requirements of Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 178 of the Companies Act 2013.

4.1 Terms of Reference:-

The terms of reference of this committee has been mandated with the same as specified in Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also with the requirement of Section 178 of the Companies Act, 2013.

4.2 Composition and Attendance at the Meeting

The Committee comprises of 3 Non-Executive Independent Directors and the Executive Chairman of the Company. The Chairman is a Non-Executive Independent Director. The compositions of the Committee are as under:

4.3 Performance evaluation criteria for Independent Directors

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees of the Board and other Directors which includes criteria for performance evaluation of the Non-Executive Directors and executive Directors and shall carry out evaluation of every Director performance.

4.4. Remuneration Policy

The remuneration policy is in consonance with the existing industry practice and also with the provisions of the Companies Act, 2013. The Board of Directors based on the recommendation of the Nomination and Remuneration

Committee has formulated a policy on remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The policy covers the appointment, including criteria for determining qualification, positive attributes, independence and remuneration of its Directors, Key Managerial Personnel and Senior

Name of the Member	Category	Designation	No of Meetings	
			Held	Attended
Sri. R. Vidhya Shankar	Independent, Non Executive	Chairman	1	1
Sri. V. Govindarajulu	Independent, Non Executive	Member	1	1
Sri. B. Vijayakumar	Non Independent	Member	1	1
Sri. P. Balasubramanian	Independent, Non Executive	Member	1	1

Management Personnel. The Nomination and Remuneration Policy is annexed to this report and also can be accessed on the Company's web site at <http://www.lgb.co.in>

5. Remuneration of Directors

5.1 Remuneration paid/payable to the Executive Directors for the financial year ended March 31, 2017 is given as under :

Name of Directors	Service Contract	Salary & Allowances	Commission	Employees Stock Option Plan	Total
Sri.B.Vijayakumar Chairman cum Managing Director	1.01.2015 to 31.12.2019	83.35	183.03	Nil	266.38
Sri.P.Prabakaran Deputy Managing Director	01.06.2011 to 31.05.2016 Re-appointed for another term commencing from 01.06.2016 to 31.05.2019	39.20	27.45	Nil	66.65

Salary & allowances includes salary and Company's contribution to Provident Fund.

5.2 Remuneration paid/payable to the non-executive Directors for the financial year ended March 31, 2017 is given as under

The Non-Executive Directors were not paid any remuneration except sitting fees for attending the meetings of the Board of Directors and / or Committees thereof. The details of the sitting fees paid to the Non-Executive Directors are as under:

Name of Directors	Sitting Fees	Commission	Employees Stock Option Plan	Total
Sri.P.Balasubramanian	1,80,000	-	-	1,80,000
Sri.S.Sivakumar	60,000	-	-	60,000
Sri.V.Govindarajulu	1,80,000	-	-	1,80,000
Sri.P.Shanmugasundaram	1,80,000	-	-	1,80,000
Dr.T.Balaji	1,00,000	-	-	1,00,000
Sri.V.Rajvirdhan	20,000	-	-	20,000
Sri.R.Vidhya Shankar	40,000	-	-	40,000
Smt.Rajsri Vijayakumar	80,000	-	-	80,000
Total	8,40,000	-	-	8,40,000

c) Statement showing number of Equity Shares of ₹ 10/- each of the Company held by the present Non-Executive Directors as on March 31,2017:

Name	No. of shares held (as on 31.03.2017)	% of Holding
Smt.Rajsri Vijayakumar	1,089,576	6.94
Sri. V. Rajvirdhan	2,198,586	14.01
Dr. T. Balaji	580	0.00
Sri. P. Balasubramanian	2,000	0.01
Sri. S. Sivakumar	1,205	0.01
Sri. V. Govindarajulu	-	-
Sri. P. Shanmugasundaram	-	-
Sri. R. Vidhya Shankar	-	-

There has been no materially relevant pecuniary transaction or relationship between the Company and its non-executive independent Directors during the year.

The Company currently does not have any stock option scheme.

6. Stakeholders' Relationship Committee:

The Stakeholders Relationship Committee was constituted in compliance with the provisions of Section 178 of the Companies Act, 2013 read with Regulation 20 and Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Committee is responsible for the satisfactory redressal of investors' complaints pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transfers and transmission of shares and other miscellaneous complaints. In addition, the Committee looks into other issues including, transfer of Shares, status of dematerialization / re-materialization of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

Stakeholders' Relationship Committee consists of the following Directors.

Name of the Directors	Category	Designation
Sri. V. Govindarajulu	Independent	Chairman
Sri. B. Vijayakumar	Executive Promoter	Member
Sri. R. Vidhya Shankar	Independent	Member

During the year under review, the Committee met 17 times to deliberate on various matters referred above and for redressal of investors complaints.

Sri.M.Lakshmi Kanth Joshi, General Manager Cum Company Secretary, acts as Secretary to the Committee. He is the Compliance Officer of the Company and also responsible for redressal of investors complaints.

The Company has been receiving various correspondences from shareholders and required information/ documents are furnished immediately to the satisfaction of shareholders. At the beginning of the year, no complaint was pending. During the year ended 31st March, 2017, the Company has not received any complaints from investors and also no investor complaint was pending on 31st March 2017.

Pursuant to Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements), 2015, a certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practising Company Secretary has been submitted to the Stock Exchanges within stipulated time.

The Company has adopted an 'Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Insiders' ("the Code") in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

Disclosures with respect to the Demat Suspense Account / Unclaimed Suspense Account

In terms of Regulation 39(4) of Securities of Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule VI thereof, the Company has opened a demat account in the name and style "L.G.Balakrishnan & Bros Limited - Unclaimed Shares Suspense Account". The disclosures with respect to demat suspense account are as follows:

Particulars	Number of Shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	262	47520
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	14	4636
Number of shareholders to whom shares were transferred from suspense account during the year	14	4636
Aggregate number of shareholders and outstanding shares in the suspense account lying as on 31 st March, 2017	248	42884

The voting rights on the outstanding unclaimed shares as on 31st March, 2017 shall remain frozen till the rightful owner of such shares claims the shares by submission of the requisite documentary proof of their identity to the Company's Registrar & Share Transfer Agent.

Corporate Social Responsibility Committee (CSR Committee)

In compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted the Corporate Social Responsibility Committee.

The Committee comprises Sri.B.Vijayakumar, Smt.V.Rajsri and Sri.R.Vidhya Shankar as members.

The CSR Committee met three times during the year on 30th April 2016, 26th July 2016 and 07th February, 2017. The necessary quorum was present for all Meetings and all the Members were present for the meeting.

Members of Committee

Name of the Member	Category	Designation
Sri. R. Vidhya Shankar	Independent	Chairman
Sri. B. Vijayakumar	Executive Promoter	Member
Smt.Rajsri Vijayakumar	Non Independent	Member

The Committee evaluates and recommend the CSR proposals to the Board for approval. The Company formulated CSR Policy, which is uploaded on the website of the Company viz. <http://www.lgb.co.in>

7. Management Discussion and Analysis Report

Management Discussion and Analysis Report forms part of this Annual Report.

8. General Body Meetings: Details of the Last 3 AGM are given as under

Year	Date	Time	Venue	Special Resolution passed
2014	09.07.2014	10.30 A.M.	Ardra," Kaanchan, 9, North Huzur Road, Coimbatore- 18	Appointment of Dr.T.Balaji as Independent Director of the Company for a term upto 8 th July 2019
				Appointment of Sri. V. Govindarajulu as Independent Director of the Company for a term upto 31 st August 2019.
				Appointment of Sri. P. Balasubramanian as Independent Director of the Company for a term upto 31 st August 2019.
				Appointment of Sri. P. Shanmugasundaram as Independent Director of the Company for a term upto 31 st August 2019.
				Appointment of Sri.R.Vidhya Shankar as Independent Director of the Company for a term upto 31 st August 2019.
				Authorizing Board of Directors to enter into contracts and/or agreements with Silent Chain India Private Limited, Lakshmi Printers, Excel Marketing Associates, Veena Coach Products and Sri. S. Sivakumar - Director, being the related parties as defined under the Companies Act, 2013
				Authorizing Board of Directors to enter into contracts and/or agreements with Super Speeds Private Limited, Super Transports Private Limited, LGB Fuel Systems Private Limited, LG Balakrishnan & Bros - Karur, LGB Auto Products Private Limited, LGB Forge Limited, South Western Engineering India Limited, LG Farm Products Private Limited and Elgi Automotive Services Private Limited being the related parties as defined under the Companies Act, 2013.
2015	10.09.2015	10.30 A.M.	Ardra," Kaanchan,	To accept Public Deposit in accordance with the provisions of the Companies Act, 2013 and Rules made there under.
				Authorizing Board of Directors to enter into contracts and/or agreements with Renold Chain India Private Limited being the related party as defined under the Companies Act, 2013
2016	14.07.2016	10.30 A.M.	Ardra," Kaanchan,	No

Extra Ordinary General Meetings and Postal Ballot:

During the year no EGM was convened nor any approval of the shareholders obtained through Postal Ballot. No special resolution requiring postal ballot is being proposed on or before the ensuing Annual General Meeting of the Company.

9. Means of Communication

Financial results

The Quarterly, Half yearly and Annual Results of the Company are available on the website of the Company www.lgb.co.in. The hard and soft copies are also sent to concerned Stock Exchanges immediately after they are approved by the Board so as to enable them to display them on their notice board/ website and also published in one widely circulated English Newspaper (Financial Express) and a Vernacular (Tamil) Newspaper (Malaimalar). The Company has a dedicated help desk with email ID: secretarial@lgb.co.in in the Secretarial Department for providing necessary information to the investors.

Official News Releases

Official news releases are made whenever it is considered necessary

The presentation made to institutional investors or to the analysts

There were no specific presentation made to the investors or analysts during the year.

10. General Shareholders' Information

Annual General Meeting is proposed to be held at 10.30 A.M. on Thursday the 27th July, 2017 at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore- 641 018.

Financial Calendar

Financial Year : April to March

For the year ended 31st March 2017, results were announced on 06.05.2017.

Financial Year - 2017-2018

Quarter ending June 30, 2017	- End of July 2017*
Quarter ending September 30, 2017	- End of October 2017*
Quarter ending December 31, 2017	- End of January 2018*
Year ending March 31, 2018	- End of April or April 2018*

* Tentative

Date of Book Closure - The date of Book closure are from 21.07.2017 to 27.07.2017 (both days inclusive) to determine the members entitled to the dividend for 2016-17

Dividend payment date - on or before 21st August 2017

- | | |
|--|--|
| a) Listing on Stock Exchanges | - BSE Ltd.
The National Stock Exchange of India Ltd. |
| b) Securities Code | - BSE Ltd. Equity 500250
- The National Stock Exchange of India Ltd. - LGBBROSLTD |
| c) The International Security Identification Number (ISIN) | - INE337A01034 |

The Company has paid the Listing Fees for the year 2017 - 2018 to the above Stock Exchanges.

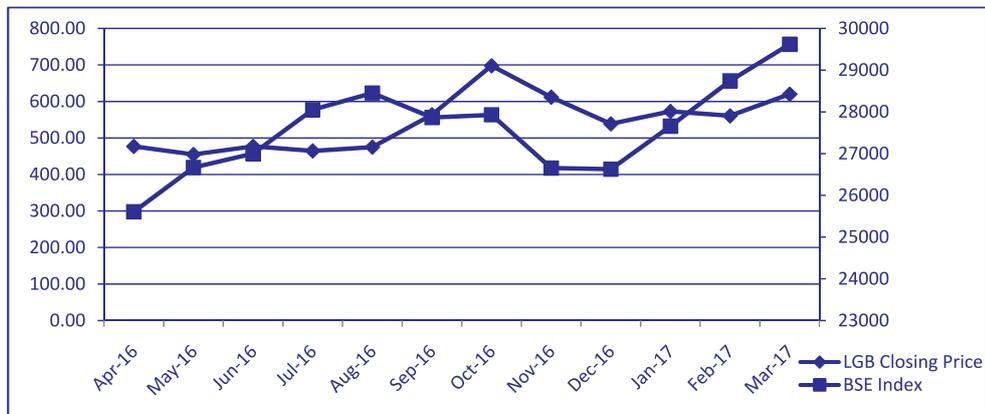
MARKET PRICE DATA: Monthly high/low of market price of the Company's Equity Shares traded on the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) during the last financial year was as under:

Stock market data for the year 2016 -2017

	NSE		BSE Ltd	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April - 2016	499.50	430.50	499.50	428.00
May	493.00	452.00	492.00	447.20
June	487.00	421.00	489.00	419.00
July	519.50	460.00	519.00	451.10
August	483.00	455.00	486.15	450.10
September	600.00	472.10	600.80	471.75
October	727.80	556.30	728.80	550.50
November	700.00	532.80	710.00	541.15
December	630.00	511.30	630.85	512.05
January - 2017	612.95	534.30	613.50	538.05
February	611.00	533.95	610.00	534.00
March	630.00	545.00	630.00	550.65

(Source: BSE and NSE website)

Performance of the Company's Equity Shares relative to BSE Sensex during the Financial Year 2016-17



Registrar & Transfer Agents

M/s.Cameo Corporate Services Limited,
 "Subramanian Building"
 No.1, Club House Road,
 Chennai - 600 002

Share Transfer System:

Shares sent for transfer in physical form are registered and returned by our Registrars and Share Transfer Agents in 15 days of receipt of the documents, provided the documents are found to be in order. Shares under objection are returned within two weeks. The Stakeholders Relationship Committee generally meets whenever necessary for approving share transfers and other activities.

