

FORM A

Format of covering letter of the annual audit report to be filled with the stock exchanges

1. Name of the Company : LGB FORGE LIMITED

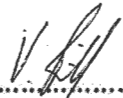
2. Annual financial statements for the year ended : 31st March 2014

3. Type of Audit observation : Un-qualified

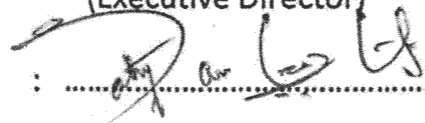
4. Frequency of observation : Not applicable

5. To be signed by-

(a)CEO/Managing Director

: 
.....
(V.Rajvirdhan)
(Executive Director)

(b)Auditor of the company

: 
.....

C.S.Sathyanarayanan
Membership No.028328
Partner
Haribhakti & Co
Chartered Accountants,Coimbatore
Firm Registration No.103523w

(c) Audit Committee Chairman

: 
.....

P.Shanmugasundaram
Director

(d) CFO

: Sri.V.Rajvirdhan ,being the executive director also heads the finance portfolio has certified the Form-A

LGB FORGE LIMITED



8th
ANNUAL REPORT
2013 - 2014

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
Sri. K. Karthik
Whole time Director

COMPANY SECRETARY

Sri. B. Hariganesh

BANKERS

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

STATUTORY AUDITORS

M/s. Haribhakti & Co.
Chartered Accountants
“Shree Shanmugappriya”, 2nd Floor,
454, Ponnaiyan Street, Cross Cut Road,
Gandhipuram, Coimbatore - 641012.
Phone : 0422 - 2237793, 2238793

COST AUDITOR

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

REGISTRAR AND SHARE TRANSFER AGENTS

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

**STOCK EXCHANGE WHERE COMPANY'S
SECURITIES ARE LISTED**

Bombay Stock Exchange Ltd.
National Stock Exchange of India Ltd.

REGISTERED OFFICE

6/16/13, Krishnarayapuram Road,
Ganapathy, Coimbatore - 641 006.
CIN : L27310TZ2006PLC012830
Email : info@lgb.co.in Website: www.lgbforge.co.in
Phone: 0422 2532325 Fax: 0422 2532333

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8th ANNUAL GENERAL MEETING

Date	: 9th July, 2014
Day	: Wednesday
Time	: 09.00 A.M.
Venue	: Ardra Convention Centre Kaanchan, 9, North Huzur Road Coimbatore- 641 018.
Book Closure Dates	: 08.07.2014 to 09.07.2014 (Both days inclusive)

MEMBERS ARE REQUESTED TO BRING THEIR COPY OF THE ANNUAL REPORT TO THE ANNUAL GENERAL MEETING.

NOTICE

Notice is hereby given that the Eighth Annual General Meeting of the members of the Company will be held on Wednesday 9th July, 2014 at 9.00 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, 2014 and the Statement of Profit and Loss 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. B. Vijayakumar, who retires by rotation, and being eligible, offers himself for reappointment.
3. To re-appoint Messrs. Haribhakti & Co, 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

SPECIAL BUSINESS

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

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri. P. Shanmugasundaram (holding DIN 00119411), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 9th July, 2014 to hold office for five consecutive years for a term up to 8th July, 2019.

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

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri. K.N.V. Ramani (holding DIN 00007931), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 9th July, 2014 to hold office for five consecutive years for a term up to 8th July, 2019.

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

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri. P.V. Ramakrishnan (holding DIN 00013441), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who in accordance with the provisions of Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 1st September 2014 to hold office for five consecutive years for a term up to 31st August, 2019.

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

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time

- being in force) read with Schedule IV to the Companies Act, 2013, Sri. Harsha Lakshmikanth (holding DIN 02238793), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who in accordance with the provisions of Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 1st September, 2014 to hold office for five consecutive years for a term up to 31st August, 2019.
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**.
- “**RESOLVED that** Sri. K. Karthik, (holding DIN:06846794) who was appointed as an Additional Director of the Company by the Board of Directors pursuant to the provisions of Section 161 of the Companies Act, 2013 and holds office up to the date of forthcoming Annual General Meeting of the Company be and is hereby appointed as a Director of the Company.”
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**.
- “**RESOLVED that** pursuant to the provisions of Section 190, 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule V Part II Section II 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. K. Karthik as Whole time Director of the Company for a period of Three (3) years w. e. f. 01.02.2014 (since redesignated as Executive Director w. e. f. 16.05.2014) 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 V Part II Section II or any amendment thereof for the time being in force.
10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**.
- a. The existing Article 43 of the Articles of Association be deleted and the following new Article 43 be substituted thereof.
43. The Board of Directors of the Company may, subject to the provisions of the Companies Act, 2013, or any modification thereof from time to time, appoint one or more of their body to the office of Chairman, Managing Director, Chairman Cum Managing Director, Deputy Managing Director, Joint Managing Director, Executive Director or Whole Time Director for such period and on such terms as it thinks fit. The Chairman, Managing Director, Chairman Cum Managing Director and Independent Directors appointed pursuant to the provisions of Section 149 of the Companies Act, 2013 shall not while holding such office be subject to retirement by rotation at the Annual General Meeting(s) but however Deputy Managing Director, Joint Managing Director, Executive Director or Whole Time Director shall be subject to retirement by rotation at the Annual General Meeting(s). The Board of Directors may entrust to and confer upon such Chairman, Managing Director, Chairman Cum Managing Director, Deputy Managing Director, Joint Managing Director, Executive Director or Whole Time Director all or any of the powers exercisable by them, with such restrictions as they may think fit, either collaterally with or to the exclusion of their own powers and subject to the superintendence, control and direction. The remuneration payable to such persons shall be sanctioned by the Company in General Meeting.
11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**.
- “**RESOLVED that** pursuant to the Provisions of section 188 and all other applicable provisions .if any of the Companies Act, 2013 (the “Act”) and subject to such

approvals, consents, sanctions and permission as may be necessary, consent of the members of the company be accorded to the Board of Directors of the company to enter in to contracts and /or agreements with the related party as defined under the Act with respect to sale, purchase or supply of any goods or materials, selling or otherwise disposing of or buying, leasing of property of any kind, availing or rendering of any services or any other transaction of whatever nature with related parties.

Name of the Related Parties

1	L.G. Balakrishnan & Bros Limited
2	South Western Engineering India Limited
3	L.G.B. Auto Products Private Limited

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013.**ITEM No.4**

Sri. P. Shanmugasundaram is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 4th April, 2008. The qualification and expertise of Sri. P. Shanmugasundaram has been detailed in the annexure attached.

Sri. P. Shanmugasundaram retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. Under the provisions of the Companies Act, 2013, an Independent Director should be appointed for a fixed term and is not liable to retire by rotation. In terms of Section 149 and other applicable provisions of the Companies Act 2013 Sri. P. Shanmugasundaram being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years with effect from 9th July, 2014. A notice has been received from a member proposing Sri. P. Shanmugasundaram as a candidate for the office of Director of the Company.

In the opinion of the Board, Sri. P. Shanmugasundaram fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Sri. P. Shanmugasundaram as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Sri. P. Shanmugasundaram as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri. P. Shanmugasundaram as an Independent Director, for the approval by the shareholders of the Company.

Except Sri. P. Shanmugasundaram, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.4.

ITEM No.5

Sri. K.N.V. Ramani is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 29th January, 2008. The qualification and expertise of Sri. K.N.V. Ramani has been detailed in the annexure attached.

Sri. K.N.V. Ramani retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. Under the provisions of the Companies Act, 2013, an Independent Director should be appointed for a fixed term and is not liable to retire by rotation. In terms of Section 149 and other applicable provisions of the Companies Act 2013 Sri. K.N.V. Ramani being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years with effect from 9th July, 2014. A notice has been received from a member proposing Sri. K.N.V. Ramani as a candidate for the office of Director of the Company.

In the opinion of the Board, Sri. K.N.V. Ramani fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent

Director of the Company and is independent of the management. Copy of the draft letter for appointment of Sri. K.N.V. Ramani as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Sri. K.N.V. Ramani as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri. K.N.V. Ramani as an Independent Director, for the approval by the shareholders of the Company.

Except Sri. K.N.V. Ramani, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.5.

ITEM No.6

Sri. P.V. Ramakrishnan is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 04th April, 2008. The qualification and expertise of Sri. P.V. Ramakrishnan has been detailed in the annexure attached.

Sri. P.V. Ramakrishnan is a Director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. Under the provisions of the Companies Act, 2013, an Independent Director should be appointed for a fixed term and is not liable to retire by rotation. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 Sri. P.V. Ramakrishnan being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years with effect from 1st September 2014. A notice has been received from a member proposing Sri. P.V. Ramakrishnan as a candidate for the office of Director of the Company.

In the opinion of the Board, Sri. P.V. Ramakrishnan fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Sri. P.V. Ramakrishnan as an Independent Director would be available for inspection without any fee

by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Sri. P.V. Ramakrishnan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri. P.V. Ramakrishnan as an Independent Director, for the approval by the shareholders of the Company.

Except Sri. P.V. Ramakrishnan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.6.

ITEM No.7

Sri. Harsha Lakshmikanth is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 09th May, 2008. The qualification and expertise of Sri. Harsha Lakshmikanth has been detailed in the annexure attached.

Sri. Harsha Lakshmikanth is a Director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. Under the provisions of the Companies Act, 2013, an Independent Director should be appointed for a fixed term and is not liable to retire by rotation. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 Sri. Harsha Lakshmikanth being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years with effect from 1st September 2014. A notice has been received from a member proposing Sri. Harsha Lakshmikanth as a candidate for the office of Director of the Company.

In the opinion of the Board, Sri. Harsha Lakshmikanth fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Sri. Harsha Lakshmikanth as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Sri. Harsha Lakshmikanth

as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri. Harsha Lakshmikanth as an Independent Director, for the approval by the shareholders of the Company.

Except Sri. Harsha Lakshmikanth, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.7.

Item No.8

Sri. K. Karthik was co-opted as an Additional Director of the Company with effect from 30.01.2014 pursuant to Section 161 of the Companies Act, 2013 (“the Act”), Sri. K. Karthik holds office of Director upto the date of ensuing Annual General Meeting. The Company has received a notice in writing along with a deposit of ₹ 1,00,000/- proposing his candidature for the Office of the Director under the provisions of Section 160 of the Companies Act, 2013.

None of the Directors is interested in this resolution except Sri. K. Karthik to the extent of his appointment.

The Board recommends the resolution set forth in Item No. 8 for the approval of the members

Item No.9

The Board of Directors of the Company at its meeting held on 30th January 2014 has appointed Sri. K. Karthik as Whole Time Director of the Company as recommended

by the remuneration committee subject to the approval of Shareholders for a period of 3 years w. e. f. 01-02-2014 at the following remuneration, in accordance with norms laid down in Schedule V Part II Section II and other applicable provisions of the Companies Act, 2013.

Particulars	₹ Per Month
Basic Salary	15,200
Other allowances and perquisites	66,316
Provident fund 12% of Basic Salary	1,824
Total	83,340

The remuneration and perquisites shall be subject to the overall ceiling under Section 196 and 197 of the Act read with Schedule V Part II, Section II of the Companies Act, 2013.

Sri. K. Karthik has been re designated as Executive Director w.e.f. 16.05.2014, without any other variation in the terms of his appointment.

The Board recommends this resolution as set out in Item No. 9 for approval of the members.

None of the Directors is interested or concerned in this resolution except Sri. K. Karthik.

