
LGB FORGE LIMITED

Corporate Information**BOARD OF DIRECTORS**

Sri. B. Vijayakumar Chairman
Sri. V. Rajvirdhan Executive Director
Sri. K.N.V. Ramani
Sri. P. Shanmugasundaram
Sri. P.V. Ramakrishnan
Sri. Rajiv Parthasarathy
Sri. Harsha Lakshmikanth

COMPANY SECRETARY

Sri. A James Chandra Mohan

AUDITORS

M/s. Suri & Co.
Chartered Accountants

BANKERS

Andhra Bank
Axis Bank Limited
Corporation Bank
ICICI Bank Limited
IDBI Bank Limited
Yes Bank Limited

REGISTRAR AND SHARE TRANSFER AGENTS

Cameo Corporate Services Limited
“Subramanian Building”
No.1, Club House Road,
Chennai- 600 002.

REGISTERED OFFICE

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

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4th ANNUAL GENERAL MEETING

Date	: 14th June, 2010
Day	: Monday
Time	: 08.30 A.M.
Venue	: Ardra Convention Centre Kaanchan, 9, North Huzur Road Coimbatore- 641 018.
Book Closure Dates	: 08.06.2010 to 14.06.2010 (Both Days Inclusive)

Notice

Notice is hereby given that the Forth Annual General Meeting of the Members of the Company will be held on Monday the 14th day of June , 2010 at 08.30 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 Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon..
2. To appoint a Director in the place of Sri. P. Shanmugasundaram, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Sri. P. V. Ramakrishnan, who retires by rotation, and being eligible, offers himself for reappointment.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any of the Companies Act, 1956, M/s. Haribhakti & Co., Chartered Accountants, be appointed as Statutory Auditors of the Company in place of retiring Auditors, M/s. Suri & Co., Chartered Accountants, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, on a remuneration to be fixed by the Board of Directors of the Company based on the recommendation of the Audit Committee, in addition to the reimbursement of all out of pocket expenses in connection with audit of the accounts of the Company for the year ending March 31, 2011.

SPECIAL BUSINESS

5. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**

“RESOLVED THAT Sri. Rajiv Parthasarathy, who was appointed as Additional Director of the Company and

who holds office until the date of the ensuing Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, proposing his candidature, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

6. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**

“RESOLVED THAT Sri. V. Rajvirdhan, who was appointed as Additional Director of the Company and who holds office until the date of the ensuing Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, proposing his candidature, be and is hereby appointed as a Director of the company, liable to retire by rotation.”

7. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution.**

“RESOLVED that pursuant to the provisions of Section 198, 269, and 309 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) read with Schedule XIII thereto and subject to such approvals, if any as may be necessary, consent of the Company be and is hereby accorded to the appointment of Sri. V. Rajvirdhan as the Executive Director of the Company for a period of Three (3) years w.e.f. 01.02.2010, on the terms and conditions, as set out in the Explanatory Statement attached to this notice and hereby approved, with liberty to the Board of Directors to revise the terms as to remuneration, from time to time within the limits provided for in the said Schedule XIII or any amendment thereof for the time being in force.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**Item No.4**

Although not necessary, the explanatory statement is being given in respect of Item No. 4 of the Notice.

M/s. Suri & Co., Chartered Accountants were appointed as Statutory Auditors of the Company for the year

2009 - 2010 at the last Annual General Meeting and their term of office ends at the conclusion of this Annual General Meeting. M/s. Suri & Co., has not sought re-appointment. In view of the above, the Board of Directors of the Company at its meeting held on April 29, 2010 recommended the appointment of M/s. Haribhakti & Co., Chartered Accountants, as the Statutory Auditor of the Company to hold office from the conclusion of the Annual General Meeting to be held on June 14, 2010 until the conclusion of the next Annual General Meeting.

M/s. Haribhakti & Co., have forwarded a certificate to the Company stating that their appointment, if made, will be within the limits specified in sub section (1B) of Section 224 of the Companies Act, 1956. Further, they have confirmed they are not disqualified to be appointed as Auditors under Section 226 of the Companies Act, 1956 and are not holding any securities of the Company.

Item No.5

Sri. Rajiv Parthasarathy was co-opted as an Additional Director of the Company with effect from 30.10.2009. Pursuant to Section 260 of the Companies Act, 1956 ("the Act"), Sri. Rajiv Parthasarathy holds office of Director upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a Member along with a deposit of Rs.500/- proposing the candidature of Sri. Rajiv Parthasarathy for the Office of the Director under the provisions of Section 257 of the Companies Act, 1956.

None of the Directors except Sri. B. Vijayakumar, & Sri. V. Rajvirdhan is interested in the resolution to the extent of his appointment.

The Board recommends the resolution set forth in Item No.5 for the approval of the members.

Item No.6

Sri. V. Rajvirdhan was co-opted as an Additional Director of the Company with effect from 28.01.2010. Pursuant to Section 260 of the Companies Act, 1956 ("the Act"), Sri. V. Rajvirdhan holds office of Director upto the date of ensuing Annual General Meeting. The Company has

received a notice in writing from a Member along with a deposit of Rs.500/- proposing the candidature of Sri. V. Rajvirdhan for the Office of the Director under the provision of Section 257 of the Companies Act, 1956.

None of the Directors except Sri. B. Vijayakumar, is interested in the resolution to the extent of his appointment.

The Board recommends the resolution set forth in Item No. 6 for the approval of the members.

Item No.7

The Board of Directors of the Company at its meeting held on 28th January 2010 has appointed Sri. V. Rajvirdhan as Executive Director of the Company subject to the approval of Shareholders for a period of 3 years w.e.f. 01-02-2010 at the remuneration, in accordance with norms laid down in Schedule XIII and other applicable provisions of the Companies Act, 1956.

Particulars	Rs Per Month.
Basic Salary Per Month	1,25,000
Provident fund 12% of Basic Salary	15,000
Total	1,40,000

The remuneration and perquisites shall be subject to the overall ceiling under Section 198 and 309 of the Act.

In the event of absence or inadequacy of profit in any financial year during the tenure of the Executive Director, salary and perquisites would be paid as above, subject to the ceiling limit specified under Paragraph 1 of Section II of Part II of Schedule XIII of the Companies Act, 1956 as modified from time to time.

The Board recommends this resolution set out in Item No. 7 for approval of the members.

None of the Directors except Sri. B. Vijayakumar, Sri. Rajiv Parthasarathy & Sri. V. Rajvirdhan is interested or concerned in this resolution.

This may be treated as an abstract of variation pursuant to section 302 of the Companies Act, 1956.

1. General Information				
1	Nature of Industry	The Company is a Forging Component manufacturing Industry.		
2	Date of expected date of commencement of production.	Company was established in the year 2006 and had already commenced commercial production.		
3	In case of new companies expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus.	Not Applicable		
4	Financial Performance	Particulars	31.03.2010	31.03.2009
		Turnover	10225.94	9429.25
		PBT	-1359.33	-1111.49
		PAT	-1359.36	-1118.99
		Rate of Dividend Declared	Nil	Nil
5	Export Performance and Non Forex Collaborations.	For the year ended 31-03-2010 Forex Earned : INR 1083.68 Forex Outgo : INR 55.36		
6	Foreign Investments of collaborators, if any.	Not Applicable		
II. Information about the appointee.				
1.	Background details	Sri. V. Rajvirdhan aged 26 years was appointed as Executive Director on 28 th January 2010. He has a degree in Industrial Engineering from Indiana Institute of Technology. His previous job title includes; heading of overall operations in the materials laboratory in Indiana Institute of Technology, and being an employee in the maintenance department of Indiana Institute of Technology. He has undergone intership training in LGB Operation for a period of 6 months		
2.	Past Remuneration	Rs. 25,000/- p m as management trainee in LGB Ltd.		
3.	Recognition or Awards	Nil		
4.	Job Profile and his suitability	Subject to the superintendence, direction and control of the Board of Directors, Sri. V. Rajvirdhan is responsible for the operations of the Company.		
5.	Remuneration Proposed	As mentioned in the notice. The remuneration payable has the approval of the Remuneration Committee and the Board of Directors.		

6.	Comparative remuneration profile to industry, size of the Company, profile of the position and person.	Commensurate with the size and the operations of the Company, the profile of the appointee, the responsibilities shouldered on him and the industry bench marks, the remuneration proposed to be paid is reasonable to that of the similar other companies.
7.	Pecuniary relationship directly or indirectly with the Company or relationship[with the managerial personnel if any.	Besides the remuneration proposed, Sri. V. Rajvirdhan, the proposed appointee is the son of Sri. B. Vijayakumar, Non Executive Chairman of the Company.
II	Other Information.	
1	Reasons of loss or inadequate profits:	The slowdown in the Automotive Industry has resulted in substantial reduction in the off take of customers and the replacement market during the last two quarters of the financial year, which has resulted in steep reduction in the turnover and profits. Further, the Company has incurred losses primarily due to higher cost of Raw Material which could not be passed on to the Customers.
2	Steps taken or proposed to be taken for improvement	The Company will strive to widen its customer's base, increase market share, , enter new segments and step up market initiatives and look for overall growth in top line. Moreover Various cost reduction measures have been implemented, the benefit of which is likely to accrue to the Company in the coming year. The expected pick up in the economic activity should result in better performance during the year.
3	Expected increase in productivity and profits in measurable terms	There are signs of revival in economic activity which should lead to improvement prospects during the year.
IV.	Disclosure	
1	Remuneration package	As given in the Explanatory statement
2	Details to be furnished in Corporate Governance	Given under Remuneration to Directors in "Report on Corporate Governance.

NOTES:

1. **EVERY MEMBER ENTITLED TO ATTEND AND VOTE AT A MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. **THE INSTRUMENT APPOINTING THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. Pursuant to Clause 49 of the Listing Agreement additional information on directors seeking appointment / re-appointment at the annual general meeting is provided in the annual report.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 8th June 2010 to 14th June 2010 (both days inclusive).
5. Members holding shares in physical form are requested to notify change of address and change in bank mandate if any, to

M/s. Cameo Corporate Services Limited, “Subramanian Building” No.1, Club House Road, Chennai - 600 002, the Registrar and Share Transfer Agents and those who hold shares in dematerialized form are requested to notify their Depository Participants (DP) any change in address and/or bank mandate.

6. Members who are holding shares more than one folio under physical form may approach the Company’s Share Transfer Agent for consolidation with respective details.

7. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.

8. Members seeking any information or clarifications on the Annual Report are requested to send the written queries to the Company at least Two Weeks before the meeting to enable the Company to compile the information and provide replies at the meeting.

Coimbatore
29.04.2010

By Order of the Board,
A. JAMES CHANDRA MOHAN
Company Secretary

Details of Directors seeking Appointment / and re-appointment at the forthcoming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

Name	Sri. P. Shanmugasundaram	Sri. P.V. Ramakrishnan	Sri. Rajiv Parthasarathy	Sri. V. Rajvirdhan
Date of Birth	10.08.1948	05.01.1959	03.11.1977	05.09.1983
Date of Joining the Board	04.04.2008	04.04.2008	30.10.2009	28.01.2010
Qualification	B.Com., L.L.B., F.C.A.,	B.E.,	B..S., (IE)	B. Sc., IME
Expertise in functional areas	Vast and Rich experience in Finance, Accounts & Taxation	More than 20 years as Industrialist	More than 10 years experience in Business	More than 3 years experience in Business
Shareholding in LGBFL	- NIL -	- NIL -	-Nil-	8475300
Other Directorship Held	L.G. Balakrishnan & Bros Ltd. Sabare International Ltd. D.S.M, Soft Private Ltd	Mikrosen Control Devices Private Ltd	South Western Engineering India Ltd. Metal Forms Private Ltd. Global Card Systems Private Ltd. CAC Software Consultancy Private Ltd. Indo Metals Press Private Ltd.	Elgi Automotive Services Ltd LG Farm Products Ltd Super Transports Private Ltd
Other Committee Membership	Chairman Audit Committee L.G. Balakrishnan & Bros Ltd. Sabare International Ltd. D.S.M, Soft Private Ltd	- NIL -	- NIL -	- NIL -

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the 4th Annual Report of your Company together with the audited accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS:

The summary of the financial performance of the Company for the year ended 31st March, 2010 as compared to the previous year is as below

Particulars	31-03-2010 (Rs. in Lakhs)	31-03-2009 (Rs. in Lakhs)
Profit before Interest, Depreciation & Tax	677.74	964.10
Less:		
Interest	964.47	1009.76
Depreciation	1072.60	1065.83
Profit/ (Loss) Before Tax	(1359.33)	(1111.49)
Less : Short Provisions for Income Tax for earlier years	0.03	-
Fringe Benefit Tax	-	7.50
Profit / (Loss) After Tax	(1359.36)	(1118.99)
Add : Balance brought forward	(1118.99)	-
Amount transferred to Balance Sheet	(2478.35)	(1118.99)

DIVIDEND

In view of the losses, current and accumulated, your Directors regret their inability to recommend dividend for the year 2009-2010.

PERFORMANCE OF THE COMPANY

During the year under review, your Company's gross revenue is Rs.10395.27 lakhs [Previous Year: Rs.9612.77 lakhs]. Gross Profit / (Loss) before interest, depreciation and tax amounted to Rs.677.74 lakhs [Previous Year (Rs.964.10 lakhs)]. The Net Loss came to Rs.1359.36 lakhs [Previous Year Rs.1118.99 lakhs]. The major contributories to Net Loss in the financial year under review were due to major increase in raw material prices, adverse forex fluctuations, and write off bad debts and provisions.

SHARE CAPITAL

Subsequent to the Special Resolution passed by the members of the Company in their EGM held on 6th January, 2010 to issue 6 Equity Shares, Re.1/- each on Preferential Basis to Promotor and Promotor group in order to consolidate the Equity Shares of Re.1/- to Rs.10/-, the Board decided to defer the implementation of the

consolidation of the Equity Shares as well as issue of 6 Equity Shares of Re.1/- each due to technical difficulties.

LISTING

The Securities of your Company are listed with the National Stock Exchange of India Limited and Bombay Stock Exchange Limited, and pursuant to Clause 38 of the Listing Agreement, the Annual Listing fees for the year 2010-2011 have been paid to them well before the due date i.e. April 30, 2010. The Company has also paid the annual custodian fees to NSDL & CDSL for the Securities of the Company held in dematerialized mode with them for the year 2010-11.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Sri. P. Shanmugasundaram and Sri. P.V. Ramakrishnan are liable to retire by rotation and are eligible for re-appointment.

Sri. V. Rajvirdhan and Sri. Rajiv Parthasarathy joined the Board as Additional Directors and will hold office till the ensuing Annual General Meeting.

Sri. P.S. Balasubramanian, Managing Director and Smt. Rajsri Vijayakumar, Director have resigned from the Company with effect from 28th January, 2010. Your Directors wish to place on record the valuable services rendered by them during their tenure of their office as Directors.

A brief resume, expertise, shareholding in the Company and details of other directorships of these directors as stipulated under clause 49 of the Listing Agreement with the Stock Exchange forms part of the Notice of ensuing Annual General Meeting.

PUBLIC DEPOSITS:

The amount of Fixed Deposit available with the Company as on 31st March, 2010 is Rs.1,00,00,000/- (Rupees One Crore only)

CORPORATE GOVERNANCE

As per clause 49 of the Listing Agreement with the Stock Exchanges, a report on Corporate Governance together with the Auditors Certificate regarding compliance of the conditions of Corporate Governance, Management Discussion and Analysis statement forms part of the Annual report.

AUDITORS:

The Auditors, M/s. Suri & Co., Chartered Accountants, will retire at the ensuing Annual General Meeting. The Board at its meeting held on April 29, 2010 on the recommendation of the Audit Committee has proposed the appointment of M/s. Haribhakti & Co., Chartered Accountants as Auditors to audit the accounts of the Company for the financial year 2010. You are requested to consider their appointment.

Your Directors wish to place on record their sincere appreciation of the valuable contribution made by M/s. Suri & Co., Chartered Accountants to our Company.

PARTICULARS OF EMPLOYEES:

None of the employees of the Company was in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956, read with

Companies (Particulars of Employees) Rules, 1975, as amended.

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

The information as prescribed under Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in a separate annexure, which forms a part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors state:

- ❖ that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ❖ that appropriate accounting policies selected and applied are consistent and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the Company for the year ended on that date.
- ❖ that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- ❖ that the annual accounts have been prepared on going concern basis.

ACKNOWLEDGEMENT:

Your Directors wish to place on record their sincere thanks to the valued customers, suppliers and banks for their support, co-operation and guidance and also wish to place on record appreciation of the committed services rendered by all employees of the Company. Your Directors would also like to thank all the shareholders for their continued confidence in the Company.

Coimbatore
29.04.2010

By Order of the Board
V. RAJVIRDHAN
Executive Director

ANNEXURE TO DIRECTORS' REPORT
INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956
A. CONSERVATION OF ENERGY

The Company is making continuous efforts to conserve and optimize energy wherever practicable by economizing on fuel and power.

FORM A
Current Year 2009-2010
Previous year 2008-2009

A. POWER AND FUEL CONSUMPTION	Forging Mysore	Forging Coimbatore	Forging Coimbatore (CFD)	Forging Mysore	Forging Coimbatore	Forging Coimbatore (CFD)
1) Electricity						
a) Purchased						
Units in Lakhs	54.60	7.96	15.01	57.42	28.81	13.65
Total Amount in Rs. in Lakhs	285.22	38.25	68.77	286.75	117.12	54.54
Rate per unit in Rs.	5.22	4.81	4.58	4.99	4.07	4.00
b) Own Generation						
i) Through Diesel Generator						
Units in Lakhs	Nil	3.40	6.53	Nil	1.51	3.17
Units per Liter of Diesel oil	Nil	3.20	3.18	Nil	2.55	3.39
Cost per Unit Rs.	Nil	11.22	10.56	Nil	14.22	10.69
ii) Through Windmill Generation						
Units in Lakhs	Nil	12.99	17.73	Nil	Nil	15.99
Total amount in Rs.	Nil	45.47	62.06	Nil	Nil	55.99
Cost per Unit	Nil	3.50	3.50	Nil	Nil	3.50
iii) Furnace Oil						
Qty. (K.Ltrs)	530.43	Nil	50.00	421.33	Nil	Nil
Total amount in Rs.	127.25	Nil	11.12	123.48	Nil	Nil
Rate per K. Ltr. (Rs.)	25.87	Nil	22.24	29.31	Nil	Nil
iv) Others:- Fuel Oil						
Qty. (K.Ltrs)	336.87	Nil	Nil	234.00	Nil	Nil
Total amount in Rs.	123.11	Nil	Nil	74.55	Nil	Nil
Rate per K. Ltr (Rs.)	36.54	Nil	Nil	31.86	Nil	Nil



FORM B

1. RESEARCH & DEVELOPMENT

a) Specific areas in which R & D is carried out by the company	a. Process Engineering, b. Process improvement and c. Product feasibility.
b) Benefits derived as a result of the above R & D	a. Increase in competitiveness, b. Increase in turn over and c. Better control of process and product capabilities
c) Future plan of Action :	Initialize robotics plan to increase overall productivity.
d) Expenditure on R & D i) Capital ii) Recurring iii) Total R & D Expenditure iv) Total R & D expenditure as a % to total Turnover.	- Rs.10.22 Lakhs Rs. 10.22 Lakhs 0.1%

2. TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION

a) Efforts, in brief, made towards technology absorption, adaptation and innovation	a. Robotics b. Tooling R & D
b) Benefits derived as a result of the above efforts e.g., Product improvement, cost reduction, import substitution etc.	a. Product improvement. b. Process improvement c. Increased competitiveness in the market
c) In case of Imported Technology during the last 5 Years reckoned from the beginning of the financial year, following information may be furnished. 1) Technology Imported 2) Year of Import 3) Has technology been fully absorbed 4) If not fully absorbed, areas where this has not taken place reasons therefore and future plan of action.	- - - -

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earned through Exports amount to : Rs. 1083.68 Lakhs
Foreign Exchange used : Rs. 55.56 Lakhs

By Order of the Board

Coimbatore
29.04.2010

V. RAJVIRDHAN
Executive Director

P. SHANMUGASUNDARAM
Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**INDUSTRY STRUCTURE AND DEVELOPMENT.**

Your company's operation has been greatly affected due to continued recession in the western world. This forced the Company to accept orders at very low prices and the product portfolio had to be changed continuously. The quality cost due to such continuous change of product has also impacted our profitability. Raw materials prices have also continuously fluctuated aggravating the situation. With this the power crisis with frequent shut down has caused enormous losses due to material rejection in the CNC Divisions

Each problem is being addressed to the best of the management ability and the Company is confident of turning around in the current year. Your company will be part of the country's growth pattern and it will better its results in the current year.

OPPORTUNITIES

The Industrial development in India has been very good and it is continually in a expansion rate in the current year. With particular reference to our Company's Product the growth of the 4 wheeler automotive market has been excellent.

THREATS

Hardening of interest rates, lack or inadequate credit facilities extended by the banks to the customers, materials and other inputs, fluctuating foreign currency, pricing pressure, global recession etc., are threat thrown to the auto component industry. Any economic slow down leading to reduced growth in the vehicle industry, inflationary pressure and spiraling of input cost due to external factors may influence the profitability of the company.

RISKS AND CONCERNS

The company recognizes that proper risk identification, evaluation and mitigation would help to achieve its target of sustained profitability and growth.

The upward variation in raw material prices adversely affects profitability. Hence the company constantly monitors raw material price and revises the selling prices of its' products accordingly.

The risk is assessed in Strategic Planning and Business Review & Planning. The Company continues to comply

with the strictest of the environmental norms and regulations.

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 fulfil its targets and deadlines in time. The total number of people employed in the Company as on 31st March 2010 was 285.

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
29.04.2010

V. RAJVIRDHAN
Executive Director

P. SHANMUGASUNDARAM
Director

CORPORATE GOVERNANCE
1. Company's Philosophy on Code of Governance

LGB Forge believes in maximizing shareholders value by adopting transparent practices and high standards of Corporate Conduct towards stakeholders.

2. Board of Directors

The Board of Directors consists of professionals drawn from diverse fields. The day-to-day management of the Company is conducted by the Executive Director subject to the supervision and control of the Board of Directors.

Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM)

Name of the Directors	Category	Attendance Particulars		@ No of Other Directorship held in Public Companies	§ Membership in Committees of Other Companies		Relationship interse Directors
		Board Meeting	Last AGM		Mem-ber	Chair-man	
Sri. B. Vijayakumar Chairman	Non- Executive Promoter	5	Yes	10	2	-	Father of Smt. Rajsri Vijayakumar & Sri. V. Rajvidhan
Sri. P.S. Balasubramanian Managing Director**	Executive Non- Independent	4	Yes	-	-	-	
Smt. Rajsri Vijayakumar**	Non-Executive Non- Independent	2	Yes	6	-	-	Daughter of Sri. B. Vijayakumar
Sri. K.N.V. Ramani	Non- Executive Independent	4	No	6	2	2	
Sri. P.Shanmugasundaram	Non- Executive Independent	5	Yes	2	-	2	
Sri.P.V.Ramakrishnan	Non- Executive Independent	2	Yes	-	-	-	
Sri. Harsha Lakshmikanth*	Non- Executive Independent	4	Yes	1	-	-	
Sri. V. Rajvirdhan*	Executive Non-Independent	1	-	2	1	-	Son of Sri. B. Vijayakumar
Sri. Rajiv Parthasarathy*	Non- Executive Non-Independent	2	-	1	-	-	Son-in-Law of Sri. B. Vijayakumar

** Sri. P.S. Balasubramanian & Smt. Rajsri Vijayakumar resigned as Directors with effect from 28.01.2010

* Sri. Rajiv Parthasarathy & Sri. V. Rajvirdhan was appointed as Additional Director with effect from 30.10.2009 and 28.01.2010.

@ Exclude directorship in Private Companies and Foreign Companies.

§ Only Audit Committee and Investor Grievance Committee are considered.

Details of the Board meetings held during the financial year 2009 - 2010

The Board met Five times during the Financial Year 2009 - 2010 on 22-05-2009, 27-07-2009, 30-10-2009, 27-11-2009 and 28-01-2010.

3. Audit Committee

The terms of reference of this Committee has been mandated with the same as specified in Clause 49 of the Listing Agreements with Stock Exchanges. The terms of reference also fully conform to the requirements of Section 292A of the Companies Act, 1956.

Composition

In compliance of Clause 49 of the Listing Agreement , the Audit Committee was reconstituted on 28.01.2010. The Audit Committee consists of the following members

Name of the Member	Category	Designation	No of Meetings attended
Sri. P. Shanmugasundaram	Independent	Chairman	4
Sri. P.V. Ramakrishnan	Independent	Member	3
Sri. Rajiv Parthasarathy	Non-Independent	Member	2
Sri. Harsha Lakshmikanth	Independent	Member	3

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

Sri. A James Chandra Mohan Company Secretary, acted as Secretary to the Committee. The Audit Committee would assure to the Board, compliance of adequate internal control system and financial disclosure and other issues confirming to the requirement specified by Company Law and Stock Exchanges in terms of Listing Agreement. The Minutes of the Audit Committee Meetings were circulated to the Board, where it was discussed and taken note of. The Audit Committee considered and reviewed the accounts for the year 2009 - 2010, before it was placed in the Board.

4. Remuneration Committee

This Committee was formed for determining remuneration payable to Executive Directors and it consists of the following Non-Executive Directors:

Name of the Member	Category	Status
Sri. K.N.V. Ramani	Independent	Chairman
Sri. P.Shanmugasunadarm	Independent	Member
Sri. P.V. Ramakrishnan	Independent	Member

Remuneration Policy

The Executive Directors are paid remuneration approved by the Board of Directors on the recommendation of Remuneration Committee. The remuneration so approved is subject to the approval by the shareholders at the general meeting and such other authorities as the case may be.

During the year ended March 31st, 2010, only one meeting of this committee was held i.e. on 28th January, 2010.

The Company currently does not have any stock option scheme.

Details of Remuneration paid to Directors during the financial year 2009-2010 :

- a) Remuneration paid/payable to the Executive Directors for the financial year ended March 31, 2010 is given as under :

Name	Salary and perquisites Rs. in Lakhs	Service Contract
Sri. P.S. Balasubramanian, Managing Director	20.61	Retired with effect from 28.01.2010. He was appointed for a period of 3 years as Managing Director from 01.04.2008
Sri. V. Rajvirdhan, Executive Director	2.80	Appointed for a period of 3 years with effect from 01.02.2010 as Executive Director

- b) Remuneration paid/payable to the Non-Executive Directors for the financial year ended March 31, 2010 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 the Director	Sitting Fees (Rs.)
Sri. B. Vijayakumar	20,000
Smt. Rajsri Vijayakumar	10,000
Sri. P. Shanmugasundaram	24,000
Sri. P.V. Ramakrishnan	12,000
Sri. Harsha Lakshmikanth	16,000
Sri. K.N.V. Ramani	16,000
Sri. Rajiv Parthasarathy	8,000
Total	106,000

- c) Statement showing number of Equity Shares of Re.1/- each of the Company held by the present Non- Executive Directors as on March 31, 2010 :

Name	No. of shares held as on 31.03.2010	% of Holding
Sri. B. Vijayakumar	11,632,200	11.63
Sri. K.N.V. Ramani	-	-
Sri. P. Shanmugasundaram	-	-
Sri. P.V. Ramakrishnan	-	-
Sri. Rajiv Parthasarathy	-	-
Sri. Harsha Lakshmikanth	-	-

There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive Independent Directors during the year.

5. Shareholders' / Investors' Grievance Committee:

The Company has an "Investors Grievance Committee" comprising of the following Directors.