Distribution of Shareholding

The Shareholding distribution of the equity shares as on 31st March, 2017 is given below:

Range	No. of Holders	No. of Shares (Face Value ₹ 10/-)	% of Shares
1 - 100	11742	467380	2.98
101 - 500	3774	893152	5.69
501 - 1000	701	526937	3.36
1001 - 2000	395	583648	3.72
2001 - 3000	146	364131	2.32
3001 - 4000	75	261485	1.67
4001 - 5000	47	216636	1.38
5001 - 10000	88	642795	4.09
10001 - and above	79	11740044	74.79
Total	17047	15696208	100.00

Pattern of Shareholding as on 31st March 2017

Sl. No.	Category	No. of Share holders	No. of Shares held	% of Shares
1	Promoters and promoters group	14	7,460,780	47.53
2	Mutual Funds / UTI	4	1,971,512	12.56
3	Financial Institutions, Banks	4	8,543	0.05
4	Foreign Institutional Investors/NRI/OCB	361	130,703	0.84
5	Bodies Corporate / Clearing Member	368	339,024	2.16
6	Public	16,296	5,785,646	36.86
	Total	17,047	15,696,208	100.00

11 Dematerialization of Shares and Liquidity

Particulars	No. of Shares	Percentage (in Share Capital)
National Securities Depository Limited	13,745,019	87.57
Central Depository Services (India) Limited	1,449,060	9.23
Physical	502,129	3.20
Total	15,696,208	100.00

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

The Company has not issued Global Depository Receipts or American Depository Receipt or Warrants or any Convertible instruments.

Commodity Price Risk/ Foreign Exchange Risk and Hedging

The Company did not engage in hedging activities.

Plant Location & Addresses

1. Coimbatore : 6/16/13, Krishnarayapuram Road, Ganapathy, Coimbatore Pincode - 641 006.
2. Vaiyampalayam : SF. No. 47 & 50, Kondayampalayam Village, Vaiyampalayam PO, Coimbatore Pincode - 641 110.
3. Dindigul : SF. No. 5691/2, 5701/2, Karur Dindigul Road, D-Gudalur Pincode - 624 620
4. Karur: Mochakottampalayam, Vishwanathapuri, Karur Pincode - 639 002.
5. Mysore: No. 24, Industrial Suburb Mysore Pincode - 570 008.
6. Annur: 269/1, Ganesapuram, Kattampatti Post, Annur, Coimbatore Pincode - 641 107.
- 7 Pongalur: 1/175, Sathy Road, Pongalur, Puliampatti Post, Pongalur Pincode - 638 459
- 8 Bangalore: No.4-A, Bommasandra Industrial Area, Anekal Taluk, Bangalore Pincode - 560 009.
- 9 Chakan: Gat No. 343-4, Industrial Shed, behind Hotel Marriot, Chakan Talegaon Road, Mahalunge, PUNE, Pincode - 410 501.
- 10 100% EOU: Kondaiyampalayam Village, SF No. 195, Pillaiyar Kovil Street, Near Power House, Kottaipalayam Post Coimbatore Pincode - 641 110.
- 11 Manesar: Plot No. 17, Section - 3, IMT Manesar Gurgaon Pincode 122 050.
- 12 Chennai: No. 49, Sidco Industrial Estate, Ambattur Chennai Pincode 600098
- 13 Annur: 3/145, Kovai Road, Ottrapalayam Village, Annur, Coimbatore Pincode - 641 653
- 14 Rudrapur: Khasra No. 390, Village- Danpur, Kashipur Road, Rudrapur, Pincode - 263 153 Uttrankhand
- 15 Pant Nagar: Plot No. 16, Sector 9, II E, Sidgul, Pant Nagar, Uddamsingh Nagar, Pincode - 263 153. Uttrankhand
- 16 Kushkhera, G-1, 356 RIICO Industrial Area, Alwar District Pincode - 301707, RAJASTHAN
- 17 Kariampalayam: SF. No. 266/1B & 1C, RD Building. Kumarapalaym Road, Kariampalayam Post, Annur, Coimbatore Pincode - 641 653.
- 18 Jalna: Plot No. A -7, Jalna Phase III, Industrial Area (MIDC) Maharashtra - 431 213
- 19 Ahmed Nagar: MIDC, Supa Area, Supa Parner Industrial Area, Ahmed Nagar, Maharashtra Pincode - 414 301
- 20 Pilliappanpalayam: SF.No. 225, 226, 227/1,2,3 A, Annur (Via), Pillaiappampalayam, Coimbatore Pincode - 641 653.

Address for Correspondence

M. Lakshmi Kanth Joshi
General Manager Cum Company Secretary
6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore - 641 006
Phone No.0422-3911212 Fax No: 0422-3911163 Email: lk.joshi@lgb.co.in

Exclusive e-mail id for Investor Grievances: The following e-mail ID has been designated for communicating investors' grievances:- secretarial@lgb.co.in

12. Disclosures

a. Related Party Transactions:

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations.

There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large, The details of the transactions with Related Party are provided in the Company's financial statements in accordance with the Accounting Standards.

All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website <http://www.lgb.co.in/pdf/related-party-transactions-policy.pdf>

b. Strictures and Penalties

The Company has complied with all the requirements of the Listing Agreement of the stock exchanges as well as regulations and guidelines of SEBI including SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. No penalties have been levied or strictures have been passed by SEBI, Stock Exchange or any other statutory authority on matters relating to capital markets during the last three years.

c. Vigil Mechanism and Whistle-Blower Policy

The Company has adopted a Whistle Blower Policy to provide a formal mechanism to the Directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

The Whistle Blower Policy has been posted on the website of the Company www.lgb.co.in.

Your Company hereby affirms that no complaints were received during the year under review.

d. Details of compliance with mandatory requirements

The Company has complied with all mandatory requirements laid down under the provision of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Details of compliance of non-mandatory requirements

The Company has adopted the non-mandatory requirement of Reporting of internal auditors to Audit Committee as recommended under Regulation 27(1) read with Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the current financial year, there are no audit qualifications in the financial statements of the Company. The Company continues to adopt appropriate best practices in order to ensure unqualified financial statements.

The Company has not adopted any other non- mandatory requirements.

e. Policy for determining ‘material’ subsidiaries

As required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Policy for determining ‘material’ subsidiaries which has been put up on the website of the Company at <http://www.lgb.co.in>

Material unlisted subsidiary

During the year, the Company did not have any material unlisted subsidiary companies which are subject to special governance norms in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, minutes of the meetings of the Board of Directors of subsidiary Company are placed before the Board of Directors of the Company for their review and noting.

f. Commodity price risks and Commodity hedging activities

During the financial year ended 31st March, 2017 the company did not engage in commodity hedging activities.

Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

Risk Management

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board.

13. There has been no instance of non-compliance of any requirement of Corporate Governance Report.

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub - regulation (2) of Regulation 46 of the Listing Regulations

Certificate from CEO/CFO

The CEO certification of the financial statements for the year has been submitted to the Board of Directors, in its meeting held on May, 06, 2017 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations.

14. DECLARATION - CODE OF CONDUCT

I, B.Vijayakumar, Chairman cum Managing Director of L.G.Balakrishnan & Bros Limited, declare that all the members of the Board of Directors and Senior Management have, for the year ended 31st March, 2017 affirmed compliance with the Code of Conduct laid down by the Board of Directors and Senior Management in terms of Regulation 26(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 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 31stMarch, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31stMarch, 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
06.05.2017

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No.0080725

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 31stMarch, 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 31stMarch, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which 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

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
		<u>45,723.10</u>	<u>39,706.65</u>
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
		<u>10,427.33</u>	<u>10,129.62</u>
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
		<u>26,260.37</u>	<u>28,723.66</u>
TOTAL		<u>82,410.80</u>	<u>78,559.93</u>
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
		<u>41,536.88</u>	<u>40,043.17</u>
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
		<u>40,873.92</u>	<u>38,516.76</u>
TOTAL		<u>82,410.80</u>	<u>78,559.93</u>

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

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 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	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

Particulars	As at 31.03.2017		As at 31.03.2016	
	Number of Shares	₹ in lakhs	Number of Shares	₹ in lakhs
3 SHARE CAPITAL				
(a) Authorised				
Equity Shares of ₹10/- each with voting rights	20,000,000	2,000.00	20,000,000	2,000.00
	20,000,000	2,000.00	20,000,000	2,000.00
(b) Issued				
Equity Shares of ₹10/- each with voting rights	15,696,208	1,569.62	15,696,208	1,569.62
	15,696,208	1,569.62	15,696,208	1,569.62
(c) Subscribed and fully paid-up				
Equity Shares of ₹10/- each with voting rights	15,696,208	1,569.62	15,696,208	1,569.62
Total	15,696,208	1,569.62	15,696,208	1,569.62

Notes:

3 (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	Opening balance	Fresh Issue	Bonus/ ESOP	Conversion/ Buyback	Closing balance
Equity Shares with voting rights Year ended 31st March, 2017					
Number of shares	15,696,208	-	-	-	15,696,208
Amount (₹ in lakhs)	1,569.62	-	-	-	1,569.62
Year ended 31st March, 2016					
Number of shares	15,696,208	-	-	-	15,696,208
Amount (₹ in lakhs)	1,569.62	-	-	-	1,569.62

3 (ii) Details of shares held by each shareholder holding more than 5% shares

Sl. No.	Name of the Shareholder	As at 31.03.2017		As at 31.03.2016	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
	Equity Shares with voting rights				
	B. Vijayakumar	2,507,000	15.97	2,507,000	15.97
	V. Rajvirdhan	2,198,586	14.01	2,198,586	14.01
	Rajsri Vijayakumar	1,089,576	6.94	1,089,576	6.94
	Reliance Capital Trustee Co. Ltd A/c. Reliance Small Cap Fund	977,643	6.23	966,672	6.16
	L.G.B.Auto Products (P) Ltd	875,000	5.57	862,500	5.49

Notes forming part of the financial statements

Particulars	As at 31.03.2017 ₹ in lakhs	As at 31.03.2016 ₹ in lakhs
4 RESERVES AND SURPLUS		
(a) Capital Reserve		
Opening balance	30.00	30.00
Closing balance	30.00	30.00
(b) Securities premium account:		
Opening balance	3,100.61	3,100.61
Closing balance	3,100.61	3,100.61
(c) Revaluation reserve (Land)		
Opening balance	138.91	138.91
(On account of acquisition of M/s.L.G.B.Industries Limited in 1998)		
Less: Adjusted against cost of land refer Note No. 32	94.47	-
Less: Transferred to Statement of Profit and Loss Account refer Note No. 31	44.44	-
Closing balance	-	138.91
(d) General reserve		
Opening balance	31,000.00	26,500.00
Add : Transfer from surplus in Statement of Profit and Loss	4,500.00	4,500.00
Closing balance	35,500.00	31,000.00
(e) Surplus/(Deficit) in Statement of Profit and Loss		
Opening balance	3,867.51	3,755.65
Add : Profit for the year	6,155.36	5,745.36
Less : Interim Dividend	-	784.82
Dividend proposed to be distributed to equity shareholders (PY ₹ 1.00/- per share) refer Note No. 30	-	156.96
Tax on Dividend	-	191.72
Less: Transferred to General reserve	4,500.00	4,500.00
Closing balance	5,522.87	3,867.51
Total	44,153.48	38,137.03

Particulars	As at 31.03.2017 ₹ in lakhs	As at 31.03.2016 ₹ in lakhs
5 LONG-TERM BORROWINGS		
(a) Term Loans (Refer Note (i) below)		
From Banks		
Secured	4,013.89	6,583.34
(b) Fixed Deposits:		
From other parties		
Unsecured	253.09	143.95
From related parties		
Unsecured	3,620.00	1,155.00
Total	7,886.98	7,882.29

Notes forming part of the financial statements

Notes:

5 (i) Details of Security for Long Term Borrowings:

- a) Term Loans from banks are secured by hypothecation of Plant and Machineries and are collaterally secured by equitable mortgage by deposit of title deeds of immovable properties of Chakkan Plant and Jalna Plant.
- b) Interest rate relating to Term loans from banks is in the range of 9.10% to 9.75%

5 (ii) Repayment schedule

₹ in lakhs

Particulars	As at 31.03.2017		As at 31.03.2016	
	Secured	Unsecured	Secured	unsecured
a) Term loan from banks:				
ICICI Bank Ltd	1,875.00	-	3,375.00	-
(Term of repayment : Repayable in 20 quarterly installments of ₹ 375 Lakhs from July'14)				
Hongkong and Shanghai Banking Corporation Ltd	1,250.00	-	1,875.00	-
Term of repayment : Repayable in 16 quarterly installments of ₹ 156.25 Lakhs from May'16)				
HDFC Bank Ltd	888.89	-	1,333.34	-
Term of repayment : Repayable in 18 quarterly installments of ₹ 55.56 Lakhs from Dec'15)				
Total - Term loans from banks	4,013.89	-	6,583.34	-
(b) Fixed Deposits:				
From other parties		253.09		143.95
Total - deposits from others		253.09		143.95
From related parties				
Sri.B.Vijayakumar		700.00		540.00
Sri.V.Rajvirdhan		460.00		-
Smt.Rajsri Vijayakumar		150.00		-
Minor.Samriddhi Andal Rajiv		285.00		285.00
Minor.Vidhur Narayanan Rajiv		285.00		285.00
Sri.P.Prabakaran		70.00		-
Mrs.D.Maheswari		10.00		5.00
L.G.Sports Ltd		900.00		-
Silient Chain India (P) Limited		80.00		40.00
L.G.Farm Products (P) Limited		230.00		-
Elgi Automotive Services (P) Limited		50.00		-
L.G.B.Auto Products (P) Limited		200.00		-
Super Speeds (P) Limited		115.00		-
Super Transports (P) Limited		85.00		-
Total - deposits from related parties		3,620.00		1,155.00
Total - Long-term borrowings	4013.89	3,873.09	6,583.34	1,298.95

Notes forming part of the financial statements

₹ in lakhs

- 5 (iii) a. There was no default in the repayment of loans, borrowing and interest during the year.
 b. Interest rate relating to fixed deposits is in the range of 8.00% to 9.50% during the year.