The Draft Contract of service with the Executive Director to be entered pursuant to section 190 of the Companies Act, 2013 and is kept in the registered office of the Company for inspection during the working days.

I 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	31.03.2014 ₹ in Lakhs	31.03.2013 ₹ in Lakhs
		Turnover	8,654.41	10,800.97
		PBT	307.07	(436.05)
		PAT	307.07	(436.05)
		Rate of Dividend Declared	NIL	NIL

5	Export Performance and Non Forex Collaborations.	For the year ended 31-03-2014 Forex Earned : INR 1160.33 Lakhs Forex Outgo : INR 78.70 Lakhs
6	Foreign Investments of collaborators, if any.	Not Applicable
II Information about the appointee.		
1	Background details	Sri. K. Karthik aged 39 years was appointed as Executive Director on 30 th January 2014. He is a Engineering Graduate and holds a Post Graduate Diploma in Foreign Trade along with Masters Post graduate Diploma in International Business, He has More than 20 years experience in the field of marketing. He is the Chief operating Officer of the company for the Period of 9 Months
2	Past Remuneration	₹ 83,340/- p m
3	Recognition or Awards	NIL
4	Job Profile and his suitability	Subject to the superintendence, direction and control of the Board of Directors, Sri. K. Karthik 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.	Nil
III Other Information.		
1	Reasons of loss or inadequate profits:	The Company had to face many challenges during financial year 2013-14, like shortage of working capital which ultimately resulted in delayed procurement of raw materials, huge interest burden, higher rejection, general industrial meltdown, etc. Another bigger challenge before the Company was reducing its debt portfolio, which was contributing significantly to erode the bottom line.
2	Steps taken or proposed to be taken for improvement	The Company has developed new customers and also new components for existing customers during the last financial year resulting in new business. The Company has also embarked on several yield improvement methods for improved profitability. The results of these steps and other initiatives will be seen in the coming years

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.

ITEM No.10

The Board of Directors at their meeting held on 15th May, 2014 have recommended amendment of Articles of Association of the Company by substituting new article(s) by replacing existing article 43 with a new article 43 providing that the office of, Deputy Managing Director, Joint Managing Director, Executive Director or Whole Time Director(s) are liable to retire by rotation to comply with Section 152 of the Companies Act 2013

In terms of Section 14 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 consent of the members of the Company is proposed to be obtained by way of special resolution.

The Board of Directors recommend the Resolutions in Item No.10 of the Notice for approval by the Members.

A copy of the Articles of Association together with the proposed amendments will be available for inspection by the members during office hours on any working day.

Sri. B. Vijayakumar, Sri. V. Rajvirdhan, Sri. K. Karthik Directors are deemed to be interested in this resolution. None of the other Directors, Key Managerial Personnel or their relatives are interested in the Resolution as set out in Item No.10 of the Notice.

ITEM No.11

The Company has been entering in to transactions with related parties confirming to prescribed statutory procedure under the Companies Act ,1956 and with the approval of the Central Government in respect of such transactions falling under the provisio to the Section 297(1) of the Companies Act, 1956.

The Company also proposes to enter into such transactions with related parties confirming to the requirements of the Companies Act, 2013.

In the above context the necessary Special Resolution is proposed for the approval to the members. The transactions have been approved by the Board of Directors subject to the company passing a Special Resolution as per the requirement of the Act.

The particulars as to the related party transactions are furnished below as per the requirements of the prescribed rules and the grounds for having the transactions.

All contracts will be subject to the conditions that the prescribed price/charges payable under the contracts shall be competitive, shall be based on prevailing market price, shall not be prejudicial to the interest of either parties and shall be at Arms length, on the basis of comparable uncontrolled price other than with associate enterprise.

1. Name of the related party	M/s. L.G. Balakrishnan & Bros Limited	
Name of the Director/ KMP who is related, if any	B. Vijayakumar V. Rajvirdhan Rajiv Parthasarathy	
Nature of relationship	Interested as Directors / Shareholders	
Nature, Material Terms, monetary value and particulars of the contract or arrangement;		₹ in lakhs/Annum
	Sale / purchase of Moveable and Immovable Assets	1000.00
	Availing of Printing Services	10.00
	Leasing of Land & Building	100.00
	Purchase of Stores, Spares, Tools & Dies	5.00
	Sale of DEP B Licence	200.00
	Availing of Heat Treatment Process	75.00
	Providing of Machining Activities	10.00
Tenure of the contract	The Contract would be for a period of 5 years with effect from 1st April, 2014.	
Any other information relevant or important for the members to take decision on the proposed resolution	L.G. Balakrishnan & Bros Limited is engaged in the manufacturers of Automotive Chains, its parts, and automobile Components. The above transactions with the Company to be entered would be economical and beneficial to the Company in long run. Since the company is well equipped with adequate infrastructure facilities to cater the requirements of the Company in time.	
2. Name of the related party	M/s. South Western Engineering India Limited	
Name of the Director/ KMP who is related, if any	B. Vijayakumar V. Rajvirdhan Rajiv Parthasarathy	
Nature of relationship	Interested as Directors / Shareholders	
Nature, Material Terms, monetary value and particulars of the contract or arrangement;		₹ in lakhs/Annum
	Availing of Heat Treatment Process	200.00
Tenure of the contract	The Contract would be for a period of 5 years with effect from 1st April, 2014.	
Any other information relevant or important for the members to take decision on the proposed resolution	South Western Engineering India Limited is engaged in the Heat Treatment Processing activities with adequate state of art infrastructure facilities to cater our requirements of Heat Treatment to our components in large scale which would be beneficial and economical to the Company.	
3. Name of the related party	M/s. L.G.B. Auto Products Private Limited	
Name of the Director/ KMP who is related, if any	B. Vijayakumar V. Rajvirdhan	
Nature of relationship	Interested as Directors / Shareholders	
Nature, Material Terms, monetary value and particulars of the contract or arrangement;		₹ in lakhs/Annum
	Leasing of Machineries	15.00
	Purchase of Machineries	15.00
Tenure of the contract	The Contract would be for a period of 5 years with effect from 1st April, 2014.	
Any other information relevant or important for the members to take decision on the proposed resolution	L.G.B. Auto Products Private Limited is engaged in the Machinery leasing operations.	

NOTES:

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

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

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

2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. Members / Proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
4. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting are furnished and forms a part of the notice. The Directors have furnished the requisite consents / declarations for their appointment / re-appointment.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 08.07.2014 to 09.07.2014 (both days inclusive)
6. **Change of Address:** Members are requested to notify any change of address and bank details to

their depository participants in respect of their holdings in electronic form and in respect of shares held in physical form, to the secretarial department at the registered office of the Company or to M/s. Cameo Corporate Services Limited, “Subramanian Building” No.1, Club House Road, Chennai - 600 002 the Registrar and Share Transfer Agent of the Company.

7. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar and Share Transfer Agents, for consolidation into a single folio.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agent.
9. Copies of the Annual Report 2014, the Notice of the 8th Annual General Meeting of the Company and instructions for e-voting, along with the Attendance Slip and Proxy Form, are being sent by electronic mode only to all the members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report 2014 are being sent by permitted mode.
10. Members may also note that the Notice of the 8th Annual General Meeting and the Annual Report 2014 will be available on the Company’s website, www.lgbforge.co.in. The physical copies of the aforesaid documents will also be available at the Company’s registered office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at: secretarial@lgb.co.in.

11. Voting through electronic means

Pursuant to the provisions of section 108 of the Companies Act, 2013, Rule 20 and Rule 21 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 8th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by **Central Depository Services Limited (CDSL)**.

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com.
- (ii) Click on “Shareholders” tab to cast your votes.
- (iii) Now, select the Electronic Voting Sequence Number - “EVSN” along with “LGB FORGE LIMITED” from the drop down menu and click on “SUBMIT”
- (iv) If you are holding shares in Demat form and have already voted earlier on www.evotingindia.com for a voting of any Company, then your existing login id and password are to be used. If you are a first time user follow the steps given below.
- (v) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For NSDL : 8 Character DP ID followed by 8 Digits Client ID For CDSL : 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both Demat Shareholders as well as physical Shareholders)	
DOB#	Enter the date of birth as recorded in your demat account or in the Company records for the said demat account or folio in DD/MM/YYYY format.	

* Members who have not updated their PAN with the Company/Depository Participant are

requested to use the default number: <Default Value> in the PAN field.

Please enter any one of the details in order to login. In case either of the details are not recorded with the depository please enter the value <Default Value> in the DOB column.

- (vi) After entering these details appropriately, click on “SUBMIT” tab.
- (vii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character(@ # \$ % & *). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this changed password is to be also used by the Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.
- (viii) Click on the relevant EVSN on which you choose to vote.
- (ix) On the voting page, you will see Resolution Description and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (x) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
- (xi) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation

box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

- (xii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:

- a) Initial password as below is given in the attendance slip for the AGM

EVSN**	USER ID	PASSWORD
IS140529001	xxxxxxxxx	xxxxxxxxx

** (Electronic Voting Sequence Number)

- b) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

General

- a) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and POA in favour of the Custodian who they have authorised to vote on their behalf, in PDF format in the system for the scrutinizer to verify the vote.
- b) The voting period begins on 3rd July 2014 (9.00 AM) and ends on 5th July 2014 (6.00 PM) During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 30th May, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

- c) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date is 30th May, 2014.
- d) Mr. M.D. Selvaraj, FCS of MDS & Associates, Company Secretaries, Coimbatore has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- e) The scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in employment of the Company and make a scrutinizer’s report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- f) The results of the e-voting along with the scrutinizer’s report shall be placed in the Company’s website www.lgbforge.co.in and on the website of CDSL within two days of passing of the resolution at the AGM of the Company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.
- g) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

12. **Request for additional information, if required:** In case you intend to raise any queries in the forthcoming Annual General Meeting, you are requested to please forward the same at least 10 days before the date of the Meeting to Sri. B. Hariganesh, Company Secretary so that the same may be attended appropriately to your entire satisfaction.

Coimbatore
15.05.2014

By order of the Board
B. Hariganesh
Company Secretary

Details of Directors seeking appointment/and re-appointment at the forth coming Annual General Meeting in pursuance of Clause 49 of the Listing Agreement

Name	Sri.B.Vijayakumar	Sri.P.Shanmugasundaram	Sri. P.V.Ramakrishnan
DIN	00015583	00119411	00013441
Date of Birth	22.01.1953	10.08.1948	05.01.1959
Nationality	Indian	Indian	Indian
DOA on the Board	07.06.2006	04.04.2008	04.04.2008
Relationship with other Director	Son-Sri.V.Rajvirdhan & Daughter's Husband Sri.Rajiv Parthasarathy	None	None
Qualification	B. Sc.,	B.Com., LLB., FCA.,	B.E.,
Expertise in area	More than 40 years as an Industrialist and More than 20 years as the Managing Director of L.G. Balakrishnan & Bros Ltd.	Vast and rich experience in Finance, Accounts and Taxation	More than 20 years experience as Industrialist
No. of shares held	15,000,000	Nil	NIL
List of Directorships held in other Companies	<ol style="list-style-type: none"> 1. L G Balakrishnan & Bros Ltd 2. BCW V Tech India P Ltd 3. Renold Chain India P Ltd 4. Super Spinning Mills Ltd 5. Elgi Equipments Ltd 6. South Western Engineering India Ltd 7. Rolon Fine Blank Ltd 8. LGB Rolon Chain Ltd 9. LG Sports Ltd 10. LGB fuel systems P. Ltd 11. Elgi Automotive Services P Ltd 12. LGB Auto Products P Ltd 13. LG Farm Products P Ltd 14. Super Speeds P Ltd 15. Super Transports P Ltd 16. LGB USA INC 17. GFM Corporation LLC 	<ol style="list-style-type: none"> 1. L G Balakrishnan & Bros Ltd 2. D.S.M.Soft Private Limited 	<ol style="list-style-type: none"> 1. Palani Vijay Cottspin P Ltd 2. Mikrosen Control Devices P Ltd
Chairman/Member of the Committees of the Board of other companies in which he is Director	<p>Member of Shareholders & Investors Committee in LGB Forge Ltd</p> <p>Member of Audit & Remuneration Committee Super Spinning Mills Ltd</p>	NIL	NIL

Details of Directors seeking appointment/and re-appointment at the forth coming Annual General Meeting in pursuance of Clause 49 of the Listing Agreement (Contd.)