Name of the Member	Category	Status
Sri. P.V. Ramakrishnan	Independent	Chairman
Sri. B. Vijayakumar	Non Executive Promoter	Member
Sri. V. Rajvirdhan	Executive	Member

The Committee deals in matters relating to transfer and transmission of Securities, issue of duplicate Securities certificates and looks into the Shareholders / Investor complaints, if any, on transfer of Securities, non-receipt of dividend, annual report etc. During the year under review, the Committee met 16 times to deliberate on various matters referred above and also responsible for redressal of investors complaints.

Sri. A. James Chandra Mohan, Company Secretary, acts as the Secretary to the Committee. He is the Compliance Officer of the Company and also responsible for redressal of investors complaints.

6. Management Discussion and Analysis Report

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

7. Disclosures

There are no materially significant related party transactions that would have potential conflict with the interests of the Company at large. Details of related party transactions are given elsewhere in the Annual Report.

None of the transactions with any of the related parties were in conflict with the interest of the Company.

The Company has complied with all the requirements of the Listing Agreement of the Stock Exchanges as well as regulations and guidelines of SEBI, No Penalties have been levied or strictures have been passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to Capital Markets, in the last three years.

The Company complies with all the requirements of the Listing Agreement including the mandatory requirements of Clause 49 of the Listing Agreement.

The Company has adopted the following non-mandatory requirements on Corporate Governance recommended under Clause 49 of the Listing Agreement.

Company has a Remuneration Committee comprises of three Non-Executive Directors.

8. Whistle Blower Policy

The Company does not have any Whistle Blower Policy. However any employee, if he/she so desires, would have free access to meet concerned Senior Level Management and Report any matter of concern.

9. Means of Communication
(i) Quarterly and Half-yearly financial results

Quarterly/ Half-yearly financial results of the Company are published in one widely circulated English Newspaper (Financial Express) and a Vernacular (Tamil) Newspaper (Malai Malar). The results are also promptly forwarded to Stock Exchanges in which the Securities of the Company are listed and simultaneously displayed in Corpfilings and on the Company's website www.lgbforge.co.in. The Company has a dedicated help desk with email ID: a.james@lgb.co.in in the Secretarial Department for providing necessary information to the investors.

(ii) Official News Releases:

Official news releases are made whenever it is considered necessary.

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

Year	Date	Time	Location	Special Resolution Passed
2007	10.09.2007	11.15 A.M.	6/16/13, Krishnarayapuram Road, Ganapathy, Coimbatore- 641006	No Special Resolution Passed
2008	30.04.2008	10.35 A.M.	6/16/13, Krishnarayapuram Road, Ganapathy, Coimbatore- 641006	a. The Company has passed a Special Resolution in the year 2007-08 approving the Amendment of the Memorandum of Association & Articles of Association of the Company. b. The Company has passed a Special Resolution in the year 2007-08, approving the remuneration fixed by the Board of Directors to the Managing Director
2009	10.07.2009	3.30 P.M.	Ardra Convension Centre Kaanchana, 9, North Huzur Road Coimbatore- 641018	The Company has passed Special Resolution approving the appointment of Sri Arjun Karivardhan to hold an office or place of profit as an employee of the Company.
2010	06.01.2010	11.00 A.M.	Ardra Convension Centre Kaanchana, 9, North Huzur Road Coimbatore- 641018	The Company has passed Special Resolution, a) for allotment of 6 equity shares to promoter & promoter group on Preferential basis. b) Alteration in Capital Clause of Articles of Association. c) Consolidation of Equity Shares from Re.1/- to Rs.10/-

Whether any special Resolution passed through Postal Ballot

No resolution has been passed by the Company's shareholders through Postal Ballot during the Financial Year 2009-10 and there is no special resolution proposed to be passed through Postal Ballot in the ensuing Annual General Meeting.

11. Shareholder Information :

1. Annual General Meeting is proposed to be held at 08.30 A.M. on 14th June, 2010 at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore- 641 018.

2. Financial Calendar

Financial Year : April to March

For the year ended 31st March 2010, results were announced on 29.04.2010.

Financial Year - 2010 - 2011

Quarter ending June 2010 - End of July 2010

Quarter ending September 2010 - End of October 2010

Quarter ending December 2010 - End of January 2011

Year ended 31-03-2011 - End of May 2011

3. Date of Book Closure - 08.06.2010 to 14.06.2010 (both days inclusive)
4. Listing on Stock Exchanges - Bombay and National Stock Exchanges.
5. Securities Code - Bombay Stock Exchange Ltd. Equity 533007
- The National Stock Exchange of India Ltd. - LGBFORGE-EQ
6. ISIN Number - Equity : INE201J01017

The Company's Equity Shares are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

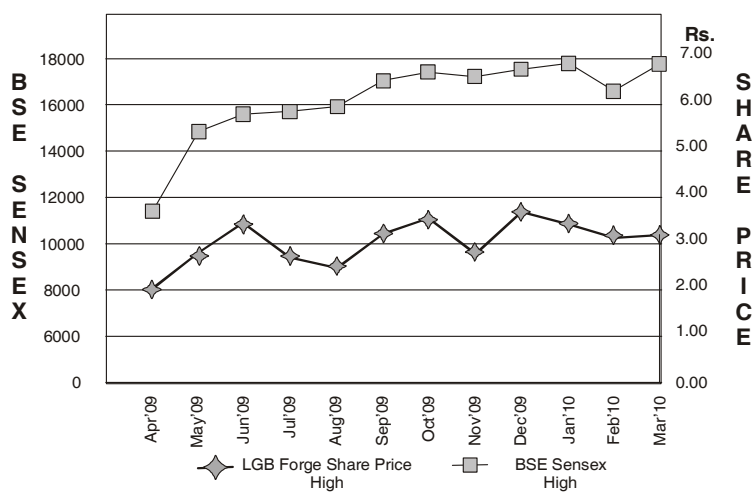
The Company has paid Annual Listing Fees to Bombay Stock Exchange Limited and National Stock Exchange of India Limited .

7. Stock market price data for the year 2009-2010

The high and low prices during each month in the last financial year on National Stock Exchange and Bombay Stock Exchange are given below - Equity Shares

	National Stock Exchange		Bombay Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April	1.95	1.35	2.01	1.40
May	2.80	1.55	2.79	1.60
June	3.50	2.30	3.44	2.25
July	2.70	2.10	2.70	2.18
August	2.60	2.15	2.50	2.13
September	2.90	2.25	3.24	2.25
October	3.70	2.60	3.57	2.50
November	2.80	2.30	2.82	2.21
December	3.70	2.25	3.70	2.33
January	3.50	2.85	3.44	2.90
February	3.10	2.55	3.15	2.52
March	3.25	2.60	3.20	2.40

Note: The Face Value is Re. 1/-



8. Distribution of Shareholding as on 31st March, 2010.

Range	No. of Holders	No. of Shares	% of Shares
1 - 500	11589	2,604,528	2.60
501 - 1000	3028	2,615,141	2.62
1001 - 2000	1703	2,669,427	2.67
2001 - 3000	583	1,525,758	1.53
3001 - 4000	380	1,366,832	1.37
4001 - 5000	274	1,314,910	1.31
5001 - 10000	534	3,984,618	3.98
10001 - and above	499	83,919,820	83.92
Total	18,590	100,001,034	100.00

9. Registrar & Securities Transfer/Demat Agent

Company's Securities transfer work and dematerialization of Securities is done by M/s. Cameo Corporate Services Limited, "Subramanian Building" No 1, Club House Road, Chennai- 600 002.

10. Securities Transfer System

The Securities transfers are registered and returned within a period of 20 days of receipt if documents are in order. The Securities transfers are approved by the Securities Transfer committee which meets as and when required.

11. Pattern of Shareholding :

Sl. No.	Category	No. of Share holders	No. of Shares held	% to paid-up capital
1	Promoters and promoters group	23	55,411,215	55.41
2	Mutual Funds / UTI	-	-	-
3	Financial Institutions, Banks	2	16,020	0.02
4	Insurance Companies	1	135,960	0.14
5	Foreign Institutional Investors / NRI / OCB	91	5,680,860	5.68
6	Bodies Corporate	407	2,840,669	2.84
7	Public	18,066	35,916,310	35.91
	Total	18,590	100,001,034	100.00

12. Dematerialization of Shares as on 31st March, 2010.

The equity shares of the Company are compulsorily traded in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Particulars	No. of Shares	Percentage (in Share Capital)
National Securities Depository Limited	57,453,289	57.45
Central Depository Services (India) Limited	4,437,262	4.44
Physical	38,110,483	38.11
Total	100,001,034	100.00

13. Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, Conversion date and likely impact on equity.

-Nil-

14. Code of Conduct

The Company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management and that the same has been hosted on the Company's website. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct, as on 31st March, 2010.

The Company's Executive Director's declaration to this effect forms part of this report.

15. Code for prevention of Insider Trading

The Company has framed a Code of Conduct for prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all directors / officers / designated employees. The Code ensures the prevention of dealing in shares by persons having access to unpublished price sensitive information.

16. Address for Correspondence :

All correspondences should be addressed to:

A. James Chandra Mohan, Company Secretary
6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore- 641 006
Phone : 0422 - 3911121 Fax : 0422 - 3911163 E-Mail : a.james@lgb.co.in

17. Declaration on Code of Conduct.

To

The Members of LGB Forge Limited

In accordance with Clause 49 sub-clause (I) (D) of The Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel including me, have affirmed compliance to their respective Codes of Conduct, as applicable for the Financial Year ended 31st March, 2010.

18. Plant Locations

The Company's plants are located as under

1. Mysore Plot 80 & 81, K.R.S Road Metagalli Post, Mysore- 570 016	2. Piliappampalayam Village Kumarapalayam Post Coimbatore -641653	3. Kondayampalayam Pillayar Koil Street, Near Power House Kottaipalayam Post Coimbatore- 641 110
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Coimbatore
29.04.2010

V. RAJVIRDHAN
Executive Director

CERTIFICATE ON CORPORATE GOVERNANCE**To the members of LGB Forge Limited.**

I have examined all the relevant records of LGB Forge Limited (“the Company”) for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the financial year ended 31.03.2010. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance. This certificate 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.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid Listing Agreement.

Coimbatore
29.04.2010

CS.P. ESWARAMOORTHY
Company Secretary in Practice
7/25, Sri Sakthi Complex,
Nanjundapuram Road,
Ramanathapuram, Coimbatore
ACS.NO.15930, CP NO.7069

**CERTIFICATION BY THE EXECUTIVE DIRECTOR FOR THE FINANCIAL STATEMENTS
OF THE COMPANY.**

I V. Rajvidhan, Executive Director of M/s. LGB Forge Limited, certify that

- a. I have reviewed the financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:
 - I. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - II. These statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company’s Code of Conduct.
- c. I am responsible for establishing and maintaining internal controls and that I have evaluated the effectiveness of the internal control systems of the Company and I have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken to rectify these deficiencies.
- d. I have indicated to the auditors and the audit committee:
 - I. Significant changes in internal control during the year :
 - II. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - III. Instance of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company’s internal control system.

Coimbatore
29.04.2010

V. RAJVIRDHAN
Executive Director

REPORT OF THE AUDITOR'S TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of LGB Forge Limited, Coimbatore, as at 31st March, 2010 and also the Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies' (Auditor's Report) Order, 2003, and according to the information and explanations given to us during the course of the audit and on the basis of such checks as were considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraph 4 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- 1] We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- 2] In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.

Coimbatore
29.04.2010

- 3] The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
- 4) In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- 5) On the basis of the written representation received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- 6) In our opinion and to the best of our information, and according to the explanations given to us, the said financial statements, read together with the attached schedules and notes forming part of accounts give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010; and
 - b) In the case of the Profit and Loss Account, of the Loss for the year ended on that date, and
 - c) In the case of cash flow statement, of the cash flow for the year ended on that date.

For Suri & Co.
Chartered Accountants
C.S. SATHYANARAYANAN
Membership No. 028328
Partner
Firm Registration No. 42835

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date)

1.
 - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion, is reasonable, considering the size and the nature of business. The frequency of verification is reasonable and discrepancies noticed on such physical verification were not material and have been properly dealt with in books of accounts.
 - c) There is no disposal of substantial part of Fixed Assets during the year.
- 2)
 - a) The inventories have been physically verified by the management during the year at reasonable intervals.
 - b) The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - c) The company has maintained proper records of inventories and discrepancies noticed on physical verification of inventories as compared to book records were not material and have been appropriately dealt with.
- 3)
 - a) During the year the company has not granted loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
 - b) The terms and conditions in respect of loans already granted by the company, are in our opinion, prima-facie not prejudicial to the interest of the company.
 - c) During the year the company has taken unsecured loans from various person covered in the Register maintained under section 301 of the Companies Act, 1956. Details are given below :

Particulars	Amounts in Lakhs	No.of Persons
Opening during the year	365	1
Receipts during the year	1825	8
Repayment during the year	1200	2
Closing during the year	990	7

- d) The terms and conditions in respect of loans taken by the company, are in our opinion, prima facie not prejudicial to the interest of the company.
4. There are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. There is no major weakness in the internal control system. The company continues its process of strengthening its internal control systems.
5.
 - a) The particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding rupees five lakh each have been made at prices, which are reasonable having regard to prevailing market prices at the relevant time.
6. During the year the company has accepted deposits from public. The company has complied with the directives issued by Reserve Bank of India and the provisions of Section 58A, 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 or any other relevant provisions of the act.
7. The Company has an adequate Internal Audit system commensurate with its size and nature of its business. The company continues its process of strengthening its internal audit system.

8. We have broadly reviewed the books of accounts maintained by the company relating to windmill division, pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed records have been maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate.
9. a) According to the information and explanations given to us and the records examined by us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
b) There are no disputed statutory dues.
10. The Company has not defaulted in repayment of its dues to financial institutions and banks.
11. During the year, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
12. The provisions of Special Statutes applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.
13. The Company is not dealing or trading in shares, securities, debentures or other investments.
14. According to the information and explanations given to us, the Company has not given guarantee during the year for loans taken by others.
15. The Company has applied term loan for the purposes for which they were obtained.
16. According to the information and explanations given to us and on an overall examination of the Source and Application of the Funds of the company, we report that no funds raised on short-term basis have been used for long-term investments by the company.
17. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
18. During the year, the Company has not raised money by Public issue.
19. According to the information and explanation given to us, and the books and records examined by us, there are no frauds on or by the Company that has been noticed or reported during the year.
20. The other clauses of the order are not applicable to the company.

Coimbatore
29.04.2010

For **Suri & Co.**
Chartered Accountants
C.S. SATHYANARAYANAN
Membership No. 028328
Partner
Firm Registration No. 42835

**BALANCE SHEET AS AT 31.03.2010**

	Schedule	31.03.2010 (Rs. in Lakhs)		31.03.2009 (Rs. in Lakhs)	
SOURCES OF FUNDS :					
SHAREHOLDERS' FUNDS:					
Share Capital	I	1000.01		1000.01	
Reserves & Surplus	II	2898.85	3898.86	2939.40	3939.41
BORROWED FUNDS:					
Secured Loans	III	5961.95		7018.49	
Unsecured Loans	IV	1640.18	7602.13	525.62	7544.11
Total Capital Employed			11500.99		11483.52
APPLICATION OF FUNDS:					
FIXED ASSETS V					
Gross Block		10632.56		10235.06	
Less: Accumulated Depreciation		4352.52		3421.81	
Net Block			6280.04		6813.25
Capital Work-in-progress			10.51		466.12
			6290.55		7279.37
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	VI	1687.84		1698.91	
Sundry Debtors	VII	2965.67		2784.98	
Cash and Bank Balances	VIII	34.82		11.07	
Loans and Advances	IX	509.17		758.90	
	(A)	5197.50		5253.86	
CURRENT LIABILITIES AND PROVISIONS					
Liabilities	X	2465.41		2169.30	
Provisions	XI	-		-	
	(B)	2465.41		2169.30	
NET CURRENT ASSETS (A - B)			2732.09		3084.56
Miscellaneous Expenditure (to the extent not written off or adjusted)					
Preliminary Expenses			-		0.60
Debit Balance in Profit & Loss Account			2478.35		1118.99
Total Assets			11500.99		11483.52

Accounting Policies & Notes on Accounts XXII

Schedules I to XI and XXII form part of this Balance Sheet.

"As per our Report of even date"

For Suri & Co.

Chartered Accountants

C.S. SATHYANARAYANAN

Membership No. 028328

Partner

Firm Registration No. 42835

V. RAJVIRDHAN
Executive DirectorP. SHANMUGASUNDARAM
DirectorCoimbatore
29.04.2010A. JAMES CHANDRA MOHAN
Company Secretary

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010**

Schedule	31.03.2010 (Rs. in Lakhs)	31.03.2009 (Rs. in Lakhs)
INCOME		
Sales & Services	10976.77	10558.19
Less : Excise Duty	750.83	1128.94
Net Sales XII	10225.94	9429.25
Increase/(Decrease) in Stock of		
Finished Goods XIII	21.54	13.23
Other Income XIV	147.79	168.79
	10395.27	9611.27
EXPENDITURE		
Raw Materials & Components Consumed XV	5420.63	5079.39
Processing Charges	893.80	757.23
Power & Utilities	912.50	711.75
Stores & Spares Consumed	639.20	701.76
Employees' Cost XVI	743.32	679.84
Repairs & Maintenance XVII	173.37	158.08
Selling & Distribution Expenses XVIII	380.30	320.20
Other Expenditure XIX	554.41	238.92
Total Expenditure	9717.53	8647.17
Profit before Interest and Depreciation		
	677.74	964.10
Less : Interest & Finance Charges XX	964.47	1009.76
Depreciation V	1072.60	1065.83
PROFIT / (LOSS) BEFORE TAXATION	(1359.33)	(1111.49)
Less : Short Provision for Income Tax earlier years	0.03	-
Provision for Fringe Benefit Tax	-	7.50
Provision for Deferred Tax	-	-
PROFIT / (LOSS) AFTER TAX	(1359.36)	(1118.99)
Add : Balance brought forward	(1118.99)	-
Amount transferred to Balance Sheet	(2478.35)	(1118.99)
Earnings per Share (Basic)		
in Rupees Face Value Re.1/- XXI	(1.36)	(1.12)

Accounting Policies & Notes on Accounts XXII

Schedules V, XII to XXII form part of this Profit & Loss Account

"As per our Report of even date"

V. RAJVIRDHAN
Executive DirectorP. SHANMUGASUNDARAM
DirectorFor Suri & Co.
Chartered AccountantsCoimbatore
29.04.2010A. JAMES CHANDRA MOHAN
Company SecretaryC.S. SATHYANARAYANAN
Membership No. 028328Partner
Firm Registration No. 42835

**SCHEDULES TO BALANCE SHEET**

	31.03.2010 (Rs. in Lakhs)	31.03.2009 (Rs. in Lakhs)
SHARE CAPITAL - I		
Authorised :		
12,00,00,000 Equity Shares of Re.1/- each		
	1200.00	1200.00
	1200.00	1200.00
Issued, Subscribed and Paid-up :		
10,00,01,034 Equity Shares of Re.1/- each	1000.01	1000.01
(Previous year 10,00,01,034 Equity Shares of Re.1/- each)	1000.01	1000.01
RESERVES AND SURPLUS - II		
CAPITAL RESERVE & REVALUATION RESERVE		
Capital Reserve as per demerger scheme	2898.85	2898.85
REVALUATION RESERVE		
As per demerger scheme	-	40.55
	2898.85	2939.40
SECURED -LOANS - III		
From Banks :		
a) Term Loans :		
Rupee Term Loans	4076.67	4788.82
b) Working Capital Borrowings :		
Rupee Cash credit Facilities	1724.75	2229.67
Packing Credit facilities	160.53	-
	5961.95	7018.49
UNSECURED LOANS - IV		
From		
- Directors	400.00	-
- Others	100.00	-
Sales Tax Deferral Scheme	150.18	160.62
Banks	500.00	-
Inter Corporate Deposit	490.00	365.00
	1640.18	525.62



SCHEDULES TO BALANCE SHEET

FIXED ASSETS - V

Rs. in lakhs)

	Gross Block				Depreciation				Net Block	
	Cost as on 01.04.2009	Additions during 2009-10	Sale / Transfer during 2009-10	Balance as on 31.03.2010	Upto 31.03.2009	For 2009-10	With-drawn during 2009-10	Total Upto 31.03.2010	as on 31.03.2010	as on 31.03.2009
a) Tangible Assets										
Land	138.22	-	-	138.22	-	-	-	-	138.22	138.22
Buildings	1,230.73	0.52	-	1,231.25	231.06	98.38	-	329.44	901.81	999.67
Plant & Machinery	8,277.82	759.58	366.33	8,671.07	2,989.29	907.48	129.47	3,767.30	4,903.77	5,288.53
Furniture, Fittings & Equipments	555.48	20.30	44.44	531.34	192.90	63.24	12.42	243.72	287.62	362.58
Vehicles	18.24	0.53	-	18.77	8.56	2.59	-	11.15	7.62	9.68
Total Tangible Assets	10,220.49	780.93	410.77	10,590.65	3,421.81	1,071.69	141.89	4,351.61	6,239.04	6,798.68
b) Intangible Assets										
Computer Software	14.57	27.34	-	41.91	-	0.91	-	0.91	41.00	14.57
Technical Know-how	-	-	-	-	-	-	-	-	-	-
Total Intangible Assets	14.57	27.34	-	41.91	-	0.91	-	0.91	41.00	14.57
Sub Total	10,235.06	808.27	410.77	10,632.56	3,421.81	1,072.60	141.89	4,352.52	6,280.04	6,813.25
Capital Work - in-Progress	-	-	-	-	-	-	-	-	10.51	466.12
Total Assets	10,235.06			10,632.56				4,352.52	6,290.55	7,279.37

	31.03.2010 (Rs. in Lakhs)	31.03.2009 (Rs. in Lakhs)
INVENTORIES - VI		
(At lower of cost and net realisable value)		
(As certified by Chairman & Executive Director)		
Stock of Stores & Spares and Tools	526.79	481.15
Raw Materials & Components	616.96	489.02
Works in Process	422.61	628.80
Finished Goods	121.48	99.94
	1687.84	1698.91
SUNDRY DEBTORS - VII		
Unsecured Considered Good		
a. Outstanding for a period exceeding six months	165.57	1266.84
b. Others	2800.10	1518.14
	2965.67	2784.98
Unsecured Considered Doubtful	27.08	
Less : Provision for Doubtful Debts	27.08	-
	2965.67	2784.98

**SCHEDULES TO BALANCE SHEET**

	31.03.2010 (Rs. in Lakhs)	31.03.2009 (Rs. in Lakhs)
CASH AND BANK BALANCES - VIII		
Cash on hand	0.96	0.68
Balances with Scheduled Banks		
- In Current Account	32.53	4.59
- In Fixed Deposit Account	1.33	5.80
	<u>34.82</u>	<u>11.07</u>
LOANS AND ADVANCES - IX		
Advances Recoverable in cash or in kind or for value to be received and considered good - Unsecured	42.07	300.10
Balances with Government Authorities	291.56	321.15
Deposits	140.54	125.15
Prepaid expenses	5.69	4.98
Tax payments pending adjustment (Net of provision)	29.31	7.52
	<u>509.17</u>	<u>758.90</u>
CURRENT LIABILITIES - X		
Sundry Creditors	2465.41	2169.30
(Due to Micro, Small and Medium Enterprises is NIL)		
Investor Education and Protection Fund Items, not due:-		
Unclaimed Dividend	-	-
	<u>2465.41</u>	<u>2169.30</u>
PROVISIONS - XI		
For Taxation	-	-
For Fringe Benefit Tax	-	-
For Dividend	-	-
For Tax on Dividend	-	-
	<u>-</u>	<u>-</u>
SCHEDULES TO PROFIT AND LOSS ACCOUNT		
INCOME - XII		
SALES AND SERVICE CHARGES		
Domestic Sales & Service Charges		
Sale of Finished products (incl. of excise duty.)	9745.41	9495.72
Service Charges	58.38	38.65
	<u>9803.79</u>	<u>9534.37</u>
Export Sales		
Sale of finished products	1172.98	1023.82
	<u>10976.77</u>	<u>10558.19</u>

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	31.03.2010 (Rs. in Lakhs)	31.03.2009 (Rs. in Lakhs)
INCREASE / (DECREASE) IN STOCK OF FINISHED GOODS - XIII		
Stock at Closing	121.48	99.94
Less : Stock at Opening	99.94	86.71
	<u>21.54</u>	<u>13.23</u>
OTHER INCOME - XIV		
Interest Received (TDS Rs. 0.22 lakhs)	10.73	24.11
Rent Received (TDS Rs. 4.43 lakhs)	52.09	43.97
Sundry Income	5.55	8.57
Foreign Exchange Gain (Net)	-	80.47
Depb Claim	11.49	13.17
Profit/(Loss) on Sales of Asset (Net)	67.93	(1.50)
	<u>147.79</u>	<u>168.79</u>
RAW MATERIALS & COMPONENTS CONSUMED - XV		
Opening Stock		
a. Raw materials & Components	489.02	670.17
b. Work-in-process	628.80	1,353.90
	<u>1117.82</u>	<u>683.73</u>
Add : Purchases & other expenses	5342.38	4,843.31
	<u>6460.20</u>	<u>6,197.21</u>
Less : Closing Stock		
a. Raw materials & Components	616.96	489.02
b. Work-in-process	422.61	1,117.82
	<u>1039.57</u>	<u>628.80</u>
Total Raw Materials & Components Consumed	<u>5420.63</u>	<u>5,079.39</u>
EMPLOYEES' COST - XVI		
a) Managerial Remuneration	23.41	24.00
b) Pay, Allowances & Bonus	621.33	558.44
c) Company's Contribution to Provident Fund & Gratuity Fund	32.78	32.07
d) Welfare Expenses	65.80	65.33
	<u>743.32</u>	<u>679.84</u>

**SCHEDULES TO PROFIT AND LOSS ACCOUNT**

	31.03.2010 (Rs. in Lakhs)	31.03.2009 (Rs. in Lakhs)
REPAIRS AND MAINTENANCE - XVII		
Machinery	122.22	121.89
Building	26.04	19.65
Others	25.11	16.54
	<u>173.37</u>	<u>158.08</u>
SELLING AND DISTRIBUTION EXPENSES - XVIII		
Selling Expenses	104.55	75.03
Freight & Forwarding	275.75	245.17
	<u>380.30</u>	<u>320.20</u>
OTHER EXPENDITURE - XIX		
Printing & Stationery	6.55	5.55
Postage, Telegram and Telephone	15.24	17.67
Rent on building	3.28	0.11
Rental charges on machinery	35.49	6.77
Rates, taxes & Licence	17.70	5.70
Insurance	12.09	9.78
Travelling & Conveyance	73.88	54.00
Advertisement, Publicity & Sales Promotion	0.90	3.52
Directors' Sitting Fees	1.06	1.02
Auditor's Remuneration	2.46	2.00
Professional Charges, Books and Periodicals	44.65	94.30
Foreign Exchange Loss (Net)	70.45	-
Miscellaneous Expenses	10.44	18.55
Watch & ward expenses	22.81	19.95
Bad debts written off	210.33	-
Provision for bad & doubtful debts	27.08	-
	<u>554.41</u>	<u>238.92</u>
INTEREST & FINANCE CHARGES - XX		
On Fixed Loans	483.27	606.32
On Others	412.15	368.97
Bank charges	69.05	34.47
	<u>964.47</u>	<u>1,009.76</u>
EARNING PER SHARE (BASIC) - XXI		
a. Profit / (Loss) After Tax	(1359.36)	(1,118.99)
b. Equity Share of Re.1/- each (Nos. in Lakhs)	1000.01	1,000.01
c. Earnings per Share (a/b)	<u>(1.36)</u>	<u>(1.12)</u>

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

ACCOUNTING POLICIES AND NOTES FORMING PART OF
ACCOUNTS FOR THE YEAR ENDED 31-03-2010

SCHEDULE - XXII
A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
1. Accounting Convention

The financial statements have been prepared under Historical Cost Convention on the basis of going concern and in accordance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956, wherever applicable.