Particulars	As at	
	31.03.2017	31.03.2016
6 LONG-TERM PROVISIONS		
(i) Provisions for contingencies refer Note No. 28	625.00	325.00
(ii) Others - Provision for Compensated Absence	211.19	-
	836.19	325.00
SHORT-TERM BORROWINGS		
(a) Loan repayable on demand		
From banks - Secured	-	2,022.84
(b) From Financial Institutions		
Unsecured	-	500.00
(c) Loan from Directors		
Unsecured	28.00	701.00
(d) Loan from Inter corporates		
Unsecured	86.00	10.00
	114.00	3,233.84

Notes

- 7 (i) **Details of security for short-term borrowings:**
- a. Working capital loans from banks are primarily secured by hypothecation of inventories and book debts of the Company
- b. Interest rate relating to Short Term loans from banks is in the range of 9.10% to 12.10%

₹ in lakhs

Particulars	As at		As at	
	31.03.2017		31.03.2016	
	Secured	Unsecured	Secured	Unsecured
Loan repayable on Demand				
From Banks				
Axis Bank Ltd	-	-	(1.60)	-
Corporation Bank	-	-	(33.12)	-
HDFC Bank Ltd	-	-	981.73	-
ICICI Bank Ltd	-	-	154.97	-
Indusind Bank Ltd	-	-	(1.72)	-
IDBI Bank Ltd	-	-	(77.42)	-
Hongkong and Shanghai Banking Corporation Ltd	-	-	1,000.00	-
Total	-	-	2,022.84	-

Notes forming part of the financial statements

(₹ in lakhs)

Particulars	As at 31.03.2017		As at 31.03.2016	
	Secured	Unsecured	Secured	Unsecured
Notes				
7 (i) (Contd.)				
Loan from financial institution				
Bajaj Finance Limited		-		500.00
Total		-		500.00
Loan from Directors				
B.Vijayakumar	-	15.00		276.00
V.Rajvirdhan	-	13.00		275.00
Rajsri Vijayakumar	-	-		150.00
Total	-	28.00		701.00
Loan from inter corporates				
Elgi Automotive Services (P) Limited	-	86.00		10.00
Total	-	86.00		10.00
Total - Short-term borrowings	-	114.00	2,022.84	1,211.00

7 (ii) There was no default in the repayment of the loans and interest during the year

Particulars	As at 31.03.2017 (₹ in lakhs)	As at 31.03.2016 (₹ in lakhs)
8 OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term debt (Refer Note (i) below)	2,579.69	3,655.94
(b) Interest accrued but not due on secured loans	23.86	28.68
(c) Interest accrued but not due on Unsecured loans	78.53	16.15
(d) Interest accrued on deposits from customers	37.49	33.29
(e) Unpaid bond interest	-	0.22
(f) Unclaimed dividends (Refer Note (ii) below)	55.30	80.96
(g) Other payables:		
(i) Statutory remittances	1,186.58	1,326.18
(ii) Payable on purchase of fixed assets	1,249.48	1,742.82
(iii) Advance and deposits from customers etc.,	948.59	791.44
Total	6,159.52	7,675.68

Notes forming part of the financial statements

Particulars	As at 31.03.2017 ₹ in lakhs	As at 31.03.2016 ₹ in lakhs
Note :		
8 (i) Current maturities of Long-term debt:		
Refer Note 5(i) for the details of Securities,		
Term Loan		
From Banks		
Secured	2,569.44	2,569.44
Total - Term Loan from banks	2,569.44	2,569.44
Fixed Deposits:		
From Related Parties		
Unsecured		
L.G.Farm Products (P) Ltd	-	200.00
L.G.B Auto Products (P) Ltd	-	200.00
Super Speeds (P) Ltd	-	105.00
LG Sports Ltd	-	575.00
Total - from related parties	-	1,080.00
From others	-	-
Unsecured	10.25	6.50
Total - deposit from others	10.25	6.50
Total - Current maturities of Long-term debt	2,579.69	3,655.94

8(ii) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

9 SHORT-TERM PROVISIONS

(a) Provision - others:

(i) Provision for tax (net of Advance tax - ₹ 9,742.73 Lakhs)	74.77	-
(ii) Provision for proposed equity Dividend	-	156.96
(iii) Provision for tax on proposed equity Dividend	-	31.95
(iv) Others	30.95	14.17
Total	105.72	203.08

Notes forming part of the financial statements

₹ in Lakhs

Description of Assets	GROSS BLOCK					ACCUMULATED DEPRECIATION AND IMPAIRMENT					NET BLOCK	
	Balance as at 01.04.2016	Additions	Disposals	Other Adjustments	Balance as at 31.03.2017	Balance as at 01.04.2016	Depreciation / expense for the year	Eliminated on Disposal of Assets	Other Adjustments	Balance as at 31.03.2017	Balance as at 31 March, 2017	Balance as at 31 March, 2016
A. TANGIBLE ASSETS:												
(a) Land												
Free Hold	2,647.17 (2,409.57)	- (237.60)	94.83 -	- -	2,552.34 (2,647.17)	- -	- -	- -	- -	- -	2,552.34 (2,647.17)	2,647.17 (2,409.57)
Lease Hold	534.31 (534.31)	1,328.70 -	- -	- -	1,863.01 (534.31)	29.17 (23.42)	5.74 (5.75)	- -	- -	34.91 (29.17)	1,828.10 (505.14)	505.14 (510.89)
(b) Buildings												
Own use	9,134.69 (7,115.79)	910.44 (2,056.18)	17.58 (37.28)	- -	10,027.55 (9,134.69)	2,817.34 (2,367.44)	530.92 (459.93)	6.92 (10.03)	- -	3,341.34 (2,817.34)	6,686.21 (6,317.35)	6,317.35 (4,748.35)
Given under operating Lease	7.39 (7.39)	- (-)	- -	- -	7.39 (7.39)	3.42 (2.94)	0.43 (0.48)	- -	- -	3.85 (3.42)	3.54 (3.97)	3.97 (4.45)
(c) Plant and Equipment												
Owned	44,434.32 (38,486.81)	4,996.15 (6,331.90)	1,543.40 (384.39)	40.30 -	47,927.37 (44,434.32)	23,701.70 (20,565.48)	3,803.71 (3,317.28)	1,342.23 (315.90)	- (134.84)	26,163.18 (23,701.70)	21,764.19 (20,732.62)	20,732.62 (17,921.33)
Given under operating Lease	379.60 (288.54)	- (92.89)	12.91 (1.83)	(40.30) -	326.39 (379.60)	171.00 (245.87)	28.41 (61.84)	12.13 (1.87)	134.84 -	187.28 (171.00)	139.11 (208.60)	208.60 (42.67)
(d) Furniture and Fixtures												
Owned	416.52 (310.95)	69.36 (108.69)	3.32 (3.12)	- -	482.56 (416.52)	266.90 (228.27)	53.09 (41.18)	3.00 (2.55)	- -	316.99 (266.90)	165.57 (149.62)	149.62 (82.68)
(e) Vehicles												
Owned	375.00 (316.62)	60.07 (85.93)	34.84 (27.55)	- -	400.23 (375.00)	113.98 (97.56)	44.42 (36.81)	8.57 (20.39)	- -	149.83 (113.98)	250.40 (261.02)	261.02 (219.06)
(f) Office equipment												
Owned	214.88 (178.12)	29.66 (42.14)	5.34 (5.38)	- -	239.20 (214.88)	112.77 (84.81)	32.55 (31.70)	4.58 (3.74)	- -	140.74 (112.77)	98.46 (102.11)	102.11 (93.31)
(g) Electrical Fittings												
Owned	1,907.17 (1,456.03)	269.09 (456.73)	22.26 (5.59)	- -	2,154.00 (1,907.17)	1,056.22 (953.37)	129.09 (107.75)	19.24 (4.90)	- -	1,166.07 (1,056.22)	987.93 (850.95)	850.95 (502.66)
(h) Other Assets												
Owned	1,877.86 (1,518.17)	247.94 (517.44)	27.57 (157.75)	- -	2,098.23 (1,877.86)	1,018.56 (1,012.35)	190.53 (157.07)	25.21 (150.86)	- -	1,183.88 (1,018.56)	914.35 (859.30)	859.30 (505.82)
Total	61,928.91	7,911.41	1,762.05	-	68,078.27	29,291.06	4,818.89	1,421.88	-	32,688.07	35,390.20	32,637.85
Previous Year	(52,622.30)	(9,929.50)	(622.89)	-	(61,928.91)	(25,581.51)	(4,219.79)	(510.24)	-	(29,291.06)	(32,637.85)	(27,040.79)

Notes forming part of the financial statements												
10. Property, Plant & Equipments (Contd.)												
Description of Assets	GROSS BLOCK				ACCUMULATED DEPRECIATION AND IMPAIRMENT				NET BLOCK			
	Balance as at 01.04.2016	Additions	Disposals	Other Adjustments	Balance as at 31.03.2017	Balance as at 01.04.2016	Amortisation for the year	Eliminated on Disposal of Assets	Other Adjustments	Balance as at 31.03.2017	Balance as at 31 March, 2016	
B. INTANGIBLE ASSETS:												
(a) Computer Software	541.52 (503.11)	44.47 (43.58)	- (5.17)	-	585.99 (541.52)	456.59 (420.89)	45.88 (40.27)	- (4.57)	-	502.47 (456.59)	83.52 (84.93)	84.93 (82.22)
(b) Technical Know how	795.10 (734.08)	47.41 (61.02)	-	-	842.51 (795.10)	542.63 (493.32)	58.13 (49.31)	-	-	600.76 (542.63)	241.75 (252.47)	252.47 (240.76)
Total	1,336.62 (1,237.19)	91.88 (104.60)	- (5.17)	-	1,428.50 (1,336.62)	999.22 (914.21)	104.01 (89.58)	- (4.57)	-	1,103.23 (999.22)	325.27 (337.40)	337.40 (322.98)
Previous Year												
(₹ in lakhs)												
C) Depreciation and amortisation relating to continuing operations:												
Depreciation for the year on tangible assets as per note 10 A												
Amortisation for the year on intangible assets as per note 10 B												
Total												
										As at 31.03.2017	As at 31.03.2016	
										4,818.89	4,219.79	
										104.01	89.58	
										4,922.90	4,309.37	

Notes forming part of the financial statements

₹ in Lakhs

11. NON-CURRENT INVESTMENT

Particulars	As at 31st March 2017				As at 31st March 2016			
	Number of Shares	Quoted	Un Quoted	Total	Number of Shares	Quoted	Un Quoted	Total
Investments (At Cost)								
A. Trade								
(a) Investment in Equity instruments:								
(i) Subsidiaries :								
BCW V Tech India Pvt Ltd.,	4999999	-	499.99	499.99	4999999	-	499.99	499.99
LGB U.S.A.	411	-	1543.39	1543.39	411	-	1543.39	1543.39
(ii) Associate:								
Renold Chain India (P) Limited	10250000	-	1025.00	1025.00	10250000	-	1025.00	1025.00
(iii) Others:								
Supreme Rubber Reclaimers Ltd	50	0.01	-	0.01	50	0.01	-	0.01
Bharath Rubber Reg. Co. Ltd	200	-	-	-	200	-	-	-
Elgi Equipments Ltd	1229706	112.50	-	112.50	1229706	112.50	-	112.50
LGB Forge Limited	29000000	612.89	-	612.89	29000000	612.89	-	612.89
Silent Chain India (P) Limited	770	-	0.15	0.15	770	-	0.15	0.15
LG Farm Products (P) Ltd	10000	-	1.00	1.00	10,000	-	1.00	1.00
South West Engineering India Limited	537	-	65.52	65.52	537	-	65.52	65.52
B. Non-trade								
(a) Investment in Equity instruments:								
(i) Others:								
Super Spinning Mills Ltd	10000	0.01	-	0.01	10000	0.01	-	0.01
Tube Investments of India Ltd	1100	0.01	-	0.01	1100	0.01	-	0.01
Corporation Bank	12000	1.92	-	1.92	12000	1.92	-	1.92
Tata Refractory Ltd	5000	-	2.01	2.01	5000	-	2.01	2.01
Co-operative Society Ltd, Mumbai	5	-	-	-	5	-	-	-
Kaveri Steels Ltd	100	-	-	-	100	-	-	-
		727.34	3,137.06	3,864.40		727.34	3,137.06	3,864.40

(₹ in lakhs)