Name	Sri.K.N.V.Ramani	Sri. Harsha LakshmiKanth	Sri.K.Karthik
DIN	00007931	02238793	06846794
Date of Birth	05.10.1931	24.08.1977	20.04.1975
Nationality	Indian	Indian	Indian
DOA on the Board	9.01.2008	09.05.2008	30.01.2014
Relationship with other Director	None	None	None
Qualification	M.A., B.L.,	B.E., M.S.,	B.E., PGDFT., MPIB.,
Expertise in area	More than 55 years experience as an Advocate	More than 11 years experience in Software Engineering	More than 20 Years Experience in Marketing
No. of shares held	NIL	NIL	NIL
List of Director-ships held in other Companies	1. Sri Kannapiran Mills Ltd 2. Sri Chamundeswari Sugars Ltd 3. K.G.Denim Ltd 4. Bannari Amman Spinning Mills Ltd 5. Sree Sankara College Association 6. ShivTxyarn Ltd 7. K.P.R. Mill Ltd 8. Srinidhi Investment Advisors P Ltd	1. The Head Hunters (India) P Ltd 2. Placements.Com P Ltd 3. Mayajaal Entertainment Ltd	NIL
Chairman/Member of the Committees of the Board of other companies in which he is Director	Chairman of Remuneration Committee in Sri Kannapiran Mills Ltd Sri Chamundeswari Sugars Ltd K.G. Denim Ltd Chairman of Audit Committee Sri Kannapiran Mills Ltd Shiva Txyarn Ltd Member of Audit Committee in Bannari Amman Spinning Mills Ltd K.G. Denim Ltd Member of Remuneration Committee in Bannari Amman Spinning Mills Ltd	NIL	NIL

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the 8th Annual Report of your Company together with the audited accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS:

The summary of the financial performance of the Company for the year ended 31st March, 2014 as compared to the previous year is as below:

Particulars	31.03.2014 (₹ in Lakhs)	31.03.2013 (₹ in Lakhs)
Gross Income	8,868.48	11,116.59
Profit before Interest, Depreciation & Tax	854.54	1,385.61
Less:		
Interest	608.84	787.82
Depreciation	801.15	968.47
Add: Exceptional items	862.52	(65.37)
Profit/ (Loss) Before Tax	307.07	(436.05)
Profit / (Loss) After Tax	307.07	(436.05)
Add : Balance brought forward	(4,306.48)	(3,870.43)
Amount transferred to Balance Sheet	(3,999.41)	(4,306.48)

DIVIDEND

In view of the losses, current and accumulated, your Directors regret their inability to recommend dividend for the year 2013-2014.

PERFORMANCE OF THE COMPANY

During the year under review, your Company's Gross Revenue is ₹ 8868.48 Lakhs [Previous Year: ₹ 11,116.59 Lakhs]. Gross Profit / (Loss) before interest, depreciation and tax amounted to ₹ 854.54 Lakhs [Previous Year (₹ 1,385.61 Lakhs)]. The Net profit stood at ₹ 307.07 Lakhs [Previous Year Net Loss ₹ 436.05 Lakhs].

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 2014-2015 have been paid to them well before the due date i.e. April 30, 2014. 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 2014-2015.

DIRECTORS

In accordance with the provisions of section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Sri. B. Vijayakumar is liable to retire by rotation and is eligible for re-appointment.

Impending notifications of Section 149 and other applicable provisions of the Companies Act, 2013 and Clause 49(II) of the Listing Agreement appointment of Independent Director is required.

Your Directors appointed Sri. P. Shanmugasundaram and Sri. K.N.V. Ramani as independent Directors for Five consecutive years from 9th July 2014 to 8th July 2019 as they retired in the ensuing Annual General Meeting and Re appointed .

Sri. P.V. Ramakrishanan, and Sri. Harsha Lakshimikanth Directors of the Company are being appointed as Independent Directors for Five consecutive years from 1st September, 2014 to August 31st 2019 as per the provisions of Section 149 and the other applicable provisions of the Companies Act, 2013.

Directors appointed pursuant to Section 149 ,150, and 152 of the Companies Act, 2013 and for compliances of clause 49(II) of the Listing Agreement .

Sri. K. Karthik has been appointed as Additional Director and Whole time Director in the Board Meeting held on 30th January 2014 and later he has been re-designated as Executive Director w.e.f. 16th May 2014. The Company has received a letter from a member with the requisite deposit for his appointment as a Director.

After Sri K. Karthik was appointed as Whole time Director of the Company w.e.f. 01-02-2014, he has been effectively attending to the day-to-day affairs of administration. In this context and since Sri. V. Rajvirdhan expressed his inability to pay attention to day-to-day business of the Company, he resigned as Executive Director w.e.f. 16-05-2014 and Sri K. Karthik was re-designated as Executive Director without any other variation in the terms of appointment.

However considering that Sri. V. Rajvirdhan has familiarized himself with the business, the performances and the future prospects and potentials of the Company during his tenure as Executive Director, the Board of Directors considered it appropriate to have his continued guidance in a non-executive capacity as Vice- Chairman. It is envisaged that this arrangement would help the Company to utilize his services for general guidance and policy directions in crucial areas, apart from future business developments, joint ventures and strategies for the benefit of the Company. He would be eligible for a Commission of 1% of the Net Profits of the Company per annum.

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.

All the Directors of the Company have confirmed that they are not disqualified from being appointed as Directors in terms of Section 274(1)(g) of the Companies Act, 1956.

Your Directors Recommend their appointment / Re appointment .

PUBLIC DEPOSITS

The Company has not accepted any deposits during the year under review.

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

M/s. Haribhakti & Co., Chartered Accountants, Coimbatore, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting. They have confirmed their eligibility and willingness for re-appointment. The Company has received a certificate from the Statutory auditors to the effect that their re-appointment, if made, would be eligible under section 141 of the Companies Act, 2013.

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, 2014 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.

Coimbatore
15.05.2014

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 the employees of the Company. Your Directors would also like to thank all the shareholders for their continued confidence in the Company.

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

Various energy conserving/saving measures at all points of Conservation of Energy is an ongoing process and the Company has taken the appropriate steps to save the energy wherever possible.

FORM A
Current Year 2013-2014 **Previous year 2012-2013**

A. POWER AND FUEL CONSUMPTION	Forging Mysore	Forging Coimbatore	Forging Coimbatore (CFD)	Forging Mysore	Forging Coimbatore	Forging Coimbatore (CFD)
Electricity						
a) Purchased						
Units in Lakhs	52.46	Nil	13.54	62.41	8.20	11.30
Total Amount in ₹ in Lakhs	325.33	Nil	83.17	375.66	40.39	71.90
Rate per unit in ₹	6.20	Nil	6.14	6.02	4.93	6.36
b) Own Generation						
i) Through Diesel Generator						
Units in Lakhs	Nil	Nil	1.66	Nil	0.70	0.45
Units per Litre of Diesel oil	Nil	Nil	3.27	Nil	3.00	3.33
Cost per Unit ₹	Nil	Nil	16.84	Nil	14.70	15.38
ii) Through Windmill Generation						
Units in Lakhs	Nil	Nil	Nil	Nil	5.63	Nil
Total amount in ₹	Nil	Nil	Nil	Nil	28.15	Nil
Cost per Unit ₹	Nil	Nil	Nil	Nil	5.00	Nil
iii) Furnace Oil						
Qty. (K.Ltrs)	389.68	Nil	27.94	490.40	Nil	40.73
Total amount in ₹	174.09	Nil	11.74	206.89	Nil	16.76
Rate per K. Ltr ₹	44.68	Nil	42.01	42.19	Nil	41.15
iv) Others:- Fuel Oil						
Qty. (K.Ltrs)	226.83	Nil	Nil	261.12	4.43	Nil
Total amount in ₹	122.90	Nil	Nil	145.42	0.22	Nil
Rate per K. Ltr ₹	54.18	Nil	Nil	55.69	49.66	Nil

FORM B	
1. RESEARCH & DEVELOPMENT	
a) Specific areas in which R & D is carried out by the Company	Tools & Dies Process Engineering and product improvement
b) Benefits derived as a result of the above R & D	Reductions in consumption of Raw Materials, Tools, Power
c) Future plan of Action :	Finalizing & Implementing existing designs for all applicable part.
d) Expenditure on R & D	
i) Capital	-
ii) Recurring	₹ 9.47
iii) Total R & D Expenditure	₹ 9.47 Lakhs
iv) Total R & D expenditure as a % to total Turnover.	0.11%
2. TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION	
a) Efforts, in brief, made towards technology absorption, adaptation and innovation	R & D Activities
b) Benefits derived as a result of the above efforts e.g., Product improvement, cost reduction, import substitution etc.	Reduction in Raw Material consumption and Product Improvement
c) In case of Imported Technology during the last 5 Years reckoned from the beginning of the financial year, following information may be furnished.	NIL
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 earnings	: ₹ 1,160.33 Lakhs
Foreign Exchange used	: ₹ 78.70 Lakhs

By Order of the Board

Coimbatore
15.05.2014

V. RAJVIRDHAN
Executive Director

P. SHANMUGASUNDARAM
Director

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

Current year forging industry is likely to see a marginal fall in production this fiscal from last year's level following tepid off-take from its principal customer - the automotive sector. The non-automotive sector will continue its characteristic purchase pattern with both indigenous and export related markets.

OPPORTUNITIES:

During the Year 2013-2014, LGB Forge Limited had systematically identified and executed cost control measures. These measures implemented during the last years have helped the company grow on a much leaner cost structure with less reliance on power, aiding the ability for the company to concentrate on diverse portfolios. Indian auto Industry is expected continue to show same growth rates against previous year estimates but is expected to show an upward trend during 2014-2015, with the new government formation as a growth indicator. With these Positive indicators LGB Forge Limited growth opportunities are encouraging in the coming years.

THREATS AND RISK & CONCERNS:

The resilience of developing markets poses a threat to the Indian Forging Industries. With cheaper cost structures whilst maintaining competitive edge over the Indian markets means that Indian industry will have to strive in the forth-coming years. The overall power situation in India, increasing labour costs and general consumables costs, Indian manufacturers will have a challenging task with global competition. The Coimbatore hot forge plant's core assets have been completely moved to the Mysore plant to boost the competitiveness whilst the Cold Forge plant in Coimbatore, despite exhibiting lower reliance on power as compared to the previous years, will continue to the fluctuations of power in Tamil Nadu. Increasing labour costs will also be another factor.

