

# LGB FORGE LIMITED



**10th  
ANNUAL REPORT  
2015 - 2016**

## Corporate Information

### BOARD OF DIRECTORS

**Sri. B. Vijayakumar**  
Chairman

**Sri. V. Rajvirdhan**  
Vice Chairman

**Sri. K.N.V. Ramani**  
**Sri. P. Shanmugasundaram**  
**Sri. P.V. Ramakrishnan**  
**Sri. Rajiv Parthasarathy**  
**Sri. Harsha Lakshmikanth**  
**Ms. Aishwarya Rao**  
**Sri. K. Karthik**  
Executive Director

### CHIEF FINANCIAL OFFICER

Sri. R. Ramakrishnan

### COMPANY SECRETARY

Sri. R. Ponmanikandan

### BANKERS & FINANCIAL INSTITUTIONS

Axis Bank Limited  
ICICI Bank Limited  
IDBI Bank Limited  
Bajaj Finance Limited

### STATUTORY AUDITORS

**M/s. Haribhakti & Co. LLP**  
Chartered Accountants  
“Shree Shanmugappriya”, 2<sup>nd</sup> Floor,  
454, Ponnaiyan Street, Cross Cut Road,  
Gandhipuram, Coimbatore - 641012.  
Phone No. 0422 - 2237793, 2238793

### SECRETARIAL AUDITOR

**CS.P.Eswaramoorthy**  
2910 / 2, 5<sup>th</sup> Street, Ramalinga Jothi Nagar,  
Near Corporation Office, Nanjundapuram Road,  
Ramanathapuram, Coimbatore-641045  
Phone No. 0422- 2322333

### 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

BSE 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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**10th ANNUAL GENERAL MEETING**

Date	: 14th July, 2016
Day	: Thursday
Time	: 09.00 A.M.
Venue	: <b>Ardra Convention Centre</b> Kaanchan, 9, North Huzur Road Coimbatore- 641 018.
Book Closure Dates	: 08.07.2016 to 14.07.2016 (Both days inclusive)

Notice is hereby given that the Tenth Annual General Meeting of the Members of the Company will be held on 14<sup>th</sup> July, 2016 at 09.00 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 31<sup>st</sup> March, 2016 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.Rajiv Parthasarathy (DIN 02495329), who retires by rotation and being eligible, seeks re-appointment.
3. To ratify the appointment of the auditors of the Company and to fix their remuneration and to pass the following resolution thereof as an ordinary resolution.

Resolved that, pursuant to the provisions of Section 139, 141 and 142 of the Companies Act, 2013 and the Rules made there under, and pursuant to the recommendations of the Audit committee of the Board of Directors, Messrs.Haribhakti & Co LLP, Chartered Accountants (Firm Registration Number:103523W), be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this AGM to the conclusion of the fourth consecutive AGM be and is hereby ratified and their appointment be at a remuneration of ₹ 4,00,000/- (Rupees Four Lakh only) which includes fees for other services and applicable service tax and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit of this year.

**NOTES:**

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

**THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN**

**FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM FOR THE AGM IS ENCLOSED.**

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

2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. Members / Proxies attending the Meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
4. Details under Regulation 36 of SEBI (Listing Obligations and disclosure Requirements) Regulation 2015 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 shall remain closed from 08.07.2016 to 14.07.2016 (both days inclusive) for the financial year 2015-16.
6. Members holding shares in electronic form are hereby informed that bank particulars registered against their depository accounts will be used by the Company for applicable purposes. The Company or the Registrars cannot act on any request received directly from the members holding shares in electronic form for any change in bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the Members.

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

7. 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 Registrars and Share Transfer Agent of the Company.
8. 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.
9. 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.
10. Copies of the Annual Report 2016, the Notice of the 10<sup>th</sup> Annual General Meeting of the Company and instructions for e-voting, along with the Attendance Slip and Proxy Form, are being sent by electronic mode only to the members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report 2016 are being sent by permitted mode.
11. Members may also note that the Notice of the 10<sup>th</sup> Annual General Meeting and the Annual Report 2015-16 will be available on the Company's website, [www.lgbforge.co.in](http://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: [r.ponmanikandan@lgb.co.in](mailto:r.ponmanikandan@lgb.co.in).

12. Voting through electronic means in compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their votes for all the resolutions detailed in the Notice of the 10<sup>th</sup> Annual General Meeting scheduled to be held at 09.00 a.m, on Thursday, the 14<sup>th</sup> July, 2016, by electronic means and the business may be transacted through remote e-voting.

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

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

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

Votes cast by members who hold shares on the cutoff date viz 07.07.2016 alone will be counted. Instructions for Shareholders Voting Electronically are as under:

- (i) The remote e-voting period begins at 09.00 AM on 11.07.2016 and ends on at - 05.00 PM on 13.07.2016. During this period shareholders of the Company, holding shares either in physical form or in electronic form, as on the cut-off date (record date) of 07.07.2016, may cast their vote electronically.

The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

**For Members holding shares in Demat Form and Physical Form**

**PAN**

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

- Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.
- In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

**Dividend Bank Details OR Date of Birth (DOB)**

Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded

in your demat account or in the company records in order to login.

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

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant LGB Forge Limited on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.

- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xx) **Note for Non - Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
15. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 07.07.2016.
16. Mr. P.Eswaramoorthy, B.Sc., FCS, Company Secretary in Practice, Coimbatore has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
17. The Scrutinizer shall immediately after the conclusion of the Annual General Meeting first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
18. The result declared along with the Scrutinizer’s Report shall be placed on the Company’s website [www.lgbforge.co.in](http://www.lgbforge.co.in) and on the website of CDSL immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.
19. Request for additional information, if required: In case you intend to raise any queries in the forthcoming Annual General Meeting, you are requested to please forward the same at least 10 days before the date of the Meeting to Mr.R.Ponmanikandan, Company Secretary so that the same may be attended appropriately to your entire satisfaction.

By order of the Board

Coimbatore  
30.04.2016

**R. Ponmanikandan**  
Company Secretary

**Details of Directors seeking Appointment / and re-appointment at the forthcoming Annual General Meeting.**

<b>Name</b>	<b>Rajiv Parthasarathy</b>
Director Identification Number	02495329
Date of Birth	03.11.1977
Nationality	Indian
Date of Joining the Board	31.10.2009
Relationship with other director	-
Qualification	B.S., (IE)
Expertise in area	More than 13 years experience as Industrialist.
Number of shares held in the Company	18445
List of Directorships held in companies	LGB Forge Limited BCW V Tech India Private Limited (Subsidiary of L.G.Balakrishnan & Bros Limited) South Western Engineering India Limited Metal Forms Private Limited Oriental Hydraulics Private Limited NO Q Labs Private Limited
Chairman/Member Committees of the Boards of other companies in which he is Director	<b>Member of Audit Committee</b> LGB FORGE LIMITED



**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors take pleasure in presenting the Tenth Annual Report of your Company together with the audited accounts for the year ended on 31st March, 2016.

**FINANCIAL RESULTS**

The summary of the financial performance of the Company for the year ended 31st March, 2016 as compared to the previous year is as below

Particulars	31.03.2016 (₹ in Lakhs)	31.03.2015 (₹ in Lakhs)
Gross Income	8917.53	8263.17
Profit before interest, depreciation & Tax	279.23	616.34
<b>Less:</b>		
Interest	374.82	427.00
Depreciation	349.71	390.45
Add : Exceptional Items	211.55	187.32
<b>Profit / (Loss) Before Tax</b>	<b>(233.75)</b>	<b>(13.79)</b>
<b>Profit/(Loss) After Tax</b>	<b>(233.75)</b>	<b>(13.79)</b>
Depreciation adjusted against opening balance retained earnings	-	(115.57)
Add : Balance brought forward	(4128.77)	(3999.41)
Amount transferred to Balance Sheet	(4362.52)	(4128.77)

**PERFORMANCE OF THE COMPANY**

During the year under review, your Company's Gross Revenue is ₹ 8917.53 Lakhs [Previous Year: ₹ 8263.17 Lakhs]. Gross Profit / (Loss) before interest, depreciation and tax amounted to ₹ 279.23 Lakhs [Previous Year (₹616.34 Lakhs)]. The Net Profit/ (Loss) stood at (₹ 233.75) Lakhs [Previous Year Net Profit/(Loss) (₹ 13.79) Lakhs].

**AMOUNT TRANSFERRED TO RESERVES**

The Company has not transferred any amount to reserves during the year due to loss incurred to the Company and hence no information as per the provisions of Section 134 (3) (j) of the Companies Act, 2013 has been furnished.

**DIVIDEND**

In view of the losses, current and accumulated, your Directors regret their inability to recommend dividend for the year 2015-2016.

**FIXED DEPOSITS**

During the year under review, your Company has not accepted any deposits in terms of Section 73 of the

Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014. As on 1st April, 2015, no amounts were outstanding which were classified as 'Deposits' under the applicable provisions of Companies Act, 2013 and hence, the requirement for furnishing of details of deposit in compliance with the Chapter V of the Companies Act, 2013 is not applicable.

**EXTRACT OF ANNUAL RETURN**

Pursuant to the provisions of Section 134(3) (a) of the Companies Act, 2013, Extract of the Annual Return for the financial year ended 31st March, 2016 made under the provisions of Section 92(3) of the Act is attached in prescribed form (MGT-9) as Annexure-A which forms part of this Report.

**DISCLOSURE UNDER SECTION 134(3) (I) OF THE COMPANIES ACT, WITH RESPECT TO MATERIAL CHANGES AFTER THE DATE OF FINANCIAL REPORT.**

There were no material changes and commitments affecting the financial position of the Company between the end of the financial year (March 31, 2016) and the date of the Report (April 30, 2016)

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**INTERNAL CONTROL SYSTEMS AND COMPLIANCE FRAMEWORK**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal Auditors and the management monitors and evaluates the efficacy and adequacy of the internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Audit observations of Internal Auditors and corrective actions thereon are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Auditor reports to the Audit Committee.

The Company has in place adequate internal financial controls commensurate with size, scale and complexity of its operations. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial information

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

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

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All Contracts/arrangements/transactions entered by the Company during the financial year with related parties were on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. Hence the requirement for furnishing of details under Section 134(3)(h) in prescribed Form No.AOC-2 is not applicable.

**PARTICULARS OF LOAN, GUARANTEE AND INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

The Company has not provided any loan, Guarantee and made investments under Section 186 of the Companies

Act, 2013 hence no information as per provisions of Section 134 (3) (g) of the Companies Act, 2013 has been furnished.

**DISCLOSURE REGARDING ISSUE OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS.**

The Company has not issued any equity shares with differential rights during the year under review and hence no information as per provisions of Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 has been furnished.

**DISCLOSURE REGARDING ISSUE OF EMPLOYEE STOCK OPTIONS**

The Company has not granted any Employees Stock Options Scheme, during the year under review and hence no information required to be furnished as per the provisions of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014.

**DISCLOSURE REGARDING ISSUE OF SWEAT EQUITY SHARES**

The Company has not issued any Sweat Equity Shares during the year under review and hence no information required to be furnished as per the provisions of Rule 8(13) of the Companies (Share Capital and Debentures) Rules, 2014.

**DISCLOSURES IN RESPECT OF VOTING RIGHTS NOT DIRECTLY EXERCISED BY EMPLOYEES**

There are no shares held by trustees for the benefit of employees and hence no disclosure under Rule 16(4) of the Companies (Share Capital and Debentures) Rules, 2014 has been furnished.

**DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATES**

The Company has no Subsidiary, Joint Venture or Associate Companies during the year under review and hence no information required to be furnished as per the provisions of Rule 8 (5)(iv) of the Companies (Accounts) Rules, 2014.

**SHARE CAPITAL**

The Paid-up share capital of the Company as at 31st March 2016 stood at ₹ 1500.02 lakhs. During the year under review the Company has not made any fresh issue of shares.

**CHANGE IN NATURE OF BUSINESS, IF ANY.**

There was no change in the nature of the business of the Company during the year under review.

**MATTERS RELATING TO DIRECTORS AND KEY MANAGERIAL PERSONNEL RETIREMENT BY ROTATION**

In accordance with the provisions of Section 152(6) and as per the Articles of Association of the Company, Mr.Rajiv Parthasarathy (DIN: 02495329) retires at the ensuing Annual General Meeting and being eligible, seeks re-appointment. The Board recommends his re-appointment.

**APPOINTMENTS / RESIGNATION OF DIRECTORS / KMP**

During the year under review the following changes were occurred in the Directors and Key Managerial Personnel.

- None of the Independent Directors retires at the ensuing Annual General Meeting.
- Sri.G.Karthik, Company Secretary of the Company has resigned with effect from 10th September 2015.
- Sri.R.Ponmanikandan has been appointed as the Company Secretary & Compliance Officer of the Company with effect from 29th October 2015.

**DECLARATION BY INDEPENDENT DIRECTORS**

Pursuant to the provisions of sub-Section (7) of Section 149 of the Companies Act, 2013, the Company has received individual declarations from all the Independent Directors confirming that they fulfill the criteria of independence as specified in Section 149(6) of the Companies Act, 2013

**DISCLOSURE RELATING TO BOARD, COMMITTEES AND POLICIES****NUMBER OF BOARD MEETINGS**

The Board of Directors met 4 times during the financial year ended on 31st March 2016 in accordance with the provisions of the Companies Act, 2013 and rules made there under. The details of Board Meeting Dates and Particulars of Directors Attendance are given in the Corporate Governance Report, has been enclosed with this report. All the Directors actively participated in the meetings and contributed valuable inputs on the matters brought before the Board of Directors from time to time.