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

Notes forming part of the financial statements

Particulars	As at 31.03.2017 (₹ in lakhs)	As at 31.03.2016 (₹ in lakhs)
12 LONG-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)		
(a) Capital advance	246.24	289.82
(b) Security and other deposits	823.33	633.29
(c) Advance income-tax (net of provision) (As at 31.03.2016 ₹ 7,686.71 Lakhs)	-	73.19
(d) Mat credit entitlement (During the year utilised - ₹ 739.71 Lakhs)	-	739.71
(e) Other loans and advances		
(i) Advance recoverable	279.09	370.43
(ii) Rent and other advances	250.02	342.76
Total	1,598.68	2449.20
13 OTHER NON-CURRENT ASSETS		
(a) Income and claims receivables	37.83	37.83
Total	37.83	37.83
14 INVENTORIES		
(At Lower of cost and net realisable value)		
(a) Raw Materials	4,226.78	3,673.30
(b) Work-in-progress (Refer Note (i))	8,135.00	7,799.68
(c) Finished products (Refer Note (ii))	5,551.59	5,920.39
(d) Stock-in-trade (acquired for trading)	384.09	368.28
Goods in Transit	231.58	249.72
(e) Others		
(i) Packing materials	287.70	268.25
(ii) Stores & spares	1,631.19	1,551.72
(iii) Loose tool	1,557.89	1,506.51
(iv) Agricultural produce	0.66	2.52
Total	22,006.48	21,340.37

Notes forming part of the financial statements

Particulars	As at 31.03.2017 (₹ in lakhs)	As at 31.03.2016 (₹ in lakhs)
14 INVENTORIES (CONTD)		
Notes:		
14(i) Details of inventory of work-in-progress		
Transmission	5,561.95	5,523.75
Metal forming	2,564.65	2,268.85
Others	8.40	7.08
Total	8,135.00	7,799.68
(ii) Details of inventory of finished goods		
Transmission	4,731.46	5,163.90
Metal forming	820.09	756.46
Others	0.04	0.03
Total	5,551.59	5,920.39

15 TRADE RECEIVABLE		
(a) Trade Receivable outstanding for a period exceeding six months from the date they were due for payment		
(i) Unsecured, considered good	146.84	149.52
(ii) Unsecured, considered doubtful	73.50	75.48
Less: Provision for doubtful trade receivables	73.50	75.48
(b) Other Trade receivable		
(i) Unsecured, considered good	15,386.48	13,667.64
(ii) Unsecured, considered doubtful	39.19	39.99
Less: Provision for doubtful trade receivables	39.19	39.99
Total	15,533.32	13,817.16
Note:		
15(i) Trade Receivable include debt due from		
Private companies in which any director is a director:		
Super Speeds (P) Limited	0.23	0.29
Silent Chain India (P) Limited	-	0.08
Super Transport (P) Limited	0.08	0.25
BCW Vtech India (P) Limited	104.66	45.99
Renold Chain India (P) Limited	145.47	177.99
Total	250.44	224.60

16 CASH AND BANK BALANCE		
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

Notes forming part of the financial statements

Particulars	As at 31.03.2017 (₹ in lakhs)	As at 31.03.2016 (₹ in lakhs)
16 CASH AND BANK BALANCE (CONTD.)		
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

17 SHORT-TERM LOANS AND ADVANCES (UNSECURED AND CONSIDERED GOOD)

a) Loans and advances to employees	49.92	63.13
(b) Prepaid expenses	157.13	167.06
(c) Balance with Government Authorities:		
(i) Cenvat credit receivable	923.56	1,480.69
(ii) Vat credit receivable	221.18	319.72
(iii) Service tax credit receivable	244.76	269.73
(d) Advance recoverable	226.23	300.18
Total	1,822.78	2,600.51

18 OTHER CURRENT ASSETS

(a) Others		
(i) Income and claims receivable	110.00	113.66
(ii) Interest accrued on deposits	16.22	8.19
Total	126.22	121.85

19 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

Notes forming part of the financial statements

Particulars	Year ended 31.03.2017 (₹ in lakhs)	Year ended 31.03.2016 (₹ in lakhs)
19 REVENUE FROM OPERATIONS (CONTD.)		
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
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

20 OTHER INCOME		
a) Interest income (Refer Note (i) below)	105.55	64.63
b) Dividend income:		
from long-term investments		
(i) Others	12.45	18.02
c) Other non-operating income		
(i) Rental and lease income	142.88	128.05
(ii) Agricultural income	14.00	9.65
(iii) Profit on sale of assets (Net)	15.58	13.86
(iv) Miscellaneous receipts refer Note No. 31	138.34	183.00
Total	428.80	417.21
Note:		
(i) Interest income:		
Interest on fixed deposit with banks	69.74	32.58
Interest on deposit with TNEB	35.81	32.05
Total - Interest income	105.55	64.63

Notes forming part of the financial statements

Particulars	Note No.	Year ended 31.03.2017 (₹ in lakhs)	Year ended 31.03.2016 (₹ in lakhs)
21-a COST OF MATERIALS CONSUMED			
Opening Stock:		3,941.55	5,122.55
Add: Purchases		47,149.75	43,579.87
Less: Closing Stock		4,514.48	3,941.55
Cost of material consumed		46,576.82	44,760.87
Material consumed comprises:			
Steel Strips, Wires, rods, bars		35,787.54	33,418.06
Blanks, 'O' Rings and others		6,831.00	7,244.33
Rubber and Chemicals		465.61	459.16
Packing Materials		3,492.67	3,639.32
Total		46,576.82	44,760.87

21-b PURCHASE OF STOCK IN TRADE			
Purchase of light commercial vehicle		4,212.14	3,738.32
Total		4,212.14	3,738.32

21-c CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE			
Inventories at the end of the year			
Finished goods		5,551.59	5,920.39
Work-in-progress		8,135.00	7,799.68
Stock-in-trade		615.67	618.00
Total		14,302.26	14,338.07
Inventories at the beginning of the year			
Finished goods		5,920.39	5,076.32
Work-in-progress		7,799.68	7,613.58
Stock-in-trade		618.00	995.85
Total		14,338.07	13,685.75
Net Decrease / (increase)		35.81	(652.32)

22 EMPLOYEE BENEFITS EXPENSES			
(a) Salaries and wages		15,187.51	13,292.41
(b) Contribution to provident and other funds		898.92	1,025.51
(c) Staff welfare expenses		929.51	849.57
Total		17,015.94	15,167.49

23 FINANCE COST			
(a) Interest expenses on borrowings:		1,288.59	1,471.07
(b) Other borrowing cost		111.03	177.21
Total		1,399.62	1,648.28

Notes forming part of the financial statements

Particulars	Note No.	Year ended 31.03.2017 (₹ in lakhs)	Year ended 31.03.2016 (₹ in lakhs)
24 OTHER EXPENSES			
(a) Consumption of stores and spare parts	25.7	9,087.13	8,938.91
(b) Processing charges		6,583.85	6,430.31
(c) Power and Fuel		4,946.65	4,790.26
(d) Rent including lease rentals	26.5	542.51	616.50
(e) Repairs & maintenance of			
(i) Buildings		160.32	190.00
(ii) Machinery		2,393.99	2,172.79
(iii) Other assets		526.85	512.25
(f) Insurance		70.86	92.13
(g) Rates and taxes		172.05	123.97
(h) Travelling and conveyance		806.96	795.80
(i) Printing and stationery		60.91	76.11
(j) Postage, telegram and telephone		164.14	170.55
(k) Freight, packing & forwarding		4,517.44	4,243.80
(l) Advertisement, publicity and selling expenses		363.18	302.21
(m) Trade discount		2,448.65	2,382.11
(n) Donations		20.06	0.26
(o) Expenditure on Corporate Social Responsibility		108.66	127.65
(p) Legal and professional charges		224.24	154.15
(q) Payments to auditors (Refer note (i) below)		19.25	18.00
(r) Provision for contingencies		300.00	135.00
(s) Assets condemned & written off		140.45	77.89
(t) Provision for doubtful debts/advances		(2.78)	(27.08)
(u) Loss on sale of Assets		11.70	0.76
(v) Loss on foreign currency transactions and translation		266.85	160.16
(w) Sales-tax, entry tax & octroi		106.91	199.63
(x) Sitting fees		8.40	9.15
(y) Watch and Ward		598.51	590.75
(z) Agricultural expenses		13.48	13.25
(aa) Miscellaneous expenses		87.38	120.70
		34,748.60	33,417.97
Note			
(i) Details of Auditors' remuneration:			
Payment to auditors comprises (net of service tax input credit wherever applicable)			
(a) To Statutory Auditors:			
For statutory audit		11.00	10.50
For taxation matters		4.00	3.50
For certification and other services		3.00	2.50
(b) To cost auditors for cost audit		1.25	1.50
Total		19.25	18.00

Notes forming part of the financial statements

Particulars	As at 31.03.2017 (₹ in lakhs)	As at 31.03.2016 (₹ in lakhs)
25.1 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:

Particulars	As at 31.03.2017 (₹ in lakhs)	As at 31.03.2016 (₹ 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

25.2 Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the Auditors.

Other disclosures are as under:

Sl. No.	Particulars	As at 31.03.2017 (₹ in lakhs)	As at 31.03.2016 (₹ in lakhs)
(i)	Principal amount remaining unpaid to any supplier as at end of the accounting year	139.01	171.62
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	NIL	NIL

Notes forming part of the financial statements

25.2 Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (Contd.)

Sl. No.	Particulars	As at 31.03.2017 (₹ in lakhs)	As at 31.03.2016 (₹ in lakhs)
(iii)	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the payment made to the supplier beyond the appointed day during the year.	NIL	NIL
(iv)	Amount of interest due and payable for the period of delay in making payment but without adding interest as specified in the Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL
(v)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	NIL	NIL
(vi)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the dues are actually paid for the purpose of disallowance under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL

25.3 Details on derivative instruments and unhedged foreign currency exposures:

- I. The following derivative positions are open as at 31st March, 2017. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may/may not qualify to be designated as hedging instruments. The accounting for these transactions are as stated in Notes 2.11.
 - (a) Forward exchange contracts and options (being derivative instruments), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

(i) Outstanding forward exchange contracts entered into by the Company as on 31st March, 2017

Currency	Amount ₹ in Lakhs	Buy/sell	Cross currency
EURO	- (6.00)	Sell	Rupees
USD	16.00 (-)	Sell	Rupees

Note: Figures in bracket relate to the previous year.

- (ii) With respect to those Forward contracts which are covered by the underlying assets, the unexpired premium as of 31st March, 2017 amounts to ₹ 7.18 lakhs (Previous year - ₹ 5.54 lakhs).

Notes forming part of the financial statements

25.3 Details on derivative instruments and unhedged foreign currency exposures: (Contd.)

iii. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below: (₹ in Lakhs)

As at 31.03.2017		As at 31.03.2016	
Currency	Receivable/(Payable) in Foreign currency	Currency	Receivable/ (Payable) in Foreign currency
USD	-	USD	13.61
USD	(15.26)	USD	(15.90)
EUR	11.20	EUR	9.13
EUR	(3.17)	EUR	(5.29)
JPY	-	JPY	-
JPY	(0.02)	JPY	(-)
GBP	0.68	GBP	0.07
GBP	(-)	GBP	(-)

Particulars	Year ended 31.03.2017 (₹ in lakhs)	Year ended 31.03.2016 (₹ in lakhs)
25.4. Value of imports calculated on CIF basis		
Raw Materials	3,617.05	4,313.77
Stores and Spares	242.17	215.47
Capital Goods	1,771.02	1,562.16
Total	5,630.24	6,091.40
25.5. Expenditure in foreign currency		
Travelling	82.60	54.53
Technical know-how fee	42.52	55.02
Interest	13.91	20.22
Others	62.58	16.29
Total	201.61	146.06
25.6. Details of consumption of imported and indigenous items	For the year ended 31.03.2017	
Material Consumed	Value	%
Imported	3,628.88	7.79
	(4,332.63)	(9.68)
Indigenous	42,947.94	92.21
	(40,428.24)	(90.32)
Total	46,576.82	100.00
	(44,760.87)	(100.00)
Spare Parts & Components:		
Imported	251.77	2.77
	(168.08)	(1.88)
Indigenous	8,835.36	97.23
	(8,770.83)	(98.12)
Total	9,087.13	100.00
	(8,938.91)	(100.00)

Note: Figures in bracket relate to the previous year.

Notes forming part of the financial statements

25.7. Earnings in foreign exchange

Particulars	Year ended	Year ended
	31.03.2017 (₹ in lakhs)	31.03.2016 (₹ in lakhs)
On account of Export of Goods at FOB value	9,783.99	8,406.60

25.8. a) Remuneration to Chairman cum Managing Director (CMD) and Deputy Managing Director (DMD) is included in Salary, Wages & Bonus: (₹ in lakhs)

Particulars	Year end 31.03.2017		Year end 31.03.2016	
	CMD	DMD	CMD	DMD
Salaries & Allowances	74.42	35.00	67.65	30.00
Commission	183.03	27.45	147.26	22.09
Contribution to Provident Fund	8.93	4.20	8.12	3.60
Total	266.38	66.65	223.03	55.69

Note: Provisions for / contributions to employee retirement benefits, which are based on actuarial valuations done for the Company as a whole, are excluded from the above.

b) Computation of net profit under section 198 of the Companies Act, 2013 and commission payable to the Chairman cum Managing Director and Deputy Managing Director:

Particulars	Year end	Year end
	31.03.2017 (₹ in lakhs)	31.03.2016 (₹ in lakhs)
Profit before tax	8,807.69	7,037.34
Add: Managerial remuneration (Refer Note)	333.03	278.72
Sitting fees to directors	8.40	9.15
Provision for doubtful debts/advances	(2.78)	(27.08)
Loss on Sales of Assets	11.70	0.76
Assets condemned and written off	140.45	77.89
Less: Profit on Sale of Assets/Investments	146.91	13.86
Net profit	9,151.58	7,362.93
Maximum remuneration payable to Chairman & Managing Director and Deputy Managing Director - 10% of the net profit	915.16	736.29
Commission payable @ 2% of Net Profit to CMD	183.03	147.26
Commission payable @ 0.30% of Net Profit to DMD	27.45	22.09

Note: The remuneration paid / payable to the Chairman cum Managing Director and Deputy Managing Director for the year is within the limits specified in Section 198 of the Companies Act, 2013.