SEGMENT:

Your Company operates in only one segment-Forging

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company's internal control system has been designed & implemented, taking into account the nature of business and size of operations, to provide for:

- ❖ Reliability and integrity of financial and operational information

- ❖ Effectiveness and efficiency of operations and assets
- ❖ Compliance with applicable statutes, policies, listing requirements, management policies and procedures

The Company, through its own Internal Audit Department, carries out periodic audits at all locations and all functions and brings out any deviation to internal control procedures. The observations arising out of audit are periodically reviewed and compliance ensured. The summary of the Internal audit observations is submitted to the Audit Committee. The Audit Committee at their meetings regularly review the financial, operating, internal audit & compliance reports to improve performance. The heads of various monitoring / operating cells are present for the Audit Committee meetings to answer queries from the Audit Committee

HEALTH, SAFETY, SECURITY ENVIRONMENT

The Company accords high priority to health, safety and environment. The Company has two manufacturing plants in operation. The Company emphasizes on maintaining a healthy and safe environment in and around its factory. Safety awareness is inculcated through regular Safety awareness program.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

Employer - employee relation remained cordial during the year. Training and development of employees continue to be an area of prime importance. The total number of people employed in the Company as on 31st March 2014 was 338.

RISK MANAGEMENT

To enhance the risk management process, the company has identified and prioritized the risks. Risk mitigation activity plans are established and executed as and when need arises. Periodical reviews are carried out to assess the risk levels and its mitigation plans.

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
15.05.2014

V. RAJVIRDHAN
Executive Director

By Order of the Board

P. SHANMUGASUNDARAM
Director

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

LGB Forge believes in maximizing shareholders values 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 Directorship held in Public Companies	* No. of Board Committee Memberships/Chairmanships held		Relationship interse Directors
		Board Meeting	Last AGM		Member	Chairman	
Sri. B. Vijayakumar Chairman	Non- Executive Promoter	4	Yes	10	4	-	Sri. V. Rajvirdhan -Son Sri. Rajiv Parthasarathy- Daughter's Husband
Sri. V. Rajvirdhan ** Executive Director	Executive Promoter	4	Yes	6	1	-	Sri. B. Vijayakumar - Father Sri. Rajiv Parthasarathy- Sister's Husband
Sri. K.N.V. Ramani	Non- Executive Independent	3	No	8	3	2	
Sri. P.Shanmugasundaram	Non- Executive Independent	4	Yes	2	-	1	
Sri. P.V. Ramakrishnan	Non- Executive Independent	4	Yes	1	1	-	
Sri. Harsha Lakshmikanth	Non- Executive Independent	3	No	2	1	-	
Sri. Rajiv Parthasarathy	Non- Executive Promoter	3	Yes	3	1	-	
Sri. K. Karthik***	Whole time Director	-	No	-	-	-	

@ Exclude Directorship in Private Companies and Foreign Companies.

* Only Audit Committee and Investor Grievance Committee are considered

** 1.Sri. V. Rajvirdhan has relinquished his office as a Executive Director from w.e.f. 16.05.2014

2. Sri. V. Rajvirdhan has been appointed as a Vice Chairman (Non-Executive) w.e.f. 16.05.2014

*** 1.Sri. K. Karthik has been appointed as a Whole time Director w.e.f. 01.02.2014 and redesignated as Executive Director w.e.f. 16.05.2014

Details of the Board meetings held during the Financial Year 2013-2014

The Board met four times during the Financial Year 2013 - 2014 on 30th April, 2013, 06th August, 2013, 31st October, 2013 and 30th January, 2014.

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, 2013.

During the financial year ended 31st March 2014, four Audit Committee Meetings were held on 29th April, 2013, 05th August, 2013, 30th October, 2013 and 29th January, 2014

Composition

The composition of Audit Committee and details of meeting attended by the members are as follows :

Name of the Member	Category	Designation	No of Meetings attended
Sri. P. Shanmugasundaram	Independent	Chairman	4
Sri. P.V. Ramakrishnan	Independent	Member	4
Sri. Rajiv Parthasarathy	Non-Independent	Member	3
Sri. Harsha Lakshmikanth	Independent	Member	1

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

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 2013 - 2014, 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:

During the year ended 31st March, 2014 only one meeting of this committee was held, ie on 29th January, 2014

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

The Company currently does not have any stock option scheme.

Details of Remuneration paid to Directors during the financial year 2013-2014

a) Remuneration paid/payable to the Executive Director for the financial year ended March 31, 2014 is given as under :

Name	Salary and Perquisites in ₹	Service Contract
Sri. V. Rajvirghan, Executive Director	1,40,000 P.M.	Appointed for a period of 3 years as Executive Director with effect from 01.02.2013
Sri. K. Karthik, Whole time Director	83,340 P.M.	Appointed for a period of 3 years as Whole time Director with effect from 01.02.2014

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, 2014 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 (₹)
Sri. B. Vijayakumar	16,000
Sri. K.N.V. Ramani	12,000
Sri. P. Shanmugasundaram	20,000
Sri. P.V. Ramakrishnan	20,000
Sri. Harsha Lakshmikanth	9,000
Sri. Rajiv Parthasarathy	15,000
Total	92,000

c) Statement showing number of Equity Shares of ₹ 1/- each of the Company held by the present Non- Executive Directors as on March 31, 2014 :

Name	No. of shares held as on 31.03.2014	% of Holding
Sri. B. Vijayakumar	15,000,000	10.00
Sri. K.N.V. Ramani	-	-
Sri. P. Shanmugasundaram	-	-
Sri. P.V. Ramakrishnan	-	-
Sri. Harsha Lakshmikanth	-	-
Sri. Rajiv Parthasarathy	18,445	0.01

There has been no materially relevant precuniary 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 - Promoter	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 17 times to deliberate on various matters referred above and also responsible for redressal of investors complaints.

Sri. B. Hariganesh, Company Secretary of the Company 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. General Body Meetings: Details of the Last 3 AGMs are given as under

Year	Date	Time	Location	Special Resolution Passed
2011	15.06.2011	9.15 A.M.	Ardra Convension Centre Kaanchana, 9, North Huzur Road Coimbatore- 641018	Nil
2012	09.07.2012	9.15 A.M.	Ardra Convension Centre Kaanchana, 9, North Huzur Road Coimbatore- 641018	Nil
2013	08.08.2013	9.15 A.M.	Ardra Convension Centre Kaanchana, 9, North Huzur Road Coimbatore- 641018	Re-appointment of Sri. V. Rajvirdhan as a Executive Director

8. Disclosures
(i) Related Party Transactions

In terms of the Accounting Standard - 18 “Related Party Disclosures”, as notified under the Companies (Accounting Standards) Rules, 2006, the Company has identified the related parties covered therein and details of transactions with such related parties have been disclosed in Note No.27 - Notes to the Accounts forming part of this Annual Report.

The Company has not had any transactions of material nature with the Directors and / or their relatives, promoters, Management during the year ended on March, 31, 2014 that may have conflict with the interests of the Company.

(ii) Compliances by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities relating to the above.

(iii) Code of Conduct for Directors and Senior Management

The Board of Directors of the Company has adopted a Code of Conduct for Directors and Senior Management and the same is posted on the website of the Company.

(iv) CEO / CFO certification

Executive Director of the Company has certified to the Board with regard to the compliance made by them in terms of Clause 49 (V) of the Listing Agreement, a certificate forms part of Annual Report.

(v) Accounting treatment

The financial statements are prepared under the historical cost convention and have been prepared in accordance with applicable Accounting Standards and relevant presentational requirements of the Companies Act, 1956.

(vi) Risk Management

The Company has established a comprehensive risk Management process that includes risk identification, risk assessment, risk mitigation and periodical monitoring.

As part of the Risk Management Mechanism, identified risks are regularly reviewed along with Action plans by the Management through monthly business review meetings. These are reported to the Board of Directors on the yearly basis for the inputs and further suggestions for effective Management of risks.

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 is not having 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

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.

(i) Quarterly and Half-yearly financial results

The Quarterly, Half yearly and Annual Results of the Company are available on the website of the Company www.lgbforge.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 :

a. Annual General Meeting is proposed to be held at 09.00 A.M. on Wednesday the 9th July, 2014 at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore- 641 018.

b. Financial Calendar

Financial Year : April to March

For the year ended 31st March 2014, results were announced on 15.05.2014.

Financial Year - 2014-15 (Tentative)

Quarter ending June 2014 - End of July 2014

Quarter ending September 2014 - End of October 2014

Quarter ending December 2014 - End of January 2015

Year ended 31-03-2015 - End of April 2015

- c. Date of Book Closure - 08.07.2014 to 09.07.2014 (both days inclusive)
- d. Listing on Stock Exchanges - Bombay and National Stock Exchanges.
- e. Securities Code - Bombay Stock Exchange Ltd. Equity 533007
- The National Stock Exchange of India Ltd. - LGBFORGE
- f. ISIN Number - Equity : INE201J01017

The Company's Equity Shares are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for the year 2014 - 2015.

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

- g. Stock market price data for the year 2013-2014

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

	National Stock Exchange		Bombay Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April - 2013	1.60	1.20	1.54	1.26
May	1.55	1.00	1.56	1.18
June	1.50	1.00	1.60	1.14
July	1.75	1.05	1.60	0.94
August	1.15	0.90	1.53	1.00
September	1.10	1.05	1.38	1.00
October	1.20	0.93	1.20	0.93
November	1.11	0.92	1.11	0.88
December	1.15	0.86	1.15	0.86
January - 2014	1.35	1.05	1.47	1.09
February	1.50	1.25	1.70	1.27
March	1.65	1.35	1.77	1.40

Note: The Face Value is ₹1/-

- h. Distribution of Shareholding as on 31st March, 2014.

Range	No. of Holders	No. of Shares	% of Shares
1 - 100	3749	254,123	0.17
101 - 500	5324	1,743,565	1.16
501 - 1000	2546	2,182,441	1.45
1001 - 2000	1591	2,496,263	1.66
2001 - 3000	571	1,488,929	0.99
3001 - 4000	368	1,330,653	0.89
4001 - 5000	257	1,224,289	0.82
5001 - 10000	564	4,196,950	2.80
10001 - and above	569	135,084,338	90.06
Total	15539	150,001,551	100.00

i. Pattern of Shareholding as on 31st March, 2014.:

Sl. No.	Category	No. of Share holders	No. of Shares held	% to paid-up capital
1	Promoters and promoters group	17	96,762,610	64.51
2	Financial Institutions, Banks	2	16,020	0.01
3	Insurance Companies	1	135,960	0.09
4	Foreign Institutional Investors / NRI / OCB	70	4,665,489	3.11
5	Bodies Corporate	259	1,755,219	1.17
6	Public	15,190	46,666,253	31.11
	Total	15,539	150,001,551	100.00

j. Dematerialization of Shares as on 31st March, 2014.

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	133,736,691	89.16
Central Depository Services (India) Limited	5,994,536	3.99
Physical	10,270,324	6.85
Total	150,001,551	100.00

k. Registrar & Transfer Agents

(For share transfers and other communications 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

l. Compliance Officer details

<p>B. Hariganesh Company Secretary 6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore- 641 006 Phone : 0422 - 2532325 Fax : 0422 - 2532333 E-Mail : b.hariganesh@lgb.co.in</p>

m. Share Transfer system

The shares transfers are Registered and returned within a period of 15 days of receipt if documents are in order. All requests for dematerialization of shares 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.

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

-Nil-

o. Consolidation of folios and avoidance of multiple mailing

In order to enable the Company to reduce costs and duplicity of efforts for investors servicing, members who may have more than one folio in their individual name or jointly with other persons mentioned in the

same order, are requested to consolidate all similar holdings under one folio. This would help in monitoring the folios more effectively. Members may write to the Registrars at the address given at Para (11), indicating the folio numbers to be consolidated.

p. 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, 2014.