Additionally, during the financial year ended 31st March 2016, the Independent Directors held a separate meeting in compliance with the requirement of Schedule IV of the Companies Act, 2013 and Regulation 25(3) of the SEBI (LODR) Regulations, 2015.

**DIRECTORS RESPONSIBILITY STATEMENT**

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended on 31st March, 2016, the Board of Directors hereby confirms that,

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures;
- (b) that such accounting policies have been selected and applied consistently except as stated in note number 34 of the financial statement and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- (c) proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts of the Company have been prepared on a going concern basis;
- (e) internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) proper system have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- (g) In terms of Section 143(12) of the Companies Act, 2013, the Auditor has not reported any fraud during the year.

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**NOMINATION AND REMUNERATION COMMITTEE AND REMUNERATION POLICY**

A Nomination and Remuneration Committee is in existence in accordance with the provisions of sub-Section (3) of Section 178 of the Companies Act, 2013. The Board has, on recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. Kindly refer the Corporate Governance Report, for matters relating to constitution, meetings, and functions of the Committee and remuneration policy formulated by this committee.

**AUDIT COMMITTEE**

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

**VIGIL MECHANISM/WHISTLE BLOWER POLICY**

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the SEBI (LODR) Regulations, 2015, the Board of Directors had approved the policy on Vigil Mechanism/Whistle Blower for Directors and employees of the Company.

The Whistle Blower Policy is disclosed on the website of the Company at [www.lgbforge.co.in](http://www.lgbforge.co.in)

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

**STAKEHOLDER RELATIONSHIP COMMITTEE**

Kindly refer to the Section on Corporate Governance, under the head, 'Stakeholder Relationship Committee' for matters relating to the composition, meetings, and functions of the Committee.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

According to Section 135 of the Companies Act, 2013, no requirement for our Company to constitute the CSR

Committee and for framing the CSR Policy. Hence the requirement to furnish the details under Section 134(3)(o) of the Companies Act, 2013 does not arise.

**EVALUATION OF BOARD, COMMITTEES AND DIRECTORS**

Regulation 17 of the SEBI (LODR) Regulations, 2015 mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual Directors. Independent Directors at a separate meeting evaluated performance of the Non-Independent Directors, Board as whole and of the Chairman of the Board. The manner in which the evaluation has been carried out has been detailed in the Corporate Governance Report.

**FAMILIARIZATION PROGRAMMES**

The Company has conducted various sessions during the financial year to familiarize Independent Directors with the Company, their roles, responsibility in the Company and the technology and risk management systems of the Company.

Directors are encouraged to attend the training programmes being organized by various regulators/bodies/ institutions on above matters.

**RISK MANAGEMENT POLICY**

The Board of Directors of the Company has formulated a Risk Management Policy which aims at enhancing Shareholder's values and providing an optimum risk reward trade off. The risk management approach is based on the clear understanding of the variety of risks that the organization faces, disciplined risk monitoring and measurement and continuous risk assessment and mitigation reserves.

**AUDITORS AND THEIR REPORTS****STATUTORY AUDITORS**

M/s. Haribhakti & Co LLP; Chartered Accountants (Firm Registration Number: 103523W), Coimbatore, who are the statutory auditors of the Company, hold the office till the conclusion of the forthcoming AGM and are eligible for re-appointment. Pursuant to provisions of Section 139 of the Companies Act, 2013 and the rules made there under, it is proposed to appoint M/s. Haribhakti & Co LLP; Chartered

Accountants as Statutory auditors of the Company from the conclusion of forthcoming AGM to the conclusion of the fourth consecutive AGM, subject to the ratification of their appointment at every AGM held after this AGM.

The Company has received a certificate from the said Auditors that they are eligible to hold office as the Auditors of the Company and are not disqualified for being so appointed.

#### **SECRETARIAL AUDITOR**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with, The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Sri. P. Eswaramoorthy B.Sc., FCS, (Membership No. FCS 6510 and CP.No.7069) Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit report (in Form No. MR.3) for the financial year 2015-16 is attached as Annexure- B which forms part of this Report.

#### **INTERNAL AUDITOR**

Pursuant to the Provisions of Section 138 of the Companies Act, 2013 and rules made there under, Sri.MP Gopalakrishnan, Chartered Accountant was appointed as an Internal Auditor of the Company for the financial year 2015-16.

#### **OBSERVATION OF STATUTORY AUDITOR AND SECRETARIAL AUDITOR IN RESPECT OF THEIR AUDIT REPORTS**

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

#### **OTHER DISCLOSURES**

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

The information relating to Conservation of energy, technology absorption, foreign exchange earnings and outgo, pursuant to Section 134(3)(m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached as “Annexure C” which form part of this Report.

#### **PARTICULARS OF EMPLOYEES AND REMUNERATION**

The Information as required under the provisions of the Section 197(12) of the Companies Act, 2013 and Rule 5

of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are set out in the “Annexure D” which forms part of this report.

Further,

- ❖ None of the employees of the Company was in receipt of remuneration in excess of the limits prescribed under Section 134 of the Companies Act, 2013.
- ❖ As on 31st March 2016 there were 395 Permanent employees of the Company.

#### **PAYMENT OF REMUNERATION / COMMISSION TO DIRECTORS FROM HOLDING OR SUBSIDIARY COMPANIES:**

Our Company does not have Holding and Subsidiary Company and hence no information required to be furnished under Section 197(14) of the Companies Act, 2013.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report of the operations of your Company is provided in a separate Section of this Annual Report and forms part of the Report.

#### **CORPORATE GOVERNANCE**

As per Regulation 27 of the SEBI (LODR) Regulations, 2015, a report on Corporate Governance together with the Auditors Certificate regarding compliance of the conditions of Corporate Governance is forms part of this Report.

#### **DISCLOSURE UNDER SEXUAL HARASSEMENT OF WOMAN AT WORK PLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 (the ‘Said Act’) has been made effective from December 9, 2013. This Act is to provide protection against Sexual harassment and for matters connected therewith and incidental threto. The Company has constituted an Internal Compliant Committee (ICC) on 15th May 2014 as required by the said Act. The Company is strongly opposed to sexual harassment and employees are made aware about consequences of such acts and about the constitution of ICC.

During the year under review, no complaints were filed with the committee under the provisions of the said Act.

**UNCLAIMED AND UNPAID DIVIDENDS**

As on 31st March, 2016 as no amount lying in the unpaid dividends account of the Company.

**LISTING**

The Securities of your Company are listed with the National Stock Exchange of India Limited and BSE Limited, and pursuant to Regulation 14 of the SEBI (LODR) Regulations 2015, the Annual Listing fees for the year 2015-2016 have been paid to them well before the due date i.e. April 30,2016.

**INDUSTRIAL RELATIONS**

Your Company firmly believes that people are its most valued resource and their efficiency plays a key role in achieving defined goals and building a competitive work environment. Many initiatives have been taken to support business through organizational efficiency, process change support and various employee engagement programmes

which has helped the Organization achieve higher productivity levels. In its pursuit to attract, retain and develop best available talents, several programmes are regularly conducted at various levels across the Company. Employee relations continued to be cordial and harmonious across all levels and at all the units of the Company.

**ACKNOWLEDGEMENT**

The Directors place on record their sincere appreciation of the customers, suppliers and investors for the support extended. We also gratefully acknowledge the continued assistance and co-operation extended by Government authorities, financial institutions and banks to the Company.

The Directors wish hereby to place on record their appreciation of the efficient and loyal services rendered by each and every employee, without whom the growth of the Company is unattainable. Your Directors look forward to the long term future with confidence.

**By Order of the Board**

Coimbatore  
30.04.2016

**K. KARTHIK**  
Executive Director  
DIN: 06846794

**P. SHANMUGASUNDARAM**  
Director  
DIN: 00119411

**EXTRACT OF ANNUAL RETURN as on the financial year ended 31.03.2016  
[Pursuant to Section92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]**

**FORM NO. MGT - 9**

<b>1.</b>	<b>REGISTRATION AND OTHER DETAILS:</b>	
i)	CIN	L27310TZ2006PLC012830
ii)	Registration Date	07/06/2006
iii)	Name of the Company	LGB FORGE LIMITED
iv)	Category / Sub-Category of the company	Company having Share Capital
v)	Address of the Registered office and contact details	6/16/13 Krishnarayapuram Road, Ganapathy Post, Coimbatore - 641 006 Tel: 0422-2532325 Fax: 0422 - 2532333
vi)	Whether listed Company Yes / No	Yes
vii)	Name, Address and contact details of Registrar and Transfer Agent, if any	M/s.Cameo Corporate Services Limited "Subramanian Building" No.1, Club House Road Chennai - 600 002 Phone No. 044 - 28460390

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No	Name and Description of main products / services	NIC Code of the Products/ Service	% to total turnover of the Company
1.	Manufacture of Forging Components	25910	100%

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

Sl. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of Shares held	Applicable Section
		- NIL -			

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i) Category-wise Share Holding**

Category Code	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
(A)	Promoter and Promoter Group									
(1)	Indian									
(a)	Individuals/ Hindu Undivided Family	43146215	0	43146215	28.76	43096215	0	43096215	28.73	-0.03
(b)	Central Government/ State Government(s)	0	0	0	0	0	0	0	0	0.00
(c)	Bodies Corporate	53166395	0	53166395	35.45	53153195	0	53153195	35.44	0.01
(d)	Financial Institutions/ Banks	0	0	0	0	0	0	0	0	0.00
(e)	Any Other (specify)	0	0	0	0	0	0	0	0	0.00
	<b>Sub-Total (A)(1)</b>	<b>96312610</b>	<b>0</b>	<b>96312610</b>	<b>64.21</b>	<b>96249410</b>	<b>0</b>	<b>96249410</b>	<b>64.17</b>	<b>-0.04</b>
(2)	Foreign									
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0	0	0	0	0	0.00
(b)	Bodies Corporate	0	0	0	0	0	0	0	0	0.00
(c)	Institutions	0	0	0	0	0	0	0	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0	0	0	0	0	0.00
(e)	Any Other (specify)	0	0	0	0	0	0	0	0	0.00
	<b>Sub-Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>96312610</b>	<b>0</b>	<b>96312610</b>	<b>64.21</b>	<b>96249410</b>	<b>0</b>	<b>96249410</b>	<b>64.17</b>	<b>-0.04</b>
(B)	Public shareholding									
(1)	Institutions									
(a)	Mutual Funds/UTI	0	0	0	0	0	0	0	0	0.00
(b)	Financial Institutions/ Banks	16000	20	16020	0.01	16000	20	16020	0.01	0.00
(c)	Central Government/ State Government(s)	0	0	0	0	0	0	0	0	0.00
(d)	Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
(e)	Insurance Companies	0	0	0	0	0	0	0	0	0.00
(f)	Foreign Institutional Investors	3000	6500	9500	0.01	3000	6500	9500	0.01	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0.00
(h)	Qualified Foreign Investor	0	0	0	0	0	0	0	0	0.00
	Any Other (specify)	0	0	0	0	0	0	0	0	0.00
	<b>Sub-Total (B)(1)</b>	<b>19000</b>	<b>6520</b>	<b>25520</b>	<b>0.07</b>	<b>19000</b>	<b>6520</b>	<b>25520</b>	<b>0.02</b>	<b>0.00</b>



**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**
**i) Category-wise Share Holding (Contd.)**

Category Code	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
(2)	<b>Non-institutions</b>									
(a)	Bodies Corporate	3525217	13821	3539038	2.36	3608530	13821	3622351	2.41	0.05
(b)	Individuals -									
(i)	Individual shareholders holding nominal share capital up to ₹ 1 lakh.	27319984	3300383	30620367	20.41	32773293	3256823	36030116	24.02	3.61
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	14683019	109320	14792339	9.86	11009354	0	11009354	7.34	-2.52
(c)	Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
(d)	Any Other (specify)									
	NRIs/OCBs	347816	1860	349676	0.23	510984	1860	512844	0.34	0.11
	Clearing Member	90150	0	90150	0.06	73321	0	73321	0.05	-0.01
	Directors & Relatives	1728517	269100	1997617	1.33	377169	1000	378169	0.25	-1.05
	Hindu Undivided Families	2274234	0	2274234	1.52	2100466	0	2100466	1.40	-0.11
	Trusts	0	0	0	0	0	0	0	0.00	0.00
	<b>Sub-Total (B)(2)</b>	<b>49968937</b>	<b>3694484</b>	<b>53663421</b>	<b>35.77</b>	<b>50453117</b>	<b>3272504</b>	<b>53726621</b>	<b>35.82</b>	<b>0.08</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>49987937</b>	<b>3701004</b>	<b>53688941</b>	<b>35.79</b>	<b>50472117</b>	<b>3280024</b>	<b>53752141</b>	<b>35.83</b>	<b>0.04</b>
	<b>TOTAL (A)+(B)</b>	<b>146300547</b>	<b>3701004</b>	<b>150001551</b>	<b>100.00</b>	<b>146721527</b>	<b>3280024</b>	<b>150001551</b>	<b>100.00</b>	<b>0.00</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0	0	0	0	0.00
	Promoter and Promoter Group	0	0	0	0	0	0	0	0	0.00
	Public	0	0	0	0	0	0	0	0	0.00
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>146300547</b>	<b>3701004</b>	<b>150001551</b>	<b>100.00</b>	<b>146721527</b>	<b>3280024</b>	<b>150001551</b>	<b>100.00</b>	<b>0.00</b>