25.9. Excise duty amounting to ₹ 119.73 Lakhs (Previous Year: ₹ 97.45 Lakhs) is included in the finished goods stock value, pending clearance from factories

Notes forming part of the financial statements

Particulars	Year ended 31.03.2017 (₹ in lakhs)	Year ended 31.03.2016 (₹ in lakhs)
26.1 Details of government grants		
Government grants received by the Company during the year towards		
Duty drawback and other export incentives	199.64	155.29
Total	199.64	155.29

26.2 Employee benefit plans

Defined Contribution plans:

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹ 669.85 Lakhs (Year ended 31 March, 2016 ₹ 715.75 Lakhs) for Provident Fund contributions and ₹ 11.26 Lakhs (Year ended 31 March, 2016 ₹ 8.61 Lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

State plans:

The Company makes ESI contributions to Employees State Insurance Scheme. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 163.74 Lakhs (Year ended 31 March, 2016 ₹ 150.43 Lakhs) in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Scheme.

Defined Benefit Plan - Gratuity:

The Company provides gratuity benefit (included as part of employees contribution to funds in Note 22 Employee benefits expense) to all eligible employees, which is funded with Life Insurance Corporation of India.

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Notes forming part of the financial statements

Particulars	Year ended 31.03.2017 (₹ in lakhs)	Year ended 31.03.2016 (₹ in lakhs)
Components of employer expenses		
Current service cost	74.80	131.71
Interest cost	114.48	103.23
Expected return on Plan Assets	(133.38)	(136.32)
Actuarial (gains) / losses	129.97	(1.07)
Past service cost		
Total expense recognized in Statement of Profit and Loss*	185.87	97.55
Actual contribution and the benefit payments for the year		
Actual benefit payments	(100.43)	(94.83)
Actual contribution	6.28	5.28
Net Asset/(Liability) recognized in the Balance Sheet		
Present value of benefit obligation	1,760.11	1,540.78
Fair value of plan assets	1,911.41	1,871.67
Funded Status [Surplus/(Deficit)] *	151.30	330.89
Unrecognised past service cost	-	-
Net Asset/(Liability) recognized in the Balance Sheet	151.30	330.89
Change in defined benefit obligations(DBO) during the year		
Present value of DBO at beginning of the year	1,540.78	1391.49
Current service cost	74.80	131.71
Interest cost	114.48	103.23
Actuarial (gain) / loss on obligation	130.48	9.18
Benefits paid	(100.43)	(94.83)
Present value of DBO at the end of the year	1,760.11	1,540.78
Change in the Fair Value of assets during the year		
Plan Assets at beginning of the year	1,871.67	1,814.65
Acquisition adjustment		
Expected return on Plan Assets	133.38	136.32
Contributions by the employer	6.28	5.28
Actuarial gain / (loss)	0.51	10.25
Benefits paid	(100.43)	(94.83)
Plan Assets at the end of the year	1,911.41	1,871.67
Reconciliation of Present Value (PV) of Obligation and Fair Value (FV) of Assets:		
Closing PV of Obligation	1,760.11	1,540.78
Closing FV of Plan Assets	1,911.41	1,871.67
Funded Status [Surplus/(Deficit)] *	151.30	330.89

* - Included under the head "Employee Benefits" in Schedule 22

Particulars	Year ended 31.03.2017 (₹ in lakhs)	Year ended 31.03.2016 (₹ in lakhs)
Composition of the Plan assets is as follows:		
Equity instruments	-	-
Debt instruments	-	-
Property	-	-
Insurer managed asset*	100%	100%

* - The details with respect to the composition of investments in the fair value of plan assets have not been disclosed in the absence of the aforesaid information.

Particulars	Year ended 31.03.2017 (₹ in lakhs)	Year ended 31.03.2016 (₹ in lakhs)
Actuarial assumptions		
Discount Rate (per annum)	7.31%	7.68%
Rate of increase in compensation levels (per annum)	11.00%	11.00%
Expected return on plan assets (per annum)	7.31%	7.68%

* - Included in "Contribution to Provident & Other Funds" in Note 22 - Employee Costs

Experience adjustments

₹ in Lakhs

	Year ended				
	31.03.17	31.03.16	31.03.15	31.03.14	31.03.13
Actuarial (Gains) and Losses on Obligation	130.48	9.18	387.69	50.78	62.00
Actuarial (Gains) and Losses due to change in Assumptions	-	-	-	-	-
Actuarial (Gains) and Losses on Plan assets	(0.51)	(10.25)	(350.00)	7.73	(9.52)
Total (Gain) / and Losses for the year	129.97	(1.07)	37.69	58.51	52.48
Actuarial (Gains) and Losses Recognised in the year	129.97	(1.07)	37.69	58.51	52.48
Unrecognised Actuarial (Gains) and Losses for the year	-	-	-	-	-

Note: (i) The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

(ii) The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

(iii) The Company is expected to contribute Rs. 250.00 Lakhs to the Gratuity Fund next year.

Notes forming part of the financial statements

26.3. 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%
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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%
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v) Key Management Personnel

a. Sri. B. Vijayakumar, Chairman cum Managing Director	b. Sri. P. Prabakaran, Deputy Managing Director
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vi) Relatives of Key Management Personnel

Relatives of Sri. B. Vijayakumar	
Wife : Smt. Vijayshree V.	Daughter : Smt. Rajsri Vijayakumar
Sons : Sri. V. Rajvirdhan	Daughter's Husband : Sri. Rajiv Parthasarathy
Sri. Nithin Karivardhan	Daughter's daughter : Minor. Samridhi 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.Rajsri Vijayakumar	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.Rajsri Vijayakumar	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.Rajsri Vijayakumar	1.72	12.33
Dividend Payment:		
Key managerial personnel:		
Sri.B.Vijayakumar	25.07	220.62
Relatives of key managerial personnel:		
Smt.Rajsri Vijayakumar	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

Notes forming part of the financial statements

Note	Particulars	As at 31.03.2017 (₹ in lakhs)	As at 31.03.2016 (₹ in lakhs)
26.4	Details of leasing arrangements		
	As Lessor		
26.4a	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	142.88	128.02
	As Lessee		
26.4b	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	542.51	616.50
26.5	Earnings per share		
	Basic & Diluted:		
	Continuing operations:		
	Net profit after tax from continuing operations - (₹ in lakhs)	6,155.36	5,745.36
	Profit attributable to Equity Shareholders - (₹ in lakhs) (A)	6,155.36	5,745.36
	Total number of Equity Shares outstanding at Balance Sheet date.	156,96,208	15,696,208
	Weighted average number of Equity Shares outstanding, considered for the purpose of computing Basic EPS (B)	156,96,208	15,696,208
	Nominal value of Equity Shares - In ₹	10	10
	Basic and Diluted Earnings Per Share-In ₹ (A/B)(Not annualized)	39.22	36.60
26.6	Deferred tax liability		
	Tax effect of items constituting deferred tax Liability:		
	On difference between book balance and tax balance of		
	Property, Plant & Equipments	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

Notes forming part of the financial statements

Note	Particulars	As at 31.03.2017 (₹ in lakhs)	As at 31.03.2016 (₹ in lakhs)
27	DETAILS OF R&D EXPENSES		
	1) Capital expenditure	194.08	46.65
	2) Salaries & wages	252.74	216.51
	3) Material costs	35.15	82.52
	4) Maintenance expenses	40.21	55.10
	5) Other expenses	54.61	74.98
		576.79	475.76

Note:

While the accounts of R & D department are maintained separately, for the purpose of presentation, the administrative and other expenses are clubbed alongwith other functional head of expenses and presented in the Statement of Profit and Loss.

28. 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	300.00	-	625.00
	(190.00)	(135.00)	-	(325.00)
Total	325.00	300.00	-	625.00
	(190.00)	(135.00)	-	(325.00)

Note: Figures in brackets relate to the previous year.

- 29 Since the Company prepares consolidated financial statements, segment information as revised by AS 17 "Segment Reporting" has been disclosed in consolidated financial statements.
30. 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.
31. 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.
32. 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.

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33. 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.
34. Exceptional item represents profit on sale of Land and Building.
35. 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

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		
Net Profit before Tax	8,807.69	7,037.34
Adjustments for		
Depreciation and amortization expense	4,922.90	4,309.37
Asset Condemned and written off	140.45	77.89
Profit on sale of asset (including shown as exceptional item)	(135.21)	(13.10)
Finance costs	1,399.62	1,648.28
Interest income	(105.55)	(64.63)
Dividend income	(12.45)	(18.02)
Provision for contingencies	300.00	135.00
Provision for doubtful trade receivables written back	(2.78)	(27.08)
Net unrealised foreign exchange loss	99.83	50.51
Operating profit before working capital changes	15,414.50	13,135.56
Changes in Working Capital		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(666.11)	308.08
Trade Receivables	(1,756.52)	(1,262.74)
Short term Loans and advances	777.73	(459.76)
Long term Loans and advances	(5.96)	(396.47)
Other Non- current assets	3.66	5.54
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade Payables	2,213.35	679.63
Long Term Provisions	211.19	-
Short Term Provisions	16.79	14.17
Other current Liabilities	17.55	261.50
	811.68	(850.05)
Cash generated from operations	16,226.18	12,285.51
Income tax paid, net of refunds received	(1,982.83)	(1,534.38)
Net Cash from operating activities (A)	14,243.35	10,751.13
B. Cash flow from Investing activities		
Capital expenditure, including capital advances	(8,057.06)	(7,632.87)
Proceeds from sale of fixed assets	196.02	48.45
Purchase of Investments	-	(173.73)
Bank balances not considered as Cash and cash equivalents	24.93	(291.99)
Dividend received		
From associates	-	5.43
From others	12.45	12.59
Interest received		
From others	97.53	60.75
Net cash used in Investing activities (B)	(7,726.13)	(7,971.37)

Cash Flow Statement for the year ended 31.03.2017

PARTICULARS	31.03.2017 (₹ in Lakhs)	31.03.2016 (₹ in Lakhs)
C. Cash flow from financing activities		
Proceeds of Long Term Borrowings	1,612.39	4,385.45
Repayment of Long term borrowings	(2,683.94)	(2,722.22)
Proceeds of Short Term Borrowings (Net)	(3,119.84)	(1,454.53)
Interest paid	(1,338.08)	(1,586.76)
Dividend paid, including Dividend Distribution Tax	(214.58)	(1,634.01)
Net cash used in financing activities (C)	(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
Reconciliation of Cash and cash equivalent with the Balance Sheet		
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR comprises		
(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	-
	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 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.

Coimbatore
06.05.2017

For **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 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

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

P. PRABAKARAN
 Deputy Managing Director
 DIN : 01709564

M. LAKSHMI KANTH JOSHI
 General Manager cum Company Secretary

N. RENGARAJ
 Chief Financial Officer

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)			
a. Basic	26.5	42.35	40.45
b. 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 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, Uttrakhand, Karnataka, Hariyana 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

taxes, duties, freight and attributable finance costs till such assets are ready for its intended use.