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

q. 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.

r. Address for Correspondence :

All correspondences should be addressed to:

B. Hariganesh

Company Secretary

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

Phone : 0422 - 2532325 Fax : 0422 - 2532333 E-Mail : b.hariganesh@lgb.co.in

12. 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 personal including me, have affirmed compliance to their respective Codes of Conduct, as applicable for the Financial Year ended 31st March, 2014.

Coimbatore
15.05.2014

V. RAJVIRDHAN
Executive Director

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

I, V. Rajvirdhan, Executive Director, to the best of my knowledge and belief, certify that:

- a) I have reviewed the financial statements and Cash Flow Statement for the year ended March, 31, 2014 and 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 statement 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) To the best of my knowledge and belief, no transactions entered into by the Company during the year ended March, 31, 2014 are fraudulent, illegal or in violation of the Company's Code of Conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which I am aware, have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d) I have indicated to the Auditors and Audit Committee that :
 - (i) there have not been any significant changes in internal controls over financial reporting during the year ended March, 31, 2014;
 - (ii) there have not been any significant changes in accounting policies during the year ended March, 31, 2014 and that the same have been disclosed in the notes to the financial statements; and
 - (iii) there has not been any instance during the year ended March, 31, 2014 of significant fraud with involvement therein of the Management or any employee having a significant role in the Company's internal control system over financial reporting.

Coimbatore
15.05.2014

V. RAJVIRDHAN
Executive Director

CERTIFICATE ON CORPORATE GOVERNANCE

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 31.03.2014. 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.

Place : Coimbatore
Date : 15.05.2014

CS. P. ESWARAMOORTHY
Company Secretary IN Practice
No. 60A, School Road, Krishnasamy Nagar,
Ramanathapuram, Coimbatore - 641 045
FCS No.6510 C.P No. 7069

INDEPENDENT AUDITORS' REPORT

To
The Members of LGB Forge Limited, Coimbatore.
Report on the Financial Statements

We have audited the accompanying financial statements of LGB Forge Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, 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.

Report on Other Legal and Regulatory Requirements:

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by Section 227(3) of the Act, we report that:
 - a. 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;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books



- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub Section (3C) of Section 211 of the Companies Act, 1956;
- e. on the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014, from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

For Haribhakti & Co.
Firm Registration No. 103523W
Chartered Accountants
C.S. SATHYANARAYANAN
Membership No. 028328
Partner

Coimbatore
15.05.2014

ANNEXURE TO THE AUDITORS' REPORT

[Referred to in paragraph under Report on Other Legal and Regulatory Requirements in the Independent Auditors' Report of even date to the members of **LGB Forge Limited** on the financial statements for the year ended 31.03.2014]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets have been physically verified by the Management in accordance with phased programme of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- (ii) (a) The inventory has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out during the year.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii)(b),(c) and (d) of the order are not applicable.
- (e) The Company had taken loan from six parties covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 50 lakhs and the year-end balance of loans taken from such parties was ₹ 16.67 lakhs.
- (f) In our opinion, the terms and conditions in respect of loans taken by the Company are prima facie not prejudicial to the interest of the Company.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the Company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the Register maintained under Section 301 have been so entered.
- (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 value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) 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 National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the order

- made by the Central Government for the maintenance of cost records under Section 209(1)(d) of 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.
- (ix) (a) 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, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) In our opinion, the accumulated losses of the Company are more than fifty percent of its net worth. Further, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanation given to us, 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.
- (xix) According to the information and explanations given to us, no debentures have been issued by the Company during the year.
- (XX) The Company has not raised money by way of Public Issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For **Haribhakti & Co.**
Firm Registration No. 103523W
Chartered Accountants
C.S. SATHYANARAYANAN
Membership No. 028328
Partner

**BALANCE SHEET AS AT 31st MARCH, 2014**

Particulars	Note No.	AS AT 31.03.2014 (₹ in lakhs)	AS AT 31.03.2013 (₹ in lakhs)
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	1,500.02	1,500.02
(b) Reserves and surplus	3	(225.55)	(532.62)
2 Non-current liabilities			
(a) Long-term borrowings	4	1,750.00	2,782.75
(b) Long-term provisions	5	0.23	
3 Current liabilities			
(a) Short-term borrowings	6	792.16	1,397.10
(b) Trade payables		1,164.87	1,309.10
(c) Other current liabilities	7	1,406.71	1,518.09
Total		6,388.44	7,974.44
II. ASSETS			
Non-current assets			
1 (a) Fixed assets			
(i) Tangible assets		1,938.20	3,189.90
(ii) Intangible assets		3.65	6.11
(iii) Capital work-in-progress		-	36.57
(b) Long-term loans and advances	9	114.42	127.92
2 Current assets			
(a) Inventories	10	1,797.03	1,842.42
(b) Trade receivables	11	2,393.89	2,588.77
(c) Cash and cash equivalents	12	3.49	4.68
(d) Short-term loans and advances	13	137.76	133.07
(e) Other Current Assets		-	45.00
Total		6,388.44	7,974.44

The accompanying notes and summary of significant accounting policies are an integral part of the financial statements.

V. RAJVIRDHAN
Executive Director

“As per our Report of even date”
For **Haribhakti & Co.**
Firm Registration No. 103523W
Chartered Accountants

Coimbatore
15.05.2014

P. SHANMUGASUNDARAM
Director

B. HARIGANESH
Company Secretary

C.S. SATHYANARAYANAN
Membership No. 028328
Partner

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2014**

Particulars	Note No.	YEAR ENDED	YEAR ENDED
		31.03.2014	31.03.2013
		₹ in lakhs	₹ in lakhs
I. Income			
Revenue From Operations (Gross)	14	9,575.93	11,944.97
Less: Excise duty		921.52	1,144.00
Revenue From Operations (Net)		8,654.41	10,800.97
II. Other income	15	214.07	315.62
III. Total Revenue (I + II)		8,868.48	11,116.59
IV. Expenses:			
a. Cost of materials consumed	16	4,348.67	5,315.81
b. Changes in inventories of finished goods and work-in-progress	17	33.20	(60.73)
c. Employee benefits expense	18	904.72	999.88
d. Finance costs	19	608.84	787.82
e. Depreciation and amortization expense	8	801.15	968.47
f. Other expenses	20	2,727.35	3,476.02
Total Expenses		9,423.93	11,487.27
V. Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)		(555.45)	(370.68)
VI. Exceptional items		862.52	(65.37)
VII. Profit / (Loss) before Extraordinary Items & tax (V - VI)		307.07	(436.05)
VIII. Extraordinary Items		-	-
IX. Profit / (Loss) before tax (VII - VIII)		307.07	(436.05)
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI Profit /(Loss) for the period from continuing operations (IX - X)		307.07	(436.05)
XII Profit / (Loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit / (Loss) from Discontinuing operations (after tax)		-	-
XV Profit / (Loss) for the period (XI + XIV)		307.07	(436.05)
XVI Earnings per equity share of ₹ 1/- each	21		
(1) Basic		0.20	(0.30)
(2) Diluted		0.20	(0.30)

The accompanying notes and summary of significant accounting policies are an integral part of the financial statements.

V. RAJVIRDHAN
Executive Director

“As per our Report of even date”
For Haribhakti & Co.
Firm Registration No. 103523W
Chartered Accountants

Coimbatore
15.05.2014

P. SHANMUGASUNDARAM
Director

B. HARIGANESH
Company Secretary

C.S. SATHYANARAYANAN
Membership No. 028328
Partner

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

Note 1.**SUMMARY OF SIGNIFICANT ACCOUNTING POLICES****I. Basis of Preparation**

The Financial Statements have been prepared to comply in all material respects with the Accounting Standards notified under the companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The Financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

II. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, disclosures relating to contingent liabilities and assets as at the balance sheet date and the reported amounts of Income and expenses during the year. Difference between the actual amounts and the estimates are recognized in the year in which the events become known/ are materialized.

iii. 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. Tools and Dies are depreciated at 20% p.a. based on the estimated 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, on straight line method.

- 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 for impairment loss recognised in previous periods. Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

iv. 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.

v. 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) Claims made by the Company and those made on the Company are recognized in the Statement

of Profit and Loss as and when the claims are accepted.

vi. 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 Statement of Profit and Loss.

vii. 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.

viii. Employee Benefits

- a) Short term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for 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 Statement of Profit and Loss 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 Statement of Profit and Loss
- 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.

ix. 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.

x. 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.

xi. 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 expensed as incurred.

xii. 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 utilized for payment of excise duty on goods manufactured / Service tax on Output services. The unutilized CENVAT credit is carried forward in the books.

xiii. Earnings per Share

Basic earnings per share are calculated by dividing net profit and loss for the period attributable to equity share holders (after deducting preference dividend and attributable taxes if any) by the weighted average no of equity shares outstanding during the period. Partly paid equity shares (if any) are treated as a fraction of an equity shares to the extent that they were entitled to participate in dividends relative to a fully paid equity share during

the reporting period. The weighted average no of equity shares outstanding during the period are adjusted for extent of bonus issue; bonus element in a right issue to existing shareholders' shares split and consolidation of shares if any.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to Equity Shareholders and the weighted average no. of shares outstanding during the period are adjusted for the effects of all dilutive potential Equity Shares.

xiv. 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.

xv. Cash and cash equivalents

Cash flow are reported using the indirect method , where by net profit before tax is adjusted for the effects of transaction of a n non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow comprises regular revenue generating, investing and financing activities of the Company. Cash and cash equivalents in investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to Financial Statements for the year ended 31st March 2014
EQUITY AND LIABILITIES
SHAREHOLDERS' FUNDS
2. SHARE CAPITAL

PARTICULARS	AS AT 31.03.2014		AS AT 31.03.2013	
	In numbers	₹ in lakhs	In numbers	₹ in lakhs
Authorised				
300,000 Redeemable Preference Shares of ₹ 100/- each (31st March 2013 : 300,000 Redeemable Preference Shares of ₹ 100/- each)	300,000	300.00	3,00,000	300.00
170,000,000 Equity Shares of ₹ 1/- each (31st March 2013 : 170,000,000 Equity shares of ₹ 1/- each)	170,000,000	1700.00	170,000,000	1,700.00
		2000.00		2,000.00
Issued				
150,001,551 Equity Shares of ₹ 1/- each (31st March 2013 : 150,001,551 Equity shares of ₹ 1/- each)	150,001,551	1,500.02	150,001,551	1,500.02
Subscribed & Fully paid up				
150,001,551 Equity Shares of ₹ 1/- each (31st March 2013 : 100,001,034 Equity shares of ₹ 1/- each)	150,001,551	1,500.02	150,001,551	1,500.02

a. Terms/Rights attached to Equity shares

The Company has one class of issued shares referred to as equity shares having a par value of ₹ 1. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of Directors, if any, is subject to the approval of shareholders in Annual General Meeting. In the event of liquidation of the Company the holder of the equity shares will be entitled to receive remaining assets of the Company after settlement of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

b. Reconciliation of the number of Shares outstanding and the amount of Share Capital as at March 31, 2014 and March 31, 2013.