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

S. No.	Shareholders Name	No. of Shares held at the beginning of the year 01.04.2015			No. of Shares held at the end of the year 31.03.2016			% change in share holding during the year
		No. of Shares	% of total Share of the Company	a% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Share of the Company	% of Shares Pledged / encumbered to total shares	
1	B.Vijayakumar	15000000	10.00	0	15000000	10.00	0	0
2	Vijayshree Vijayakumar	1551000	1.03	0	1501000	1.01	0	-0.03
3	Vijayshree Vijayakumar	61250	0.04	0	61250	0.04	0	0
4	V.Rajsri	15000000	10.00	0	15000000	10.00	0	0
5	V.Rajvirdhan	10500000	7.00	0	10500000	7.00	0	0
6	K.Arjun	508520	0.34	0	508520	0.34	0	0
7	K.Nithin	507000	0.34	0	507000	0.34	0	0
8	Rajiv Parthasarathy	18445	0.01	0	18445	0.01	0	0
9	LG Balakrishnan & Bros Ltd	29000000	19.33	0	29000000	19.33	0	0
10	Elgi Automotive Services Private Ltd	8437950	5.63	0	8437950	5.63	0	0
11	LGB Auto Products Private Ltd	7158510	4.77	0	7158510	4.77	0	0
12	LG Farm Products Private Ltd	4657800	3.11	0	4657800	3.11	0	0
13	Super Speeds Private Ltd	1639235	1.09	0	1639235	1.09	0	0
14	LG Sports Ltd	520000	0.35	0	506800	0.34	0	-0.01
15	Super Transports Private Ltd	1725000	1.15	0	1725000	1.15	0	0
16	Silent chain India Private Ltd	18000	0.01	0	18000	0.01	0	0
17	Tribe Investments and Services Private Ltd	9900	0.01	0	9900	0.01	0	0
	<b>Total</b>	<b>96312610</b>	<b>64.21</b>	<b>0</b>	<b>96249410</b>	<b>64.17</b>	<b>0</b>	<b>-0.04</b>

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**
**iii) Change in Promoters' shareholding (Please specify, if there is no change)**

Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>1. Vijayshree Vijayakumar</b>				
At the Beginning of the year	1551000	1.03	1551000	1.03
Sale on 07.01.2016	(50000)	(0.03)	1501000	1.00
At the end of the year			1501000	1.00
<b>2. LG Sports Limited</b>				
At the Beginning of the year	520000	0.35	520000	0.35
Sale on 06.01.2016	(13200)	(0.01)	506800	0.34
At the end of the year			506800	0.34

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)**
**iv) Shareholding Pattern of Top Ten Shareholders (Other than directors, Promoters and Holders of GDRs and ADRs)**

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Sanjeev Vinodchandra Parekh JT 1: Daksha Sanjeev parekh				
	At the beginning of the year	1720454	1.15	1720454	1.15
	Purchase on 23.10.2015	1364715	0.91	3085169	2.06
	At the end of the year			3085169	2.06
2	Chandrika Vinodchandra Parekh JT 1 : Vinodchandra Mansukhlal Parekh				
	At the beginning of the year	1061091	0.71	1061091	0.71
	At the end of the year	1061091	0.71	1061091	0.71
3	Vinodchandra Mansukhlal Parekh JT 1: Sanjeev Vinodchandra Parekh				
	At the beginning of the year	1092169	0.73	1092169	0.73
	Sale on 25.12.2015	(55946)	0.04	1036223	0.69
	At the end of the year			1036223	0.69
4	Pranav Kumarpal Parekh JT 1: Sanjeev Vinodchandra Parekh				
	At the beginning of the year	744353	0.50	744353	0.50
	At the end of the year	744353	0.50	744353	0.50

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

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

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
5	Pushpa Mansukhlal Parekh JT 1: Sanjeev Vinodchandra Parekh At the beginning of the year At the end of the year	545000 545000	0.37 0.37	545000 545000	0.37 0.37
6	Daksha Sanjeev Parekh JT 1: Sanjeev Vinodchandra Parekh At the beginning of the year At the end of the year	510001 510001	0.34 0.34	510001 510001	0.34 0.34
7	Girija Sadanandam At the beginning of the year Purchase on 14.08.2015 Purchase on 30.10.2015 Purchase on 04.03.2016 Purchase on 18.03.2016 Purchase on 25.03.2016 At the end of the year	379214 4500 8500 22786 13228 24545	0.25 0.00 0.00 0.01 0.01 0.01	379214 383714 392214 415000 428228 452773 452773	0.25 0.25 0.25 0.26 0.27 0.30 0.30
8	Vasudeo Rajendra Deshprabhu JT 1: Pavitra Vasudeo Deshprabhu At the beginning of the year Purchase on 15.01.2016 At the end of the year	0 408761	0 0.27	0 408761 408761	0 0.27 0.27
9	R.Srinivasan At the beginning of the year At the end of the year	405960 405960	0.27 0.27	405960 405960	0.27 0.27
10	R.Srinivasan At the beginning of the year At the end of the year	108980 108980	0.07 0.07	108980 108980	0.07 0.07
11	R.Srinivasan At the beginning of the year At the end of the year	219960 219960	0.14 0.14	219960 219960	0.14 0.14
12	Padma Jitendra Parekh JT 1: Sanjeev Vinodchandra Parekh At the beginning of the year At the end of the year	400000 400000	0.26 0.26	400000 400000	0.26 0.26

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

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

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
13	Bharat Jamnadas Dattani				
	At the beginning of the year	436124	0.30	436124	0.30
	Sale on 10.07.2015	20000	0.01	416124	0.29
	Sale on 18.12.2015	25000	0.02	391124	0.27
	Sale on 25.12.2015	20000	0.01	371124	0.26
	At the end of the year 31.03.2016			371124	0.26
14	Arjun Parthasarathy				
	At the beginning of the year	1725862	1.15	1725862	1.15
	Sale on 10.04.2015	356000	0.24	1369862	0.91
	Sale on 17.04.2015	58383	0.04	1152479	0.87
	Sale on 17.07.2015	350000	0.23	802479	0.64
	Sale on 14.08.2015	154045	0.10	648434	0.54
	Sale on 11.12.2015	4755	0.00	643679	0.54
	Sale on 18.12.2015	375000	0.25	268679	0.29
	Sale on 25.12.2015	50000	0.03	218679	0.26
	Sale on 01.01.2016	20189	0.01	198490	0.25
	Sale on 08.01.2016	92076	0.06	106414	0.19
	At the end of the year 31.03.2016			106414	0.19
15	Viraj Sanjeev Parekh *				
	JT1: Sanjeev Vinodchandra Parekh				
	At the beginning of the year	1328354	0.88	1328354	0.88
	Sale on 16.10.2015	1328354	0.88	-	-
	At the end of the year 31.03.2016			-	-
16	Bharati Bharat Dattani *				
	JT1 : Bharat Jamnadas Dattani				
	At the beginning of the year	425560	0.28	425560	0.28
	Sale on 10.07.2015	20000	0.01	405560	0.27
	Sale on 18.12.2015	25000	0.02	380560	0.25
	Sale on 25.12.2015	24042	0.01	356518	0.24
	At the end of the year 31.03.2016			356518	0.24

**v) Shareholding of Directors and Key Managerial Personnel**

For Each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Sri.B.Vijayakumar	15000000	10.000	15000000	10.000
Sri.V.Rajvirdhan	10500000	7.000	10500000	7.000
Sri.Rajiv Parthasarathy	18445	0.012	18445	0.012
Sri K.Karthik	0	0	0	0
Sri.K.N.V Ramani	0	0	0	0
Sri.P.Shanmugasundaram	0	0	0	0
Sri.P.V.Ramakrishnan	0	0	0	0
Sri.Harsha Lakshmikanth	0	0	0	0
Ms.Aishwarya Rao	0	0	0	0
Sri.R.Ramakrishnan (CFO)	0	0	0	0
Sri.R.Ponmanikandaan (CS)	0	0	0	0

**V. INDEBTEDNESS**

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3176.44	2136.45	0.00	5312.89
ii) Interest due but not paid	1.13	0	0.00	1.13
iii) Interest accrued but not due	0.00	0	0.00	0.00
<b>Total (i+ii+iii)</b>	<b>3177.57</b>	<b>2136.45</b>	<b>0.00</b>	<b>5314.02</b>
Change in Indebtedness during the financial year				
Addition	0.00	217.54	0.00	217.54
Reduction	888.17	0.00	0.00	888.17
<b>Net Change</b>	<b>-888.17</b>	<b>217.54</b>	<b>0.00</b>	<b>-670.63</b>
Indebtedness at the end of the financial year				
i) Principal Amount	2,285.75	2,353.99	0.00	4,639.74
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	3.65	0.00	0.00	3.65
<b>Total (i+ii+iii)</b>	<b>2,289.40</b>	<b>2,353.99</b>	<b>0.00</b>	<b>4,643.39</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and / or Manager:**

₹ in Lakhs

Sl. No	Particulars of Remuneration	Sri. K. Karthik Executive Director
	Gross Salary	
1	(a) Salary as per provisions contained in Section17(1) of the Income Tax Act, 1961	10.21
(b)	Value of perquisites under Section17(2) Income Tax Act, 1961	0
	(c) Profits in lieu of salary under Section17(3) Income Tax Act, 1961	0
2	Stock Options	0
3	Sweat Equity	0
4	Commission	0
	- as % of profit	0
	- others, specify....	0
5	Others, please specify	
	i. Deferred bonus (pertaining to the current Financial year payable in 2018)	
	ii. Retirals	0
	<b>Total (A)</b>	<b>10.21</b>

Note: Remuneration includes Salaries and Allowances and Contribution to Provident Fund.

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**B. Remuneration to other Directors:**

## 1. Independent Directors

Name of Directors	Particulars of Remuneration			Total (B)(1)
	Fee for attending Board / committee Meetings	Commission	Others, please specify	
Sri. K.N.V. Ramani	16,000	-	-	16,000
Sri. P. Shanmugasundaram	20,000	-	-	20,000
Sri. P.V. Ramakrishnan	20,000	-	-	20,000
Sri. Harsha Lakshmikanth	12,000	-	-	12,000
Ms. Aishwarya Rao	12,000	-	-	12,000
<b>Total Amount in Rupees</b>	<b>80,000</b>	<b>-</b>	<b>-</b>	<b>80,000</b>

**2. Non Executive Directors**

Name of Directors	Particulars of Remuneration			Total (B)(2) in Rupees	Total (B) = (B)(1) + (B)(2)
	Fee for attending Board / committee Meetings	Commission	Others, please specify		
Sri. B. Vijayakumar	16,000	-	-	16,000	
Sri. V.Rajvirdhan	4,000	-	-	4,000	
Sri. Rajiv Parthasarathy	15,000	-	-	15,000	
<b>Total Amount in Rupees</b>	<b>35,000</b>	<b>-</b>	<b>-</b>	<b>35,000</b>	

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

Sl. No	Particulars of Remuneration	Sri. R. Ramakrishnan Chief Financial Officer	Sri. R. Ponmanikandan Company Secretary*	Total Amount ₹ in Lakhs
	Gross Salary			
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	7.00	1.90	8.90
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify....	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>7.00</b>	<b>1.90</b>	<b>8.90</b>

\*Sri.R. Ponmanikandan appointed as Company Secretary on 29<sup>th</sup> October 2015.



**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

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

By Order of the Board

Coimbatore  
30.04.2016

**K. KARTHIK**  
Executive Director  
DIN: 06846794

**P. SHANMUGASUNDARAM**  
Director  
DIN: 00119411

**FORM NO.MR-3  
SECRETARIAL AUDIT REPORT**

**For The Financial Year Ended 31<sup>st</sup> March, 2016**

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(appointment and Remuneration of Managerial Personnel) Rules, 2014)

To

The Members,  
LGB Forge Limited,  
CIN : L27310TZ2006PLC012830  
NO 6/16/13, Krishnarayapuram Road,  
Ganapathy Post, Coimbatore-641006

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

b. SEBI (Prohibition of Insider Trading) Regulations, 2015

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **LGB Forge Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended March 31, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities contracts (Regulation) Act, 1956('SCRA') and rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:

- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- d. The Securities and Exchange Board of India (Issue and Listing of Debt Securities ) Regulations, 2008;
- e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;

I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

**I further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.



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

**I further report that** based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of quarterly compliance reports by respective department heads and Company Secretary taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes and

control mechanism exist in the Company to monitor and ensure compliance with applicable Laws.

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

- (i) Public / Rights / Preferential Issue of shares / Debentures / Sweat Equity etc.
- (ii) Redemption / buy-back of securities
- (iii) Major decisions taken by the members in pursuance of Section 180 of the Companies Act, 2013
- (iv) Merger / amalgamation / reconstruction, etc.
- (v) Foreign technical collaborations

Place : Coimbatore  
Date : 30.04.2016

**P. ESWARAMOORTHY**  
Company Secretary in Practice  
FCS:7069 C.P.NO:6510

#### **ANNEXURE A TO SECRETARIAL AUDIT REPORT**

To

The Members,  
LGB Forge Limited,  
CIN : L27310TZ2006PLC012830  
NO 6/16/13, Krishnarayapuram Road,  
Ganapathy Post, Coimbatore-641006

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively are the responsibilities of the management of the Company. My responsibility is to express an opinion on these secretarial records, systems, standards and procedures based on audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test

basis to ensure the correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Coimbatore  
Date : 30.04.2016

**P. ESWARAMOORTHY**  
Company Secretary in Practice  
FCS:7069 C.P.NO:6510

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**  
[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

**A. CONSERVATION OF ENERGY**

**(i) the steps taken or impact on conservation of energy**

Steps have been initiated to ensure the better power consumption. Results are expected in next financial year.

