



## L.G. BALAKRISHNAN & BROS LIMITED

<b>BSE Limited</b> <b>Phiroze Jeejeebhoy Towers,</b> <b>Dalal Street,</b> <b>Mumbai - 400 001</b>	<b>National Stock Exchange of India Limited</b> <b>"Exchange Plaza"</b> <b>Bandra Kurla Complex</b> <b>Bandra (E)</b> <b>Mumbai - 400 051</b>
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LGB/SEC/STK-2018

31.08.2018

Dear Sirs,

**Sub: Submission of Annual Report for the financial year 31.03.2018 - Compliance of Regulation 34 of the Listing Agreement of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015**

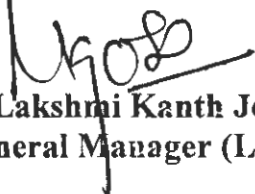
We are forwarding herewith Annual Report for year ended 31<sup>st</sup> March, 2018 as per Regulation 34 of the Listing Agreement of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

Kindly take the same on record

Thanking You,

Yours faithfully,

For **L.G. Balakrishnan & Bros Limited**

  
**M. Lakshmi Kanth Joshi**  
**General Manager (Legal) & Company Secretary**

**CC: National Securities Depository Limited**  
**Trade World, A Wing**  
**Kamala Mills Compound, Lower Parel**  
**Mumbai - 400013.**

**Central Depository Services (India) Limited.**  
**16<sup>th</sup> Floor, P. J. Towers,**  
**Dalal Street, Fort,**  
**Mumbai - 400 023**

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

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



**62nd  
ANNUAL REPORT  
2017 - 2018**



## L.G. BALAKRISHNAN & BROS LIMITED

### Corporate Information

#### BOARD OF DIRECTORS

**Sri. B. Vijayakumar**  
Chairman cum Managing Director

**Sri. P. Prabakaran**  
Deputy Managing Director

**Non-Executive Directors**

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

#### CHIEF FINANCIAL OFFICER

Sri. N. Rengaraj

#### GENERAL MANAGER CUM COMPANY SECRETARY

Sri. M. Lakshmi Kanth Joshi

#### BANKERS

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

#### STATUTORY AUDITORS

M/s. Suri & Co  
Chartered Accountants  
II Floor, A.M.M. Buildings  
354, Mettupalayam Road, Coimbatore 641043  
Phone No. 0422 - 2433627

#### COST AUDITOR

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

#### SECRETARIAL AUDITOR

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

#### REGISTRAR AND SHARE TRANSFER AGENTS

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

#### LISTED - STOCK EXCHANGES

BSE Ltd.  
National Stock Exchange of India Ltd.

#### REGISTERED OFFICE

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

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### 62nd ANNUAL GENERAL MEETING

Date : 30th August, 2018  
Day : Thursday  
Time : 10.15 A.M.  
Venue : **Ardra Convention Centre**  
"Kaanchan",  
9, North Huzur Road  
Coimbatore- 641 018.

## NOTICE

Notice is hereby given that the Sixty Second Annual General Meeting of the Members of the Company will be held on Thursday the 30<sup>th</sup> day of August 2018 at 10.15 A.M. at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore - 641 018, to transact the following business:

## AGENDA

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2018 together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in the place of Sri.V.Rajvirdhan (DIN 00156787), who retires by rotation and being eligible, seeks re-appointment.
4. To appoint a Director in the place of Sri. S. Sivakumar (DIN 00016040), who retires by rotation and being eligible, seeks re-appointment.
5. To continue the appointment of the Statutory Auditor without ractification at every Annual General Meeting in this regard pass the following resolution as an Ordinary Resolution.

Resolved that in partial modification of the ordinary resolution passed at the Annual General Meeting held on 27th July, 2017 and in accordance with the amended Section 139 and other applicable provisions of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules 2014 including any Statutory enactments or modifications thereof, the approval of the members be and is hereby accorded to continue the appointment of M/s. Suri & Co., Chartered Accountants, (Firm Registration No. 0042835) at such remuneration as may be decided by the Board of Directors as per the recommendation of the Audit Committee, to hold office till the conclusion of the Annual General Meeting to be held in the year 2022 and the said appointment shall not be subject to ractification at every subsequent Annual General Meeting.

## SPECIAL BUSINESS:

6. To consider and to pass the following resolution as an Ordinary Resolution.

**“RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) Dr. G.L. Sankaran, Cost Accountant, (Membership No.4482) appointed as Cost Auditor by the Board of Directors of the Company, to conduct the cost audit of the Company for the financial year ending 31<sup>st</sup> March, 2019, on a remuneration of ₹ 1.75 Lakhs (Rupees One Lakh Seventy Five Thousand Only) (exclusive of Goods & Service Tax and out of pocket expenses) be and is hereby ratified and confirmed.

7. To consider and to pass the following resolution as an Ordinary Resolution:

**RESOLVED THAT** pursuant to the provisions of Section 20(2) and other applicable provisions of the Companies Act, 2013, the consent of the Company be and is hereby accorded to charge from the member in advance an amount equivalent to the estimated actual expenses for delivery of the documents pursuant to any request made by the member for delivery of such document to him/her through a particular mode of delivery; provided such request along with the requisite fee has been duly received by the Company at least one week in advance of the dispatch of the document by the Company and that no such request shall be entertained by the Company post the dispatch of such document by the Company to the shareholder.

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

### ITEM NO. 6

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of Dr. G.L. Sankaran, Cost Accountant (Membership No.4482) as Cost Auditor to conduct the audit of the cost records of the Company for the financial year 2018-2019. In accordance with the

provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing ordinary resolution as set out in item no.6 of the notice for ratification of remuneration payable to the Cost Auditor for conducting the cost audit of the Company, for the financial year ending 31<sup>st</sup> March, 2019.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the proposed Ordinary Resolution as set out at Item No. 6 of the Notice.

The Board recommends the Ordinary Resolution as set out at Item No. 6 of the Notice for approval by the members.

**Item No. 7:**

As per the proviso to Section 20 (2) of The Companies Act, 2013, a shareholder may request delivery of any document as may be delivered by the Company through a particular mode for which he shall pay such fee as may be determined by the Company in the Annual General Meeting. Since the cost of dispatch may vary from time to time and depending on the mode of dispatch, your Directors recommend to charge the estimated actual fee for delivery of any such documents through a particular mode as requested by the shareholder.

None of the Directors and the Key Managerial Personnel of the Company and their respective relatives are concerned or interested in the passing of the above resolution.

Accordingly, the Board recommends the Ordinary Resolution set out at item no. 7 of the Notice for approval of members' .

**NOTES:**

1. **A Member entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint one or more proxies to attend and vote on a poll instead of himself/ herself and such proxy need not be a Member of the Company. The instrument appointing the proxy, in order to be effective,**

**must be deposited at the Company's Registered Office, duly completed and signed, not less than forty eight hours before the commencement of AGM. A Proxy Form for the AGM is enclosed herewith.**

**A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.**

2. Corporate Members/ Societies intending to send their authorized representative to attend the AGM are requested to send a duly certified copy of the Board of Directors / Governing Board Resolutions authorizing their representative to attend and vote on their behalf at the AGM.
3. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item No.6 & 7 of the Notice, is annexed hereto. The relevant details, as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") & Secretarial Standard on General Meetings (SS-2) issued by ICSI, of the person seeking re-appointment as Director under Item No. 3 & 4 of the Notice are also annexed.
4. The register of members and the share transfer book of the Company shall remain closed from Friday, 24.08.2018 to Thursday 30.08.2018 (Both days inclusive)
5. The dividend, as recommended by the Board, if approved at the meeting, will be paid to the shareholders whose names appear in the register of members as on 23.08.2018 in respect of shares held in physical form and in respect of shares held in dematerialized form, the dividend shall be paid on the basis of beneficial ownership as per the details furnished by depositories for this purpose at the end of the business hours on 23.08.2018,

and the above dividend will be paid on or before 25.09.2018.

6. Pursuant to the provisions of Section 124 (5) of the Act, the dividend(s) remaining unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company, is required to be transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government. During the financial year, the dividend declared by the Company for the financial year ended 31<sup>st</sup> March, 2010, which was unclaimed, has been transferred to IEPF. The Company has uploaded the details of the unclaimed amounts of dividend(s) of the Members on the website of the Company ([www.lgb.co.in](http://www.lgb.co.in)) as per the Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012.

Member(s) who have not encashed their dividend warrants so far for the financial year ended March 31, 2011 or any subsequent financial years are requested to make their claims to the office of the Registrar and Share Transfer Agents, M/s.Cameo Corporate Services Limited, "Subramanian Building" No.1, Club House Road, Chennai- 600 002.

7. Compulsory transfer of Equity Shares to Investor Education and Protection Fund (IEPF) Authority:

Pursuant to the provisions of Section 124 (6) of the Act and Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, ("the IEPF Rules") and amendments thereto, the Company has transferred the shares in respect of Members who have not claimed/encashed dividend for the last seven consecutive years to the Demat Account of the IEPF Authority. Details of the Members whose shares have been transferred to the Demat account of the IEPF Authority are available at the Company's website at [www.lgb.co.in](http://www.lgb.co.in).

In the event Members do not claim dividend(s) that have remained unpaid/unclaimed for the Financial Year ended 31<sup>st</sup> March, 2011, as aforesaid, all the

shares in respect of such unpaid/unclaimed dividend(s) would have to be transferred to the IEPF Authority.

8. The Members/claimants whose shares, unpaid dividend, etc. have been transferred to the IEPF Authority, may claim the shares or apply for refund by making an application in Form IEPF-5 (available on [www.iepf.gov.in](http://www.iepf.gov.in)) along with requisite fee as may be decided by the IEPF Authority from time to time. Mr. M.Lakshmikanth Joshi, General Manager Cum Company Secretary, is the Nodal Officer of the Company for the purpose of verification of such claims.
9. Members/proxies attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
10. Members are requested to bring their copies of the Annual Report and Attendance Slip signed at the time of attending the meeting.
11. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
12. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their depository participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrar and Share Transfer Agents, Cameo Corporate Services Limited to provide efficient and better services.
13. Pursuant to the provisions of Section 101 and 136 of the Act read with the Companies (Management and Administration) Rules, 2014 and

Members holding shares in physical form are requested to intimate such changes to M/s.Cameo Corporate Services Limited, "Subramanian Building" No.1, Club House Road, Chennai- 600 002.

in terms of Regulation 36 of the Listing Regulations, 2015, electronic copy of the Annual Report for 2018 is being sent to all the Members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email addresses, physical copy of the Annual Report for 2018 is being sent in the permitted mode.

14. Electronic copy of the Notice of the 62<sup>nd</sup> AGM of the Company, inter alia, indicating the process and manner of e-voting alongwith Attendance Slip and Proxy Form are being sent to all the Members whose email IDs are registered with the Company/ Depository Participants(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 Notice of the 62<sup>nd</sup> AGM of the Company, inter alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent in the permitted mode.

Members who require communication in physical form in addition to ecommunication, or have any other queries, may write to us at: [secretarial@lgb.co.in](mailto:secretarial@lgb.co.in).

15. 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 accounts. Members holding shares in physical form can submit their PAN details to M/s.Cameo Corporate Services Limited.

As per Regulation 40(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 submission of a copy of PAN card of the transferor and transferee is mandatory for transfer of shares held in physical form.

16. The Notice of AGM will be displayed on the website of the Company [www.lgb.co.in](http://www.lgb.co.in).

17. Route Map showing directions to reach to the venue of the 62<sup>nd</sup> AGM is attached to this Annual Report as per the requirement of the Secretarial Standard-2 on "General Meetings" issued by the Institute of Company Secretaries of India.

18. Pursuant to Section 72 of the Act, Members holding shares in Physical form are advised to file nomination in the prescribed form SH-13 with the Company's RTA. In respect of shares held in electronic/demat form, the members may please contact their respective depository participant.

Votes cast by members who hold shares on the cutoff date viz 23-08-2018 alone will be counted.

Instructions for Shareholders Voting Electronically are as under:

- (i) The voting period begins on 27-08-2018 at 9.00 AM and ends on 29-08-2018 at 5.00 PM During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23-08-2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- iii. Click on Shareholders.
- iv. Now Enter your User ID
  - a) For CDSL: 16 digits beneficiary ID,
  - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- vii. If you are a first-time user follow the steps given below:

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

### PAN

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

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

### Dividend Bank Details or Date of Birth (DOB)

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

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

After entering these details appropriately, click on "SUBMIT" tab.

- ix. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in Demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other company on which they are eligible to vote,

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

- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi. Click on the EVSN for 'L.G.Balakrishnan & Bros Limited'.
- xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you "assent" to the Resolution and option NO implies that you "dissent" to the Resolution.
- xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv. After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi. You can also take print out of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvii. If 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.
- xviii. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please

follow the instructions as prompted by the mobile app while voting on your mobile.

**xix. Note for Non - Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](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 should be mailed 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.

xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

19. 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 23-08-2018. MDS & Associates, Company Secretaries in Practice, Coimbatore has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

20. 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.

21. The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.lgb.co.in](http://www.lgb.co.in) and on the website of CDSL immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

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

Coimbatore  
31.07.2018

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

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

Name	Sri. V. Rajvirdhan	Sri. S. Sivakumar
DIN	00156787	00016040
Date of Birth	05.09.1983	30.11.1952
Nationality	Indian	Indian
DOA on the Board	04.11.2010	28.06.1996
Relationship with other Director	Son of Sri. B. Vijayakumar Brother of Smt. V. Rajsri	None
Qualification	B.Sc., IME	B.Com.,
Expertise in area	More than 8 years experience as an Industrialist	More than 31 years experience as an Industrialist
No. of shares held	2,198,586	1005
Terms of appointment or reappointment	Liable to retire by rotation	Liable to retire by rotation
Remuneration sought to be paid	Sitting fees only	Sitting fees only
Remuneration last drawn	₹ 0.60 Lakhs*	₹ 0.80 Lakhs*
No. of Board meetings attended	3	4
List of Directorships held in other Companies	1. LGB Forge Ltd	1. LG Sports Ltd
	2. South Western Engineering India Ltd	2. South Western Engineering India Ltd
	3. ELGI Automotive Services P. Ltd	3. LGB Auto Products P Ltd
	4. Super Speeds P Ltd	4. Ishwarya Lakshmi Finance P Ltd
Chairman/Member of the Committees of the Board of other companies in which he/she is Director	Member of Stakeholders' Relationship Committee in LGB Forge Limited	NIL

\* Only sitting fees

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Sixty Second Annual Report of your Company together with the audited accounts for the year ended 31st March, 2018.

## FINANCIAL RESULTS

The summary of the financial performance of the Company for the year ended 31st March, 2018 as compared to the previous year is as below

Particulars	Consolidated		Standalone*	
	31.03.2018	31-03-2017	31-03-2018	31-03-2017
	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)
<b>TOTAL REVENUE</b>	<b>145,933.92</b>	140,287.38	<b>135,555.03</b>	128,720.80
Profit before interest, depreciation & Tax	<b>19,954.36</b>	16,933.14	<b>18,666.88</b>	15,293.66
Less : Interest	<b>1,057.14</b>	1,449.93	<b>978.13</b>	1,310.79
Depreciation	<b>5,779.47</b>	5,282.04	<b>5,412.75</b>	4,935.86
<b>PROFIT BEFORE TAX</b>	<b>13,117.75</b>	10,201.17	<b>12,276.00</b>	9,047.01
Add : Exceptional Items	-	131.33	-	131.33
Less Provisions for Taxation				
Current Income Tax / Mat	<b>4,119.98</b>	3,212.43	<b>4,119.98</b>	2,870.50
Deferred Tax (Credit / charge)	<b>146.08</b>	(294.91)	<b>146.08</b>	(297.50)
<b>PROFIT AFTER TAX BEFORE SHARE IN PROFIT OF ASSOCIATE</b>	<b>8,851.69</b>	7,520.23	<b>8,009.94</b>	6,605.34
Add : Share in Profit of Associate	<b>96.64</b>	105.25	-	-
<b>PROFIT AFTER TAX</b>	<b>8,948.33</b>	7,625.48	<b>8,009.94</b>	6,605.34

\* Effective date 27.07.2018, the Company completed the merger of M/s. B.C.W. VTech India (P) Limited. Financial Year 2017 has been restated considering the said merger. The appointed date of merger was April 1, 2017.

## INDIAN ACCOUNTING STANDARDS (IND AS)

The Company had adopted Ind AS with effect from 1<sup>st</sup> April, 2017 pursuant to the Ministry of Corporate Affairs notification dated 16<sup>th</sup> February, 2015 notifying the Companies (Indian Accounting Standard) Rules, 2015. Accordingly, the Financial Statements for the year ended 31<sup>st</sup> March, 2018 of the Company and its subsidiary were prepared with comparative data, in compliance with Ind AS.

## CONSOLIDATED FINANCIALS

During the year under review, your Company's consolidated total revenue stood at ₹ 145,933.92 Lakhs as compared to ₹ 140,287.38 Lakhs for the previous year, representing an increase of 4.02%; profit before exceptional and extraordinary items and tax stood at ₹ 13,117.75 Lakhs for the year under review as compared to ₹ 10,201.17 Lakhs for the previous year, profit after tax after share of Profit of Associate stood at ₹ 8,948.33

Lakhs as compared to ₹ 7,625.48 Lakhs for the previous year.

## STANDALONE FINANCIALS

During the year under review, the Total Revenue stood at ₹ 135,555.03 Lakhs as compared to ₹ 128,720.80 Lakhs for the previous year, profit before exceptional and extraordinary items and tax stood at ₹ 12,276.00 Lakhs for the year under review as compared to ₹ 9,047.01 Lakhs for the previous year, profit for the year stood at ₹ 8,009.94 Lakhs as compared to ₹ 6,605.34 Lakhs for the previous year.

## TRANSFER TO RESERVES

The Company has transferred an amount of ₹ 7500 Lakhs to the General Reserve out of the amount available for appropriations and the remaining amount of ₹ 7,527.24 Lakhs has been retained in the Profit and Loss Account.

## DIVIDEND

Your Company has a consistent track record of dividend payment. Continuing with this trend, Directors are pleased to recommend a dividend of ₹ 4.50 (45%) per share of ₹ 10/- each on Equity Share Capital of the Company which includes the bonus shares allotted, subject to the approval of shareholders at the ensuing Annual General Meeting which would result in appropriation of ₹ 1413.00 Lakhs out of profits of the Company for the current year as against ₹ 1099.00 Lakhs in the previous year.

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

## TRANSFER TO INVESTORS EDUCATION AND PROTECTION FUND

The Company sends intimations to all shareholders whose dividends are unclaimed so as to ensure that they receive their rightful dues. Efforts are also made to co-ordinate with the Registrar and Share Transfer Agents to locate the shareholders who have not claimed their dues.

During the financial year 2017-18, the Company has transferred a sum of ₹ 4.44 Lakhs to Investor Education & Protection Fund, the amount which was due and payable and remained unclaimed and unpaid for a period of seven years. Despite the reminder letters sent to each shareholder, the amount remained unclaimed and the same was transferred.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 27<sup>th</sup> July, 2017 (date of last Annual General Meeting) on the website of the Company ([www.lgb.co.in](http://www.lgb.co.in)), as also on the Ministry of Corporate Affairs website.

## SHARE CAPITAL

The paid up share capital of the Company as at 31<sup>st</sup> March 2018 aggregates to ₹ 15,69,62,080/- comprising of 15,696,208 equity shares of ₹ 10/- each fully paid up.

## BONUS ISSUE.

The Company has issued 15,696,208 fully paid up Equity Shares of ₹ 10/- each as Bonus Shares in the ratio of 1:1 to the shareholders of the Company as on June 16, 2018 by capitalizing a sum of ₹ 156,962,080/- out of the

Securities Premium Account and General Reserve account of the Company.

## AMALGAMATION / MERGER

The Hon,ble National Company Law Tribunal, Chennai Bench (NCLT) vide its order dated July 13, 2018 sanctioned the Scheme of Amalgamation of M/s. BCW V Tech India Private Limited with the Company with effect from the appointed date April 1, 2017. The said order was filed with the Registrar of Companies, Coimbatore on July 27, 2018, pursuant to which the Scheme has come into effect.

Accordingly, the financial statements for the year ended March 31, 2018 have been presented giving effect to the said Amalgamation.

## NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

Detailed composition of the Board and Board Committees namely Audit Committee, Nomination and Remuneration Committee, CSR Committee, Stakeholders Relationship Committee, number of meetings held during the year under review, attendance of each Director and other related details are set out in the Corporate Governance Report which forms a part of this Report.

## DECLARATION BY INDEPENDENT DIRECTORS

Our definition of 'Independence' of Directors is derived from Regulation 16(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Companies Act, 2013. Based on the confirmation / disclosures received from the Directors and on evaluation of the relationships disclosed, the following Non-Executive Directors are Independent:

Sri. P. Balasubramanian, Sri.V. Govindarajulu  
Sri. P. Shanmugasundaram, Dr. T. Balaji  
Sri. R. Vidhya Shankar

## BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015, the Board has carried out an annual performance evaluation of its own performance, the Directors individually and the Committees of the Board.

A structured questionnaire was prepared after taking into consideration inputs received from Directors, covering aspects of the Board's functioning such as adequacy of the Composition of the Board and its Committees, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of the Individual Directors including the Chairman of the Board. The Directors' performance was evaluated on parameters such as level of engagement and contribution in safeguarding the interest of the Company etc.

The performance evaluation of the Independent Directors was carried out by the entire Board. Further the performance evaluation of the Chairman and Non Independent Directors was carried out by the Independent Directors.

#### **FAMILIARIZATION PROGRAMMES**

In compliance with the requirements of the Listing Regulations, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their roles, rights and responsibilities as Independent Directors, the working of the Company, nature of the industry in which the Company operates, business model and so on. The same is also available on the Company website at [www.lgb.co.in](http://www.lgb.co.in).

#### **DIRECTORS RETIREMENT BY ROTATION**

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Sri. V. Rajvirdhan (DIN: 00156787) & Sri. S. Sivakumar (DIN:00016040), Directors being longest in the office, are liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible have offered themselves for re-appointment. Necessary resolutions for their re-appointment are included in the Notice of AGM for seeking approval of Members. The Directors recommend their re-appointment for your approval.

A brief resume and particulars relating to them are given separately as an annexure to the AGM Notice.

#### **KEY MANAGERIAL PERSONNEL**

There were no changes in the Key Managerial Personnel during the year.

#### **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 31<sup>st</sup> March, 2018, the Board of Directors hereby confirms that,

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

#### **NOMINATION AND REMUNERATION POLICY**

The Company pursuant to the provisions of Section 178 of the Companies Act, 2013 and in terms of Regulation 19(4) of the SEBI Listing Regulations has formulated a policy on Nomination and Remuneration for its Directors, Key Managerial Personnel and senior management which inter-alia provides the diversity of the Board and provides the mechanism for performance evolution of the Directors and the said policy have been outlined in the Corporate Governance Report which forms part of this Report.

## EXTRACT OF ANNUAL RETURN

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

## AUDITORS

### STATUTORY AUDITORS

Pursuant to provisions of Section 139 of the Act and Rules there under, M/s. Suri & Co, Chartered Accountants (Firm Registration No. 004283S) were appointed as Statutory Auditors of the Company for a term of five years, to hold office from the conclusion of 61<sup>st</sup> Annual General Meeting, until the conclusion of 66<sup>th</sup> Annual General Meeting and confirmed their eligibility and desire to continue as Statutory Auditors of the Company for the financial year 2018-19.

The Auditors’ Report for the financial year 2018 does not contain any qualification, reservation, adverse remark or disclaimer.

### COST AUDITOR

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with notifications/ circulars issued by the Ministry of Corporate Affairs from time to time and as per the recommendation of the Audit Committee, the Board of Directors at their meeting dated 28<sup>th</sup> April, 2018 appointed Dr. G.L. Sankaran, Cost Accountant, as Cost Auditor of the Company for the financial year 2018-2019. The Cost Audit Report for the financial year 2017-2018 will be filed within the period stipulated under Companies Act, 2013.

### SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has appointed Mr. M.D. Selvaraj of M/s. MDS & Associates, Company Secretaries as Secretarial Auditor to conduct the Secretarial Audit of the Company for the Financial Year ended 31<sup>st</sup> March, 2018.

The Secretarial Audit Report for the Financial Year ended 31<sup>st</sup> March, 2018 in Form No. MR-3 is annexed to this Report as “Annexure B”.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY

During the financial year ended 31<sup>st</sup> March, 2018, no Loan under section 186 of the Companies Act, 2013 was given by the Company. In respect of investment, loan, guarantee given in earlier years please refer notes to standalone financial statements.

## RELATED PARTY TRANSACTIONS

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

## MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN MARCH 31, 2018 AND THE DATE OF THE REPORT

Hon’ble National Company law Tribunal, Chennai Bench vide order dated July 13, 2018 sanctioned the Scheme of Amalgamation of M/s. BCW V tech India Private Limited (Transferor Company) with M/s. L.G. Balakrishnnan & Bros Limited (Tranferee Company) pursuant to which all the assets and liabilities of the transferor Company have been vested with the Company with effect from appointed date ie., April 1, 2017.

Pursuant to the approval of the members by Postal Ballot, the Company has allotted 15,696,208 fully paid equity shares as Bonus Shares in the ratio of 1:1 to the shareholders as on June 16, 2018 and accordingly, the paid up share capital of the Company has been increased to ₹ 313,924,160/-

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

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

## RISK MANAGEMENT POLICY

The Board of Directors of the Company has formulated a Risk Management Policy which aims at enhancing Shareholder's value 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.

## CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

For other details regarding the CSR Committee, please refer to the corporate governance report, which forms part of this report. The policy is available on the website of the Company <http://www.lgb.co.in/pdf/corporatesocial-responsibility-policy.pdf>.

## FIXED DEPOSITS

As at 31<sup>st</sup> March, 2018, fixed deposits accepted by the Company from public and shareholders aggregated to ₹ 3868.74 Lakhs, which are within the limits prescribed under the Companies Act, 2013 and the rules framed there under.

With the notification of applicable provisions of the Companies Act, 2013 governing deposits, with effect from 1<sup>st</sup> April, 2014, approval of shareholders was obtained by way of Special Resolution for inviting/ accepting/ renewing deposits.

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

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

₹ In Lakhs

Accepted during the year		142.62
Remained unpaid or unclaimed as at the end of the year		Nil
Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved		Nil
a)	At the beginning of the year	NA
b)	Maximum during the year	NA
c)	At the end of the year	NA
The details of deposits which are not in compliance with the requirements of Chapter V of the Act		NA

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

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

## ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has implemented and evaluated the Internal Financial Controls which provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes and policies, safeguarding of assets, prevention and detection of frauds, accuracy and completeness of accounting records.

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

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

Details pursuant to Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and

Remuneration of Managerial Personnel) Rules, 2014 form part of this Report and are annexed herewith as “Annexure - E”

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

The Company has appointed Internal Auditors to observe the Internal Controls, whether the work flow of organization is being done through the approved policies of the Company. In every Quarter during the approval of Financial Statements, Internal Auditors will present the Internal Audit Report and Management Comments on the Internal Audit observations;

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

#### **SUBSIDIARY COMPANIES, JOINT VENTURE AND CONSOLIDATED FINANCIAL STATEMENTS:**

The Company has three subsidiaries viz., LGB USA INC., (Direct Overseas Subsidiary), GFM Acquisition LLC and GFM LLC (Step down overseas subsidiaries) in USA. There is One Associate Company Viz., M/s. Renold Chain India Private Limited within the meaning of Section 2(6) of the Companies Act, 2013 (“Act”). On 13.07.2018, Hon’able National Company Law Tribunal, Chennai has approved merger of Wholly owned Subsidiary M/s. BCW V Tech India Private Ltd with the Company and it is effective from 27.07.2018.

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

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

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

None of the subsidiaries are material subsidiary as per the provisions of SEBI (LODR) Regulations, 2015.

#### **ASSOCIATE COMPANY**

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

In Financial Year 2017-18, JV achieved sales of ₹ 81.51 Crores (Net of Taxes) against ₹ 77.80 Crores (Net of Taxes) in 2016-17. Growth in sales and margin improvement has resulted in net profit of ₹ 6.13 Crores as against net profit of ₹ 1.99 Crores in 2016-17.

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

M/s. BCW V Tech India Private Limited the erstwhile wholly owned subsidiary of the Company is no longer in existence due to merger vide order dated 13.07.2018.

#### **CHANGE IN THE NATURE OF BUSINESS, IF ANY**

There was no change in the nature of business of the Company during the financial year ended 31<sup>st</sup> March, 2018.

#### **MANAGEMENT DISCUSSION & ANALYSIS**

As per requirements of Listing Regulations, a detailed review of the developments in the industry, performance of the Company, opportunities and risks, internal control systems, outlook etc. of the Company is given under the head Management Discussion and Analysis Report, which forms part of this Annual Report.

## CORPORATE GOVERNANCE REPORT

Your Company has complied with the Corporate Governance norms as stipulated under the Listing Regulations. A detailed report on Corporate Governance forms part of this Annual Report. A certificate from Practising Company Secretary confirming compliance of the Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.

### AUDIT COMMITTEE

Audit Committee of the Company meets the requirements of section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The details of the composition of the Audit Committee as required under the provisions of Section 177(8) of the Companies Act, 2013 are given in the Corporate Governance Report which forms part of this annual report. During the year under review, the Board has accepted all the recommendations of the Audit Committee.

### VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

### LISTING OF EQUITY SHARES

The Company's equity shares continue to be listed at National Stock Exchange of India Limited and BSE Limited. We confirm that the Listing fee for the financial year 2018-2019 has been paid to them.

### HUMAN RESOURCE

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

support and various employee engagement programmes which has helped the Organization achieve higher productivity levels. In its pursuit to attract, retain and develop best available talents, several programmes are regularly conducted at various levels across the Company.

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

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

The Company has an Internal Compliant Committee as required to be formed under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made there under which were notified on 9 December 2013.

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and Redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under.

During the financial year 2017-18, the committee submitted it's Annual Report as prescribed in the said Act and there was no complaint as regards of sexual harassment received by the Committee during the year.

### ACKNOWLEDGEMENT

The Board of Directors take this opportunity to place on record their appreciation to all the Stakeholders of the Company, viz., customers, investors, banks, regulators, suppliers and other business associates for the support received from them during the year under review. The Directors also wish to place on record their deep sense of gratitude and appreciation to all the employees for their commitment and contribution towards achieving the goals of the Company.