2. Fixed Assets & Depreciation

- a) Fixed Assets are stated at original cost net of tax / duty credits availed, if any, less accumulated depreciation, accumulated amortization and cumulative impairment. Costs include pre-operative expenses and all expenses related to acquisition and installation of the assets concerned.
- b) Own manufactured assets are capitalized at cost including an appropriate share of overheads.
- c) Depreciation on Plant and Machinery, Motor Cars, Trucks and Vans has been provided on straight-line method at the rates specified in the Schedule XIV of the Companies Act, 1956.

Depreciation on tools and Dies are provided on the basis of useful life as determined by the Company.

Depreciation in respect of other assets has been calculated on written down value method as per the rates specified in Schedule XIV of the Companies Act, 1956.

Based on technical opinion, windmill is considered as a continuous process plant and depreciation is provided at the rate applicable thereto.

- d) As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine;
 - i) the provision for impairment loss, if any, required or;

- ii) the reversal, if any, required of impairment loss recognised in previous periods.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

3. Investments

- a) Long Term Investments are stated at cost.
- b) Current Investments are carried at lower of cost and fair value as on the Balance Sheet date.
- c) Provisions for diminution in value of long term investments is made, if the diminution is other than temporary.

4. Valuation of Inventories

- a) Inventories are valued at lower of cost and estimated net realizable value. Cost is arrived at on weighted average basis.
- b) Excise Duty is added in the Closing Inventory of Finished Goods.
- c) The basis of determining cost for various categories of inventories are as follows:
 - i) Raw Materials, Packing Materials and: Stores and spares : Weighted Average basis.
 - ii) Finished Goods and Work-in-Progress : Cost of Direct, Material, Labour and other Manufacturing overheads.

5. Revenue Recognition

- a) The company generally follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.
- b) Sale of goods is recognized when the risk and rewards of ownership are passed on to the customers, which is generally on despatch of goods.
- c) Dividend Income is recognized when the right to receive the dividend is unconditional at the Balance Sheet date.

- d) Claims made by the company and those made on the company are recognized in the profit and loss account as and when the claims are accepted.

6. Foreign Currency Transactions

- a) Foreign currency transactions are recorded at exchange rates prevailing on the date of such transaction.
- b) Foreign currency assets and liabilities at the year end are realigned at the exchange rate prevailing at the year end and difference on realignment is recognized in the Profit & Loss account.
- c) Premium / discount in respect of Forward Contract is amortized as expense / income over the period of contract. Exchange difference arising on forward contracts between the exchange rate on the date of the transaction and the exchange rate prevailing at the year end is recognized in the Profit & Loss account.

7. Research and Development

Revenue expenditure on Research and Development is charged under respective heads of account. Capital expenditure on research and development is included as part of fixed assets and depreciated on the same basis as other fixed assets.

8. Employee Benefits

- a) Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit & Loss Account of the year in which the related service is rendered.
- b) Post employment and other long term benefits which are defined benefit plans are recognized as an expense in the Profit & Loss Account for the year in which the employee has rendered service. The expense is recognized based on the present value of the obligation determined in accordance with Revised Accounting Standard 15 on Employee Benefits. Actuarial gains & losses are charged to the Profit & Loss Account.
- c) Payments to defined contribution schemes are charged as expense as and when incurred.

- d) Termination benefits are recognized as an expense as and when incurred.

9. Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of such assets. All other borrowing costs are charged to revenue.

A qualifying asset is an asset that necessarily requires substantial period of time to get ready for its intended use or sale.

10. Taxes on Income

Current tax on income for the period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessment / appeals.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future income will be available against which such deferred tax assets can be realised.

11. Cash flow statement

Cash Flow Statement has been prepared in accordance with the indirect method prescribed in Accounting Standard 3 issued by the Institute of Chartered Accountants of India.

12. 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. Finance costs are treated as period cost using effective interest rate method and are expensed accordingly. Rentals payable under operating leases are expenses as incurred.

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
13. CENVAT/Service Tax

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.

14. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for

- (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or
- (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised

15. Accounting Standards

Accounting Standards prescribed under section 211(3c) of the companies Act, 1956, have been followed wherever applicable.

B. NOTES FORMING PART OF ACCOUNTS.
1. Secured Loans:

- a) The rupee term loan from Axis Bank is secured by the hypothecation of Plant and Machineries purchased out of the said loans and are collaterally secured by the equitable mortgage by deposits of title deeds of certain immovable properties and the corporate guarantee given by M/s. L.G. Balakrishnan & Bros Limited.

- b) The Working Capital / cash credit loans from ICICI Bank, Axis Bank, Corporation Bank, Andhra Bank, IDBI Bank are primarily secured by hypothecation of inventories and book debts of the company. Also collaterally secured by hypothecation of existing block of assets of the company excluding those specific machineries charged to Banks/Financial Institution.

2. Estimated value of contracts remaining to be executed on capital accounts is Rs.Nil
3. The company has not recognized the net deferred tax assets, in respect of accumulated losses and unabsorbed depreciation in view of the virtual uncertainty of availing the benefit in future.
4. The balances in parties Accounts are subject to confirmation and reconciliation, if any. In the opinion of the management all current assets including stock-in-trade/sundry debtors and loans and advances in the normal course of business would realize the value stated.
5. Power and fuel are net of own generation.
6. Micro, Small and Medium enterprises
There are no Micro, Small and Medium Enterprises in respect of whom the companys dues are outstanding for more than 45 days at the Balance sheet date.
The above information and that given under Current Liabilities and Provisions regarding Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the company and relied upon by the auditors.
7. Consequent to demerger the company is in the process of transferring the title deeds in the name of the company.
8. Preliminary expenses have been written off in accordance with the accounting standard on intangible.
9. Figures have been rounded off to the nearest thousand.
10. Previous years figures have been regrouped wherever necessary to conform to the current years classification.



		Rs. in Lakhs	
11 CONTINGENT LIABILITIES			
		31.03.2010	31.03.2009
a	Guarantee given by Bankers and outstanding	101.30 +	153.00
b	Amount outstanding on letters of Credit	703.64	35.97
c	Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net after advance payments)	Nil	Nil
d	Bills discounted with Banks	Nil	Nil
e	Disputed tax liability	Nil	Nil
f	Export obligation	Nil	Nil
	Duty involved	Nil	Nil
12 Earnings per share			
		31.03.2010	31.03.2009
Profit / (Loss) after taxation as per Profit & Loss Account		(1359.36) +	(1118.99)
Number of equity shares outstanding		1000.01	1000.01
Basic and diluted earnings per share in rupee face value - Re.1/- per share		(1.36)	(1.12)

13. RELATED PARTY DISCLOSURES (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. Associate Companies

- | | |
|-------------------------------------|--|
| a. L.G. Balakrishnan & Bros Ltd | i. Silent Chain India Private Ltd |
| b. Elgi Automotive Service Ltd | j. LGB Fuel Systems Private Ltd |
| c. L.G.B Auto Products Ltd | k. BCW V Tech India Private Ltd |
| d. LG Farm Products Ltd | l. Rolon Fine Blank Ltd |
| e. L.G. Balakrishnan & Bros - Karur | m. LGB Rolon Chain Ltd |
| f. LG Sports Ltd | n. South Western Engineering India Ltd |
| g. Super Speeds Private Ltd | o. Vijayshree Spinning Mills Private Ltd |
| h. Super Transports Private Ltd | p. Renold Chain India Private Ltd |

ii. Key Management Personnel

Sri. V. Rajvirdhan

iii. Relatives of Key Management Personnel

Sri. V. Rajvirdhan and his Relatives



Transactions during the year with related parties / Key Management Personnels are as under :

Nature of Transactions	Associate Companies	Relatives of Key Managerial Personnel	Key Managerial Personnel	Total (Rs. in Lakhs) 2009-10	Total (Rs. in Lakhs) 2008-09
Managerial Remuneration	-	-	23.41	23.41	24.00
I C Deposits given Opening Balance	40.60	-	-	40.60	180.00
Add amount given	-	-	-	-	-
Less amount received back	40.60	-	-	40.60	139.40
I C Deposits given Closing Balance	-	-	-	-	40.60
Loan Receipts	175.00	470.00	30.00	675.00	365.00
Loan Payment	200.00	-	-	200.00	-
Interest Payment	63.41	22.50	0.97	86.88	1.10
Interest Receipts	2.08	-	-	2.08	11.02
Purchase of Power, Spares, Processing/ Conversion charges payment	409.18	-	-	409.18	149.08
Rent Receipts	18.26	-	-	18.26	6.07
Sale of Power, Stores, Materials and Service Charges	564.34	-	-	564.34	150.53
Sale of Asset	332.70	-	-	332.70	-
Lease charges receipts	43.49	-	-	43.49	37.91
Lease charges payments	18.68	-	-	18.68	0.10
Amount payable as on closing date	661.79	470.00	30.00	1161.79	1084.13
Amount receivable as on closing date	17.01	-	-	17.01	106.26

14. DETAILS OF MANAGERIAL REMUNERATION :

	31.03.2010 (Rs. in Lakhs)	31.03.2009 (Rs. in Lakhs)
Sri. P.S. Balasubramanian - Managing Director		
Salaries and Allowances	18.75	21.70
Contribution to Provident Fund	1.86	2.30
	<u>20.61</u>	<u>24.00</u>
Sri. V. Rajvirdhan - Executive Director		
Salaries and Allowances	2.50	-
Contribution to Provident Fund	0.30	-
	<u>2.80</u>	<u>-</u>

15. Details of Foreign Exchange Earnings and Outgo :

(a) Expenditure in Foreign Currency (on payment basis)

	31.3.2010 (Rs. in Lakhs)	31.3.2009 (Rs. in Lakhs)
Travelling	5.57	2.45
Technical know-how fee	1.94	38.25
Consultancy Fees	19.12	24.89
Others	-	5.79
	<u>26.63</u>	<u>71.38</u>



	31.03.2010 (Rs. in Lakhs)	31.03.2009 (Rs.in Lakhs)
(b) Value of Imports calculated on CIF basis in respect of		
Raw Materials	4.94	6.79
Stores and Spare Parts	-	-
Machinery	-	-
	4.94	6.79

(c) Earnings in Foreign Exchange		
On account of Export of Goods at FOB value	1083.68	977.41

	Imported		Indigenous		Total	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Raw Materials (Including Expenses)						
Value	4.94	6.79	5362.26	5034.83	5367.20	5041.62
Percentage	0.09	0.14	99.91	99.86	100.00	100.00
Stores & Spares (Including Expenses)						
Value	-	-	639.20	701.76	639.20	701.76
Percentage	-	-	100.00	100	100.00	100.00
Packing Materials						
Value	-	-	53.43	37.78	53.43	37.78
Percentage	-	-	100.00	100	100.00	100.00

16. Quantitative Particulars

a) Capacities

Class of Goods	Licenced Capacity		Installed Capacity @	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Cold Forging Division	Not Applicable	Not Applicable	240000 Strokes	240000 Strokes
Hot and Warm Forging Division	"	"	3075 Tonnes	3000 Tonnes
Hot Forging Division	"	"	9600 Tonnes	9600 Tonnes

@ Installed Capacity is as certified by the management

b) Production, Turnover and Stocks

All figures in Lakhs

Class of Goods	Unit	Production	Opening Stock	Closing Stock	Sales Qty	Value (Rs.)
1. Cold Forged Products	Nos.	70.53 (59.39)	0.85 (0.81)	0.21 (0.85)	71.17 (59.35)	2679.50 (2315.21)
2. Hot & Warm Forged Products	Nos.	36.16 (52.25)	12.01 (9.57)	0.16 (12.01)	48.01 (49.81)	6884.64 (7075.39)
Total		106.69	12.86	0.37	119.18	9564.14 (9390.60)

Previous year figures are given within brackets

c) Consumption of Raw Materials

	Unit	Quantity		Value	
		2009-10	2008-09	2009-10	2008-09
Steel Strips / Wires / Rods/ Bars	Tonnes	121.58	144.02	5367.20	5041.62
Others				-	-
Total		121.58	144.02	5367.20	5041.62

17. Gratuity:

Description of the Company's defined benefit Plan:

The company operates a defined benefit plan for the payment of the post employee benefits in the form of gratuity. Benefits under the plan are based on pay and years of service and are vested on completion of five years of service, as provided for in the payment of Gratuity Act, 1972. The terms of the benefits are common for all the employees of the Company

1	Principal Actuarial Assumptions (Expressed as weighted averages)	As on	As on
		31.03.2010	31.03.2009
	Discount Rate	8.00%	8.00%
	Salary Escalation	6.00%	8.00%
			(Rs. In Lakhs)
2	Table Showing changes in present value of Obligation as on 31.03.2010		
	Present value of obligations as at the beginning of the year	24.10	
	Interest cost	1.93	
	Current Service Cost	4.53	
	Benefits Paid	-1.56	
	Actuarial (gain) / loss on obligations	2.33	
	Present value of obligations as at end of the year	31.33	24.10
3	Table Showing changes in fair value of plan assets as on 31.03.2010		
	Fair value of plan assets at the beginning of the year	25.24	0.00
	Expected return on plan assets	2.57	0.78
	Contributions	12.94	27.39
	Benefits Paid	-1.56	-2.93
	Actuarial (gain) / loss on plan assets	-	-
	Fair value of plan assets at the end of the year	39.19	25.24
4	Table showing fair value of plan assets		
	Fair value of plan assets at the beginning of the year	25.24	
	Actual return on plan assets	2.57	
	Contributions	12.94	
	Benefits Paid	-1.56	
	Fair value of plan assets at the end of the year	39.19	

“As per our Report of even date”

V. RAJVIRDHAN
Executive Director

P. SHANMUGASUNDARAM
Director

Coimbatore
29.04.2010

A. JAMES CHANDRA MOHAN
Company Secretary

For Suri & Co.
Chartered Accountants
C.S. SATHYANARAYANAN
Membership No. 028328
Partner
Firm Registration No. 42835



	As on	As on
	31.03.2010	31.03.2009
5 Actuarial Gain / Loss recognized as on 31.03.2010		
Actuarial (gain) / loss on obligations	-2.33	
Actuarial (gain) / loss for the year - plan assets	-	
Actuarial (gain) / loss on obligations	2.33	
Actuarial (gain) / loss recognized in the year	2.33	
6 The amounts to be recognized in the balance sheet and statements of profit and loss		
Present value of obligation as at the end of the year	31.33	24.10
Fair value of plan assets as at the end of the year	39.19	25.24
7 Expenses Recognised in statement of Profit and Loss		
Current Service Cost	4.53	
Interest Cost	1.93	
Expected return on plan assets	-2.57	
Net Actuarial (gain) / loss recognized in the year	2.33	
Expenses recognised in statement of Profit and Loss	6.22	

18. Auditor's remuneration represents:

a. For Statutory Audit	2.00	2.00
b. For Taxation & others	0.46	-
	2.46	2.00

19. The Company has only one reportable business segment namely manufacture of forged and machined components.

"As per our Report of even date"

V. RAJVIRDHAN
Executive Director

P. SHANMUGASUNDARAM
Director

Coimbatore
29.04.2010

A. JAMES CHANDRA MOHAN
Company Secretary

For **Suri & Co.**
Chartered Accountants
C.S. SATHYANARAYANAN
Membership No. 028328
Partner
Firm Registration No. 42835

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010**

(Rs. in Lakhs)

PARTICULARS	31.03.2010	31.03.2009
A Cash Flow From Operating Activities		
Net Loss Before Tax	(1,359.33)	(1,111.49)
Adjustments for :		
Depreciation	1,072.60	1,065.83
Preliminary expenses written off	0.60	0.15
(Profit) / Loss on Sale of Assets	(67.93)	1.50
Interest Income	(10.73)	(24.11)
Bad debts written off & Provision for doubtful debts	237.42	-
Reinstatement of Debtors and Creditors	32.14	
Interest Paid/other finance charges	964.46	1,009.76
	<u>2,228.56</u>	<u>2,053.13</u>
Operating Profit before working capital changes	869.23	941.64
Trade and Other receivables	(188.27)	(395.78)
Inventories	11.07	195.04
Trade payable	305.66	1,145.26
	<u>128.46</u>	<u>944.52</u>
Cash generated from Operations	997.69	1,886.16
Direct taxes paid	(21.82)	(15.51)
Net Cash Flow from Operating activities	975.87	1,870.65
B Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(352.66)	(441.22)
Sale of Fixed Assets	296.26	-
Interest received	10.73	24.11
Net Cash used in investing activities	(45.67)	(417.11)
C Cash Flow from Financing Activities :		
Long Term Borrowings (Net of Repayments)	(712.15)	(336.17)
Unsecured Loans	1,114.56	365.00
Working Capital Borrowings	(344.40)	(470.33)
Interest paid	(964.46)	(1,009.76)
Net Cash Used in financing activities	(906.45)	(1,451.26)
D Net increase / (Decrease) in cash and cash equivalents (A+B+C)	23.75	2.28
Cash and cash equivalents as at 1.4.2009 and 1.4.2008(*)	11.07	8.79
(Opening Balance)		
Cash and cash equivalents as at 31.3.2010 and 31.3.2009	34.82	11.07
(Closing Balance)		

Note(*): Includes cash and cash equivalents consequent to scheme of arrangement.

"As per our Report of even date"

V. RAJVIRDHAN
Executive DirectorP. SHANMUGASUNDARAM
DirectorFor Suri & Co.
Chartered AccountantsCoimbatore
29.04.2010A. JAMES CHANDRA MOHAN
Company SecretaryC.S. SATHYANARAYANAN
Membership No. 028328
Partner
Firm Registration No. 42835

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I Registration Details:**Registration No

U	2	7	3	1	0	T	Z	2	0	0	6	P	L	C	0	1	2	8	3	0
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 State code

1	8
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Balance sheet Date

3	1	-	0	3	-	2	0	1	0
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II. Capital Raised during the year (amount in thousand of Rs.)

Public Issue	<table border="1"><tr><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td></tr></table>			N	I	L			Scheme of arrangement / Rights Issue	<table border="1"><tr><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td></tr></table>			N	I	L		
		N	I	L													
		N	I	L													
Bonus Issue	<table border="1"><tr><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td></tr></table>			N	I	L			Private Placement	<table border="1"><tr><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td></tr></table>			N	I	L		
		N	I	L													
		N	I	L													

III Position of Mobilization and Deployment of Funds (amount in thousands of Rs.)

Total Liabilities	<table border="1"><tr><td></td><td></td><td>1</td><td>1</td><td>5</td><td>0</td><td>0</td><td>9</td><td>9</td></tr></table>			1	1	5	0	0	9	9	Total Assets	<table border="1"><tr><td></td><td></td><td>1</td><td>1</td><td>5</td><td>0</td><td>0</td><td>9</td><td>9</td></tr></table>			1	1	5	0	0	9	9
		1	1	5	0	0	9	9													
		1	1	5	0	0	9	9													

Sources of funds

Paid-up Capital	<table border="1"><tr><td></td><td></td><td>1</td><td>0</td><td>0</td><td>0</td><td>0</td><td>1</td></tr></table>			1	0	0	0	0	1	Reserves & Surplus	<table border="1"><tr><td></td><td></td><td>2</td><td>8</td><td>9</td><td>8</td><td>8</td><td>5</td></tr></table>			2	8	9	8	8	5
		1	0	0	0	0	1												
		2	8	9	8	8	5												
Deferred Tax Liability	<table border="1"><tr><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td></tr></table>			N	I	L			Unsecured Loans	<table border="1"><tr><td></td><td></td><td>1</td><td>6</td><td>4</td><td>0</td><td>1</td><td>8</td></tr></table>			1	6	4	0	1	8	
		N	I	L															
		1	6	4	0	1	8												
Secured Loans	<table border="1"><tr><td></td><td></td><td>5</td><td>9</td><td>6</td><td>1</td><td>9</td><td>5</td></tr></table>			5	9	6	1	9	5										
		5	9	6	1	9	5												

Application of Funds

Net Fixed Assets	<table border="1"><tr><td></td><td></td><td>6</td><td>2</td><td>9</td><td>0</td><td>5</td><td>5</td></tr></table>			6	2	9	0	5	5	Investments	<table border="1"><tr><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td></tr></table>			N	I	L			
		6	2	9	0	5	5												
		N	I	L															
Net Current Assets	<table border="1"><tr><td></td><td></td><td>2</td><td>7</td><td>3</td><td>2</td><td>0</td><td>9</td></tr></table>			2	7	3	2	0	9	Accumulated Losses	<table border="1"><tr><td></td><td></td><td>2</td><td>4</td><td>7</td><td>8</td><td>3</td><td>5</td></tr></table>			2	4	7	8	3	5
		2	7	3	2	0	9												
		2	4	7	8	3	5												

IV. Performance of Company (amount in thousands of Rs.)

Turnover	<table border="1"><tr><td></td><td></td><td>1</td><td>0</td><td>3</td><td>9</td><td>5</td><td>2</td><td>7</td></tr></table>			1	0	3	9	5	2	7	Total Expenditure	<table border="1"><tr><td></td><td></td><td>1</td><td>1</td><td>7</td><td>5</td><td>4</td><td>6</td><td>0</td></tr></table>			1	1	7	5	4	6	0		
		1	0	3	9	5	2	7															
		1	1	7	5	4	6	0															
Profit Before Tax	<table border="1"><tr><td></td><td></td><td>(</td><td>1</td><td>3</td><td>5</td><td>9</td><td>3</td><td>3</td><td>)</td></tr></table>			(1	3	5	9	3	3)	Profit After Tax	<table border="1"><tr><td></td><td></td><td>(</td><td>1</td><td>3</td><td>5</td><td>9</td><td>3</td><td>6</td><td>)</td></tr></table>			(1	3	5	9	3	6)
		(1	3	5	9	3	3)														
		(1	3	5	9	3	6)														
Earning per share (Rs.)	<table border="1"><tr><td></td><td></td><td>(</td><td>1</td><td>.</td><td>3</td><td>6</td><td>)</td></tr></table>			(1	.	3	6)	Dividend Rate (%)	<table border="1"><tr><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td></tr></table>			N	I	L							
		(1	.	3	6)																
		N	I	L																			

V. Generic Names of Three Principal Products/Services of the Company. (As per Monetary Terms)Item Code No.

7	3	2	6	9	0	.	1	7
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Product Description

S	T	E	E	L		F	O	R	G	I	N	G	S
---	---	---	---	---	--	---	---	---	---	---	---	---	---

V. RAJVIRDHAN
Executive DirectorCoimbatore
29.04.2010**P. SHANMUGASUNDARAM**
Director**A. JAMES CHANDRA MOHAN**
Company Secretary

"As per our Report of even date"

For **Suri & Co.**
Chartered Accountants
C.S. SATHYANARAYANAN
Membership No. 028328
Partner
Firm Registration No. 42835



LGB FORGE LIMITED

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

ADMISSION SLIP

Name of Member		Folio No	
Name of Proxy		No of Shares	

I hereby record my presence at the 4th Annual General Meeting of the Company held on 14.06.2010 at 08.30 A.M at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore - 641 018.

.....
Signature of Member/Proxy

- Notes :
1. Shareholders/Proxies must bring the Admission Slip to the meeting and hand it over at the entrance duly signed.
 2. Shareholders are requested to advise their change to address as well as request for consolidation of folio, if any to the above address, quoting folio numbers.



LGB FORGE LIMITED

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

PROXY FORM

I/We.....Of.....being a Member/Members of LGB FORGE Limited, hereby appointoffailing him.....ofas my/our Proxy to attend and vote for me/us on my/our behalf at the 4th Annual General Meeting of the Company to be held on 14.06.2010 at 08.30 A.M. at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore- 641 018 and any adjournment thereof.

As Witness by my/our hands(s) thisday of2010.

Signed by the said.....

Folio No.	No. of Shares
DP.ID *	Client ID *

Affix
Re.1.
Revenue
Stamp

Applicable to investors holding shares in Electronic Form.

Notes: The proxy form must be returned so as reach the Registered Office of the Company, 6/16/13, Krishnarayapuram Road, Ganapathy, Coimbatore- 641 006 not less than forty-eight hours before the time for holding the aforesaid meeting.

L.G. BALAKRISHNAN & BROS LIMITED

Corporate Information

BOARD OF DIRECTORS

Sri. B. Vijayakumar Chairman cum Managing Director
Sri. P. Prabakaran Executive Director
Sri. P. Balasubramanian
Sri. S. Sivakumar
Sri. V. Govindarajulu
Sri. P. Shanmugasundaram
Smt. Rajsri Vijayakumar
Sri. R. Vidhya Shankar

GENERAL MANAGER CUM COMPANY SECRETARY

Sri. M. Lakshmi Kanth Joshi

CHIEF FINANCIAL OFFICER

Sri. N. Rengaraj

AUDITORS

M/s. Deloitte Haskins & Sells
Chartered Accountants

BANKERS

Andhra Bank
Axis Bank Limited
BNP Paribas
Corporation Bank
HDFC Bank Limited
IndusInd Bank Limited
ICICI Bank Limited
IDBI Bank Limited
The Bank of Nova Scotia
Union Bank of India

REGISTRAR AND SHARE TRANSFER AGENTS

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

REGISTERED OFFICE

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

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3. Management Discussion and Analysis	-	9 - 9
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6. Annual Accounts	-	24 - 46
7. Consolidated Accounts	-	48 - 63
8. Subsidiary Company Accounts	-	64 - 82

54th ANNUAL GENERAL MEETING

Date	: 14th June, 2010
Day	: Monday
Time	: 10.15 A.M.
Venue	: Ardra Convention Centre Kaanchan, 9, North Huzur Road Coimbatore- 641 018.
Book Closure Dates	: 08.06.2010 to 14.06.2010 (Both Days Inclusive)

NOTICE

Notice is hereby given that the Fifty Forth Annual General Meeting of the Members of the Company will be held on Monday the 14th day of June , 2010 at 10.15 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 Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in the place of Smt. Rajsri Vijayakumar who retires by rotation, and being eligible, offers herself for reappointment.
4. To appoint a Director in the place of Sri. R. Vidhya Shankar, who retires by rotation, and being eligible, offers himself for reappointment.
5. To re-appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants as Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
4. The register of Members and the Share Transfer Books of the Company will remain closed from 8th June 2010 to 14th June 2010 (both days inclusive).
5. Members holding shares in physical form are requested to notify change of address and change in bank mandate if any, to M/s. Cameo Corporate Services Limited, "Subramanian Building" No.1, Club House Road, Chennai - 600 002, the Registrar and Share Transfer Agents and those who hold shares in dematerialized form are requested to notify their Depository Participants (DP) any change in address and/or bank mandate.
6. Members who have not yet encashed their dividend warrants for previous years are advised to forward such warrants to the Company for revalidation. Pursuant to the provisions of the Section 205-A of the Companies Act, 1956 dividend, which remains unclaimed for a period of seven years, will be transferred to the Investor Education and Protection Fund of the Central Government.
7. To avoid loss of Dividend Warrants in transit and undue delay in respect of receipt of Dividend Warrants, the Company has provided a facility to the Members for remittance of Dividend through the Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns.

NOTES:

1. EVERY MEMBER ENTITLED TO ATTEND AND VOTE AT A MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE INSTRUMENT APPOINTING THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Pursuant to Clause 49 of the Listing Agreement additional information on directors seeking appointment / re-appointment at the annual general meeting is provided in the annual report.
8. Members who are holding shares more than one folio under physical form may approach the Company's Share Transfer Agent for consolidation with respective details.

9. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
10. Any member who needs any clarifications on the accounts or operation of the Company should write

to the Company Secretary, so as to reach him at least Two weeks before the meeting, so that the information required can be made available at the meeting.