**(ii) the steps taken by the Company for utilising alternate sources of energy**

No alternate source of energy was used during the financial year under review.

**(i) the capital investment on energy conservation equipment**

No specific investment made during the financial year on energy conservation equipment.

**(B) TECHNOLOGY ABSORPTION**

**(i) the efforts made towards technology absorption**

In house research and development activities have been initiated.

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

Continuous value engineering activities is currently being undertaken for improving profitability.

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

- |   |   |     |
|---|---|-----|
| a. the details of technology imported :   | } | NIL |
| b. the year of import :   |   |     |
| c. Whether the technology been fully absorbed:                                  |   |     |
| d. If not fully absorbed, areas where has not taken place, and reasons thereof; |   |     |

**(iv) the expenditure incurred on Research and Development**

Research and development expenditure during the year amounts to ₹ 16.00 Lakhs.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign Exchange earnings	: ₹ 1154.96 Lakhs
Foreign Exchange used	: ₹ 95.17 Lakhs

By Order of the Board

Coimbatore  
30.04.2016

**K. KARTHIK**  
Executive Director  
DIN: 06846794

**P. SHANMUGASUNDARAM**  
Director  
DIN: 00119411

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

1. Ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year ended 31 March, 2016 ₹ in Lakhs

Sl. No	Director	Category	Remuneration	Median Remuneration	Ratio
1	Sri.B.Vijayakumar	Non-Executive Promoter	-	-	-
2	Sri.V.Rajvirdhan	Non-Executive Promoter	-	-	-
3	Sri.Rajiv Parthasarathy	Non-Executive Promoter	-	-	-
4	Sri K.Karthik	Executive Director	10.21	1.98	5.05 : 1
5	Sri.K.N.V Ramani	Non-Executive -Independent	-	-	-
6	Sri.P.Shanmugasundaram	Non- Executive Independent	-	-	-
7	Sri.P.V.Ramakrishnan	Non-Executive Independent	-	-	-
8	Sri.Harsha Lakshmikanth	Non- Executive Independent	-	-	-
9	Ms.Aishwarya Rao	Non- Executive Independent	-	-	-

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

2. Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year

Sl. No.	Director	Category	% increase
1	Sri.B.Vijayakumar	Non-Executive Promoter	N.A
2	Sri.V.Rajvirdhan	Non-Executive Promoter	N.A
3	Sri.Rajiv Parthasarathy	Non-Executive Promoter	N.A
4	Sri K.Karthik	Executive Director	0.00
5	Sri.K.N.V Ramani	Non-Executive Independent	N.A
6	Sri.P.Shanmugasundaram	Non-Executive Independent	N.A
7	Sri.P.V.Ramakrishnan	Non-Executive Independent	N.A
8	Sri.Harsha Lakshmikanth	Non-Executive Independent	N.A
9	Ms.Aishwarya Rao	Non-Executive Independent	N.A

**Company Secretary & CFO**

1.	Sri.R.Ramakrishnan	Chief Financial Officer	Not Applicable
2.	Sri.R.Ponmanikandan	Company Secretary	Not Applicable since appointed during the year.
3.	Sri.G.Karthik	Company Secretary	Not Applicable since resigned during the year.
4.	Percentage increase in the median remuneration of employees in the financial year.		15.22%
5.	Number of permanent employees on the rolls of Company as on 31 <sup>st</sup> March, 2016.		395
6.	Explanation on the relationship between average increase in remuneration and Company performance	There is no direct relationship between the average increase in remuneration and Company performance. Increments are linked to the cost of living index and Market Compensation	

7.	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	The Key Managerial Personnel were Collectively paid a remuneration of ₹ 18.90 lakhs for the financial year 2015-16. This represents 0.21% of total turnover of the Company. The Company believes that the Key Managerial personnel have been compensated commensurate with their Knowledge, experience and contributions; The remuneration paid to the KMP does not impact the Company's performance significantly.
8.	Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.	<ol style="list-style-type: none"> <li>1. Variation in Market Capitalization Market Capitalization as at 31<sup>st</sup> March 2015 - 95.40 Crores. Market Capitalization as at 31<sup>st</sup> March 2016- 83.55 Crores</li> <li>2. Variation in Price Earning (PE) Ratio PE Ratio as at 31<sup>st</sup> March 2015 is 0. PE Ratio as at 31<sup>st</sup> March 2016 is 0.</li> <li>3. Percentage increase in the market quotation of the Shares of the Company in comparison to the rate at which the Company came out with last Public Offer: 218%</li> </ol>
9.	Average Percentile increase already made in the salaries of employees other than Managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase of managerial remuneration.	Not Applicable. Since there is no increase of Managerial remuneration in the last financial year.
10.	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	Covered in Clause 6 above.
11.	Key parameters for any variable component of remuneration availed by the directors	<p><b>Non Executive Directors:</b> The Company does not pay any variable component of remuneration to Non-Executive Directors as they are paid only sitting fees for attending the Meetings.</p> <p><b>Executive Directors:</b> The Company does not pay any variable component of remuneration to Executive Director. The remuneration payable to Executive Director is fixed and approved by the Members.</p>
12.	Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	1 : 1.2
13.	Affirmation that the remuneration is as per the remuneration policy of the company	Your Directors affirm that the remuneration is as per the remuneration policy of the Company.

By Order of the Board

**K. KARTHIK**  
Executive Director  
DIN: 06846794

**P. SHANMUGASUNDARAM**  
Director  
DIN: 00119411

Coimbatore  
30.04.2016

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

During the financial year forging industry is likely to see a marginal increase in production compared to the previous year based on the expected growth in the automotive sector. The non-automotive sector is expected to continue in the existing pattern.

**OPPORTUNITIES:**

During the Year 2015-16, Your Company had utilized the opportunities to grow and has grown by 10%. The Company is pursuing the cost reductions initiated in 2014-15 and this is helping the Company to become adept in terms of cost structure.

Indian Auto Industry has started showing initial signs of recovery during the financial year 2015-16 and your Company catering to Auto industry has shown growth of 10%. With the Government policies expected to remain stable and fiscal policies expected to become flexible during the year in terms of lower lending rates, your Company expects good growth opportunities in the coming years.

**THREATS AND RISK & CONCERNS:**

The overall power situation, increasing power cost, labour cost and consumables cost will pose a threat to the Indian forging Industry.

Higher level of Automation will become order of the day and your company will strive to focus on these areas to remain competitive in the Market. Hot forging division relying on power is located in Karnataka and will be potentially exposed to risk of power fluctuation in line with existing scenario in the state as the state is depend on Hydro Power. The projected normal monsoon is expected to ease the situation in 2016-17.

**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 auditor 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 31<sup>st</sup> March 2016 was 395.

**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.

By Order of the Board

**K. KARTHIK**  
Executive Director  
DIN: 06846794

**P. SHANMUGASUNDARAM**  
Director  
DIN: 00119411

Coimbatore  
30.04.2016

**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			Directorship <sup>(A)</sup> / Mandatory Committee <sup>(B)</sup> Memberships		
		No. of Board Meetings held during the year <sup>(1)</sup>	No. of Board Meetings attended	Last AGM Attendance	Directorship in Public Companies <sup>(D)</sup>	Membership of mandatory committees <sup>(C)</sup>	Chairmanship of mandatory committees <sup>(C)</sup>
Sri. B. Vijayakumar Chairman	Non- Executive Promoter	4	4	Yes	7	3	0
Sri. V. Rajvirdhan Vice Chairman	Non-Executive Promoter	4	1	No	4	1	0
Sri. Rajiv Parthasarathy	Non- Executive Promoter	4	3	Yes	2	0	0
Sri. K. Karthik Executive Director	Executive Non-Independent	4	4	Yes	1	0	0
Sri. K.N.V. Ramani	Non- Executive Independent	4	3	No	6	2	0
Sri. P.Shanmugasundaram	Non- Executive Independent	4	3	Yes	2	2	2
Sri. P.V. Ramakrishnan	Non- Executive Independent	4	4	Yes	1	2	1
Sri. Harsha Lakshmikanth	Non- Executive Independent	4	2	No	3s	1	0
Ms.Aishwaraya Rao	Non- Executive Independent	4	2	Yes	1	0	0

<sup>(1)</sup> excluding the separate meeting of independent directors, in which non independent directors were not eligible to participate.

<sup>(A)</sup>Directorship in foreign companies and <sup>(A)</sup>membership in governing councils, chambers and other bodies are not included.

<sup>(B)</sup>Mandatory committees are the committees prescribed under the Listing Agreement i.e. Audit Committee and stakeholder relationship committee of public companies.

<sup>(C)</sup>Including LGB Forge Limited.

<sup>(D)</sup>Private Companies which is subsidiary of public Company is considered as a public company.

Also, a separate meeting of Independent Directors was held on 16<sup>th</sup> March 2016 which was attended by all the Independent Directors.



As per the disclosures received from the Directors, none of the Directors serve as member of more than 10 committees nor are they Chairman / Chairperson of more than 5 Committees, as per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Familiarisation programme for Independent Directors**

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

#### **2.1 Details of the Board meetings held during the financial year 2015 - 2016**

The Board met four times during the Financial Year 2015 - 2016 on 30<sup>th</sup> April 2015, 30<sup>th</sup> July 2015, 29<sup>th</sup> October 2015 and 27<sup>th</sup> January 2016.

### **3. Audit Committee**

The Board has constituted a well-qualified Audit Committee. They possess sound knowledge on accounts, audit, finance, taxation, internal controls etc.

#### **3.1 Composition & Meetings**

During the financial year ended 31<sup>st</sup> March 2016, four Audit Committee Meetings were held on 29<sup>th</sup> April 2015, 29<sup>th</sup> July 2015, 28<sup>th</sup> October 2015 and 25<sup>th</sup> January 2016. The necessary quorum was present at these meetings.

#### **Composition**

The composition of the Audit Committee and the details of meetings attended by the Members are as follows.

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

Name of the Member	Category	Designation	No of Meetings Attended
Sri. P. Shanmugasundaram	Independent Non Executive	Chairman	4
Sri. P.V. Ramakrishnan	Independent Non Executive	Member	4
Sri. Harsha Lakshmikanth	Independent Non Executive	Member	0
Sri. Rajiv Parthasarathy	Non Executive Director	Member	3

Executive Director, Chief Financial Officer, Statutory Auditors and Internal Auditors are the permanent invitees of the Audit Committee and the Company Secretary attended the meetings as Secretary of the Committee.

#### **3.2 Terms of Reference:-**

The terms of reference of the Audit Committee are as per the guidelines set out in the SEBI (LODR) Regulations, 2015 read with Section 177 of the Companies Act, 2013. These broadly includes (i) Develop an annual plan for Committee (ii) review of financial reporting processes, (iii) review of risk management, internal control and governance processes, (iv) discussions on quarterly, half yearly and annual financial statements, (v) interaction with statutory, internal and cost auditors, (vi) recommendation for appointment, remuneration and terms of appointment of auditors and (vii) risk management framework concerning the critical operations of the Company.

### **4. Nomination and Remuneration Committee**

#### **4.1 Terms of reference.**

In compliance with Section 178 of the Companies Act, 2013 and regulation 19 of the LODR Nomination and Remuneration Policy has been formulated.

#### 4.2 Composition and Attendance at the Meeting

The Company currently does not have any stock option scheme.

Name of the Member	Category	Designation
Sri. K.N.V. Ramani	Independent Non Executive	Chairman
Sri. P. Shanmugasundaram	Independent Non Executive	Member
Sri. P.V. Ramakrishnan	Independent Non Executive	Member
Sri.V.Rajvirdhan	Non Executive Director	Member

#### 4.3 Remuneration Policy

##### A. Remuneration policy to Directors.

The Committee has formulated Policy for Remuneration of Directors, KMP and other employees. As per the policy, remuneration to Non-executives and Independent Directors entitled for sitting fees for attending meetings of the Board as well as Committees of the Board has decided by the Board within the limits prescribed under the Companies Act.

Further, as per the policy, remuneration to Executive Directors shall be fair and reasonable after taking into account, level of skill, knowledge and core competence of individual, functions, duties and responsibilities and other factors laid down in the policy.

##### B. Remuneration policy to Key Managerial Personnel (KMP) and Senior Management.

The Compensation of Key Managerial Personnel (KMP) and Senior Management person shall be approved by the Nomination and Remuneration Committee. The Compensation of a KMP and Senior Management personnel is done keeping in consideration of the prevailing market value of resources, criticality of their role and responsibilities.