**For and on behalf of the Board of Directors**

Coimbatore  
31.07.2018

**B. VIJAYAKUMAR**  
Chairman cum Managing Director  
DIN: 00015583

**P. PRABAKARAN**  
Deputy Managing Director  
DIN : 01709564

**ANNEXURE 'A'**
**EXTRACT OF ANNUAL RETURN as on the financial year ended 31.03.2018**

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

**FORM NO. MGT - 9**

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

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No	Name and Description of main products / services	NIC Code of the Products/ Service	% to total turnover of the Company
1.	Transmission	2814	72.39%
2.	Metal Forming	2592	18.47%

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

Sl. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of Shares held	Applicable Section
1.	BCW India V Tech Private Limited* 6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore - 641 006	U72200TZ2006PTC012831	Subsidiary	100%	2(87)
2.	LGB USA INC. 1209, Orange Street City of Wilmington Country of New Castle, Delaware 19801	Foreign Company	Subsidiary	77.01%	2(87)
3.	GFM Accquistion LLC 29685 Calahan, Roseville Michigan 48044	Foreign Company	Stepdown Subsidiary	Holding by LGB USA 98%	2(87)
4.	GFM LLC, 29685 Calahan, Roseville Michigan 48044	Foreign Company	Stepdown Subsidiary	Holding by GFM Accquistion LLC 100%	2(87)
5.	Renold Chain India P Ltd 568/1A, 569/1&2 D. Gudalur Vedasanthur (T.K.) Dindigul 624 620	U27109TZ2008FTCO17737	Associate	25%	2(6)

\*Merged with the Company vide order dated 13.07.2018

#### 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	
<b>(A)</b>	<b>Promoter</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individuals/ HUF	6017800	-	6017800	38.34	6017800	0	6017800	38.34	0.00
(b)	Central Government / State Government(s)									
(c)	Bodies Corporate	1442980	-	1442980	9.19	1497600	0	1497600	9.54	0.35
(d)	Financial Institutions /Banks									
(e)	Any Other (specify)									
	<b>Sub-Total (A)(1)</b>	<b>7460780</b>	<b>-</b>	<b>7460780</b>	<b>47.53</b>	<b>7515400</b>	<b>0</b>	<b>7515400</b>	<b>47.88</b>	<b>0.35</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	NRI - Individuals	-	-	-	-	-	-	-	-	0.00
(b)	Other Individual	-	-	-	-	-	-	-	-	0.00
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	0.00
(d)	Bank / FI	-	-	-	-	-	-	-	-	0.00
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	0.00
	<b>Sub-Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>7460780</b>	<b>-</b>	<b>7460780</b>	<b>47.53</b>	<b>7515400</b>	<b>0</b>	<b>7515400</b>	<b>47.88</b>	<b>0.35</b>
<b>(B)</b>	<b>Public shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds	1971512	-	1971512	12.56	2119808	0	2119808	13.51	0.95
(b)	Banks / FI	8539	4	8543	0.06	5317	4	5321	0.03	-0.02
(c)	Central Government	-	-	-	-					
(d)	State Government(s)	-	-	-	-					
(e)	Venture Capital Funds	-	-	-	-					
(f)	Insurance Companies	-	-	-	-					
(g)	FIs	600	-	600	0.00	600	0	600	0.00	0.00
(h)	Foreign Portfolio Investors	337048	0	337048	2.15	85736	0	85736	0.55	-1.60
(h)	Foreign Venture Capital Funds									
(i)	Alternate Investment Fund	0	0	0	0	371870	2.37	371870	2.37	2.37
	<b>Sub-Total (B)(1)</b>	<b>2317729</b>	<b>4</b>	<b>2317733</b>	<b>14.77</b>	<b>2583331</b>	<b>4</b>	<b>2583335</b>	<b>16.46</b>	<b>1.69</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)	Non-institutions									
(a)	Bodies Corporate									
(i)	Indian	307903	3684	311587	1.99	243547	3584	247131	1.57	-0.41
(ii)	Overseas	-	-	-	-					
(b)	Individuals									
(i)	Individual shareholders holding nominal share capital up to ₹ 1 lakh.	3332251	494781	3827032	24.38	2803626	384919	3188545	20.31	-4.07
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	1370903		1370903	8.74	1676799	70948	1747747	11.14	2.40
(c)	Qualified Foreign Investor									
(d)	Any Other (specify)									
	NRIs/OCBs	117900	3660	121560	0.77	106051	3660	109711	0.70	-0.07
	Clearing Member	27337	-	27337	0.17	4405	0	4405	0.03	-0.14
	Directors & Relatives	83217	600	183817	0.53	84017	600	84617	0.54	0.01
	IEPF	-	-	-	0.00	21886	0.00	21886	0.14	0.14
	Hindu Undivided Families	169389	-	169389	1.08	187361	0	187361	1.19	0.11
	Trusts	6070	-	6070	0.04	6070	0	6070	0.04	0.00
	Sub-Total (B)(2)	5414970	502725	5917695	37.70	5133762	463711	5597473	35.66	-2.18
	Total Public Shareholding (B)= (B)(1)+(B)(2)	7732699	502729	8235428	52.47	7717093	463715	8180808	52.12	-0.35
(C)	Shares held by Custodians for GDRs & ADRs									
	GRAND TOTAL (A)+(B)+(C)	15194079	502129	15696208	100.00	15232493	463715	15696208	100.00	0.00

**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 01.04.2017			No. of Shares held at the end of the year 31.03.2018			% change in share holding during the year
		No. of Shares	% of total Share of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Share of the Company	% of Shares Pledged / encumbered to total shares	
1	B.Vijayakumar	2507000	15.97	-	2507000	15.97	-	-
2	Vijayshree Vijayakumar	17812	0.11	-	17812	0.11	-	-
3	V. Rajsri	1089576	6.94	-	1089576	6.94	-	-
4	V. Rajvirdhan	2198586	14.01	-	2198586	14.01	-	-
5	K. Arjun	102424	0.65	-	102424	0.65	-	-
6	K. Nithin	102400	0.65	-	102400	0.65	-	-
7	Rajiv Parthasarathy	2	0.00	-	2	0.00	-	-
8	ELGI Automotive Services Private Ltd	40000	0.25	-	40000	0.25	-	-
9	LGB Auto Products Private Ltd	875000	5.58	-	875000	5.58	-	-
10	LG Farm Products Private Ltd	400000	2.55	-	400000	2.55	-	-
11	Super Speeds Private Ltd	13380	0.09	-	25000	0.16	-	0.07
12	LG Sports Ltd	41000	0.26	-	84000	0.54	-	0.28
13	Super Transports Private Ltd	70000	0.45	-	70000	0.45	-	-
14	Silent Chain India Private Ltd	3600	0.02	-	3600	0.02	-	-
	<b>Total</b>	<b>7460780</b>	<b>47.53</b>	<b>-</b>	<b>7515400</b>	<b>47.88</b>	<b>-</b>	<b>0.35</b>

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

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	<b>B.Vijaykumar</b>				
	At the beginning of the year	2507000	15.97	2507000	15.97
	At the end of the year	2507000	15.97	2507000	15.97
2	<b>Vijayshree Vijayakumar</b>				
	At the beginning of the year	17812	0.11	17812	0.11
	At the end of the year	17812	0.11	17812	0.11
3	<b>V. Rajsri</b>				
	At the beginning of the year	1089576	6.94	1089576	6.94
	At the end of the year	1089576	6.94	1089576	6.94
4	<b>V. Rajvirdhan</b>				
	At the beginning of the year	2198596	14.01	2198596	14.01
	At the end of the year	2198596	14.01	2198596	14.01
5	<b>Arjun Karivardhan</b>				
	At the beginning of the year	102424	0.65	102424	0.65
	At the end of the year	102424	0.65	102424	0.65
6	<b>K. Nithin</b>				
	At the beginning of the year	102400	0.65	102400	0.65
	At the end of the year	102400	0.65	102400	0.65
7	<b>Rajiv Parthasarathy</b>				
	At the beginning of the year	2	0.00	2	0.00
	At the end of the year	2	0.00	2	0.00
8	<b>ELGI Automotive Services Private Limited</b>				
	At the beginning of the year	40000	0.25	40000	0.25
	At the end of the year	40000	0.25	40000	0.25
9	<b>LGB Auto Products Private Limited</b>				
	At the beginning of the year	875000	5.58	875000	5.58
	At the end of the year	875000	5.58	875000	5.58
10	<b>LG Farm Products Private Limited</b>				
	At the beginning of the year	400000	2.55	400000	2.55
	At the end of the year	400000	2.55	400000	2.55
11	<b>Super Speeds Private Limited</b>				
	At the beginning of the year	13380	0.09	13380	0.09
	Transfer of Shares as on 30.03.2018	11620	0.07	25000	0.16
	At the end of the year	25000	0.16	25000	0.16

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

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
12	<b>LG Sports Limited</b>				
	At the beginning of the year	41000	0.26	41000	0.26
	Transfer of Shares as on 07.04.2017	5000	0.03	46000	0.29
	Transfer of Shares as on 01.09.2017	14000	0.09	60000	0.38
	Transfer of Shares as on 13.10.2017	227	0.00	60227	0.38
	Transfer of Shares as on 23.03.2018	9765	0.06	69992	0.46
	Transfer of Shares as on 30.03.2018	14008	0.09	84000	0.54
	At the end of the year	84000	0.54	84000	0.54
13	<b>Super Transports Private Limited</b>				
	At the beginning of the year	70000	0.45	70000	0.45
	At the end of the year	70000	0.45	70000	0.45
14	<b>Silent Chain India Private Limited</b>				
	At the beginning of the year	3600	0.02	3600	0.02
	At the end of the year	3600	0.02	3600	0.02

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

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

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>1</b>	<b>Reliance Capital Trustee Co. Ltd-A/C Reliance Small Cap Fund</b>				
	At the beginning of the year	977643	6.23	977643	6.23
	Transfer of Shares as on 07.07.2017	1602	0.01	979245	6.24
	Transfer of Shares as on 14.07.2017	44616	0.28	1023861	6.52
	Transfer of Shares as on 20.07.2017	18480	0.12	1042341	6.64
	Transfer of Shares as on 21.07.2017	3249	0.02	1045590	6.66
	At the end of the year	1045590	6.66	1045590	6.66
<b>2</b>	<b>HDFC Small Cap Fund</b>				
	At the beginning of the year	311611	1.98	311611	1.98
	Transfer of Shares as on 23.06.2017	5875	0.04	317486	2.02
	Transfer of Shares as on 20.07.2017	2488	0.02	319974	2.04
	Transfer of Shares as on 21.07.2017	12500	0.08	332474	2.12
	Transfer of Shares as on 28.07.2017	50000	0.32	382474	2.44
	Transfer of Shares as on 08.08.2017	23900	0.15	406374	2.59
	Transfer of Shares as on 15.08.2017	2500	0.02	408874	2.60
	Transfer of Shares as on 22.08.2017	25000	0.16	433874	2.76
	Transfer of Shares as on 13.10.2017	3700	0.02	437574	2.79
	Transfer of Shares as on 05.01.2018	2550	0.02	440124	2.80
	Transfer of Shares as on 12.01.2018	8350	0.05	448474	2.86
	Transfer of Shares as on 19.01.2018	30200	0.19	478674	3.05
	Transfer of Shares as on 16.02.2018	17600	0.11	496274	3.16
	Transfer of Shares as on 23.02.2018	15800	0.10	512074	3.26
	Transfer of Shares as on 02.03.2018	8249	0.05	520323	3.31
	Transfer of Shares as on 09.03.2018	1443	0.01	521766	3.32
	Transfer of Shares as on 16.03.2018	28400	0.18	550166	3.50
	Transfer of Shares as on 23.03.2018	29800	0.19	579966	3.69
	Transfer of Shares as on 30.03.2018	62000	0.39	641966	4.09
	At the end of the year	641966	4.09	641966	4.09
<b>3</b>	<b>Sundaram Mutual fund A/c Sundaram Smile Fund</b>				
	At the beginning of the year	284152	1.81	284152	1.81
	Transfer of Shares as on 19.05.2017	19978	0.13	304130	1.94
	Transfer of Shares as on 26.05.2017	8330	0.05	312460	1.99
	Transfer of Shares as on 02.06.2017	4841	0.03	317301	2.02
	Transfer of Shares as on 09.06.2017	1969	0.01	319270	2.03
	Transfer of Shares as on 16.06.2017	1171	0.01	320441	2.04
	Transfer of Shares as on 30.06.2017	-3331	0.02	317110	2.02
	Transfer of Shares as on 03.11.2017	-140	0.00	316970	2.02
	Transfer of Shares as on 22.12.2017	10000	0.06	306970	1.95
	At the end of the year	306970	1.95	306970	1.95

#### 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
<b>4 *</b>	<b>Sundaram Alternative Opportunities Fund - Nano Cap Series I</b>				
	At the beginning of the year	0	0.00	0	0.00
	Transfer of Shares as on 19.05.2017	28448	0.18	28448	0.18
	Transfer of Shares as on 26.05.2017	9589	0.06	38037	0.24
	Transfer of Shares as on 16.06.2017	68376	0.43	106413	0.68
	Transfer of Shares as on 23.06.2017	2414	0.01	108827	0.69
	Transfer of Shares as on 30.06.2017	1413	0.01	110240	0.70
	Transfer of Shares as on 07.07.2017	7570	0.05	117810	0.75
	Transfer of Shares as on 28.07.2017	70000	0.44	187810	1.20
	Transfer of Shares as on 04.08.2017	18931	0.12	206741	1.32
	Transfer of Shares as on 11.08.2017	1296	0.01	208037	1.32
	Transfer of Shares as on 18.08.2017	3585	0.02	211622	1.35
	Transfer of Shares as on 25.08.2017	38124	0.24	249746	1.59
	Transfer of Shares as on 08.09.2017	85	0.00	249831	1.59
	Transfer of Shares as on 15.09.2017	3387	0.02	253218	1.61
	Transfer of Shares as on 22.09.2017	3751	0.02	256969	1.64
	Transfer of Shares as on 22.12.2017	3490	0.02	260459	1.66
	Transfer of Shares as on 29.12.2017	16911	0.11	277370	1.77
	At the end of the year	277370	1.77	277370	1.77
<b>5</b>	<b>B V Educational Foundation</b>				
	At the beginning of the year	205500	1.31	205500	1.31
	At the end of the year	205500	1.31	205500	1.31
<b>6</b>	<b>B V Medical Foundation</b>				
	At the beginning of the year	157000	1.00	157000	1.00
	At the end of the year	157000	1.00	157000	1.00
<b>7 *</b>	<b>Vanaja Sundar Iyer</b>				
	At the beginning of the year	0	0.00	0	0.00
	Transfer of Shares as on 24.11.2017	47368	0.30	47368	0.30
	Transfer of Shares as on 01.12.2017	15368	0.10	62736	0.40
	Transfer of Shares as on 08.12.2017	19759	0.13	82495	0.53
	Transfer of Shares as on 15.12.2017	8829	0.06	91324	0.58
	Transfer of Shares as on 22.12.2017	23963	0.15	115287	0.73
	Transfer of Shares as on 12.01.2018	1908	0.01	117195	0.75
	Transfer of Shares as on 19.01.2018	3607	0.02	120802	0.77
	Transfer of Shares as on 25.01.2018	3499	0.02	124301	0.79
	Transfer of Shares as on 02.02.2018	2000	0.01	126301	0.80
	Transfer of Shares as on 16.02.2018	7458	0.05	133759	0.85
	Transfer of Shares as on 09.03.2018	18509	0.12	152268	0.97
	Transfer of Shares as on 30.03.2018	1451	0.01	153719	0.98
	At the end of the year	153719	0.98	153719	0.98

#### 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
<b>8</b>	<b>R. Srinivasan</b>				
	At the beginning of the year	146980	0.94	146980	0.94
	At the end of the year	146980	0.94	146980	0.94
<b>9</b>	<b>Anil Kumar Goel</b>				
	At the beginning of the year	253000	1.61	253000	1.61
	Transfer of Shares as on 09.06.2017	-37000	0.23	216000	1.38
	Transfer of Shares as on 02.02.2018	570	0.003	216570	1.38
	Transfer of Shares as on 09.02.2018	541	0.003	217111	1.38
	Transfer of Shares as on 16.03.2018	-16000	0.10	201111	1.28
	Transfer of Shares as on 23.03.2018	-61000	0.39	140111	0.89
	At the end of the year	140111	0.89	140111	0.89
<b>10</b>	<b>Shelly Desai</b>				
	At the beginning of the year	<b>105291</b>	<b>0.67</b>	<b>105291</b>	<b>0.67</b>
	Transfer of Shares as on 20.10.2017	-228	0.00	105063	0.67
	Transfer of Shares as on 03.11.2017	-1223	0.01	103840	0.66
	Transfer of Shares as on 10.11.2017	-1745	0.01	102095	0.65
	Transfer of Shares as on 17.11.2017	-1024	0.01	101071	0.64
	Transfer of Shares as on 22.12.2017	-1750	0.01	99321	0.63
	Transfer of Shares as on 12.01.2018	-50	0.00	99271	0.63
	Transfer of Shares as on 02.02.2018	-185	0.00	99086	0.63
	Transfer of Shares as on 16.02.2018	-1655	0.01	97431	0.62
	Transfer of Shares as on 23.02.2018	-500	0.00	96931	0.62
	Transfer of Shares as on 16.03.2018	-450	0.00	96481	0.61
	Transfer of Shares as on 23.03.2018	-450	0.00	96031	0.61
	At the end of the year	<b>96031</b>	<b>0.61</b>	<b>96031</b>	<b>0.61</b>
<b>11**</b>	<b>Franklin India Smaller Companies Fund</b>				
	At the beginning of the year	398106	2.54	398106	2.54
	Transfer of Shares as on 07.04.2017	-4668	0.03	393438	2.51
	Transfer of Shares as on 14.04.2017	-4949	0.03	388489	2.48
	Transfer of Shares as on 21.04.2017	-47550	0.30	340939	2.17
	Transfer of Shares as on 28.04.2017	-16033	0.10	324906	2.07
	Transfer of Shares as on 12.05.2017	-75000	0.48	249906	1.59
	Transfer of Shares as on 19.05.2017	-50000	0.32	199906	1.27
	Transfer of Shares as on 09.06.2017	-15000	0.10	184906	1.18
	Transfer of Shares as on 16.06.2017	-10000	0.06	174906	1.11
	Transfer of Shares as on 23.06.2017	-5000	0.03	169906	1.08
	Transfer of Shares as on 14.07.2017	-46652	0.30	123254	0.78
	Transfer of Shares as on 20.07.2017	-23348	0.15	99906	0.63
	Transfer of Shares as on 04.08.2017	-40000	0.25	59906	0.38
	Transfer of Shares as on 18.07.2017	-10546	0.07	49360	0.31
	Transfer of Shares as on 25.08.2017	-49360	0.31	0	0.00
	At the end of the year	0	0.00	0	0.00

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

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

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
12**	<b>Premier Investment Fund Limited</b>				
	At the beginning of the year	155188	0.99	155188	0.99
	Transfer of Shares as on 21.07.2017	-1058	0.01	154130	0.98
	Transfer of Shares as on 28.07.2017	-135101	0.86	19029	0.12
	Transfer of Shares as on 25.01.2018	-14162	0.09	4867	0.03
	Transfer of Shares as on 02.02.2018	-4867	0.03	0	0.00
	At the end of the year	0	0.00	0	0.00
13**	<b>K India Opportunities Fund Limited</b>				
	At the beginning of the year	136367	0.87	136367	0.87
	Transfer of Shares as on 19.05.2017	-136367	0.87	0	0.00
	At the end of the year	0	0.00	0	0.00

\* Not in the list of Top 10 Shareholders as on 31.03.2017. The same has been reflected above since the Shareholder was one of the Top 10 Shareholders as on 31.03.2018

\*\* Ceased to be in the list of Top 10 Shareholders as on 31.03.2018. The same is reflected above since the Shareholder was one of the Top 10 Shareholders as on 31.03.2017.

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

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of Company	No. of Shares	% of total shares of Company
Sri.B.Vijayakumar	2507000	15.97	2507000	15.97
Sri.P.Prabakaran	400	0.00	400	0.00
Smt.Rajsri Vijayakumar	1089576	6.94	1089576	6.94
Sri.V.Rajvirdhan	2198586	14.01	2198586	14.01
Dr.T.Balaji	580	0.01	580	0.00
Sri.P.Balasubramanian	2000	0.01	2000	0.01
Sri.S.Sivakumar	1205	0.01	1005	0.01
Sri.V.Govindarajulu	0	0.00	0	0.00
Sri.P.Shanmugasundaram	0	0.00	0	0.00
Sri.R.Vidhya Shankar	0	0.00	0	0.00
Sri.N.Rengaraj, Chief Financial Officer	300	0.00	500	0.00
Sri.M.Lakshmikanth Joshi General Manager Cum company Secretary	0	0.00	0	0.00

## 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	6,583.14	114.00	3,883.34	10,580.68
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	23.86	-	78.53	102.39
<b>Total (i+ii+iii)</b>	<b>6,607.00</b>	<b>114.00</b>	<b>3,961.87</b>	<b>10,683.07</b>
Change in Indebtedness during the financial year				
Addition	1,051.54	127.00	142.62	1,321.16
Reduction	2,729.79	23.00	157.22	2,910.01
Net Change	(1,678.29)	104.00	(14.60)	(1,588.85)
Indebtedness at the end of the financial year				
i) Principal Amount	4,905.09	218.00	3,868.74	8,991.83
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	8.54	-	150.19	158.73
<b>Total (i+ii+iii)</b>	<b>4,913.63</b>	<b>218.00</b>	<b>4,018.93</b>	<b>9,150.56</b>

For and on behalf of the Board of Directors

Coimbatore  
31.07.2018

**B. VIJAYAKUMAR**  
Chairman cum Managing Director  
DIN: 00015583

**P. PRABAKARAN**  
Deputy Managing Director  
DIN : 01709564

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

₹ in Lakhs

Sl. No	Particulars of Remuneration	Sri. B. Vijayakumar Chairman cum Managing Director	Sri. P. Prabakaran Deputy Managing Director	Total
	Gross Salary			
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	90.88	43.69	134.57
(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	252.46	37.87	290.33
210.-	as % of profit			
	- others, specify	-		
5	Others, please specify i. Deferred bonus (pertaining to the current Financial year payable in 2018)ii. Retirals	-	-	-
	<b>Total (A)</b>	<b>343.34</b>	<b>81.56</b>	<b>424.90</b>

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

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### B. Remuneration to other Directors:

#### 1. Independent Directors

₹ in Lakhs

Name of Directors	Particulars of Remuneration			Total (B)(1) in Lakhs
	Fee for attending Board / committee Meetings	Commission	Others, please specify	
Sri. P. Balasubramanian	1.80	-	-	1.80
Sri. V. Govindarajulu	1.80	-	-	1.80
Sri. P. Shanmugasundaram	1.80	-	-	1.80
Dr. T. Balaji	0.60	-	-	0.60
Sri. R. Vidhya shankar	0.80	-	-	0.80
<b>Total Amount in Lakhs</b>	<b>6.80</b>	<b>-</b>	<b>-</b>	<b>6.80</b>

## 2. Non Executive Directors

₹ in Lakhs

Name of Directors	Particulars of Remuneration			Total (B)(2) in Lakhs	Total (B) = (B)(1) + (B)(2)
	Fee for attending Board / committee Meetings	Commission	Others, please specify		
Smt. V. Rajsri	0.60	-	-	0.60	
Sri. V.Rajvirdhan	0.60	-	-	0.60	
Sri. S.Sivakumar	0.80	-	-	0.80	
<b>Total Amount in Lakhs</b>	<b>2.00</b>	<b>-</b>	<b>-</b>	<b>2.00</b>	<b>8.80</b>

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

₹ in Lakhs

Sl. No	Particulars of Remuneration		Sri. N. Rengaraj Chief Financial Officer	Sri. Lakshmikanth Joshi General Manager Cum Company Secretary	Total Amount in Lakhs
	Gross Salary		34.06	27.27	61.33
1	(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961			
	(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>34.06</b>	<b>27.27</b>	<b>61.33</b>

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

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

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
<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				

**For and on behalf of the Board of Directors**

Coimbatore  
31.07.2018

**B. VIJAYAKUMAR**  
Chairman cum Managing Director  
DIN: 00015583

**P. PRABAKARAN**  
Deputy Managing Director  
DIN : 01709564

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

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

To

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

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

Based on my verification of **M/s. L.G. BALAKRISHNAN & BROS LIMITED**'s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended **31<sup>st</sup> March, 2018**, 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 **31<sup>st</sup> March 2018** 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 the rules made thereunder;

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

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

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

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

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

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

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

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

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

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda

Place : Coimbatore

Date : 31.07.2018

were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

**I further report that** during audit period under review the Board of Directors, Creditors and shareholders have approved a Scheme of Amalgamation of BCW V Tech India Private Limited, Wholly Owned Subsidiary with the Company, pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 read with rules thereto. Subsequently, the Hon'ble National Company Law Tribunal (NCLT), Chennai Bench vide order dated July 13, 2018 has approved the Scheme of Amalgamation. The said order was filed with the Registrar of Companies, Coimbatore by the Company and BCW V Tech India Private Limited on July 27, 2018 (Effective date) upon which the Scheme came into effect from the appointed date i.e., April 1, 2017.

Other than the above, there were no instances of

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

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

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

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

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

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

Place : Coimbatore  
Date : 31.07.2018

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

## ANNEXURE 'C'

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

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

#### A. CONSERVATION OF ENERGY

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

##### Green Power:

LGB has installed 22 number of windmills with a total rated capacity of 7.16 MW. The total number of units of energy generated from these windmills was around ₹132.61 Lakhs units which were used for captive consumption.

All the above green power has supported the energy requirement of company and minimized the power cost certainly.

Also the Company has installed 3 number of ON GRID solar power plants for a rated capacity of 100 KW each. The number of units generated through this solar system was around 1.30 Lakhs units/Per 100 KW Solar Plant/Annum.

All the above green power has supported the energy requirement of company and minimized the power cost certainly

#### (B) TECHNOLOGY ABSORPTION-

##### (i) the efforts made towards technology absorption -

- ❖ Development of high strength Chains through Special Heat treatment process
- ❖ Development of long life chains .
- ❖ New seal ring material and profile development for enhancing Chain life
- ❖ Development of mechanical, hydraulic and hydro mechanical Chain tensioners
- ❖ Advance stamping tool technology for Chain plates for enhanced tool life and parts quality
- ❖ CAE techniques for Chain drive layout optimization

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

\* Opening of new avenue of sales with new products

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

- (a) the details of technology imported : Silent Chain Technology for 4wd Application
- (b) the year of import : 2009-2011
- (c) whether the technology been fully absorbed : In phases

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

The Company has incurred a total expenditure of Rs.598.46 Lakhs (includes capital and recurring expenses) towards Research and Development.

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earned	:	₹ 12,639.47	Lakhs
Foreign Exchange used	:	₹ 8,357.69	Lakhs

**For and on behalf of the Board of Directors**

Coimbatore  
31.07.2018

**B. VIJAYAKUMAR**  
Chairman cum Managing Director  
DIN: 00015583

**P. PRABAKARAN**  
Deputy Managing Director  
DIN : 01709564

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

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

### 2. Composition of the CSR Committee

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

### 3. Average net profit of the Company for the last three financial years

Average net profit: ₹ 7,789.40 Lakhs

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

The Company during the financial year 2017-18 is required to spend ₹ 155.79 Lakhs towards CSR.

### 5. Details of CSR spent during the financial year:

a) Total amount spent for the financial year; ₹ 73.18 Lakhs

b) Amount unspent, if any; ₹ 82.61 Lakhs

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

S. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise in ₹	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads; in ₹	Cumulative expenditure up to the reporting period in ₹	Amount spent Direct or through implemen-tation agency
1	Blind organization of India	Eradicating Hunger, Poverty and malnutrition, Promoting Preventive Health Care	Tamilnadu	80,000	80,000	80,000	Directly
2	Cbe District Association of Deaf	-D0-	-D0-	35,000	35,000	35,000	Directly
3	Amrit Centre for Special Needs	-D0-	-D0-	10,00,000	10,00,000	10,00,000	Directly

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

S. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise in ₹	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads; in ₹	Cumulative expenditure up to the reporting period in ₹	Amount spent Direct or through implementation agency
4	St Joseph Leprosy	Eradicating Hunger, Poverty and malnutrition, Promoting Preventive Health Care	Tamilnadu	29,000	29,000	29,000	Directly
5	Chennai Vision Charitable	D0-	-D0-	10,00,000	10,00,000	10,00,000	Directly
6	Manav Vikas Uplift foundation	-D0-	-D0-	63,700	63,700	63,700	Directly
7	LRG & GD Trust	Promoting Education including Special Education-	-D0-	40,00,000	35,00,000	35,00,000	Through implementing agencies
8	Little Flower Convent School	-D0-	-D0-	12,00,000	10,87,650	10,87,650	Directly
9	Bala Mandir Kamaraj Trust	-D0-	-D0-	5,00,000	5,00,000	5,00,000	Directly
10	South India Welfare Trust	-D0-	-D0-	25,000	22,500	22,500	Directly
11	Other -Project - to be completed			82,82,150	-	-	
				156,00,000	73,17,850	73,17,850	

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

The obligation of spending of 2% of prior 3 years average profit should not result in compulsive spending by the Company in unplanned expenditure or unplanned undeserving support. In order to maximize beneficial effort in its activities, the Company would spend after proper identification of planned Charitable Projects in the coming years .

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

**For and on behalf of the Board of Directors**

**B. VIJAYAKUMAR**

Chairman CSR Committee

Chairman cum Managing Director

DIN: 00015583

**P. PRABAKARAN**

Deputy Managing Director

DIN : 01709564

Coimbatore  
31.07.2018

## Annexure - 'E'

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

- Ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year ended March 31, 2018 and the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the Financial Year ended March 31, 2018:

Sr. No	Director	Category	Remuneration ₹ in lakhs	Median Remuneration	Ratio	% increase / decrease
1	Sri.B.Vijayakumar	Chairman Cum Managing Director	343.34	2.57	133:1	29 %
2	Sri.P.Prabakaran	Deputy Managing Director	81.56	2.57	32:1	22%
3	Smt.Rajsri Vijayakumar	Non-Executive Promoter	-	-	-	
4	Sri.V.Rajvirdhan	Non-Executive Promoter	-	-	-	
5	Sri.S.Sivakumar	Non-Executive Non-Independent	-	-	-	
6	Sri.P.Balasubramanian	Non- Executive Independent	-	-	-	
7	Dr.T.Balaji	Non-Executive Independent	-	-	-	
8	Sri.V.Govindarajulu	Non- Executive Independent	-	-	-	
9	Sri.P.Shanmugasundaram	Non- Executive Independent	-	-	-	
10	Sri.R.Vidhya Shankar	Non- Executive Independent	-	-	-	
11	Sri.N.Rengaraj	Chief Financial Officer	34.06	-	-	9%
12	Sri.M.Lakshmikanth Joshi	General Manager & Company Secretary	27.27	-	-	9%

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

- Percentage increase in the median remuneration of employees in the financial year. : 4%
- Number of permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2018. : 1722
- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

Average percentile increase in remuneration other than managerial personnel is 8.95% and average percentile increase / (decrease) in remuneration for managerial personnel is 27.59%
- Affirmation that the remuneration is as per the remuneration policy of the Company

Your director affirm that the remuneration is as per the Nomination and Remuneration Policy of the Company.

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

**(a) Details of Top ten employees in terms of gross remuneration paid during the year ended March 31, 2018:**

S. No	Name of Employee	Designation	Remuneration Received ₹ In Lakhs	Nature of Employment	Qualification	Experience (Years)	Date of Commencement of Employment	Age	Last Employment	% of Equity Share held
1	B. Vijayakumar	Chairman Cum Managing Director	343.34	Permanent	B.Sc	42	01.01.1977	66	NIL	15.97
2	P.Prabakaran	Deputy Managing Director	81.56	Permanent	BE	31	21.03.1988	60	Shanthi Gears Limited	0.00
3	N Rengaraj	Chief Financial Officer	34.06	Permanent	BBA, FCA., MBA	20	01.03.2004	49	Rubfila International Limited	0.00
4	P.Subbiah	General Manager	29.69	Permanent	BE	29	02.07.2007	52	PHC Manufacturing Private Ltd	0.00
5	M Lakshmi Kanth Joshi	General Manager Cum Company Secretary	27.27	Permanent	B.Com., ACS, MBA, LLB	17	30.03.2005	50	Veejay Lakshmi Engineering Works Ltd	0.00
6	N Suresh Kumar	General Manager	27.15	Permanent	DWE, B.B.A	27	01.02.1995	47	Milltex Engineering Private Ltd	0.00
7	P.S.Arul Ramalingam	Deputy General Manager	24.83	Permanent	BE	32	16.06.2011	55	Appicom India Private Ltd	0.00
8	K Rajendran	General Manager	19.73	Permanent	B.A., LLB	41	01.08.2001	59	Nil	0.00
9	N KA Nambi*	General Manager	11.22	Permanent	BE(MECH)	24	12.10.2015	47	IFPL (KK Birla Group)	0.00
10	J Prakash	Deputy General Manager	21.34	Permanent	DWE	28	17.01.2000	47	Lakshmi Synthetic Machinery Private Ltd	0.00

\* Resigned from the Company on 14.10.2017

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

S. No	Name of Employee	Designation	Remuneration Received ₹ In Lakhs	Nature of Employment	Qualification	Experience (Years)	Date of Commencement of Employment	Age	Last Employment	% of Equity Share held
1	B. Vijayakumar	Chairman Cum Managing Director	343.34	Permanent	B.Sc	42	01.01.1977	66	NIL	15.97

**For and on behalf of the Board of Directors**

**B. VIJAYAKUMAR**

Chairman cum Managing Director

DIN: 00015583

**P. PRABAKARAN**

Deputy Managing Director

DIN : 01709564

Coimbatore  
31.07.2018

**ANNEXURE 'F'**

**FORM AOC-1**

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

**Part "A" : Subsidiaries**

Figures in Lakhs

1.	Name of the Subsidiary Company	LGB USA INC	
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01.01.2017 to 31.12.2017	01.01.2017 to 31.12.2017
3	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	INR	USD
4.	Share Capital	2,004.15	35.45
5.	Reserves & surplus	3,388.06	47.69
6.	Total Liabilities	3043.87	47.61
7.	Total Assets	8436.08	130.75
8.	Investments	NIL	NIL
9.	Turnover and other income	10,259.14	157.54
10.	Profit / (Loss) before Taxation	841.75	13.75
11.	Provision for Tax	Nil	Nil
12.	Profit / (Loss) after Taxation	841.75	13.75
13.	Proposed Dividend	Nil	Nil
14.	% of share holding	77.01	77.01

\* LGB USA INC. figures presented on a consolidated basis

**Notes:**

- Names of Subsidiaries which are yet to commence operations : None
- Names of Subsidiaries which have been liquidated or sold during the year : The Hon,ble National Company Law Tribunal, Chennai Bench (NCLT) vide its order dated July 13, 2018 sanctioned the Scheme of Amalgamation of M/s. BCW V Tech India Private Limited with the Company with effect from the appointed date April 1, 2017. The said order was filed with the Registrar of Companies, Coimbatore on July 27, 2018, pursuant to which the Scheme has come into effect.