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 Consolidated financial statements

Particulars	As at 31.03.2017		As at 31.03.2016	
	Number of Shares	₹ in lakhs	Number of Shares	₹ in lakhs
3 SHARE CAPITAL				
(a) Authorised				
Equity Shares of ₹ 10/- each with voting rights	20,000,000	2,000.00	20,000,000	2,000.00
	20,000,000	2,000.00	20,000,000	2,000.00
(b) Issued				
Equity Shares of ₹ 10/- each with voting rights	15,696,208	1,569.62	15,696,208	1,569.62
	15,696,208	1,569.62	15,696,208	1,569.62
(c) Subscribed and fully paid-up				
Equity Shares of ₹ 10/- each with voting rights	15,696,208	1,569.62	15,696,208	1,569.62
Total	15,696,208	1,569.62	15,696,208	1,569.62

3 (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening balance	Fresh Issue	Bonus/ ESOP	Conversion/ Buyback	Closing balance
Equity Shares with voting rights					
Year ended 31st March, 2017					
Number of shares	15,696,208	-	-	-	15,696,208
Amount (₹ in lakhs)	1,569.62	-	-	-	1,569.62
Year ended 31st March, 2016					
Number of shares	15,696,208	-	-	-	15,696,208
Amount (₹ in lakhs)	1,569.62	-	-	-	1,569.62

3 (ii) Details of shares held by each shareholder holding more than 5% shares

Name of the Shareholder	As at 31 March 2017		As at 31 March 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares with voting rights				
B. Vijayakumar	2,507,000	15.97	2,507,000	15.97
V. Rajvirdhan	2,198,586	14.01	2,198,586	14.01
Rajsri Vijayakumar	1,089,576	6.94	1,089,576	6.94
Reliance Capital Trustees Co. Ltd A/c. Reliance Small Cap Fund	977,643	6.23	966,672	6.16
LGB Auto Products (P) Ltd	875,000	5.57	862,500	5.49

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2017 ₹ in lakhs	As at 31.03.2016 ₹ in lakhs
4 RESERVES AND SURPLUS		
(a) Capital Reserve		
Opening balance	30.00	30.00
Closing balance	30.00	30.00
(b) Securities premium account:		
Opening balance	3,100.61	3,100.61
Closing balance	3,100.61	3,100.61
(c) Revaluation reserve (Land)		
Opening balance	249.61	249.61
(On account of acquisition of M/s.L.G.B.Industries Limited in 1998-138.91)		
(On account of revaluation of land held by BCW V Tech India (P) Ltd-110.70)		
Less: Adjusted against cost of land (Refer note No.29)	205.17	-
Less: Transferred to Statement of Profit and Loss Account (Refer note No.28)		44.44
Closing balance	-	249.61
(d) General reserve		
Opening balance	30,788.71	26,288.71
Add: Transfer from surplus in Statement of Profit and Loss	4,500.00	4,500.00
Closing balance	35,288.71	30,788.71
(e) Foreign Currency Translation Reserve		
Opening balance	(97.23)	(46.06)
Add: Adjustment for translation of Non integral Foreign operations	107.66	(51.17)
Closing balance	10.43	(97.23)
(f) Surplus in Statement of Profit and Loss		
Opening balance	5,988.39	5,272.24
Add: Profit for the year ended	6,647.85	6,349.65
Less: Interim Dividend and Tax	-	784.82
Dividend proposed to be distributed to equity shareholders (Previous year) ₹ 1.00 per share; (Refer note No.27)	-	156.96
Tax on Dividend	-	191.72
Transferred to:		
General reserve	4,500.00	4,500.00
Closing balance	8,136.24	5,988.39
Total	46,565.99	40,060.09

Notes forming part of the Consolidated financial statements

Particulars	As at	
	31.03.2017 ₹ in lakhs	31.03.2016 ₹ in lakhs
5 LONG-TERM BORROWINGS		
(a) Term loans : (Refer Note (i) below)		
From banks		
Secured	5,284.76	8,188.62
Others	-	-
(b) Fixed deposits:		
From other parties		
Unsecured	253.09	143.95
From related parties		
Unsecured	3,620.00	1,155.00
Total	9,157.85	9,487.57

Notes:
5 (i) Details of Security for Long Term Borrowings:

- (a) Term Loans from banks are secured by hypothecation of Plant and Machineries and are collaterally secured by equitable mortgage by deposit of title deeds of immovable properties of Chakkan Plant and Jalna Plant.
- (b) Interest rate relating to Term loans from banks is in the range of 9.10% to 9.75% during the year
- (c) The Term Loan from The National Huntington Bank is secured by substantially all assets of the GFM LLC (subsidiary) and bears interest rate @ 1 month Libor + 2.75% (3.52% at December' 2016)

5 (ii) Repayment schedule

(₹ in lakhs)

Particulars	As at		As at	
	31.03.2017		31.03.2016	
	Secured	Unsecured	Secured	Unsecured
(a) Term loan from banks:				
ICICI Bank	1,875.00	-	3,375.00	-
(Term of repayment : Repayable in 20 quarterly instalments of ₹ 375 Lakhs from July'14)				
Hongkong and Shanghai Banking Corporation Ltd	1,250.00	-	1,875.00	-
(Term of repayment : Repayable in 16 quarterly instalments of ₹ 156.25 Lakhs from May'16)				
HDFC Bank Ltd	888.88	-	1,333.34	-
(Term of repayment : Repayable in 18 quarterly instalments of ₹ 55.56 Lakhs from Dec'15)				
The Huntington National Bank	483.47	-	799.65	-
(Term of repayment : Repayable in 48 monthly instalments of \$8980 from Dec'13)				
The Huntington National Bank	787.40	-	805.63	-
(Term of repayment : Repayable in 60 monthly instalments of \$7393 from Dec'13)				
Total - Term loans from banks	5,284.76	-	8,188.62	-

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2017 (₹ in lakhs)		As at 31.03.2016 (₹ in lakhs)	
	Secured	Unsecured	Secured	Unsecured
5 (ii) Repayment schedule (Contd.)				
(b) Fixed Deposits:				
From other parties		253.09		143.95
Total - deposits from others		253.09		143.95
From related parties				
Sri.B.Vijayakumar		700.00		540.00
Sri.V.Rajvirdhan		460.00		-
Smt.Rajsri Vijayakumar		150.00		-
Minor.Samridhi Andal Rajiv		285.00		285.00
Minor.Vidhur Narayanan Rajiv		285.00		285.00
Sri.P.Prabakaran		70.00		-
Mrs.D.Maheswari		10.00		5.00
M/s.L.G.Sports Ltd		900.00		-
M/s.Silient Chain India (P) Limited		80.00		40.00
M/s.L.G.Farm Products (P) Limited		230.00		-
M/s.Elgi Automotive Services (P) Limited		50.00		-
M/s.L.G.B.Auto Products (P) Limited		200.00		-
M/s.Super Speeds (P) Limited		115.00		-
M/s.Super Transports (P) Limited		85.00		-
Total - deposits from related parties		3,620.00		1,155.00
Total - Long-term borrowings	5,284.75	3,873.09	8,188.62	1,298.95

- 5 (iii) a. There was no default in the repayment of the loans and interest during the year
b. Interest rate relating to Fixed Deposits is in the range of 8.00% to 9.50%

Particulars	As at 31.03.2017 (₹ in lakhs)	As at 31.03.2016 (₹ in lakhs)
6 LONG-TERM PROVISIONS		
(i) Provisions for contingencies (Refer Note No.26.7)	625.00	325.00
(ii) Others - Provision for Compensated absence)	211.19	-
	836.19	325.00
7 SHORT-TERM BORROWINGS		
(a) Loan repayable on demand		
From banks - Secured	-	2,764.88
(b) From Financial Institutions-Unsecured	-	500.00
(c) Loan from Directors - Unsecured	478.00	1,151.00
(d) Loan from Inter corporates-Unsecured	106.00	30.00
	584.00	4,445.88

- 7 (i) **Details of security for short-term borrowings:**
a) Working capital loans from banks are primarily secured by hypothecation of inventories and book debts of the Company
b) Interest rate relating to Short Term loans from banks is in the range of 9.10% to 9.75%

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2017 (₹ in lakhs)		As at 31.03.2016 (₹ in lakhs)	
	Secured	Unsecured	Secured	Unsecured
7 (ii) Loan repayable on Demand				
From Banks				
Axis Bank Ltd	-		(1.60)	
Corporation Bank	-		(33.12)	
HDFC Bank Ltd	-		981.73	
ICICI Bank Ltd	-		154.97	
Indusind Bank Ltd	-		(1.72)	
IDBI Bank Ltd	-		(77.42)	
Hongkong and Shanghai Banking Corporation Ltd	-		1,000.00	
The Huntington National Bank	-		742.04	
Total - Loan from banks	-		2,764.88	-
Loan from financial institution				
M/s. Bajaj Finance Limited		-		500.00
		-		500.00
Loan from Directors				
Mr. B. Vijayakumar	-	465.00		726.00
Mr. V. Rajvirdhan	-	13.00		275.00
Smt. Rajsri Vijayakumar	-	-		150.00
Total - Loan from Directors	-	478.00		1,151.00
Loan from inter corporates				
M/s. Tribe Investments and Services (P) Ltd		20.00		20.00
M/s. Elgi Automotive Services (P) Limited		86.00		10.00
Total - Loan from inter corporates		106.00		30.00
Total - Short-term borrowings	-	584.00	2,764.88	1,681.00

7 (iii) Note: There was no default in the repayment of loans, and interest during the year.

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2017 ₹ in lakhs	As at 31.03.2016 ₹ in lakhs
8 OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term debt (Refer Note (i) below)	3,698.33	3,861.67
(b) Interest accrued but not due on unsecured loans	23.86	28.68
(c) Interest accrued but not due on secured loans	78.53	16.15
(d) Interest accrued on deposits from customers	37.49	33.29
(e) Unpaid bond interest	-	0.22
(f) Unclaimed dividends (Refer Note (ii) below)	55.30	80.96
(g) Other payables:		
(i) Statutory remittances	1,197.49	1,329.84
(ii) Payable on purchase of fixed assets	1,249.48	1,742.82
(iii) Advance and deposits from customers	948.59	791.45
Total	7,289.07	7,885.08

Note :
8 (i) Current maturities of Long-term debt:

Refer Note 5(i) for the details of Securities

Term Loan		
From Banks - Secured	3,688.08	2,775.17
Total - Term Loan from banks	3,688.08	2,775.17
Fixed Deposits:		
From Related - Unsecured		
LG Farm Products Private Limited	-	200.00
L.G.B Auto Products (P) Ltd	-	200.00
Super Speeds (P) Ltd	-	105.00
LG Sports Ltd	-	575.00
Total - from related parties	-	1080.00
From others - unsecured	10.25	6.50
Total - deposit from others	10.25	6.50
Total - Current maturities of Long-term debt	3,698.33	3,861.67

8(ii) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

9 SHORT TERM PROVISIONS

(a) Provision - others:		
(i) Provision for proposed equity Dividend	-	156.96
(ii) Provision for tax on proposed equity Dividend	-	31.95
(iii) Others	30.96	14.17
Total	30.96	203.08

Notes forming part of the consolidated financial statements

₹ in Lakhs

Description of Assets	GROSS BLOCK					ACCUMULATED DEPRECIATION AND IMPAIRMENT					NET BLOCK	
	Balance as at 01.04.2016	Additions	Disposals	Other Adjustments	Balance as at 31.03.2017	Balance as at 01.04.2016	Amortisation expense for the year	Eliminated on Disposal of Assets	Other Adjustments	Balance as at 31.03.2017	Balance as at 31 March, 2017	Balance as at 31 March, 2016
A. TANGIBLE ASSETS:												
(a) Land												
Free Hold	2,766.42 (2,528.82)	- (237.60)	205.53	-	2,560.89 (2,766.42)	-	-	-	-	-	2,560.89 (2,766.42)	2,766.42 (2,528.82)
Lease Hold	534.31 (534.31)	1,328.70	-	-	1,863.01 (534.31)	29.37 (23.62)	5.74 (5.75)	-	-	35.11 (29.37)	1,827.90 (505.14)	505.14 (510.69)
(b) Buildings												
Own use	10,923.92 (8,760.15)	910.97 (2,201.04)	17.58 (37.28)	-	11,817.31 (10,923.92)	2,894.55 (2,398.61)	578.19 (505.81)	6.92 (10.03)	-	3,465.82 (2,894.55)	8,351.49 (8,029.37)	8,029.37 (6,361.54)
Given under operating Lease	7.39 (7.39)	-	-	-	7.39 (7.39)	3.42 (2.94)	0.43 (0.48)	-	-	3.85 (3.42)	3.54 (3.97)	3.97 (4.45)
(c) Plant and Equipment												
Owned	46,832.93 (39,989.91)	5,250.37 (7,225.17)	1,543.40 (382.15)	40.30	50,580.19 (46,832.93)	24,334.68 (20,985.97)	4,078.35 (3,529.42)	1,335.27 (315.32)	-	27,077.76 (24,334.68)	23,502.44 (22,498.07)	22,498.07 (19,003.94)
Given under operating Lease	379.60 (288.54)	-	12.91 (1.83)	(40.30)	326.39 (379.60)	171.00 (245.87)	28.41 (61.84)	12.13 (1.87)	-	187.28 (171.00)	139.11 (208.60)	208.60 (42.67)
(d) Furniture and Fixtures												
Owned	443.37 (335.89)	69.36 (110.77)	3.32 (3.30)	-	509.41 (443.37)	273.80 (232.15)	55.96 (44.31)	3.01 (2.66)	-	326.75 (273.80)	182.65 (169.57)	169.57 (103.75)
(e) Vehicles												
Owned	391.03 (321.71)	60.07 (96.87)	34.84 (27.55)	-	416.13 (391.03)	116.53 (98.85)	46.20 (38.07)	8.57 (20.39)	-	154.16 (116.53)	262.11 (274.50)	274.50 (222.86)
(f) Office equipment												
Owned	277.35 (240.27)	39.39 (42.46)	5.34 (5.38)	-	311.40 (277.35)	124.72 (90.72)	39.16 (37.74)	4.58 (3.74)	-	159.30 (124.72)	152.10 (152.64)	152.64 (149.56)
(g) Electrical Fittings												
Owned	1,930.92 (1,479.78)	269.76 (456.73)	22.26 (5.59)	-	2,178.42 (1,930.92)	1,066.92 (962.15)	131.29 (109.67)	19.24 (4.90)	-	1,178.97 (1,066.92)	999.45 (864.00)	864.00 (517.63)
(h) Other Assets												
Owned	1,895.97 (1,530.48)	273.00 (523.25)	27.57 (157.75)	-	2,141.40 (1,895.97)	1,026.55 (1,015.46)	196.09 (161.54)	25.21 (150.86)	-	1,197.42 (1,026.14)	944.37 (869.84)	869.84 (515.02)
Total	66,383.20	8,201.62	1,872.75	-	72,712.08	30,041.13	5,159.82	1,414.93	-	33,786.02	38,926.05	36,342.07
Previous Year	(56,017.26)	(10,986.78)	(620.84)	-	(66,383.20)	(26,056.34)	(4,494.61)	(509.80)	-	(30,041.13)	(36,342.07)	(29,960.93)