#### 4.4 Details of Remuneration paid to Directors during the financial year 2015-2016

##### a. Remuneration paid/payable to the Executive Directors for the financial year ended March 31, 2016 is given as under :

Name of Directors	Service Contract	Salary & Allowances <sup>(1)</sup> ₹ in Lakhs	Commission	Employees Stock Option Plan	Total ₹ in Lakhs
Sri.S. Karthik Executive Director	Appointed for a period of 3 years with effect from 01.02.2014.	10.21	0	Nil	10.21

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

##### b. Remuneration paid/payable to Independent Directors and Non-Executive Director for the financial year ended March 31, 2016 is given as under

The Independent Directors and Non-Executive Director 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:

In ₹

Name of Directors	Sitting Fees	Commission	Employees Stock Option Plan	Total
Sri.B.Vijayakumar	16000	-	-	16000
Sri.V.Rajvirdhan	4000	-	-	4000
Sri.Rajiv Parthasarathy	15000	-	-	15000
Sri.P.Shanmugasundaram	20000	-	-	20000
Sri.KNV Ramani	16000	-	-	16000
Sri.P.V.Ramakrishnan	20000	-	-	20000
Sri.Harsha Lakshmikanth	12000	-	-	12000
Ms.Aishwarya Rao	12000	-	-	12000
<b>Total</b>	<b>115000</b>	<b>-</b>	<b>-</b>	<b>115000</b>

c) Statement showing number of Equity Shares of ₹ 1/-each of the Company held by the present Non- Executive Directors as on March 31, 2016 :

Name	No. of shares held as on 31.03.2016	% of Holding
Sri. B. Vijayakumar	15,000,000	10.00
Sri.V.Rajvirdhan	10,500,000	7.00
Sri. K.N.V. Ramani	-	-
Sri. P. Shanmugasundaram	-	-
Sri. P.V. Ramakrishnan	-	-
Sri. Harsha Lakshmikanth	-	-
Sri. Rajiv Parthasarathy	18,445	0.01
Ms. Aishwarya Rao	-	-

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

The Company has not given any stock option scheme during the year.

#### 4.5. Performance evaluation of Directors

The Nomination and Remuneration Committee of the Board laid down the criteria for performance evaluation of the Board and Independent Directors. The Board carried out the annual performance evaluation of Board Committees and the Independent Directors, whereas at a separate meeting, Independent Directors evaluated the performance of Executive Director, Board as a whole and of the Chairman. Nomination and Remuneration Committee also evaluated individual directors' performance.

##### (A) Performance Evaluation of the Board as whole:

Evaluation Criteria for evaluation of Board inter alia covers: Composition in light of business complexities and statutory requirements; Establishment of vision, mission, objectives and values of the Company; Laying down strategic road map for the Company and annual business plans; growth attained by the Company; providing leadership and directions to the Company and employees.

##### (B) Performance Evaluation of Executive Director:

Evaluation Criteria for Executive Director inter alia includes: level of skill, knowledge and core competence;

performance and achievement vis-à-vis budget and operating plans. Effectiveness towards ensuring the statutory compliances; discharging duties/responsibilities towards all stakeholders; reviewing/monitoring executive management performance, adherence to ethical standards and of integrity and probity.

**(C) Performance Evaluation of Independent Directors:**

Evaluation Criteria of Independent Directors based on the objectivity & constructivity while exercising duties; providing independent judgment on strategy, performance, risk management and Board deliberations; attendance and active participation in Board and Committees; devotion of sufficient time for informed decision making; exercising duties in bona fide manner; safeguarding interest of all the stakeholders;

**(D) Performance Evaluation of Chairman**

Evaluation criteria for Chairman inter alia includes : providing guidance and counsel in strategic matters; providing overall directions to the Board towards achieving Company’s objectives; effectiveness towards ensuring statutory compliances; maintaining the critical balance between the views of different board members; ensuring maximum participation and contribution by each board member; monitoring effectiveness of Company’s governance practices; conducting Board and Shareholders meetings in effective and orderly manner etc;

**(E) Performance Evaluation of Committees**

Evaluation criteria for Committees inter alia includes: effectiveness in discharging the duties and functions conferred; setting up and implementing the various policies, procedures and plans, effective use of Committee’s powers as per the terms of the reference, periodicity of meetings; attendance and participation of committee members; providing strategic guidance to the Board on various matters coming under the committee’s purview etc.

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

**5. Stakeholders’ Relationship Committee:**

In compliance with Section 178 of the Companies Act, 2013 and regulation 20 of the SEBI (LODR), Regulations 2015, entered into with stock exchanges, Stakeholders Relationship committee has been formulated.

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

**5.1 Composition of the Committee**

Stakeholders’ Relationship Committee consists of the following Directors.

During the year under review, the Committee met 17 times to deliberate on various matters referred above.

**5.2 Name and Designation of Compliance officer.**

Sri.R.Ponmanikandan, Company Secretary, acts as Secretary to the Committee. He is the Compliance Officer of the Company and also responsible for Redressal of investors complaints.

**5.3 Details of Complaints received from the Shareholders and pending complaints.**

The Company has been receiving various correspondences from shareholders and required information/documents are furnished immediately to the satisfaction of shareholders. At the beginning of the year, no complaint was pending. During the year ended 31<sup>st</sup> March, 2016, the Company received no complaint from investors and also no investor complaint was pending on 31<sup>st</sup> March 2016.

Pursuant to Regulation 13 of SEBI (LODR) Regulations 2015, a certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practising Company Secretary has been submitted to the Stock Exchanges within stipulated time.

**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**
**7.1 Location / time/ Special resolution Details of the last 3 AGMs are given under:**

Year	Date	Time	Venue	Special Resolution passed
2013	08.08.2013	09.15 A.M.	Ardra," Kaanchan, 9, North Huzur Road, Coimbatore- 18	Re - appointment of Sri V. Rajvirdhan as an Executive director.
2014	09.07.2014	09.00 A.M.	Ardra," Kaanchan, 9, North Huzur Road, Coimbatore- 18	Appointment of Sri.P.Shanmugasundaram as Independent Director of the Company for a term upto 8 <sup>th</sup> July 2019
				Appointment of Sri.K.N.V Ramani as Independent Director of the Company for a term up to 8 <sup>th</sup> July 2019
				Appointment of Sri.P.V.Ramakrishnan as Independent Director of the Company for a term up to 31 <sup>st</sup> August 2019
				Appointment of Sri.Harsha Lakshmikanth as Independent Director of the Company for a term up to 31 <sup>st</sup> August 2019
				Appointment of Sri.K.Karthik as Executive Director of the Company for the period of Three Years w.e.f. 1.02.2014
				Alteration of Clause 43 of the Articles of Association of the Company
				To authorize Board of Directors to enter into contracts and/or agreements with the related parties as defined under the Companies Act, 2013.
2015	10.09.2015	09.00 A.M.	Ardra," Kaanchan, 9, North Huzur Road, Coimbatore- 18	To authorize Board of Directors to enter into contracts and/or agreements with M/s. L.G.Balakrishnan & Bros Limited and M/s. L.G.B. Auto Products Private Limited being the related Parties as defined under the Companies Act, 2013.

No Extra -Ordinary General Meeting of shareholders was held during the year.

**8. Disclosures****8.1 Related Party Transactions**

All transactions entered into with Related Parties as defined under the applicable provisions of Companies Act, 2013 and the Listing Regulations during the financial year were in the ordinary course of business and on an arms length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website

**8.2 Compliances by the Company**

The Company has followed all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 while preparing Financial Statements.

There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company at large.

No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

During the year ended 31<sup>st</sup> March, 2016, the Company does not have any material listed/unlisted subsidiary companies in terms of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Company has formulated a Policy for determining 'material' subsidiaries which has been put up on the website of the Company at <http://www.lgbforge.co.in>. The Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated under Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

**8.3 Code of Conduct for Directors and Senior Management**

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 31<sup>st</sup> March 2016. The Company's Executive Director's declaration to this effect is as follows.'

**8.4 CEO / CFO certification**

Executive Director and CFO of the Company have certified to the Board with regard to the compliance made by them in terms of Regulation 17(8) and 33(2)(a) of SEBI (Listing and Disclosure Obligations), Regulations, 2015, a certificate forms part of Annual Report.

**8.5 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, 2013

**8.6 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 regulations.

Company has a Nomination and Remuneration Committee comprises of Four Non-executive directors.

## **9. Whistle Blower Policy**

The Board of Directors of the Company has adopted a Whistle Blower Policy for establishing a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The said policy has been posted on the Company's website.

## **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) Financial Results**

The Quarterly, Half yearly and Annual Results of the Company are available on the website of the Company [www.lgbforge.co.in](http://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](mailto: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 scheduled to be held at 09.00 A.M. on Thursday the 14th July, 2016 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 2016, results were announced on 30.04.2016

### **Financial Year - 2015-16**

Quarter ending June 2016 - End of July 2016\*

Quarter ending September 2016 - End of October 2016\*

Quarter ending December 2016 - End of January 2017\*

Year ended 31.03.2017 - End of April 2017\*

\* Tentative

c. Date of Book Closure - 08.07.2016 to 14.07.2016 (both days inclusive)

d. Listing on Stock Exchanges - The Shares of the Company are listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

e. Stock Code / Symbol - BSE : 533007

- NSE : LGBFORGE

f. ISIN Number - Equity : INE201J01017

g. Listing Fees to Stock Exchanges - The Company has paid the Listing Fees for the financial year 2015-2016 to the above Stock Exchanges.

**MARKET PRICE DATA:**

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

**Stock market data for the year 2015-2016**

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

	NSE			BSE		
	High (₹)	Low (₹)	Quantity	High (₹)	Low (₹)	Quantity
April - 2015	7.30	5.60	2,808,889	7.30	5.61	1,407,925
May	6.25	5.00	1,027,784	6.20	5.02	372,759
June	5.50	4.50	751,896	5.35	4.53	323,451
July	7.75	4.75	7,096,509	7.64	4.80	3,347,090
August	8.10	5.25	3,584,581	8.10	5.20	1,983,505
September	6.70	4.75	999,376	6.17	4.80	501,857
October	6.50	5.05	1,331,855	6.40	5.05	555,771
November	5.80	5.00	788,150	5.99	5.00	228,645
December	9.40	5.05	8,141,324	9.30	5.12	3,762,450
January - 2016	9.20	6.00	4,407,729	9.12	5.95	2,078,773
February	6.65	4.80	1,319,929	6.67	4.84	540,027
March	6.20	5.10	1,826,734	6.12	5.00	517,458

(Source: BSE and NSE Web site)

Range	No. of Holders	No. of Shares	% of Shares
1 - 100	3728	242,937	0.16
101 - 500	5294	1,763,493	1.18
501 - 1000	2980	2,620,884	1.75
1001 - 2000	1863	3,018,822	2.01
2001 - 3000	729	1,920,950	1.28
3001 - 4000	440	1,600,798	1.07
4001 - 5000	431	2,074,079	1.38
5001 - 10000	757	5,803,942	3.87
10001 - and above	743	130,955,646	87.30
<b>Total</b>	<b>16965</b>	<b>150,001,551</b>	<b>100.00</b>

**9.4 Distribution of Shareholding as on 31<sup>st</sup> March, 2016**

Sl. No.	Category	No. of Share holders	No. of Shares held	% to paid-up capital
1	Promoters and promoters group	17	96,249,410	64.17
2	Financial Institutions, Banks	2	16,020	0.01
3	Insurance Companies	0	0	0
4	Foreign Institutional Investors / NRI / OCB	87	522,344	0.34
5	Bodies Corporate	349	3,695,672	2.46
6	Public	16,510	49,518,105	33.02
	<b>Total</b>	<b>16,965</b>	<b>150,001,551</b>	<b>100.00</b>

**Pattern of Shareholding as on 31<sup>st</sup> March 2016**



**9.5 Dematerialization of Shares as on 31<sup>st</sup> March, 2016.**

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	134,212,994	89.47
Central Depository Services (India) Limited	12,508,533	8.34
Physical	3,280,024	2.19
<b>Total</b>	<b>150,001,551</b>	<b>100.00</b>

**9.2. Registrar & Transfer Agents**

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

**9.9. Compliance Officer Details**

**R. Ponmanikandan**  
 Company Secretary

6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore- 641 006  
 Phone : 0422 - 3911199 Fax : 0422 - 3911163 E-Mail : r.ponmanikandan@lgb.co.in

**9.3 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 Stakeholders Relationship committee which meets as and when required.

For shares held in dematerialised form, kindly contact your depository participant with whom your demat account is held.

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

-Nil-

**15. 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.

**16. 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, 2016.

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

**17. 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.

**18. Address for Correspondence**

**R. Ponmanikandan**  
Company Secretary  
6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore- 641 006  
Phone : 0422 - 3911199 Fax : 0422 - 3911163 E-Mail : r.ponmanikandan@lgb.co.in

**19. Plant Locations**

<b>1. Cold Forging Unit</b> K.Palayam Plant, Pillaiyar Kovil Street, Near Power House, Kondayampalayam, Kottaipalayam(Post), Coimbatore-641110 TamilNadu	<b>2. Hot Forging Unit</b> Mysore Plant, Plot 80 & 81, 5 <sup>th</sup> Mile, KRS Road, Metagalli Post, Mysore-570016 Karnataka.
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**20. CEO and CFO Certification**

The Executive Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) read with part B of the Schedule II of the Listing Regulations. The Executive Director and the Chief Financial Officer of the Company also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of Listing Regulations.

**21 Declaration on Code of Conduct.**

To

The Members of LGB Forge Limited

In accordance with Regulation 26 of SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2015 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 31<sup>st</sup> March, 2016.