# ANNEXURE 'F'

## FORM AOC-1 (Contd.)

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

### Part "B": Associates and Joint Ventures

1	Name of the Associate Company	Renold Chain India Private Limited
2	Latest audited Balance Sheet Date	31 <sup>st</sup> March, 2018
3	Shares of Associate/ Joint Ventures held by the Company	
	on the year end: No. of shares (equity)	10250000
	Amount of investment in Associates / Joint Venture	₹ 1025.00 Lakhs
	Extend of Holding %	25%
4	Description of how there is significant influence	Share holding
5	Reason why the Associate is not consolidated	NA
6	Networth attributable to shareholding as per	
	latest audited Balance Sheet	₹ 1686.04 Lakhs
7	Profit/Loss for the year:	
	i. Considered in Consolidation	₹ 96.64 Lakhs
	ii. Not considered in Consolidation	₹ 289.92 Lakhs

#### Notes:

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

	In terms of our report attached		For and on behalf of Board of Directors
	For <b>SURI &amp; CO</b>	<b>B. VIJAYAKUMAR</b>	<b>P. PRABAKARAN</b>
	Chartered Accountants	Chairman cum Managing Director	Deputy Managing Director
	FRN: 0042835	DIN: 00015583	DIN : 01709564
	<b>R. KRISHNAMOORTHY</b>	<b>M. LAKSHMI KANTH JOSHI</b>	<b>N. RENGARAJ</b>
Place : Coimbatore	Partner	General Manager cum Company Secretary	Chief Financial Officer
Date : 31.07.2018	Membership No. 020695		

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE AND DEVELOPMENT

FY 17-18 proved to be an exciting year for the domestic auto industry. Some of the factors attributable to this include: the implementation of the long awaited GST and doing away with the conventional sales and excise tax System.

The auto-components industry accounts for almost seven per cent of India's Gross Domestic Product (GDP) and employs as many as 25 million people, both directly and indirectly. A stable government framework, increased purchasing power, large domestic market, and an ever increasing development in infrastructure have made India a favorable destination for investment.

### COMPANY AND BUSINESS OVERVIEW

The Company is engaged in the business of manufacturing Chains, Sprockets and Metal Formed Parts for automotive applications. The Company products are marketed under the proprietary brand "Rolon", the most trusted and reputed supplier of Original Equipment Manufacturers (OEM) in India, with approx. 60 % market share in the Indian Two Wheeler industry. Product quality, cost competitiveness, continuous product innovation and excellent customer service are key features of this business. Apart from OEMs, this segment also caters to export, after market and spares segments.

### OPPORTUNITIES:

There is a wide expectation that the automotive industry is expected to grow at a faster pace than the previous years. Due to pricing pressures from various changes there is a renewed push towards indigenisation. This is very important and it is expected to further enhance the growth figures.

New vehicles and new models are being introduced every year calling for a faster development cycle. This will affect not only to our company but right through the automotive manufacturing chain and presents marvellous opportunities. Our company has been growing steadily and has invested significantly in technology as well as capacity and is ready to capitalise on such opportunities.

### THREATS:

The emergence of the electric vehicles both two wheeler and four wheeler is bound to temporarily affect conventional vehicles with the internal combustion engine

(ICE). The ICE currently has an efficiency of only 20%. A number of vehicle manufacturers are working on improving the efficiency and have reported an increase to 27%. This gain of 7% is enough to improve the fuel economy and also to bring emission down to the point of making the improved ICE the cleanest and the cheapest source of motive power.

Though the electric vehicle is flouted as the cleanest mode of travel, we must remember that electricity especially in India is produced by burning coal and fossil fuels which are as dirty if not dirtier than the ICE for the motive power that they deliver. The disposal of the batteries from EV is an additional problem without a solution.

We do not want our planet to become further polluted by inappropriate disposal of the battery cells.

Although in short term there could be a temporary shift towards electric vehicles, in the long term we have been given to understand by our larger customers that the Electric Vehicles market share will not exceed 35% on a global basis.

### RISKS AND CONCERNS

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

Your Company depends on external factors such as power, fuel, consumables, packing and forwarding. These impact the Company's manufacturing costs significantly which are beyond the Company's control. Therefore, any significant rise in input costs may affect your Company's overall profitability

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems to monitor internal business process, financial reporting and compliance with applicable laws. The company periodically reviews the adequacy and effectiveness of the control systems. The Audit Committee at their meetings regularly reviews the significant observations of the compliance and other monitoring reports. The heads of various monitoring / operating cells and statutory auditors are invited to attend the Audit Committee meetings

---

## HEALTH, SAFETY, SECURITY ENVIRONMENT

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

## HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company maintained cordial relations with its workforce. As a result, there were no interruptions or halts in work at any of the plant or any action taken against the management. LGB takes sufficient care of its employees across levels and provides adequate motivation as well as a friendly environment. During the year, employee relationships remained cordial through the adoption of productive and performance-based policies.

Training and development of employees continue to be an area of prime importance. The devotion and

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

## RISK MANAGEMENT

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

## CAUTIONARY STATEMENT

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

## For and on behalf of the Board of Directors

Coimbatore  
31.07.2018

**B. VIJAYAKUMAR**  
Chairman cum Managing Director  
DIN: 00015583

**P. PRABAKARAN**  
Deputy Managing Director  
DIN : 01709564

## CORPORATE GOVERNANCE

In accordance with Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred to as 'SEBI Listing Regulations'] read with the disclosure requirements relating to the Corporate Governance Report contained in Schedule V of the SEBI Listing Regulations, the details of compliance by the Company with the norms on Corporate Governance are as under:

### 1. Company's Philosophy on Corporate Governance:

LGB is committed to the highest standards of business ethics and values. The Company has a strong history of fair, transparent and ethical governance practices and the Company has over the years consistently demonstrated good corporate governance practices. Good Corporate Governance is an integral part of the Company's value system and the Company Management places considerable emphasis on compliance therewith aimed at providing good governance. The Company is committed to do business in an efficient, responsible, honest and ethical manner and ensures fiscal accountability, operational excellence and fairness to all stakeholders including shareholders, employees, customers, suppliers and communities.

### 2. Board of Directors:

Your Board comprises optimal combination of Independent as well as Non-executive Directors having in-depth knowledge of the business of the industry. The size and composition of the Board conforms to the requirements of the Corporate Governance code under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The composition of Board, Directorship/ Committee positions in other companies as on 31<sup>st</sup> March 2018, number of meetings held and attended during the financial year are as follows:

Name of the Directors	DIN	Category	No. of Directorship in other Companies*	** No. of Board Committee Memberships/ Chairmanships held		Attendance Particulars	
				Member	Chairman	Board Meeting	Last AGM
Sri. B. Vijayakumar# Chairman Cum Managing Director	00015583	Executive Promoter	5	2	-	4	Yes
Sri. P. Prabakaran Deputy Managing Director	01709564	Executive	-	-	-	4	Yes
Smt. Rajsri Vijayakumar#	00018244	Non-Executive Promoter	-	-	-	3	Yes
Sri. V. Rajvirdhan#	00156787	Non-Executive Promoter	2	1	-	3	No
Sri. S. Sivakumar	00016040	Non-Executive Non-Independent	2	-	-	4	Yes
Sri. P. Balasubramanian	00018197	Non- Executive Independent	-	1	-	4	Yes
Dr. T. Balaji	00002755	Non-Executive Independent	2	1	-	2	Yes
Sri. V. Govindarajulu	00016108	Non- Executive Independent	-	1	1	4	Yes
Sri. P. Shanmugasundaram	00119411	Non- Executive Independent	1	-	2	4	Yes
Sri. R. Vidhya Shankar	00002498	Non- Executive Independent	1	1	-	3	No

\* Exclude Directorship in Private Companies and Foreign Companies.

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

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

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

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

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

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

#### **Details of the Board meetings held during the financial year 2017-2018**

S.No	Date of Board meeting	No. of Directors Attended	S.No	Date of Board meeting	No. of Directors Attended
1	06.05.2017	9	3	31.10.2017	9
2	08.08.2017	7	4	30.01.2018	10

#### **Separate Meetings of Independent Directors**

The Company's Independent Directors met on 18<sup>th</sup> January 2018, without the presence of the Chairman Cum Managing Director & the Non-Executive Non-Independent Directors and the Management Team. The meeting was conducted informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company.

#### **Familiarization programme for Independent Directors**

Guided by the principles laid down for Corporate Governance under the Listing Regulations and the Companies Act, 2013, Independent Directors are appraised through familiarization programmes to provide insights into the Company, including; nature of Industry in which the Company operates, business model of the Company, relevant information on business processes and roles, responsibilities, duties and rights of Independent Directors.

The details of such familiarization programmes imparted to the Independent Directors are available on the website of the Company at [www.lgb.co.in](http://www.lgb.co.in).

### **3. Audit Committee**

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

#### **3.1 Terms of Reference:-**

Audit Committee assists the Board in its responsibility of overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors including the Cost auditors, the performance of internal auditors and the Company's risk management policies. The terms of reference of Audit Committee cover the areas mentioned under Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 177 of the Companies Act, 2013.

#### **3.2 Composition & Meetings:-**

During the financial year ended 31<sup>st</sup> March 2018, four Audit Committee Meetings were held on 05<sup>th</sup> May, 2017 , 07<sup>th</sup> August, 2017 , 30<sup>th</sup> October, 2017 and 29<sup>th</sup> January, 2018 . The necessary quorum was present at these meetings, and the details of the composition and attendance at the aforementioned meetings are as follows:

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

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

Audit Committee invites Deputy Managing Director, Chief Financial Officer, representative of Statutory Auditors, Internal Auditors and Cost Auditors for meeting(s), to provide inputs on issues relating to accounts, taxation, internal audit finding, internal controls, risk managements etc.

The Company Secretary acts as the Secretary to the Committee

#### 4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) functions according to its charter that composition, meeting requirements, authority and power, responsibilities, reporting and evaluation functions in accordance with Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations. The broad terms of reference of the NRC are as follows:

##### 4.1 Terms of Reference:-

The Nomination and Remuneration Committee assist the Board in overseeing the method, criteria and quantum of compensation for directors and senior management based on their performance and defined assessment criteria. The Committee formulates the criteria for evaluation of the performance of Independent Directors & the Board of Directors; identifying the persons who are qualified to become directors, and who may be appointed in senior management and recommend to the Board their appointment and removal.

The terms of the reference of Nomination and Remuneration Committee covers the areas mentioned under Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as section 178 of the Companies Act, 2013

##### 4.2 Composition and Attendance at the Meeting

The composition of the nomination and remuneration committee is in alignment with the provisions of section 178 of the Companies Act, 2013 and regulation 19 of the Listing Regulations.

The Constitution of the Nomination and Remuneration Committee are as follows :

The Committee met once on 6<sup>th</sup> May 2017 and all the members were present at the meeting.

S. No	Name of the Member	Designation	Category
1.	Sri.R.Vidhya Shankar,	Chairman	Independent Non Executive
2.	Sri.V. Govindarajulu	Member	Independent Non Executive
3.	Sri. P. Balasubramanian	Member	Independent Non Executive
4.	Sri. B. Vijayakumar	Member	Non Independent

Remuneration payable to the Key Managerial Personnel of the Company is being considered/ discussed/ finalized after considering various factors such as financial position of the Company, trend in industry, and past remuneration etc., which is onward submitted to Board for respective approval(s).

Non-Executive Independent Directors of the Company do not have any pecuniary relationship or transaction with the Company. They do not draw any remuneration, except sitting fees for attending meetings of Board/ Committee.

#### 4.3 Performance evaluation criteria for Independent Directors

Considering the Performance Evaluation Guidelines which were formulated by the Nomination and Remuneration Committee, the Board and Nomination and Remuneration Committee approved the framework for evaluating the performance, on an annual basis, of the Board, its Committees and each director.

Pursuant to the provisions of the Companies Act, 2013, SEBI(Listing Obligations and Disclosure Requirements), Regulations 2015 and the Performance Evaluation Guidelines of the Company, the Board of Directors / Independent Directors / Nomination and Remuneration Committee has undertaken an evaluation of its own performance, the performance of its Committees and of all the individual Directors including Independent Directors based on various parameters relating to attendance, roles, responsibilities and obligations of the Board, effectiveness of its functioning, contribution of Directors at meetings and the functioning of its Committees. The results of such evaluation are presented to the Nomination and Remuneration Committee and the Board of Directors

#### 4.4. Remuneration Policy

The terms of reference/ role of the Nomination and Remuneration Committee is to determine the Company's policy on the remuneration package of its Executive Directors and senior management and to determine and approve the terms & conditions and remuneration package of its Executive Directors, including revision thereof from time to time, and to deliberate on and decide matters incidental thereto or consequential thereof

#### 5. Remuneration of Directors

##### 5.1 Remuneration paid to the Executive Directors for the financial year ended March 31, 2018 is given as under :

₹ in Lakhs

Name of Directors	Service Contract	Salary & Allowances	Commission	Employees Stock Option Plan	Total
Sri.B.Vijayakumar Chairman cum Managing Director	1.01.2015 to 31.12.2019	90.88	252.46	Nil	343.34
Sri.P.Prabakaran Deputy Managing Director	01.06.2016 to 31.05.2019	43.69	37.87	Nil	81.56

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

## 5.2 Remuneration paid/ to the non-executive Directors for the financial year ended March 31, 2018 is given as under

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

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

Statement showing number of Equity Shares of ₹ 10/- each of the Company held by the present Non-Executive Directors as on March 31,2018:

Name	No. of shares held (as on 31.03.2018)	% of Holding
Smt.Rajsri Vijayakumar	1,089,576	6.94
Sri. V. Rajvirdhan	2,198,586	14.01
Dr. T. Balaji	580	0.00
Sri. P. Balasubramanian	2,000	0.01
Sri. S. Sivakumar	1,005	0.01
Sri. V. Govindarajulu	-	-
Sri. P. Shanmugasundaram	-	-
Sri. R. Vidhya Shankar	-	-

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

The Company currently does not have any stock option scheme.

## 6. Stakeholders' Relationship Committee:

The Board has constituted the Stakeholder's Relationship Committee (SRC) pursuant to section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 to look into the Redressal of investors' complaints pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transfers and transmission of shares and other miscellaneous complaints. In addition, the Committee looks into other issues including status of dematerialization / re-materialization of shares, transfer/transmission as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

**Stakeholders' Relationship Committee** consists of the following Directors.

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

During the year under review, the Committee met 22 times to deliberate on various matters referred above and for Redressal of investors complaints.

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

The Company has been receiving various correspondences from shareholders and required information/ documents are furnished immediately to the satisfaction of shareholders. At the beginning of the year, no complaint was pending. During the year ended 31<sup>st</sup> March, 2018, the Company has not received any complaints from investors and also no investor complaint was pending on 31<sup>st</sup> March 2018.

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

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

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

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

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

Particulars	Number of Shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	248	42,884
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	7	15,374
Number of shareholders to whom shares were transferred from suspense account during the year	7	15,374
Aggregate number of shareholders and outstanding shares in the suspense account lying as on 31 <sup>st</sup> March, 2018	241	27,510

The voting rights on the outstanding unclaimed shares as on 31<sup>st</sup> March, 2018 shall remain frozen till the rightful owner of such shares claims the shares by submission of the requisite documentary proof of their identity to the Company's Registrar & Share Transfer Agent.

All corporate benefits on such shares shall be credited to the unclaimed suspense account, as applicable for a period of seven years and thereafter be transferred in accordance with the provisions of Section 124(5) and

Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules).

#### Corporate Social Responsibility Committee (CSR Committee)

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

The CSR Committee met four times during the year on 06<sup>th</sup> May, 2017, 08<sup>th</sup> August, 2017, 31<sup>st</sup> October, 2017 and 30<sup>th</sup> January, 2018. The necessary quorum was present for all Meetings.

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

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

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

#### 7. Management Discussion and Analysis Report

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

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

Year	Date	Time	Venue	Special Resolution passed
2014 2015	10.09.2015	10.30 A.M.	Ardra," Kaanchan, 9, North Huzur Road Coimbatore	To accept Public Deposit in accordance with the provisions of the Companies Act, 2013 and Rules made there under.
				Authorizing Board of Directors to enter into contracts and/or agreements with Renold Chain India Private Limited being the related party as defined under the Companies Act, 2013
2015 2016	14.07.2016	10.30 A.M.	Ardra," Kaanchan, 9, North Huzur Road Coimbatore	No
2016 2017	27.07.2018	10.30 A.M.	Ardra," Kaanchan, 9, North Huzur Road Coimbatore	Increase in Authorised Capital from 20 Crores to 40 Crores.

#### Extra Ordinary General Meetings and Postal Ballot:

During the year under review, the Company had sought the approval of its members, through Postal Ballot Mechanism and by voting through poll at the venue of the meeting for the below mentioned Special Resolution in terms of the directions of the Hon'ble National Company Law Tribunal, Chennai Bench vide Notice dated 20<sup>th</sup> January 2018. The Resolution passed through postal ballot (Postal Ballot, Physical Voting by Poll at the venue of the meeting and remote E-Voting) and the voting pattern of the resolution is mentioned hereunder:

Resolution passed on 26<sup>th</sup> February 2018 and voting pattern thereof

Sl. No	Particulars of Resolution	% of votes	
		Favour	Against
1.	Approval of the Scheme of Amalgamation of BCW V Tech India Private Limited (Transferor Company) with L G Balakrishnan & Bros Limited (Transferee Company) pursuant to Sections 230 to 232 of the Companies Act, 2013 vide Hon'ble National Company Law Tribunal, Chennai Order dated 12 <sup>th</sup> January 2018.	100	Negligible

Sri. M.D. Selvaraj, FCS of MDS & Associates, Company Secretaries, Coimbatore, was appointed as the scrutinizer for carrying on the postal ballot process in a fair and transparent manner.

**Procedure followed for Postal Ballot**

Pursuant to the provisions of Section 108 & 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the resolutions as specified in the Notice of the Postal Ballot dated 20<sup>th</sup> January 2018 (as specified above) were transacted through Postal Ballot / e-voting during last year. The Company had engaged the services of Central Depository Services (India) Limited (CDSL) for providing e-voting facility to the members.

The members were provided the option of exercising their right to vote on the said resolution through postal ballot / e-voting during the period commencing from Saturday, 27<sup>th</sup> January 2018 to Sunday, 25<sup>th</sup> February 2018. Upon completion of the voting period, the scrutinizer completed the scrutiny of votes cast and submitted his report to Sri.P.Shanmugasundaram, Chairman of the NCLT conveyed meeting. The results of the voting were declared on Wednesday, 28<sup>th</sup> February 2018 and displayed on the website of the Stock Exchange(s), the Company and CDSL.

During the year current financial year, the Company has obtained the approval of the shareholders by way of a Special Resolution through postal ballot for issue of Bonus equity shares in the ratio of one equity share for every one equity shares held and the resolution was passed on 8<sup>th</sup> June 2018 and the voting pattern of the resolution is mentioned hereunder:

Sl. No	Particulars of Resolution	% of votes	
		Favour	Against
1.	Approval for issue of bonus equity shares at the ratio of 1:1 pursuant to section 63 of the Companies Act, 2013 read with relevant Rules made thereunder and Chapter IX of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009	99.87%	0.13%

Sri. M.D. Selvaraj, FCS of MDS & Associates, Company Secretaries, Coimbatore, was appointed as the scrutinizer for carrying on the postal ballot process in a fair and transparent manner

## 9. Means of Communication

### Financial results

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

### Official News Releases

Official news releases are made whenever it is considered necessary

### The presentation made to institutional investors or to the analysts

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

## 10. General Shareholders' Information

Annual General Meeting is proposed to be held at 10.15 A.M. on Thursday the 30th August, 2018 at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore- 641 018.

### Financial Calendar

Financial Year : April to March

For the year ended 31st March 2018, results were announced on 28.04.2018.

### Financial Year - 2018-2019

Quarter ending June 30, 2018 - End of July 2018\*

Quarter ending September 30, 2018 - End of October 2018\*

Quarter ending December 31, 2018 - End of January 2019\*

Year ending March 31, 2019 - End of April 2019\*

\* Tentative

Date of Book Closure - The date of Book closure are from 24.08.2018 to 30.08.2018 (both days inclusive) to determine the members entitled to the dividend for 2017-18

Dividend payment date - on or before 25.09.2018

Listing on Stock Exchanges - BSE Ltd.  
The National Stock Exchange of India Ltd.

Securities Code - BSE Ltd. Equity 500250  
- The National Stock Exchange of India Ltd. - LGBBROSLTD

The International Security Identification Number (ISIN) - INE337A01034

The Company has paid the Listing Fees for the year 2018 - 2019 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:

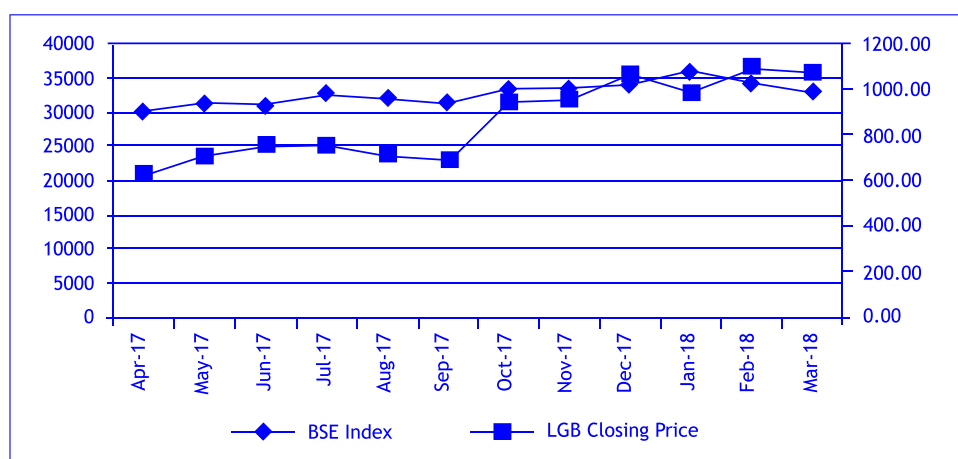
### Stock market data for the year 2017 -2018

	NSE		BSE Ltd	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April - 2017	653.95	606.05	654.55	607.00
May	724.75	620.65	723.55	624.65
June	815.35	690.05	816.00	692.00
July	797.00	742.00	797.60	727.40
August	777.70	666.00	784.75	668.65
September	758.95	668.65	776.95	675.00
October	1020.05	684.25	1022.25	686.15
November	965.00	901.60	962.90	905.00
December	1143.75	895.05	1138.80	905.00
January - 2018	1120.70	934.40	1114.80	936.00
February	1099.00	883.25	1094.00	900.00
March	1124.00	1021.25	1149.95	1000.25

(Source: BSE and NSE website)

During the year the equities of the Company are not suspended from trading in NSE & BSE.

### Performance of the Company's Equity Shares relative to BSE Sensex during the Financial Year 2017-18



### Registrar & Transfer Agents

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

### Share Transfer System:

Trading of Company's equity shares is possible in dematerialized form. Shares sent for transfer in physical form are registered on a fortnightly basis and returned within prescribed period from the date of receipt of document provided all the documents are valid and complete in all respects. The authority to approve the share transfer / transmission lies with the Stakeholders Relationship Committee

### Distribution of Shareholding

The Shareholding distribution of the equity shares as on 31<sup>st</sup> March, 2018 is given below:

Range	No. of Holders	No. of Shares (Face Value ₹ 10/-)	% of Shares
1 - 100	10785	407598	2.60
101 - 500	3321	789901	5.03
501 - 1000	627	475993	3.03
1001 - 2000	393	584564	3.72
2001 - 3000	119	302272	1.93
3001 - 4000	89	312871	1.99
4001 - 5000	39	181926	1.16
5001 - 10000	90	656032	4.18
10001 - and above	83	11985051	76.36
<b>Total</b>	<b>15546</b>	<b>15696208</b>	<b>100.00</b>

### Pattern of Shareholding as on 31st March 2018

Sl. No.	Category	No. of Share holders	No. of Shares held	% of Shares
1	Promoters and promoters group	14	7,515,400	47.88
2	Mutual Funds / UTI	11	2,119,808	13.50
3	Financial Institutions, Banks	2	2,191	0.02
4	Foreign Institutional Investors/NRI/OCB	310	571,047	3.64
5	Bodies Corporate / Clearing Member	280	257,606	1.64
6	Investor Education & Protection Fund	1	21,886	0.14
7	Public	14,928	5,208,270	33.18
	<b>Total</b>	<b>15,546</b>	<b>15,696,208</b>	<b>100.00</b>

### Dematerialization of Shares and Liquidity

Particulars	No. of Shares	Percentage (in Share Capital)
National Securities Depository Limited	14,089,542	89.76
Central Depository Services (India) Limited	1,142,951	7.28
Physical	463,715	2.96
<b>Total</b>	<b>15,696,208</b>	<b>100.00</b>

Shareholders, who continue to hold shares in physical form, are requested to dematerialize their shares at the earliest and avail of the various benefits of dealing in securities in electronic/dematerialized form. The shareholders have the option to hold Company's shares in demat form through the National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL). The system for getting the shares dematerialized is as under:

- ❖ Share certificate(s) along with Demat Requisition Form (DRF) is to be submitted by the shareholder to the Depository Participant(DP) with whom he/ she has opened a Depository Account;
- ❖ DP processes the DRF and generates a unique number viz. DRN;
- ❖ DP forwards the DRF and share certificates to the Company's Registrars & Share Transfer Agents;

- ❖ The Company's Registrars & Share Transfer Agents after processing the DRF, confirms the request to the Depositories by cancellation of physical share certificates; and
- ❖ Upon confirmation, the Depository gives the credit to shareholder in his/her depository account maintained with DP.

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

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

**Commodity Price Risk/ Foreign Exchange Risk and Hedging**

The Company did not engage in hedging activities.

**Plant Location & Addresses**

1. Coimbatore: 6/16/13, Krishnarayapuram Road, Ganapathy, Coimbatore Pin code - 641 006.
2. Vaiyampalayam : SF. No. 47 & 50, Kondayampalayam Village, Vaiyampalayam PO, Coimbatore Pin code - 641 110.
3. Dindigul : SF. No. 5691/2, 5701/2, Karur Dindigul Road, D-Gudalur Pin code - 624 620
4. Karur: Mochakkottampalayam, Viswanathapuri, Karur Pin code - 639 002.
5. Mysore: No. 24, Industrial Suburb south Mysore Pin code - 570 008.
6. Annur: 269/1, Ganesapuram, Kattampatti Post, Annur, Coimbatore Pin code - 641 107.
7. Pongalur: 1/175, Sathy Road, Pongalur, Puliampatti Post, Pongalur Pin code - 638 459
8. Bangalore: No.4-A, Bommasandra Industrial Area, Anekal Taluk, Bangalore Pin code - 560 009.
9. Chakan: Gat No. 343-4, Industrial Shed, behind Hotel Marriot, Chakan Talegaon Road, Mahalunge, PUNE, Pin code - 410 501.
10. Kondayampalayam Village, SF No. 195, Pillayar Kovil Street, Near Power House, Kottaipalayam Post Coimbatore Pin code - 641 110.
11. Manesar: Plot No. 17, Section - 3, IMT Manesar Gurgaon Pin code 122 050.
12. Chennai: No. 49, Sidco Industrial Estate, Ambattur Chennai Pin code 600098
13. Annur: 3/145, Kovai Road, Ottrapalayam Village, Annur, Coimbatore Pin code - 641 653
14. Rudrapur: Khasra No. 390, Village- Danpur, Kashipur Road, Rudrapur, Pin code - 263 153 Uttrakhand
15. Pant Nagar: Plot No. 16, Sector 9, II E, Sidgul, Pant Nagar, Uddamsingh Nagar, Pin code - 263 153. Uttrakhand
16. Khushkhara, G-1, 356 RIICO Industrial Area, Alwar District Pin code - 301707, RAJASTHAN
17. Kariyampalayam: SF. No. 266/1B & 1C, RD Building. Kumarapalaym Road, Kariampalayam Post, Annur, Coimbatore Pin code - 641 653.
18. Pillaippampalayam: Gear Division SF.NO.225 - 227 - 123 D, Annur Road, Annur VIA Pillaippampalayam, Coimbatore Pin code - 641 653.
19. Pillaippampalayam, Chain Division SF.NO.225 - 227 - 223 D, Annur VIA Pillaippampalayam, Coimbatore Pin code - 641 653.
20. Jalna: Plot No. A -7, Jalna Phase III, Industrial Area (MIDC) Maharashtra - 431 213
21. Ahmed Nagar: MIDC, Supa Area, Supa Parner Industrial Area, Ahmed Nagar, Maharashtra Pin code - 414 301
22. Pillaippampalayam, Machining : Division SF.NO.225 - 227 - 223 D, Annur VIA Pillaippampalayam, Coimbatore Pin code - 641 653.

## Address for Correspondence

**M. Lakshmi Kanth Joshi**  
General Manager Cum Company Secretary  
6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore - 641 006  
Phone No.0422-4611212 Fax No: 0422-4611163 Email: lk.joshi@lgb.co.in

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

## 12. Disclosures

### a. Related Party Transactions:

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015.

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

Kindly refer to the notes forming part of accounts for the details of Related Party Transactions.

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

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

### b. Strictures and Penalties

There were no instances of non-compliance by the Company or any penalties or strictures imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

### c. Vigil Mechanism and Whistle-Blower Policy

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

The Whistle Blower Policy has been posted on the website of the Company [www.lgb.co.in](http://www.lgb.co.in).

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

**d. Details of compliance with mandatory requirements**

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

**Details of compliance of non-mandatory requirements**

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

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

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

**e. Policy for determining ‘material’ subsidiaries**

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

**Material unlisted subsidiary**

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

**f. Commodity price risks and Commodity hedging activities**

During the financial year ended 31st March, 2018 the company did not engage in commodity hedging activities.

**Disclosure of Accounting Treatment**

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

**Risk Management**

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

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

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

**Certificate from CEO/CFO**

The CEO certification of the financial statements for the year has been submitted to the Board of Directors, in its meeting held on April, 28, 2018 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations.

#### 14. DECLARATION - CODE OF CONDUCT

I, B.Vijayakumar, Chairman cum Managing Director of L.G.Balakrishnan & Bros Limited, declare that all the members of the Board of Directors and Senior Management have, for the year ended 31<sup>st</sup> March, 2018 affirmed compliance with the Code of Conduct laid down by the Board of Directors and Senior Management in terms of Regulation 26(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Coimbatore  
31.07.2018

**B. VIJAYAKUMAR**  
Chairman cum Managing Director  
DIN: 00015583

#### CERTIFICATE ON CORPORATE GOVERNANCE

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

I have examined the compliance conditions of Corporate Governance by M/s. L. G. Balakrishnan & Bros Limited (The Company) for the financial year ended 31<sup>st</sup> March, 2018 as stipulated under SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015.

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

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

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

Coimbatore  
31.07.2018

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

## INDEPENDENT AUDITOR'S REPORT

TO

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

### **Report on the Standalone Ind AS Financial Statements:**

We have audited the accompanying Standalone Ind AS Financial Statements of L.G.BALAKRISHNAN & BROS LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (Including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Standalone Ind AS Financial Statements:**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act 2013, read with relevant rules issued there under.

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

### **Auditor's Responsibility:**

Our responsibility is to express an opinion on these Standalone Ind AS 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 u/s 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on Standalone Ind AS Financial Statements.

### **Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS 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 including Ind AS, of the state of affairs of the Company as at 31 March 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Report on Other Legal and Regulatory Requirements:**

As required by the Companies (Auditor's 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 enclose in "Annexure A", a statement on the matters specified in Paragraphs 3 and 4 of the Order.

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 (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts.
- d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rules thereunder.
- e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record

by the Board of Directors, none of the directors are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- 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 has disclosed the impact of pending litigations on its financial position on its Standalone Ind AS Financial Statements.
  - ii. The company did not have any material foreseeable losses on long term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

In terms of our report attached  
For **SURI & CO**  
Chartered Accountants  
FRN: 0042835

**R. KRISHNAMOORTHY**

Partner  
Membership No. 020695

Place : Coimbatore  
Date : 31.07.2018

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**‘Annexure -A’ to the Independent Auditor’s Report to the members of L.G.BALAKRISHNAN & BROS LIMITED**

In terms of the information and explanation sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report the following:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) Some of the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us no material discrepancies were noticed on such verification.  
(c) According to the information and explanation given to us and the books and records verified by us and based on the examination of the registered sale deeds provided to us, we report that, the title deeds of immovable properties of land and buildings which are freehold are held in the name of the company as at Balance sheet date except for the immovable properties acquired on merger which are held in the name of the erstwhile transferee company. In respect of immovable properties of land that have been taken on lease and disclosed as fixed assets in the financial statements and the buildings constructed on such leasehold land, whose lease deeds have been pledged as security for credit facilities taken from the banks, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement based on the confirmation directly received from banks.
- ii. According to information and explanations furnished to us, the inventories have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- iii. The Company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. The Company has not granted any loans hence provisions of Section 185 are not applicable. The Company has made Investments and provided guarantee which are within the limits of Section 186 of the Companies Act, 2013.
- v. According to the explanation and information provided to us, the Company has complied with the provisions of Sections 73 to 76 and any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. We have been informed that no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any court or any other Tribunal.
- vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for automotive components. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and any other statutory dues with the appropriate authorities and there are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable as at the balance sheet date.