Notes forming part of the consolidated financial statements											
₹ in Lakhs											
10. PROPERTY, PLANT & EQUIPMENTS (CONTD.)											
Description of Assets	GROSS BLOCK					ACCUMULATED DEPRECIATION AND IMPAIRMENT				NET BLOCK	
	Balance as at 01.04.2016	Additions	Disposals	Other Adjustments	Balance as at 31.03.2017	Balance as at 01.04.2016	Depreciation/expense for the year	Eliminated on Disposal of Assets	Other Adjustments	Balance as at 31.03.2017	Balance as at 31 March, 2016
B. INTANGIBLE ASSETS:											
(a) Computer Software	580.21 (535.92)	46.69 (49.48)	- (5.19)	-	626.90 (580.21)	495.40 (450.89)	51.13 (49.10)	- (4.59)	-	546.53 (495.40)	84.80 (85.03)
(b) Technical Know how	795.10 (734.08)	47.41 (61.02)	-	-	842.51 (795.10)	542.63 (493.32)	58.13 (49.31)	-	-	600.76 (542.63)	252.47 (240.76)
Total	1375.31	94.10	-	-	1469.41	1038.03	109.26	-	-	322.12	337.27
Previous Year	(1,270.00)	(110.50)	(5.19)	-	(1,375.31)	(944.21)	(98.41)	(4.59)	-	(1,038.03)	(325.79)
Particulars										As at 31.03.2017	As at 31.03.2016
C) Depreciation and amortisation relating to continuing operations:											
Depreciation for the year on tangible assets as per note 10 A										5,159.82	4,494.61
Amortisation for the year on intangible assets as per note 10 B										109.26	98.41
Total										5,269.08	4,593.02

Notes forming part of the financial statements
11. NON-CURRENT INVESTMENT

(₹ in lakhs)

Particulars	As at 31st March 2017				As at 31st March 2016			
	Number of Shares	Quoted	Un Quoted	Total	Number of Shares	Quoted	Un Quoted	Total
Investments (At Cost)								
A) Trade								
(a) Investment in Equity instruments:								
(i) Associate:								
Renold Chain India P Ltd	10250000	-	1160.86	1160.85	10250000	-	1055.61	1055.61
(iii) Others:								
Supreme Rubber Reclaimers Ltd	50	0.01	-	0.01	50	0.01	-	0.01
Bharath Rubber Regenerating Co. Ltd	200	-	-	-	200	-	-	-
Elgi Equipments Ltd	1,229,706	112.50	-	112.50	1,229,706	112.50	-	112.50
LGB Forge Limited	29000000	612.88	-	612.88	29000000	612.88	-	612.88
Silent Chain India (P) Limited	770	-	0.15	0.15	770	-	0.15	0.15
LG Farm Products (P) Ltd	10000	-	1.00	1.00	10000	-	1.00	1.00
South Western Engineering India Limited	537	-	65.52	65.52	537	-	65.52	65.52
B. Non-trade								
(a) Investment in Equity instruments:								
(i) Others:								
Super Spinning Mills Ltd	10000	0.01	-	0.01	10000	0.01	-	0.01
Tube Investments of India Ltd	1100	0.01	-	0.01	1100	0.01	-	0.01
Corporation Bank	2400	1.92	-	1.92	2400	1.92	-	1.92
Tata Refractory Ltd	5000	-	2.01	2.01	5000	-	2.01	2.01
Co-operative Society Ltd, Mumbai	5	-	-	-	5	-	-	-
Kaveri Steels Ltd	100	-	-	-	100	-	-	-
		727.33	1,229.54	1,956.86		727.33	1,124.29	1,851.62

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Aggregate amount of quoted investments	727.33	727.33
Aggregate market value of the listed and quoted investments	4,748.78	3,220.15
Aggregate value of unquoted investments	1,229.54	1,124.29

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2017 (₹ in lakhs)	As at 31.03.2016 (₹ in lakhs)
12 LONG-TERM LOANS AND ADVANCES UNSECURED, CONSIDERED GOOD		
(a) Capital advance	246.24	289.82
(b) Security and other deposits	823.33	633.29
(c) Advance income-tax (net of provision ₹ 9817.49 Lakhs) (As at 31.03.2016 ₹ 9832.71 Lakhs)	15.50	498.05
(d) Mat credit entitlement	46.51	786.23
(e) Other loans and advances		
(i) Advance recoverable	279.09	370.43
(ii) Rent and other advances	250.08	342.80
Total	1,660.75	2,920.62
13 OTHER NON-CURRENT ASSETS		
(a) Unamortised expenses		
(i) Ancillary Borrowing cost	2.52	5.17
(ii) Income and Claim Receivable	37.83	37.83
Total	40.35	43.00
14 INVENTORIES		
(At Lower of cost and net realisable value)		
Raw Materials	4,537.73	3,954.94
Work-in-progress (Refer Note (i))	8,578.91	8,247.21
Finished products (Refer Note (ii))	5,878.46	6,321.55
Stock-in-trade (acquired for trading)	384.09	368.29
Goods in Transit	231.57	249.53
Others		
(i) Packing materials	289.07	270.42
(ii) Stores & spares	1,800.08	1,867.01
(iii) Loose tools	1,557.90	1,506.51
(iv) Agricultural produce	0.67	2.52
Total	23,258.48	22,787.98

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2017 (₹ in lakhs)	As at 31.03.2016 (₹ in lakhs)
14 INVENTORIES (CONTD.)		
Notes:		
14(i) Details of inventory of work-in-progress		
Transmission	5,561.95	5,523.75
Metal forming	2,564.66	2,268.85
Others	452.30	454.61
Total	<u>8,578.91</u>	<u>8,247.21</u>
(ii) Details of inventory of (Finished goods)		
Transmission	4,731.46	5,163.90
Metal forming	820.09	756.46
Others	326.91	401.19
Total	<u>5,878.46</u>	<u>6,321.55</u>
15 TRADE RECEIVABLE		
(a) Trade Receivable outstanding for a period exceeding six months from the date they were due for payment		
(i) Unsecured, considered good	155.52	168.00
(ii) Unsecured, considered doubtful	73.50	75.48
Less: Provision for doubtful trade receivables	73.50	75.48
-	-	-
(b) Other Trade receivable		
(i) Unsecured, considered good	17,394.60	15,084.48
(ii) Doubtful	39.19	39.99
Less: Provision for doubtful trade receivables	39.19	39.99
-	-	-
Total	<u>17,550.12</u>	<u>15,252.48</u>
Note:		
15(i) Trade Receivable include debt due from		
Private companies in which any		
Director is a Director:		
Super Speeds (P) Limited	0.23	0.29
Silent Chain India (P) Limited	-	0.08
Super Transport (P) Limited	0.08	0.25
Renold Chain India (P) Limited	145.47	177.99
Total	<u>145.78</u>	<u>178.36</u>

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2017 (₹ in lakhs)	As at 31.03.2016 (₹ in lakhs)
16 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 Equivalent (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

17 SHORT-TERM LOANS AND ADVANCES (UNSECURED AND CONSIDERED GOOD)

a) Loans and advances to employees	49.19	63.27
b) Prepaid expenses	169.10	184.67
c) Balance with govt authorities:		
(i) Cenvat credit receivable	946.95	1,506.95
(ii) Vat credit receivable	296.64	363.40
(iii) Service tax credit receivable	267.86	295.86
d) Advance recoverable	233.30	300.18
Total	1,963.04	2,714.33

18 OTHER CURRENT ASSETS

(a) Others		
(i) Income and claims receivable	333.93	559.10
(ii) Interest accrued on Deposits	16.22	8.19
Total	350.15	567.29

Notes forming part of the Consolidated financial statements

Particulars	Year ended 31.03.2017 (₹ in lakhs)	Year ended 31.03.2016 (₹ in lakhs)
19 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
20 OTHER INCOME		
a) Interest income (Refer Note (i) below)	105.55	64.63
b) Dividend income: from long-term investments		
(i) Associates	-	-
(ii) Others	486.60	18.02
c) Other non-operating income		
(i) Rental and lease income	104.34	101.44
(ii) Agricultural income	14.00	9.65
(iii) Profit on sale of assets	13.34	15.36
(iv) Miscellaneous receipts	138.35	183.00
Total	862.18	392.10

Notes forming part of the Consolidated financial statements

Particulars	Year ended 31.03.2017 (₹ in lakhs)	Year ended 31.03.2016 (₹ in lakhs)
Note : (i) Interest Income		
Interest on fixed deposit with banks	69.74	32.58
Interest on deposit with TNEB	35.81	32.05
Total - Interest income	105.55	64.63

(ii) Profit on sale of assets includes exceptional item - Profit on sale of Land and Building - Rs. 131.33 Lakhs

21a COST OF MATERIALS CONSUMED		
Opening Stock:	4,225.36	5,519.08
Add: Purchases	52,377.71	49,326.06
Less: Closing Stock	4,826.80	4,225.36
Cost of material consumed	51,776.27	50,619.78
Material consumed comprises:		
Steel Strips, Wires, rods, bars	35,787.54	33,418.06
Blanks, 'O' Rings and others	12,019.63	13,091.38
Rubber and Chemicals	465.61	459.16
Packing Materials	3,503.49	3,651.18
Total	51,776.27	50,619.78

21b PURCHASE OF TRADED GOODS		
Purchase of light commercial vehicle	4,212.14	3,738.32
Total	4,212.14	3,738.32

21c CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Inventories at the end of the year ended		
Finished goods	5,878.46	6,321.55
Work-in-progress	8,578.91	8,247.21
Stock-in-trade	615.66	618.00
Total	15,073.03	15,186.76
Inventories at the beginning of the year ended		
Finished goods	6,321.55	5,281.53
Work-in-progress	8,247.21	8,239.29
Stock-in-trade	618.00	995.85
Total	15,186.76	14,516.67
Net (increase)/ decrease	113.73	(670.09)

22 EMPLOYEE BENEFITS EXPENSES		
(a) Salaries and wages	17,177.42	15,181.16
(b) Contribution to provident and other funds	1,046.07	1,159.92
(c) Staff welfare expenses	1,061.11	969.06
Total	19,284.60	17,310.14

Notes forming part of the Consolidated financial statements

Particulars	Year ended 31.03.2017 (₹ in lakhs)	Year ended 31.03.2016 (₹ in lakhs)
23 FINANCE COST		
(a) Interest expenses:		
(i) On borrowings:	1,427.73	1,599.73
(b) Other borrowing cost	125.62	189.19
Total	1,553.35	1,788.92
24 OTHER EXPENSES		
(a) Consumption of stores and spare parts	9,532.91	9,380.67
(b) Processing charges	6,557.51	6,450.33
(c) Power and Fuel	5,159.97	5,047.07
(d) Rent including lease rentals (Refer note No. 26.4)	543.24	624.36
(e) Repairs & maintenance of		
(i) Buildings	160.32	190.00
(ii) Machinery	2,405.13	2,190.15
(iii) Other assets	989.95	896.19
(f) Insurance	386.77	381.02
(g) Rates and taxes	231.91	157.42
(h) Travelling and conveyance	871.37	868.25
(i) Printing and stationery	61.27	76.61
(j) Postage, telegram and telephones	185.12	191.93
(k) Freight, packing & forwarding	4,550.64	4,329.23
(l) Advertisement, publicity and selling expenses	519.48	504.47
(m) Trade discount	2,892.75	2,840.96
(n) Donations	20.06	0.26
(o) Expenditure on Corporate Social Responsibility	108.66	127.65
(p) Legal and professional charges	264.97	191.14
(q) Payments to auditors (Refer note (i) below)	28.14	18.39
(r) Provision for contingencies	300.00	135.00
(s) Assets condemned & written off	140.45	78.01
(t) Provision for doubtful debts/advances	(2.78)	(27.08)
(u) Loss on sale of Assets	11.70	0.76
(v) Loss on foreign currency transactions and translation	307.21	135.62
(w) Sales-tax, entry tax & octroi	106.91	199.63
(x) Sitting fees	8.40	9.15
(y) Watch and Ward	608.93	599.60
(z) Agricultural expenses	13.48	13.25
(aa) Miscellaneous expenses	127.86	154.38
(ab) Preliminary expenses written off	-	0.19
	37,092.33	35,764.64
Note		
(i) Payment to auditors comprises (net of service tax input credit wherever applicable)		
(a) To Statutory Auditors :		
For statutory audit	19.89	10.89
For taxation matters	4.00	3.50
For certification and other services	3.00	2.50
(b) To cost auditors for cost audit	1.25	1.50
Total	28.14	18.39

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2017 (₹ in lakhs)	As at 31.03.2016 (₹ in lakhs)
25 ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT		
25.1 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:

Particulars	As at 31.03.2017 (₹ in lakhs)	As at 31.03.2016 (₹ 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

26.1 Employee benefit plans
Defined Contribution plans

The Group makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognised ₹ 683.12 Lakhs (Year ended 31 March, 2016 ₹ 727.51 Lakhs) for Provident Fund contributions and ₹ 11.26 Lakhs (Year ended 31 March, 2016 ₹ 8.61 Lakhs) for Superannuation Fund contributions in the Consolidated Statement of Profit and Loss. The contributions payable to these plans by the Group are at rates specified in the rules of the Schemes.