Place : Coimbatore  
Date : 30.04.2016-

**K. KARTHIK**  
Executive Director  
DIN : 06846794



**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

To

The Members of LGB Forge Limited

I have examined all the relevant records of **LGB Forge Limited** (“the Company”) for the purpose of certifying compliance of the conditions of the Corporate Governance stipulated under Clause 49 of the Listing Agreement & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31<sup>st</sup> March, 2016. 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 & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place : Coimbatore  
Date : 30.04.2016

**CS.P.Eswaramoorthy**  
Company Secretary in Practice  
5<sup>th</sup> Street, Ramalinga Jothi Nagar,  
Near Corporation Office, Nanjundapuram Road,  
Ramanathapuram, Coimbatore-641045  
FCS No.6510, C.P.No.7069

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**INDEPENDENT AUDITORS' REPORT****To the Members of LGB Forge Limited****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, 2016, the Statement of Profit and Loss, 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**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act.

Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 auditors' 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, its loss and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

- (1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company does not have any pending litigations which would impact its financial position;
  - (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Coimbatore  
30.04.2016

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

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**ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of LGB FORGE LIMITED on the financial statements for the year ended 31.03.2016]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, the fixed assets of the Company have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its assets.
- (c) The title deeds of immovable properties recorded in the books of account of the  
  
Company are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the year.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (iv) Based on information and explanation given to us the Company has not granted/made loans, investments, guarantees and securities within the provisions of Section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products

where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

- (vii) (a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it.

**AND**

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us, there are no dues with respect to income tax, sales tax, service tax, value added tax, customs duty, excise duty, which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution(s), bank(s), government(s) or dues to debenture holder(s).
- (ix) According to the information and explanations given to us, the money raised by way of term loans have been applied by the Company for the purposes for which those are raised.
- (x) 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 by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.

- (xi) As per the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) As per the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections

177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) Based on the information and explanation given to us the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Coimbatore  
30.04.2016

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

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**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of LGB Forge Limited on the financial statements for the year ended 31-03-2016]

**Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of LGB Forge Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide

reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of



unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Coimbatore  
30.04.2016

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

**BALANCE SHEET AS AT 31st MARCH, 2016**

Particulars	Note No.	AS AT 31.03.2016 (₹ in lakhs)	AS AT 31.03.2015 (₹ in lakhs)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	1,500.02	1,500.02
(b) Reserves and surplus	3	(588.66)	(354.94)
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	800.00	750.00
(b) Long-term provisions	5	-	6.10
<b>3 Current liabilities</b>			
(a) Short-term borrowings	6	1,285.75	1,426.44
(b) Trade payables		1,835.26	1,767.54
(c) Other current liabilities	7	697.58	1,354.66
(d) Short-term Provision	8	24.80	9.28
Total		<u>5,554.75</u>	<u>6,459.10</u>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>1 (a) Fixed assets</b>			
(i) Tangible assets		1,161.11	1,466.01
(ii) Intangible assets		4.33	5.96
(b) Long-term loans and advances	10	96.49	110.61
<b>2 Current assets</b>			
(a) Inventories	11	1,501.92	1,648.68
(b) Trade receivables	12	2,725.91	3,169.73
(c) Cash and cash equivalents	13	3.69	9.01
(d) Short-term loans and advances	14	61.30	49.10
Total		<u>5,554.75</u>	<u>6,459.10</u>

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

For and on Behalf of the Board

**K. KARTHIK**  
Executive Director  
DIN: 06846794

**P. SHANMUGASUNDARAM**  
Director  
DIN: 00119411

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

Coimbatore  
30.04.2016

**R. RAMAKRISHNAN**  
Chief Financial Officer

**R. PONMANIKANDAN**  
Company Secretary  
Membership No. 40886

**C.S. SATHYANARAYANAN**  
Membership No. 028328  
Partner

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2016**

PARTICULARS	Note No.	YEAR ENDED	YEAR ENDED
		31.03.2016	31.03.2015
		₹ in lakhs	₹ in lakhs
I. Income			
Revenue from operations (Gross)	15	9,784.79	8,880.84
Less: Excise duty		955.02	864.58
Revenue from operations (Net)		8,829.77	8,016.26
II. Other income	16	87.76	246.91
<b>III. Total Revenue (I + II)</b>		<b>8,917.53</b>	<b>8,263.17</b>
IV. Expenses:			
a. Cost of materials consumed	17	4,350.44	3,934.90
b. Changes in inventories of finished goods and work-in-progress	18	76.32	(50.95)
c. Employee benefits expense	19	1,180.64	1,021.03
d. Finance costs	20	374.82	427.00
e. Depreciation, amortization and Impairment Expenses	21	349.71	390.45
f. Other expenses	22	3,030.90	2,741.85
<b>Total Expenses</b>		<b>9,362.83</b>	<b>8,464.28</b>
<b>V. Profit /(Loss) before exceptional items and tax (III-IV)</b>		<b>(445.30)</b>	<b>(201.11)</b>
VI. Exceptional items (refer Note no.35)		211.55	187.32
<b>VII. Profit / (Loss) before tax (V - VI)</b>		<b>(233.75)</b>	<b>(13.79)</b>
VIII. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
<b>IX. Profit / (Loss) for the year (VII - VIII)</b>		<b>(233.75)</b>	<b>(13.79)</b>
X Earnings per equity share:	23		
(1) Basic		(0.16)	(0.01)
(2) Diluted		(0.16)	(0.01)

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

For and on Behalf of the Board

**K. KARTHIK**  
Executive Director  
DIN: 06846794

**P. SHANMUGASUNDARAM**  
Director  
DIN: 00119411

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

Coimbatore  
30.04.2016

**R. RAMAKRISHNAN**  
Chief Financial Officer

**R. PONMANIKANDAN**  
Company Secretary  
Membership No. 40886

**C.S. SATHYANARAYANAN**  
Membership No. 028328  
Partner

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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016**

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**1 Corporate Information**

LGB Forge Limited was incorporated on 07.06.2006. The Company is into manufacturing of Cold and Hot forged components and has its manufacturing unit at Coimbatore, Tamilnadu and Mysore, Karnataka. The Company concentrates in manufacturing high volume Auto, Electrical & Transmission forged components for automobiles, non automotive segments like Valve Industry and infrastructure equipment industry including machining for customers in automotive, off-road and non-automotive segments.

**2 SIGNIFICANT ACCOUNTING POLICIES****i. Basis of preparation**

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) and comply in all material respects with the accounting standards specified under Section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 and Impairment**

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

d) Depreciation on tangible assets has been provided on Straight line method at useful lives specified in the Schedule II of the Companies Act, 2013. Where the cost of part of the asset is significant to the total cost of asset and if the part of the asset has a different useful life than the main asset, useful life of that part is determined separately for depreciation. Intangible assets, being computer software, are amortized as depreciation over a period of 3 years.

e) As at each balance sheet date, the carrying values of tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable value of the asset is estimated in order to determine the extent of impairment loss. An impairment loss is charged to Statement of Profit and Loss in the year in which an asset/ group of assets is identified as impaired.

**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 and Scrap.
- 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.
- d) Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

**vi. Foreign Currency Transactions**

- a) Foreign currency transactions are recorded at exchange rates prevailing on the date of such transaction.
- b) Foreign currency monetary 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. 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.

**viii. 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.

**ix. 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 virtual certainty that sufficient future income will be available against which such deferred tax assets can be realized.

**x. 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.

**xi. 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.

**xii. Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes if any) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares (if any) are treated as a fraction of an equity share 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 number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and consolidation of shares if any. For the purpose of calculating diluted earnings per share, the net profit or loss

for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**xiii. 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.

**xiv. Cash and Cash equivalents**

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transaction of a 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 the balance sheet comprise of cash at bank and in hand and short term, highly liquid investments having a original maturity of less than 3 months and that is 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 2016**
**EQUITY AND LIABILITIES**
**SHAREHOLDERS' FUNDS**
**2. SHARE CAPITAL**

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	In numbers	₹ in lakhs	In numbers	₹ in lakhs
<b>Authorised</b>				
3,00,000 Redeemable Preference shares of ₹ 100/- each (PY: 3,00,000 Redeemable Preference shares of ₹ 100/- each)	300,000	300.00	300,000	300.00
17,00,00,000 Equity Shares of ₹ 1/- each (PY: 17,00,00,000 Equity shares of ₹ 1/- each)	170,000,000	1,700.00	170,000,000	1,700.00
		2,000.00		2,000.00
<b>Issued</b>				
15,00,01,551 Equity Shares of ₹ 1/- each (PY: 15,00,01,551 Equity shares of ₹ 1/- each)	150,001,551	1,500.02	150,001,551	1,500.02
<b>Subscribed &amp; Fully paid up</b>				
15,00,01,551 Equity Shares of ₹ 1/- each (PY: 15,00,01,551 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 distribution 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, 2016 and March 31, 2015.**

Equity shares (Issued Capital)	As at 31.03.2016		As at 31.03.2015	
	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

**c. Details of Shareholders holding more than 5% shares in the Company :**

S. No.	Name of Shareholder	Equity Shares			
		As at 31 March 2016		As at 31 March 2015	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	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.Vijayakumar 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.

**Notes to Financial Statements for the year ended 31st March 2016**
**3 RESERVES & SURPLUS**

Description	AS AT	
	31.03.2016 (₹ in lakhs)	31.03.2015 (₹ in lakhs)
Capital Reserves (A)	2,898.85	2,898.85
Securities Premium Account (B)	875.01	875.01
<b>Surplus</b>		
Opening balance	(4,128.77)	(3,999.44)
(+) Net Profit / (Net Loss) for the current year	(233.75)	(13.79)
(-) Depreciation as per transitional provision in Note 7 (b) of Schedule II of Companies Act, 2013	-	(115.57)
Closing Balance (C)	(4,362.52)	(4,128.77)
<b>Total (A+B+C)</b>	<b>(588.66)</b>	<b>(354.94)</b>

**NON-CURRENT LIABILITIES**
**4 LONG TERM BORROWINGS**

PARTICULARS	₹ in lakhs			
	Non-Current Portion		Current maturities	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
<b>Secured</b>				
(a) Term loans				
From banks				
- ICICI Bank Limited	-	750.00	-	1,000.00
- Bajaj Finance Limited	800.00	-	200.00	-
<b>Amount disclosed under the head "Other Current Liabilities - Current maturities of Long term debt" (Note no 7)</b>		-	(200.00)	(1000.00)
Net Amount	800.00	750.00	-	-

Rupee term loan from Bajaj Finance Limited carries interest at 12.50% p.a. floating rate, payable on monthly basis. The loan is repayable in quarterly installments of ₹ 50 lakhs each.

The loan is secured by way of deposit of title deeds in respect of :  
Factory Land and Building at No. 80 & 81, 5th Mile, Matagalli post, KRS road, Mysore, Karnataka and a charge on all Movable Fixed Assets of the Company both present and future.



**Notes to Financial Statements for the year ended 31st March 2016**
**5 LONG TERM PROVISIONS**

₹ in lakhs

PARTICULARS	As at 31.03.2016	As at 31.03.2015
Provision for Gratuity (refer Note No.33)	-	6.10
<b>Total</b>	<b>-</b>	<b>6.10</b>

**CURRENT LIABILITIES**
**6 SHORT TERM BORROWINGS**

Secured		
(a) Loans repayable on demand from banks		
IDBI Bank Ltd. - Short term loans	150.00	150.00
IDBI Bank Ltd - Packing Credit	402.12	377.71
Bajaj Finance Limited - Short term loans	500.00	-
(b) Cash Credit Loan from banks		
- Axis Bank Ltd	59.49	293.34
- ICICI Bank Ltd	159.11	504.53
- IDBI Bank Ltd	15.03	100.86
<b>Total</b>	<b>1,285.75</b>	<b>1,426.44</b>

**Notes to Financial Statements for the year ended 31st March 2016**
**6 SHORT TERM BORROWINGS (Contd.)**

- i. Working Capital/ Cash Credit loan from Axis Bank carries interest @ 12.65% 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 ICICI Bank carries interest @ 11.85 % 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 bank (viz., Axis bank).
- iii. Working Capital/Cash Credit loan from IDBI bank carries interest @ 13.50% p.a. 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.
- iv. Packing Credit facility from IDBI Bank carries interest @ 11.75% p.a. and is secured by pari pasu first charge over the current assets of the Company. Collateral second pari pasu charge over the fixed assets of the Company except those that are exclusively charged to term lenders.
- v. The above loans are further secured by Corporate Guarantee of L.G. Balakrishnan & Bros. Ltd.
- vi. Working Capital Demand Loan from Bajaj Finance Limited is secured by way of deposit of title deeds in respect of : Factory Land and Building at No. 80 & 81, 5th Mile, Matagalli post, KRS Road, Mysore, Karnataka and a charge on all Movable Fixed Assets of the Company both present and future.