(b) The particulars of disputes statutory dues are as follows:

Name of Statute	Nature of Dues	Amount disputed (₹ in Lakhs)	Amount Unpaid (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Finance Act	Service Tax on Import of Services	5.07	5.07	2005-06, 2006-07, 2007-08	Hon'ble Supreme Court
Finance Act	Denial of Service Tax	2.95	2.95	Various Periods.	CESTAT Chennai
Finance Act	Common Credit Input	113.68	113.68	2010-11, 2011-12, 2012-13	CESTAT Chennai
Finance Act	Customer Receivable Written Off	60.00	55.50	Various Periods.	CESTAT Coimbatore
Central Excise Act	Differential Duty	72.59	52.59	2006-07, 2007-08	CESTAT Chennai
Central Excise Act	Rebate Claims	107.06	107.06	2011-12	CESTAT Chennai
Central Excise Act	ED- Transfer of Division	100.00	92.50	2009-10	CESTAT Chennai
Central Excise Act	Duty on R & D Testing	0.50	0.47	2009-14	CESTAT Chennai
Maharashtra Value	Classification of Goods	22.76	20.26	2005-06, 2006-07, 2007-08	Sales Tax Added Tax Act Appellate Tribunal Delhi
Value Added Tax Act	Stock Transfer	0.62	0.62	2007-08	Sales Tax Appellate Tribunal
Tamil Nadu Value Added Tax Act	Input Tax Credit/ Sales return	345.46	172.47	2007-08, 2008-09, 2010-11, 2011-12	Joint Commissioner (Appeals), Coimbatore
Tamil Nadu General Sales Tax Act	Assessment matters	43.94	43.94	2002-03	Hon'ble High Court of Madras (stayed by the High Court)
Tamil Nadu General Sales Tax Act & Central Sales	Differential rate and Inter State Sale.	5.91	5.91	2006- 07, 2010-11, 2011-12	Sales Tax Appellate Tribunal, Coimbatore
The Uttarakhand Value Added Tax	Branch Transfer Sales	697.88	661.50	2007-08	Joint Commissioner
Entry Tax	Entry Tax	408.36	408.36	2007-08	Hon'ble High Court of Madras (stayed by the High Court)
Karnataka Entry Tax	Entry Tax	19.93	19.93	2005-06	Karnataka Appellate Tribunal
Haryana State VAT	Duty paid at the time of Audit - Manesar Plant	22.70	22.70	2012-2013 & 2013-2014 UPTO OCT-2013	CESTAT CHANDIGARH
Finance Act	Common Credit on wind mill services	8.50	7.86	Jan-2012 to Sept-2014	CESTAT Chennai
Finance Act	Disputed on tax charged for Canteen sales	12.97	12.97	2007-08, 2008-09, 2009-10, 2010-11, 2011-12	Joint Commissioner Appeals Coimbatore

- viii. In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to financial institutions and banks. The company has not taken any loan from Government and has not issued any debentures.
- ix. The company has not raised any money by way of initial public offer or further public offer during the year.
- x. According to the information and explanation given to us, no frauds by the company and no material fraud on the company by its officers or employees has been noticed or reported during the year.
- xi. The managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of Paragraph 3 of the order is not applicable.
- xiii. In our opinion based on the information and explanation given to us, all transactions with the related parties are in compliance with section 177 and 188 of Act and the details thereof have been disclosed in the Standalone Ind AS Financial Statements as required by the applicable accounting standards and the Act.
- 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 and hence reporting under clause (xiv) of Paragraph 3 of the Order is not applicable.
- xv. The company has not entered into any non-cash transactions with directors or persons connected with him and hence reporting under clause (xv) of Paragraph 3 of the Order is not applicable.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

In terms of our report attached

For **SURI & CO**

Chartered Accountants

FRN: 004283S

**R. KRISHNAMOORTHY**

Partner

Membership No. 020695

Place : Coimbatore

Date : 31.07.2018

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**“Annexure - B” to the Independent Auditor’s Report to the members of L.G.BALAKRISHNAN & BROS LIMITED**  
**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013:**

We have audited the internal financial controls over financial reporting of L.G.BALAKRISHNAN & BROS LIMITED (“the Company”), as of 31 March 2018 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

**Management’s Responsibility for the Internal Financial Controls:**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Ind AS 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 31 March 2018, 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.

In terms of our report attached

For **SURI & CO**

Chartered Accountants

FRN: 004283S

**R. KRISHNAMOORTHY**

Partner

Membership No. 020695

Place : Coimbatore

Date : 31.07.2018

BALANCE SHEET AS AT 31.03.2018		(₹ in Lakhs)		
Particulars	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>A ASSETS</b>				
1 Non-current assets				
(a) Property, Plant and Equipments	1	35,514.03	34,295.25	31,525.98
(b) Capital work-in-progress		2,643.43	320.50	716.49
(c) Investment Property		1,112.80	1,173.58	1,203.17
(d) Intangible assets	1	244.55	325.27	337.40
(e) Financial assets				
(i) Investments	2	6,735.83	7,896.74	6,366.55
(ii) Other financial assets	3	1,024.59	798.33	675.56
(f) Other non-current assets	4	2,090.19	813.18	1,780.55
Total Non-Current Asset		49,365.42	45,622.85	42,605.70
2 Current assets				
(a) Inventories	5	24,128.07	21,803.68	21,073.69
(b) Financial assets				
(i) Trade receivables	6	18,044.26	15,533.32	13,817.16
(ii) Cash and cash equivalents	7A	615.59	1,019.12	245.95
(iii) Other Bank Balance	7B	242.38	366.00	390.92
(iv) Other financial assets	8	77.06	66.14	71.32
(c) Current tax asset(Net)		6.38	-	73.19
(d) Other current assets	9	1,916.79	1,993.07	2,674.20
Total Current assets		45,030.53	40,781.33	38,346.43
3 Assets held for Sale		8.55	8.55	8.55
<b>Total Assets</b>		<b>94,404.50</b>	<b>86,412.73</b>	<b>80,960.68</b>
<b>B EQUITY AND LIABILITIES</b>				
1 Equity				
(a) Equity Share capital	10	1,569.62	1,569.62	1,569.62
(b) Other Equity	11	54,255.95	48,097.92	40,693.94
Total Equity		55,825.57	49,667.54	42,263.56
2 Liabilities				
Non-current liabilities				
(a) Financial Liabilities				
Borrowings	12	4,009.59	7,886.98	7,882.29
(b) Provisions	13	1,055.90	938.58	427.39
(c) Deferred tax liabilities (net)		1,692.22	1,659.26	1,852.70
Total Non Current Liabilities		6,757.71	10,484.82	10,162.38

(Contd.)

**BALANCE SHEET AS AT 31.03.2018 (Contd..)**

(₹ in Lakhs)

Particulars	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
3 Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	14	629.19	114.00	3,233.84
(ii) Trade payables				
- total outstanding dues of micro & small enterprises		221.34	139.01	171.62
- total outstanding dues other than micro & small enterprises		24,649.31	19,742.12	17,439.44
(iii) Other financial liabilities	15	5,076.35	4,024.34	5,558.05
(b) Provision	16	36.32	30.95	14.17
(c) Current tax Liabilities(Net)		-	74.77	-
(d) Other current liabilities	17	1,208.71	2,135.17	2,117.62
Total Current liabilities		31,821.22	26,260.37	28,534.74
Total Equity & Liabilities		94,404.50	86,412.73	80,960.68

See accompanying notes forming part of the financial statements

In terms of our report attached

For **SURI & CO**  
Chartered Accountants  
FRN: 004283S

**R. KRISHNAMOORTHY**  
Partner  
Membership No. 020695

For and on behalf of Board of Directors

**B. VIJAYAKUMAR**  
Chairman cum Managing Director  
DIN: 00015583

**M. LAKSHMI KANTH JOSHI**  
General Manager cum Company Secretary

**P. PRABAKARAN**  
Deputy Managing Director  
DIN : 01709564

**N. RENGARAJ**  
Chief Financial Officer

Place : Coimbatore  
Date : 31.07.2018

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2018** (₹ in Lakhs)

Particulars	Note No.	For the Year ended 31.03.2018	For the Year ended 31.03.2017
1 Revenue from operations(gross)	18	135,143.86	128,288.39
2 Other income	19	411.17	432.41
3 Total revenue (1 + 2)		135,555.03	128,720.80
4 Expenses:			
(a) Cost of materials consumed	20 a	58,004.01	46,576.82
(b) Purchases of stock-in-trade (traded goods)	20 b	1,744.14	4,212.14
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20 c	(694.35)	(28.07)
(d) Excise duty		3,603.03	13,540.40
(e) Employee benefits expense	21	18,929.55	16,716.01
(f) Finance costs	22	978.13	1,310.79
(g) Depreciation and amortisation expense		5,412.75	4,935.86
(h) Other expenses	23	35,301.77	32,409.84
Total Expenses		123,279.03	119,673.79
5 Profit before exceptional items and tax (3-4)		12,276.00	9,047.01
6 Exceptional items		-	131.33
7 Profit before tax (5+6)		12,276.00	9,178.34
8 Tax expense / (benefit):			
(a) Current tax / MAT tax expense	24	4,119.98	2,870.50
(b) Deferred tax	25	146.08	(297.50)
Net tax expense		4,266.06	2,573.00
9 Profit for the year (7 - 8)		8,009.94	6,605.34
10 Other Comprehensive Income (Net of taxes)			
(A) (i) Items that will not be reclassified to Profit and Loss Account			
(1) Re-measurement of defined benefit plans		120.73	(299.93)
(2) On account of Investment Fair valuation		(660.89)	1,530.18
(ii) Income-tax relating to Items that will not be reclassified to Profit and Loss Account		41.79	(103.80)
(B) Items that will be reclassified to Profit and Loss Account		-	-
11 Total Comprehensive income for the year		7,511.58	7,731.79
12 Earnings per share (Face value of ₹10/- each)			
(a) Basic	34	51.03	42.08
(b) Diluted	34	51.03	42.08

See accompanying notes forming part of the financial statements

In terms of our report attached

For **SURI & CO**  
Chartered Accountants  
FRN: 004283S

R. Krishnamoorthy  
Partner  
Membership No. 020695

For and on behalf of Board of Directors

**B. VIJAYAKUMAR**  
Chairman cum Managing Director  
DIN: 00015583

**M. LAKSHMI KANTH JOSHI**  
General Manager cum Company Secretary

**P. PRABAKARAN**  
Deputy Managing Director  
DIN : 01709564

**N. RENGARAJ**  
Chief Financial Officer

Place : Coimbatore  
Date : 31.07.2018

PARTICULARS	31.03.2018 (₹ in Lakhs)	31.03.2017 (₹ in Lakhs)
<b>A. Cash flow from operating activities</b>		
Net Profit before Tax	12,276.00	9,178.34
Adjustments for:		
Depreciation	5,412.75	4,935.86
Provision for Doubtful Debts	8.17	(2.78)
(Profit)/Loss on sale of assets	(106.60)	(135.21)
Assets condemned/Written off	68.04	140.45
Interest and Finance Charges	978.13	1,310.79
Interest Income	(128.78)	(109.16)
Dividend Income	(12.68)	(12.45)
Provision for contingencies	75.00	300.00
Operating profit before working capital changes	18,570.03	15,605.84
Changes in Working Capital		
Provisions - Non Current	87.31	81.21
Other Financial Assets - Non Current	(6.49)	(862.48)
Other Non Current Assets	(1,277.01)	967.37
Inventories	(2,324.39)	(729.99)
Trade Receivables	(2,519.06)	(1,713.38)
Other Financial Assets - Current	(10.92)	5.17
Other Current Assets	76.28	681.14
Trade Payables	5,072.40	2,100.14
Other financial liabilities	1,052.02	(1,533.71)
Current Liabilities	(2,723.29)	1,117.01
Provisions - Current	5.37	16.78
Cash generated from operations	16,002.25	15,735.10
Income tax paid, net of refunds received	(4,154.63)	(1,982.84)
Net Cash generated from operating activities (A)	11,847.62	13,752.26
<b>B. Cash flow from Investing activities</b>		
Capital expenditure	(8,862.94)	(7,604.89)
Proceeds from sale of fixed assets	209.42	196.02
Bank Balances not considered as cash and cash equivalents	126.83	24.93
Dividend income	12.68	12.45
Interest Income	128.78	109.16
Net cash used in Investing activities (B)	(8,385.23)	(7,262.33)

(Contd.)

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31.03.2018**

PARTICULARS	31.03.2018 (₹ in Lakhs)	31.03.2017 (₹ in Lakhs)
<b>C. Cash flow from financing activities</b>		
Interest and Finance Charges	(978.13)	(1,310.79)
Dividend Paid including Tax	(1,318.94)	(214.58)
Borrowings - Current and Non-current (Net)	(1,568.85)	(4,191.39)
Net cash used in financing activities (C)	(3,865.92)	(5,716.76)
Net (decrease)/increase in cash and cash equivalents (A) + (B) + (C)	(403.53)	773.17
Cash and Cash Equivalents at the beginning of the year	1,019.12	245.95
Cash and Cash Equivalents at the end of the year	615.59	1,019.12

In terms of our report attached

For **SURI & CO**

Chartered Accountants

FRN: 0042835

R. Krishnamoorthy

Partner

Membership No. 020695

For and on behalf of Board of Directors

**B. VIJAYAKUMAR**

Chairman cum Managing Director

DIN: 00015583

**M. LAKSHMI KANTH JOSHI**

General Manager cum Company Secretary

**P. PRABAKARAN**

Deputy Managing Director

DIN : 01709564

**N. RENGARAJ**

Chief Financial Officer

Place : Coimbatore

Date : 31.07.2018

## Notes to Standalone Financial Statements for the year ended March 31, 2018

### STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital	(₹ In Lakhs)
Balance as at April 1, 2016	1,569.62
Changes in equity share capital during the year	-
Balance as at March 31, 2017	1,569.62
Changes in equity share capital during the year	-
Balance as at March 31, 2018	1,569.62

### B. Other Equity

(₹ in Lakhs)

Particulars	Share Application Money pending Allotment	Capital Reserve	Securities Premium Reserve	Revaluation Reserve	General Reserve	Surplus	Other Comprehensive Income	Total
Balance as at 01.04.2016	-	30.00	3,100.61	138.91	31,000.00	3,867.51	-	38,137.03
Ind AS adjustment	-	(30.00)	-	-	-	2,586.91	-	2,556.91
Restated Balance as at 01.04.2016	-	-	3,100.61	138.91	31,000.00	6,454.42	-	40,693.94
Transfer to Reserves	-	-	-	-	4,500.00	(4,500.00)	-	-
Transfer to Land	-	-	-	(94.47)	-	-	-	(94.47)
Transfer to Reserves	-	-	-	(44.44)	-	-	-	(44.44)
Total Comprehensive Income for the period	-	-	-	-	-	6,605.34	1,126.46	7,731.80
Dividends and Tax paid	-	-	-	-	-	(188.91)	-	(188.91)
Balance as at 31.03.2017	-	-	3,100.61	-	35,500.00	8,370.85	1,126.46	48,097.92
On account of business combination	-	-	-	-	-	(31.12)	-	(31.12)
Total Comprehensive Income for the period	-	-	-	-	-	8,009.94	(498.36)	7,511.58
Dividends	-	-	-	-	-	(1,322.43)	-	(1,322.43)
Transfer to Reserves	-	-	-	-	7,500.00	(7,500.00)	-	-
Balance as at 31.03.2018	-	-	3,100.61	-	43,000.00	7,527.24	628.10	54,255.95

## Notes to Standalone Financial Statements for the year ended March 31, 2018

### I Corporate Information

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

### II Basis of preparation of financial statements

#### Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Certain fixed assets of the Company which were acquired before April 1, 2014 have been fair valued in earlier years (prior to transition date), based on scheme of arrangement approved by the High court of Judicature. However, for transition to Ind AS, the Company has elected to continue with the carrying value of such assets as of April 01, 2016 measured as per previous GAAP and use that carrying value as deemed cost as of transition date.

#### Basis of preparation and presentation

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The financial statements for the year ended March 31, 2018 are the first financial statements the Company has prepared in accordance with Ind AS with the date of transition as April 1, 2016. Refer to note 43 for information on how the Company adopted Ind AS.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- a) Derivative financial instruments
- b) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

#### Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional

## Notes to Standalone Financial Statements for the year ended March 31, 2018

currency. All financial information presented in INR has been rounded to the nearest Lakhs (up to two decimals).

The financial statements are approved for issue by the Company's Board of Directors on 31st July, 2018.

### IIA **Property, Plant and Equipment (PPE), Intangible Assets and Investment Properties**

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

#### **Current tax**

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

#### **Deferred Tax Assets (including MAT Credit Entitlement)**

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained/ recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### **Fair value**

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation

techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

#### **Impairment of Trade Receivables**

The impairment for trade receivables are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

#### **Impairment of Non-financial assets (PPE/ Intangible Assets/ Investment Properties)**

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

#### **Defined Benefit Plans and Other long term employee benefits**

The cost of the defined benefit plan and other long term employee benefits, and the present value of such obligation are determined by the independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the

## Notes to Standalone Financial Statements for the year ended March 31, 2018

assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

## IIB Recent accounting pronouncements

### Standards issued but not yet effective

The following standards have been notified by Ministry of Corporate Affairs

- a. Ind AS 115 - Revenue from Contracts with Customers (effective from April 1, 2018)
- b. Ind AS 116 - Leases (effective from April 1, 2019)

The Company is evaluating the requirements of the above standards and the effect on the financial statements is also being evaluated.

## III Significant Accounting Policies

### a) Revenue Recognition

#### Sale of goods

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue on sale of goods is recognised when the risk and rewards of ownership is transferred to the buyer, which generally coincides with the despatch of the goods or as per the terms agreed with the customers.

### Income from Service

Income from sale of services is recognised when the services are rendered as per the terms of the agreement and when no significant uncertainty as to its determination or realisation exists.

### Interest Income

Interest income is recorded using the effective interest rate (EIR) method.

### Dividend income

Dividend income is recognized when the company's right to receive dividend is established on the reporting date, which is generally when shareholders approve the dividend.

### Rental income

Rental income from operating lease on investment properties is recognised on a straight line basis over the term of the relevant lease, if the escalation is not a compensation for increase in cost inflation index.

### b) Property, plant and equipment and capital work in progress

Deemed cost option for first time adopter of Ind AS

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet at cost less accumulated depreciation. The Company has elected to consider the previous GAAP carrying amount of the intangible assets as the deemed cost as at the date of transition, viz., 1 April 2016.

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The actual cost capitalised includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage. Such cost includes the cost of replacing part of the plant and equipment and borrowing

## Notes to Standalone Financial Statements for the year ended March 31, 2018

costs of a qualifying asset, if the recognition criteria are met.

Advances paid towards the acquisition of tangible assets outstanding at each balance sheet date, are disclosed as capital advances under long term loans and advances and the cost of the tangible assets not ready for their intended use before such date, are disclosed as capital work in progress.

All material/ significant components have been identified and have been accounted separately. The useful life of such component are analysed independently and wherever components are having different useful life other than plant, the useful life of components are considered for calculation of depreciation.

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

### c) Depreciation on property, plant and equipment

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life on a written down value method. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value.

Depreciation is provided on straight line method, over the useful lives specified in Schedule II to the Companies Act, 2013 except for the following items, where useful life estimated on technical assessment, past trends and differ from those provided in Schedule II of the Companies Act, 2013.

Assets Category	Estimated useful life (in years)
Tools and dies	5
Leasehold land	99
Windmill	25

Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion/ disposals, the depreciation is calculated on pro-rata basis up to the date on which such assets have been discarded/ sold. Additions to fixed assets, costing 5000 each or less are fully depreciated retaining its residual value.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### d) Intangible assets

Under the previous GAAP (Indian GAAP), intangible assets were carried in the balance sheet at cost less accumulated depreciation. The Company has elected to consider the previous GAAP carrying amount of the intangible assets as the deemed cost as at the date of transition, viz., 1 April 2016.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of a separately acquired intangible asset comprises (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and (b) any directly attributable cost of preparing the asset for its intended use.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

## Notes to Standalone Financial Statements for the year ended March 31, 2018

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

### e) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 - Property, plant and equipments requirements for cost model.

Company depreciates investment property as per the useful life prescribed in Schedule II of the Companies Act, 2013.

Though the Company measures investment property using the cost-based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation applying a valuation model. External valuers are involved, wherever necessary with the approval of Company's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

### f) Inventories

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

- i) Costs of raw materials, packing materials, tools and dies and Store & Spare Parts are computed on weighted average basis.

- ii) Costs of finished goods and semi-finished goods are computed on weighted average basis.
- iii) Agriculture Produce is valued at estimate realizable value.
- iv) Cost of stock held for trading are computed on weighted average basis.

### g) Financial Instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

#### Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are also added to the cost of the financial asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified on the basis of their contractual cash flow characteristics and the entity's business model of managing them.

Financial assets are classified into the following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

##### Debt instruments at amortised cost

The Company classifies a debt instrument as at amortised cost, if both the following conditions are met:

## Notes to Standalone Financial Statements for the year ended March 31, 2018

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

### Debt instrument at FVTOCI

The Company classifies a debt instrument at FVTOCI, if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes finance income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### Debt instrument at FVTPL

The Company classifies all debt instruments, which do not meet the criteria for categorization as at amortized cost or as FVTOCI, as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Where the Company makes an irrevocable election of classifying the equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in OCI, without any recycling of the amounts from OCI to profit and loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents SPPI, are measured as detailed below depending on the business model:

Classification	Name of the financial asset
Amortised cost	Trade receivables, deposits, interest receivable, unbilled revenue and other advances recoverable in cash.
FVTOCI	Equity investments in companies other than subsidiaries and associates if an option exercised at the time of initial recognition.
FVTPL	Other investments in equity instruments, mutual funds, forward exchange contracts (to the extent not designated as a hedging instrument).

## Notes to Standalone Financial Statements for the year ended March 31, 2018

### Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, receivables and bank balance.
- b) Financial assets that are debt instruments and are measured at FVTOCI
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL and as at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an

## Notes to Standalone Financial Statements for the year ended March 31, 2018

integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

### Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

### Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at higher of (i) The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments and (ii) The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18 - Revenue.

### Derivative financial instruments

The Company holds derivative financial instrument foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

#### (a) Derivatives fair valued through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges. "Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that

## Notes to Standalone Financial Statements for the year ended March 31, 2018

is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss."

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **h) Foreign currency transactions and translations**

#### **Transactions and balances**

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

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

### **i) Borrowing Costs**

Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

## Notes to Standalone Financial Statements for the year ended March 31, 2018

Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

### j) Government grants

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.

In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other operating revenue" or netted off against corresponding expenses wherever appropriate.

### k) Taxes

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be

recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

#### **Deferred tax liabilities are recognised for all taxable temporary differences.**

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are

## Notes to Standalone Financial Statements for the year ended March 31, 2018

recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **I) Retirement and other employee benefits**

#### **Short-term employee benefits**

A liability is recognised for short-term employee benefit in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

#### **Defined contribution plans**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as

a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

#### **Defined benefit plans**

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

#### **Compensated absences**

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

## Notes to Standalone Financial Statements for the year ended March 31, 2018

### Other long term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by the employees up to the reporting date.

### m) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are operating leases.

#### Operating Lease treatment as lessee:

Lease arrangements under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease rental under operating lease are recognised in the Statement of Profit and Loss on a straight line basis over the lease term

### n) Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's

or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

### o) Provisions, contingent liabilities and contingent asset

#### Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are discounted, if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Necessary provision for doubtful debts, claims, etc., are made, if realisation of money is doubtful in the judgement of the management.

#### Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in

## Notes to Standalone Financial Statements for the year ended March 31, 2018

extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

### **Contingent assets**

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

Contingent assets are disclosed but not recognised in the financial statements.

### **p) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.

### **q) Cash Flow Statement**

Cash flows are presented using indirect method, whereby profit / (loss) before tax is

adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Bank borrowings are generally considered to be financing activities.

### **r) Earnings per share**

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate

## Notes to Standalone Financial Statements for the year ended March 31, 2018

### 1 Property, Plant and Equipment and Intangible Assets

₹ in Lakhs

Particulars	Tangible Assets									Intangible Assets	Total
	Land	Building	Plant and Equipment	Furniture and Fittings	Electrical Fittings	Vehicles	Office Equipment	Other Assets	Total		
Deemed Cost as at April 1, 2016	2,617.31	5,674.19	21,011.48	149.62	850.95	261.02	102.11	859.30	31,525.98	337.40	31,863.38
Additions	1,328.70	910.44	4,996.15	69.36	269.09	60.07	29.66	247.94	7,911.41	91.88	8,003.29
Disposals	(94.83)	(17.58)	(1,553.77)	(3.32)	(22.26)	(34.84)	(5.34)	(27.57)	(1,759.51)	-	(1,759.51)
Cost as at March 31, 2017	3,851.18	6,567.05	24,453.86	215.66	1,097.78	286.25	126.43	1,079.67	37,677.88	429.28	38,107.16
Additions	-	176.75	5,991.40	17.76	109.85	61.63	11.10	147.65	6,516.14	9.03	6,525.17
Due to Business Combination	8.55	3.75	324.69	0.91	13.37	1.74	0.29	2.19	355.49	0.04	355.53
Disposals	(219.78)	(2.69)	(659.99)	(58.09)	(60.64)	(70.57)	(21.61)	(73.33)	(1,166.70)	(7.14)	(1,173.84)
Cost as at March 31, 2018	3,639.95	6,744.86	30,109.96	176.24	1,160.36	279.05	116.21	1,156.18	43,382.81	431.21	43,814.02
Depreciation/Amortisation											
Charge for the year	5.74	501.76	3,846.06	53.09	129.09	44.42	32.55	190.53	4,803.24	104.01	4,907.25
Disposals	-	(6.92)	(1,353.09)	(3.00)	(19.24)	(8.57)	(4.58)	(25.21)	(1,420.61)	-	(1,420.61)
As at March 31, 2017	5.74	494.84	2,492.97	50.09	109.85	35.85	27.97	165.32	3,382.63	104.01	3,486.64
Charge for the year	19.87	494.32	4,210.88	46.94	139.90	44.25	33.50	204.13	5,193.79	89.71	5,283.50
Due to Business Combination	-	0.36	92.97	0.24	2.17	0.45	0.09	0.76	97.04	0.04	97.08
Disposals	-	(2.25)	(563.71)	(54.10)	(55.66)	(38.08)	(19.40)	(71.48)	(804.68)	(7.10)	(811.78)
As at March 31, 2018	25.61	987.27	6,233.11	43.17	196.26	42.47	42.16	298.73	7,868.78	186.66	8,055.44
Net Block											
As at April 1, 2016	2,617.31	5,674.19	21,011.48	149.62	850.95	261.02	102.11	859.30	31,525.98	337.40	31,863.38
As at March 31, 2017	3,845.44	6,072.21	21,960.89	165.57	987.93	250.40	98.46	914.35	34,295.25	325.27	34,620.52
As at March 31, 2018	3,614.34	5,757.59	23,876.85	133.07	964.10	236.58	74.05	857.45	35,514.03	244.55	35,758.58

## Notes to Standalone Financial Statements for the year ended March 31, 2018

### 2. Investments

₹ in Lakhs

Particulars	Number of Shares	Face Value in ₹	As at 31 March, 2018			As at 31 March, 2017			As at 01 April, 2016		
			Quoted	Unquoted	Total	Quoted	Unquoted	Total	Quoted	Unquoted	Total
(a) Investment in Equity instruments (Fully paid up) (Unquoted) At Cost											
(i) Subsidiaries:											
BCW V Tech India Private Limited	4999999	10.00		-	-		499.99	499.99		499.99	499.99
LGB U.S.A.	410.64			1543.39	1543.39		1543.39	1543.39		1543.39	1543.39
(ii) Associate:											
Renold Chain India Private Limited	10250000	10.00		1025.00	1025.00		1025.00	1025.00		1025.00	1025.00
(b) Investment in Equity instruments (Fully paid up) (Quoted)											
At Fair value through Other Comprehensive Income											
Elgi Equipments Limited	1229706	1.00	3104.60		3104.60	2704.33		2704.33	1593.91		1593.91
LGB Forge Limited	29000000	1.00	971.50		971.50	2030.00		2030.00	1615.30		1615.30
Super Spinning Mills Ltd	10000	1.00	1.16		1.16	1.27		1.27	0.65		0.65
TI Financials Hold. Ltd	1100	1.00	7.15		7.15	6.99		6.99	4.26		4.26
Corporation Bank	12000	2.00	3.68		3.68	6.41		6.41	4.69		4.69
Supreme Rubber Reclaimers Limited	50	10.00			-	0.01		0.01	0.01		0.01
(c) Investment in Equity instruments: (Fully paid up) Unquoted)											
Tata Refractory Limited	5000	10.00		6.79	6.79		6.79	6.79		6.79	6.79
Silent Chain India (P) Limited	770	10.00		1.43	1.43		1.43	1.43		1.43	1.43
LG Farm Products (P) Limited	10000	10.00		5.61	5.61		5.61	5.61		5.61	5.61
South Western Engg. India Limited	537	1000.00		65.52	65.52		65.52	65.52		65.52	65.52
Manish Commercial Premises Co-operative Society Ltd, Mumbai	5	50.00		-	-		-	-		-	-
Total Investments			4,088.09	2,647.74	6,735.83	4,749.01	3,147.73	7,896.74	3,218.82	3,147.73	6,366.55

**Notes to Standalone Financial Statements for the year ended March 31, 2018**

₹ in Lakhs

Particulars	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
<b>3 OTHER FINANCIALS ASSETS</b>			
(a) Security and other deposits	1,018.57	778.26	633.29
(b) Unamortised Interest expenses	6.02	20.07	42.27
Total	1,024.59	798.33	675.56
<b>4 OTHER NON CURRENT ASSETS</b>			
(a) Capital advance	1,556.03	246.24	289.82
(b) Rent and other advances	231.88	250.02	342.76
(c) Mat credit entitlement	-	-	739.71
(d) Advance recoverable	264.45	279.09	370.43
(e) Income and claims receivable	37.83	37.83	37.83
Total	2,090.19	813.18	1,780.55
<b>5 INVENTORIES</b>			
(At Lower of cost and net realisable value)			
(a) Raw Materials	5,130.76	4,226.78	3,673.30
(b) Work-in-progress	10,478.85	8,135.00	7,799.68
(c) Finished products	4,466.05	5,348.79	5,653.71
(d) Stock-in-trade (acquired for trading)	-	384.09	368.28
Goods in Transit	-	231.58	249.72
(e) Others			
(i) Packing materials	513.40	287.70	268.25
(ii) Stores & spares	1,989.94	1,631.19	1,551.72
(iii) Loose tools	1,548.87	1,557.89	1,506.51
(iv) Agricultural produce	0.19	0.66	2.52
Total	24,128.07	21,803.68	21,073.69
<b>6 TRADE RECEIVABLE*</b>			
(i) Unsecured, considered good	18,044.26	15,533.32	13,817.16
(ii) Unsecured, considered doubtful	120.86	112.69	115.47
Less: Provision for doubtful trade receivables	120.86	112.69	115.47
Total	18,044.26	15,533.32	13,817.16
*6 (i) Trade Receivable include debts due from			
Private companies in which any director is a director:			
Super Speeds (P) Limited	0.10	0.23	0.29
Silent Chain India (P) Limited	0.07	-	0.08
Super Transports Private Limited	0.21	0.08	-
BCW V Tech India Private Limited	-	104.66	45.99
Renold Chain India (P) Limited	239.99	145.47	177.99
Total	240.37	250.44	224.35

**Notes to Standalone Financial Statements for the year ended March 31, 2018**

₹ in Lakhs

Particulars	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
<b>7. CASH AND CASH EQUIVALENTS</b>			
<b>A Cash and cash equivalents (as per INDAS 7 Statement of Cash Flows)</b>			
(a) Cash- on- Hand	5.96	12.98	24.49
(b) Balances with Banks			
(i) In Current Account	41.47	628.32	33.06
(ii) In Collection Account	297.16	214.86	188.40
(iii) In Deposit Account	271.00	162.96	-
Total	615.59	1019.12	245.95
<b>B Other Bank Balances</b>			
(a) In Margin money with Banks	183.60	310.70	309.74
(b) In Earmarked Accounts			
(i) Unpaid Dividend Account	58.78	55.30	80.96
(ii) Unpaid Interest Account	-	0.00	0.22
Total	242.38	366.00	390.92
Notes:			
(i) Margin money with Banks is for the purpose of compliance of deposits accepted from public.			
<b>8 OTHER FINANCIAL ASSETS</b>			
(a) Loans and advances to employees	52.75	49.92	63.13
(b) Interest accrued on Deposits	24.31	16.22	8.19
Total	77.06	66.14	71.32
<b>9 OTHER CURRENT ASSETS</b>			
(a) Prepaid expenses	457.71	157.13	167.06
(b) Balance with govt authorities:			
(i) Cenvat credit receivable	594.14	923.56	1,480.69
(ii) Vat credit receivable	147.57	221.18	319.72
(iii) Service tax credit receivable	213.34	244.76	269.73
(c) Advance recoverable	191.84	226.23	300.18
(d) Income and claims receivable	312.19	220.21	136.82
Total	1,916.79	1,993.07	2,674.20

## Notes to Standalone Financial Statements for the year ended March 31, 2018

### 10 SHARE CAPITAL (Equity shares of Rs.10/- each with voting rights)

₹ in Lakhs

	As at 31 March, 2018		As at 31 March, 2017		As at 01 April, 2016	
	Number of Shares	Rs. in lakhs	Number of Shares	Rs. in lakhs	Number of Shares	Rs. in lakhs
(a) Authorised	47,000,000	4,700.00	20,000,000	2,000.00	20,000,000	2,000.00
Total	47,000,000	4,700.00	20,000,000	2,000.00	20,000,000	2,000.00
(b) Issued	15,696,208	1,569.62	15,696,208	1,569.62	15,696,208	1,569.62
Total	15,696,208	1,569.62	15,696,208	1,569.62	15,696,208	1,569.62
(c) Subscribed and fully paid-up	15,696,208	1,569.62	15,696,208	1,569.62	15,696,208	1,569.62
Total	15,696,208	1,569.62	15,696,208	1,569.62	15,696,208	1,569.62

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

Particulars	Opening balance	Fresh Issue	Bonus/ESOP	Conversion/ Buyback	Closing balance
Equity shares with voting rights					
Year ended 31st March, 2018					
Number of shares	15,696,208	-	-	-	15,696,208
Amount (Rs. in lakhs)	1,569.62	-	-	-	1,569.62
Year ended 31st March, 2017					
Number of shares	15,696,208	-	-	-	15,696,208
Amount (Rs. in lakhs)	1,569.62	-	-	-	1,569.62
Year ended 01st April, 2016					
Number of shares	15,696,208	-	-	-	15,696,208
Amount (Rs. in lakhs)	1,569.62	-	-	-	1,569.62

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

	As at 31 March, 2018		As at 31 March, 2017		As at 01 April, 2016	
	Number of Shares	% of Shareholding	Number of Shares	% of Shareholding	Number of Shares	% of Shareholding
Equity shares with voting rights						
B.Vijayakumar	2,507,000	15.97	2,507,000	15.97	2,507,000	15.97
V.Rajvirdhan	2,198,586	14.01	2,198,586	14.01	2,198,586	14.01
V.Rajsri	1,089,576	6.94	1,089,576	6.94	1,089,576	6.94
Reliance Capital Trustee Co.Ltd						
A/c Reliance Small Cap Fund	1,045,590	6.66	977,643	6.23	966,672	6.16
L.G.B.Auto Products (P) Ltd	875,000	5.57	875,000	5.57	862,500	5.49

10 (iii) Terms and rights attached to equity shares:

- The company has only one class of equity shares having a par value of ₹10/- each. The equity shares of the Company ranks pari passu in all aspects including rights and entitlement to dividend.
- The dividend proposed by the Board of Directors (Rs.4.50 per share) is subject to approval of the shareholders in the ensuing Annual General meeting.