Equity shares (Issued Capital)	As at 31.03.2014		As at 31.03.2013	
	In numbers	₹ in lakhs	In numbers	₹ in lakhs
Shares outstanding at the beginning of the year	150,001,551	1,500.02	150,001,551	1,500.02
Shares Issued during the year			-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	150,001,551	1,500.02	150,001,551	1,500.02

Notes to Financial Statements for the year ended 31st March 2014
c. Details of Shareholders holding more than 5% shares in the Company :

S. No.	Name of Shareholder	Equity Shares			
		As at 31 March 2014		As at 31 March 2013	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	M/s. L.G.Balakrishnan & Bros Limited	29,000,000	19.33	29,000,000	19.33
2	Smt. V. Rajsri	15,000,000	10.00	15,000,000	10.00
3	Sri. B. Vijayakumar	15,000,000	10.00	15,000,000	10.00
4	Sri.V. Rajvirdhan	10,500,000	7.00	10,500,000	7.00
5	Elgi Automotive Services P Ltd	8,437,950	5.63	8,437,950	5.63

d. There are no bonus shares, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

3 RESERVES & SURPLUS

₹ in lakhs

	PARTICULARS	As at 01.04.2013	Additions during year	Deductions/ Adjustments during the year	Balance as at 31.03.2014
a.	Capital Reserves	2,898.85	-	-	2,898.85
b.	Securities Premium	875.01	-	-	875.01
c.	Surplus/(deficit) in Statement of Profit and Loss	(4,306.48)	307.07	-	(3999.41)
		(532.62)	307.07	-	(225.55)

NON-CURRENT LIABILITIES
4 LONG TERM BORROWINGS

₹ in lakhs

PARTICULARS	Non-Current Portion		Current maturities	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
Secured				
(a) Term loans				
From banks				
- ICICI Bank Limited	1750.00	2,750.00	1000.00	1,000.00
Unsecured				
(a) Deferred payment liabilities				
Sales tax deferral scheme loan		16.07	16.06	32.12
(b) Loans and Advances from related parties				
Inter Corporate Deposits				
M/s Tribe Investments and Services Pvt. Ltd		16.68	16.67	33.32
	1750.00	2,782.75	1032.73	1065.44
Amount disclosed under the head "Other Current Liabilities - Current maturities of Long term debt" (Note no 7)			(1032.73)	(1065.44)
Net Amount	1750.00	2,782.75	-	-

Notes to Financial Statements for the year ended 31st March 2014
4 LONG TERM BORROWINGS (Contd.)

- i. Rupee Term loan from ICICI Bank carries interest @ base rate plus 3.25% (i.e. 13.25 % p.a.), payable on monthly basis. The loan is repayable in 11 quarterly installments of ₹ 250 lakhs each. The loan is secured by way (a) hypothecation(first charge) of whole movable properties including its movable plant and machinery, machinery spares, tools and accessories and other movable asset (except current assets), both present and future located at Belagola Industrial Area, Hebbal village, Mysore (Hot forging unit), Pillaiappanpalayam, Coimbatore (Hot and Warm forging unit) and Kondayampalayam, Coimbatore(Cold forging unit); and (b) first charge by way of deposit of title deeds in respect of immovable properties situated at (i) Kariyampalayam Village, Pillaiappanpalayam, Coimbatore; and (ii) Hebbal Village, Kasaba Hobli, Mysore. Loan is further secured by corporate guarantee of M/s.L.G.Balakrishnan & Bros Limited.
- ii. Interest free Sales tax deferral scheme loan in respect of Karnataka Sales Tax amounting to ₹ 104.38 lakhs and Karnataka VAT amounting to ₹ 56.23 lakhs, is repayable in 1 half yearly installment of ₹ 10.44 lakhs & ₹ 5.62 lakhs respectively ending with June 2014.
- iii. Intercorporate deposit of ₹ 50 lakhs received from M/s.Tribe Investments and Services Private Limited carries interest @ 14% p.a and is repayable in 2 quarterly installments of ₹ 8.33 lakhs. Interest is payable on monthly basis.

5 LONG TERM PROVISIONS

PARTICULARS	₹ in lakhs	
	As at 31.03.2014	As at 31.03.2013
Provision for Gratuity	0.23	-
	<u>0.23</u>	<u>-</u>
CURRENT LIABILITIES		
6 SHORT TERM BORROWINGS		
Secured		
(a) Loans repayable on demand from banks		
IDBI Bank Limited PCL	59.86	-
(b) Cash Credit Loan from banks -		
- Axis Bank Ltd	10.65	273.64
- Corporation Bank	0.79	75.71
- ICICI Bank Ltd	317.06	311.81
- IDBI Bank Ltd	403.80	601.74
- Andhra Bank	-	134.20
	<u>792.16</u>	<u>1,397.10</u>

Notes to Financial Statements for the year ended 31st March 2014

- i. Working Capital/ Cash Credit loan from Axis Bank carries interest @ 13.25% p.a and are secured by first pari passu charge on entire current assets and second pari passu charge on the entire movable fixed assets of the Company, both present and future.
- ii. Working Capital/Cash Credit loan from Corporation Bank carries interest @ 14.85% p.a. and are secured by:
 - (i) pari passu materials, first charge on entire stock of raw materials, work-in-process, finished goods including goods held for exports, stores & spares, book debts and other chargeable current assets of the Company; and
 - (ii) pari passu second charge on the entire fixed assets of the Company.
- iii. Working Capital/Cash Credit loan from ICICI Bank carries interest @ 13.00 % p.a. and are secured by first charge by way of hypothecation of the Company's entire stock of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, ranking pari passu with other participating banks (viz., Andhra Bank, Corporation Bank, Axis bank).
- iv. Working Capital/Cash Credit loan from IDBI bank carries interest @ 14.50% and are secured by pari passu first charge over the current assets of the Company. Collateral second pari passu charge over the fixed assets of the Company except those that are exclusively charged to term lenders.
- v. Working Capital/Cash Credit loan from Andhra Bank carries interest @ 15.50% p.a and are secured by pari passu first charge on all current assets of the company such as stock of raw materials, semi finished goods, finished goods, packing materials and book debts.

NON-CURRENT LIABILITIES
7 OTHER CURRENT LIABILITIES

₹ in lakhs

PARTICULARS	As at 31.03.2014	As at 31.03.2013
(a) Current maturities of long-term debt (refer note no.4 "Long term borrowings")	1,032.73	1,065.44
(b) Accrued salaries and benefit	91.81	88.11
(c) Creditors for expenses	49.88	62.90
(d) Amount payable to Related parties (Companies)	-	98.41
(e) Advance received from Customers	88.78	106.33
(f) Interest accrued but not due on borrowings	3.90	-
(g) Provision for expenses	119.64	80.20
(h) Statutory dues	19.97	16.70
Total	1,406.71	1,518.09

Notes to Financial Statements for the year ended 31st March 2014
NON CURRENT ASSETS
8 - FIXED ASSETS

(₹ in Lakhs)

Description of Assets	GROSSBLOCK			ACCUMULATED DEPRECIATION			NETBLOCK			
	As on 01.04.2013	Additions	Deletions	As at 31.03.2014	Upto 31.03.2013	Depreciation charge For the year	Withdrawn	Upto 31.03.2014	As on 31.03.2014	As on 31.03.2013
A. Tangible Assets (Not Under Lease)										
Land	115.79	-	16.93	98.86	-	-	-	-	98.86	115.79
Buildings	879.74	-	747.27	132.47	372.15	39.58	335.22	76.51	55.96	507.59
Plant and Machinery	7347.55	39.35	154.88	7232.02	5000.91	679.22	104.83	5575.30	1656.72	2346.64
Furniture and Fixtures	42.61	0.38	-	42.99	33.06	2.11	-	35.17	7.82	9.55
Vehicles	18.15	0.20	-	18.35	14.22	1.02	-	15.24	3.11	3.93
Office equipment	8.69	1.03	-	9.72	3.96	0.40	-	4.36	5.36	4.73
Data Processing machine	64.45	3.58	4.77	63.26	60.56	2.30	4.61	58.25	5.01	3.89
Electrical installation	363.62	0.72	88.42	275.92	237.77	36.63	61.21	213.19	62.73	125.85
Pipeline fitting	36.88	-	-	36.88	28.15	3.77	-	31.92	4.96	8.73
Lab equipment	45.93	8.14	-	54.07	26.47	4.49	-	30.96	23.11	19.46
Fire equipment	3.04	-	-	3.04	2.09	0.08	-	2.17	0.87	0.95
Canteen Equipments	2.18	-	-	2.18	1.19	0.10	-	1.29	0.89	0.99
Tools & Die sets	386.43	-	-	386.43	344.63	29.00	-	373.63	12.80	41.80
Total	9315.06	53.40	1012.27	8356.19	6125.16	798.70	505.88	6417.99	1938.20	3189.90
B. Intangible Assets										
Computer Software	36.31	-	-	36.31	30.20	2.45	-	32.65	3.65	6.11
Total	36.31	-	-	36.31	30.20	2.45	-	32.65	3.65	6.11
C. Capital Work In Progress										
Total	-	-	-	-	-	-	-	-	-	36.57
Total	9351.37	53.40	1012.27	8392.49	6155.36	801.15	505.88	6450.64	1941.85	3232.58
Previous Year	10340.56	137.74	1090.36	9387.94	6071.77	968.47	884.88	6155.36	3232.58	4268.79

Notes to Financial Statements for the year ended 31st March 2014
NON CURRENT ASSETS
9 LONG TERM LOANS AND ADVANCES

₹ in lakhs

PARTICULARS	As at 31.03.2014	As at 31.03.2013
a. Capital Advances		
Unsecured, considered good	7.05	7.30
	<u>7.05</u>	<u>7.30</u>
b. Security Deposits		
Unsecured, considered good	76.13	103.04
	<u>76.13</u>	<u>103.04</u>
c. Other loans & advances		
Tax payments pending Adjustment	31.24	17.58
	<u>31.24</u>	<u>17.58</u>
Total	114.42	127.92

CURRENT ASSETS
10 INVENTORIES (Valued at lower of cost and net realisable value)

a. Raw Materials and components	1,010.59	931.06
	<u>1,010.59</u>	<u>931.06</u>
b. Work-in-progress	408.81	403.63
	<u>408.81</u>	<u>403.63</u>
c. Finished goods		
Internally Manufactured	129.02	167.40
	<u>129.02</u>	<u>167.40</u>
d. Stores and spares	132.71	133.78
	<u>132.71</u>	<u>133.78</u>
e. Loose Tools	115.90	206.55
	<u>115.90</u>	<u>206.55</u>
Total	1,797.03	1,842.42

11 TRADE RECEIVABLES

Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	2,332.23	2,508.95
	<u>2,332.23</u>	<u>2,508.95</u>
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	61.66	79.82
	<u>61.66</u>	<u>79.82</u>
Total	2,393.89	2,588.77

Notes to Financial Statements for the year ended 31st March 2014
12 CASH AND CASH EQUIVALENTS

₹ in lakhs

PARTICULARS	As at 31.03.2014	As at 31.03.2013
a. Balances with banks	2.81	3.87
b. Cash on hand	0.68	0.81
	<u>3.49</u>	<u>4.68</u>

13 SHORT-TERM LOANS AND ADVANCES

Unsecured, considered good		
Prepaid expenses	5.10	5.44
Loans to employees - staff advances	10.63	10.58
Balance with statutory / government authorities	38.57	99.81
Advance to Creditors	21.94	12.32
Amount due from related parties	61.46	4.92
Rent advance	0.06	-
	<u>137.76</u>	<u>133.07</u>