**7 OTHER CURRENT LIABILITIES**

₹ in lakhs

PARTICULARS	As at 31.03.2016	As at 31.03.2015
(a) Current maturities of long-term debt (refer note no.4 "Long term borrowings")	200.00	1,000.00
(b) Interest accrued but not due on loans	3.65	1.13
(c) Employee Benefit Expenses	109.01	91.24
(d) Advance received from Customers	17.15	26.89
(e) Statutory dues	37.61	43.01
(f) Expense payable	321.35	161.95
(g) Amount payable to related parties (Refer note No.29)	8.81	30.44
<b>Total</b>	<b>697.58</b>	<b>1,354.66</b>

**8 SHORT TERM PROVISIONS**

(a) Provision for Gratuity (Refer note No.33)	8.40	9.28
(b) Claims & Damages	16.40	-
<b>Total</b>	<b>24.80</b>	<b>9.28</b>

**Notes to Financial Statements for the year ended 31st March 2016**
**NON CURRENT ASSETS**
**9 - FIXED ASSETS**

(₹ in Lakhs)

Fixed Assets	GROSS BLOCK				ACCUMULATED DEPRECIATION					NET BLOCK		
	Balance as at 01.04.2015	Additions	Deductions	Balance as at 31.03.2016	Balance upto 31.03.2015	Depreciation charge for the year	Transfer to Retained Earnings	Provision for Impairment Loss	Deductions/Withdrawal	Balance as at 31.03.2016	Balance as at 31.03.2016	Balance as at 31.03.2015
<b>a</b> Tangible Assets (Not Under Lease)												
Land	88.49	-	8.46	80.03	-	-	-	-	-	-	80.03	88.49
Buildings	132.82	1.36	-	134.18	79.13	2.27	-	-	-	81.40	52.78	53.69
Plant and Machinery	6,554.48	50.03	73.63	6,530.88	5,353.21	287.81	-	32.00	73.63	5,599.39	931.49	1,201.27
Furniture and Fixtures	43.85	-	-	43.85	38.75	1.40	-	-	-	40.15	3.70	5.10
Vehicles	32.01	-	-	32.01	15.88	1.93	-	-	-	17.81	14.20	16.13
Office equipment	11.48	3.11	-	14.59	7.50	1.56	-	-	-	9.06	5.53	3.98
Data Processing machine	66.78	-	-	66.78	60.46	2.18	-	-	-	62.64	4.14	6.32
Electrical installation	283.74	0.45	-	284.19	226.73	13.20	-	-	-	239.93	44.29	57.01
Pipeline fitting	36.88	-	-	36.88	32.33	0.40	-	-	-	32.73	4.15	4.55
Lab equipment	55.06	3.24	8.14	50.16	34.35	3.66	-	-	1.60	36.41	13.74	20.71
Fire equipment	3.04	-	-	3.04	2.95	-	-	-	-	2.95	0.09	0.09
Canteen Equipments	2.18	-	-	2.18	2.09	-	-	-	-	2.09	0.09	0.10
Tools & Die sets	364.43	-	-	364.43	355.86	1.67	-	-	-	357.53	6.90	8.57
<b>Total</b>	7,675.24	58.19	90.23	7,643.20	6,209.24	316.08	-	32.00	75.23	6,482.09	1,161.11	1,466.01
<b>b</b> Intangible Assets												
Computer Software	41.32	-	-	41.32	35.36	1.63	-	-	-	36.99	4.33	5.96
<b>Total</b>	41.32	-	-	41.32	35.36	1.63	-	-	-	36.99	4.33	5.96
<b>Total</b>	7,716.56	58.19	90.23	7,684.52	6,244.60	317.71	-	32.00	75.23	6,519.08	1,165.44	1,471.97
Previous Year	8,392.49	130.89	806.83	7,716.56	6,450.64	390.45	115.57	-	712.06	6,244.60	1,471.97	1,941.85

**Notes to Financial Statements for the year ended 31st March 2016**
**NON CURRENT ASSETS**
**10 LONG TERM LOANS AND ADVANCES**

₹ in lakhs

PARTICULARS	As at 31.03.2016	As at 31.03.2015
<b>a. Capital Advances</b>		
Unsecured, considered doubtful	5.97	5.97
Less: Provision for doubtful advances	(5.97)	-
	-	5.97
<b>b. Security Deposits</b>		
Unsecured, considered good	72.21	72.21
	72.21	72.21
<b>c. Other loans &amp; advances</b>		
Tax payments pending Adjustment	24.28	32.43
	24.28	32.43
<b>Total</b>	<b>96.49</b>	<b>110.61</b>

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

<b>a. Raw Materials and components</b>	<b>796.07</b>	<b>843.20</b>
	796.07	843.20
<b>b. Work-in-progress</b>	<b>361.16</b>	<b>425.58</b>
	361.16	425.58
<b>c. Finished goods</b>		
Internally Manufactured	151.30	163.20
	151.30	163.20
<b>d. Stores and spares</b>	<b>94.36</b>	<b>91.65</b>
	94.36	91.65
<b>e. Loose Tools</b>	<b>99.03</b>	<b>125.05</b>
	99.03	125.05
<b>Total</b>	<b>1,501.92</b>	<b>1,648.68</b>

**12 TRADE RECEIVABLES**

Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	109.25	129.11
Unsecured, considered doubtful	42.11	-
Less: Provision for doubtful debts	(42.11)	-
	109.25	129.11
<b>Others</b>		
Unsecured, considered good	2,616.66	3,040.62
<b>Total</b>	<b>2,725.91</b>	<b>3,169.73</b>

**Notes to Financial Statements for the year ended 31st March 2016**
**13 CASH AND CASH EQUIVALENTS**

₹ in lakhs

PARTICULARS	As at 31.03.2016	As at 31.03.2015
a. Balances with banks	1.91	8.34
b. Cash on hand	1.78	0.67
	<b>3.69</b>	<b>9.01</b>

**14 SHORT-TERM LOANS AND ADVANCES**
**UNSECURED CONSIDERED GOOD**

Prepaid expenses	11.65	9.76
Loans to employees - staff advances	3.66	4.47
Balance with statutory / government authorities	42.04	23.79
Advance to Creditors	3.95	11.08
<b>Total</b>	<b>61.30</b>	<b>49.10</b>

**15 REVENUE FROM OPERATIONS:**

₹ in lakhs

PARTICULARS	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
<b>Revenue from operations (Gross)</b>		
Sale of Products - Finished Products		
Domestic	8,073.49	7,322.41
Export	1,243.11	1,089.55
	<b>9,316.60</b>	<b>8,411.96</b>
Sale of services	9.46	4.16
<b>Other operating revenue</b>		
Scrap Sales	458.73	464.72
<b>Revenue from operations (Gross)</b>	<b>9,784.79</b>	<b>8,880.84</b>
Less:		
Excise duty	955.02	864.58
<b>Revenue from operations (Net)</b>	<b>8,829.77</b>	<b>8,016.26</b>
<b>Details of products sold</b>		
<b>Manufactured Goods</b>		
Cold forged components	2,656.39	2,312.86
Press components	4,964.39	3,973.04
Hammer components	1,695.82	2,126.06
<b>Total</b>	<b>9,316.60</b>	<b>8,411.96</b>
<b>Details of Services rendered</b>		
Cold forged components - Job receipts	0.61	2.10
Hammer components - Job receipts	7.35	2.06
Press components - Job receipts	1.50	-
<b>Total</b>	<b>9.46</b>	<b>4.16</b>

**Notes to Financial Statements for the year ended 31st March 2016**
**16 OTHER INCOME**

₹ in lakhs

PARTICULARS	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
Interest Income	7.83	7.24
Profit on sale of assets (Net)	2.08	121.67
Export Incentives	58.42	104.93
Foreign Exchange Gain (Net)	17.05	13.07
Advances written back	2.38	-
<b>Total</b>	<b>87.76</b>	<b>246.91</b>

**17 COST OF RAW MATERIALS AND COMPONENTS CONSUMED**

Inventory at the beginning of the year	843.20	1,010.59
Add: Purchases	4,303.31	3,767.51
	5,146.51	4,778.10
Less: Inventory at the end of the year	796.07	843.20
Cost of raw material consumed	4,350.44	3,934.90
<b>Details of Raw materials and components consumed</b>		
Rods, Coils & Bars	4,350.44	3,934.90
<b>Total</b>	<b>4,350.44</b>	<b>3,934.90</b>

**18 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS**

₹ in lakhs

PARTICULARS	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015	(Increase) / Decrease
<b>Details of changes in Inventory</b>			
Inventory at the end of the year			
Work in Progress	361.16	425.58	64.42
Finished Goods	151.30	163.20	11.90
<b>Total</b>	<b>512.46</b>	<b>588.78</b>	<b>76.32</b>
Inventory at the beginning of the year			
Work in Progress	425.58	408.81	(16.77)
Finished Goods	163.20	129.02	(34.18)
<b>Total</b>	<b>588.78</b>	<b>537.83</b>	<b>(50.95)</b>
<b>(Increase)/decrease in Inventories</b>	<b>76.32</b>	<b>(50.95)</b>	

**Notes to Financial Statements for the year ended 31st March 2016**
**19 EMPLOYEE BENEFITS EXPENSES**

₹ in lakhs

PARTICULARS	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
(a) Salaries, wages and bonus	1012.75	872.65
(b) Managerial Remuneration	10.21	12.28
(c) Contributions to - Provident and other fund	89.04	78.99
(d) Staff welfare expenses	68.64	57.11
<b>Total</b>	<b>1,180.64</b>	<b>1,021.03</b>

**20 FINANCE COST**

Interest expense	345.07	417.84
Other borrowing costs	29.75	9.16
<b>Total</b>	<b>374.82</b>	<b>427.00</b>

**21. Depreciation, Amortisation & Impairment**

Depreciation & Amortisation	317.71	390.45
Provision for Impairment	32.00	-
<b>Total</b>	<b>349.71</b>	<b>390.45</b>

**22 OTHER EXPENSES**

Consumption of Stores & Spares	309.58	302.89
Consumption of loose tools	228.15	234.60
Processing Charges	725.77	655.25
Power & Utilities	699.26	709.79
Printing & Stationery	16.60	16.41
Postage, Telegram and Telephone	13.20	16.34
Rent on building	38.85	39.12
Rental charges on machinery	1.23	4.63
Rates, taxes and Licence	23.57	11.99
Insurance	11.39	9.97
Travelling & Conveyance	75.55	74.56
Advertisement, Publicity & Sales Promotion	1.48	1.57
Directors' Sitting Fees	1.22	1.26
Professional Charges, training fees	12.14	17.06
Miscellaneous Expenses	5.61	5.54
Selling & Distribution expenses	290.74	263.20
Claims & Damages	71.20	0.93
Packing Material	84.13	64.36
Bank Charges	30.80	32.56

**Notes to Financial Statements for the year ended 31st March 2016**
**22 OTHER EXPENSES (Contd.)**

₹ in lakhs

PARTICULARS	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
<b>Repairs and maintenance</b>		
Machinery	172.44	144.01
Building	22.86	16.13
Others	103.85	80.54
Watch & ward expenses	38.05	33.59
Auditor's Remuneration	5.15	5.55
Provision for bad & doubtful debts /Advances	48.08	-
<b>Total</b>	<b>3,030.90</b>	<b>2,741.85</b>
<b>Auditor's Remuneration (exclusive of Service Tax)</b>		
<b>Payments to the Auditor as</b>		
a. for statutory audit	3.35	3.35
b. for taxation matters	1.80	2.15
c. for other services	-	0.05
<b>Total</b>	<b>5.15</b>	<b>5.55</b>
<b>23 EARNINGS PER SHARE</b>		
Profit/(Loss) after taxation as per		
Statement of Profit & Loss	(233.75)	(13.79)
Number of equity shares outstanding	1,500.02	1,500.02
Basic & Diluted Earnings per share in rupee		
(Face value of ₹ 1 per share)	(0.16)	(0.01)

24 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.

25 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.

**26 Micro, Small and Medium Enterprises**

There are no amounts payable to Micro, Small and Medium Enterprise as at 31st March 2016. 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.

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

**28 CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)**

₹ in lakhs

PARTICULARS	As at 31.03.2016	As at 31.03.2015
a Guarantee given by Bankers and outstanding	140.00	75.00
b Claim anticipated towards termination of employee challenged by appeal	2.97	-
c Letter of Credits	661.43	324.48
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 2016**
**29. RELATED PARTY DISCLOSURES (As identified by the Management and relied upon by Auditors)**

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

i. Key Management Personnel

Sri. K. Karthik
-----------------

ii Relatives of Key Management Personnel - Sri. K. Karthik

Sri. V. Kalyanasundaram	Sri. Bharathi Sriram	Ms. K. Kirtika Kalyan
Smt. K. Anuradha	Sri. Eshwar K Srivats	

iii. Others Companies

a. L.G. Balakrishnan & Bros Ltd	h. Super Transports Private Ltd
b. Elgi Automotive Service (P) Ltd	i. Silent Chain India Private Ltd
c. L.G.B Auto Products (P) Ltd	j. BCW V Tech India Private Ltd
d. LG Farm Products (P) Ltd	k. South Western Engineering India Ltd
e. L.G. Balakrishnan & Bros - Karur	l. Tribe Investments and Services Private Ltd
f. LG Sports Ltd	m. Renold Chain India Private Ltd
g. Super Speeds Private Ltd	

Transactions during the year with related parties / Key Managerial Personnel are as under :

₹ In Lakhs

Nature of Transactions	Others	Relatives of Key Managerial Personnel	Key Managerial Personnel	Total 2015-16	Total 2014-15
Managerial Remuneration	-	-	10.21	10.21	12.28
ICD loan - Opening Balance	-	-	-	-	16.17
Loan payments	-	-	-	-	16.17
ICD loan - Closing Balance	-	-	-	-	-
Interest Payments	-	-	-	-	0.74
Rent Payment	39.20	-	-	39.20	38.99
DEPB Licence sold	22.91	-	-	22.91	62.07
Purchase of Power, Spares, Processing, Conversion, Service charges payments	243.16	-	-	243.16	191.72
Sales of Power, Stores, Materials and Service charges	409.30	-	-	409.30	481.91

**Notes to Financial Statements for the year ended 31st March 2016**

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 2015-16	Total 2014-15
Purchase of assets	-	-	-	-	9.63
Sales of Assets	220.00	-	-	220.00	240.79
Lease Charges Payments	-	-	-	-	4.40
Amount Payable as on Closing date	8.81	-	-	8.81	30.44