10 (iv) Shares issued for consideration other than cash:

- During the year 2014, the company has issued a Bonus issue in the ratio of 1:1. Out of the total number of shares, 7,848,104 shares have been issued for consideration other than cash.

## Notes to Standalone Financial Statements for the year ended March 31, 2018

Particulars	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
<b>11 OTHER EQUITY</b>			
(a) Capital Reserve			
Opening balance	-	-	30.00
Less: Transferred to Retained Earnings	-	-	(30.00)
Closing balance	-	-	-
(b) Securities premium account:			
Opening balance	3,100.61	3,100.61	3,100.61
Closing balance	3,100.61	3,100.61	3,100.61
(c) Revaluation reserve (Land)			
Opening balance	-	138.91	138.91
Less: Adjusted against cost of land	-	94.47	-
Less: Transferred to Statement of Profit and Loss Account	-	44.44	-
Closing balance	-	-	138.91
(d) General reserve			
Opening balance	35,500.00	31,000.00	26,500.00
Add: Transfer from surplus in Statement of Profit and Loss	7,500.00	4,500.00	4,500.00
Closing balance	43,000.00	35,500.00	31,000.00
(e) Other Comprehensive Income			
Opening Balance	1,126.46	-	-
Add: Accounted for the year	(498.36)	1,126.46	-
Closing balance	628.10	1,126.46	-
(f) Surplus/(Deficit) in Statement of Profit and Loss			
Opening balance	8,370.85	6,454.42	3,755.65
Add: On account of business combination	(31.12)	-	-
Add: Ind AS adjustment	-	-	2,556.91
Less: Dividend & Dividend tax paid	1,322.43	188.91	1,133.50
Add: Profit/(Loss) for the year	8,009.94	6,605.34	5,745.36
Add: Transferred from Capital Reserve	-	-	30.00
Less: Transferred to General reserve	7,500.00	4,500.00	4,500.00
Closing balance	7,527.24	8,370.85	6,454.42
Total	54,255.95	48,097.92	40,693.94
<b>12 BORROWINGS</b>			
(a) Term Loans:			
From banks			
Secured (Refer Note (ii) below)	1,944.45	4,013.89	6,583.34
(b) Fixed deposits:			
From other parties			
Unsecured	155.14	253.09	143.95
From related parties			
Unsecured	1,910.00	3,620.00	1,155.00
Total	4,009.59	7,886.98	7,882.29

## Notes to Standalone Financial Statements for the year ended March 31, 2018

### 12 (i) DETAILS OF SECURITY FOR BORROWINGS:

(a) Term Loans from banks are secured by hypothecation of Plant and Machineries and are collaterally secured by equitable mortgage by deposit of title deeds of immovable properties of Chakkan Plant and Jalna Plant.

(b) Interest rate relating to Term loans from banks is in the range of 9.70% to 10.40% during the year

Term loan from banks:

### 12 (ii) Repayment Schedule

Particulars	Terms of repayment	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
Term loan from banks :				
Secured				
ICICI Bank Ltd	Repayable in 20 quarterly instalments of Rs.375 Lakhs from July'14	375.00	1,875.00	3,375.00
Hongkong and Shanghai Banking Corporation Ltd	Repayable in 16 quarterly instalments of Rs.156.25 Lakhs from May'16	625.00	1,250.00	1,875.00
HDFC Bank Ltd	Repayable in 18 quarterly instalments of Rs.55.56 Lakhs from Dec'15	444.45	888.89	1,333.34
Axis Bank Ltd	Repayable in 20 quarterly instalments of Rs.25 Lakhs from March'20	500.00	-	-
Total-Term loans from banks		1,944.45	4,013.89	6,583.34

12 (iii) (a) There was no default in the repayment of loans, borrowing and interest during the year.

(b) Interest rate relating to fixed deposits is in the range of 8.00% to 9.50% during the year.

## Notes to Standalone Financial Statements for the year ended March 31, 2018

Particulars	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
<b>13 PROVISIONS</b>			
(i) Provision for contingencies	700.00	625.00	325.00
(ii) Provision for Leave Salary	253.51	211.19	0.00
(iii) Others	102.39	102.39	102.39
	<b>1,055.90</b>	<b>938.58</b>	<b>427.39</b>
<b>14 BORROWINGS</b>			
(a) Loan repayable on demand			
From banks			
Secured (Refer Note 14(i) (c) below)	391.19	-	2,022.84
(b) From Financial institutions			
Unsecured (Refer Note 14(i) (c) below)	-	-	500.00
(c) Loan from directors			
Unsecured	155.00	28.00	701.00
(d) Loan from Inter corporates			
Unsecured	83.00	86.00	10.00
	<b>629.19</b>	<b>114.00</b>	<b>3,233.84</b>

### 14 (i) Details of security for borrowings:

- Working capital loans from banks are primarily secured by hypothecation of inventories and book debts of the Company
- Interest rate relating to Short term loans from banks is in the range of 9.10% to 12.10%
- Break up of loan repayable on demand and financial institutions.

	As at 31 March, 2018		As at 31 March, 2017		As at 01 April, 2016	
	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
<b>Loan repayable on Demand</b>						
From Banks						
Axis Bank Ltd	-	-	-	-	(1.60)	-
Corporation Bank	(67.26)	-	-	-	(33.12)	-
HDFC Bank Ltd	442.99	-	-	-	981.73	-
ICICI Bank Ltd	108.55	-	-	-	154.97	-
Indusind Bank Ltd	(0.58)	-	-	-	(1.72)	-
IDBI Bank Ltd	(92.51)	-	-	-	(77.42)	-
HSBC Ltd	-	-	-	-	1,000.00	-
Total - Loan from banks	<b>391.19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,022.84</b>	<b>-</b>
<b>Loan from financial institutions</b>						
Bajaj Finance Limited	-	-	-	-	-	500.00
Total loans from financial institutions	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500.00</b>

14 (ii) Note: There was no default in the repayment of loans and interest during the year.

## Notes to Standalone Financial Statements for the year ended March 31, 2018

Particulars	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
<b>15 OTHER FINANCIAL LIABILITIES:</b>			
(a) Current maturities of long-term debt (Refer Note (i) below)	4,373.04	2,579.69	3,655.94
(b) Interest accrued but not due on secured loans	8.54	23.86	28.68
(c) Interest accrued but not due on Unsecured loans	150.19	78.53	16.15
(d) Interest accrued on deposits from customers	42.92	37.49	33.29
(e) Unpaid bond interest	-	-	0.22
(f) Unclaimed dividends (Refer Note (ii) below)	58.78	55.30	80.96
(g) Payable on purchase of fixed assets	442.88	1,249.48	1,742.81
Total	5,076.35	4,024.34	5,558.05
15 (i) Current maturities of Long-term debt:			
Refer Note 12(i) for the details of Securities			
Term Loan			
From Banks - Secured	2,569.44	2,569.44	2,569.44
Total - Term Loan from banks	2,569.44	2,569.44	2,569.44
Fixed Deposits:			
From Related Parties	1,650.00	-	1,080.00
Deposit from others	153.60	10.25	6.50
Total - Current maturities of Long-term debt	4,373.04	2,579.69	3,655.94
15 (ii) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.			
<b>16 PROVISION</b>			
Provision for Leave Salary	36.32	30.95	14.17
Total	36.32	30.95	14.17
<b>17 OTHER CURRENT LIABILITIES:</b>			
(a) Statutory remittances	286.56	1,186.58	1,326.18
(b) Advance and deposits from customers etc.,	922.15	948.59	791.44
Total	1,208.71	2,135.17	2,117.62

## Notes to Standalone Financial Statements for the year ended March 31, 2018

Particulars	For the year ended 31.03.2018 ₹ in lakhs	For the year ended 31.03.2017 ₹ in lakhs
<b>18 REVENUE FROM OPERATIONS:</b>		
a) Sale of products (Including Excise duty)	126,273.80	121,794.29
b) Sale of services	265.29	401.91
c) Other operating revenue		
Scrap sales (Including Excise Duty)	8,334.08	5,892.55
Duty drawback and other export incentives	270.69	199.64
Revenue from operations (Gross)	135,143.86	128,288.39
<b>19 OTHER INCOME</b>		
a) Interest income		
Interest on fixed deposit with banks	90.14	69.74
Interest on deposit with TNEB	30.36	35.81
Others	8.28	3.61
Total - Interest income	128.78	109.16
b) Dividend income:	12.68	12.45
c) Other non-operating income		
(i) Rental and lease income	90.37	142.88
(ii) Agricultural income	1.85	14.00
(iii) Profit on sale of assets	115.12	15.58
(iv) Miscellaneous receipts	62.37	138.34
Total	411.17	432.41
<b>20 a. COST OF MATERIALS CONSUMED</b>		
Opening Stock:	4,514.48	3,941.55
Add : On account of business combination	63.16	-
Add: Purchases	59,070.53	47,149.75
Less: Closing Stock	5,644.16	4,514.48
Cost of material consumed	58,004.01	46,576.82
b. Purchase of light commercial vehicle	1,744.14	4,212.14
Total	1,744.14	4,212.14
c. Changes in inventories of finished goods, work-in-progress and stock-in-trade Inventories at the end of the year		
Finished goods	4,466.05	5,348.80
Work-in-progress	10,478.85	8,135.00
Stock-in-trade	-	615.67
	14,944.90	14,099.47
Inventories at the beginning of the year		
Finished goods	5,348.80	5,653.72
Add : On account of business combination	3.33	-
Work-in-progress	8,135.00	7,799.68
Add : On account of business combination	147.75	
Stock-in-trade	615.67	618.00
	14,250.55	14,071.40
Net decrease / (increase)	(694.35)	(28.07)

**Notes to Standalone Financial Statements for the year ended March 31, 2018**

₹ in Lakhs

Particulars	For the year ended 31.03.2018 ₹ in lakhs	For the year ended 31.03.2017 ₹ in lakhs
<b>21 EMPLOYEE BENEFITS EXPENSES</b>		
(a) Salaries and wages	16,348.33	15,187.51
(b) Contribution to provident and other funds	1,497.65	598.99
(c) Staff welfare expenses	1,083.57	929.51
Total	18,929.55	16,716.01
<b>22 FINANCE COSTS</b>		
(a) Interest expenses on borrowings:	978.13	1,310.79
Total	978.13	1,310.79
<b>23 OTHER EXPENSES</b>		
(a) Consumption of stores and spare parts	10,311.86	9,087.13
(b) Processing charges	7,587.75	6,583.85
(c) Power and Fuel	5,512.23	4,946.65
(d) Rent including lease rentals	538.59	547.04
(e) Repairs & maintenance of		
(i) Buildings	103.68	160.32
(ii) Machinery	2,575.37	2,393.99
(iii) Other assets	620.86	526.85
(f) Insurance	88.27	70.86
(g) Rates and taxes	197.82	172.05
(h) Travelling and conveyance	759.21	806.96
(i) Printing and stationery	60.91	60.91
(j) Postage, telegram and telephones	166.08	164.14
(k) Freight, packing & forwarding	5,191.94	4,517.44
(l) Advertisement, publicity and selling expenses	279.14	400.42
(m) Bank charges	120.03	111.03
(n) Donations	0.65	20.06
(o) Expenditure on Corporate Social Responsibility (Refer note (ii) below)	73.17	108.66
(p) Legal and professional charges	182.87	224.24
(q) Payments to auditors (Refer note (i) below)	16.27	19.25
(r) Provision for contingencies	75.00	300.00
(s) Assets condemned & written off	68.04	140.45
(t) Provision for doubtful debts/advances	8.17	(2.78)
(u) Loss on sale of Assets	8.52	11.70
(v) Loss on foreign currency transactions and translation	22.97	223.94
(w) Sales-tax, entry tax & octroi	40.82	106.91
(x) Sitting fees	8.80	8.40
(y) Watch and Ward	610.22	598.51
(z) Agricultural expenses	6.10	13.48
(aa) Miscellaneous expenses	66.41	87.38
	35,301.77	32,409.84

## Notes to Standalone Financial Statements for the year ended March 31, 2018

Particulars	For the year ended 31.03.2018 ₹ in lakhs	For the year ended 31.03.2017 ₹ in lakhs
(i) Details of Auditors' remuneration:		
Payment to auditors comprises		
(a) To Statutory Auditors:		
For statutory audit	12.52	11.00
For taxation matters	2.50	4.00
For certification and other services	-	3.00
(b) To cost auditors for cost audit	1.25	1.25
Total	16.27	19.25
(ii) Details of CSR Expenditure:		
(i) Contribution to		
LRG Naidu Educational Trust	-	50.00
LRG & GD Trust	35.00	21.00
BV Educational Foundation	-	17.50
BV Medical Foundation	-	11.50
LGB Educational Foundation	-	8.00
Chennai Vision Charitable Trust	10.00	-
Amrit Centre for Special Needs	10.00	-
Little Flower Convent School (Blind)	10.88	-
(ii) Contribution to others	7.29	0.66
Total	73.17	108.66
<b>24 &amp; 25) INCOME TAX EXPENSE</b>		
Current Tax:		
Current tax on profits for the year	4,119.98	2,870.50
Adjustments for current tax of prior periods	-	-
Total current tax expense	4,119.98	2,870.50
Deferred tax:		
Decrease/ (Increase) in deferred tax assets		
(Decrease)/ Increase in deferred tax Liabilities	146.08	(297.50)
Total deferred tax expense/ (benefit)	146.08	(297.50)
Income tax expense	4,266.06	2,573.00
(b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax	12,276.00	9,178.34
Income tax expense calculated at 34.608% (2016-17: 34.608%)	4,248.48	3,176.44
Add: Tax effect on non deductible expense	141.60	40.77
Less: Net Tax effect on additional deduction	(124.02)	(644.21)
Total tax expense	4,266.06	2,573.00

## Notes to Standalone Financial Statements for the year ended March 31, 2018

### 26. FAIR VALUE MEASUREMENT

Financial instruments by category

₹ in Lakhs

Particulars	March 31, 2018					March 31, 2017					April 1, 2016				
	FVTPL	FVOCI	Amor- tised Cost	Total Carrying Value	Total Fair Value	FVTPL	FVOCI	Amor- tised Cost	Total Carrying Value	Total Fair Value	FVTPL	FVOCI	Amor- tised Cost	Total Carrying Value	Total Fair Value
Financial Assets															
Investments															
- Equity instruments (other than subsidiary and associates)	-	4167.44	-	4167.44	4167.44	-	4828.36	-	4828.36	4828.36	-	3298.17	-	3298.17	3298.17
Trade Receivables	-	-	18044.26	18044.26	18044.26	-	-	15533.32	15533.32	15533.32	-	-	13817.16	13817.16	13817.16
Cash and bank balances	-	-	857.97	857.97	857.97	-	-	1385.12	1385.12	1385.12	-	-	636.87	636.87	636.87
Other Financial assets	-	-	1101.66	1101.66	1101.66	-	-	864.47	864.47	864.47	-	-	746.88	746.88	746.88
Total Financial Assets	-	4167.44	20003.89	24171.33	24171.33	-	4828.36	17782.91	22611.27	22611.27	-	3298.17	15200.91	18499.08	18499.08
Financial Liabilities															
Borrowings	-	-	4638.78	4638.78	4638.78	-	-	8000.98	8000.98	8000.98	-	-	11116.13	11116.13	11116.13
Trade Payables	-	-	24870.65	24870.65	24870.65	-	-	19881.13	19881.13	19881.13	-	-	17611.06	17611.06	17611.06
Other Financial liabilities	-	-	5076.35	5076.35	5076.35	-	-	4024.34	4024.34	4024.34	-	-	5558.06	5558.06	5558.06
Total Financial Liabilities	-	-	34585.78	34585.78	34585.78	-	-	31906.45	31906.45	31906.45	-	-	34285.25	34285.25	34285.25

#### (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

Particulars	March 31, 2018				March 31, 2017				April 1, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>												
Financial Investments at FVOCI												
Listed Equity instruments	4167.44	-	-	4167.44	4828.36	-	-	4828.36	3298.17	-	-	3298.17
<b>Total Financial Assets</b>	4167.44	-	-	4167.44	4828.36	-	-	4828.36	3298.17	-	-	3298.17
<b>Financial Liabilities</b>												
<b>Total Financial Liabilities</b>	-	-	-	-	-	-	-	-	-	-	-	-

## Notes to Standalone Financial Statements for the year ended March 31, 2018

₹ in Lakhs

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

Particulars	March 31, 2018				March 31, 2017				April 1, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>												
Financail Investments												
Equity instruments (unquoted)	-	-	-	-	-	-	-	-	-	-	-	-
Total Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Financial Liabilities</b>												
Total Financial Liabilities	-	-	-	-	-	-	-	-	-	-	-	-

### Level 1:

Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

### Level 2:

The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

### Level 3:

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

There are no transfers between levels 1, 2 and 3 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

### (ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of certain financial instruments have been determined based on the buy back offer made by the originatory of the instrument.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

### Details of the investment property and its fair value:

Investment Property disclosed is net of depreciation

The fair values of investment properties have been determined with reference to the guideline value as determined by the Government for the location at which the property is located, increased by the depreciated value of buildings.

## Notes to Standalone Financial Statements for the year ended March 31, 2018

### 27 FINANCIAL INSTRUMENTS

#### Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and other short-term borrowings.

The capital structure of the Company consists only of equity.

Gearing Ratio:

₹ in Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Debt	4,009.59	7,886.98	7,882.29
Less: Cash and bank balances	857.97	1,385.12	636.87
Net debt	3,151.62	6,501.86	7,245.42
Total equity	55,672.35	49,667.54	42,263.56
Net debt to equity ratio (%)	5.66%	13.09%	17.14%

#### Financial assets

##### a. Measured at amortised cost

Other non-current financial assets	1,024.59	798.33	675.56
Trade receivables	18,044.26	15,533.32	13,817.16
Cash and cash equivalents	615.59	1,019.52	245.95
Bank balances other than above	242.38	366.00	390.92
Other financial assets	77.06	66.14	71.32

##### b. Mandatorily measured at fair value through profit or loss (FVTPL)

Investments other than subsidiary and associates	4,167.44	4,828.36	3,298.17
Derivative instruments	-	-	-

#### Financial liabilities

##### a. Measured at amortised cost

Borrowings (short term)	629.19	114.00	3,233.84
Trade payables	24,870.65	19,881.13	17,611.06
Other financial liabilities	5,076.35	4,024.34	5,558.05

#### Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using natural hedging financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

## Notes to Standalone Financial Statements for the year ended March 31, 2018

### Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposures through its finance division and uses derivative instruments such as forward contracts and currency swaps, wherever required, to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management.

### Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company actively manages its currency rate exposures through a centralised treasury division and uses natural hedging principles to mitigate the risks from such exposures. The use of derivative instruments, if any, is subject to limits and regular monitoring by appropriate levels of management.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net Assets exposure on the currency	
<b>As on 31.03.2018</b>							
USD	349,533.44	-	349,533.44	2,386,954.60	-	2,386,954.60	2,037,421.16
EUR	10,924.01	-	10,924.01	1,952,578.49	900,000.00	1,052,578.49	1,041,654.48
GBP	-	-	-	117,307.15	-	117,307.15	117,307.15
JPY	622,015.00	-	622,015.00	-	-	-	(622,015.00)
CHF	13,667.53	-	13,667.53	-	-	-	(13,667.53)
In INR							
<b>As on 31.03.2017</b>							
USD	1,309,796.36	-	1,309,796.36	1,525,579.97	1,600,000.00	(74,420.03)	(1,384,216.39)
EUR	1,119,753.16	-	1,119,753.16	316,590.72	-	316,590.72	(803,162.44)
GBP	-	-	-	67,534.73	-	67,534.73	67,534.73
JPY	2,015.00	-	2,015.00	-	-	-	(2,015.00)
in INR			-	-	-	-	-
<b>As at 01.04.2016</b>							
USD	1,589,549.57	-	1,589,549.57	1,361,422.22	-	1,361,422.22	(228,127.35)
EUR	528,577.00	-	528,577.00	2,113,385.35	600,000.00	1,513,385.35	984,808.35
GBP	-	-	-	7,907.07	-	7,907.07	7,907.07
in INR	-	-	-	-	-	-	-

## Notes to Standalone Financial Statements for the year ended March 31, 2018

### Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

### Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

**Interest rate sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key

management personnel and represents management's assessment of the reasonably possible change in interest rates.

### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is not subject to credit risk as the internally generated funds are used to meet their financial requirements

### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

### Offsetting related disclosures

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

**Liquidity risk management**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposit . The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

### Liquidity tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

**Notes to Standalone Financial Statements for the year ended March 31, 2018**

₹ in Lakhs

	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
<b>March 31, 2018</b>				
Trade payables	24,870.65	-	-	24,870.65
Other financial liabilities	5,076.35	-	-	5,076.35
Borrowings	629.19	-	-	629.19
	<b>30,576.19</b>	<b>-</b>	<b>-</b>	<b>30,576.19</b>
<b>March 31, 2017</b>				
Trade payables	19,881.13	-	-	19,881.13
Other financial liabilities	4,024.34	-	-	4,024.34
Borrowings	114.00	-	-	114.00
	<b>24,019.47</b>	<b>-</b>	<b>-</b>	<b>24,019.47</b>
<b>April 1, 2016</b>				
Trade payables	17,611.06	-	-	17,611.06
Other financial liabilities	5,558.05	-	-	5,558.05
Borrowings	3,233.84	-	-	3,233.84
	<b>26,402.95</b>	<b>-</b>	<b>-</b>	<b>26,402.95</b>
	<b>31.03.2018</b>	<b>31.03.2017</b>	<b>01.04.2016</b>	
Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required):	Nil	Nil	Nil	
	<b>As at 31.03.2018</b>	<b>As at 31.03.2017</b>		
<b>28 Contingent liabilities and commitments (to the extent not provided for)</b>				
(i) Contingent liabilities:				
(a) Claims against the Company, not acknowledged as debts -				
disputed tax liabilities				
(i) Central Excise	307.35	369.45		
(ii) Entry Tax	428.29	428.29		
(iii) Service Tax	190.20	182.99		
(iv) VAT/CST	1,129.54	1,116.93		
<b>TOTAL</b>	<b>2,055.38</b>	<b>2,097.66</b>		
(b) Guarantee given by Bankers and outstanding	300.20	419.18		
(c) Corporate guarantee given for others	2,700.00	2,700.00		
(d) Estimated customs duty obligation on imports,				
if corresponding export obligation is not satisfied.	684.80	853.27		
Note: Future cash outflows in respect of the above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities.				
(ii) Commitments:				
Estimated amount of contracts remaining to be executed on capital account and not provided for - Tangible assets	8,294.44	2,058.00		

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

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

**Notes to Standalone Financial Statements for the year ended March 31, 2018**

₹ in Lakhs

	As at 31.03.2018	As at 31.03.2017
Other disclosures are as under:		
(i) Principal amount remaining unpaid to any supplier as at end of the accounting year	221.34	139.01
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	NIL	NIL
(iii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the payment made to the supplier beyond the appointed day during the year.	NIL	NIL
(iv) Amount of interest due and payable for the period of delay in making payment but without adding interest as specified in the Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL
(v) The amount of interest accrued and remaining unpaid at the end of each accounting year.	NIL	NIL
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the dues are actually paid for the purpose of disallowance under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL

- 30 a) Remuneration to Chairman Cum Managing Director (CMD) and Deputy Managing Director (DMD) is included in Salary, Wages & Bonus:

Particulars	For the year ended 31 March, 2018		For the year ended 31 March, 2017	
	CMD	DMD	CMD	DMD
Salaries & Allowances	81.86	39.69	74.42	35.00
Commission	252.46	37.87	183.03	27.45
Contribution to Provident Fund	9.02	4.00	8.93	4.20
Total	343.34	81.56	266.38	66.65

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit before tax before business combination	12,219.79	8,807.69
Add: Managerial remuneration (Refer Note)	424.91	333.03
Sitting fees to directors	8.80	8.40
Provision for doubtful debts/advances	8.17	(2.78)
Loss on Sales of Assets	8.52	11.70
Assets condemned and written off	68.04	140.45
Less: Profit on Sale of Assets/Investments	115.12	146.91
Net profit	12,623.11	9,151.58
Maximum remuneration payable to CMD and Deputy Managing Director - 10% of the net profit	1,262.31	915.16
Commission payable @ 2% of Net Profit to CMD	252.46	183.03
Commission payable @ 0.30% of Net Profit to DMD	37.87	27.45

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

**Notes to Standalone Financial Statements for the year ended March 31, 2018**

₹ in Lakhs

<b>31 DETAILS OF GOVERNMENT GRANTS</b>		
<b>PARTICULARS</b>	<b>As at 31.03.2018</b>	<b>As at 31.03.2017</b>
Government grants received by the Company during the year towards Duty drawback and other export incentives	270.69	199.64
<b>Total</b>	<b>270.69</b>	<b>199.64</b>

**32 EMPLOYEE BENEFIT PLANS**
**Defined Contribution plans:**

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized Rs.812.02 Lakhs (Year ended 31 March, 2017 Rs.669.85 Lakhs) for Provident Fund contributions and Rs.10.65 Lakhs (Year ended 31 March, 2017 Rs.11.26 Lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

**State plans:**

The Company makes ESI contributions to Employees State Insurance Scheme. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 220.60 Lakhs (Year ended 31 March, 2017 Rs.163.74 Lakhs) in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Scheme.

**Defined Benefit Plan - Gratuity:**

The Company provides gratuity benefit (included as part of employees contribution to funds in Note 21 Employee benefits expense) to all eligible employees, which is funded with Life Insurance Corporation of India.

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

<b>Particulars</b>	<b>For the year ended 31 March 2018</b>	<b>For the year ended 31 March 2017</b>
Components of employer expenses		
Current service cost	129.38	74.80
Interest cost	130.73	108.96
Expected return on Plan Assets	(153.85)	(133.38)
Actuarial (gains) / losses		
Past service cost		
<b>Total expense recognized in Statement of Profit and Loss*</b>	<b>106.26</b>	<b>50.38</b>
Actual contribution and the benefit payments for the year		
Actual benefit payments	(75.32)	(100.43)
Actual contribution	306.52	6.28
Other Comprehensive Income		
Opening OCI	135.49	-
Actuarial Loss / (Gain) on DBO	(69.79)	135.99
Actuarial Loss / (Gain) on Assets	19.28	(0.50)
<b>Total recognized in Other Comprehensive Income</b>	<b>(50.51)</b>	<b>135.49</b>

**Notes to Standalone Financial Statements for the year ended March 31, 2018**

₹ in Lakhs

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Closing Recognised in OCI</b>	<b>84.98</b>	135.49
Net Asset/(Liability) recognized in the Balance Sheet		
Present value of benefit obligation	1,875.11	1,760.11
Fair value of plan assets	2,277.18	1,911.41
Funded Status [Surplus/(Deficit)] *	402.07	151.30
Unrecognised past service cost	--	--
<b>Net Asset/(Liability) recognized in the Balance Sheet</b>	<b>402.07</b>	151.30
Change in defined benefit obligations(DBO) during the year		
Present value of DBO at beginning of the year	1,760.11	1,540.78
Current service cost	129.38	74.80
Interest cost	130.73	114.48
Actuarial (gain) / loss on obligation	(69.79)	130.48
Benefits paid	(75.32)	(100.43)
<b>Present value of DBO at the end of the year</b>	<b>1,875.11</b>	1,760.11
Change in the Fair Value of assets during the year		
Plan Assets at beginning of the year	1,911.41	1,871.67
Acquisition adjustment		
Expected return on Plan Assets	153.85	133.38
Contributions by the employer	306.52	6.28
Actuarial gain / (loss)	(19.28)	0.51
<b>Benefits paid</b>	<b>(75.32)</b>	(100.43)
Plan Assets at the end of the year	2,277.18	1,911.41
Reconciliation of Present Value (PV) of Obligation and		
Fair Value (FV) of Assets:		
Closing PV of Obligation	1,875.11	1,760.11
Closing FV of Plan Assets	2,277.18	1,911.41
Funded Status [Surplus/(Deficit)] *	402.07	151.30
* Included under the head "Employee Benefits" in Note 21		
Composition of the Plan assets is as follows:		
Equity instruments	-	-
Debt instruments	-	-
Property	-	-
Insurer managed asset *	100%	100%
* The details with respect to the composition of		
investments in the fair value of plan assets have not		
been disclosed in the absence of the aforesaid information.		
Actuarial assumptions		
Discount Rate (per annum)	7.59%	7.31%
Rate of increase in compensation levels (per annum)	11.00%	11.00%
Expected return on plan assets (per annum)	7.59%	7.31%

\* - Included in "Contribution to Provident &amp; Other Funds" in Note 21- Employee Costs

**Notes to Standalone Financial Statements for the year ended March 31, 2018**

₹ in Lakhs

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Experience adjustments			
Actuarial (Gains) and Losses on Obligation	(69.79)	135.99	9.18
Actuarial (Gains) and Losses due to change in Assumptions	-	-	-
Actuarial (Gains) and Losses on Plan assets	19.28	(0.51)	(10.25)
Total comprehensive Income for the year	(50.51)	135.48	(1.07)
Actuarial (Gains) and Losses Recognized in the year	(50.51)	135.48	
Unrecognized Actuarial (Gains) and Losses for the year	-	-	(1.07)

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

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

(iii) The Company is expected to contribute Rs.300.00 Lakhs to the Gratuity Fund next year.