Coimbatore
29.04.2010

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

Details of Directors seeking Appointment/ and re-appointment at the forthcoming Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)

Name	Smt. Rajsri Vijayakumar	Sri. R. Vidhya Shankar
Date of Birth	11.09.1981	25.03.1970
Date of Joining the Board	30.10.2006	30.05.2008
Qualification	B B A.,	B.Com., B.L.,
Expertise in functional areas	More than 8 years experience in General Administration.	More than 17 years experience in Legal Profession
Shareholding in LGB	444788	- NIL -
Other Directorship Held	Elgi Automotive Services Limited LGB Auto Products Limited LG Farm Products Limited Rolon Fine Blank Limited LGB Rolon Chain Limited Super Transports Private Limited Silent Chain India Private Limited	Pricol Limited Treadsdirect Limited
Other Committee Membership	-	Member of Audit Committee in Pricol Limited Treadsdirect Limited

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the 54th Annual Report of your Company together with the audited accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS:

The performance of the Company for the financial year ended March 31, 2010 is summarized below :

Particulars	31-03-2010 (Rs. in Lakhs)	31-03-2009 (Rs. in Lakhs)
Profit before Interest, Depreciation & Tax	7904.73	5975.60
Less:		
Interest	2058.70	2469.35
Depreciation	2171.49	2069.10
Profit Before Tax and Extra Ordinary items	3674.54	1437.15
Add : Exceptional Items	-	3064.47
Profit Before Tax	3674.54	4501.62
Less : Provisions for Taxation		
Current Income Tax / Mat	621.87	
Less : Mat Credit Entitlement	530.45	91.42
Income Tax related earlier year	46.41	-
Deferred Tax (Credit) / Change	1053.20	(162.70)
Fringe Benefit Tax	-	40.00
Profit After Tax	2483.51	3914.32
Add : Balance brought forward	1139.73	3153.14
Amount Available for appropriation	3623.24	7067.46
APPROPRIATIONS :		
1. Proposed Dividend on Equity Shares	510.13	470.89
2. Tax on Dividend	84.73	80.03
3. Transfer to General Reserves	1540.55	5376.81
4. Balance carried over	1487.83	1139.73
	3623.24	7067.46

PERFORMANCE AND OPERATIONS REVIEW

Your Company has concluded yet another year of sustained growth with significant Improvements all-round. During the year under review, the sales turnover has increased from Rs.50760.09 Lakhs in the previous financial year to Rs.55237.90 Lakhs. This represents overall growth rate of 8.82% over the previous year. The profit before tax and extraordinary items for the year was Rs.3674.56 Lakhs as against Rs.1437.15 Lakhs in the previous year showing a growth of 155% over previous year. The profit after tax and adjustments for the year had been Rs.2483.51 Lakhs as against Rs.3914.32 Lakhs in the previous year.

QUALITY

The Company continues to attach great importance in the Quality of its products and its pursuit for perfection in this direction is an on going process. The Company is aware of the need to globalize its business and as an integral part of this goal, concentrates its efforts towards conducting training programme on quality aspects for personnel from the various departments of the Company, thereby enabling the Company to confirm to international standards or quality and making its products readily acceptable in the international markets.

DIVIDEND

The Board is pleased to recommend a dividend of Rs. 6.50 /- per equity share i.e. 65% on face value of equity share of Rs. 10/- each for the year ended 31st March 2010.

The total cash outgo for this purpose would be Rs. 594.86 Lakhs (previous year Rs.550.92 Lakhs), which includes Tax on Dividend amounting to Rs. 84.73 Lakhs (last year Rs. 80.03 Lakhs).

The Registrar of Members and the Share Transfer Books shall remain closed from 08-06-2010 to 14-06-2010 both days inclusive for the purpose of Annual General Meeting and Payment of Dividend.

CHANGE IN CAPITAL STRUCTURE

During the year under review, the Share Capital of your Company was changed by allotment of 6 (Six) Equity shares of Re.1/- each, on preferential basis to M/s. L. G. Sports Limited belonging to Promoter & Promoter Group to mitigate the problem arising due to the consolidation of Equity Shares from Re.1/- each to Rs.10/- each. And the capital of the Company has been changed from 78481040 of Re.1/- each to 7848104 of Rs.10/-

WHOLLY OWNED SUBSIDIARY COMPANY

In terms of Section 4(1)(c) of the Companies Act, 1956, M/s.BCW V Tech India Private Limited becomes a wholly owned subsidiary of the Company in which it holds 100% of the Equity Shares as on 31st March, 2010. As required under Section 212 of the Companies Act, 1956 the Balance Sheet, Profit & Loss Account and the reports of the Board of Directors and Auditors of M/s.BCW V Tech India Private Limited have been attached to the Balance Sheet of your Company.

LISTING

The Securities of your Company are listed with the National Stock Exchange of India Limited and Bombay Stock Exchange Limited, and pursuant to Clause 38 of the Listing Agreement, the Annual Listing fees for the year 2010-2011 have been paid to them well before the due date i.e. April 30, 2010. The Company has also paid the annual custodian fees to NSDL & CDSL for the Securities of the Company held in dematerialized mode with them for the year 2010-11.

PUBLIC DEPOSITS:

The amount of fixed deposits available with the Company as on 31st March, 2010 is Rs.125.99 Lakhs.

There were no failure to make repayment of Fixed Deposits on maturity, on the fulfillment of the terms and conditions of your Company's scheme.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Smt. Rajsri Vijayakumar and Sri. R. Vidhya Shankar are liable to retire by rotation and are eligible for re-appointment.

A brief resume, expertise, shareholding in the Company and details of other directorships of these Directors as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange forms part of the Notice of ensuing Annual General Meeting.

CORPORATE GOVERNANCE

As per clause 49 of the Listing Agreement with the Stock Exchanges, a report on Corporate Governance together with the Auditors Certificate regarding compliance of the conditions of Corporate Governance, Management Discussion and Analysis statement forms part of the Annual Report.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 205 C of the Companies Act, 1956, an amount of Rs.1.85 Lakhs being unclaimed dividend (2001-02) was transferred during the year to the Investor Education and Protection Fund established by the Central Government.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements, your Directors provide the Audited Consolidated Financial Statements in the Annual Report.

AUDITORS:

The Auditors, M/s Deloitte, Haskins & Sells, Chartered Accountants, Coimbatore retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Company has received a Certificate

from the Auditors to the effect that their appointment, if made, would be within the limits of Section 224(1B) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES:

None of the employees of the Company was in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended.

INDUSTRIAL RELATIONS:

Industrial relations have remained cordial throughout the year in the Company.

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

The information as prescribed under Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in a separate annexure, which forms a part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors state:

- ❖ that in the preparation of the annual accounts, the applicable accounting standards have been followed;

- ❖ that appropriate accounting policies selected and applied are consistent and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the Company for the year ended on that date.
- ❖ that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- ❖ that the annual accounts have been prepared on going concern basis.

ACKNOWLEDGEMENT:

Your Directors wish to place on record that your Company's success has been a result of enduring dedication, commitment and hard work of employees, suppliers, financial institutions, banks and most important our customers, who have extended their engineering umbrella in order to allow us to excel in our field. Your Directors would also like to thank all the shareholders for their continued confidence in the Company.

Coimbatore
29.04.2010

By Order of the Board
B. VIJAYAKUMAR
Chairman Cum Managing Director

ANNEXURE TO DIRECTORS' REPORT

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

A. CONSERVATION OF ENERGY

Furnishing of this information in the prescribed format in Form - A is not applicable to the Company. However the Company is making continuous efforts to conserve and optimize energy wherever practicable by economizing on fuel and power

FORM B

1. RESEARCH & DEVELOPMENT

a)	Specific areas in which R & D is carried out by the company	a) Different type of chains for a number of new applications b) Development of process for different fine blanked product application
b)	Benefits derived as a result of the above R & D	Product range expansion
c)	Future plan of Action :	a) To identify more areas where our presence can be introduced. b) To develop more new products with specialist requirement such as coating c) More concentration on continuous cost reduction procedure.
d)	Expenditure on R & D i) Capital ii) Recurring iii) Total R & D Expenditure iv) Total R & D expenditure as a % to total Turnover.	Rs. 36.70 Lakhs Rs.66.15 Lakhs Rs. 102.85 Lakhs 0.17%
2. TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION		
a)	Efforts, in brief, made towards technology absorption, adaptation and innovation	a) Continuous interaction with chain consultant b) Product benchmarking c) New process exploration and development.
b)	Benefits derived as a results of the above efforts e.g., Product improvement, cost reduction, import substitution etc.	a) Improvement of 4WD Silent chain to benchmark chain performance levels b) Improvement of sealed chain life for Honda application / Development of local X Rings for sealed chains / Cut and shave tool development c) Development of wear resistant coating (Dichronite) for Chain pins
c)	In case of Imported Technology during the last 5 Years reckoned from the beginning of the financial year, following information may be furnished. 1) Technology Imported 2) Year of Import 3) Has technology been fully absorbed 4) If not fully absorbed, areas where this has not taken place reasons therefore and future plan of action.	Silent Chain technology for 4WD application 2009 - 2010 Yes -

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earned through Exports amount to : Rs.4700.73 Lakhs

Foreign Exchange used : Rs.3302.29 Lakhs

Coimbatore
29-04-2010

By Order of the Board
B. VIJAYAKUMAR
Chairman Cum Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT.

The Indian automotive industry is a world class manufacturing systems which is expanding its capacities. Small and medium size industry in the developed countries have begun either moving or adding to their capacity by developing their production capability in India. This has increased the opportunities available for qualitative Indian manufactures.

OPPORTUNITIES

The continued slow down and recession in the western world has exhausted the pipe line stock of most of the engineering manufactures. With signs of the slow down abetting in Americas, the demand is expected to increase exponentially. Such demand will cover the reduction in off take in Europe. This will afford our company to grow continuously with the same growth rate of last year.

THREATS

Our Company has manufacturing centres all over India. Everywhere we have faced enormous power shortages which increased our cost of our manufacture. Such increases in the cost could either reduce our profitability or also render us non competitive in the global market.

Raw material available as well as numerous fluctuations in its cost, impacted our competitive position and it is also expensive to undertake such numerous selling price increase exercises.

Numerous foreign currency fluctuations are also adding cost and complications to our manufacturing system.

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 fulfil its targets and deadlines in time. The total number of people employed in the Company as on 31st March 2010 was 1798

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.

Coimbatore
29-04-2010

By Order of the Board
B. VIJAYAKUMAR
Chairman Cum Managing Director

CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance

LGB believes in maximizing shareholders value by adopting transparent practice and high standards of Corporate Conduct towards stakeholders.

2. Board of Directors

Your Company's Board has an optimum combination of executive, non-executive and independent directors as per requirements of Clause 49 of the Listing Agreement. The details of composition of the Board of Directors and directorship held in other companies / board committees by each member of the Board of Directors of the Company as on 31st March, 2010 is as under:

Name of the Directors	Category	No of other Directorship**	No. of Board Committee Memberships/ Chairmanships held***		Attendance Particulars		Relationship interse Directors
			Member	Chair-man	Board Meeting	Last AGM	
Sri. B. Vijayakumar Chairman Cum Managing Director	Executive Promoter	10	3	-	5	Yes	Father of Smt. Rajsri Vijayakumar
Sri. P. Prabakaran Executive Director	Executive	2	-	-	5	Yes	
Sri. P. Balasubramanian	Non- Executive Independent	-	1	-	4	No	
Sri. S. Sivakumar	Non-Executive Non-Independent	6	-	-	4	Yes	
Sri. V. Govindarajulu	Non-Executive Independent	-	1	1	5	Yes	
Sri. P. Shanmugasundaram	Non-Executive Independent	2	-	3	5	Yes	
Smt. Rajsri Vijayakumar	Non-Executive Promoter	5	-	-	2	No	Daughter of Sri. B. Vijayakumar
Sri. R. Vidhya Shankar	Non-Executive Independent	2	2	-	3	No	
Sri. C. Nachiappan*	Non-Executive Independent	-	-	-	1	No	

* Sri. C. Nachiappan was on the Board till 10th July 2009

** Exclude directorship in Private Companies and Foreign Companies.

*** Only Audit Committee and Investor Grievance Committee are considered

Details of the Board meetings held during the financial year 2009 - 2010

During the year, 5 (Five) Meetings of the Board of Directors of the Company were held on 22nd May 2009, 27th July 2009, 30th October 2009, 27th November 2009 and 28th January 2010.

3. Audit Committee

The terms of reference of this committee has been mandated with the same as specified in Clause 49 of the Listing Agreement with Stock Exchange and also with the requirement of Section 292 A of the Companies Act, 1956.

During the financial year ended 31st March 2010, four Audit Committee Meetings were held on 20th May 2009, 24th July 2009, 29th October 2009 and 27th January 2010. The necessary quorum was present at these meetings.

The composition of the Audit Committee and the details of meetings attended by the Directors are as follows:

Name of the Member	Category	Designation	No of Meetings	
			Held	Attended
Sri. P. Shanmugasundaram	Independent	Chairman	4	4
Sri. V. Govindarajulu	Independent	Member	4	4
Sri. P. Balasubramanian	Independent	Member	4	3

Chairman of the Audit Committee had attended the last Annual General Meeting. Chief Financial Officer, Head of Internal Audit, Operating Heads of the manufacturing units and representatives of the Statutory Auditors are invitees to the Audit Committee and the Company Secretary is Secretary to the Committee.

The audited quarterly results, annual audit plan, compliance with accounting standards, audit observations on the Annual Accounts and other related matters are discussed by the Audit Committee. The significant observations of the Internal Audit Department and the follow-up action on matters raised are also reviewed by the Committee.

The Audit Committee considered and reviewed the accounts for the year 2009-2010 before it was placed in the Board.

4. Remuneration Committee

A Remuneration Committee has been constituted by the Board of Directors to review and/or determine the remuneration package of the executive directors of the Company in accordance with the guidelines laid out by the statute and the listing agreement with the Stock Exchanges. The Composition of Committee is given below:-

During the year remuneration committee was reconstituted due to retirement of Sri.C.Nachiappan. The following Directors are the members of the Remuneration Committee:

Name of the Member	Category	Status
Sri. R. Vidhya Shankar	Independent	Chairman
Sri. P. Balasubramanian	Independent	Member
Sri. V. Govindarajulu	Independent	Member

During the year under review, the committee had met 1 time on 20th May, 2009. All the members of the committee were present in the meeting.

The Company currently does not have any stock option scheme.

Details of Remuneration paid to Directors during the financial year 2009-2010

a) Remuneration paid/payable to the Executive Directors for the financial year ended March 31, 2010 is given as under :

Name	Salary and perquisites Rs. in Lakhs	Service Contract
Sri. B. Vijayakumar, Chairman cum Managing Director	Rs.81.40	Re-appointed for a period of 5 years from 01.01.2010 to 31.12.2014
Sri. P. Prabakaran, Executive Director	Rs. 21.27	Appointed for a period of 3 years from 01.04.2008 to 31.05.2011

Remuneration includes salary, Company's contribution to Provident Fund, commission, reimbursement of medical expenses and other perquisites.

- b) Remuneration paid/payable to the Non-Executive Directors for the financial year ended March 31, 2010 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 the Director	Sitting Fees (Rs.)
Sri. C. Nachiappan	10,000
Sri. P. Balasubramanian	70,000
Sri. S. Sivakumar	40,000
Sri. V. Govindarajulu	90,000
Sri. P. Shanmugasundaram	90,000
Smt. Rajsri Vijayakumar	20,000
Sri. R. Vidhya Shankar	30,000
Total	350,000

- c) Statement showing number of Equity Shares of Rs.10/- each of the Company held by the present Non- Executive Directors as on March 31, 2010 :

Name	No. of shares held as on 31.03.2010	% of Holding
Smt. Rajsri Vijayakumar	444,788	5.67
Sri. P. Balasubramanian	1,000	0.01
Sri. S. Sivakumar	524	0.01
Sri. V. Govindarajulu	Nil	-
Sri. P. Shanmugasundaram	Nil	-
Sri. R. Vidhya Shankar	Nil	-

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

5. Shareholders' / Investors' Grievance Committee:

The Company has an "Investors Grievance Committee" comprising of the following Directors.

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

The Committee deals in matters relating to transfer and transmission of shares/bonds issue of duplicate share/ Bond certificates and looks into the Shareholders / Investor complaints, if any, on transfer of Shares, non-receipt of dividend, Annual Report etc. In addition, the Committee looks into other issues including status of dematerialization / re-dematerialization of shares and Bond as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

During the year under review, the Committee met 16 times to deliberate on various matters referred above and responsible 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/bond holders and required information/documents are furnished immediately to the satisfaction of shareholders/bond holders. At the

beginning of the year, no complaint was pending. During the year ended 31st March, 2010, the Company has not received any complaints from the shareholders hence, at the end of the year, no complaint was pending.

6. Management Discussion and Analysis Report

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

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

Year	Date	Time	Location	Special Resolution Passed
2007	24.09.2007	09.30 A.M.	Ardra," Kaanchan, 9, North Huzur Road, Coimbatore- 18	a. The Company has passed a Special Resolution in the year 2006-07 approving the De-listing of Securities of the Company from the Coimbatore & Madras Stock Exchanges. b. The Company has passed a Special Resolution in the year 2006-07, for Reduction of Share Capital from 8,41,39,034 to 7,84,81,034 and it was approved by the Hon'ble High Court, Madras vide order dated 12.11.2007.
2008	18.08.2008	09.30 A.M.	Ardra," Kaanchan, 9, North Huzur Road, Coimbatore- 18	The Company has passed a Special Resolution, for appointment Sri. V. Rajviridhan, as a Executive Trainee who is a relative of Sri. B. Vijayakumar, Managing Director and Smt. Rajsri Vijayakumar Director of the Company.
2009	10.07.2009	10.00 A.M.	Ardra," Kaanchan, 9, North Huzur Road, Coimbatore- 18	NIL
2010 EGM	06.01.2010	09.30 A.M.	Ardra," Kaanchan, 9, North Huzur Road, Coimbatore- 18	The Company has passed Special Resolutions, a) for allotment of 6 Equity Shares of Re.1/- each to promoter & promoter group on Preferential Basis. b) Alteration in Capital Clause of Articles of Association. c) Consolidation of Equity Shares from Re.1/- to Rs.10/- each

Whether any special Resolution passed through Postal Ballot

No Special Resolutions was passed through Postal Ballot in the year 2009 - 2010 under provisions of Section 192A of the Companies Act, 1956 and the Companies (Passing of the resolution by Postal Ballot) Rules, 2001. For this year, there are no resolutions required to be passed by the conduct of Postal Ballot.

8. Disclosures

There are no materially significant related party transactions that would have potential conflict with the interests of the Company at large. Details of related party transactions are given elsewhere in the Annual Report.

The Company has complied with all the requirements of the Listing Agreement of the Stock Exchanges as well as regulations and guidelines of SEBI, No Penalties have been levied or strictures haven been passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets, in the last three years.

The Company complies with all the requirements of the listing agreement including the mandatory requirements of Clause 49 of the agreement.

The Company has adopted the following non-mandatory requirements on Corporate Governance recommended under clause 49 of the listing agreement.

Company has a Remuneration Committee comprises of three Non-executive directors.

9. Whistle Blower Policy

The Company does not have any Whistle Blower Policy. However any employee, if he/she so desires, would have free access to meet Senior Level Management and Report any matter of concern.

10. Means of Communication

(i) Quarterly and Half-yearly financial results

The Company is regularly providing details of new Directors and Directors seeking re-appointment in the Annual General Meeting notice attached with the Annual Report.

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 put 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.

(ii) Official News Releases:

Official news releases are made whenever it is considered necessary.

(iii) The presentation made to institutional investors or to the analysts:

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

11. Shareholder Information :

1. Annual General Meeting is proposed to be held at 10.15 A.M. on 14th June, 2010 at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore- 641 018.

2. Financial Calendar

Financial Year : April to March

For the year ended 31st March 2010, results were announced on 29.04.2010.

Financial Year - 2010-2011

Quarter ending June 30, 2010 - End of July 2010

Quarter ending September 30, 2010 - End of October 2010

Quarter ending December 31, 2010 - End of January 2011

Year ended 31-03-2011 - End of May 2011

3. Date of Book Closure - 08-06-2010 to 14-06-2010 (both days inclusive)
4. Dividend payment date - Within 30 days from the date of Annual General Meeting.
5. a) Listing on Stock Exchanges - Bombay and National Stock Exchanges.
b) Securities Code - Bombay Stock Exchange Ltd. Equity 500250
- The National Stock Exchange of India Ltd. - LGBBROSLTD

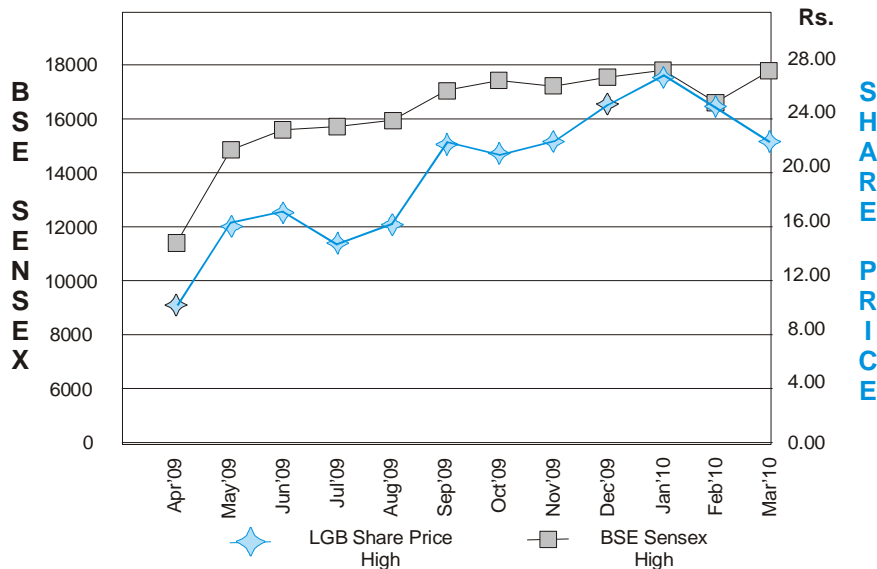
c) The International Security - Equity : INE337A01034
 Identification Number (ISIN)

The Company has paid Annual Listing Fees to Bombay Stock Exchange Limited, National Stock Exchange of India Limited. Application for voluntary de-listing of the Securities from Coimbatore Stock Exchange Limited, Coimbatore is pending from their end.

6. Stock market price data for the year 2009-2010

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

	National Stock Exchange		Bombay Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April	15.80	8.15	15.80	8.01
May	16.40	11.30	16.55	11.25
June	17.10	12.80	17.25	13.00
July	14.75	10.55	14.80	10.75
August	16.40	12.65	16.40	12.70
September	20.40	14.40	22.40	14.55
October	21.60	15.30	21.40	15.75
November	21.50	14.20	22.50	14.90
December	24.50	18.40	25.15	18.10
January	26.95	22.00	27.15	20.55
February	24.95	20.55	25.00	20.50
March	24.90	22.00	22.45	21.95
March 31	273.00*	231.05*	243.00*	227.70*



Note: The Face Value of Equity shares were converted from Re. 1/- each to Rs. 10/- & subsequently listed in Stock exchanges with effect from 31.03.2010

7. Registrar & Transfer Agents (For share transfers and other communication relating to share certificates, dividend and change of address)

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

8. Share Transfer System

The Shares/ Bonds transfers are registered and returned within a period of 15 days of receipt if documents are in order. All requests for dematerialization of shares & Bonds are processed and confirmed to the depositories, NSDL and CDSL within 4 working days. The share transfers are approved by the Share Transfer committee which meets as and when required.

9. Distribution of Shareholding as on 31st March, 2010.

Range	No. of Holders	No. of Shares (Face Value Rs.10/-)	% of Shares
1 - 500	19,611	1,288,699	16.42
501 - 1000	522	391,336	4.99
1001 - 2000	258	375,402	4.78
2001 - 3000	73	186,540	2.38
3001 - 4000	45	155,255	1.98
4001 - 5000	27	122,802	1.56
5001 - 10000	46	325,778	4.15
10001 - and above	40	5,002,292	63.74
Total	20,622	7,848,104	100.00

10. Pattern of Shareholding

Sl. No.	Category	No. of Share holders	No. of Shares held	% to paid-up capital
1	Promoters and promoters group	32	3,627,127	46.22
2	Financial Institutions, Banks	2	1,602	0.02
3	Insurance Companies	1	13,596	0.17
4	Foreign Institutional Investors/NRI/OCB	140	583,512	7.43
5	Bodies Corporate	532	273,476	3.49
6	Public	19,915	3,348,791	42.67
	Total	20,622	7,848,104	100.00

11. Dematerialization of Shares as on 31st March, 2010.

The equity shares of the Company are compulsorily traded in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Particulars	No. of Shares	Percentage (in Share Capital)
National Securities Depository Limited	3,528,606	44.96
Central Depository Services (India) Limited	500,811	6.38
Physical	3,818,687	48.66
Total	7,848,104	100.00

12. Out Standing GDRs / ADRs / Warrants or any Convertible Instruments, Conversion date and likely impact on equity.

The Company has redeemed 1% Secured Optionally Convertible Bonds of a Face Value of Rs. 101/- on 27.03.2010.

13. Code of Conduct

The Company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management Personnel and that the same has been hosted on the Company's website. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct, as on 31st March, 2010

The Company's Chairman cum Managing Director's declaration to this effect forms a part of this report.

Code for prevention of Insider Trading

The Company has framed a Code of Conduct for prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all Directors / Officers / Designated Employees. The Code ensures the prevention of dealing in shares by persons having access to unpublished price sensitive information.

14. Plant Locations

The Company's plants are located as under

1. Ganapathy Krishnarayapuram Road Ganapathy Post Coimbatore- 641 006	2. Annur Ganesapuram Kattampatti Post, Annur, Coimbatore- 641 107	3. Mysore 24, Industrial Suburb III Stage, Mysore South, Mysore 570 008
4. D.Gudalur (RSP) Vedasandur Taluk, Dindigul- 624 620	5. Vaiyampalayam Kottaipalayam Post, Coimbatore- 641 110.	6. Waluj B-49, MIDC Waluj, Aurangabad - 431 133
7. Chinnavedampatti No SF 513, Bharthiyar Street Chinnavedampatti Ganapathy Post Coimbatore	8. Karur (FRD & RBD) Mochakottampalayam Viswanathapuri Post Karur- 639 002	9. Gurgaon Block 'B', 6/21/2, Begampur Khtola, N.H. No.8, Gurgaon
10. Chakan GAT No. 610-611 Chakan Talegaon Road Mahalunge (Ingle), Talkhed Chakan, Pune - 410 501	11. Uttaranchal Plot No 16, Sector-9, 11 E -Sidul, Pantnagar, Dist Udham Singh- 263193 Uttarkhand.	12. Sengalipalayam (Machining) 2/22, Sengalipalayam N.G.G.O Colony Post Coimbatore- 641 022
13. Pongalur Sathy Road, Pongalur Post Coimbatore- 638 459	14. Pillaippanpalayam Village Kumarapalayam Post Coimbatore -641653	15. Kodayampalayam Pillayar Koil Street, Near Power House Kottaipalayam Post Coimbatore- 641 110

15. Address for Correspondence :

All correspondences should be addressed to:

M. Lakshmi Kanth Joshi, General Manager cum Company Secretary
6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore- 641 006
Phone : 0422 - 3911212 Fax : 0422 - 3911163 E-Mail : lk.joshi@lgb.co.in

16. Declaration on Code of Conduct.

To

The Members of L.G. Balakrishnan & Bros Limited

In accordance with Clause 49 sub-clause I (D) of The Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personal including me, have affirmed compliance to their respective Codes of Conduct, as applicable for the Financial Year ended 31st March, 2010.

Coimbatore
29.04.2010

B. VIJAYAKUMAR
Chairman Cum Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

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

I have examined the compliance of conditions of Corporate Governance by M/s. L. G. Balakrishnan & Bros Limited for the year ended March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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 explanations given to me I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Investors' Relation Committee.