14 REVENUE FROM OPERATIONS:

₹ in lakhs

PARTICULARS	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
Revenue from operations (Gross)		
Sale of Products - Finished Products		
Domestic	7,758.26	9,584.39
Export	1,240.14	1,594.03
	<u>8,998.40</u>	<u>11,178.42</u>
Sale of services	22.73	24.85
Other operating revenue		
Scrap Sales	554.80	709.79
Other	-	31.91
Revenue from operations (Gross)	<u>9,575.93</u>	<u>11,944.97</u>
Less:		
Excise duty	921.52	1,144.00
Revenue from operations (Net)	<u>8,654.41</u>	<u>10,800.97</u>
Details of products sold		
Manufactured Goods		
Cold forged components	2,024.80	3,285.89
Hot & Warm forged components	3,914.35	4,548.52
Hammer components	3,059.25	3,344.01
Total	<u>8,998.40</u>	<u>11,178.42</u>
Details of Services rendered		
Cold forged components - Job receipts	1.18	3.61
Hammer components - Job receipts	21.55	21.24
Total	<u>22.73</u>	<u>24.85</u>

Notes to Financial Statements for the year ended 31st March 2014
15 OTHER INCOME

₹ in lakhs

PARTICULARS	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
Interest Income	7.16	12.12
Rent receipts	67.98	62.62
Profit on sale of assets (Net)	25.58	119.69
Export Incentives	60.67	55.59
Foreign Exchange Gain (Net)	52.68	52.60
Service Charges Receipt	-	13.00
Total	214.07	315.62

The Company has given on lease, furnished premises situated at Pillaiappampalayam, Coimbatore to M/s.L.G.Balakrishnan & Bros. Ltd. for the period from 01.04.2013 to 17.12.2013. Lease rental income received during the period for the lease of said property amounts to ₹ 67.98 lakhs (Previous year - ₹ 62.62Lakhs)

16 COST OF RAW MATERIALS AND COMPONENTS CONSUMED

₹ in lakhs

PARTICULARS	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
Inventory at the beginning of the year	931.06	1,247.20
Add: Purchases	4,428.20	4,999.67
	5,359.26	6,246.87
Less: Inventory at the end of the year	1,010.59	931.06
Cost of raw material consumed	4,348.67	5,315.81
Details of Raw materials and components consumed		
Rods, Coils & Bars	4,348.67	5,315.81
Total	4,348.67	5,315.81

17 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in lakhs

PARTICULARS	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013	(Increase) / Decrease
Details of changes in Inventory			
Inventory at the end of the year			
Work in Progress	408.81	403.63	(5.18)
Finished Goods	129.02	167.40	38.38
Total	537.83	571.03	33.20
Inventory at the beginning of the year			
Work in Progress	403.63	442.01	38.38
Finished Goods	167.40	68.29	(99.11)
Total	571.03	510.30	(60.73)
(Increase)/decrease in Inventories	33.20	(60.73)	

Notes to Financial Statements for the year ended 31st March 2014
18 EMPLOYEE BENEFITS EXPENSES

₹ in lakhs

PARTICULARS	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
(a) Salaries, wages and bonus	783.83	870.92
(b) Contributions to - Provident and other fund	53.55	56.37
(c) Gratuity fund contributions	0.73	0.74
(d) Managerial Remuneration	18.47	16.80
(e) Staff welfare expenses	48.14	55.05
Total	904.72	999.88
Details of Managerial Remuneration		
Sri.V. Rajvirdhan- Executive Director		
Salaries and Allowances	15.00	15.00
Contribution to Provident Fund	1.80	1.80
Total	16.80	16.80
Sri.K. Karthik - Whole time Director		
Salaries and Allowances	1.63	-
Contribution to Provident Fund	0.04	-
Total	1.67	-

19 FINANCE COST

Interest expense	592.40	763.86
Other borrowing costs	16.44	23.96
Total	608.84	787.82

20 OTHER EXPENSES

Consumption of Stores & Spares	400.23	419.24
Consumption of loose tools	147.10	192.64
Processing Charges	606.65	849.69
Power & Utilities	733.71	957.51
Printing & Stationery	12.91	15.72
Postage, Telegram and Telephone	9.17	9.14
Rent on building	39.29	39.29
Rental charges on machinery	10.98	27.78
Rates, taxes and Licence	16.91	25.31
Insurance	11.88	17.86
Travelling & Conveyance	67.78	71.85
Advertisement, Publicity & Sales Promotion	1.14	0.88
Directors' Sitting Fees	0.92	0.86
Professional Charges, training fees	40.13	55.68
Miscellaneous Expenses	4.56	17.29
Selling & Distribution expenses	309.47	470.26
Packing Material	54.31	70.68
Bank Charges	25.53	44.01
Repairs and maintenance		
Machinery	84.49	80.70
Building	27.71	36.92
Others	39.79	35.99

Notes to Financial Statements for the year ended 31st March 2014
20 OTHER EXPENSES (Contd.)

₹ in lakhs

PARTICULARS	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
Repairs and maintenance (Contd.)		
Watch & ward expenses	32.19	32.96
Auditor's Remuneration	5.50	3.76
Bad debts written off	45.00	-
Total	2,727.35	3,476.02
Payments to the Auditor as		
a. for statutory audit	3.00	3.00
b. for taxation matters	2.50	0.50
c. Reimbursement of Expenses	-	0.26
d. for other services	-	-
Total	5.50	3.76
21 EARNINGS PER SHARE		
Profit/(Loss) after taxation as per Statement of Profit & Loss	307.07	(436.05)
Number of equity shares outstanding	1,500.02	1,500.02
Basic & Diluted Earnings per share in rupee (Face value of ₹ 1 per share)	0.20	(0.30)

22 The company has not recognised the net deferred tax assets, in respect of accumulated losses and unabsorbed depreciation in view of absence of virtual certainty of availing the benefit in the future.

23 The balance 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 at least to the extent stated in the Balance sheet.

24 Micro, Small and Medium Enterprises

There are no amounts payable to Micro, Small and Medium Enterprise as at 31st March 2014. Further, there are no interest payable on account of overdue payments. The above information 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.

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

26 CONTINGENT LIABILITIES (to the extent not provided for)

₹ in lakhs

PARTICULARS	As at 31.03.2014	As at 31.03.2013
a Guarantee given by Bankers and outstanding	50.00	150.00
b Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net after advance payments)	7.05	7.30
c Letter of Credits	261.93	102.44
d Counter guarantee given to L.G. Balakrishnan & Bros Limited for guarantee given	to the extent of loan guaranteed	

Notes to Financial Statements for the year ended 31st March 2014
27. 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. Key Management Personnel

Sri. V. Rajvirdhan*	Sri. K. Karthik
---------------------	-----------------

* 1. Sri. V. Rajvirdhan has relinquished his office as a Executive Director from w.e.f. 16.05.2014

2. Sri. V. Rajvirdhan has been appointed as a Vice Chairman (Non-Executive Director) w.e.f. 16.05.2014

ii Relatives of Key Management Personnel - V. Rajvirdhan

Sri. B.Vijayakumar	Smt. D.Vasanthamani	Smt. V. Rajsri
Smt. D.Sasikala	Sri. Arjun Karivardhan	Sri. Rajiv Parthasarathy
Smt. Vijayshree.V	Sri. Nithin Karivardhan	

ii Relatives of Key Management Personnel - K. Karthik

Sri. V. Kalyanasundaram	Bharathi Sriram	K. Kiritika
Smt. K. Anuradha	Eshwar Ksrivats	

iii. Others : (Enterprise over which key management personnel are able to exercise significant influence)

Companies

a. L.G. Balakrishnan & Bros Ltd	i. Silent Chain India Private Ltd
b. Elgi Automotive Service (P) Ltd	j. LGB Fuel Systems Private Ltd
c. L.G.B Auto Products (P) Ltd	k. BCW V Tech India Private Ltd
d. LG Farm Products (P) 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. Tribe Investments and Services Private Ltd
h. Super Transports Private Ltd	p. Renold Chain India Private Ltd

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

Nature of Transactions	Others	Relatives of Key Managerial Personnel	Key Managerial Personnel	Total 2013-14	Total 2012-13
Managerial Remuneration	-	-	18.47	18.47	16.80
ICD loan - Opening Balance	50.00	-	-	50.00	848.34
Add : ICD Loan receipts	-	-	-	-	-
Less : ICD Loan re-payments	33.83	-	-	33.83	798.34
ICD loan - Closing Balance	16.17	-	-	16.17	50.00
Interest Payments	4.98	-	-	4.98	21.44
Rent Receipts	67.98	-	-	67.98	62.62
Rent Payment	39.15	-	-	39.15	39.53
DEPB Licence sold	42.42	-	-	42.42	37.17
Purchase of Power, Spares, Processing, Conversion, Service charges payments	116.07	-	-	116.07	226.45
Sales of Power, Stores, Materials and Service charges	96.15	-	-	96.15	216.02

Notes to Financial Statements for the year ended 31st March 2014

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

Nature of Transactions	Others	Relatives of Key Managerial Personnel	Key Managerial Personnel	Total 2013-14	Total 2012-13
Purchase of assets	0.20	-	-	0.20	92.48
Sales of Assets	1362.74	-	-	1362.74	19.77
Lease Charges Payments	10.90	-	-	10.90	26.81
Amount Payable as on Closing date	-	-	-	-	98.41
Amount Receivable as on Closing date	61.46	-	-	61.46	4.92

28. Expenditure in Foreign Currency (₹ in Lakhs)

	31.03.2014	31.03.2013
Travelling	12.18	5.86
Technical know-how fee	26.62	34.87
Others	39.55	14.75
	78.35	55.48

29. Value of Imports calculated on CIF basis in respect of

Stores and Spare Parts	0.35	5.51
	0.35	5.51

(₹ in Lakhs)

Particulars of Consumption	Imported		Indigenous		Total	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Raw Materials (Including Expenses)						
Value	-	-	4,348.67	5,315.81	4,348.67	5,315.81
Percentage	-	-	100.00	100.00	100.00	100.00
Stores & Spares (Including Expenses)						
Value	0.35	-	546.98	611.88	547.33	611.88
Percentage	0.06	-	99.94	100.00	100.00	100.00
Packing Materials						
Value	-	-	54.31	70.68	54.31	70.68
Percentage	-	-	100.00	100.00	100.00	100.00

30. Earnings in Foreign Exchange

PARTICULARS	31.03.2014 (₹ in Lakhs)	31.03.2013 (₹ in Lakhs)
On account of Export of Goods at FOB value	1,160.33	1,450.42

31 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.