(iv) Sensitivity Analysis:

Particulars	As at 31.03.2018	As at 31.03.2017
A. Discount Rate + 100 BP Defined Benefit Obligation [PVO]	-9.02% 1,705.88	-9.42% 1,594.33
B. Discount Rate - 100 BP Defined Benefit Obligation [PVO]	10.58% 2,073.55	11.10% 1,955.55
C. Salary Escalation Rate + 100 BP Defined Benefit Obligation [PVO]	9.81% 2,059.04	9.70% 1,930.86
D. Salary Escalation Rate - 100 BP Defined Benefit Obligation [PVO]	-8.61% 1,713.75	-8.68% 1,607.39
E. Attrition Rate + 100 BP Defined Benefit Obligation [PVO]	-2.62% 1,825.91	-2.85% 1,709.97
F. Attrition Rate - 100 BP Defined Benefit Obligation [PVO]	3.01% 1,931.58	3.28% 1,817.84

v Risk exposure:

The Company's Gratuity fund is maintained by an approved trust (Life Insurance Corporation of India). A large portion of the investment made by the LIC is in government bonds and securities and other approved securities. Hence, the company is not exposed to the risk of asset volatility as at the balance sheet date.

vi Defined benefit liability and employer contributions:

The weighted average duration of the defined benefit obligation is 15.16 years (2016-17 15.16 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	March 31, 2018	March 31, 2017
Less than 1 year	154.32	155.62
Between 1 - 2 years	96.85	96.26
Between 2 - 3 years	103.76	96.82
Between 3 - 4 years	121.50	90.09
Between 4 - 5 years	94.17	119.16
More than 5 years	768.15	629.86

**Notes to Standalone Financial Statements for the year ended March 31, 2018**

₹ in Lakhs

	31.03.2018	31.03.2017
<b>33 DETAILS OF LEASING ARRANGEMENTS</b>		
As Lessor		
a The Company has entered into operating lease arrangements for certain surplus facilities and equipments.		
Total rental and lease income recognized in the Statement of Profit and Loss	<b>90.37</b>	142.88
As Lessee		
b The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and may be renewed based on mutual agreement of the parties.		
Future minimum lease payments not later than one year	<b>247.89</b>	138.57
later than one year and not later than five years	<b>269.05</b>	7.70
later than five years	<b>31.01</b>	-
Lease payments recognized in the Statement of Profit and Loss	<b>538.65</b>	547.04
<b>34 Earnings per share</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
Basic & Diluted:		
Continuing operations:		
Net profit after tax from continuing operations - In ₹ Lakhs	<b>8,009.94</b>	6,605.34
Profit attributable to Equity Shareholders - In ₹ Lakhs (A)	<b>8,009.94</b>	6,605.34
Total number of equity shares outstanding at balance sheet date.	<b>15,696,208</b>	15,696,208
Weighted average number of equity shares outstanding, considered for the purpose of computing Basic EPS (B)	<b>15,696,208</b>	15,696,208
Nominal value of Equity Shares - In ₹	<b>10</b>	10
Basic and Diluted Earnings Per Share-In ₹ (A/B )(Not annualized)	<b>51.03</b>	42.08
<b>35 Deferred tax liability:</b>		
Tax effect of items constituting deferred tax Liability:		
On difference between book balance and tax balance of fixed assets	<b>1,948.84</b>	1,828.81
On account of provision for doubtful debts	<b>(41.83)</b>	(39.00)
On account of provision for contingencies	<b>(176.51)</b>	(150.55)
On account of Gain on actuarial valuation	<b>62.03</b>	103.81
On account of provision for leave salary	<b>(100.31)</b>	(83.81)
	<b>1,692.22</b>	1,659.26
<b>36 Details of R&amp;D Expenses</b>		
1) Capital expenditure	<b>46.43</b>	194.08
2) Salaries & wages	<b>307.05</b>	252.74
3) Material costs	<b>149.51</b>	35.15
4) Maintenance expenses	<b>49.14</b>	40.21
5) Other expenses	<b>46.33</b>	54.61
	<b>598.46</b>	576.79

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

**37 Details of Provision**

## Notes to Standalone Financial Statements for the year ended March 31, 2018

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

Particulars	As at 1 April, 2017	Additions	Utilisation	As at 31 March, 2018
Provision for other contingencies (Excise/ Customs / IT)	625.00 (325.00)	75.00 (300.00)	- -	700.00 (625.00)
Total	625.00 (325.00)	75.00 (300.00)	- -	700.00 (625.00)

Note: Figures in brackets relate to the previous year.

- 38 Since the Company prepares consolidated financial statements, segment information as revised by IND AS 108 “Segment Reporting” has been disclosed in consolidated financial statements.
- 39 The Board of Directors at its meeting held on 6th May, 2017 has given an in principle approval of the proposed merger of its wholly owned Subsidiary BCW V Tech India Private Limited with the Company with effect from 1st April, 2017 under a scheme of amalgamation, subject to appropriate NCLT and other approvals. As per the Hon’ble NCLT Order dated 13.07.2018 BCW V Tech India Private Limited accounts has been merged with our Company.
- 40 Effective from 01.07.2017, Revenue are recorded net of GST, whereas earlier revenue were recorded gross of Excise duty, which formed part of expenses. Hence, revenue from operations for the three months and year ended 31.03.2018 are not comparable with previous period corresponding figures.
- 41 Previous year figures have been regrouped and reclassified, wherever necessary, to correspond with the current year’s classification/disclosure.
- 42 Related party disclosure
- a) List of parties having significant influence
- Subsidiaries**
- BCW V Tech India Private Limited - 100% (Till 31.03.2017)
- LGB USA INC. - 77.01%
- b) List of parties having significant influence
- Associate Companies**
- Renold Chain India Private Limited - 25%
- Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel**
- Elgi Automotive Services (P) Limited
- L.G.B. Auto Products (P) Limited
- LG Farm Products (P) Limited
- L.G. Balakrishnan & Bros - Karur
- LG Sports Limited
- Super Transports Private Limited
- Super Speeds Private Limited

## Notes to Standalone Financial Statements for the year ended March 31, 2018

LGB Forge Limited

Tribe Investments & Services Private Ltd

South Western Engineering India Limited

Silent Chain India Private Limited

### Key management personnel

Sri. B. Vijayakumar, Chairman & Managing Director

Sri. P. Prabakaran, Deputy Managing Director

### Relatives of Key Management Personnel

#### Relatives of Sri. B. Vijayakumar:

Smt. Vijayashree V	Wife
Sri. V. Rajvirdhan	Son
Sri. Nithin Karivardhan	Son
Sri. Arjun Karivardhan	Son
Smt. Rajsri Vijayakumar	Daughter
Sri. Rajiv Parthasarathy	Daughter's Husband
Minor. Samriddhi Andal Rajiv	Daughter's daughter
Minor. Vidhur Narayanan Rajiv	Daughter's Son

#### Relatives of Sri. P. Prabakaran:s

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

Place : Coimbatore Date : 31.07.2018	In terms of our report attached For <b>SURI &amp; CO</b> Chartered Accountants FRN: 0042835 R. Krishnamoorthy Partner Membership No. 020695	For and on behalf of Board of Directors	
		<b>B. VIJAYAKUMAR</b> Chairman cum Managing Director DIN: 00015583  <b>M. LAKSHMI KANTH JOSHI</b> General Manager cum Company Secretary	<b>P. PRABAKARAN</b> Deputy Managing Director DIN : 01709564  <b>N. RENGARAJ</b> Chief Financial Officer

## Notes to Standalone Financial Statements for the year ended March 31, 2018

### a) Transactions during the year

S. No.	Particulars	Associates/Others		Subsidiaries		Key Managerial Personnel		Relatives of key managerial personnel		Total	
		2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
1	Remuneration to Key Managerial Personnel B. Vijayakumar P. Prabakaran					424.90 343.34 81.56	333.03 266.38 66.65			424.90 343.34 81.56	333.03 266.38 66.65
2	Loan Receipts (Borrowings) Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel Associates L.G.Sports Ltd Elgi Automotive Services (P) Limited Others LGB Auto Products (P) Limited Key Managerial Personnel Sri.B.Vijayakumar Relatives of Key Managerial Personnel Sri.V.Rajvirdhan Smt.V.Rajsrri	124.00  20.00 51.00 53.00	541.00	-	-	219.00	173.00	49.00	86.00	392.00	800.00
3	Loan Repayment (Borrowing) Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel Associates L.G.Sports Ltd Elgi Automotive Services (P) Limited Others Key Managerial Personnel Sri.B.Vijayakumar Relatives of Key Managerial Personnel Sri.V.Rajvirdhan Smt.V.Rajsrri	147.00  20.00 127.00	465.00			79.00	434.00	62.00	498.00	288.00	1,397.00
4	Fixed Deposits Receipts (Borrowings) Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel	30.00	645.00	-	-	15.00	230.00	10.00	615.00	55.00	1,490.00

# Notes to Standalone Financial Statements for the year ended March 31, 2018

₹ in Lakhs

S. No.	Particulars	Associates/Others		Subsidiaries		Key Managerial Personnel		Relatives of key managerial personnel		Total	
		2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
	Associates										
	L.G.Sports Ltd	-	325.00							-	325.00
	L G Farm Products (P) Limited	5.00	30.00							5.00	30.00
	Elgi Automotive Services (P) Limited	-	50.00							-	50.00
	Silent Chain (P) Limited	5.00	40.00							5.00	40.00
	Super Speeds (P) Limited	-	115.00							-	115.00
	Super Transports (P) Limited	20.00	85.00							20.00	85.00
	Key Managerial Personnel										
	Sri.B.Vijayakumar					-	160.00			-	160.00
	P. Prabakaran					15.00	70.00			15.00	70.00
	Relatives of Key Managerial Personnel										
	Sri.V.Rajvirdhan					-		460.00		-	460.00
	Smt.V.Rajsri					-		150.00		-	150.00
	Smt.D.Maheswari					-		5.00		-	5.00
	Minor.Vidhur Narayanan					10.00		-		10.00	-
5	Fixed Deposits Repayments (Borrowings)	115.00	105.00							115.00	105.00
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel										
	Associates										
	Super Speeds (P) Limited	115.00	105.00							115.00	105.00
	Interest Expense	6.01	22.89								
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel										
	Tribe Investments & Services (P) Ltd										
	L.G.Sports Ltd	0.72	15.28							0.72	15.28
	LGB Auto Products (P) Limited	2.02	-							2.02	-
	Elgi Automotive Services (P) Limited	3.27	7.34							3.27	7.34
	Others		0.27								0.27
6	Interest Expense										
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel										
	Key Managerial Personnel										
	Sri.B.Vijayakumar					7.99	7.71			7.99	7.71
	Relatives of Key Managerial Personnel										
	Sri.V.Rajvirdhan					1.10		6.10		1.10	6.10
	Smt.V.Rajsri					0.60		1.72		0.60	1.72

# Notes to Standalone Financial Statements for the year ended March 31, 2018

₹ in Lakhs

S. No.	Particulars	Associates/Others		Subsidiaries		Key Managerial Personnel		Relatives of key managerial personnel		Total	
		2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
7	Equity Investment	-	-	-	-	-	-	-	-	-	-
8	Dividend Receipts	0.03	-	-	-	-	-	-	-	0.03	-
9	Dividend Payments	101.36	14.31	-	-	175.52	25.07	245.70	32.89	522.58	72.27
	Key Managerial Personnel Sri.B. Vijayakumar					175.49	25.07			175.49	25.07
	Others					0.03				0.03	-
	Relatives of Key Managerial Personnel Sri.V.Rajvirdhan							153.90	10.90	153.90	10.90
	Smt. V.Rajsri							76.27	21.99	76.27	21.99
10	Rent Income	64.01	64.41		38.54					64.01	102.95
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel										
	LGB Forge Limited	50.00	47.80							50.00	47.80
	Super Transports Private Limited	5.05	7.66							5.05	7.66
11	Rent / Lease Expenses	4.16	28.74							4.16	28.74
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel										
	South Western Engineering India Limited	3.92	10.78							3.92	10.78
	LGB Forge Limited	-	17.96							-	17.96
12	Purchase of Materials, Spares & power	1,065.26	789.17							1,065.26	789.17
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel										
	Renold Chain India (P) Ltd.	243.72	86.54							243.72	86.54
	LGB Forge Limited	722.41	604.74							722.41	604.74
	LGB & Bros, Karur	-	62.87							-	62.87
13	Processing/Conversion Charges	361.43	297.68		92.22					361.43	389.90
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel										

# Notes to Standalone Financial Statements for the year ended March 31, 2018

₹ in Lakhs

S. No.	Particulars	Associates/Others		Subsidiaries		Key Managerial Personnel		Relatives of key managerial personnel		Total	
		2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
	Silent Chain India (P) Limited South Western Engineering India Limited	- 350.47	43.78 253.90							- 350.47	43.78 253.20
14	Sale of Materials, Stores and Service Charges Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel Renold Chain India (P) Ltd. LGB Forge Limited Others	1,139.49 823.65 184.36 131.48	1,011.81 702.65 214.68 94.48		60.33					1,139.49 823.65 184.36 131.48	1,072.14 702.65 214.68 94.48
15	Processing charges Receipts Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel LGB Forge Limited Others	111.78 99.15 12.63	67.75 65.45 2.30		46.37					111.78 99.15 12.63	114.12 65.45 2.30
16	Sale of Property, Plant & Equipment Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel L G Sports Limited Super Transports (P) Limited Super Speeds (P) Limited	13.86 6.46 4.45 2.95			93.02					13.86 6.46 4.45 2.95	93.02
17	Purchase of Property, Plant & Equipment Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel Super Transports (P) Limited L G Sports Limited Others	14.88 6.52 6.28 2.08	0.28 - - -							14.88 6.52 6.28 2.08	0.28 - - -
		3,298.26	4,053.04		330.48	921.41	2,355.48	368.40	2,413.64	5,007.95	4,755.48

# Notes to Standalone Financial Statements for the year ended March 31, 2018

₹ in Lakhs

b) Balance outstanding at the end of the year										
Particulars	Associates/Others		Subsidiaries		Key Managerial Personnel		Relatives of key managerial personnel		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
1 Receivable balance										
Renold Chain India (P) Ltd.	286.93	225.26	-	104.67					286.93	329.93
Super Speeds (P) Limited	226.59	-							226.59	-
Others	50.02	-							50.02	329.93
	10.32	225.26		104.67					10.32	
2 Payable balance										
Renold Chain India (P) Ltd.	139.92	-	-	162.99					139.92	162.99
Others	113.75	-	-	162.99					113.75	-
	26.17	-							26.17	162.99
3 Unsecured borrowings balance										
LGB Auto Products (P) Ltd	63.00	86.00			155.00	15.00	-	13.00	218.00	114.00
Elgi Automotive Services (P) Ltd	53.00								53.00	
Others	10.00	86.00			155.00	15.00		13.00	10.00	86.00
	489.85	311.26		267.66	155.00	15.00	-	13.00	1,029.11	606.92

## Notes to Standalone Financial Statements for the year ended March 31, 2018

### 43 First-time adoption of Ind AS

#### Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note III have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (The company's date of transition).

In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

#### A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

#### A.1 Ind AS optional exemptions

- A.1.1 Deemed cost for PPE, Intangibles and Investment Property** Ind AS 101 permits a first-time adopter to elect to fair value a class of property, plant and equipment or to continue with the carrying value for all of its PPE as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning

liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 "Intangible Assets".

Accordingly, the company has elected to continue the property, plant and equipment, intangible assets and investment property at their previous GAAP values.

#### A.1.2. Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI or FVTPL on the basis of the facts and circumstances at the date of transition to Ind AS. The company has elected to apply this exemption for its investment in equity investments. Accordingly, the investment in equity instruments are classified as FVOCI except its subsidiaries and associates which is measured at amortised cost.

#### A.1.3. Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The company has elected to apply this exemption for such contracts/arrangements.

#### A.2 Ind AS mandatory exceptions

##### A.2.1 Estimates

"An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made

## Notes to Standalone Financial Statements for the year ended March 31, 2018

for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP: “- Impairment of financial assets based on expected credit loss model.”

### **B. Notes to first-time adoption**

#### **B.1 Trade receivables**

As per Ind AS 109, The company is required to apply expected credit loss model for recognising the allowance for doubtful debts. Accordingly, the Company has developed an assessment for allowance for expected credit loss. The same has been considered in the opening and comparative period financial statements.

#### **B.2 Transaction costs in respect of financial instruments**

“Under the previous GAAP, transaction costs in relation to financial liabilities are charged to the profit and loss in the year in which they are incurred.” “As per Ind AS 109, transaction costs in relation to financial liabilities are to be reduced from the related financial liabilities and amortised over the repayment period of the said liability.”

#### **B.3 Remeasurement of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan

assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. Adjustments have been made for such re-classifications.

#### **B.4 Constructive obligations**

Under Ind AS, any constructive obligation shall also be considered and provided for in the financial statements. Accordingly, the Company has measured its constructive obligation relating to salary revision based on best estimate and considered the same in the Ind AS financial statements.

#### **B.5 Decommissioning liability**

Under Ind AS, any obligation towards decommissioning liability shall be estimated and provided. The Company has certain obligations to restore the land to its original position, in respect of land acquired for mining (both freehold and leasehold). The said liability has been estimated as per Ind AS 37 and accounted for in the Ind AS financial statements.

#### **B.6 Fair valuation of financial assets and liabilities**

Under Ind AS, financial assets and liabilities are to be valued at amortised cost or fair valued through profit and loss (FVTPL) or fair valued through other comprehensive income (FVTOCI) based on the Company's business objectives and the cash flow characteristics of the underlying financial assets and liabilities. The Company has remeasured the financial assets and liabilities as on the date of transition and the consequential impact has been given in the opening retained earnings.

## Notes to Standalone Financial Statements for the year ended March 31, 2018

### B.7 Government Grants

Under Ind AS, Government grants related to assets, including non-monetary grants at fair value, is presented in the balance sheet by setting up the grant as deferred income. The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset.. The Company has remeasured the capital grants as aforesaid and accounted in the Ind AS financial statements.

### B.8 Proposed dividends

Under Ind AS, liability to pay dividends arises only when the share holders approves the dividends recommended by the board of directors. Till such approval the proposed dividends does not meet the recognition criteria of a liability. The Company has accordingly, reversed the provisions for proposed dividends and the related taxes. Only a disclosure as required by Ind AS has been made

### B.9 Deferred tax

Under Ind AS, the deferred tax asset and liabilities are required to be accounted based on balance sheet approach. The Company has remeasured its deferred tax assets and liabilities as aforesaid and accounted in the Ind AS financial statements.

### B.10 Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company,

is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties (other than land) are depreciated using the written down value method over their estimated useful lives. Investment properties have a useful life of 30 years. The useful lives have been determined based on Schedule II to the Companies Act, 2013.

### Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment properties recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

### B.11 Assets held for sale

The assets which are meet the criteria under Ind AS 105 are classified as 'Assets held for Sale'. Assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell and the depreciation of an asset is to cease.

**Notes to Standalone Financial Statements for the year ended March 31, 2018**

₹ in Lakhs

44 Key reconciliation required as per Ind AS 101 on transition to Ind AS

(a) Reconciliation of equity	As at March 31, 2017	As at April 1, 2016
Total equity / shareholders' funds as per Indian GAAP	45,723.10	39,706.65
Ind AS Adjustments		
Changes in fair valuation of investments	4,032.35	2,502.15
Remeasurement of Inventories	(202.80)	(266.68)
Fair valuation of derivative instruments	66.07	23.16
Impact of Amortised Cost on term Loan	20.07	42.27
Others	(16.43)	(2.54)
Deferred tax effect on the above	45.18	69.64
Reversal of proposed dividend and tax	-	188.91
Total equity/ shareholders' funds as per Ind AS	49,667.54	42,263.56

(b) Reconciliation of Profits	For the year ended March 31, 2017
Total comprehensive income as per Indian GAAP	6,155.36
Ind AS Adjustments	
Changes in fair valuation of investments	1,530.18
Fair valuation of derivative instruments	42.91
Remeasurement of Inventories	63.88
Others	(36.08)
Tax impact on the above adjustments	(24.46)
Total comprehensive income as per Ind AS	7,731.79

Place : Coimbatore Date : 31.07.2018	In terms of our report attached For <b>SURI &amp; CO</b> Chartered Accountants FRN: 0042835 R. Krishnamoorthy Partner Membership No. 020695	For and on behalf of Board of Directors	
		<b>B. VIJAYAKUMAR</b> Chairman cum Managing Director DIN: 00015583  <b>M. LAKSHMI KANTH JOSHI</b> General Manager cum Company Secretary	<b>P. PRABAKARAN</b> Deputy Managing Director DIN : 01709564  <b>N. RENGARAJ</b> Chief Financial Officer

## INDEPENDENT AUDITOR'S REPORT

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

#### Report on the Consolidated Ind AS Financial Statements:

We have audited the accompanying Consolidated Ind AS Financial Statements of L.G.BALAKRISHNAN & BROS LIMITED (hereinafter referred to as "the Holding Company"), its subsidiaries and its associates (the Holding Company, its subsidiaries and its associate together referred to as the "the Group") comprising the Balance Sheet as at 31<sup>st</sup> March 2018, the Consolidated Statement of Profit and Loss (Including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS Financial Statements").

#### Management's Responsibility for the Consolidated Ind AS Financial Statements:

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the Accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act 2013, read with relevant rules issued there under. The respective Board of Directors of the Companies included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls,

that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility:

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

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters Paragraph below, is sufficient and appropriate to provide a basis

for our audit opinion on the Consolidated Ind AS Financial Statements.

#### **Opinion:**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries and on the other financial information of the subsidiaries and associates, referred to in Other Matters paragraph below, the aforesaid Consolidated Ind AS 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 Indian Accounting Standards and other accounting principles generally accepted in India, of the consolidated financial position of the Group as at 31 March 2018, and its consolidated financial performance (including other comprehensive income), its consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

#### **Other Matter**

We did not audit the financial statements/financial information of 3 subsidiaries whose financial statements/financial information reflect assets of Rs.8436.08 Lakhs as at 31 December 2017, total revenue of Rs.10,259.14 Lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the group's share of net profit of Rs. 96.64 lakhs for the year ended 31 March, 2018 as considered in the consolidated financial statements in respect of one associate, whose financial statements/financial information has not been audited by us. These financial statements/financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in the respect of these subsidiaries and associate and our report in terms of Section 143(3) & Section 143(11) of the Act in so far as it relates to the aforesaid subsidiaries and associate is solely based on such unaudited financial statements/financial information. In our opinion and

Our Opinion on the Consolidated Ind AS Financial Statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor and the financial statements/financial information certified by the management.

#### **Report on Other Legal and Regulatory Requirements:**

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books and reports of other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.
- d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued thereunder.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2018 taken on record by the Board of Directors of the Holding Company and declarations received from the directors of the Associate none of the directors of the Group are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls of the Holding Company and associate incorporated in India, refer to our separate Report in “Annexure B”.
- 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 and based on the consideration of the report of the other Auditors on consolidated financial statements and other financial information of the subsidiaries and Associate, as noted in the ‘Other Matter’ Paragraph:
- i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and Associate.
  - ii. The Group and its Associate did not have any material foreseeable losses on long term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary Companies, Associate incorporated in India.

In terms of our report attached

For **SURI & CO**

Chartered Accountants

FRN: 004283S

**R. KRISHNAMOORTHY**

Partner

Membership No. 020695

Place : Coimbatore

Date : 31.07.2018

**“Annexure - A” to the Independent Auditor’s Report  
to the members of L.G.BALAKRISHNAN & BROS LIMITED**

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

In conjunction with our audit of the Consolidated Ind AS Financial Statements of L.G.BALAKRISHNAN & BROS LIMITED (“the Holding Company”), as of and for the year ended 31 March 2018, We have audited the internal financial controls over financial reporting of the Holding Company and its Associate incorporated in India, as of that date.

**Management’s Responsibility for the Internal Financial Controls:**

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

**Auditors’ Responsibility:**

Our responsibility is to express an opinion on internal financial controls over financial reporting of the Holding Company and its Associate incorporated in India, 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, issued by ICAI and deemed to be prescribed under section 143(10) of the

Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 holding company and its associate incorporated in India, 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 Consolidated Ind AS 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 unauthorized 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:**

Place : Coimbatore  
Date : 31.07.2018

of the report of the other auditor referred to in the Other Matters paragraph below, the Holding Company and its Associate incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary companies, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters:**

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

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

In terms of our report attached  
For **SURI & CO**  
Chartered Accountants  
FRN: 004283S

**R. KRISHNAMOORTHY**

Partner  
Membership No. 020695

CONSOLIDATED BALANCE SHEET AS AT 31.03.2018		(₹ in Lakhs)		
Particulars	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>A ASSETS</b>				
1 Non-current assets				
(a) Property, Plant and Equipments	1	39,763.68	37,831.10	35,230.20
(b) Capital work-in-progress		2,696.95	1,395.31	1,022.32
(c) Investment Property		1,112.80	1,173.58	1,203.17
(d) Goodwill on consolidation		1,327.04	1,410.48	1,376.86
(e) Intangible assets	1	244.55	322.12	337.27
(f) Financial assets				
(i) Investments	2	5,424.93	5,989.21	4,353.77
(ii) Other financial assets	3	1,024.59	800.85	680.73
(g) Deferred tax Asset		-	71.33	73.04
(h) Other non-current assets	4	2,137.55	859.75	1,827.10
Total Non-Current assets		53,732.09	49,853.73	46,104.46
2 Current assets				
(a) Inventories	5	25,333.15	23,055.68	22,521.31
b) Financial assets				
(i) Trade receivables	6	19,405.34	17,550.12	15,252.48
(ii) Cash and cash equivalents	7 A	647.53	1,532.94	413.30
(iii) Other bank balance	7 B	242.38	366.00	390.93
(iv) Other financial assets	8	77.06	65.41	71.46
(c) Current tax Asset		121.19	15.50	498.05
(d) Other current assets	9	1,962.39	2,357.99	3,233.32
Total Current asset		47,789.04	44,943.64	42,380.85
3 Assets held for Sale		8.55	8.55	8.55
Total Assets		101,529.68	94,805.92	88,493.86
<b>B EQUITY AND LIABILITIES</b>				
1 Equity				
(a) Equity Share capital	10	1,569.62	1,569.62	1,569.62
(b) Other Equity	11	56,971.34	50,510.43	42,617.00
Equity Attributable to Owners of the Company		58,540.96	52,080.05	44,186.62
Non-controlling interest		1,477.68	1,692.17	1,531.91
Total Equity		60,018.64	53,772.22	45,718.53
2 Liabilities				
Non-current liabilities				
(a) Financial Liabilities				
Borrowings	12	4,878.28	9,157.85	9,487.57
(b) Provisions	13	1,055.89	938.58	427.39
(c) Deferred tax liabilities		1,692.22	1,659.26	1,852.70
Total Non Current Liabilities		7,626.39	11,755.69	11,767.66

(contd.)

**CONSOLIDATED BALANCE SHEET AS AT 31.03.2018 (Contd..)**

(₹ in Lakhs)

Particulars	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
3 Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	14	629.19	584.00	4,445.88
(ii) Trade payables				
- total outstanding dues of micro & small enterprises		221.34	139.01	171.62
- total outstanding dues other than micro & small enterprises		25,753.26	21,234.96	18,490.93
(iii) Other financial liabilities	15	6,035.83	5,142.99	5,763.79
(b) Provisions	16	36.32	30.96	14.17
(c) Other current liabilities	17	1,208.71	2,146.09	2,121.28
Total Current liability		33,884.65	29,278.01	31,007.67
Total Equity and Liability		101,529.68	94,805.92	88,493.86

See accompanying notes forming part of the financial statements

Place : Coimbatore Date : 31.07.2018	In terms of our report attached For <b>SURI &amp; CO</b> Chartered Accountants FRN: 004283S	For and on behalf of Board of Directors	
	<b>R. KRISHNAMOORTHY</b> Partner Membership No. 020695	<b>B. VIJAYAKUMAR</b> Chairman cum Managing Director DIN: 00015583	<b>P. PRABAKARAN</b> Deputy Managing Director DIN : 01709564
		<b>M. LAKSHMI KANTH JOSHI</b> General Manager cum Company Secretary	<b>N. RENGARAJ</b> Chief Financial Officer

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2018** (₹ in Lakhs)

Particulars	Note No.	For the Year ended 31.03.2018	For the Year ended 31.03.2017
1 Revenue from operations(gross)	18	145,403.00	139,421.59
2 Other income	19	530.92	865.79
3 Total revenue (1 + 2)		145,933.92	140,287.38
4 Expenses:			
(a) Cost of materials consumed	20 a	63,465.70	51,776.27
(b) Purchases of stock-in-trade (traded goods)	20 b	1,744.14	4,212.14
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20 c	(732.21)	49.84
(d) Excise duty		3,603.03	13,563.16
(e) Employee benefits expense	21	20,825.04	18,984.67
(f) Finance costs	22	1,057.14	1,449.93
(g) Depreciation and amortisation expense		5,779.47	5,282.04
(h) Other expenses	23	37,073.86	34,768.16
Total Expenses		132,816.17	130,086.21
5 Profit before exceptional items and tax (3-4)		13,117.75	10,201.17
6 Exceptional items		-	131.33
7 Profit before and tax (5+6)		13,117.75	10,332.50
8 Tax expense / (benefit):			
(a) Current tax / MAT tax expense	24	4,119.98	3212.43
(b) Deferred tax	25	146.08	(294.91)
Net tax expense		4,266.06	2,917.52
9 Profit for the year (7 - 8) before share of profit of Associate		8,851.69	7,414.98
10 Share in Profit of associate		96.64	105.25
11 Profit after tax after share of profit of associate (9 + 10)		8,948.33	7,520.23
12 Net profit attributable to:			
Owners		8,605.78	7,097.83
Non Controlling interest		342.55	422.40
13 Other Comprehensive Income (Net of taxes)			
(A) (i) Items that will not be reclassified to Profit and Loss Account			
(1) Re-measurement of defined benefit plans		120.73	(299.93)
(2) On account of Investment Fair valuation		(660.89)	1,530.18
(ii) Income-tax relating to Items that will not be reclassified to Profit and Loss Account		41.79	(103.80)
(B) Items that will be reclassified to Profit and Loss Account		-	-
14 Total Comprehensive income for the year		8,449.96	8,646.68
15 Earnings per share (Face value of ₹ 10/- each)			
(a) Basic	32	54.83	45.22
(b) Diluted	32	54.83	45.22

See accompanying notes forming part of the financial statements

In terms of our report attached

For **SURI & CO**

Chartered Accountants  
FRN: 004283S

**R. KRISHNAMOORTHY**

Partner  
Membership No. 020695

For and on behalf of Board of Directors

**B. VIJAYAKUMAR**

Chairman cum Managing Director  
DIN: 00015583

**M. LAKSHMI KANTH JOSHI**

General Manager cum Company Secretary

**P. PRABAKARAN**

Deputy Managing Director  
DIN : 01709564

**N. RENGARAJ**

Chief Financial Officer

Place : Coimbatore

Date : 31.07.2018

PARTICULARS	31.03.2018 (₹ in Lakhs)	31.03.2017 (₹ in Lakhs)
<b>A. Cash flow from operating activities</b>		
Net Profit before Tax	13,117.75	10,332.50
Adjustments for		
Depreciation and amortization expense	5,779.47	5,282.04
Provision for doubtful trade receivables	8.16	(2.78)
Profit on sale of assets	(106.60)	(132.97)
Asset Condemned and written off	68.04	140.45
Finance costs	1,057.14	1,449.93
Interest income	(128.78)	(109.16)
Dividend income	(132.43)	(486.60)
Provision for contingencies	75.00 6,620.00	300.00 6,440.91
Operating profit before working capital changes	19,737.75	16,773.41
Changes in Working Capital		
Provisions - Non Current	87.30	81.21
Other Financial Assets - Non Current	6.75	(859.83)
Other Non Current Assets	(1,277.80)	967.35
Inventories	(2,277.47)	(534.37)
Trade Receivables	(1,863.40)	(2,294.86)
Other Financial Assets - Current	(11.65)	6.05
Other Current Assets	395.60	875.33
Trade Payables	3,878.83	2,354.77
Other financial liabilities	892.85	(620.80)
Current Liabilities	(2,575.04)	213.80
Provisions - Current	5.36 (2,738.67)	16.79 205.44
Cash generated from operations	16,999.08	16,978.85
Income tax paid, net of refunds received	(4,236.38)	(1,990.17)
Net Cash generated from operating activities (A)	12,762.70	14,988.68
<b>B. Cash flow from Investing activities</b>		
Capital expenditure	(9,266.09)	(8,666.30)
Proceeds from sale of fixed assets	209.42	196.02
Bank Balances not considered as cash and cash equivalents	123.62	24.93
Interest Income	128.78	109.16
Dividend income	132.43	486.60
Net cash used in Investing activities (B)	(8,671.84)	(7,849.59)

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31.03.2018**

PARTICULARS	31.03.2018 (₹ in Lakhs)	31.03.2017 (₹ in Lakhs)
<b>C. Cash flow from financing activities</b>		
Interest paid	(1,057.14)	(1,449.93)
Dividend paid, including Dividend Distribution Tax	(1,318.94)	(214.58)
Borrowings - Current and Non-current (Net)	(2,600.19)	(4,354.94)
Net cash used in financing activities (C)	(4,976.27)	(6,019.45)
Net (decrease)/increase in cash and cash equivalents (A) + (B) + (C)	(885.41)	1,119.64
Cash and Cash Equivalents at the beginning of the year	1,532.94	413.30
Cash and Cash Equivalents at the end of the year	647.53	1,532.94

In terms of our report attached

For **SURI & CO**

Chartered Accountants  
FRN: 0042835

**R. KRISHNAMOORTHY**

Partner  
Membership No. 020695

For and on behalf of Board of Directors

**B. VIJAYAKUMAR**

Chairman cum Managing Director  
DIN: 00015583

**M. LAKSHMI KANTH JOSHI**

General Manager cum Company Secretary

**P. PRABAKARAN**

Deputy Managing Director  
DIN : 01709564

**N. RENGARAJ**

Chief Financial Officer

Place : Coimbatore

Date : 31.07.2018

## Notes forming part of Consolidated Financial Statements for the year ended March 31, 2018

### STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital	(₹ In Lakhs)
Balance as at April 1, 2016	1,569.62
Changes in equity share capital during the year	-
Balance as at March 31, 2017	1,569.62
Changes in equity share capital during the year	-
Balance as at March 31, 2018	1,569.62

### B. Other Equity

(₹ In Lakhs)

Particulars	Share Application Money pending Allotment	Capital Reserve	Securities Premium Reserve	Revaluation Reserve	Foreign Currency Translation Reserve	General Reserve	Surplus	Other Comprehensive Income	Debt Instruments through Other Comprehensive Income	Equity Instruments through other comprehensive income	Total
Balance as at 01.04.2016	-	30.00	3,100.61	249.61	(97.23)	30,788.71	5,988.39	-	-	-	40,060.09
Ind AS adjustment	-	(30.00)	-	-	-	-	2586.91	-	-	-	2,556.91
Restated Balance as at 01.04.2016	-	-	3,100.61	249.61	(97.23)	30,788.71	8,575.30	-	-	-	42,617.00
Transfer to Reserves	-	-	-	-	107.66	4,500.00	(4,500.00)	-	-	-	107.66
Transfer to Land	-	-	-	(205.17)	-	-	-	-	-	-	(205.17)
Transfer to Surplus	-	-	-	(44.44)	-	-	-	-	-	-	(44.44)
Total Comprehensive Income for the period	-	-	-	-	-	-	7097.83	1,126.46	-	-	8224.29
Dividends	-	-	-	-	-	-	(188.91)	-	-	-	(188.91)
Restated Balance as at 31.03.2017	-	-	3,100.61	-	10.43	35,288.71	10,984.22	1,126.46	-	-	50,510.43
Total Comprehensive Income for the period	-	-	-	-	-	-	8,605.78	(498.36)	-	-	8,107.42
Dividends	-	-	-	-	-	-	(1,322.43)	-	-	-	(1,322.43)
Transfer to Reserves	-	-	-	-	(324.08)	7,500.00	(7,500.00)	-	-	-	(324.08)
Balance as at 31.03.2018	-	-	3,100.61	-	(313.65)	42,788.71	10,767.57	628.10	-	-	56,971.34

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

### I Corporate Information

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

### II Basis of preparation of financial statements

#### Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Certain fixed assets of the Company which were acquired before April 1, 2014 have been fair valued in earlier years (prior to transition date), based on scheme of arrangement approved by the High court of Judicature. However, for transition to Ind AS, the Company has elected to continue with the carrying value of such assets as of April 01, 2016 measured as per previous GAAP and use that carrying value as deemed cost as of transition date.