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

Coimbatore
29.04.2010

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

**CHAIRMAN CUM MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATION
UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES.**

- To
- The Board of Directors of
- L.G. Balakrishnan & Bros Limited,
- In relation to the audited financial accounts of the Company as at March 31, 2010, We hereby certify that
- a. We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - I. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - II. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
 - b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
 - c. We accept responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or purpose to take to rectify these deficiencies.
 - d. We have indicated to the auditors and the audit committee:
 - I. Significant changes in internal control over financial reporting during the year
 - II. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - III. Instance of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Coimbatore
29.04.2010

B. VIJAYAKUMAR
Chairman Cum Managing Director
N. RENGARAJ
Chief Financial Officer

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

1. We have audited the attached Balance Sheet of L.G.Balakrishnan & Bros Limited ("the Company") as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) 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;
5. On the basis of the written representations received from the Directors as on 31st March, 2010 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
 - (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

Coimbatore
29.04.2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result, clauses iii (b) to (d), x, xii, xiii, xiv, xviii, xix, xx of CARO are not applicable.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) 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) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
- The Company has not granted loans to any party.
- In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
- (a) The Company has taken loans aggregating Rs.714.08 lakhs from seven parties during the year. At the year-end, the outstanding balance of such loans taken aggregated Rs.391 lakhs (number of parties 5) and the maximum amount involved during the year was Rs.633.58 lakhs (number of parties 7).
- (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
- (c) The payments of principal amounts and interest in respect of such loans are regular/as per stipulations.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

- (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
- (b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.
- (vii) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. 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.
- (viii) In our opinion, the internal audit functions carried out during the year by firm(s) of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)
- (d) of the Companies Act, 1956 in respect of plantation products and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
- (x) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2010 on account of disputes are given below:

Name of statute	Nature of the disputes	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise	Classification	23.00	1982 - 1984	High Court of Madras
	Cenvat on Capital Goods	19.62	Various Periods	CESTAT Chennai
Sales Tax	Form H	1.41	1989 -90	High Court of Madras
Service Tax	Credit on GTA and windmill	13.21	Various periods	CESTAT, Chennai
Entry Tax	Entry tax	408.36	Various periods	High Court of Madras (Stayed by the High Court)

-
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.
- (xii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not *prima facie* prejudicial to the interests of the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment
- (xv) 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 has been noticed or reported during the year.

Coimbatore
29.04.2010

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

C.R. RAJAGOPAL
Membership No 23418
Partner

**BALANCE SHEET AS AT 31.03.2010**

Schedule	31.03.2010 (Rs. in Lakhs)		31.03.2009 (Rs. in Lakhs)	
SOURCES OF FUNDS :				
SHAREHOLDERS' FUNDS:				
Share Capital	A	784.81		784.81
Reserves & Surplus	B	15227.35	16012.16	13379.25
LOAN FUNDS:				
Secured Loans	C	10175.22		14983.21
Unsecured Loans	D	516.99	10692.21	170.79
Deferred Tax Liability (Refer Note B(5) of Schedule Q)		2660.39		1607.19
		<u>29364.76</u>		<u>30925.25</u>
APPLICATION OF FUNDS:				
FIXED ASSETS				
Gross Block	E	29354.58		28023.77
Less: Depreciation		14599.28		12642.98
Net Block		14755.30		15380.79
Capital Work-in-progress at cost		328.53	15083.83	394.59
INVESTMENTS	F		1224.93	966.84
FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT				
(Refer Note B(20) of Schedule Q)			242.25	525.14
CURRENT ASSETS, LOANS & ADVANCES				
Inventories	G	12223.89		10886.92
Sundry Debtors	H	7830.73		7578.83
Cash and Bank Balances	I	463.87		3763.79
Loans and Advances	J	2780.37		3167.45
		<u>23298.86</u>		<u>25396.99</u>
CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities	K	9890.26		11148.18
Provisions		594.85		590.92
		<u>10485.11</u>		<u>11739.10</u>
NET CURRENT ASSETS		<u>12813.75</u>		<u>13657.89</u>
		<u>29364.76</u>		<u>30925.25</u>

Accounting Policies & Notes on Accounts Q

Schedules A to K and Q form part of this Balance Sheet.

"In terms of our report attached"
For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

B. VIJAYAKUMAR
Chairman Cum Managing Director

P. PRABAKARAN
Executive Director

Coimbatore
29.04.2010

M. LAKSHMI KANTH JOSHI
General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

C.R. RAJAGOPAL
Membership No.23418
Partner

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010**

Schedule	31.03.2010 (Rs. in Lakhs)	31.03.2009 (Rs. in Lakhs)
INCOME		
Sales	58998.13	56025.21
Less : Excise duty	3760.23	5265.12
Net Sales	55237.90	50760.09
Other Income	L 554.12	548.90
	55792.02	51308.99
EXPENDITURE		
Consumption of Materials	M 28163.37	26108.30
Employees' Cost	N 4521.22	4528.02
Other Expenses	O 15202.70	14697.07
Interest	P 2058.70	2469.35
Depreciation & Amortisation	2171.49	2069.10
	52117.48	49871.84
PROFIT BEFORE TAXATION & EXTRA ORDINARY ITEM	3674.54	1437.15
Add : Exceptional Items	-	3064.47
PROFIT BEFORE TAXATION	3674.54	4501.62
PROVISION FOR TAXATION		
Current Income-tax/Mat Tax	621.87	710.00
Less : Mat credit entitlement		-
(Refer Note No.B (6) of Schedule Q)	530.45	91.42
Income Tax related to earlier year	46.41	-
Deferred Tax (Credit) / Charge	1053.20	(162.70)
Fringe Benefit Tax	-	40.00
PROFIT AFTER TAX	2483.51	3914.32
Balance brought forward from previous year	1139.73	3153.14
PROFIT AVAILABLE FOR APPROPRIATION	3623.24	7067.46
APPROPRIATIONS		
Proposed Dividend	510.13	470.89
Tax on Dividend	84.73	80.03
Transfer to General Reserve	1540.55	5376.81
Balance Carried to Balance Sheet	1487.83	1139.73
	3623.24	7067.46
Basic and Diluted EPS (Face Value Rs.10/- per Share (Previous Year Re.1/- per Share)		
- excluding Extra Ordinary Item (Rs.)	31.64	1.08
- including Extra Ordinary items (Rs.)	31.64	4.99

Accounting Policies & Notes on Accounts Q

Schedules L to Q form part of this Profit & Loss Account

"In terms of our report attached"
For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

B. VIJAYAKUMAR
Chairman Cum Managing Director

P. PRABAKARAN
Executive Director

Coimbatore
29.04.2010

M. LAKSHMI KANTH JOSHI
General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

C.R. RAJAGOPAL
Membership No.23418
Partner

SCHEDULES TO BALANCE SHEET		31.03.2010 (Rs. in Lakhs)	31.03.2009 (Rs. in Lakhs)
SHARE CAPITAL - A			
Authorised :			
1,20,00,000 Equity Shares of Rs.10/- each (Previous Year 12,00,00,000 Equity Shares of Re.1/- each)		1200.00	1200.00
		<u>1200.00</u>	<u>1200.00</u>
Issued, Subscribed and Paid-up :			
78,48,104 Equity Shares of Re.10/- each (Previous Year 7,84,81,034 Equity Shares of Re.1/- each)		784.81	784.81
(Of the above 60,14,306 (Previous Year 6,01,43,060) Equity Shares of Re.1/- each) Equity Shares of Rs.10/- each have been issued as fully paid up Bonus Shares by Capitalisation of Reserves)		<u>784.81</u>	<u>784.81</u>
RESERVES AND SURPLUS - B			
GENERAL RESERVE :			
As per Last Balance Sheet		9000.00	7266.31
Less : Adjustment on De-merger		40.55	3643.12
Add : Transfer from Profit & Loss Account		1540.55	5376.81
		10500.00	9000.00
SECURITIES PREMIUM :			
As per Last Balance Sheet		3100.61	3100.61
REVALUATION RESERVE:			
(FIXED ASSETS)			
As per Last Balance Sheet		138.91	179.45
Less : Adjustment on de-merger		-	40.54
Less: Depreciation for the year on			
Revaluation of Assets		-	138.91
Surplus in Profit & Loss Account		1487.83	1139.73
		<u>15227.35</u>	<u>13379.25</u>
SECURED LOANS - C			
From Banks			
Term Loan		10017.22	17.22
[Repayment within 1 year - Rs.500 Lakhs (Previous year Nil)]			
Short Term Loan		-	500.00
Cash Credit		158.00	5003.69
Vehicle Loan		-	20.03
1% Secured Optionally Convertible Bonds		-	9442.27
		<u>10175.22</u>	<u>14983.21</u>

SCHEDULES TO BALANCE SHEET

	31.03.2010 (Rs. in Lakhs)	31.03.2009 (Rs. in Lakhs)
UNSECURED LOANS - D		
From :		
Directors	111.00	-
Intercorporate Loans	-	40.38
Others	280.00	37.25
Fixed Deposits [(Rs.13.54 Lakhs repayable within one year.) (Previous year Rs.53.12 Lakhs)]	125.99	93.16
	516.99	170.79

FIXED ASSETS - E

(Rs. in Lakhs)

Description of Assets	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
	As at 1.4.2009	During the Year		As at 31.3.2010	As at 1.4.2009	Deduc- tions	For the year	As at 31.3.2010	As at 31.3.2010	As at 31.3.2009
		Additions	Dele- tions							
Land - free hold *	840.55 (986.13)	- (-)	0.02 (145.58)	840.53 (840.55)	- (-)	- (-)	- (-)	- (-)	840.53 (840.55)	840.55 (986.13)
Building	3118.26 (4301.92)	84.01 (274.72)	9.99 (1458.38)	3192.28 (3118.26)	1003.46 (1090.65)	4.15 (279.30)	195.32 (192.11)	1194.63 (1003.46)	1997.65 (2114.80)	2114.80 (3211.27)
Motor Vehicles	239.68 (246.32)	42.64 (20.92)	68.24 (27.56)	214.08 (239.68)	91.04 (73.05)	23.26 (9.77)	28.63 (27.76)	96.41 (91.04)	117.67 (148.64)	148.64 (173.27)
Plant & Machinery	21051.41 (29901.69)	1510.34 (2196.26)	349.27 (11046.54)	22212.48 (21051.41)	9784.13 (12927.16)	145.10 (4725.51)	1689.01 (1582.48)	11328.04 (9784.13)	10884.44 (11267.28)	11267.28 (16974.53)
Furniture, Electrical Fittings & Office Equipments	1933.17 (2392.25)	172.28 (144.83)	61.11 (603.91)	2044.34 (1933.17)	1178.42 (1232.40)	31.59 (216.54)	157.17 (162.56)	1304.00 (1178.42)	740.34 (754.75)	754.75 (1159.85)
Other Assets	630.61 (658.80)	33.27 (77.15)	23.10 (105.34)	640.78 (630.61)	417.85 (392.69)	11.09 (37.01)	59.35 (62.17)	466.11 (417.85)	174.67 (212.76)	212.76 (266.11)
Goodwil (On Amalgamation)	210.09 (210.09)	- (-)	- (-)	210.09 (210.09)	168.08 (126.06)	- (-)	42.01 (42.02)	210.09 (168.08)	- (42.01)	42.01 (84.03)
Capital Work-in Progress at cost									328.53 (394.59)	394.59
Total	28023.77	1842.54	511.73	29354.58	12642.98	215.19	2171.49	14599.28	15083.83	15775.38
Previous year	(38697.20)	(2713.88)	(13387.31)	(28023.77)	(15842.01)	(5268.13)	(2069.10)	(12642.98)	(15775.38)	

* Includes leasehold land aggregating to Rs.67.89 lakhs (Previous year Rs.67.89 lakhs)

Note : 1) Previous year figures are given within brackets

2) Plant and Machinery includes Technical know how amounting to Rs. 512.67 Lakhs (previous year Rs. 471.60 Lakhs) which is amortised over a period of 10 years

SCHEDULES TO BALANCE SHEET

	Nomi- nal Value	As at 01.04.2009		Purchase (Sales)		As at 31.03.2010	
		No. of Shares	(Rs. in Lakhs)	No. of Shares	(Rs. in Lakhs)	No. of Shares	(Rs. in Lakhs)
LONG TERM INVESTMENTS							
TRADE QUOTED - AT COST							
Fully paid-up Equity Shares in							
Super Spinning Mills Ltd.	1	250000	0.20	(240000)	(0.19)	10000	0.01
Elgi Industrial Products Ltd	10	1000	0.20	-	-	1000	0.20
Lakshmi Synthetic Machinery Mfg. Ltd	10	100	0.01	-	-	100	0.01
Supreme Rubber Reclaimers Ltd	10	50	0.01	-	-	50	0.01
Tube Investments of India Ltd	2	220	0.01	-	-	220	0.01
Bharath Rubber Regenerating Co. Ltd	10	200	-	-	-	200	-
Elgi Equipments Ltd	1	614803	112.29	-	-	614803	112.29
Magna Electro Castings Ltd	10	61558	6.16	61558	(6.16)	-	-
Corporation Bank	10	2400	1.92	-	-	2400	1.92
LGB Forge Limited	1	10550000	105.50	-	-	10550000	105.50
BENCH MARK MUTUAL FUND-GOLD BEES				1225	20.08	1225	20.08
TRADE UNQUOTED - AT COST							
Fully paid-up Equity Shares in							
Tata Refractory Ltd	10	5000	2.01	-	-	5000	2.01
Manish Commercial Premises Co-operative Society Ltd, Mumbai	50	5	-	-	-	5	-
Kaveri Steels Ltd	10	100	-	-	-	100	-
NON TRADE UNQUOTED - AT COST							
Fully paid-up Equity Shares in:							
Silent Chain India (P) Ltd	10	770	0.15	-	-	770	0.15
LG Farm Products Ltd	10	10000	1.00	-	-	10000	1.00
Rolon Fine Blank Ltd	10	5000	0.50			5000	0.50
LGB Rolon Chain Limited	10	5000	0.50			5000	0.50
South Western Engineering India Ltd	1000	179	38.66	358	26.86	537	65.52
Renold Chain India Private Ltd	10	6250000	625.00	-	-	6250000	625.00
BCW V Tech India Private Ltd (Wholly owned Subsidiary Comapny)	10	725000	72.50	2175000	217.50	2900000	290.00
GOVERNMENT SECURITIES - UNQUOTED			0.22				0.22
			966.84		258.09		1224.93

SCHEDULES TO BALANCE SHEET
INVESTMENTS - F (contd.)

(Rs. in Lakhs)

	2010		2009	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	240.03	883.68	226.30	276.16
Unquoted Investments	984.90	-	740.54	-
	<u>1224.93</u>	<u>883.68</u>	<u>966.84</u>	<u>276.16</u>

	31.03.2010 (Rs. in Lakhs)	31.03.2009 (Rs. in Lakhs)
INVENTORIES - G		
Valued at cost or net estimated realisable value whichever is lower		
Raw Materials	3097.31	1955.22
Semi-Finished Products	4137.95	3250.14
Finished Products	2349.96	4001.39
Packing Materials	126.81	87.98
Trading Goods	1371.70	790.79
Stores, Spares and Loose Tools etc.	1139.25	795.75
Agricultural Produce	0.91	5.65
	<u>12223.89</u>	<u>10886.92</u>
SUNDRY DEBTORS - H		
UNSECURED :		
CONSIDERED GOOD		
Debts outstanding for a period exceeding six months	483.68	372.92
Other Debts	7399.31	7205.91
Less : Provision for Doubtful debt.	52.26	-
	<u>7830.73</u>	<u>7578.83</u>
CASH AND BANK BALANCES - I		
Cash and cheques on hand	28.50	29.78
WITH SCHEDULED BANKS ON		
Current Account	29.07	70.02
Unpaid Dividend Account	25.76	20.15
Unpaid Interest Account	63.06	-
Fixed Deposits *	137.40	3342.86
Remittance-in-Transit	154.55	291.28
WITH NON SCHEDULED BANKS	<u>25.53</u>	<u>9.70</u>
	<u>463.87</u>	<u>3763.79</u>
* Includes Fixed Deposits lodged with Bankers for issuing guarantee and margin money Rs.23.80 Lakhs (previous year Rs.21.18 Lakhs)		

SCHEDULES TO BALANCE SHEET			
	31.03.2010 (Rs. in Lakhs)		31.03.2009 (Rs. in Lakhs)
LOANS AND ADVANCES - J			
(Unsecured and considered good)			
Due from Subsidiary Company	62.42		-
Advances recoverable in cash or in kind or value to be received	757.81		1397.60
Advance Payment of Income-tax* [Net of provision for Income - Tax Rs.2016.11 lakhs (Previous year Rs.2129.62 lakhs)]	338.09		490.57
Deposits	817.73		691.69
Nabard Capital Gains Bond	12.80		12.80
Prepaid Expenses	14.30		28.72
Interest accrued	6.20		132.55
Income and claims receivable	240.57		413.52
Mat credit entitlement (Refer Note Q(B)(6))	530.45		-
Unsecured and considered doubtful	134.53		134.53
Less : Provision made	134.53	-	134.53
	<u>2780.37</u>		<u>3167.45</u>
(* Includes Fringe Benefit Tax Rs.10.00 lakhs (Previous year Rs.40.00 lakhs)			
CURRENT LIABILITIES AND PROVISIONS - K			
CURRENT LIABILITIES :			
Sundry Creditors			
Due to Micro, Small and Medium Enterprises	171.29		175.90
Due to others	9305.37	9476.66	8695.79
Advances and Deposits from Customers	304.17		154.25
Interest Accrued but not due on Loans	20.62		2098.23
Unclaimed Matured Deposits *	-		3.86
Unclaimed Dividends *	25.76		20.15
Unclaimed Bond Interest and Principal *	63.05		-
	<u>9890.26</u>		<u>11148.18</u>
PROVISIONS :			
For			
Fringe Benefit tax	-		40.00
Proposed Dividend	510.12		470.89
Tax on Dividend	84.73		80.03
	<u>594.85</u>		<u>590.92</u>
* Less than seven years			

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	31.03.2010 (Rs. in Lakhs)	31.03.2009 (Rs. in Lakhs)
OTHER INCOME - L		
Rental Charges [TDS Rs.9.42 lakhs. (Previous year Rs.14.05 lakhs)]	103.54	93.29
Interest Receipts [TDS Rs.46.42 lakhs. (Previous year Rs.5.03 lakhs)]	270.45	160.34
Dividend Receipts	15.42	7.83
Miscellaneous Receipts	1.87	44.46
Agricultural Income	11.75	12.34
Profit on Sale of Investments	47.78	-
Profit on Sale of Assets	103.31	2.71
Exchange Fluctuation	-	227.93
	<u>554.12</u>	<u>548.90</u>
MATERIALS COST - M		
OPENING STOCK :		
Raw materials	1955.22	3204.17
Semi Finished Products	3250.14	4029.24
Finished Products	4001.39	3983.78
Packing Materials	87.98	113.35
Trading Goods	790.79	552.16
	<u>10085.52</u>	<u>11882.70</u>
LESS: Adjustment on de-merger		
Raw materials	-	691.80
Semi Finished Products	-	594.42
Finished Products	-	244.62
Packing Materials	-	2.13
	<u>-</u>	<u>1532.97</u>
ADD: PURCHASES :		
Raw materials	19804.29	17920.37
Packing Materials	842.00	880.89
Trading Goods	8515.29	7042.83
	<u>29161.58</u>	<u>25844.09</u>
LESS: CLOSING STOCK :		
Raw materials	3097.31	1955.22
Semi Finished Products	4137.95	3250.14
Finished Products	2349.96	4001.39
Packing Materials	126.81	87.98
Trading Goods	1371.70	790.79
	<u>11083.73</u>	<u>10085.52</u>
Consumption of Materials	<u>28163.37</u>	<u>26108.30</u>

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	31.03.2010 (Rs. in Lakhs)	31.03.2009 (Rs. in Lakhs)
EMPLOYEES COST - N		
Managerial Remuneration	102.67	65.58
Salary, Wages and Bonus	3954.26	3628.46
Contribution to Provident Fund & other Funds	161.13	514.59
Welfare Expenses	303.16	319.39
	4521.22	4528.02
EXPENSES - O		
Processing Charges	4756.02	4215.43
Consumption of Stores & Spare Parts	2957.89	3067.75
Power and Fuel	1630.19	1710.11
Rates and Taxes	52.06	49.20
Rent	110.48	91.71
Sales Tax, Entry Tax & Octroi	94.98	44.17
Printing and Stationery	45.46	53.15
Postage, Telegram and Telephones	151.14	155.95
Motor Vehicle Maintenance	72.34	70.44
Travelling and Conveyance	316.17	327.77
Advertisement and Selling Expenses	553.20	449.43
Discounts	832.59	1061.22
Service Charges	157.66	120.40
Freight, Packing and Forwarding	1651.62	1823.85
Insurance	50.46	51.42
Donations	9.10	20.50
Miscellaneous Expenses	177.96	173.02
Agricultural Expenses	9.08	9.65
Sitting Fees	3.50	3.60
Repairs and Maintenance of		
Building	138.08	116.24
Machinery	815.91	830.77
Other Assets	140.96	94.54
	1094.95	1041.55
Auditor's Remuneration:		
Audit Fees	5.00	4.50
Taxation Matters	1.50	1.25
Other services	0.68	1.88
Out of pocket Expenses	0.50	0.30
	7.68	7.93
Rental on Machinery	58.78	46.08
Loss on Sale of Assets	14.36	0.52
Foreign Exchange Difference	395.03	-
Bad debts written off	-	102.22
	15202.70	14697.07
INTEREST - P		
Fixed Deposits	11.77	13.22
Term Loan	1355.50	1371.86
Others	691.43	1084.27
	2058.70	2469.35

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

ACCOUNTING POLICIES AND NOTES FORMING PART OF
ACCOUNTS FOR THE YEAR ENDED 31-03-2010

SCHEDULE - Q

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention (except revaluation of certain fixed assets) on an accrual basis, in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The said financial statements comply with the relevant provisions of the Companies Act, 1956 (the Act) and the mandatory Accounting Standards to the extent they are applicable.

(ii) Fixed assets and depreciation

All assets are stated at historical cost (net of CENVAT wherever applicable) less accumulated depreciation except land which was revalued. 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 State Government towards specific assets is reduced from the cost of fixed assets. Fixed assets taken on finance lease are capitalised.

Depreciation on Plant and Machinery, Motor Cars, Trucks and Vans has been provided on straight-line method at the rates specified in the Schedule XIV of the Companies Act, 1956.

Depreciation on tools and Dies are provided on the basis of useful life as determined by the Company.

Depreciation in respect of other assets has been calculated on written down value method as per the rates specified in Schedule XIV of the Companies Act, 1956.

Goodwill is amortized over a period of five years subsequent to the year of acquisition.

Individual assets whose actual costs does not exceed Rs. 5000/- are fully depreciated in the year of purchase.

Based on technical opinion, windmill is considered as a continuous process plant and depreciation is provided at the rate applicable thereto.

(iii) 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.

(iv) Borrowing costs

Borrowing costs, if any, are capitalised as part of qualifying fixed assets when it is possible that they will result in future economic benefits. Other borrowing costs are expensed.

(v) Inventories

Inventories are valued at lower of cost and net realisable 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) Raw Materials and Store & Spare parts.
At Weighted Average Costs or net realizable value which ever is lower
- ii) Finished Products/Trading goods.
At lower of cost or net realizable value inclusive of excise duty thereon.
- iii) Semi Finished Goods.
At Cost
- iv) Agriculture Produce.
At estimated realizable Value.

(vi) Investments

Long term investments are stated at cost less other than temporary diminution in value, if any. Current

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

investments are stated at lower of cost or market value.

(vii) Revenue recognition

- i. Domestic Sales are recognized on the basis of sale invoice raised.
- ii. Export sales are recognized on the basis of dispatch of goods from point of sale.
- iii. Benefit on account of entitlement to import goods free of duty under the "Duty Entitlement Pass Book under the Duty Exemption Scheme" is being accounted in the year of export

(viii) Research and Development

All revenue expenditures related to research and development are charged to the respective heads in the profit and loss account. Capital expenditure incurred on research and development is capitalised as fixed assets and depreciated in accordance with the depreciation policy of the company.

(ix) Employee Benefits**(a) Short Term:**

Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

(b) Post Retirement:

Post Retirement Benefits comprise of Provident Fund, Superannuation Fund and Gratuity which are accounted for as follows:

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 annual 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 recognises such contributions as expense in the year incurred.

iii) Gratuity -Fund

This is a defined contribution plan. The Company makes annual contribution to a Gratuity Fund administered by LIC through the Trust.

(c) Long Term:**i) Leave encashment:**

Encashment of leave is paid annually and accounted for.

(x) Foreign Currency Transaction

Transaction on account of import of raw materials and other inputs are accounted based on the actual liability incurred if the transactions are settled within the accounting year. Such transactions not settled during the accounting year are accounted on rates prevailing on close of the accounting year.

Export sale realisations are accounted at actuals and those not realised within the accounting year are stated at rates prevailing on close of the accounting year.

(xi) Cash flow statement

Cash Flow Statement has been prepared in accordance with the indirect method prescribed in Accounting Standard 3 issued by the Institute of Chartered Accountants of India.

(xii) 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 Note Q(A)(ii) above. Finance costs are treated as period cost using

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

effective interest rate method and are expensed accordingly. Rentals payable under operating leases are expenses as incurred.

(xiii) CENVAT/Service Tax

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.

(xiv) Segment reporting

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company with the following additional policies:

- a. Inter-segment revenues have been accounted on the basis of prices charged to external customers.
- b. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.

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

(xv) Income Tax

Current tax is determined on income for the year chargeable to tax in accordance with the Income Tax Act, 1961. Deferred tax is recognised for all the timing differences. Deferred tax assets are recognized when considered prudent.

(xvi) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is a present obligation as a result of past events and

when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realized

B. NOTES FORMING PART OF ACCOUNTS.

1. Pending the outcome of the Company's reference to the Tamilnadu High Court regarding adequacy of the compensation relating to 163.73 acres of land acquired by the State government in 1972, no adjustment has been made in the value of land.
2. The Company had purchased a Flat in Ahmedabad in 1979 for Rs.1.40 Lakhs. The Flat has not yet been registered in the name of the Company. A suit was filed against the company by the builder claiming the possession of the Flat together with an amount of Rs.17.77 Lakhs towards lease rent, compensation, and mense profit. The Company has been advised by the counsel that the claim against the company is not tenable.

3. SECURITY FOR LOAN**a. Term Loan:**

The term loans are secured by the hypothecation of Plant and Machineries and are collaterally secured by the equitable mortgage by deposits of title deeds of certain immoveable properties.

b. Working Capital Loan:

The Working Capital loans are primarily secured by hypothecation of inventories and book debts of the company.

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

4. CONTINGENT LIABILITIES

(Rs. in Lakhs)

	31.03.2010	31.03.2009
a. Guarantee given by Bankers and outstanding	1023.61	701.47
b. Corporate guarantee given for others	8376.67	8898.82
c. Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net after advance payments)	2355.16	617.31
d. Disputed tax liability	465.87	546.86
e. Duty implication involved on Export obligation	811.54	909.73

5. DEFERRED TAXATION

Deferred Tax Liability as at 31st March 2010 comprises the following:-

(Rs. in Lakhs)

Particulars	Opening as on 01-04-2009	Charge (Credit) During the year	Closing as on 31-03-2010
Depreciation	2312.75	(341.89)	1970.86
Interest / Others	(705.56)	1395.09	689.53
Total	1607.19	1053.20	2660.39

6. MAT CREDIT:

Provision for Income tax has been computed on the basis of Minimum Alternate Tax (MAT) in accordance with Section 115JB of the Income Tax Act, 1961. Considering the future profitability and taxable positions in the subsequent years, the company has recognized "MAT Credit Entitlement" of Rs.530.45 Lakhs (Previous Year - Nil) as an asset by crediting to the Profit and Loss Account an equivalent amount and included under Loans and Advances in accordance with the guidance note on "Accounting for credit available in respect of Minimum Alternate Tax under Income Tax Act, 1961, issued by the Institute of Chartered Accountants of India.