(₹ in Lakhs)

Particulars	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
1 Principal Actuarial Assumptions (Expressed as weighted averages)					
Discount Rate	9.20%	8.05%	8.00%	8.00%	8.00%
Salary Escalation	8.00%	7.00%	6.00%	6.00%	8.00%
2 Table Showing changes in present value of Obligation					
Present value of obligations as at the beginning of year	48.73	43.85	33.96	31.33	24.10
Interest cost	4.08	3.26	2.53	2.38	1.93
Current Service Cost	7.31	7.71	8.03	6.13	4.53
Benefits Paid	(8.85)	(6.71)	(4.61)	(3.08)	(1.56)
Actuarial (gain) / loss on obligations	(1.43)	0.62	3.94	(2.81)	2.33
Present value of obligations as at end of the year	49.84	48.73	43.85	33.96	31.33
3 Table Showing changes in fair value of plan assets					
Fair value of plan assets at the beginning of the year	53.48	55.26	43.51	39.19	25.24
Expected return on plan assets	3.95	4.19	3.81	3.16	2.57
Contributions	0.49	0.13	-	3.82	12.94
Benefits Paid	(8.85)	(6.71)	(4.61)	(3.08)	(1.56)
Actuarial gain / (loss) on plan assets	0.54	0.61	(0.13)	0.42	-
Fair value of plan assets at the end of the year	49.61	53.48	42.59	43.51	39.19
4 Actuarial Gain / Loss recognized for the year					
Actuarial (gain) / loss on obligations	(1.43)	0.62	3.94	(2.81)	(2.33)
Actuarial (gain) / loss for the year - plan assets	(0.54)	0.62	3.94	(2.81)	2.33
Total (gain) / loss for the year	(1.97)	0.01	4.07	(3.23)	2.33
Actuarial (gain) / loss recognized in the year	(1.97)	0.01	4.07	(3.23)	2.33
5 The amounts recognized in the balance sheet					
Present value of obligation as at the end of the year	49.84	48.73	43.85	33.96	31.33
Fair value of plan assets as at the end of the year	49.61	53.48	42.59	43.51	39.19
(Liability) / Asset	(0.23)	4.75	11.41	9.56	7.86
Net assets / (liability) recognized in balance sheet	(0.23)	4.75	11.41	9.56	7.86
6 Expenses Recognised in statement of Profit and Loss					
Current Service Cost	7.31	7.71	8.03	6.13	4.53
Interest Cost	4.08	3.26	2.53	2.38	1.93
Expected return on plan assets	(3.95)	(4.19)	(3.81)	(3.16)	(2.57)
Net Actuarial (gain) / loss recognized in the year	(1.97)	0.01	4.07	(3.23)	2.33
Expenses recognised in statement of Profit and Loss	5.47	6.79	10.82	2.12	6.22
7 Amount for the Current Period					
Present value of the obligation	49.84	48.73	43.85	33.96	31.33
Plan Assets	49.61	53.48	42.59	43.51	39.19
Surplus / (deficit)	(0.23)	4.75	11.41	9.56	7.86
Experience adjustments on Plan liabilities	(1.43)	0.62	3.94	(2.81)	-
Experience adjustments on Plan Assets	(0.54)	(0.61)	0.13	0.42	-

32. Exceptional Item during the year represents profit on sale of land and building located at Pillianpapalayam, Annur via Coimbatore - 641 653

33 Operating Lease:

As Lessee:

The Company has entered into operating leases, having a lease period ranging from one year to five years, with an option to renew the lease. The future minimum lease payments are as follows:

Particulars	31.03.2014	31.03.2013
Within one year	43.16	22.52
After one year but not more than five years	49.24	0.96
More than five years	-	-

34 Figures have been rounded off to the nearest Lakhs and two decimals thereof.

35 The amounts and disclosures included in the financial statements of the previous year have been reclassified/ regrouped wherever necessary to confirm to current years' classification.

V. RAJVIRDHAN
Executive Director

“As per our Report of even date”
For **Haribhakti & Co.**
Firm Registration No. 103523W
Chartered Accountants

Coimbatore
15.05.2014

P. SHANMUGASUNDARAM
Director

B. HARIGANESH
Company Secretary

C.S. SATHYANARAYANAN
Membership No. 028328
Partner



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014		(₹ in Lakhs)
PARTICULARS	31.03.2014	31.03.2013
A Cash Flow From Operating Activities		
Net Profit / (Loss) Before Tax	307.07	(436.05)
Adjustments for :		
Depreciation	801.15	968.47
(Profit) / Loss on Sale of Assets (Net)	(25.58)	(119.69)
Interest Income	(6.53)	(12.12)
Interest Paid/other finance charges	608.84	831.83
	1,377.88	1,668.49
Operating Profit before working capital changes	1,684.95	1,232.44
Trade and Other receivables	194.88	(49.31)
Inventories	45.39	(64.64)
Loans & advances	8.81	35.13
Other current assets	45.00	-
Trade payable	(144.23)	(100.66)
Other current liabilities	(78.67)	(28.02)
	71.18	(207.50)
Cash generated from Operations	1,756.13	1,024.94
Direct taxes paid	-	-
Net Cash Flow from Operating activities	1,756.13	1,024.94
B Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(16.82)	(126.02)
Sale of Fixed Assets	531.97	313.45
Interest received	6.52	12.12
Net Cash used in investing activities	521.67	199.55
C Cash Flow from Financing Activities :		
Long Term Borrowings (Net of Repayments)	(1,032.73)	(1,065.44)
Long Term Provisions	0.23	
Unsecured Loans	(32.71)	699.99
Working Capital Borrowings	(604.94)	(1,420.12)
Interest paid	(608.84)	(831.83)
Share premium / Securities premium	-	875.01
Proceeds from increase in share capital	-	500.01
Net Cash Used in financing activities	(2,278.99)	(1,242.38)
D Net increase / (Decrease) in cash and cash equivalents (A+B+C)	(1.19)	(17.89)
Cash and cash equivalents as at 1.4.2013 and 1.4.2012 (Opening Balance)	4.68	22.57
Cash and cash equivalents as at 31.3.2014 and 31.3.2013 (Closing Balance)	3.49	4.68

V. RAJVIRDHAN
Executive Director

“As per our Report of even date”
For Haribhakti & Co.
Firm Registration No. 103523W
Chartered Accountants

Coimbatore
15.05.2014

P. SHANMUGASUNDARAM
Director

B. HARIGANESH
Company Secretary

C.S. SATHYANARAYANAN
Membership No. 028328
Partner

LGB FORGE LIMITED

CIN : L27310TZ2006PLC012830

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

Email : info@lgb.co.in Website: www.lgbforge.co.in Phone: 0422 2532325 Fax: 0422 2532333

Sub.: Green Initiative in Corporate Governance - Electronic Mode of service of documents

The Ministry of Corporate Affairs (MCA) has, vide its Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011, allowed companies to serve all notices and correspondences to shareholders including Annual Reports i.e., Audited Financial Statements, Directors' Report, Auditors' Report, etc., through electronic mode (e-mail). The initiative taken by the MCA is a welcome move for the Society, as this will reduce paper consumption to a great extent, ensure prompt receipt of communication and avoid loss of document in postal transit. Keeping in view of the theme underlying the Circulars issued by MCA, we propose to henceforth send documents like notices, intimation under Section 302 of the Companies Act, 1956, Annual Reports, Financial Results, etc., to our shareholders through electronic mode.

We are sure that you will whole-heartedly support this initiative for a greener environment and co-operate with the Company to make it a success. We therefore request you to fill up the Information Slip below for Registering your e-mail ID and send it to our Registrar & Share Transfer Agent (RTA), Cameo Corporate Services Limited. You can also send us an e-mail from your e-mail ID to secretarial@lgb.co.in for receiving the aforesaid documents in electronic form and mentioning therein your Folio No. / DP ID / Client ID as the case may be. On receipt of the Information Slip or an e-mail from you for Registering your e-mail ID, we shall send such documents in electronic form to the said e-mail ID in future.

Please note that the Information Slip should be signed by the First / sole-holder as per the specimen signature recorded with the RTA. If you do not Register your e-mail ID, a physical copy of the Annual Report and other communication / documents will be sent to you free of cost, as per the current practice. These documents will also be available on the Company's website www.lgbforge.co.in. for your ready reference under the Investors' Relations Section. Let's be part of this 'Green Initiative'

Thanking You,

Yours faithfully,

For LGB Forge Limited

(Sd./-)

B. Hariganesh

Company Secretary

✂ ————— Cut along the line —————

Cameo Corporate Services Limited

Unit: LGB Forge Limited

"Subramanian Building"

No 1, Club House Road

Chennai- 600 002

Tel No.: 044 - 28460390 Fax : 044 - 2846 0129

Folio No./DP ID & Client ID :

Name of the First Holder :

E-mail ID address (to be Registered) :

Phone number (with STD Code) / Mobile No. :
(in case the shares are held in physical form)

Date: _____ Signature of 1st Holder _____

Note : Shareholders are requested to keep DP / RTA / Company informed as and when there is any change in the e-mail address. Unless the e-mail ID given above is changed by you by sending another communication in writing / e-mail, the Company will continue to send the documents to you on the above mentioned e-mail ID.

ATTENDANCE SLIP

LGB FORGE LIMITED

CIN : L27310TZ2006PLC12830

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

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

Phone: 0422 2532325, Fax: 0422 2532333

8th ANNUAL GENERAL MEETING

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

I hereby record my presence at the 8th ANNUAL GENERAL MEETING of the Company held on **Wednesday, July 9th, 2014 at 9.00 A.M.** at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore - 641 018

Member's / Proxy's Signature

Note:

1. Please complete the Folio / DP ID - Client ID No. and name, sign this Attendance Slip and handover at the Attendance Verification Counter at THE MEETING HALL
2. Electronic copy of the Annual Report for FY 2013-14 and the Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Annual Report for 2013-14 and the Notice of the Annual General Meeting along with the Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or who have requested for a hard copy.

E-VOTING PARTICULARS

EVSN (Electronic Voting Sequence Number)	USED ID	PASSWORD*
IS 140529001	Folio No. / Client ID	PAN Number / Bank Account No / Date of Birth

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

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

Commencement of e-voting	End of e-voting
Thursday, 3 rd July, 2014 (from 9.00 A.M)	Saturday, 5 th July, 2014 (upto 6.00 P.M)

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

PROXY FORM

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

LGB FORGE LIMITED

CIN : L27310TZ2006PLC12830

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

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

Phone: 0422 2532325, Fax: 0422 2532333

8th ANNUAL GENERAL MEETING

9th July, 2014

Name of the member(s):	
Registered address:	
E-mail ID:	
Folio No/Client ID:	DP ID:

I/We being the member(s) of _____ shares of LGB Forge Limited, hereby appoint:

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

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

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

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 8th Annual General Meeting of the Company, to be held on **Wednesday, July 09, 2014 at 9.00 A.M** at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore - 641 018, and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

S.No	Resolutions	Optional *	
		For	Against
Ordinary Business			
1	To receive, consider and adopt the Balance Sheet as at 31 st March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Report of the Directors and the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2	To appoint a Director in the place of Sri.B.Vijayakumar, who retires by rotation, and being eligible, offers himself for reappointment.	<input type="checkbox"/>	<input type="checkbox"/>
3	To re-appoint Messrs. Haribhakti & Co, 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	<input type="checkbox"/>	<input type="checkbox"/>
Special Business		<input type="checkbox"/>	<input type="checkbox"/>
4	Appointment of Sri.P.Shanmugasundaram as an Independent Director	<input type="checkbox"/>	<input type="checkbox"/>
5	Appointment of Sri.K.N.V.Ramani as an Independent Director	<input type="checkbox"/>	<input type="checkbox"/>
6	Appointment of Sri.P.V.Ramakrishnan as an Independent Director	<input type="checkbox"/>	<input type="checkbox"/>
7	Appointment of Sri.Harsha Lakshmikanth as an Independent Director	<input type="checkbox"/>	<input type="checkbox"/>
8	Appointment of Sri.K.Karthik as an Director	<input type="checkbox"/>	<input type="checkbox"/>
9	Appointment of Sri.K.Karthik as an Executive Director	<input type="checkbox"/>	<input type="checkbox"/>
10	Alteration in Articles of Association	<input type="checkbox"/>	<input type="checkbox"/>
11	To consider and approve Related Party Transaction(s) Under Section 188 of the Companies Act, 2013.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2014

Affix
Revenue
Stamp not
less than
₹ 0.15

Signature of Shareholder

Notes

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting
2. For the resolutions, explanatory statements and Notes, please refer to the Notice of 8th Annual General Meeting
- 3.* It is optional to put '✓' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolution, your proxy will be entitled to vote in the manner as he / she thinks appropriate
4. Please complete all details including details of member(s) in the above box before submission.

ANNUAL REPORT

If Undelivered Please Return to :



LGB FORGE LIMITED

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

Tel : 0422 - 2532325, Fax : 0422 - 2532333

CIN : L27310TZ2006PLC012830

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