State plans:

The Company makes ESI contributions to Employees State Insurance Scheme. Under the Scheme, the Company is required to contribute a specified percentage of the payroll to fund the benefits. The Company recognised Rs 168.97 Lakhs (Year ended 31 March, 2016 Rs.156.12 Lakhs) in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Scheme.

Defined Benefit Plan - Gratuity:

The Company provides gratuity benefit (included as part of employees contribution to funds in Note 22 Employee benefits expense) to all eligible employees, which is funded with Life Insurance Corporation of India.

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Notes forming part of the financial statements

Particulars	Year ended 31.03.2017 (₹ in lakhs)	Year ended 31.03.2016 (₹ in lakhs)
Components of employer expenses		
Current service cost	74.80	131.71
Interest cost	114.48	103.23
Expected return on Plan Assets	(133.38)	(136.32)
Actuarial (gains) / losses	129.97	(1.07)
Past service cost		
Total expense recognized in Statement of Profit and Loss*	185.87	97.55
Actual contribution and the benefit payments for the year		
Actual benefit payments	(100.43)	(94.83)
Actual contribution	6.28	5.28
Net Asset/(Liability) recognized in the Balance Sheet		
Present value of benefit obligation	1,760.11	1,540.78
Fair value of plan assets	1,911.41	1,871.67
Funded Status [Surplus/(Deficit)] *	151.30	330.89
Unrecognised past service cost	-	-
Net Asset/(Liability) recognized in the Balance Sheet	151.30	330.89
Change in defined benefit obligations(DBO) during the year		
Present value of DBO at beginning of the year	1,540.78	1391.49
Current service cost	74.80	131.71
Interest cost	114.48	103.23
Actuarial (gain) / loss on obligation	130.48	9.18
Benefits paid	(100.43)	(94.83)
Present value of DBO at the end of the year	1,760.11	1,540.78
Change in the Fair Value of assets during the year		
Plan Assets at beginning of the year	1,871.67	1,814.65
Acquisition adjustment		
Expected return on Plan Assets	133.38	136.32
Contributions by the employer	6.28	5.28
Actuarial gain / (loss)	0.51	10.25
Benefits paid	(100.43)	(94.83)
Plan Assets at the end of the year	1,911.41	1,871.67
Reconciliation of Present Value (PV) of Obligation and Fair Value (FV) of Assets:		
Closing PV of Obligation	1,760.11	1,540.78
Closing FV of Plan Assets	1,911.41	1,871.67
Funded Status [Surplus/(Deficit)] *	151.30	330.89

* - Included under the head "Employee Benefits" in Schedule 22

Particulars	Year ended 31.03.2017 (₹ in lakhs)	Year ended 31.03.2016 (₹ in lakhs)
Composition of the Plan assets is as follows:		
Equity instruments	-	-
Debt instruments	-	-
Property	-	-
Insurer managed asset*	100%	100%

* - The details with respect to the composition of investments in the fair value of plan assets have not been disclosed in the absence of the aforesaid information.

Particulars	Year ended 31.03.2017 (₹ in lakhs)	Year ended 31.03.2016 (₹ in lakhs)
Actuarial assumptions		
Discount Rate (per annum)	7.31%	7.68%
Rate of increase in compensation levels (per annum)	11.00%	11.00%
Expected return on plan assets (per annum)	7.31%	7.68%

* - Included in “Contribution to Provident & Other Funds”
in Note 22 - Employee Costs

Experience adjustments

	31.03.2017	31.03.2016	31.03.215	31.03.2014	31.03.2013
Actuarial (Gains) and Losses on Obligation	130.48	9.18	387.69	50.78	62.00
Actuarial (Gains) and Losses due to change in Assumptions	-	-	-	-	-
Actuarial (Gains) and Losses on Plan assets	(0.51)	(10.25)	(350.00)	7.73	(9.52)
Total (Gain) / and Losses for the year	129.97	(1.07)	37.69	58.51	52.48
Actuarial (Gains) and Losses Recognised in the year	129.97	(1.07)	37.69	58.51	52.48
Unrecognised Actuarial (Gains) and Losses for the year	-	-	-	-	-

Note: (i) The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

(ii) The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

(iii) The Company is expected to contribute Rs.250.00 Lakhs to the Gratuity Fund next year.

Notes forming part of the Consolidated financial statements

26.2. **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) **Associate**

Renold Chain India Private Limited - 25%
--

iii) **Key Management Personnel**

a. Sri. B. Vijayakumar, Chairman & Managing Director	b. Sri. P. Prabakaran, Deputy Managing Director
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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 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 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.Rajsri Vijayakumar	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.Rajsri Vijayakumar	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.Rajsri Vijayakumar	1.72	12.33
DIVIDEND PAYMENT:		
Key managerial personnel:		
Sri.B.Vijayakumar	25.07	220.62
Relatives of key managerial personnel:		
Smt.Rajsri Vijayakumar	10.90	95.88
Sri.V.Rajvirdhan	21.99	193.48
PURCHASE OF FIXED ASSETS:		
Associates/Others:		
LGB Auto Products Limited	-	26.77
LGB Forge Limited	-	217.80

Notes forming part of the 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 Consolidated financial statements

Particulars	As at 31.03.2017 (₹ in lakhs)	As at 31.03.2016 (₹ in lakhs)
26.3. 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	9973.25
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	17253.85	4192.68	3301.56	308.28
	(45882.82)	(15974.69)	(7544.16)	(2518.86)	(194.02)
Metal Forming	25554.09	5700.75	2329.50	1396.03	128.83
	(22355.82)	(5052.56)	(1432.62)	(1565.72)	(12.41)
Others	16436.79	2877.27	1773.54	571.49	0.51
	(14645.54)	(2186.78)	(2120.49)	(508.44)	(4.32)
Unallocated	2090.20	16836.50	-	-	-
	(3208.93)	(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 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
26.4 Details of leasing arrangements		
As Lessor		
26.4.a 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
26.5 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 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

27. 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.
28. 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.
29. 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 on standalone financials and Rs.205.17 Lakhs on consolidated financials, has been adjusted against the cost of respective assets as provided in the transitional provisions of the standard.
30. 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.
31. Exceptional item represents profit on sale of Land and Building.
32. 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

M. LAKSHMI KANTH JOSHI
General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

Place : Coimbatore
Date : 06.05.2017

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		
Net Profit before Tax	9,961.85	7,777.70
Adjustments for		
Depreciation and amortization expense	5,269.08	4,593.02
Asset Condemned and written off	140.45	78.01
Profit on sale of assets (including amount shown as exceptional item)	(132.98)	(14.60)
Finance costs	1,553.35	1,788.92
Interest income	(105.55)	(64.63)
Dividend income	(486.60)	(18.02)
Provision for contingencies	300.00	135.00
Provision for doubtful trade receivables written back	(2.78)	(27.08)
Preliminary expenses written off	-	0.19
Net unrealised foreign exchange loss	99.83	50.51
Operating profit before working capital changes	16,596.65	14,299.02
Changes in Working Capital		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(470.50)	266.55
Trade Receivables	(2,338.00)	(546.13)
Short term Loans and advances	751.29	(433.92)
Long term Loans and advances	(5.98)	(396.45)
Other Non- current assets	2.65	2.35
Other current assets	225.16	(439.04)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade Payables	2,465.81	455.68
Long Term Provisions	211.19	-
Short Term Provisions	16.79	14.17
Other current Liabilities	24.78	252.37
Cash generated from operations	17,479.84	13,474.60
Income tax paid, net of refunds received	(1,990.16)	(1,738.77)
Net Cash from operating activities (A)	15,489.68	11,735.83
B. Cash flow from Investing activities		
Capital expenditure, including capital advances	(9,118.47)	(8,405.67)
Proceeds from sale of fixed assets	200.73	48.22
Purchase of Investments	-	(91.23)
Bank balances not considered as Cash and cash equivalents		
Fixed Deposit with banks matures more than 3 months	24.92	(291.99)
Dividend received		
from associates	-	5.43
from others	486.60	12.59
Interest received		
from others	97.53	60.75
Net cash used in Investing activities (B)	(8,308.70)	(8,661.90)

Consolidated Cash Flow Statement for the year ended 31.03.2017

PARTICULARS	31.03.2017 (₹ in Lakhs)	31.03.2016 (₹ in Lakhs)
C. Cash flow from financing activities		
Proceeds of long-term borrowings	1,612.39	4,385.46
Repayment of long-term borrowings	(2,105.45)	(2,950.69)
Proceeds from short term borrowings	(3,861.88)	(1,368.06)
Dividend paid, including Dividend Distribution Tax	(1,491.82)	(1,634.02)
Finance cost	(214.58)	(1,727.68)
Net cash used in financing activities (C)	(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
Reconciliation of Cash and cash equivalent with the Balance Sheet		
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
comprises		
(a) Cash- on- Hand	524.41	190.67
(b) Cheque and Demand Drafts on Hand		
(c) 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	-
	1,532.94	413.30

See accompanying Notes forming part of the Consolidated 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

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. 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	Indian Currency	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 condolidated Profit or Loss	Amount ₹ in lakhs
L.G. Balakrishnan & Bros Limited	92%	45,723	85%	5,841
Subsidiaries				
Indian :				
BCW VTech 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 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 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**

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

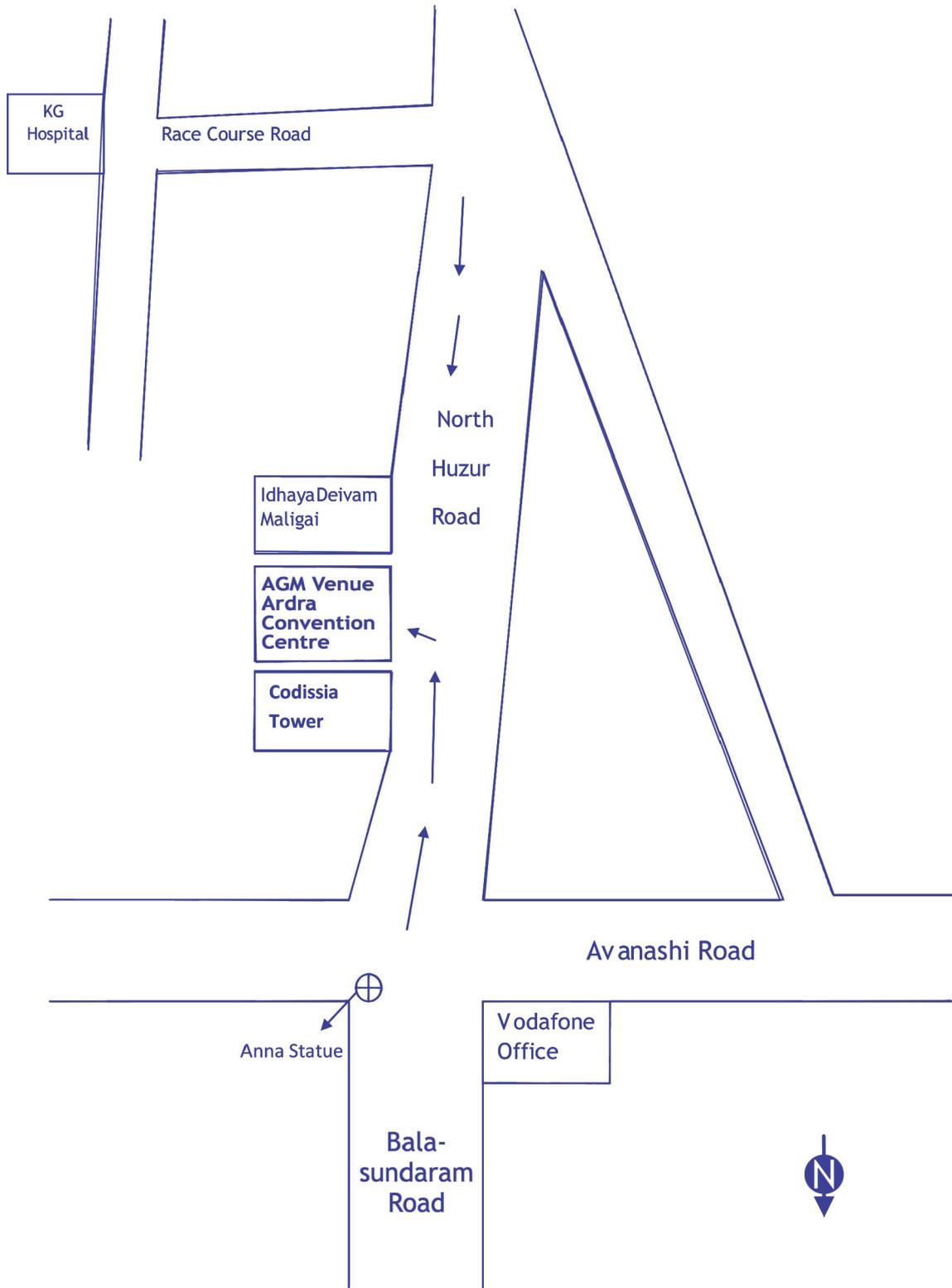
* Physical Shareholders who does not have PAN should enter No. of Shares they hold as their password if they prefer to exercise e-voting.

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.

Route map of AGM Venue



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

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
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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

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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

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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