7. EARNINGS PER SHARE

(Rs. in Lakhs)

	31.03.2010	31.03.2009
Profit after taxation as per Profit & Loss Account including extra ordinary items	2483.51	3914.32
Profit after taxation as per Profit & Loss Account excluding extra ordinary items	2483.51	3914.32
Weighted average number of equity shares outstanding	7848104	78481034
Basic and diluted earnings per share in rupees (face value - Rs.10/- per share (Previous Year Re.1/- per share))		
EPS excluding extra ordinary items (Rs)	31.64	1.08
EPS including extra ordinary items (Rs)	31.64	4.99

8. Segment Reporting

(Rs. in Lakhs)

	31.03.2010	31.03.2009
A Revenue		
1 Transmission	34922.91	34399.63
2 Metal Forming	12243.09	10101.63
3 Others	8071.90	6258.83
Total	55237.90	50760.09
B Profit Before Interest & Tax		
1 Transmission	3885.57	3196.39
2 Metal Forming	1384.82	883.93
3 Others	462.85	(173.82)
Total	5733.24	3906.35
Less: Interest Expenses	2058.70	2469.35
Add: Unallocable Income	-	3064.47
Net Profit before Tax	3674.54	4501.62
C Capital Employed		
1 Transmission	13181.59	14777.02
2 Metal Forming	8920.94	8199.97
3 Others	7857.09	7948.26
Total	29959.62	30925.25

9. RELATED PARTY DISCLOSURES (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. Associates

a.	Elgi Automotive Service Ltd
b.	L.G.B Auto Products Ltd
c.	LG Farm Products Ltd
d.	L.G. Balakrishnan & Bros - Karur
e.	LG Sports Ltd
f.	Super Speeds Private Ltd
g.	Super Transports Private Ltd
h.	Silent Chain India Private Ltd
i.	LGB Fuel Systems Private Ltd
j.	LGB Forge Ltd
k.	Rolon Fine Blank Ltd
l.	LGB Rolon Chain Ltd
m.	Vijayshree Spinning Mills Private Ltd
n.	Renold Chain India Private Ltd
o.	South Western Engineering India Ltd

ii. Wholly owned Subsidiary Company

BCW V Tech India Private Ltd

iii. Key Management Personnel

Sri. B. Vijayakumar	Sri. P. Prabakaran
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iv. Relatives of Key Management Personnel
of Sri. B. Vijayakumar

Mother	Smt. B. Sarojini
Wife	Smt. Vijayshree. V
Sons	Sri. V. Rajvirdhan
	Sri. Arjun Karivardhan
	Sri. Nithin Karivardhan
Daughter	Smt. Rajsri Viajayakumar
Daughter's Husband	Sri. Rajiv Parthasarathy
Daughter's Daughter	Minor Samridhhi Andral

Relatives of Key Management Personnel
of Sri. P. Prabakaran

Father	Sri. K. Palanichamy
Mother	Smt. Rajalakshmi
Wife	Smt. D. Maheswari
Son	Sri. P. Suryakumar

B. Transactions during the year with related parties / Key Management Personnels are as under :

Nature of Transactions	Associates	Relatives of Key Managerial Personnel	Key Managerial Personnel	Total (Rs. in Lakhs) 2009-10	Total (Rs. in Lakhs) 2008-09
Managerial Remuneration	-	-	102.67	102.67	65.58
Loan Receipts/Repayment	(40.38)	343.00	100.00	402.62	647.00
Interest Payment	3.32	22.88	9.46	35.66	53.94
Purchase of Power, Spares	1843.95	-	-	1843.95	2605.70
Rent Receipts	19.42	-	-	19.42	9.11
Rent/Lease Payments	39.39	-	-	39.39	42.31
Processing/Conversion Charges Payment	46.18	-	-	46.18	30.33
Sale of Power, Stores, Materials and Service Charges	1599.72	-	-	1599.72	2493.50
Sale of Fixed Assets	364.81	-	-	364.81	-
Sales Promotion payments	-	-	-	-	26.69
Receivable as at year-end	945.05	-	-	945.05	2636.15
Payable as at year-end	(106.57)	-	-	(106.57)	894.57

10. Lease

Vehicles

The Company had purchased vehicles on hire-purchase. The total of future Minimum Hire charges and their Net Present Value (NPV) on finance leases are as under: (Rs. in Lakhs)

Payable	2009-10		2008-09	
	Minimum Hire charges	Net Present Value	Minimum Hire charges	Net Present Value
i) Not later than one year	NIL	NIL	11.81	9.49
ii) Later than one year and not later than five years	NIL	NIL	9.84	7.41
iii) Later than five years	NIL	NIL	-	-
Total	-	-	21.65	16.90

11. NOTES ON ACCOUNTS

The under mentioned companies constitute the "Group" in Terms of Regulation 3(1) (e) of SEBI Substantial Acquisition Shares and Takeover Regulation 1997 as amended.

i.	Elgi Automotive Services Limited
ii.	L.G.B. Auto Products Limited
iii.	LG Farm Products Limited
iv.	LG Sports Limited
v.	Super Transports Private Limited
vi.	Super Speeds Private Limited
vii.	Silent Chain India Private Limited
viii.	LGB Fuel Systems Private Limited
ix.	BCW V Tech India Private Limited (Wholly owned Subsidiary Company)
x.	LGB Forge Limited
xi.	Rolon Fine Blank Limited
xii.	LGB Rolon Chain Limited
xiii.	Vijayshree Spinning Mills Private Limited
xiv.	Renold Chain India Private Limited
xv.	South Western Engineering India Limited

12. Power and fuel are net of own generation of electricity.

13. Micro, Small and Medium Enterprises

There are no Micro, Small and Medium Enterprises in respect of whom the Company's dues are outstanding for more than 30 days at the Balance Sheet date.

The above information and that given in Schedule 'K' "Current Liabilities and Provisions" regarding Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.

S. No.	Particulars	31.03.2010 Rs. in Lakhs	31.03.2009 Rs. in Lakhs
1	Principal Amount	171.29	175.90
2	Interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	NIL	NIL
3	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 each accounting year.	NIL	NIL
4	The 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
5	The amount of interest accrued and remaining unpaid at the end of each accounting year.	NIL	NIL
6	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

14. MANAGERIAL REMUNERATION :

PARTICULARS	2009 - 10 (Rs. in Lakhs)	2008 - 09 (Rs. in Lakhs)
B. Vijayakumar - Chairman cum Managing Director		
Salaries, Commission and Allowances	75.57	39.94
Contribution to Provident Fund	3.47	2.99
Other Benefits	2.36	2.86
	<u>81.40</u>	<u>45.79</u>
Sri. P. Prabakaran - Executive Director		
Salaries, and Allowances	16.68	13.90
Contribution to Provident Fund	1.66	1.39
Other Benefits	2.93	4.50
	<u>21.27</u>	<u>19.79</u>

15. CALCULATION OF MANAGING DIRECTOR COMMISSION

PARTICULARS	2009 - 10 (Rs. in Lakhs)	2008 - 09 (Rs. in Lakhs)
Net profit as per Profit and Loss Account	3674.53	4501.62
Add Directors remuneration	102.67	65.58
Sitting Fees	3.50	3.60
	<u>106.17</u>	<u>69.18</u>
	3780.71	4570.80
Less Profit on Sale of Assets	103.31	3066.66
Profit on Sale of Investments	47.78	-
	<u>151.09</u>	<u>3066.66</u>
	3629.62	1504.14
Commission @2% w.e.f. 01.01.2010 (Previous year and upto 31.12.2009 @1%)	46.62	15.04

16. Details of Foreign Exchange Earnings and Outgo
(a) Expenditure in Foreign Currency (on payment basis)

PARTICULARS	2009 - 10 (Rs. in Lakhs)	2008 - 09 (Rs. in Lakhs)
Travelling	13.31	16.31
Technical know-how fee	36.78	22.93
Interest	73.72	94.29
Others	21.26	42.26
	145.07	175.79

(b) Value of Imports calculated on CIF basis in respect of

Raw Materials	2903.54	1797.84
Stores and Spare Parts	134.56	266.96
Machinery Capital	119.12	1632.22
	3157.22	3697.02

(c) Earnings in Foreign Exchange

PARTICULARS	31.03.2010 (Rs. in Lakhs)	31.03.2009 (Rs. in Lakhs)
On account of Export of Goods at FOB value	4700.73	6102.64

(d) Particular of Consumption

Value Rs. in Lakhs

	Imported		Indigenous		Total	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Raw Materials (Including Expenses)						
Value	2860.11	1797.84	15802.10	16719.20	18662.21	18517.04
Percentage	15.33	9.71	84.67	90.29	100.00	100.00
Stores & Spares (Including Expenses)						
Value	127.71	90.66	2830.18	2977.09	2957.89	3067.75
Percentage	4.32	2.96	95.68	97.04	100.00	100.00
Packing Materials						
Value	-	-	803.18	904.12	803.18	904.12
Percentage	-	-	100.00	100.00	100.00	100.00

17. Quantitative Particulars
a) Capacities

Class of Goods	Licenced Capacity		Installed Capacity @			
	31.03.2010	31.03.2009	31.03.2010		31.03.2009	
Industrial / Automotive Chain	Not Applicable	Not Applicable	2,10,00,000	Units *	2,61,00,000	Units
Fine Blanked Products	"	"	5,94,00,000	Strokes	5,94,00,000	strokes
Rubber Belts	"	"	18,00,000	Nos.	18,00,000	Nos.
Bosch Components	"	"	12,00,000	Nos.	12,00,000	Nos.
Horse Shoe	"	"	9,60,000	Nos.	9,60,000	Nos.

@ Installed Capacity is as certified by the management

* Automotive Chain only

b) Production, Turnover and Stocks

All figures in Lakhs

Class of Goods	Unit	Actual Production	Opening Stock	Closing Stock	Sales Qty.	Value (Rs.)
1. Transmission						
a) Chain	Nos.	159.24 (128.25)	7.29 (11.84)	5.17 (7.29)	161.36 (132.80)	
b) Sprocket & Kit	Nos.	77.63 (57.51)	4.63 (2.93)	5.85 (4.63)	76.57 (55.81)	34445.42 (33907.64)
2. Fine Blanked Products	Nos.	392.60 (435.59)	13.02 (6.41)	15.96 (13.02)	389.66 (428.98)	7827.99 (6645.58)
3. Rolled Steel Products	MT.	-	-	-	-	2383.71 (2139.34)
4. Bosch	Nos.	10.03 (6.72)	0.06 (0.05)	- (0.06)	10.09 (6.71)	1934.84 (1258.52)
5. Rubber belts	Nos.	8.37 (9.99)	0.44 (0.27)	0.65 (0.44)	8.17 (9.82)	477.49 (491.99)
6. Horse Shoe Project	Nos.	1.88 (0.76)	0.08 (-)	0.73 (0.08)	1.23 (0.68)	96.55 (58.19)
7. Others *		-	-	-	-	8071.90 (6258.83)
Total						55237.90 (50760.09)

* Quantities too numerous to list and hence not furnished Previous year figures are given within brackets

c) Consumption of Raw Materials

PARTICULARS	Unit	Quantity		Value (Rs. in Lakhs)	
		2009-10	2008-09	2009-10	2008-09
Steel Strips / Wires / Rods/ Bars	Tonnes	49801.60	48634.48	18412.93	18195.07
Rubber & Chemical	Kgs.	83107.67	95979.93	167.43	224.36
Others				81.85	97.61
Total				18662.21	18517.04

18. Excise Duty amounting to Rs.59.75 Lakhs (Previous year Rs.39.52 lakhs) is included in the finished goods stock.

19. Remittances in foreign currencies for Dividends :

The Company has not remitted any foreign currencies on account of Dividend during the year, 2009 - 10.

Particulars	2009-10	2008-09
Number of Non-Resident Shareholders	-	110
Number of Ordinary Shares held by them	-	172,541
Gross amount of dividend	-	-

20. Pursuant to the notification G.S.R. 225(E) issued by Ministry of Corporate Affairs, the Company exercised its option, during the year irrevocably, to account for exchange difference on long term monetary items in foreign currency (i.e. those items whose term of settlement exceeds twelve months from the date of its origination) as directed in this said notification. Accordingly, all long term outstanding in foreign currency are translated at the closing rate as on March, 2010.

Exchange differences on translation or settlement of long term foreign currency monetary items at rates different from those at which they were initially recorded or April 1, 2007 which ever is later, in so far as it relates to acquisition of depreciable assets are adjusted to the cost of the assets. In other cases, such exchange differences are accumulated in "Foreign Currency Monetary Item translation difference account" and amortised by recognition as income or expense in each period over the balance term till settlement occurs but not beyond March 31, 2011.

The impact of the above adjustments returning to the current year is a higher net profit of Rs.242.25 lakhs.

21. a) Defined Contribution Plan:

Contribution to Defined Contribution Plan recognized and charged off for the year as under: (Rs. in lakhs)

PARTICULARS	2009- 10	2008-09
Employer's Contribution to Provident and Family Pension Fund	158.24	142.63
Employer's Contribution to Superannuation Fund	-	4.95

b) Gratuity Defined Benefit Plan:

A	Changes in present value of obligation	31.03.2010
1	Present value of obligation as on 1st April, 2009	682.00
2	Interest cost	54.56
3	Current service cost	14.30
4	Benefits paid	(36.63)
5	Actuarial Gain/(Loss) on obligations	(290.28)
6	Present value of obligation as on 31st March, 2010	423.95
B	Change in Assets during the year ended 31st March, 2010	
1	Fair value of plan assets as at 1st April, 2009	697.72
2	Expected return on plan assets	63.29
3	Contributions made	2.52
4	Benefits paid	(36.63)
5	Actuarial Gain/(Loss) on plan assets	-
6	Fair value of plan assets as at 31st March, 2010	726.90
C	Net Asset/(Liability) recognized in the Balance Sheet	
1	Present value of obligation as on 31st March, 2010	423.95
2	Fair value of plan assets as on 31st March, 2010	726.90
3	Funded status surplus/(deficit)	302.95
4	Unrecognised past service cost	-
5	Net Asset/(Liability) to be recognised in the Balance sheet	302.95
D	Expenses recognized during period ended 31st March, 2010	
1	Current service cost	14.30
2	Interest cost	54.56
3	Expected return on plan assets	63.29
4	Actuarial Loss/(Gain) during the year	(290.28)
5	Expenses to be recognised in Profit and loss	(284.71)
E	Major categories of plan assets as a percentage of total plan	
	Investment with LIC	
D	Actuarial assumptions	
	Discount rate	8%
	Salary escalation rate	6%
	Attrition rate	

Note:

In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporate of India, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed. The details of experience adjustments arising on account of plan assets and liabilities as required by Paragraph 120(n) (ii) of AS 15 (Revised) on "Employee Benefits" are not readily available in the valuation report and hence, are not furnished.

The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

22. The previous year figures in the Balance Sheet and in the Profit & Loss Account have been regrouped and reclassified, wherever necessary, to conform to the current year's classification and expressed in terms of Lakhs.

**Signatures to Schedules A to Q
For and on Behalf of the Board**

	B. VIJAYAKUMAR Chairman Cum Managing Director	P. PRABAKARAN Executive Director	"In terms of our report attached" For DELOITTE HASKINS & SELLS Chartered Accountants (Registration No.008072S)
Coimbatore 29.04.2010	M. LAKSHMI KANTH JOSHI General Manager cum Company Secretary	N. RENGARAJ Chief Financial Officer	C.R. RAJAGOPAL Membership No.23418 Partner

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010.

PARTICULARS	31.03.2010 (Rs. in Lakhs)	31.03.2009 (Rs. in Lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before extra ordinary items	2483.51	849.85
Adjustment for		
Provision for Taxes	1144.62	587.30
Depreciation	2171.49	2069.10
(Profit) / Loss on Sale of Assets	(88.95)	(2.19)
(Profit) / Loss on Sale of Investments	(47.78)	-
Finance charges	2058.70	2469.35
Interest Income	(270.45)	(160.34)
Dividend Income	(15.42)	(7.83)
Operating profit before Working Capital changes	7435.73	5805.24
Adjustment for		
(Increase) / Decrease in Sundry Debtors	(251.91)	2963.11
(Increase) / Decrease in Inventories	(1336.97)	2306.45
(Increase) / Decrease in Loans and Advances	517.49	(508.02)
Increase / (Decrease) in current liabilities	(245.29)	(312.39)
Cash Generated from Operations	6119.05	10254.39
Income Tax Paid	(1032.14)	(855.45)
Net Cash from Operating Activities (A)	5086.91	9398.94
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1776.48)	(1841.68)
Proceeds from Sale of Fixed Assets	385.50	4437.71
Purchase of Investment	(264.44)	(699.35)
Proceeds from Sale of Investments	54.13	8.54
Dividend received	15.42	7.83
Interest received	270.45	160.34
Extra Ordinary Items	-	3064.47
Net Cash flow used in Investing Activities (B)	(1315.42)	5137.86
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Capital	-	-
(Repayment) / Proceeds of Secured Loan	(4807.99)	(8020.35)
Proceeds / (Repayment) of Unsecured Loans	346.20	(490.38)
Interest paid	(2058.70)	(2469.35)
Dividend paid	(550.92)	(321.36)
Net Cash used in Financing Activities (C)	(7071.41)	(11301.44)
Net Increase in Cash and Cash Equivalents (A+B+C)	(3299.92)	3235.36
Opening Balance	3763.79	528.43
Closing Balance *	463.87	3763.79

- The above cashflow statement is prepared under the "Indirect Method" as set out in Accounting Standard 3 'Cash Flow Statements'.
- Cash and Bank Balance includes Rs.88.81 Lakhs (Previous year - Rs.41.33 Lakhs) held in unclaimed dividend and Bond interest in Banks, which are restricted and not available for the use of the company.

"In terms of our report attached"
For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

B. VIJAYAKUMAR
Chairman Cum Managing Director

M. LAKSHMI KANTH JOSHI
General Manager cum Company Secretary

P. PRABAKARAN
Executive Director

N. RENGARAJ
Chief Financial Officer

C.R. RAJAGOPAL
Membership No.23418
Partner

Coimbatore
29.04.2010



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details:

Registration No

1	8	1	-	0	0	0	2	5	7
---	---	---	---	---	---	---	---	---	---

State code

										1	8
--	--	--	--	--	--	--	--	--	--	---	---

Balance sheet Date

3	1	-	0	3	-	2	0	1	0
---	---	---	---	---	---	---	---	---	---

II. Capital Raised during the year (amount in thousand of Rs.)

Public Issue

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Rights Issue (Bonds)

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Bonus Issue

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Private Placement (Equity)

			N	I	L				
--	--	--	---	---	---	--	--	--	--

III Position of Mobilization and Deployment of Funds (amount in thousands of Rs.)

Total Liabilities

		2	9	3	6	4	7	6
--	--	---	---	---	---	---	---	---

Total Assets

		2	9	3	6	4	7	6
--	--	---	---	---	---	---	---	---

Sources of funds

Paid-up Capital

				7	8	4	8	1
--	--	--	--	---	---	---	---	---

Reserves & Surplus

		1	5	2	2	7	3	5
--	--	---	---	---	---	---	---	---

Deferred Tax Liability

			2	6	6	0	3	9
--	--	--	---	---	---	---	---	---

Secured Loans

		1	0	1	7	5	2	2
--	--	---	---	---	---	---	---	---

Unsecured Loans

				5	1	6	9	9
--	--	--	--	---	---	---	---	---

Application of Funds

Net Fixed Assets

		1	5	0	8	3	8	3
--	--	---	---	---	---	---	---	---

Investments

			1	2	2	4	9	3
--	--	--	---	---	---	---	---	---

Net Current Assets

		1	2	8	1	3	7	5
--	--	---	---	---	---	---	---	---

Accumulated Losses

			N	I	L			
--	--	--	---	---	---	--	--	--

IV. Performance of Company (amount in thousands of Rs.)

Turnover

		5	5	7	9	2	0	2
--	--	---	---	---	---	---	---	---

Total Expenditure

		5	2	1	1	7	4	8
--	--	---	---	---	---	---	---	---

Profit Before Tax

			3	6	7	4	5	4
--	--	--	---	---	---	---	---	---

Profit After Tax

			2	4	8	3	5	1
--	--	--	---	---	---	---	---	---

Earning per share (Rs.)

			3	1	.	6	4
--	--	--	---	---	---	---	---

Dividend Rate (%)

							6	5
--	--	--	--	--	--	--	---	---

V. Generic Names of Three Principal Products/Services of the Company. (As per Monetary Terms)

Item Code No.

7	3	1	5	1	1	.	0	0
---	---	---	---	---	---	---	---	---

Item Code No.

8	4	4	8	5	1	.	9	0
---	---	---	---	---	---	---	---	---

Product Description

C	H	A	I	N	S			
---	---	---	---	---	---	--	--	--

Product Description

F	I	N	E					
---	---	---	---	--	--	--	--	--

Item Code No.

4	0	1	0	1	9	.	0	0
---	---	---	---	---	---	---	---	---

Product Description

B	L	A	N	K	I	N	G	
---	---	---	---	---	---	---	---	--

Product Description

R	U	B	B	E	R		B	E	L	T
---	---	---	---	---	---	--	---	---	---	---

Item Code No.

8	7	1	4	9	3	.	0	0
---	---	---	---	---	---	---	---	---

Product Description

S	P	R	O	C	K	T			
---	---	---	---	---	---	---	--	--	--

"In terms of our report attached"

B. VIJAYAKUMAR
Chairman Cum Managing Director

P. PRABAKARAN
Executive Director

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

Coimbatore
29.04.2010

M. LAKSHMI KANTH JOSHI
General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

C.R. RAJAGOPAL
Membership No.23418
Partner

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

Name of the Subsidiary Company	BCW V Tech India Pvt. Limited	
Financial year ending of the subsidiary	31 ST MARCH 2010	
Holding Companies interest in the Subsidiary (Number of shares held)	29,00,000 EQUITY SHARES	
Extent of holding /interest (%)	100%	
Net aggregate amount of Profit/ (Loss) of the Subsidiary not dealt within the Holding Company's accounts	For the current financial year of the Subsidiary (Rs. in lakhs) (44.65)	For the previous financial years of the Subsidiary (Rs. in lakhs) (Nil)
Net aggregate amount of Subsidiary's Profit/ (Loss) dealt within the holding Company's accounts	For the current financial year of the Subsidiary (Rs. in lakhs) NIL	For the previous financial years of the Subsidiary (Rs. in lakhs) Nil
Dividend declared for the year	NIL	Nil
1. Changes in the interest of the Holding Company between the end of the subsidiary's financial year and holding company's financial year - NIL		
2. Material changes between the end of the subsidiary's financial year and holding company's financial year - NIL		



CONSOLIDATED AUDITORS' REPORT

TO THE MEMBERS OF THE L. G. BALAKRISHNAN & BROS LIMITED

1. We have audited the attached Consolidated Balance Sheet of L.G.Balakrishnan & Bros. Limited ("the Company"), and its subsidiary (the Company, and its subsidiary constitute "the Group") as at 31st March, 2010 the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiary, whose financial statements reflect total assets of Rs. 44,366,629 as at 31st March, 2010, total revenues of Rs.15,980,209 and net cash inflows amounting to Rs. (6,221,438) for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiary is based solely on the reports of the other auditors.
4. We draw attention to note no Q(A) iv (b) in notes on accounts with regard to gratuity, by BCW V Tech India Private Limited, for which we are unable to comment on adequacy of the provisions made in the accounts, till the actuarial liability is determined.
5. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
6. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its aforesaid subsidiary and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India except Accounting Standards 15(R) as explained in paragraph 4 above;
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

Coimbatore
29.04.2010

**CONSOLIDATED BALANCE SHEET AS AT 31.03.2010**

Schedule		31.03.2010 (Rs. in Lakhs)	
SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS:			
Share Capital	A	784.81	
Reserves & Surplus	B	15187.90	15972.71
LOAN FUNDS:			
Secured Loans	C	10232.92	
Unsecured Loans	D	536.99	10769.91
Deferred Tax Liability (Refer Note B(iii) of Schedule Q)			2662.94
			<u>29405.56</u>
APPLICATION OF FUNDS:			
FIXED ASSETS E			
Gross Block		29652.90	
Less: Depreciation		14630.30	
Net Block		15022.60	
Capital Work-in-progress at cost		328.53	15351.13
INVESTMENTS F			934.93
FOREIGN CURRENCY MONETARY ITEM			
TRANSLATION DIFFERENCE ACCOUNT			
(Refer Note B(ix) of Schedule Q)			
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	G	12276.26	
Sundry Debtors	H	7896.02	
Cash and Bank Balances	I	464.58	
Loans and Advances	J	2773.91	
		<u>23410.77</u>	
CURRENT LIABILITIES AND PROVISIONS K			
Current Liabilities		9939.78	
Provisions		594.85	
		<u>10534.63</u>	
NET CURRENT ASSETS			
Miscellaneous Expenditure			1.11
			<u>29405.56</u>

Accounting Policies & Notes on Accounts Q
Schedules A to K and Q form part of this Balance Sheet.