#### Basis of preparation and presentation

For all periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with accounting

standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The financial statements for the year ended March 31, 2018 are the first financial statements the Company has prepared in accordance with Ind AS with the date of transition as April 1, 2016. Refer to note 37 for information on how the Company adopted Ind AS.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- a) Derivative financial instruments
- b) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

#### Principles of consolidation:

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

- (i) The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as that of the Company i.e., 31 March, 2018, except for certain subsidiary companies as mentioned in (ix) below for which financial statements as on reporting date are not available. These have been consolidated based on latest available financial statements. Necessary adjustments have been made, for the effects of significant transactions and other events between the reporting dates of such financial statements and these consolidated financial statements.
- (ii) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and resultant unrealized profits or losses, unless cost cannot be recovered have been fully eliminated.

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

- (iii) The consolidated financial statements include the share of profit / loss of the associate companies which have been accounted for using equity method as per Ind AS 28 Accounting for Investments in Associates in Consolidated Financial Statements. Accordingly, the share of profit/ loss of each of the associate companies (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments.
- (iv) The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. On the other hand, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements. The 'Goodwill' / 'Capital Reserve' is determined separately for each subsidiary company and such amounts are not set off between different entities.
- (v) In case of the foreign subsidiary, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All the assets and liabilities are converted at the rate prevailing at the year end. Any exchange difference arising on consolidation is recognized in the exchange fluctuation reserve.
- (vi) Minority interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit/loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to the shareholders of the Company.
- (vii) The following subsidiary companies and associates have been considered in the preparation of consolidated financial statements:

Name of Subsidiary Company	M/s.BCW V Tech India (P) Limited	LGB- USA INC	GFM Acquisition LLC (Formerly known as GFM Corporation)	GFM LLC	Renold Chain India (P) Ltd
Relationship	Wholly owned Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
Country of Incorporation	INDIA	USA	USA	USA	INDIA
Ownership held by	L.G.Balakrishnan & Bros Ltd	L.G.Balakrishnan & Bros Ltd	LGB-USA, INC	GFM Acquisition LLC	Renold Holding Ltd & L.G.Balakrishnan & Bros Ltd.
Reporting date of the financial statements used in consolidation	31.03.2018	31.12.2017	31.12.2017	31.12.2017	31.03.2018
% of holding directly or indirectly through subsidiary as at					
31.03.2018	-	77.01%	98.00%	100%	25.00%
31.03.2017	100%	77.01%	90.97%	100%	25.00%

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

### Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

### Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest Lakhs (up to two decimals).

The financial statements are approved for issue by the Company's Board of Directors on 31st July, 2018.

### II A Property, Plant and Equipment (PPE), Intangible Assets and Investment Properties

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

### Current tax

Calculations of income taxes for the current period are done based on applicable tax laws and

management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

### Deferred Tax Assets (including MAT Credit Entitlement)

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained/recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

### Fair value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

### Impairment of Trade Receivables

The impairment for trade receivables are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

### Impairment of Non-financial assets (PPE/ Intangible Assets/ Investment Properties)

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

### Defined Benefit Plans and Other long term

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

### employee benefits

The cost of the defined benefit plan and other long term employee benefits, and the present value of such obligation are determined by the independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

## IIB Recent accounting pronouncements

### Standards issued but not yet effective

The following standards have been notified by Ministry of Corporate Affairs

- a. Ind AS 115 - Revenue from Contracts with Customers (effective from April 1, 2018)
- b. Ind AS 116 - Leases (effective from April 1, 2019)

The Company is evaluating the requirements of the above standards and the effect on the financial statements is also being evaluated.

## III Significant Accounting Policies

### a) Revenue Recognition

#### Sale of goods

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue on sale of goods is recognised when the risk and

rewards of ownership is transferred to the buyer, which generally coincides with the despatch of the goods or as per the inco-terms agreed with the customers.

### Income from Service

Income from sale of services is recognised when the services are rendered as per the terms of the agreement and when no significant uncertainty as to its determination or realisation exists.

### Interest Income

Interest income is recorded using the effective interest rate (EIR) method.

### Dividend income

Dividend income is recognized when the company's right to receive dividend is established on the reporting date, which is generally when shareholders approve the dividend.

### Rental income

Rental income from operating lease on investment properties is recognised on a straight line basis over the term of the relevant lease, if the escalation is not a compensation for increase in cost inflation index.

## b) Property, plant and equipment and capital work in progress

### Deemed cost option for first time adopter of Ind AS

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet at cost less accumulated depreciation. The Company has elected to consider the previous GAAP carrying amount of the intangible assets as the deemed cost as at the date of transition, viz., 1 April 2016.

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The actual cost capitalised includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

expenses incurred during the construction / installation stage. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs of a qualifying asset, if the recognition criteria are met.

Advances paid towards the acquisition of tangible assets outstanding at each balance sheet date, are disclosed as capital advances under long term loans and advances and the cost of the tangible assets not ready for their intended use before such date, are disclosed as capital work in progress.

All material/ significant components have been identified and have been accounted separately. The useful life of such component are analysed independently and wherever components are having different useful life other than plant, the useful life of components are considered for calculation of depreciation.

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

### c) Depreciation on property, plant and equipment

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life on a written down value method. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value.

Depreciation is provided on straight line method, over the useful lives specified in Schedule II to the Companies Act, 2013 except for the following items, where useful life estimated on technical assessment, past trends and differ from those provided in Schedule II of the Companies Act, 2013.

Assets Category	Estimated useful life (in years)
Tools and dies	5
Leasehold land	99
Windmill	25

Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion/ disposals, the depreciation is calculated on pro-rata basis up to the date on which such assets have been discarded/ sold. Additions to fixed assets, costing 5000 each or less are fully depreciated retaining its residual value.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### d) Intangible assets

Under the previous GAAP (Indian GAAP), intangible assets were carried in the balance sheet at cost less accumulated depreciation. The Company has elected to consider the previous GAAP carrying amount of the intangible assets as the deemed cost as at the date of transition, viz., 1 April 2016.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of a separately acquired intangible asset comprises (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and (b) any directly attributable cost of preparing the asset for its intended use. "Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

### e) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 - Property, plant and equipments requirements for cost model.

Company depreciates investment property as per the useful life prescribed in Schedule II of the Companies Act, 2013.

Though the Company measures investment property using the cost-based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation applying a valuation model. External valuers are involved, wherever necessary with the approval of Company's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

### f) Inventories

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

- i) Costs of raw materials, packing materials, tools and dies and Store & Spare Parts are computed on weighted average basis.
- ii) Costs of finished goods and semi-

finished goods are computed on weighted average basis.

- iii) Agriculture Produce is valued at estimate realizable value."
- iv) Cost of stock held for trading are computed on weighted average basis.

### g) Financial Instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

#### Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are also added to the cost of the financial asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified on the basis of their contractual cash flow characteristics and the entity's business model of managing them.

Financial assets are classified into the following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

##### Debt instruments at amortised cost

The Company classifies a debt instrument as at amortised cost, if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

- for collecting contractual cash flows;  
and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

### Debt instrument at FVTOCI

The Company classifies a debt instrument at FVTOCI, if both of the following criteria are met.

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes finance income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### Debt instrument at FVTPL

The Company classifies all debt instruments, which do not meet the criteria for

categorization as at amortized cost or as FVTOCI, as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Where the Company makes an irrevocable election of classifying the equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in OCI, without any recycling of the amounts from OCI to profit and loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents SPPI, are measured as detailed below depending on the business model:

Classification	Name of the financial asset
Amortised cost	Trade receivables, deposits, interest receivable, unbilled revenue and other advances recoverable in cash.
FVTOCI	Equity investments in companies other than subsidiaries and associates if an option exercised at the time of initial recognition.
FVTPL	Other investments in equity instruments, mutual funds, forward exchange contracts (to the extent not designated as a hedging instrument).

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

### Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, receivables and bank balance.
- b) Financial assets that are debt instruments and are measured at FVTOCI
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- I Trade receivables or contract revenue receivables; and
- I All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL and as at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts,

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

### Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

### Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

### Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss

it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at higher of (i) The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments and (ii) The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18 - Revenue.

### Derivative financial instruments

The Company holds derivative financial instrument foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

(a) Derivatives fair valued through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

assets / current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **h) Foreign currency transactions and translations**

#### **Transactions and balances**

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e.,

translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

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

### **i) Borrowing Costs**

Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

Interest income earned on the temporary

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. “All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.”

### j) Government grants

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.

In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under “Other operating revenue” or netted off against corresponding expenses wherever appropriate.

### k) Taxes

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between

the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### l) Retirement and other employee benefits

#### Short-term employee benefits

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

A liability is recognised for short-term employee benefit in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

### Defined contribution plans

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

### Defined benefit plans

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

### Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

### Other long term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by the employees up to the reporting date.

### m) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

All other leases are operating leases.

### Operating Lease treatment as lessee:

Lease arrangements under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease rental under operating lease are recognised in the Statement of Profit and Loss on a straight line basis over the lease term

#### n) Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

#### o) Provisions, contingent liabilities and contingent asset

##### Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are discounted, if the effect of

the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Necessary provision for doubtful debts, claims, etc., are made, if realisation of money is doubtful in the judgement of the management.

### Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

### Contingent assets

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

Contingent assets are disclosed but not recognised in the financial statements.

#### p) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

### 1 PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Tangible Assets									Intangible Assets	Total
	Land	Building	Plant and Equipment	Furniture and Fittings	Electrical Fittings	Vehicles	Office Equipment	Other Assets	Total	Computer Software and Technical know how	
Deemed Cost as at April 1, 2016	2,736.54	7,386.21	22,776.93	169.57	863.99	274.50	152.62	869.84	35,230.20	337.27	35,567.47
Additions	1,328.70	910.97	5,250.37	69.36	269.76	60.07	39.39	273.00	8,201.62	94.10	8,295.72
Disposals	(205.53)	(17.58)	(1,553.77)	(3.32)	(22.26)	(34.84)	(5.34)	(27.57)	(1,870.21)	-	(1,870.21)
Cost as at March 31, 2017	3,859.71	8,279.60	26,473.53	235.61	1,111.49	299.73	186.67	1,115.27	41,561.61	431.37	41,992.98
Additions	-	216.17	7,081.81	20.37	111.70	61.63	37.08	160.81	7,689.57	9.47	7,699.04
Due to business combination	8.55	3.75	324.69	0.91	13.39	1.74	0.29	2.19	355.49	0.04	355.53
Disposal	(219.76)	(2.69)	(659.46)	(58.22)	(60.64)	(70.57)	(21.61)	(73.33)	(1,166.28)	(7.14)	(1,173.42)
Cost as at March 31, 2018	3,648.50	8,496.83	33,220.57	198.67	1,175.92	292.53	202.43	1,204.94	48,440.39	433.74	48,874.13
Depreciation/ Amortisation Charge for the year	5.74	578.62	4,119.72	55.96	131.29	46.20	39.16	196.09	5,172.78	109.25	5,282.03
Disposals	-	(6.92)	(1,374.75)	(3.00)	(19.24)	(8.57)	(4.58)	(25.21)	(1,442.27)	-	(1,442.27)
As at March 31, 2017	5.74	571.70	2,774.56	52.96	112.05	37.63	34.58	170.88	3,730.51	109.25	3,839.76
Charge for the year	19.87	543.08	4,602.30	49.81	142.07	46.00	43.37	209.86	5,656.36	93.44	5,749.80
Due to business combination	-	0.36	92.97	0.24	2.17	0.45	0.09	0.76	97.04	0.04	97.08
Disposals	-	(4.80)	(563.71)	(54.08)	(55.66)	(38.07)	(19.40)	(71.48)	(807.20)	(13.54)	(820.74)
As at March 31, 2018	25.61	1,110.34	6,876.53	48.93	200.63	46.01	58.64	310.02	8,676.71	189.19	8,865.90
Net Block											
As at April 1, 2016	2,736.54	7,386.21	22,776.93	169.57	863.99	274.50	152.62	869.84	35,230.20	337.27	35,567.47
As at March 31, 2017	3,853.97	7,707.90	23,728.56	182.65	999.44	262.10	152.09	944.39	37,831.10	322.12	38,153.22
As at March 31, 2018	3,622.89	7,386.49	26,344.04	149.74	975.29	246.52	143.79	894.92	39,763.68	244.55	40,008.23

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

### 2. INVESTMENTS

(₹ in Lakhs)

Particulars	Number of Shares	Face Value in Rs.	As at 31 March, 2018			As at 31 March, 2017			As at 01 April, 2016		
			Quoted	Unquoted	Total	Quoted	Unquoted	Total	Quoted	Unquoted	Total
(a) Investment in Equity instruments (Fully paid up) (Unquoted) At Cost											
(i) Associate: Renold Chain India Private Limited	10250000	10.00		1257.48	1257.48		1160.85	1160.85		1055.61	1055.61
(b) Investment in Equity instruments (Fully paid up) (Quoted) At Fair value through Other Comprehensive Income											
Elgi Equipments Limited	1229706	1.00	3104.60		3104.60	2704.33		2704.33	1593.91		1593.91
LGB Forge Limited	29000000	1.00	971.50		971.50	2030.00		2030.00	1615.30		1615.30
Super Spinning Mills Limited	10000	1.00	1.17		1.17	1.27		1.27	0.65		0.65
TI Financials Holdings Limited	1100	10.00	7.15		7.15	6.99		6.99	4.26		4.26
Corporation Bank	12000	2.00	3.68		3.68	6.41		6.41	4.69		4.69
Supreme Rubber Reclaimers Limited	50	10.00			-	0.01		0.01	0.01		0.01
(c) Investment in Equity instruments: (Fully paid up) (Unquoted)											
Tata Refractory Limited	5000	10.00		6.79	6.79		6.79	6.79		6.79	6.79
Silent Chain India (P) Limited	770	10.00		1.43	1.43		1.43	1.43		1.43	1.43
LG Farm Products (P) Limited	10000	10.00		5.61	5.61		5.61	5.61		5.61	5.61
South Western Engg. India Limited	537	1000.00		65.52	65.52		65.52	65.52		65.52	65.52
Manish Commercial Premises Co-operative Society Ltd, Mumbai	5	50.00		-	-		-	-		-	-
			4,088.10	1,336.83	5,424.93	4,749.01	1,240.20	5,989.21	3,218.82	1,134.96	4,353.78

**Notes forming part of Consolidated financial statements for the year ended March 31, 2018**

Particulars	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
<b>3 OTHER FINANCIALS ASSETS</b>			
(a) Security and other deposits	1,018.57	778.26	633.29
(b) Unamortised Interest expenses	6.02	20.07	42.27
(c) Ancillary Borrowing cost	-	2.52	5.17
Total	1,024.59	800.85	680.73
<b>4 OTHER NON CURRENT ASSETS</b>			
(a) Capital advance	1,556.03	246.24	289.82
(b) Rent and other advances	231.89	250.08	342.80
(c) Mat credit entitlement	46.51	46.51	786.23
(d) Advance recoverable	264.44	279.09	370.42
(e) Income and claims receivable	38.68	37.83	37.83
Total	2,137.55	859.75	1,827.10
<b>5 INVENTORIES</b>			
(At Lower of cost and net realisable value)			
(a) Raw Materials	5,426.90	4,537.73	3,954.94
(b) Work-in-progress	10,829.76	8,578.91	8,247.21
(c) Finished products	4,772.69	5,675.66	6,054.87
(d) Stock-in-trade (acquired for trading)	-	384.09	368.29
Goods in Transit	-	231.58	249.51
(e) Others			
(i) Packing materials	513.40	289.07	270.41
(ii) Stores & spares	1,989.94	1,800.09	1,867.04
(iii) Loose tools	1,800.27	1,557.89	1,506.51
(iv) Agricultural produce	0.19	0.66	2.53
Total	25,333.15	23,055.68	22,521.31
<b>6 TRADE RECEIVABLE *</b>			
(i) Unsecured, considered good	19,405.34	17,550.12	15,252.48
(ii) Unsecured, considered doubtful	121.70	112.69	115.47
Less: Provision for doubtful trade receivables	121.70	112.69	115.47
Total	19,405.34	17,550.12	15,252.48
*6 (i) Trade Receivable include debts due from			
Private companies in which any director is a director:			
Super Speeds (P) Limited	0.10	0.23	0.29
Silent Chain India (P) Limited	0.07	-	0.08
Super Transports Private Limited	0.21	0.08	-
Renold Chain India (P) Limited	239.99	145.47	177.99
Total	240.37	145.78	178.36

**Notes forming part of Consolidated financial statements for the year ended March 31, 2018**

Particulars	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
<b>7 CASH AND CASH EQUIVALENTS</b>			
<b>A Cash and cash equivalents</b>			
(as per Ind AS 7 Statement of Cash Flows)			
(a) Cash- on- Hand	5.96	524.41	190.67
(b) Balances with Banks			
(i) In Current Account	73.41	630.70	34.22
(ii) In Collection Account	297.16	214.85	188.41
(iii) In Deposit Account	271.00	162.98	-
Total	647.53	1,532.94	413.30
<b>B Other Bank Balances</b>			
(a) In Margin money with Banks (Refer Note(i))	183.60	310.70	309.75
(b) In Earmarked Accounts			
(i) Unpaid Dividend Account	58.78	55.30	80.96
(ii) Unpaid Interest Account	-	-	0.22
Total	242.38	366.00	390.93
Note:			
(i) Margin money with Banks is for the purpose of compliance of deposits accepted from public.			
<b>8 OTHER FINANCIAL ASSETS</b>			
(a) Loans and advances to employees	52.75	49.19	63.27
(b) Interest accrued on Deposits	24.31	16.22	8.19
Total	77.06	65.41	71.46
<b>9 OTHER CURRENT ASSETS</b>			
(a) Prepaid expenses	503.30	169.10	184.67
(b) Balance with govt authorities:			
(i) Cenvat credit receivable	594.14	946.95	1506.95
(ii) Vat credit receivable	147.57	296.64	363.40
(iii) Service tax credit receivable	213.34	267.86	295.86
(c) Advance recoverable	191.85	233.30	300.18
(d) Income and claims receivable	312.19	444.14	582.26
Total	1,962.39	2,357.99	3,233.32

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

### 10 SHARE CAPITAL (Equity shares of Rs.10/- each with voting rights)

	As at 31 March, 2018		As at 31 March, 2017		As at 01 April, 2016	
	Number of Shares	Rs. in lakhs	Number of Shares	Rs. in lakhs	Number of Shares	Rs. in lakhs
(a) Authorised	47,000,000	4,700.00	20,000,000	2,000.00	20,000,000	2,000.00
	47,000,000	4,700.00	20,000,000	2,000.00	20,000,000	2,000.00
(b) Issued	15,696,208	1,569.62	15,696,208	1,569.62	15,696,208	1,569.62
	15,696,208	1,569.62	15,696,208	1,569.62	15,696,208	1,569.62
(c) Subscribed and fully paid-up	15,696,208	1,569.62	15,696,208	1,569.62	15,696,208	1,569.62
Total	15,696,208	1,569.62	15,696,208	1,569.62	15,696,208	1,569.62

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

Particulars	Opening balance	Fresh Issue	Bonus/ ESOP	Conversion/ Buyback	Closing balance
Equity shares with voting rights Year ended 31st March, 2018					
Number of shares	15,696,208	-	-	-	15,696,208
Amount (Rs. in lakhs)	1,569.62	-	-	-	1,569.62
Year ended 31st March, 2017					
Number of shares	15,696,208	-	-	-	15,696,208
Amount (Rs. in lakhs)	1,569.62	-	-	-	1,569.62
Year ended 01st April, 2016					
Number of shares	15,696,208	-	-	-	15,696,208
Amount (Rs. in lakhs)	1,569.62	-	-	-	1,569.62

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

	As at 31 March, 2018		As at 31 March, 2017		As at 01 April, 2016	
	Number of Shares	% of Shareholding	Number of Shares	% of Shareholding	Number of Shares	% of Shareholding
Equity shares with voting rights						
B.Vijayakumar	2,507,000	15.97	2,507,000	15.97	2,507,000	15.97
V.Rajvirdhan	2,198,586	14.01	2,198,586	14.01	2,198,586	14.01
V.Rajsri	1,089,576	6.94	1,089,576	6.94	1,089,576	6.94
Reliance Capital Trustee Co.Ltd						
A/c Reliance Small Cap Fund	1,045,590	6.66	977,643	6.23	966,672	6.16
L.G.B.Auto Products (P) Ltd	875,000	5.57	875,000	5.57	862,500	5.49

10 (iii) Terms and rights attached to equity shares:

- The company has only one class of equity shares having a par value of Rs.10/- each. The equity shares of the Company ranks pari passu in all aspects including rights and entitlement to dividend.
- The dividend proposed by the Board of Directors (Rs.4.50 per share) is subject to approval of the shareholders in the ensuing Annual General meeting.

10 (iv) Shares issued for consideration other than cash:

- During the year 2014, the company has issued a Bonus issue in the ratio of 1:1. Out of the total no. of shares 78,48,104 shares have been issued for consideration other than cash.

**Notes forming part of Consolidated financial statements for the year ended March 31, 2018**

Particulars	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
<b>11 OTHER EQUITY</b>			
(a) Capital Reserve			
Opening balance	-	-	30.00
Less: Transferred to General Reserve	-	-	30.00
Closing balance	-	-	-
(b) Securities premium account:			
Opening balance	3,100.61	3,100.61	3,100.61
Closing balance	3,100.61	3,100.61	3,100.61
(c) Revaluation reserve			
Opening balance	-	249.61	249.61
Less: Adjusted against cost of land	-	205.17	-
Less: Transferred to Statement of Profit and Loss Account	-	44.44	-
Closing balance	-	-	249.61
(d) General reserve			
Opening balance	35,288.71	30,788.71	26,288.71
Add: Transfer from surplus in Statement of Profit and Loss	7,500.00	4,500.00	4,500.00
Closing balance	42,788.71	35,288.71	30,788.71
(e) Foreign Currency Translation Reserve			
Opening balance	10.43	(97.23)	(46.06)
Add: Adjustment for translation of			
Non integral Foreign operations	(324.08)	107.66	(51.17)
	(313.65)	10.43	(97.23)
(f) Other Comprehensive Income			
Opening Balance	1,126.46	-	-
Add: During the year	(498.36)	1,126.46	-
Closing balance	628.10	1,126.46	-
(g) Surplus/(Deficit) in Statement of Profit and Loss			
Opening balance	10,984.22	8,575.30	5,272.24
Add: Ind AS adjustment	-	-	2,556.91
Less: Dividend & Dividend tax paid	1,322.43	188.91	1,133.50
Add: Profit/(Loss) for the year	8,605.78	7,097.83	6,349.65
Add: Transferred from Capital Reserve	-	-	30.00
Less: Transferred to General reserve	7,500.00	4,500.00	4,500.00
Closing balance	10,767.57	10,984.22	8,575.30
Total	56,971.34	50,510.43	42,617.00

**Notes forming part of Consolidated financial statements for the year ended March 31, 2018**

Particulars	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
<b>12 BORROWINGS</b>			
(a) Term Loans:			
From banks			
Secured (Refer Note (ii) below)	2,813.14	5,284.76	8,188.62
(b) Fixed deposits:			
From other parties			
Unsecured	155.14	253.09	143.95
From related parties			
Unsecured	1,910.00	3,620.00	1,155.00
Total	4,878.28	9,157.85	9,487.57

**12 (i) DETAILS OF SECURITY FOR BORROWINGS:**

(a) Term Loans from banks are secured by hypothecation of Plant and Machineries and are collaterally secured by equitable mortgage by deposit of title deeds of immovable properties of Chakkan Plant and Jalna Plant.

(b) Interest rate relating to Term loans from banks is in the range of 9.70% to 10.40% during the year

Term loan from banks:

**12 (ii) Repayment Schedule**

Particulars	Term of Repayment	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
Term loan from banks :				
Secured				
ICICI Bank Ltd	Repayable in 20 Qtly instalments of Rs.375 Lakhs from July'14	375.00	1,875.00	3,375.00
Hongkong and Shanghai Banking Corporation Ltd	Repayable in 16 Qtly instalments of Rs.156.25 Lakhs from May'16	625.00	1,250.00	1,875.00
HDFC Bank Ltd	Repayable in 18 Qtly instalments of Rs.55.56 Lakhs from Dec'15	444.45	888.89	1,333.34
Axis Bank Ltd	Repayable in 20 Qtly instalments of Rs.25 Lakhs from March'20	500.00	-	-
The Huntington National Bank	Repayable in 48 monthly instalments of \$8980 from Dec'13	868.69	1,270.87	799.65
The Huntington National Bank	Repayable in 60 monthly instalments of \$7393 from Dec'13	-	-	805.63
Total - Term loans from banks		2,813.14	5,284.76	8,188.62

12(iii)(a) There was no default in the repayment of loans, borrowing and interest during the year.

(b) Interest rate relating to fixed deposits is in the range of 8.00% to 9.50% during the year

**Notes forming part of Consolidated financial statements for the year ended March 31, 2018**

Particulars	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
<b>13 PROVISIONS</b>			
(i) Provision for contingencies	700.00	625.00	325.00
(ii) Provision for Leave Salary	253.51	211.19	-
(iii) Others	102.38	102.39	102.39
	<b>1,055.89</b>	<b>938.58</b>	<b>427.39</b>
<b>14 BORROWINGS</b>			
(a) Loan repayable on demand			
From banks			
Secured (Refer Note 14 (i)(c) below)	391.19	-	2764.88
(b) From Financial institutions			
Unsecured (Refer Note 14 (i)(c) below)	-	-	500.00
(c) Loan from directors			
Unsecured	155.00	478.00	1151.00
(d) Loan from Inter corporates			
Unsecured	83.00	106.00	30.00
	<b>629.19</b>	<b>584.00</b>	<b>4,445.88</b>

14 (i) Details of security for borrowings:

- Working capital loans from banks are primarily secured by hypothecation of inventories and book debts of the Company
- Interest rate relating to Short term loans from banks is in the range of 9.10% to 12.10%

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

### (c) Break up of loan repayable on demand and from financial institutions

	As at 31 March, 2018		As at 31 March, 2017		As at 01 April, 2016	
	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
Loan repayable on Demand						
From Banks						
Axis Bank Ltd	-	-	-	-	(1.60)	-
Corporation Bank	(67.26)	-	-	-	(33.12)	-
HDFC Bank Ltd	442.99	-	-	-	981.73	-
ICICI Bank Ltd	108.55	-	-	-	154.97	-
Indusind Bank Ltd	(0.58)	-	-	-	(1.72)	-
IDBI Bank Ltd	(92.51)	-	-	-	(77.42)	-
Hongkong and Shanghai Banking Corporation Ltd	-	-	-	-	1,000.00	-
The Huntington National Bank	-	-	-	-	742.04	-
Total - Loan from banks	391.19	-	-	-	2,764.88	-
Loan from financial institutions						
Bajaj Finance Limited	-	-	-	-	-	500.00
Total - Loan from Financial Institutions	-	-	-	-	-	500.00

14 (ii) Note: There was no default in the repayment of loans and interest during the year.