**30. Expenditure in Foreign Currency** (₹ in Lakhs)

	31.03.2016	31.03.2015
Travelling	2.61	1.15
Others	49.67	3.77
	52.28	4.92

**31. Value of Imports calculated on CIF basis in respect of**

Stores and Spare Parts	42.89	0.69
	42.89	0.69

(₹ in Lakhs)

Particulars of Consumption	Imported		Indigenous		Total	
	2015 - 16	2014 - 15	2015 - 16	2014 - 15	2015 - 16	2014 - 15
Raw Materials (Including Expenses)						
Value	-	-	4,350.44	3,934.10	4,350.44	3,934.10
Percentage	-	-	100.00	100.00	100.00	100.00
Stores & Spares (Including Expenses)						
Value	42.89	0.69	494.84	536.80	537.73	537.49
Percentage	7.98	0.13	92.02	99.87	100.00	100.00
Packing Materials						
Value	-	-	84.13	64.34	84.13	64.34
Percentage	-	-	100.00	100.00	100.00	100.00

**32. Earnings in Foreign Exchange**

PARTICULARS	2015 - 16 (₹ in Lakhs)	2014 - 15 (₹ in Lakhs)
On account of Export of Goods at FOB value	1,154.96	1,022.64

**33 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	31.03.16	31.03.15			
1 Principal Actuarial Assumptions (Expressed as weighted averages)					
Discount Rate	7.95%	7.83%			
Salary Escalation	8.00%	8.00%			
2 Table Showing changes in present value of obligation As on 31.03.2016					
Present value of obligations as at the beginning of year	63.99	49.84			
Interest cost	4.90	3.69			
Current Service Cost	8.55	8.42			
Benefits Paid	(4.60)	(5.25)			
Actuarial (gain) / loss on obligations	(2.73)	7.29			
Present value of obligations as at end of the year	70.11	63.99			
3 Table Showing changes in fair value of plan assets As on 31.03.2016					
Fair value of plan assets at the beginning of the year	48.61	49.61			
Expected return on plan assets	4.23	3.46			
Contributions	13.67	1.01			
Benefits Paid	(4.60)	(5.25)			
Actuarial (gain) / loss on plan assets	(0.21)	(0.21)			
Fair value of plan assets at the end of the year	61.70	48.61			
4 Actuarial Gain / Loss recognized As on 31.03.2016					
Actuarial (gain) / loss on obligations	(2.73)	7.29			
Actuarial (gain) / loss for the year - plan assets	0.21	0.21			
Total gain/loss for the year	(2.52)	7.50			
Actuarial (gain) / loss recognized in the year	(2.52)	7.50			
5 The amounts recognized in the balance sheet					
Present value of obligation as at the end of the year	70.11	63.99			
Fair value of plan assets as at the end of the year	61.71	48.61			
Net assets / (liability) recognized in balance sheet	(8.40)	(15.38)			
6 Expenses Recognised in statement of Profit and Loss					
Current Service Cost	8.55	8.42			
Interest Cost	4.90	3.69			
Expected return on plan assets	(4.23)	(3.46)			
Net Actuarial (gain) / loss recognized in the year	(2.52)	7.50			
Expenses recognised in statement of Profit and Loss	6.70	16.15			
7 Amount for the current period					
Present Value of the Obligation	70.11	63.99			
Plan Assets	61.71	48.61			
Surplus/Deficit	(8.40)	(15.38)			
Experience adjustments on plan Liabilities	(2.73)	7.29			
Experience adjustments on plan Assets	0.21	0.21			
8 Amount for the current period and comparative 4 periods as required under para 120(n):					
	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Present Value of the Obligation	70.11	63.99	49.84	48.73	43.85
Plan Assets	61.71	48.61	49.81	53.48	42.59
Surplus/Deficit	(8.40)	(15.38)	(0.23)	4.75	11.41
Experience adjustments on plan Liabilities	(2.73)	7.29	(1.43)	0.62	3.94
Experience adjustments on plan Assets	0.21	0.21	(0.54)	(0.61)	0.13

**34 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: ₹ in Lakhs

PARTICULARS	31.03.2016	31.03.2015
Within one year	10.45	39.12
After one year but not more than five years	-	49.24
More than five years	-	-

35 Profit on sale of land (₹ 211.55 Lakhs) at Pillaiappampalayam has been shown under exceptional items.

**36 Unhedged foreign currency exposure :**

PARTICULARS	Amount in USD		Amount in INR	
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
Trade Receivables	994,410	858,896	65,962,132	53,758,301
Advance from Customers	7,614	-	505,055	-
Trade Payables	2,752	6,825	182,553	427,177
Packing credit facility	606,219	603,469	40,212,292	37,771,125

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

For and on Behalf of the Board

**K. KARTHIK**  
Executive Director  
DIN: 06846794

**P. SHANMUGASUNDARAM**  
Director  
DIN: 00119411

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

Coimbatore  
30.04.2016

**R. RAMAKRISHNAN**  
Chief Financial Officer

**R. PONMANIKANDAN**  
Company Secretary  
Membership No. 40886

**C.S. SATHYANARAYANAN**  
Membership No. 028328  
Partner

<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016</b>				
<b>PARTICULARS</b>	<b>31.03.2016</b>		<b>31.03.2015</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before Tax and Extraordinary items	<b>(233.75)</b>		<b>(13.79)</b>	
Adjustments for:				
Depreciation & Impairment	<b>349.71</b>		<b>390.45</b>	
Interest paid/other Finance Charges	<b>374.82</b>		<b>427.00</b>	
Interest Income	<b>(7.83)</b>		<b>(7.24)</b>	
(Profit)/Loss on sale of Asset (including exceptional items)	<b>(213.63)</b>	<b>503.07</b>	<b>(308.99)</b>	<b>501.22</b>
Operating Profit before working capital changes	<b>269.32</b>		<b>487.43</b>	
Changes in Working capital				
Trade and other receivables	<b>443.82</b>		<b>(455.01)</b>	
Inventories	<b>146.76</b>		<b>148.35</b>	
Trade payable	<b>67.73</b>		<b>582.07</b>	
Other Current Liabilities	<b>(657.08)</b>		<b>(39.47)</b>	
Short term provisions	<b>15.52</b>			
Loans and advance	<b>1.92</b>		<b>(178.33)</b>	
Other Current Assets	<b>-</b>	<b>18.66</b>	<b>-</b>	<b>57.61</b>
Cash generated from operations	<b>287.99</b>		<b>545.04</b>	
Direct Taxes paid	<b>-</b>		<b>-</b>	
Net Cash from operating activities (A)	<b>287.99</b>		<b>545.04</b>	
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	<b>(58.18)</b>		<b>(130.89)</b>	
Sale of fixed assets	<b>228.65</b>		<b>403.71</b>	
Interest received	<b>7.83</b>		<b>7.24</b>	
Net Cash used in investing activities (B)	<b>178.30</b>		<b>280.06</b>	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Long term loans received / ( Repaid)	<b>50.00</b>		<b>(1032.73)</b>	
Long Term Provisions	<b>(6.10)</b>		<b>5.87</b>	
Working Capital Borrowings	<b>(140.69)</b>		<b>634.28</b>	
Interest paid	<b>(374.82)</b>		<b>(427.00)</b>	
Net Cash from financing activities (C)	<b>(471.61)</b>		<b>(819.58)</b>	
D. Net increase / (decrease) in Cash and Cash Equivalents (A)+(B)+(C)	<b>(5.32)</b>		<b>5.52</b>	
Cash and Cash Equivalents as at 01.04.2015 and 01.04.2014(Opening Balance)	<b>9.01</b>		<b>3.49</b>	
Cash and Cash Equivalents as at 31.03. 2016 and 31.03.2015 (Closing Balance) - ( refer Note No.13)	<b>3.69</b>		<b>9.01</b>	

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

For and on Behalf of the Board

**K. KARTHIK**  
Executive Director  
DIN: 06846794

**P. SHANMUGASUNDARAM**  
Director  
DIN: 00119411

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

Coimbatore  
30.04.2016

**R. RAMAKRISHNAN**  
Chief Financial Officer

**R. PONMANIKANDAN**  
Company Secretary  
Membership No. 40886

**C.S. SATHYANARAYANAN**  
Membership No. 028328  
Partner

## 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

### 10<sup>th</sup> 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 10<sup>th</sup> ANNUAL GENERAL MEETING of the Company held on **Thursday, July 14th, 2016 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 2015-16 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 2015-16 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*
160601007	Folio No. / Client ID	PAN Number / Bank Account No / Date of Birth

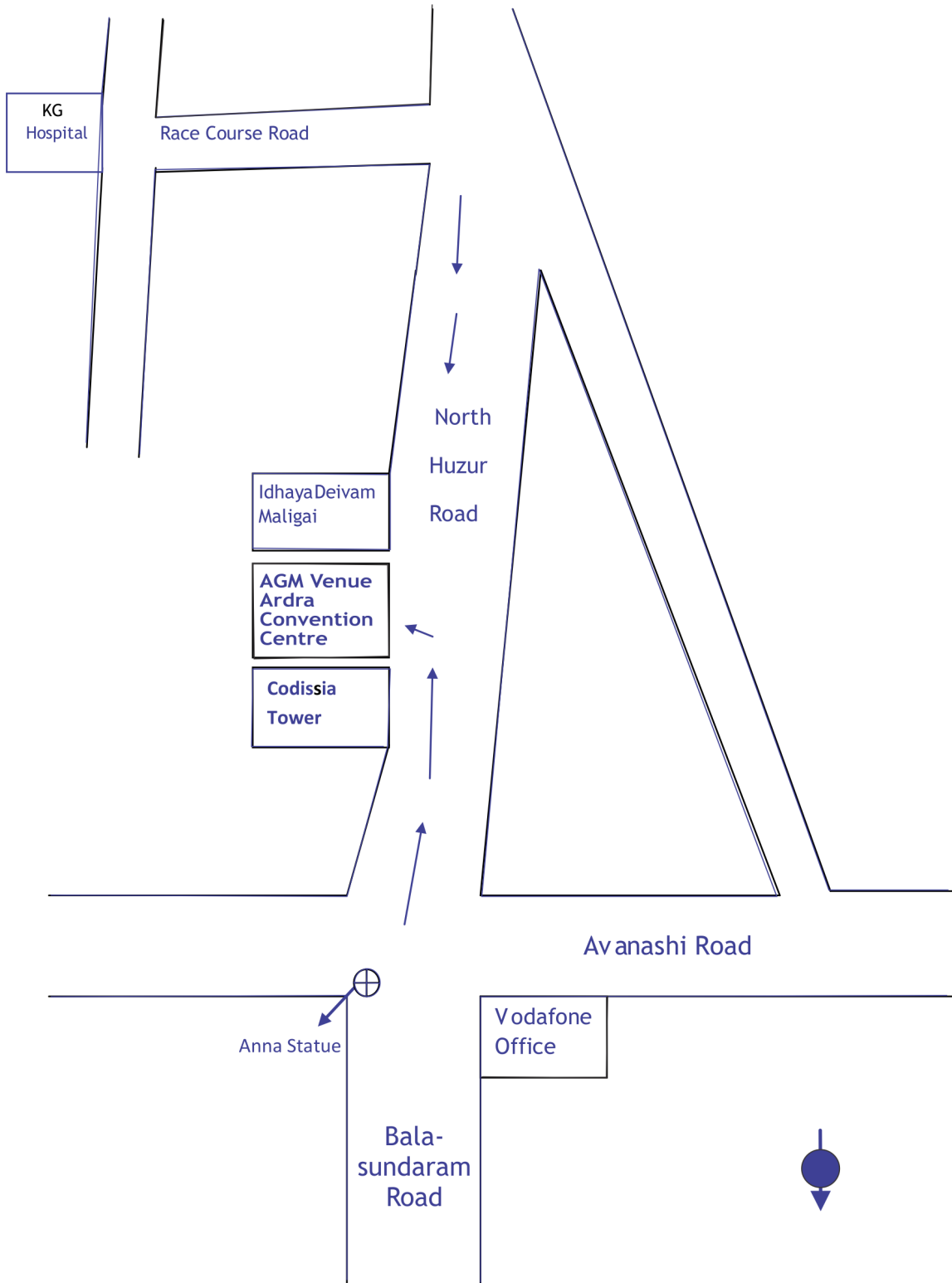
\* Physical Shareholders who does not have PAN should enter No. of Shares they hold as their password if they prefer to exercise e-voting.

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

Commencement of e-voting	End of e-voting
Monday, 11 <sup>th</sup> July, 2016 (from 9.00 A.M)	Wednesday, 13 <sup>th</sup> July, 2016 (upto 5.00 P.M)

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

# Route map of AGM Venue



**PROXY FORM**

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



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**10<sup>th</sup> ANNUAL GENERAL MEETING  
14th July, 2016**

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 10<sup>th</sup> Annual General Meeting of the Company, to be held on **Thursday, July 14, 2016 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
<b>Ordinary Business</b>	
1	To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2016 together with the Reports of the Board of Directors and Auditors thereon.
2	To appoint a Director in place of Sri. Rajiv Parthasarathy (DIN 02495329), who retires by rotation and being eligible, seeks re-appointment.
3	Appointment of Statutory Auditor

Signed this ..... day of ..... 2016

Affix  
Revenue  
Stamp not  
less than  
₹ 1/-

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 10<sup>th</sup> Annual General Meeting

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](mailto:info@lgb.co.in) Web site : [www.lgbforge.co.in](http://www.lgbforge.co.in)