"In terms of our report attached"
For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

B. VIJAYAKUMAR
Chairman Cum Managing Director

P. PRABAKARAN
Executive Director

Coimbatore
29.04.2010

M. LAKSHMI KANTH JOSHI
General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

C.R. RAJAGOPAL
Membership No.23418
Partner

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010

	Schedule	31.03.2010 (Rs. in Lakhs)
INCOME		
Sales		59157.19
Less: Excise duty		3760.23
Net Sales		55396.96
Other Income	L	554.12
		55951.08
EXPENDITURE		
Consumption of Materials	M	28205.04
Employees' Cost	N	4551.64
Other Expenses	O	15301.35
Interest	P	2070.98
Depreciation & amortisation		2194.27
		52323.28
PROFIT BEFORE TAXATION & EXTRA ORDINARY ITEMS		3627.80
Add : EXCEPTIONAL ITEM		-
PROFIT BEFORE TAXATION		3627.80
PROVISION FOR TAXATION		
Current Income-tax/Mat tax		621.87
Less: Mat credit entitlement		530.45
Income-tax related to earlier year		46.41
Deferred Tax (Credit)/Charge		1051.11
PROFIT AFTER TAX		2438.86
Balance brought forward from previous year		1144.92
PROFIT AVAILABLE FOR APPROPRIATION		3583.78
APPROPRIATIONS		
Proposed Dividend		510.13
Tax on Dividend		84.73
Transfer to General Reserve		1540.55
Balance Carried to Balance Sheet		1448.37
		3583.78
Basic and Diluted EPS (Face Value Rs. 10/- per Share (Previous Year Re. 1/- per Share)		
- excluding Extra Ordinary Item (Rs.)		31.08
- including Extra Ordinary items (Rs.)		31.08

Accounting Policies & Notes on Accounts Q

Schedules L to Q form part of this Profit & Loss Account

“In terms of our report attached”
For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.008072S)

B. VIJAYAKUMAR
Chairman Cum Managing Director

P. PRABAKARAN
Executive Director

C.R. RAJAGOPAL
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Partner

Coimbatore
29.04.2010

M. LAKSHMI KANTH JOSHI
General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

CONSOLIDATED SCHEDULES TO BALANCE SHEET		31.03.2010 (Rs. in Lakhs)
SHARE CAPITAL - A		
Authorised :		
1,20,00,000 Equity Shares of Rs.10/- each		1200.00
		<u>1200.00</u>
Issued, Subscribed and Paid-up :		
78,48,104 Equity Shares of Re.10/- each		784.81
(Of the above 60,14,306 Equity Shares of Rs.10/- each have been issued as fully paid up Bonus Shares by Capitalisation of Reserves)		
		<u>784.81</u>
RESERVES AND SURPLUS - B		
GENERAL RESERVE :		
As per Last Balance Sheet		9000.00
Less : Adjustment on De-merger		40.55
Add : Transfer from Profit & Loss Account		1540.55
		<u>10500.00</u>
SECURITIES PREMIUM :		
As per Last Balance Sheet		3100.61
REVALUATION RESERVE:		
(FIXED ASSETS)		
As per Last Balance Sheet		138.91
Less : Adjustment on de-merger		-
Less: Depreciation for the year on Revaluation of Assets		- 138.91
Surplus in Profit & Loss Account		1448.38
		<u>15187.90</u>
SECURED LOANS - C		
From Banks		
Term Loan		10017.22
[Repayment within 1 year - Rs.500 Lakhs (Previous year Nil)]		
Cash Credit		215.70
		<u>10232.92</u>

CONSOLIDATED SCHEDULES TO BALANCE SHEET

		31.03.2010 (Rs. in Lakhs)
UNSECURED LOANS - D		
From :		
Director		111.00
Intercorporate Loans		20.00
Others		280.00
Fixed Deposits (Rs.13.54 Lakhs repayable within one year.)		125.99
		536.99

CONSOLIDATED FIXED ASSETS - E

(Rs. in Lakhs)

Description of Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 1.4.2009	During the Year		As at 31.3.2010	As at 1.4.2009	Deductions	For the year	As at 31.3.2010	As at 31.3.2010
		Additions	Deletions						
Land - Free Hold *	849.10	-	0.02	849.08	-	-	-	-	849.08
Building	3118.26	84.01	9.99	3192.28	1003.46	4.15	195.32	1194.63	1997.65
Motor Vehicles	239.68	42.64	68.24	214.08	91.04	23.26	28.63	96.41	117.67
Plant & Machinery	21309.60	1524.51	349.27	22484.84	9791.72	145.10	1710.57	11357.19	11127.65
Furniture, Electrical Fittings & Office Equipments	1949.53	173.33	61.11	2061.75	1179.07	31.59	158.39	1305.87	755.88
Other Assets	630.61	33.27	23.10	640.78	417.85	11.09	59.35	466.11	174.67
Goodwill (On Amalgamation)	210.09	-	-	210.09	168.08	-	42.01	210.09	-
Capital Work-in-Progress									328.53
Total	28306.87	1857.76	511.73	29652.90	12651.22	215.19	2194.27	14630.30	15351.13

* Includes leasehold land aggregating to Rs.67.89 lakhs

Note : 1) Plant and Machinery includes Technical know how amounting to Rs. 512.67 Lakhs which is amortised over a period of 10 years

SCHEDULES TO BALANCE SHEET

	Nominal Value	As at 01.04.2009		Purchase (Sales)		As at 31.03.2010	
		No. of Shares	(Rs. in Lakhs)	No. of Shares	(Rs. in Lakhs)	No. of Shares	(Rs. in Lakhs)
INVESTMENTS - F							
LONG TERM INVESTMENTS							
TRADE QUOTED - AT COST							
Fully paid-up Equity Shares in							
Super Spinning Mills Ltd.	1	250000	0.20	240000	(0.19)	10000	0.01
Elgi Industrial Products Ltd	10	1000	0.20	-	-	1000	0.20
Lakshmi Synthetic Machinery Mfg. Ltd	10	100	0.01	-	-	100	0.01
Supreme Rubber Reclaimers Ltd	10	50	0.01	-	-	50	0.01
Tube Investments of India Ltd	2	220	0.01	-	-	220	0.01
Bharath Rubber Regenerating Co. Ltd	10	200	-	-	-	200	-
Elgi Equipments Ltd	1	614803	112.29	-	-	614803	112.29
Magna Electro Castings Ltd	10	61558	6.16	61558	(6.16)	-	-
Corporation Bank	10	2400	1.92	-	-	2400	1.92
LGB Forge Limited	1	10550000	105.50	-	-	10550000	105.50
BENCH MARK MUTUAL FUND-GOLD BEES				1225	20.08	1225	20.08
TRADE UNQUOTED - AT COST							
Fully paid-up Equity Shares in							
Tata Refractory Ltd	10	5000	2.01	-	-	5000	2.01
Manish Commercial Premises Co-operative Society Ltd, Mumbai	50	5	-	-	-	5	-
Kaveri Steels Ltd	10	100	-	-	-	100	-
NON TRADE UNQUOTED - AT COST							
Fully paid-up Equity Shares in:							
Silent Chain India (P) Ltd	10	770	0.15	-	-	770	0.15
LG Farm Products Ltd	10	10000	1.00	-	-	10000	1.00
Rolon Fine Blank Ltd	10	5000	0.50			5000	0.50
LGB Rolon Chain Limited	10	5000	0.50			5000	0.50
Renold Chain India Private Ltd	10	6250000	625.00	-	-	6250000	625.00
South Western Engineering India Ltd	1000	179	38.66	358	26.86	537	65.52
GOVERNMENT SECURITIES - UNQUOTED							
			0.22				0.22
			894.34		40.59		934.93

CONSOLIDATED SCHEDULES TO BALANCE SHEET
INVESTMENTS - F (contd.)

(Rs. in Lakhs)

	2010		2009	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	240.03	883.68	226.30	276.16
Unquoted Investments	694.90	-	668.04	-
	934.93	883.68	966.84	276.16

		31.03.2010 (Rs. in Lakhs)
INVENTORIES - G		
Valued at cost or net estimated realisable value whichever is lower		
Raw Materials		3115.92
Semi-Finished Products		4168.83
Finished Products		2349.96
Packing Materials		126.81
Trading Goods		1371.70
Stores, Spares and Loose Tools etc.		1142.13
Agricultural Produce		0.91
		12276.26
SUNDRY DEBTORS - H		
UNSECURED :		
CONSIDERED GOOD		
Debts outstanding for a period exceeding six months		498.88
Other Debts		7449.40
Less : Provision for Doubtful debt.		52.26
		7896.02
CASH AND BANK BALANCES - I		
Cash and cheques on hand		28.62
WITH SCHEDULED BANKS ON		
Current Account		29.66
Unpaid Dividend Account		25.76
Unpaid Interest Account		63.06
Fixed Deposits *		137.40
Remittance-in-Transit		154.55
WITH NON SCHEDULED BANKS		25.53
		464.58
* Includes Fixed Deposits lodged with Bankers for issuing guarantee and margin money Rs.23.80 Lakhs.		

CONSOLIDATED SCHEDULES TO BALANCE SHEET

		31.03.2010 (Rs. in Lakhs)
LOANS AND ADVANCES - J		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or value to be received		759.25
Advance Payment of Income-tax		339.17
Deposits		871.17
Nabard Capital Gains Bond		12.80
Prepaid Expenses		14.30
Interest accrued		6.20
Income and claims receivable		240.57
Mat credit entitlement		530.45
Unsecured and considered doubtful	134.53	
Less : Provision made	134.53	-
		2773.91
CURRENT LIABILITIES AND PROVISIONS - K		
CURRENT LIABILITIES :		
Sundry Creditors		
Due to Micro, Small and Medium Enterprises	171.29	
Due to others	9354.88	9526.17
Advances and Deposits from Customers		304.17
Interest Accrued but not due on Loans		20.62
Unclaimed Dividends *		25.76
Unclaimed Bond Interest and Principal *		63.06
		9939.78
PROVISIONS :		
For		
Proposed Dividend		510.12
Tax on Dividend		84.73
		594.85
* Less than seven years		

CONSOLIDATED SCHEDULES TO PROFIT AND LOSS ACCOUNT		31.03.2010 (Rs. in Lakhs)
OTHER INCOME - L		
Rental Charges (TDS Rs.9.42 lakhs.)		103.54
Interest Receipts (TDS Rs.46.42 lakhs.)		270.45
Dividend Receipts		15.42
Miscellaneous Receipts		1.87
Agricultural Income		11.75
Profit on Sale of Investments		47.78
Profit on Sale of Assets		103.31
Exchange Fluctuation		-
		554.12
MATERIALS COST - M		
OPENING STOCK :		
Raw materials		1962.94
Semi Finished Products		3268.72
Finished Products		4001.39
Packing Materials		87.99
Trading Goods		790.80
		10111.84
LESS: Adjustment on de-merger		
Raw materials		-
Semi Finished Products		-
Finished Products		-
Packing Materials		-
		-
ADD: PURCHASES :		
Raw materials		19869.14
Packing Materials		842.00
Trading Goods		8515.28
		29226.42
LESS: CLOSING STOCK :		
Raw materials		3115.92
Semi Finished Products		4168.83
Finished Products		2349.96
Packing Materials		126.81
Trading Goods		1371.70
		11133.22
Consumption of Materials		28205.04

CONSOLIDATED SCHEDULES TO PROFIT AND LOSS ACCOUNT

		31.03.2010 (Rs. in Lakhs)
EMPLOYEES COST - N		
Managerial Remuneration		102.67
Salary, Wages and Bonus		3981.49
Contribution to Provident Fund & other Funds		162.87
Welfare Expenses		304.61
		<u>4551.64</u>
EXPENSES - O		
Processing Charges		4793.10
Consumption of Stores & Spare Parts		2979.30
Power and Fuel		1638.85
Rates and Taxes		52.06
Rent		114.24
Sales Tax, Entry Tax & Octroi		94.98
Printing and Stationery		45.55
Postage, Telegram and Telephones		152.98
Motor Vehicle Maintenance		72.34
Travelling and Conveyance		317.70
Advertisement and Selling Expenses		561.15
Discounts		832.59
Service Charges		157.66
Freight, Packing and Forwarding		1666.16
Insurance		50.46
Donations		9.10
Miscellaneous Expenses		179.55
Agricultural Expenses		9.08
Sitting Fees		3.50
Repairs and Maintenance of		
Building		138.11
Machinery		815.91
Other Assets		141.09
		<u>1095.11</u>
Auditor's Remuneration:		
Audit Fees		5.25
Taxation Matters		1.60
Other services		0.93
Out of pocket Expenses		0.50
		<u>8.28</u>
Rental on Machinery		58.78
Loss on Sale of Assets		14.36
Foreign Exchange Difference		394.29
Preliminary Expenses written off		0.19
Bad debts written off		-
		<u>15301.35</u>
INTEREST - P		
Fixed Deposits		11.77
Term Loan		1749.07
Others		310.14
		<u>2070.98</u>

ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31.03.10

SCHEDULE - Q

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of preparation of consolidated financial statements

The consolidated financial statements relate to M/s.L.G.Balakrishnan & Bros Limited and its wholly owned subsidiary company, M/s.BCW V Tech India Private Limited. The Company and its subsidiary constitute the Group.

a) Basis of Accounting:

- I. The financial statements of the subsidiary company used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended 31st March, 2010.
- II. The financial statements of the Group have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, which are notified under the Companies (Accounting Standards) Rules, 2006 and other generally accepted accounting Principles in India.

b) Principles of consolidation:

The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its subsidiary company 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 unrealized profits or losses have been fully eliminated.

c) The following subsidiary companies are considered in the consolidated financial statements:

Sl. No.	Name of Subsidiary Company	Country of Incorporation	% of holding either directly or through subsidiaries as at 31 st March, 2010
1	M/s.BCW V TECH INDIA PRIVATE LIMITED	INDIA	100%

(ii) Other significant accounting Policies:

These are set out in the notes to accounts under significant accounting Policies for financial statements of the respective companies - L.G.Balakrishnan & Bros Limited and BCW V Tech India Private Limited.

(iii) Previous year figures have not been given since consolidation of Accounts has been adopted for the first time.

(iv) Employee Benefit - Gratuity

- a. This is a defined contribution plan. The Holding Company makes annual contribution to a Gratuity Fund administered by LIC through the Trust.
- b. The subsidiary Company has provided for gratuity as per Payment of Gratuity Act on actual basis which is at variance with the actual method prescribed under AS 15 (revised) employee benefits. However, in the opinion of the management, the provisions made is sufficient to cover the Gratuity Liability for the disclosure required by AS 15 (revised) have not been made which, however has no impact on the financials.

B. NOTES FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31-03-2010.

(i). CONTINGENT LIABILITIES 31-03-2010

Rs. In Lacs

a.	Guarantee given by Bankers and Outstanding	1023.61
b.	Corporate Guarantee given for others	8376.67
c.	Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net after advance payments)	2355.16
d.	Disputed Tax Liability	465.87
e.	Duty implication involved on Export Obligation	811.54

(ii) Other Notes Forming Part of Accounts:

These are set at in and under schedules and notes forming part of the accounts for the year ended 31.03.2010 as given in unconsolidated statements of L.G.Balakrishnan & Bros Limited and its subsidiary.

(iii) DEFERRED TAXATION

Deferred Tax Liability as at 31st March 2010 comprises the following:-

Rs in lakhs

Particulars	Opening as on 01-04-2009	Charge (Credit) During the period	Closing as on 31-03-2010
Depreciation	2317.39	(343.98)	1973.41
Interest/Others	(705.56)	1395.09	689.53
Total	1611.83	1051.11	2662.94

iv. Earnings per share

	31.03.2010
Profit after taxation as per Profit & Loss Account including extra ordinary items	2483.51
Profit after taxation as per Profit & Loss Account excluding extra ordinary items	2483.51
Weighted average number of equity shares outstanding	7848104
Basic and diluted earnings per share in rupees (F V - Rs.10/- per share (P Y Re.1/- per share))	
EPS excluding extra ordinary items (Rs)	31.08
EPS including extra ordinary items (Rs)	31.08

v. Segment Reporting

		31.03.2010
A Revenue		
1 Transmission		34922.91
2 Metal Forming		12243.09
3 Others		8230.96
Total		55396.96
B Profit Before Interest & Tax		
1 Transmission		3885.57
2 Metal Forming		1384.82
3 Others		428.40
Total		5698.78
Less: Interest Expenses		2070.98
Add: Unallocable Income		-
Net Profit before Tax		3627.80
C Capital Employed		
1 Transmission		13181.59
2 Metal Forming		8920.94
3 Others		7897.89
Total		30000.42

vi. RELATED PARTY DISCLOSURES (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. Associates

- | | |
|-------------------------------------|--|
| a. Elgi Automotive Service Ltd | i. LGB Fuel Systems Private Ltd |
| b. L.G.B Auto Products Ltd | j. LGB Forge Ltd |
| c. LG Farm Products Ltd | k. Rolon Fine Blank Ltd |
| d. L.G. Balakrishnan & Bros - Karur | l. LGB Rolon Chain Ltd |
| e. LG Sports Ltd | m. Vijayshree Spinning Mills Private Ltd |
| f. Super Speeds Private Ltd | n. Renold Chain India Private Ltd |
| g. Super Transports Private Ltd | o. South Western Engineering India Ltd |
| h. Silent Chain India Private Ltd | p. Nithyaarjuna Traders Private Ltd. |

iii. Key Management Personnel

Sri. B. Vijayakumar Sri. P. Prabakaran

iv. Relatives of Key Management Personnel of Sri. B. Vijayakumar

Mother	Smt. B. Sarojini
Wife	Smt. Vijayshree. V
Sons	Sri. V. Rajvirdhan
	Sri. Arjun Karivardhan
	Sri. Nithin Karivardhan
Daughter	Smt. Rajsri Viajayakumar
Daughter's Husband	Sri. Rajiv Parthasarathy
Daughter's Daughter	Minor Samriddhi Andal

Relatives of Key Management Personnel of Sri. P. Prabakaran

Father	Sri. K. Palanichamy
Mother	Smt. Rajalakshmi
Wife	Smt. D. Maheswari
Son	Sri. P. Suryakumar

B. Transactions during the year with related parties / Key Management Personnels are as under :

Nature of Transactions	Associates	Relatives of Key Managerial Personnel	Key Managerial Personnel	Total (Rs. in Lakhs) 2009-10
Managerial Remuneration	-	-	102.67	102.67
Loan Receipts/Repayment	(40.38)	343.00	100.00	402.62
Interest Payment	3.32	22.88	9.46	35.66
Purchase of Power, Spares	1841.47	-	-	1841.47
Rent Receipts	19.42	-	-	19.42
Rent/Lease Payments	39.39	-	-	39.39
Processing/Conversion Charges Payment	46.18	-	-	46.18
Sale of Power, Stores, Materials and Service Charges	1599.72	-	-	1599.72
Sale of Fixed Assets	364.81	-	-	364.81
Receivable as at year-end	932.65	-	-	932.65
Payable as at year-end	(56.55)	-	-	(56.55)

viii. MANAGERIAL REMUNERATION :

PARTICULARS	2009 - 10 (Rs. in Lakhs)
B. Vijayakumar - Chairman cum Managing Director	
Salaries, Commission and Allowances	75.57
Contribution to Provident Fund	3.47
Other Benefits	2.36
	<u>81.40</u>
Sri. P. Prabhakaran - Executive Director	
Salaries, and Allowances	16.68
Contribution to Provident Fund	1.66
Other Benefits	2.93
	<u>21.27</u>

ix. Pursuant to the notification G.S.R. 225(E) issued by Ministry of Corporate Affairs, the Company exercised its option, during the year irrevocably, to account for exchange difference on long term monetary items in foreign currency (i.e. those items whose term of settlement exceeds twelve months from the date of its origination) as directed in this said notification. Accordingly, all long term outstanding in foreign currency are translated at the closing rate as on March, 2010.

Exchange differences on translation or settlement of long term foreign currency monetary items at rates different from those at which they were initially recorded or April 1, 2007 which ever is later, in so far as it relates to acquisition of depreciable assets are adjusted to the cost of the assets. In other cases, such exchange differences are accumulated in "Foreign Currency Monetary Item translation difference account" and amortised by recognition as income or expense in each period over the balance term till settlement occurs but not beyond March 31, 2011.

x. a) Defined Contribution Plan:

Contribution to Defined Contribution Plan recognized and charged off for the year as under:

PARTICULARS	2009- 10
Employer's Contribution to Provident and Family Pension Fund	159.99

b) Gratuity Defined Benefit Plan:

(Rs. in lakhs)

A	Changes in present value of obligation	31.03.2010
1	Present value of obligation as on 1st April, 2009	682.00
2	Interest cost	54.56
3	Current service cost	14.30
4	Benefits paid	(36.63)
5	Actuarial Gain/(Loss) on obligations	(290.28)
6	Present value of obligation as on 31st March, 2010	423.95
B	Change in Assets during the year ended 31st March, 2010	
1	Fair value of plan assets as at 1st April, 2009	697.72
2	Expected return on plan assets	63.29
3	Contributions made	2.52
4	Benefits paid	(36.63)
5	Actuarial Gain/(Loss) on plan assets	-
6	Fair value of plan assets as at 31st March, 2010	726.90
C	Net Asset/(Liability) recognized in the Balance Sheet	
1	Present value of obligation as on 31st March, 2010	423.95
2	Fair value of plan assets as on 31st March, 2010	726.90
3	Funded status surplus/(deficit)	302.95
4	Unrecognised past service cost	-
5	Net Asset/(Liability) to be recognised in the Balance sheet	302.95
D	Expenses recognized during period ended 31st March, 2010	
1	Current service cost	14.30
2	Interest cost	54.56
3	Expected return on plan assets	63.29
4	Actuarial Loss/(Gain) during the year	(290.28)
5	Expenses to be recognised in Profit and loss	(284.71)
E	Major categories of plan assets as a percentage of total plan	
	Investment with LIC	
D	Actuarial assumptions	
	Discount rate	8%
	Salary escalation rate	6%
	Attrition rate	

Note:

In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporate of India, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed. The details of experience adjustments arising on account of plan assets and liabilities as required by Paragraph 120(n) (ii) of AS 15 (Revised) on "Employee Benefits" are not readily available in the valuation report and hence, are not furnished.

The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

	B. VIJAYAKUMAR Chairman Cum Managing Director	P. PRABAKARAN Executive Director	"In terms of our report attached" For DELOITTE HASKINS & SELLS Chartered Accountants (Registration No.008072S)
Coimbatore 29.04.2010	M. LAKSHMI KANTH JOSHI General Manager cum Company Secretary	N. RENGARAJ Chief Financial Officer	C.R. RAJAGOPAL Membership No.23418 Partner

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010.

PARTICULARS		31.03.2010 (Rs. in Lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit after Tax and Extra ordinary items		2438.88
Adjustments for		
Provision for Taxes		1142.53
Depreciation		2194.27
(Profit) or Loss on sale of assets		(88.95)
Profit or Loss on sale of investments		(47.78)
Finance charges		2070.98
Interest income		(270.45)
Dividend income		(15.42)
Operating profit before working capital changes		7424.06
Adjustments for		
(Increase)/Decrease in Sundry Debtors		(224.95)
(Increase)/Decrease in Inventories		(1,359.57)
(Increase) / Decrease in Loans and advance		520.25
Increase / (Decrease) in Current liabilities		(267.03)
Cash generated from operations		6092.76
Preliminary expenses		0.19
Income tax paid		(1,030.04)
Net Cash from operating activities (A)		5062.90
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets		(1,780.10)
Proceeds from sale of fixed assets		385.50
Purchase of Investments		(264.44)
Proceeds from sale of investments		54.13
Dividend received		15.42
Interest received		270.45
Extra Ordinary Item		-
Net cash outflow from Investing activities (B)		(1,319.04)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Capital		-
(Repayment)/Proceeds of Secured Loan		(4,750.29)
Proceeds/(Repayment) of Unsecured Loan		266.20
Interest paid		(2,070.98)
Dividend paid		(550.92)
Extra Ordinary Items		
Net cash used in financing Activities (C)		(7105.99)
Net increase in cash and cash equivalents (A) + (B) + (C)		(3362.13)
Opening Balance		3826.71
Closing Balance *		464.58

- The above cashflow statement is prepared under the "Indirect Method" as set out in Accounting Standard 3 Cash Flow Statements.
- Cash and Bank Balance includes Rs.88.81 Lakhs (Previous year - Rs.41.33 Lakhs) held in unclaimed dividend and Bond interest in Banks, which are restricted and not available for the use of the company.

	B. VIJAYAKUMAR Chairman Cum Managing Director	P. PRABAKARAN Executive Director	"In terms of our report attached" For DELOITTE HASKINS & SELLS Chartered Accountants
Coimbatore 29.04.2010	M. LAKSHMI KANTH JOSHI General Manager cum Company Secretary	N. RENGARAJ Chief Financial Officer	C.R. RAJAGOPAL Membership No.23418 Partner

ANNUAL REPORT OF



BCW V TECH INDIA PRIVATE LIMITED

(A wholly owned subsidiary Company of L.G. Balakrishnan & Bros Ltd)

DIRECTORS

Sri. B. Vijayakumar
Smt. Vijayshree. V
Sri. S. Sivakumar
Sri. P. Prabakaran

AUDITORS

M/s. P.S. Sitaram
Chartered Accountants
Coimbatore.

BANKERS

Andhra Bank
Coimbatore - 641 001

REGISTERED OFFICE

6/16/13, Krishnarayapuram Road,
Ganapathy Post,
Coimbatore - 641 006

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 4th Annual Report of your Company together with the audited accounts for the year ended 31st March 2010.

FINANCIAL RESULTS:

	31-03-2010 Rs.	31-03-2009 Rs.
Gross Income	1,59,80,209	1,85,84,813
Profit before Interest, Bank Charges And Depreciation	(11,67,088)	31,57,102
Less : Interest	12,28,044	3,71,662
Depreciation	22,77,927	9,36,741
PROFIT (LOSS) BEFORE TAX	(46,73,059)	18,48,699
Provision for Taxation		
- Provision for Current Income Tax	-	1,91,000
- Provision Fringe Benefit Tax	-	7,500
- Provision for Deferred Tax	209,341	4,63,943
PROFIT (LOSS) AFTER TAX	(44,63,718)	11,86,256
Add : Balance brought forward	5,19,120	(6,67,136)
Balance carried forward to the Balance Sheet	(39,44,598)	5,19,120

OPERATIONS

During the year under review, the Company has achieved a turnover of Rs. 1.59 Crores (2008-2009 Rs. 1.85 Crores) resulting in a net loss of Rs. 46.73 Lakhs (2008-2009 Net Profit of Rs. 18.48 Lakhs) before taxation. Your directors are confident of achieving better working results in the years to come.

DIVIDEND

In view of the losses, current and accumulated, your Directors regret their inability to recommend dividend for the year 2009-2010.

FIXED DEPOSIT:

The Company has not accepted any fixed deposits and there were no unclaimed deposits as on 31.03.2010.

WHOLLY OWNED SUBSIDIARY COMPANY

In terms of Section 4(1)(c) of the Companies Act, 1956, your Company becomes a wholly owned subsidiary of M/s. L.G. Balakrishnan & Bros Limited with effect from 15th February 2010 as that Company had acquired 100% of the Equity Shares as on 31st March, 2010.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Sri. B. Vijayakumar and Smt. Vijayshree Vijayakumar are liable to retire by rotation and are eligible for re-appointment.

INDUSTRIAL RELATIONS:

The relationship with the employees was cordial during the year.

AUDITORS:

The Auditors, Mr. P.S. Sitaram Chartered Accountant, Coimbatore retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Company has received a Certificate from the Auditors to the effect that their appointment, if made, would be within the limits of Section 224(1B) of the Companies Act, 1956.

SECRETARIAL COMPLIANCE

In compliance with the provisions of Section 383A of the Companies Act, 1956, your Company has obtained a



Certificate from a Secretary in whole time practice which is annexed to and form part of this Report.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)

None of the employees of the Company were in receipt of remuneration, which in the aggregate exceeded the limits fixed under sub-section (2A) of Section 217 of the Companies Act, 1956.

CONSERVATION OF ENERGY

We continue with our initiatives to save energy wherever possible

TECHNOLOGY ABSORBTION

Nil

FOREIGN EXCHANGE EARNINGS AND OUTGOS:

Foreign Exchange earned during the year 2009-2010 was Rs. 125.86 Lakhs and Foreign Exchange out go was Nil

DIRECTORS' RESPONSIBILITY STATEMENT: UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956.

The Board of Directors confirms that:

- ❖ All the applicable accounting standards have been followed in the preparation of Annual Accounts.

- ❖ All the necessary accounting policies have been adhered to and all necessary adjustments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Loss of the Company for that period.

- ❖ Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for the preventing and detecting fraud and other irregularities.

- ❖ The annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENT:

Your Directors thank the Banks for their valuable and timely financial assistance and support provided to the company. The Board also places on record its appreciation of the dedicated services rendered by the employees of the Company.

COIMBATORE
28.04.2010

S. SIVAKUMAR
Director

By Order of the Board,

VIJAYSHREE. V
Director



FORM

[See Rule 3]

Compliance Certificate

CIN NO: U72200TZ2006PTC012831

To
The Members
BCW V Tech India Private Limited

We have examined the registers, records, books and papers of the above Company as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended **31st March 2010**. In our opinion and to the best of our information and according to the examinations carried out by us and the explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act, the rules made there under, and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company being a private limited Company which has subsequently become the wholly owned subsidiary of a public company has the minimum prescribed paid-up capital.
4. The Board of Directors duly met five times on 29.05.2009, 30.07.2009, 13.10.2009, 22.01.2010 and 15.02.2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not opted to close its Register of Members, and/or Debenture holders during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March 2009 was held on 20.07.2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minute Book maintained for the purpose.
7. No Extra Ordinary General Meetings were held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has complied with the provisions of section 297 of the Act, in respect of the contracts falling under the purview of this section.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government.
12. The Company has not issued any duplicate share certificate during the financial year.
13. The Company
 - a. has delivered all certificates on lodgment thereof for transfer and there was no allotment / transmission of securities during the financial year.
 - b. has not deposited any amount in separate bank account as no dividend was declared / paid during the financial year.
 - c. has not required to post warrants to any member of the company as no dividend was declared /paid during the financial year.
 - d. has no amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years for transfer to Investor Education and Protection Fund



- e. has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and there was no appointment of Directors during the year.
15. The Company has not appointed any Managing Director / Whole time Director / Manager during the year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including unsecured loans falling within the purview of section 58A during the financial year.
24. The amount borrowed by the company from directors, members, public financial institutions, banks, and others during the financial year are within the borrowing limits of the company.
25. The Company has not made any loans or advances or given guarantees or provide securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of the Association during the year.
31. There was/were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security deposit from the employees during the year under certification.
33. The provision of section 418 is not applicable since Provident Fund has not been constituted by the Company for the employees

Place : Coimbatore
Date : 28.04.2010

For JMCS ASSOCIATES
K.Muthusamy
Partner
M.No: F 5865 CP No: 3176



ANNEXURE - 'A'
Registers maintained by the Company

1. Instruments evidencing creation charges	U/s 136
2. Register of Charges	U/s 143
3. Register of Members	U/s 150
4. Minutes Book of Board Meetings	U/s 193
5. Minutes Book of General Meetings	U/s 193
6. Register of contracts in which Directors are interested	U/s 301
7. Register of Directors, Managing Directors, Manager and Secretary	U/s 303
8. Register of Director's shareholding	U/s 307

Notes: No other registers were maintained as it was informed that there were no entries / transactions to be recorded.

ANNEXURE – 'B'
Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director,
Central Government and other authorities during the year

S. NO	FORMS	SECTION	SERVICE	DATE OF FILING
1	Form 17 dt:27.04.2009	U/s 138	For satisfaction of Charge	06.05.2009
2	Form 8 dt:18.05.2009	U/s 125	For modification of Charge	12.07.2009
3	Form 66 Dt:31.03.2009	U/s383A(1)	Secretarial compliance	13.08.2009
4	Form 20B Dt:30.09.2009	U/s159(1)	Annual Return	28.08.2009
5	Form 23AC & ACA Dt:31.03.2009	U/s210(1)	Annual Accounts	18.08.2009
6	Form 22B dt:15.02.2010	U/s 187C	Declaration of Holdings	16.03.2010
7	Form 61 dt:15.02.2010	U/s 4(1)(c)	Intimation of Subsidiary	17.03.2010



AUDITOR'S REPORT TO THE MEMBERS OF BCW V TECH INDIA PVT. LIMITED.

I have audited the attached Balance Sheet of BCW V Tech India Private Limited, Coimbatore, as at 31st March, 2010 and also the Profit and Loss Account for the year ended on that date annexed thereon. These financial statements are the responsibility of the Company's Management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Auditing Standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. I believe that our audit provides a reasonable basis for our opinion.

As required by the Companies' (Auditor's Report) Order, 2003, and according to the information and explanations given to me during the course of the audit and on the basis of such checks as were considered appropriate, I enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.

Further to my comments in the Annexure referred to above, I report that:

- 1) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of my audit.
- 2) In my opinion, proper books of accounts as required by law have been kept by the Company so far as appears from my examination of those books.

- 3) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
- 4) In my opinion the Balance Sheet and Profit and Loss Account dealt with by this report read with point No. B (13) of Notes forming part of Accounts comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- 5) On the basis of the written representation received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, I report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- 6) In my opinion and to the best of my information, and according to the explanations given to me, the said financial statements, read together with the attached schedules and Notes forming part of accounts thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010; and
 - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date

COIMBATORE
28.04.2010

P.S. Sitaram
Chartered Accountant
Membership No. 23033



Annexure to Auditor’s Report to the Members of Veridis Tech India Private Limited, Coimbatore

1. a) The Company is in the process of updating its fixed Asset Register 1956 have been entered in the register required to be maintained under that section.
 - b) The assets have been physically verified by the management in accordance with a phased programme of verification, which in my opinion, is reasonable, considering the size and the nature of business. The frequency of verification is reasonable and no material discrepancies were noticed on such physical verification. b. In my opinion and according to the information and explanations given to me, the transactions made in pursuance of such Contracts or arrangements exceeding rupees five thousand each have been made at prices, which are reasonable having regard to prevailing market prices at the relevant time.
 - c) There is no disposal of substantial part of Fixed Assets during the year. The disposal of the assets during the year does not affect the going concern assumption of the company. 6. As explained to me, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provisions have been made in the accounts for the loss arising on items so determined.
 - 2) a) The inventories have been physically verified by the management during the year at reasonable intervals in respect of finished goods, stores, spare parts and raw materials. 7. As per the information furnished to me, scrap for manufacturing of goods is only negligible and scraps will be accounted as and when sold.
 - b) The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business. 8 a) According to the information and explanations given to me and the records examined by me, the Company is regular in depositing with appropriate authorities undisputed statutory dues including , Income-tax, Excise Duty, Vat Tax, and other statutory dues. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March,2010 for a period of more than six months from the date they became payable other than Provident fund of Rs.4,29,530/-.
 - c) The company has maintained proper records of inventories and no material discrepancies were noticed on physical verification of inventories as compared to book records. b) There are no disputed statutory dues.
 - 3) a) During the year the Company had not granted or given any loan secured or unsecured to the parties covered in the register maintained under section 301 of the Companies Act. 9) The accumulated losses of the Company are not in excess of 50% of its net-worth. The company has incurred cash losses of Rs. 23,95,132/- during the Financial year covered by my audit. However no cash loss was incurred in the preceding financial year.
 - b) During the year the Company has taken Un-secured Loan from a Company covered in the register maintained under Section 301 of the Companies Act and terms and Conditions are not prejudicial to the interest of the Company. 10) According to the information and explanation given to me and on an overall examination of the Source and Application of the Funds of the company, I report that no funds raised on short-term basis have been used for long-term investments by the company.
- | | | |
|-----------------|---|---------------|
| Number of Party | - | 1 |
| Amount | - | Rs. 20,00,000 |
4. There are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. There is no major weakness in the internal control systems. 11) According to the information and explanation given to me, and the books and records examined by me, there are no frauds on or by the Company that has been noticed or reported during the year.
 5. A. The Particulars of contracts or arrangements referred to in section 301 of the Companies Act, 12) The other clauses of the order are not applicable to the company.

COIMBATORE
28.04.2010

P.S. Sitaram
Chartered Accountant
Membership No. 23033



BALANCE SHEET AS AT 31st MARCH 2010

	Schedule	31.03.2010 Rs.	31.03.2009 Rs.
SOURCE OF FUNDS:			
SHARE HOLDERS FUNDS:			
Share Capital	I	29,000,000	29,000,000
Reserves & Surplus	II	-	519,120
Deferred Tax Liability	III	254,602	463,943
BORROWED FUNDS			
Secured Loan	IV	5,769,355	-
Unsecured	V	2,000,000	10,000,000
		<u>37,023,957</u>	<u>39,983,063</u>
APPLICATION OF FUNDS:			
FIXED ASSETS:			
Gross Block	VI	29,831,562	28,310,004
Less : Accumulated Depreciation		<u>3,102,369</u>	<u>824,440</u>
Net Block		26,729,193	27,485,564
Capital Work-in-progress		-	1,159,955
		<u>26,729,193</u>	<u>28,645,519</u>
CURRENT ASSETS, LOANS & ADVANCES: VII			
Inventories		5,236,919	2,976,523
Sundry Debtors		6,528,421	9,224,593
Cash & Bank Balances		70,929	6,292,366
Loans & Advances		5,801,166	6,077,315
		<u>17,637,435</u>	<u>24,570,797</u>
LESS : CURRENT LIABILITIES & PROVISIONS VIII			
Sundry Creditors		11,192,953	13,157,467
Provisions		<u>205,500</u>	<u>205,500</u>
		<u>11,398,453</u>	<u>13,362,967</u>
NET CURRENT ASSETS		6,238,982	11,207,830
MISCELLANEOUS ASSETS:			
Preliminary Expenses		111,184	129,714
Balance carried forward from Profit & Loss A/C		<u>3,944,598</u>	<u>-</u>
		<u>37,023,957</u>	<u>39,983,063</u>

Schedules I to VIII. Accounting Policies and Notes on the Accounts - XVIII form part of this Balance Sheet

COIMBATORE
28-04-2010.

S. SIVAKUMAR
Director

VIJAYSHREE. V
Director

As per my Report of even date
P.S. Sitaram
Chartered Accountant
Membership No. 23033



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010

	Schedule	31.03.2010 Rs.	31.03.2009 Rs.
INCOME			
Other Income			
Sales Labour Charge Receipts	IX	15,906,144	16,161,069
Other Income	X	74,065	2,423,744
		<u>15,980,209</u>	<u>18,584,813</u>
EXPENDITURE:			
Material Consumption	XI	4,166,184	6,481,078
Consumption of Stores & Spares	XII	2,141,176	1,664,223
Employee Cost	XIII	3,042,939	1,376,877
Repairs & Maintenance	XIV	15,980	58,854
Processing Charges		3,707,845	3,677,743
Power & Fuel		865,107	626,396
Selling & distribution expenses	XV	2,050,678	718,037
Other Expenditure	XVI	1,138,858	805,973
Preliminary Expenses Written off		<u>18,530</u>	<u>18,530</u>
		<u>17,147,297</u>	<u>15,427,711</u>
PROFIT (LOSS) BEFORE INTEREST & DEPRECIATION		(1,167,088)	3,157,102
Less : Interest and Financial Charges		1,228,044	371,662
Depreciation	XVII	2,277,927	936,741
PROFIT (LOSS) BEFORE TAXATION		(4,673,059)	1,848,699
Less : Provision for Current tax		-	191,000
Provision for Fringe Benefit Tax		-	7,500
Provision for Deferred Tax		(209,341)	463,943
PROFIT (LOSS) AFTER TAX		<u>(4,463,718)</u>	<u>1,186,256</u>
Balance brought Forward from previous year		519,120	(667,136)
Balance transferred to Balance Sheet		(3,944,598)	519,210
Earning per Share (Basic)		(1.54)	0.57

Schedules IX to XVII. Accounting Policies and Notes on the Accounts - XVIII form part of this Profit and Loss Account

As per my Report of even date

P.S. Sitaram

Chartered Accountant
Membership No. 23033

COIMBATORE
28-04-2010.

S. SIVAKUMAR
Director

VIJAYSHREE. V
Director

**SCHEDULES TO BALANCE SHEET**

	31.03.2010 Rs.	31.03.2009 Rs.
SHARE CAPITAL - I		
AUTHORISED:		
Authorised 70,00,000 Equity Shares of Rs.10/- each	70,000,000	70,000,000
	<u>70,000,000</u>	<u>70,000,000</u>
ISSUED, SUBSCRIBED AND PAID-UP:		
29,00,000 Equity Shares of Rs.10/- each	29,000,000	29,000,000
	<u>29,000,000</u>	<u>29,000,000</u>
RESERVES & SURPLUS - II		
Opening Profit and Loss Account	519,120	(667,136)
Add: Profits / (Loss) during the year	(4,463,718)	1,186,256
Balance carried to Balance Sheet	<u>(3,944,598)</u>	<u>519,120</u>
DEFERRED TAX LIABILITY - III		
Opening Balance as per Balance Sheet	463,943	-
Add / Less: Transfer from / To Profit & Loss A/c	(209,341)	463,943
Balance carried to Balance Sheet	<u>254,602</u>	<u>463,943</u>
SECURED LOANS - IV		
From Bank		
Short Term Working Capital facility	5,769,355	-
	<u>5,769,355</u>	<u>-</u>
UN SECURED LOANS - V		
Inter corporate Deposit	2,000,000	10,000,000
	<u>2,000,000</u>	<u>10,000,000</u>



FIXED ASSETS - VI										
Description of Assets	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	Cost to 01.04.2009	During the year		Total Cost as on 31.03.2010	Upto 31.03.2009	Deductions		Total Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
		Additions	Deductions			For the Year	Withdrawal During the Year			
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Land	854,940	-	-	854,940	-	-	-	-	854,940	854,940
Air Compressor	724,665	-	-	724,665	6,945	53,770	-	60,715	663,950	717,720
Air Conditioner	24,889	-	-	24,889	78	1,847	-	1,925	22,964	24,811
Plant & Machinery	23,850,306	66,900	-	23,917,206	680,888	1,774,637	-	2,455,525	21,461,681	23,169,418
Electrical Fittings	1,415,128	-	-	1,415,128	57,459	104,871	-	162,330	1,252,798	1,357,669
Furniture Fittings	195,657	105,056	-	300,713	7,511	14,943	-	22,454	278,259	188,146
Tools & Dies	801,999	189,647	-	991,646	32,485	68,456	-	100,941	890,705	769,514
Computer	442,420	1,159,955	-	1,602,375	39,074	259,405	-	298,479	1,303,896	403,346
TOTAL	28,310,004	1,521,558	-	29,831,562	824,440	2,277,929	-	3,102,369	26,729,193	27,485,564
Capital Work-in-Progress	1,159,955	-	1,159,955	-	-	-	-	-	-	1,159,955
TOTAL	29,469,959	1,521,558	1,159,955	29,831,562	824,440	2,277,929	-	3,102,369	26,729,193	28,645,519



SCHEDULES TO BALANCE SHEET

	31.03.2010 Rs.	31.03.2009 Rs.
CURRENT ASSETS - VII		
A. INVENTORIES		
(As Valued and certified by the Management at lower of cost and Net Realisable Value)		
Raw Materials	1,860,768	770,596
Stores & Spares	288,584	347,709
Work in progress	3,087,567	1,858,218
	<u>5,236,919</u>	<u>2,976,523</u>
B. SUNDRY DEBTORS		
(Unsecured And Considered Good)		
Outstanding for a period exceeding 6 months	1,519,587	-
Other Debts	5,008,834	9,224,593
	<u>6,528,421</u>	<u>9,224,593</u>
C. CASH & BANK BALANCES		
Cash on Hand	11,667	579
Balances with Scheduled Banks in Current Account	59,262	2,566,460
Deposits with IndusInd Bank - Short Term	-	3,725,327
	<u>70,929</u>	<u>6,292,366</u>
D. LOANS AND ADVANCES		
(Recoverable in Cash or in kind or forvalue to be received unsecured considered good.)		
Telephone Deposit	6,000	25,225
Fringe Benefit Tax	14,321	6,909
Advance with government authorities	5,337,511	5,677,744
Tax deducted at source	299,636	288,953
Purchase advance	143,698	78,484
	<u>5,801,166</u>	<u>6,077,315</u>
CURRENT LIABILITIES & PROVISIONS - VIII		
CURRENT LIABILITIES		
Sundry Creditors		
Dues to Micro & Small Enterprises	4,069,152	11,483,308
Other Dues	6,242,429	1,271,818
Liabilities for Expenses	857,878	402,341
Tax Deduction at Source	23,495	-
	<u>11,192,954</u>	<u>13,157,467</u>
PROVISIONS		
For Income Tax	191,000	191,000
For Fringe Benefit Tax	14,500	14,500
	<u>205,500</u>	<u>205,500</u>



SCHEDULES TO PROFIT AND LOSS ACCOUNT

	31.03.2010 Rs.	31.03.2009 Rs.
SALES AND LABOUR CHARGES - IX		
SALES		
Domestic Sales (includes excise duty)	2,546,528	4,248,857
Less : Excise Duty	<u>209,361</u> 2,337,167	<u>484,553</u> 3,764,304
Export Sales	14,470,856	13,480,114
Less : Excise Duty	<u>1,081,693</u> 13,389,163	1,139,988 12,340,126
Labour Charges (TDS Rs.129)	<u>179,814</u>	<u>56,639</u>
	<u>15,906,144</u>	<u>16,161,069</u>
OTHER INCOME - X		
Interest Receipts (TDS Rs.186409)	-	1,016,271
Profit on Sale of Asset	-	970,086
Exchange Rate fluctuation on account of sales	74,065	-
Discount Received	-	57,508
Miscellaneous Receipts	-	<u>379,879</u>
	<u>74,065</u>	<u>2,423,744</u>
MATERIAL CONSUMPTION - XI		
Opening Stock	2,628,815	927,366
Add : Purchase	6,485,704	8,182,526
	9,114,519	9,109,892
Less : Closing Stock	<u>4,948,335</u>	<u>2,628,814</u>
Consumption	<u>4,166,184</u>	<u>6,481,078</u>
STORES & SPARES CONSUMPTION - XII		
Opening Stock	347,708	48,114
Add : Purchase	<u>2,082,052</u>	<u>1,963,817</u>
	2,429,760	2,011,931
Less : Closing Stock	<u>288,584</u>	<u>347,708</u>
	<u>2,141,176</u>	<u>1,664,223</u>
EMPLOYEE COST - XIII		
Salaries, Wages and Bonus	2,722,649	1,261,753
Staff Welfare Expenses	145,641	56,340
Contribution to PF, ESI and Gratuity	<u>174,649</u>	<u>58,784</u>
	<u>3,042,939</u>	<u>1,376,877</u>
REPAIRS & MAINTENANCE - XIV		
Building	2,770	7,724
Plant & Machinery	-	2,279
Others	<u>13,210</u>	<u>48,851</u>
	<u>15,980</u>	<u>58,854</u>

**SCHEDULES TO PROFIT AND LOSS ACCOUNT**

	31.03.2010 Rs.	31.03.2009 Rs.
SELLING & DISTRIBUTION EXPENSES - XV		
Carriage Outward	473,434	462,481
Packing & Inspection Charges	782,274	255,556
Claims & Damages	776,745	-
Others	18,225	-
	<u>2,050,678</u>	<u>718,037</u>
OTHER EXPENDITURE - XVI		
Auditors Remuneration	60,370	36,564
Carriage Inward Expenses	29,246	68,425
Legal Charges	14,550	37,374
Postage & Telephones Expenses	183,169	38,131
Printing & Stationery	9,345	58,913
Rent	376,062	198,909
Service & Security Charges	-	23,042
Travelling Expenses	152,618	14,855
Filing Fees	9,610	269,517
Transporting Charges	168,991	55,925
Miscellaneous Expenses	134,897	4,318
	<u>1,138,858</u>	<u>805,973</u>
INTEREST AND FINANCIAL CHARGES - XVII		
Interest on Loan	1,091,093	326,367
Bank Charges	136,951	45,295
	<u>1,228,044</u>	<u>371,662</u>



ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2010 - Schedule - XVIII

SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION:

The financial statements have been prepared under the Historical Cost convention on the basis of the going concern and in Accordance with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956.

2. FIXED ASSETS:

Fixed Assets are stated at original cost, less accumulated depreciation. Cost includes all expenses related to acquisition and Installation of the concerned assets.

3. BORROWING COST:

Borrowing Costs attributable to the acquisition or construction of qualifying assets are capitalized as part of such assets. All the other borrowing costs are charged to revenue.

A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended purpose.

4. IMPAIRMENT OF ASSETS:

At each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine

- a) the provision for impairment loss, if any, required or
- b) the reversal, if any, required of impairment loss recognized in periods.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

5. DEPRECIATION:

Depreciation is provided on the Straight line method at the rates specified in Schedule XIV to the Companies Act, 1956.

6. INVENTORIES:

Inventories are valued at lower of cost and net realisable 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) Raw Materials and Store & Spare parts.
At Weighted Average Costs or net realizable value which ever is lower
- ii) Finished Products/Trading goods.
At lower of cost or net realizable value inclusive of excise duty thereon.
- iii) Semi Finished Goods.
At Cost
- iv) Agriculture Produce.
At estimated realizable Value..

7. REVENUE RECOGNITION:

- a) The Company generally follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.
- b) Sale of goods is recognized when the risk and rewards of ownership are passed on to the customers, which is generally on dispatch of goods.

8. TAXES ON INCOME:

Tax on income for the current period is determined on the basis of taxable income and tax credit computed with accordance with the provisions of the Income tax act, 1961, and based on the expected outcome of assessments/ appeals.

Deferred tax is recognized on timing differences between the accounting income and taxable income for the year, and quantified using the tax rates and laws enacted as on the Balance sheet date.

(B) NOTES ON ACCOUNTS:

1.	Deferred Tax Liability is on Account of :	
	Depreciation	27,11,089
	Deferred Tax Asset is on account of Carried forward Losses, Bonus, Gratuity and others	24,56,487
	Net Deferred Tax Liability	2,54,602



2. Auditor's Remuneration

Particulars	31-03-2010	31-03-2009
1. Statutory Audit	25,000	25,000
2. Tax Audit	10,000	8,000
3. Others	25,370	3,564
Total	60,370	36,564

3. The Company has initiated process of obtaining Confirmation from Suppliers who have registered themselves under the "Micro, Small and Medium Enterprises Development Act, 2006". Based on the information and evidence available with the Company, there are no dues to Micro and small enterprises outstanding as on 31.03.2010.

4. Related Party Disclosures (As identified by the management and relied upon by the Auditors)

Name of the Related Party	Nature of Relationship
LG Balakrishnan & Bros Limited	Holding Company
L G B Forge Limited	Associate
ELGI Automotive Services Limited	Associate
LGB Auto Products Limited	Associate
L G Farm Products Limited	Associate
L G Sports Limited	Associate
LGB Rolon Chain India Limited	Associate
Rolon Fine Blank Limited	Associate
Super Transports Private Limited	Associate
Super Speeds Private Limited	Associate
LGB Fuel Systems Private Limited	Associate
Vijayshree Spinning Mills Private Limited	Associate
Nithyarjuna Traders Private Limited	Associate
Silent Chain India Private Limited	Associate
South Western Engineering India Limited	Associate

Nature of Transactions:	(Amount ('000))
Processing Charges	2518
Raw Material Purchase	2540
Stores Purchase	86
Job Receipts	176
Canteen Deductions	146
Rent	346
EB Charges	780
Genset Charges	85
Loan Taken	2000
Loan Settled	10000

5. Earnings in Foreign Currency

Particulars	31-03-2010	31-03-2009
FOB value of Exports	12,585,877	11,610,197

6. Expenditure in Foreign Currency

Expenditure in Foreign Currency Nil Nil

7. Value of Imports (on CIF Basis- Capital Goods)

Value of Imports (On CIF Basis)- Capital Goods - 10,516,623



	Particulars	31-03-2010	31-03-2009
8	Value of Raw Materials, and Consumables, stores and Spares Consumed Raw Materials		
	Indigenous (100%)	41,66,184	64,81,078
	Imported	NIL	NIL
	Consumables ,Stores & Spares		
	Indigenous (100%)	21,41,176	16,64,223
	Imported	NIL	Nil
9.	Stock of Raw Material		
	In Kgs	39,547	13,474
	In Rupees	1,860,768	770,596
	In Nos	NIL	NIL
	In Rupees	NIL	NIL
10.	Contingent Liability		
	Contingent Liabilities	NIL	NIL
11.	Earnings per Share (Basic & diluted)		
	Profit (Loss) for the year	(44,63,718)	11,86,256
	No of Equity Shares	29,00,000	20,66,667
	Earnings Per Share	(1.54)	0.57

12. Preliminary Expenses have been amortized over a period of ten Years.
13. The Company has provided for gratuity as per Payment of Gratuity Act on actual basis which is at variance with the actual method prescribed under AS 15 (Revised) employee benefits. However in the opinion of the management, the provisions made is sufficient to cover the Gratuity Liability for the disclosure required by AS 15 (Revised) have not been made which, however has no impact on the Financials
14. Previous year's figures have been regrouped / re-classified wherever necessary to conform to current year's classification.
15. Figures have been rounded off to the nearest rupee.

COIMBATORE
28-04-2010.

S. SIVAKUMAR
Director

VIJAYSHREE. V
Director

As per my Report of even date
P.S. Sitaram
Chartered Accountant
Membership No. 23033



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:

Registration No

U	7	2	2	0	0	T	Z	2	0	0	6	P	T	C	0	1	2	8	3	1
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State code

1	8
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Balance sheet Date

3	1	-	0	3	-	2	0	1	0
---	---	---	---	---	---	---	---	---	---

II. Capital Raised during the year (amount in thousand of Rs.)

Public Issue

			N	I	L		
--	--	--	---	---	---	--	--

Rights Issue

			N	I	L		
--	--	--	---	---	---	--	--

Bonus Issue

			N	I	L		
--	--	--	---	---	---	--	--

Private Placement (Equity)

			N	I	L		
--	--	--	---	---	---	--	--

III Position of Mobilization and Deployment of Funds (amount in thousands of Rs.)

Total Liabilities

			3	7	0	2	4
--	--	--	---	---	---	---	---

Total Assets

			3	7	0	2	4
--	--	--	---	---	---	---	---

Sources of funds

Paid-up Capital

			2	9	0	0	0
--	--	--	---	---	---	---	---

Reserves & Surplus

			N	I	L		
--	--	--	---	---	---	--	--

Secured Loans

			5	7	6	9	
--	--	--	---	---	---	---	--

Deferred Tax

				2	5	5	
--	--	--	--	---	---	---	--

Unsecured Loans

			2	0	0	0	
--	--	--	---	---	---	---	--

Application of Funds

Net Fixed Assets

			2	6	7	2	9
--	--	--	---	---	---	---	---

Investments

			N	I	L		
--	--	--	---	---	---	--	--

Net Current Assets

			6	2	3	9	
--	--	--	---	---	---	---	--

Miscellaneous Expenditure

				1	1	1	
--	--	--	--	---	---	---	--

Accumulated Loss

			3	9	4	5	
--	--	--	---	---	---	---	--

V. Performance of Company (amount in thousands of Rs.)

Turnover

			1	5	9	8	0
--	--	--	---	---	---	---	---

Total Expenditure

			2	0	6	5	3
--	--	--	---	---	---	---	---

Profit / Loss Before Tax

			-	4	6	7	3
--	--	--	---	---	---	---	---

Profit / Loss After Tax

			-	4	4	6	4
--	--	--	---	---	---	---	---

Earning per share (Rs.)

			-	1	.	5	4
--	--	--	---	---	---	---	---

Dividend Rate (%)

			N	I	L		
--	--	--	---	---	---	--	--

V. Generic Names of Three Principal Products/Services of the Company. (As per Monetary Terms)

Item Code No.

			N	I	L		
--	--	--	---	---	---	--	--

Service Description

M	A	C	H	I	N	I	N	G
---	---	---	---	---	---	---	---	---

Item Code No.

			N	I	L		
--	--	--	---	---	---	--	--

Service Description

A	L	L	O	Y	S	T	E	E	L	F	O	R	G	I	N	G			
E	N	G	I	N	E	E	R	I	N	G	C	O	M	P	O	N	E	N	T

COIMBATORE
28-04-2010.

S. SIVAKUMAR
Director

VIJAYSHREE. V
Director

As per my Report of even date
P.S. Sitaram
Chartered Accountant
Membership No. 23033

L.G. BALAKRISHNAN & BROS LIMITED

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

ADMISSION SLIP

Name of Member		Folio No	
Name of Proxy		No of Shares	

I hereby record my presence at the 54th Annual General Meeting of the Company held on 14-06-2010 at 10.15 A.M at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore - 641 018.

.....
Signature of Member/Proxy

- Notes :
1. Shareholders/Proxies must bring the Admission Slip to the meeting and hand it over at the entrance duly signed.
 2. Shareholders are requested to advise their change to address as well as request for consolidation of folio, if any to the above address, quoting folio numbers.



L.G. BALAKRISHNAN & BROS LIMITED

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

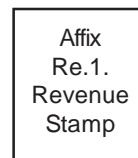
PROXY FORM

I/We.....Of.....being a Member/Members of L.G. Balakrishnan & Bros Limited, hereby appointoffailing him.....ofas my/our Proxy to attend and vote for me/us on my/our behalf at the 54th Annual General Meeting of the Company to be held on 14-06-2010 at 10.15 A.M. at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore- 641 018 and any adjournment thereof.

As Witness by my/our hands(s) thisday of2010.

Signed by the said.....

Folio No.	No. of Shares
DP.ID *	Client ID *



Applicable to investors holding shares in Electronic Form.

Notes : The proxy form must be returned so as reach the Registered Office of the Company, 6/16/13, Krishnarayapuram Road, Ganapathy, Coimbatore- 641 006 not less than forty-eight hours before the time for holding the aforesaid meeting.