**Notes forming part of Consolidated financial statements for the year ended March 31, 2018**

Particulars	As at 31.03.2018 ₹ in lakhs	As at 31.03.2017 ₹ in lakhs	As at 01.04.2016 ₹ in lakhs
<b>15 OTHER FINANCIAL LIABILITIES:</b>			
(a) Current maturities of long-term debt (Refer Note (i) below)	5,332.52	3,698.33	3,861.67
(b) Interest accrued but not due on secured loans	8.54	23.86	28.68
(c) Interest accrued but not due on Unsecured loans	150.19	78.53	16.15
(d) Interest accrued on deposits from customers	42.92	37.49	33.29
(e) Unpaid bond interest	-	-	0.22
(f) Unclaimed dividends (Refer Note (ii) below)	58.78	55.30	80.96
(g) Payable on purchase of fixed assets	442.88	1,249.48	1,742.82
Total	6,035.83	5,142.99	5,763.79
15 (i) Current maturities of Long-term debt:			
Refer Note 12(i) for the details of Securities			
Term Loan			
From Banks			
Secured	3,528.92	3,688.08	2,775.17
Total - Term Loan from banks	3,528.92	3,688.08	2,775.17
Fixed Deposits:			
From Related Parties:	1,650.00	-	1,080.00
From others	153.60	10.25	6.50
Total - Current maturities of Long-term debt	5,332.52	3,698.33	3,861.67
15 (ii) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.			
<b>16 PROVISION</b>			
Provision for Leave Salary	36.32	30.96	14.17
Total	36.32	30.96	14.17
<b>17 OTHER CURRENT LIABILITIES:</b>			
(a) Statutory remittances	286.56	1,197.49	1,329.84
(b) Advance and deposits from customers etc.,	922.15	948.60	791.45
Total	1,208.71	2,146.09	2,121.29

**Notes forming part of Consolidated financial statements for the year ended March 31, 2018**

Particulars	For the year ended 31.03.2018 ₹ in lakhs	For the year ended 31.03.2017 ₹ in lakhs
<b>18 REVENUE FROM OPERATIONS:</b>		
a) Sale of products (Including Excise duty)	136,532.94	132,866.45
b) Sale of services	265.29	401.91
c) Other operating revenue		
Scrap sales (Including excise duty)	8,334.08	5,945.03
Duty drawback and other export incentives	270.69	208.20
Revenue from operations (Gross)	145,403.00	139,421.59
<b>19 OTHER INCOME</b>		
a) Interest income (Refer Note (i))	128.78	109.16
b) Dividend income:		
from long-term investments		
(i) Others	132.43	486.60
c) Other non-operating income		
(i) Rental and lease income	90.37	104.34
(ii) Agricultural income	1.85	14.00
(iii) Profit on sale of assets	115.12	13.34
(iv) Miscellaneous receipts	62.37	138.35
Total	530.92	865.79
(i) Interest on fixed deposit with banks	90.14	69.74
Interest on deposit with TNEB	30.36	35.81
Others	8.28	3.61
Total - Interest income	128.78	109.16
<b>20 a. COST OF MATERIALS CONSUMED</b>		
Opening Stock:	4,826.81	4,225.36
Add: Purchases	64,579.19	52,377.71
Less: Closing Stock	5,940.30	4,826.80
Cost of material consumed	63,465.70	51,776.27
b. Purchase of traded goods	1,744.14	4,212.14
c. Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Inventories at the end of the year		
Finished goods	4,772.69	5,675.66
Work-in-progress	10,829.76	8,578.91
Stock-in-trade	-	615.67
	15,602.45	14,870.24
Inventories at the beginning of the year		
Finished goods	5,675.66	6,054.86
Work-in-progress	8,578.91	8,247.21
Stock-in-trade	615.67	618.00
	14,870.24	14,920.07
Net decrease / (increase)	(732.21)	49.84

**Notes forming part of Consolidated financial statements for the year ended March 31, 2018**

Particulars	For the year ended 31.03.2018 ₹ in lakhs	For the year ended 31.03.2017 ₹ in lakhs
<b>21 EMPLOYEE BENEFITS EXPENSES</b>		
(a) Salaries and wages	17,999.13	17,177.42
(b) Contribution to provident and other funds	1,616.36	746.14
(c) Staff welfare expenses	1,209.55	1,061.11
Total	20,825.04	18,984.67
<b>22 FINANCE COSTS</b>		
(a) Interest expenses on borrowings:	1,057.14	1,449.93
<b>23 OTHER EXPENSES</b>		
(a) Consumption of stores and spare parts	10,507.74	9,532.91
(b) Processing charges	7,587.75	6,557.51
(c) Power and Fuel	5,660.69	5,159.97
(d) Rent including lease rentals	566.68	547.77
(e) Repairs & maintenance of		
(i) Buildings	103.68	160.32
(ii) Machinery	2,575.37	2,405.13
(iii) Other assets	1,048.79	989.95
(f) Insurance	317.16	386.77
(g) Rates and taxes	237.88	231.91
(h) Travelling and conveyance	800.31	871.37
(i) Printing and stationery	60.91	61.27
(j) Postage, telegram and telephones	183.74	185.12
(k) Freight, packing & forwarding	5,219.03	4,550.64
(l) Advertisement, publicity and selling expenses	814.18	1,000.82
(m) Bank charges	131.22	125.62
(n) Donations	0.66	20.06
(o) Expenditure on Corporate Social Responsibility (Refer note (ii) below)	73.17	108.66
(p) Legal and professional charges	216.34	264.97
(q) Payments to auditors (Refer note (i) below)	16.27	28.14
(r) Provision for contingencies	75.00	300.00
(s) Assets condemned & written off	68.04	140.45
(t) Provision for doubtful debts/advances	8.16	(2.78)
(u) Loss on sale of Assets	8.60	11.70
(v) Loss on foreign currency transactions and translation	22.97	264.30
(w) Sales-tax, entry tax & octroi	40.82	106.91
(x) Sitting fees	8.80	8.40
(y) Watch and Ward	610.22	608.93
(z) Agricultural expenses	6.10	13.48
(aa) Miscellaneous expenses	103.58	127.86
	37,073.86	34,768.16

**Notes forming part of Consolidated financial statements for the year ended March 31, 2018**

Particulars	For the year ended 31.03.2018 ₹ in lakhs	For the year ended 31.03.2017 ₹ in lakhs
(i) Details of Auditors' remuneration:		
Payment to auditors comprises		
(a) To Statutory Auditors:		
For statutory audit	12.52	19.89
For taxation matters	2.50	4.00
For certification and other services	-	3.00
(b) To cost auditors for cost audit	1.25	1.25
Total	16.27	28.14
(ii) Details of CSR Expenditure:		
(i) Contribution to		
LRG Naidu Educational Trust	-	50.00
LRG & GD Trust	35.00	21.00
BV Educational Foundation	-	17.50
BV Medical Foundation	-	11.50
LGB Educational Foundation	-	8.00
Chennai Vision Charitable Trust	10.00	-
Amrit Centre for Special Needs	10.00	-
Little Flower Convent School (Blind)	10.88	-
(ii) Contribution to others	7.29	0.66
<b>24 &amp; 25 INCOME TAX EXPENSE</b>		
Current Tax:		
Current tax on profits for the year	4,119.98	3,212.43
Adjustments for current tax of prior periods	-	-
Total current tax expense	4,119.98	3,212.43
Deferred tax:		
Decrease/ (Increase) in deferred tax assets		
(Decrease)/ Increase in deferred tax Liabilities	146.08	(294.91)
Total deferred tax expense/ (benefit)	146.08	(294.91)
Income tax expense	4,266.06	2,917.52
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax	13,117.75	10,332.50
Income tax expense calculated at 34.608% (2016-17: 34.608%)	4,539.79	3,575.87
Add: Tax effect on non deductible expense	141.60	40.77
Less: Net Tax effect on additional deduction	(415.32)	(699.12)
Total tax expense	4,266.06	2,917.52

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

### 26. FAIR VALUE MEASUREMENT

Financial instruments by category

Particulars	March 31, 2018				March 31, 2017				April 1, 2016			
	FVTPL	FVOCI	Amor- tised Cost	Total Carrying Value	Total Fair Value	FVTPL	FVOCI	Amor- tised Cost	Total Carrying Value	Total Fair Value	FVTPL	FVOCI
<b>Financial Assets</b>												
Investments												
- Equity instruments (other than subsidiary and associates)	-	4167.45	-	4167.45	4167.45	-	4828.36	-	4828.36	4828.36	-	3298.16
Trade Receivables	-	-	19405.34	19405.34	19405.34	-	-	17550.12	17550.12	17550.12	-	15252.48
Cash and bank balances	-	-	889.90	889.90	889.90	-	-	1898.94	1898.94	1898.94	-	804.23
Other Financial assets	-	-	1101.66	1101.66	1101.66	-	-	866.26	866.26	866.26	-	752.19
Total Financial Assets	-	4167.45	21396.91	25564.36	25564.36	-	4828.36	20315.32	25143.68	25143.68	-	3298.16
<b>Financial Liabilities</b>												
Borrowings	-	-	5507.47	5507.47	5507.47	-	-	9741.85	9741.85	9741.85	-	13933.45
Trade Payables	-	-	25974.60	25974.60	25974.60	-	-	21373.97	21373.97	21373.97	-	18662.55
Other Financial liabilities	-	-	6035.83	6035.83	6035.83	-	-	5142.99	5142.99	5142.99	-	5763.79
Total Financial Liabilities	-	-	37517.90	37517.90	37517.90	-	-	36258.81	36258.81	36258.81	-	38359.79

#### (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

Particulars	March 31, 2018				March 31, 2017				April 1, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>												
Financial Investments at FVOCI												
Listed Equity instruments	4167.45	-	-	4167.45	4828.36	-	-	4828.36	3298.16	-	-	3298.16
Total Financial Assets	4167.45	-	-	4167.45	4828.36	-	-	4828.36	3298.16	-	-	3298.16
<b>Financial Liabilities</b>												
Total Financial Liabilities	-	-	-	-	-	-	-	-	-	-	-	-

# Notes forming part of Consolidated financial statements for the year ended March 31, 2018

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

Particulars	March 31, 2018				March 31, 2017				April 1, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets												
Financial Investments												
Equity instruments (unquoted)	-	-	-	-	-	-	-	-	-	-	-	-
Total Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
Financial Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	-	-	-	-	-	-	-	-	-	-	-	-

## Level 1:

Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

## Level 2:

The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

## Level 3:

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

There are no transfers between levels 1, 2 and 3 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of certain financial instruments have been determined based on the buy back offer made by the originator of the instrument.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

## Details of the investment property and its fair value:

Investment Property disclosed is net of depreciation

The fair values of investment properties have been determined with reference to the guideline value as determined by the Government for the location at which the property is located, increased by the depreciated value of buildings.

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

### 27 FINANCIAL INSTRUMENTS

#### Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and other short-term borrowings.

The capital structure of the Company consists only of equity.

#### Gearing Ratio:

Particulars	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
Debt	4,878.28	9,157.85	9,487.57
Less: Cash and bank balances	889.90	1,898.94	804.23
Net debt	3,988.37	7,258.91	8,683.34
Total equity	58,387.74	52,080.05	44,186.62
Net debt to equity ratio (%)	6.83%	13.94%	19.65%
<b>Financial assets</b>			
a. Measured at amortised cost			
Investment other than subsidiary and associate	-	-	-
Other non-current financial assets	1,024.59	800.85	680.73
Trade receivables	19,405.34	17,550.12	15,252.48
Cash and cash equivalents	889.90	1,898.94	804.23
Bank balances other than above	-	-	-
Other financial assets	77.06	65.41	71.46
b. Mandatorily measured at fair value through profit or loss (FVTPL)			
Investments (Other than associates)	4,167.45	4,828.36	3,298.17
Derivative instruments	-	-	-
<b>Financial liabilities</b>			
Measured at amortised cost			
Borrowings (short term)	629.19	584.00	4,445.88
Trade payables	25,974.60	21,373.97	18,662.55
Other financial liabilities	6,035.84	5,142.99	5,763.79

#### Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using natural hedging financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

### Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposures through its finance division and uses derivative instruments such as forward contracts and currency swaps, wherever required, to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management.

### Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company actively manages its currency rate exposures through a centralised treasury division and uses natural hedging principles to mitigate the risks from such exposures. The use of derivative instruments, if any, is subject to limits and regular monitoring by appropriate levels of management.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net Assets exposure on the currency	
<b>As on 31.03.2018</b>							
USD	349,533.44	-	349,533.44	2,386,954.60	-	2,386,954.60	2,037,421.16
EUR	10,924.01	-	10,924.01	1,952,578.49	900,000.00	1,052,578.49	1,041,654.48
GBP	-	-	-	117,307.15	-	117,307.15	117,307.15
JPY	622,015.00	-	622,015.00	-	-	-	(622,015.00)
CHF	13,667.53	-	13,667.53	-	-	-	(13,667.53)
In INR							
<b>As on 31.03.2017</b>							
USD	1,309,796.36	-	1,309,796.36	1,525,579.97	1,600,000.00	(74,420.03)	(1,384,216.39)
EUR	1,119,753.16	-	1,119,753.16	316,590.72	-	316,590.72	(803,162.44)
GBP	-	-	-	67,534.73	-	67,534.73	67,534.73
JPY	2,015.00	-	2,015.00	-	-	-	(2,015.00)
in INR			-	-	-	-	-
<b>As at 01.04.2016</b>							
USD	1,589,549.57	-	1,589,549.57	1,361,422.22	-	1,361,422.22	(228,127.35)
EUR	528,577.00	-	528,577.00	2,113,385.35	600,000.00	1,513,385.35	984,808.35
GBP	-	-	-	7,907.07	-	7,907.07	7,907.07
in INR	-	-	-	-	-	-	-

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

### Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

### Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings

### Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase

or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is not subject to credit risk as the internally generated funds are used to meet their financial requirements

### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

### Offsetting related disclosures

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

### Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposit. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

### Liquidity tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

**Notes forming part of Consolidated financial statements for the year ended March 31, 2018**

Particulars	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
<b>March 31, 2018</b>				
Trade payables	25,974.60	-	-	25,974.60
Other financial liabilities	6,035.83	-	-	6,035.83
Borrowings	629.19	-	-	629.19
	<b>32,639.62</b>	<b>-</b>	<b>-</b>	<b>32,639.62</b>
<b>March 31, 2017</b>				
Trade payables	21,373.97	-	-	21,373.97
Other financial liabilities	5,142.99	-	-	5,142.99
Borrowings	584.00	-	-	584.00
	<b>27,100.96</b>	<b>-</b>	<b>-</b>	<b>27,100.96</b>
<b>April 1, 2016</b>				
Trade payables	18,662.55	-	-	18,662.55
Other financial liabilities	5,763.79	-	-	5,763.79
Borrowings	4,445.88	-	-	4,445.88
	<b>28,872.22</b>	<b>-</b>	<b>-</b>	<b>28,872.22</b>
<b>Particulars</b>	<b>31.03.2018</b>	<b>31.03.2017</b>	<b>01.04.2016</b>	
Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required):	Nil	Nil	Nil	
<b>Particulars</b>	<b>As at 31.03.2018</b>	<b>As at 31.03.2017</b>		
<b>28 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)</b>				
(i) Contingent liabilities:				
(a) Claims against the Company, not acknowledged as debts - disputed tax liabilities				
(i) Central Excise	307.35	369.45		
(ii) Entry Tax	428.29	428.29		
(iii) Service Tax	190.20	182.99		
(iv) VAT/CST	1,129.54	1,116.93		
<b>TOTAL</b>	<b>2,055.38</b>	<b>2,097.66</b>		
(b) Guarantee given by Bankers and outstanding	300.20	419.18		
(c) Corporate guarantee given for others	2,700.00	2,700.00		
(d) Estimated customs duty obligation on imports, if corresponding export obligation is not satisfied.	684.80	853.27		
Note: Future cash outflows in respect of the above matters are determinable only on receipt of judgments/decisions pending at various forums/authorities.				
(ii) Commitments:				
Estimated amount of contracts remaining to be executed on capital account and not provided for - Tangible assets	8,294.44	2,058.00		

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

### 29 EMPLOYEE BENEFIT PLANS

#### Defined Contribution plans:

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized Rs.818.02 Lakhs (Year ended 31 March, 2017 Rs.683.12 Lakhs) for Provident Fund contributions and Rs.10.65 Lakhs (Year ended 31 March, 2017 Rs.11.26 Lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

#### State plans:

The Company makes ESI contributions to Employees State Insurance Scheme. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 220.60 Lakhs (Year ended 31 March, 2017 Rs.168.97 Lakhs) in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Scheme.

#### Defined Benefit Plan - Gratuity:

The Company provides gratuity benefit (included as part of employees contribution to funds in Note 21 Employee benefits expense) to all eligible employees, which is funded with Life Insurance Corporation of India.

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Components of employer expenses		
Current service cost	129.38	74.80
Interest cost	130.73	108.96
Expected return on Plan Assets	(153.85)	(133.38)
Actuarial (gains) / losses		
Past service cost		
Total expense recognized in Statement of Profit and Loss*	106.36	50.38
Actual contribution and the benefit payments for the year		
Actual benefit payments	(75.32)	(100.43)
Actual contribution	306.52	6.28
Other Comprehensive Income		
Opening OCI	135.49	-
Actuarial Loss / (Gain) on DBO	(69.79)	135.99
Actuarial Loss / (Gain) on Assets	19.28	(0.50)
Total recognized in Other Comprehensive Income	(50.51)	135.49
Closing Recognised in OCI	84.98	135.49
Net Asset/(Liability) recognized in the Balance Sheet		
Present value of benefit obligation	1,875.21	1,760.11
Fair value of plan assets	2,277.18	1,911.41
Funded Status [Surplus/(Deficit)] *	402.07	151.30
Unrecognised past service cost	-	-

**Notes forming part of Consolidated financial statements for the year ended March 31, 2018**

Net Asset/(Liability) recognized in the Balance Sheet	402.07	151.30
Change in defined benefit obligations(DBO) during the year		
Present value of DBO at beginning of the year	1,760.11	1,540.78
Current service cost	129.38	74.80
Interest cost	130.73	114.48
Actuarial (gain) / loss on obligation	(69.79)	130.48
Benefits paid	(75.32)	(100.43)
Present value of DBO at the end of the year	1,875.11	1,760.11
Change in the Fair Value of assets during the year		
Plan Assets at beginning of the year	1,911.41	1,871.67
Acquisition adjustment		
Expected return on Plan Assets	153.85	133.38
Contributions by the employer	306.52	6.28
Actuarial gain / (loss)	(19.28)	0.51
Benefits paid	(75.32)	(100.43)
Plan Assets at the end of the year	2,277.18	1,911.41
Reconciliation of Present Value (PV) of Obligation and Fair Value (FV) of Assets:		
Closing PV of Obligation	1,875.11	1,760.11
Closing FV of Plan Assets	2,277.18	1,911.41
Funded Status [Surplus/(Deficit)]*	402.07	151.30
*Included under the head "Employee Benefits" in Note 21		
Composition of the Plan assets is as follows:		
Equity instruments	-	-
Debt instruments		- -
Property		- -
Insurer managed asset *	100%	100%
* - The details with respect to the composition of investments in the fair value of plan assets have not been disclosed in the absence of the aforesaid information.		
Actuarial assumptions		
Discount Rate (per annum)	7.59%	7.31%
Rate of increase in compensation levels (per annum)	11.00%	11.00%
Expected return on plan assets (per annum)	7.59%	7.31%

\*Included in "Contribution to Provident & Other Funds" in Note 21 - Employee Costs

**Notes forming part of Consolidated financial statements for the year ended March 31, 2018**

Experience adjustments	Year ended 31.3.18	Year ended 31.3.17	Year ended 31.3.16
Actuarial (Gains) and Losses on Obligation	(69.79)	135.99	9.18
Actuarial (Gains) and Losses due to change in Assumptions	-	-	-
Actuarial (Gains) and Losses on Plan assets	19.28	(0.51)	(10.25)
Total comprehensive Income for the year	(50.51)	135.48	(1.07)
Actuarial (Gains) and Losses Recognized in the year	(50.51)	135.48	
Unrecognized Actuarial (Gains) and Losses for the year	-	-	(1.07)

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

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

(iii) The Company is expected to contribute Rs.300.00 Lakhs to the Gratuity Fund next year.

(iv) Sensitivity Analysis:

Particulars	As at 31.03.2018	As at 31.03.2017
A. Discount Rate + 100 BP Defined Benefit Obligation [PVO]	-9.02% 1,705.88	-9.42% 1,594.33
B. Discount Rate - 100 BP Defined Benefit Obligation [PVO]	10.58% 2,073.55	11.10% 1,955.55
C. Salary Escalation Rate + 100 BP Defined Benefit Obligation [PVO]	9.81% 2,059.04	9.70% 1,930.86
D. Salary Escalation Rate - 100 BP Defined Benefit Obligation [PVO]	-8.61% 1,713.75	-8.68% 1,607.39
E. Attrition Rate + 100 BP Defined Benefit Obligation [PVO]	-2.62% 1,825.91	-2.85% 1,709.97
F. Attrition Rate - 100 BP Defined Benefit Obligation [PVO]	3.01% 1,931.58	3.28% 1,817.84

**v Risk exposure:**

The Company's Gratuity fund is maintained by an approved trust (Life Insurance Corporation of India). A large portion of the investment made by the LIC is in government bonds and securities and other approved securities. Hence, the company is not exposed to the risk of asset volatility as at the balance sheet date.

**vi Defined benefit liability and employer contributions:**

The weighted average duration of the defined benefit obligation is 15.16 years (2016-17 15.16 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	March 31, 2018	March 31, 2017
Less than 1 year	154.32	155.62
Between 1 - 2 years	96.85	96.26
Between 2 - 3 years	103.76	96.82
Between 3 - 4 years	121.50	90.09
Between 4 - 5 years	94.17	119.16
More than 5 years	768.15	629.86

### Notes forming part of Consolidated financial statements for the year ended March 31, 2018

	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
30	Segmental Reporting:		
	Primary Segment information		
	(Business Segments):		
	A. Segment Revenue:		
	Transmission	105,259.14	101,291.11
	Metal Forming	26,854.21	21,922.85
	Others	13,289.65	16,207.63
	Total	145,403.00	139,421.59
	B. Segment Results:		
	Transmission	10,397.80	8,403.10
	Metal Forming	3,293.37	1,870.98
	Others	982.45	1,794.32
	Total	14,673.62	12,068.40
	Less: (i) Interest	1,057.14	1,449.93
	(ii) Other unallocable expenditure net off		
	unallocable income	498.73	285.98
	Profit before Tax	13,117.75	10,332.49
	Less: Provision for taxation	4,266.06	2,917.52
	Profit after Tax	8,851.69	7,414.97

#### C. Other Information

Particulars	As at 31.03.2018				
	Segment Assets	Segment Liabilities	Capital Expenditure	Depreciation	Non-cash expenditure excluding depreciation
Transmission	54,809.71 (46,590.07)	18,203.16 (17,280.33)	3,401.39 (4,214.97)	3,540.95 (3,301.56)	127.77 (308.28)
Metal Forming	26,140.77 (25,571.02)	8,191.34 (5,776.65)	2,990.68 (2,394.37)	1,538.10 (1,396.03)	18.83 (128.83)
Others	14,838.03 (16,522.27)	2,435.79 (2,877.28)	1,306.98 (1,773.54)	700.42 (571.34)	4.61 (0.51)
Unallocated	5,741.17 (6,122.55)	14,158.44 (16,791.60)	- ( - )	- ( - )	- ( - )

Note: Components of business segments are as under:

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

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

### D. Secondary Segment Information (Geographical Segment)

Particulars	As at 31.03.2018	As at 31.03.2017
(1) Segment Revenue:		
Within India	122,504.39	118,640.83
Outside India	22,898.61	20,780.76
Total	145,403.00	139,421.59
(2) Segment Assets:		
Within India	90,459.67	85,170.54
Outside India	11,070.01	9,635.37
Total	101,529.68	94,805.91
(3) Capital Expenditure:		
Within India	6,540.01	8,173.22
Outside India	1,159.04	209.76
Total	7,699.05	8,382.98

### 31 DETAILS OF LEASING ARRANGEMENTS

As Lessor		
a	The Company has entered into operating lease arrangements for certain surplus facilities and equipments.	
	Total rental and lease income recognized in the Statement of Profit and Loss	90.37      142.88
As Lessee		
b	The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and may be renewed based on mutual agreement of the parties.	
	Future minimum lease payments not later than one year	247.89      138.57
	later than one year and not later than five years	269.05      7.70
	later than five years	31.01      -
	Lease payments recognized in the Statement of Profit and Loss	566.68      547.77

32	<b>EARNINGS PER SHARE</b>	As at 31.03.2018	As at 31.03.2017
	Basic & Diluted:		
	Continuing operations:		
	Net profit after tax from continuing operations - In Rs. Lakhs	8,605.78	7,097.83
	Profit attributable to Equity Shareholders - In Rs. Lakhs (A)	8,605.78	7,097.83
	Total number of equity shares outstanding at balance sheet date.	15,696,208	15,696,208
	Weighted average number of equity shares outstanding, considered for the purpose of computing Basic EPS (B)	15,696,208	15,696,208
	Nominal value of Equity Shares - In Rs.	10	10
	Basic and Diluted Earnings Per Share-In Rs. (A/B )(Not annualized)	54.83	45.22

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

	As at 31.03.2018	As at 31.03.2017
Deferred tax:		
Tax effect of items constituting deferred tax Liability:		
On difference between book balance and tax balance of fixed assets	1,948.84	1,828.81
On account of provision for doubtful debts	-41.83	-39.00
On account of provision for contingencies	-176.51	-150.55
On account of Gain on actuarial valuation	62.03	103.81
On account of provision for leave salary	-100.31	-83.81
	1,692.22	1,659.26

- 33 The Board of Directors at its meeting held on 6th May, 2017 has given an in principle approval of the proposed merger of its wholly owned Subsidiary BCW V Tech India Private Limited with the Company with effect from 1st April, 2017 under a scheme of amalgamation, subject to appropriate NCLT and other approvals. As per the hon'ble NCLT dated 13.07.2018 BCW V Tech India Private Limited accounts has been merged with our Company.
- 34 Effective from 01.07.2017, Revenue are recorded net of GST, whereas earlier revenue were recorded gross of Excise duty, which formed part of expenses. Hence, revenue from operations for the three months and year ended 31.03.2018 are not comparable with previous period corresponding figures.
- 35 Previous year figures have been regrouped and reclassified, wherever necessary, to correspond with the current year's classification/disclosure.
- 36 Related party disclosure

### a) List of parties having significant influence

#### Associate Companies

Renold Chain India Private Limited - 25%

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

Elgi Automotive Services (P) Limited  
L.G.B. Auto Products (P) Limited  
LG Farm Products (P) Limited  
L.G. Balakrishnan & Bros - Karur  
LG Sports Limited  
Super Transports Private Limited

Super Speeds Private Limited  
LGB Forge Limited  
Tribe Investments & Services Private Ltd  
South Western Engineering India Limited  
Silent Chain India Private Limited

#### Key management personnel

Sri. B. Vijayakumar, Chairman & Managing Director      Sri. P. Prabakaran, Deputy Managing Director

#### Relatives of Key Management Personnel

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

# Notes forming part of Consolidated financial statements for the year ended March 31, 2018

## a) Transactions during the year

S. No.	Particulars	Associates/Others		Key Managerial Personnel		Relatives of key managerial personnel		Total	
		2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
1	<b>Remuneration to Key Managerial Personnel</b> B. Vijayakumar P. Prabakaran			424.90 343.34 81.56	333.03 266.38 66.65		- -	424.90 343.34 81.56	333.03 266.38 66.65
2	<b>Loan Receipts (Borrowings)</b> Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel Associates L.G.Sports Ltd Elgi Automotive Services (P) Limited LGB Auto Products (P) Limited Others Key Managerial Personnel Sri.B. Vijayakumar Relatives of Key Managerial Personnel Sri.V.Rajvirdhan Smt. V.Rajsri	124.00	541.00	219.00	173.00	49.00	86.00	392.00	800.00
		20.00 51.00 53.00 -	370.00 164.00 -	219.00	173.00			20.00 51.00 53.00 -	370.00 164.00 -
		-	7.00						7.00
						18.00 31.00	70.00 16.00	18.00 31.00	70.00 16.00
3	<b>Loan Repayment (Borrowing)</b> Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel Associates L.G.Sports Ltd Elgi Automotive Services (P) Limited Others Key Managerial Personnel Sri.B. Vijayakumar Relatives of Key Managerial Personnel Sri.V.Rajvirdhan Smt. V.Rajsri	147.00	465.00	79.00	434.00	62.00	498.00	288.00	1,397.00
		20.00 127.00 -	370.00 95.00	79.00	434.00			20.00 127.00 -	- 370.00 95.00
						31.00 31.00	332.00 166.00	31.00 31.00	332.00 166.00
4	<b>Fixed Deposits Receipts (Borrowings)</b> Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel	30.00	645.00	15.00	230.00	10.00	615.00	55.00	1,490.00

# Notes forming part of Consolidated financial statements for the year ended March 31, 2018

S. No.	Particulars	Associates/Others		Key Managerial Personnel		Relatives of key managerial personnel		Total	
		2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
	Associates								
	L.G.Sports Ltd	-	325.00					-	325.00
	L G Farm Products (P) Limited	5.00	30.00					5.00	30.00
	Elgi Automotive Services (P) Limited	-	50.00					-	50.00
	Silent Chain (P) Limited	5.00	40.00					5.00	40.00
	Super Speeds (P) Limited	-	115.00					-	115.00
	Super Transports (P) Limited	20.00	85.00					20.00	85.00
	Key Managerial Personnel								
	Sri.B.Vijayakumar			15.00	160.00			-	160.00
	P. Prabakaran				70.00			15.00	70.00
	Relatives of Key Managerial Personnel								
	Sri.V.Rajivrdhan					-	460.00	-	460.00
	Smt.V.Rajsri					-	150.00	-	150.00
	Smt.D.Maheswari					-	5.00	-	5.00
	Minor.Vidhur Narayanan					10.00	-	10.00	-
5	Fixed Deposits Repayments (Borrowings)	115.00	105.00					115.00	105.00
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel								
	Associates								
	Super Speeds (P) Limited	115.00	105.00					115.00	105.00
6	Interest Expense	6.01	22.89	7.99	7.71	1.70	7.82	15.70	38.42
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel								
	Tribe Investments & Services (P) Limited								
	L.G.Sports Ltd	0.72	15.28					0.72	15.28
	LGB Auto Products (P) Limited	2.02	-					2.02	-
	Elgi Automotive Services (P) Limited	3.27	7.34					3.27	7.34
	Others	-	0.27					-	0.27
	Key Managerial Personnel			7.99	7.71			7.99	7.71
	Sri.B.Vijayakumar								
	Relatives of Key Managerial Personnel								
	Sri.V.Rajivrdhan					1.10	6.10	1.10	6.10
	Smt.V.Rajsri					0.60	1.72	0.60	1.72
7	Equity Investment	-	-	-	-	-	-	-	-
8	Dividend Receipts	0.03	-	-	-	-	-	0.03	-

# Notes forming part of Consolidated financial statements for the year ended March 31, 2018

S. No.	Particulars	Associates/Others		Key Managerial Personnel		Relatives of key managerial personnel		Total	
		2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
9	Dividend Payments Key Managerial Personnel Sri.B.Vijayakumar Relatives of Key Managerial Personnel Sri.V.Rajvirdhan Smt.V.Rajsri Others	101.36	14.31	175.52	25.07	245.70	32.89	522.58	72.27
				175.49	25.07	153.90	10.90	175.49	25.07
				0.03		76.27	21.99	153.90	10.90
								76.27	21.99
								0.03	
10	Rent Income Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel LGB Forge Limited Super Transports Private Limited	64.01	64.41					64.01	64.41
		50.00	47.80					50.00	47.80
		5.05	7.66					5.05	7.66
11	Rent / Lease Expenses Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel South Western Engineering India Limited LGB Forge Limited	4.16	28.74					4.16	28.74
		3.92	10.78					3.92	10.78
		-	17.96					-	17.96
12	Purchase of Materials, Spares & power Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel Renold Chain India (P) Ltd. LGB Forge Limited LGB & Bros, Karur	1,065.26	789.17					1,065.26	789.17
		243.72	86.54					243.72	86.54
		722.41	604.74					722.41	604.74
			62.87					-	62.87
13	Processing/Conversion Charges Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel Silent Chain (P) Limited South Western Engineering India Limited	361.43	297.68					361.43	297.68
		-	43.78					-	43.78
		350.47	253.90					350.47	253.90
14	Sale of Materials, Stores and Service Charges Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel Renold Chain India (P) Ltd. LGB Forge Limited Others	1,139.49	1,011.81					1,139.49	1,011.81
		823.65	702.65					823.65	702.65
		184.36	214.68					184.36	214.68
		131.48	94.48					131.48	94.48

# Notes forming part of Consolidated financial statements for the year ended March 31, 2018

S. No.	Particulars	Associates/Others		Key Managerial Personnel		Relatives of key managerial personnel		Total
		2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	
15	Processing charges Receipts Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel LGB Forge Limited Others	111.78	67.75					67.75
		99.15	65.45			99.15	65.45	
		12.63	2.30			12.63	2.30	
16	Sale of Property, Plant & Equipments Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel L G Sports Limited Super Transports (P) Limited Super Speeds (P) Limited	13.86	-					-
		6.46	-			6.46	-	
		4.45	-			4.45	-	
		2.95	-			2.95	-	
17	Purchase of Property, Plant & Equipments Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel Super Transports (P) Limited L G Sports Limited Others	14.88	0.28					0.28
		6.52	-			6.52	-	
		6.28	-			6.28	-	
		2.08	-			2.08	-	
		3,298.26	4,053.04	921.41	2,355.48	368.40	2,413.64	4,755.48

## b) Balance outstanding at the end of the year

S. No.	Particulars	Associates/Others		Key Managerial Personnel		Relatives of key managerial personnel		Total
		2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	
1	Receivable balance Renold Chain India (P) Ltd. Super Speeds (P) Limited Others	286.93	225.26					225.26
		226.59	-			226.59	-	
		50.02	-			50.02	-	
		10.32	225.26			10.32	225.26	
2	Payable balance Renold Chain India (P) Ltd. Others	139.92	-					-
		113.75	-			113.75	-	
		26.17	-			26.17	-	
3	Unsecured borrowings balance LGB Auto Products (P) Limited Elgi Automotive Services (P) Limited Others	63.00	86.00	155.00	15.00	-	13.00	114.00
		53.00	-			53.00	-	
		10.00	86.00			10.00	86.00	
		-	-	155.00	15.00	-	13.00	28.00
		489.85	311.26	155.00	15.00	-	13.00	339.26

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

### 37 First-time adoption of Ind AS

#### Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note III have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (The company's date of transition).

In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

#### A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

#### A.1 Ind AS optional exemptions

##### A.1.1 Deemed cost for PPE, Intangibles and Investment Property

Ind AS 101 permits a first-time adopter to elect to fair value a class of property, plant and equipment or to continue with the carrying value for all of its PPE as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This

exemption can also be used for intangible assets covered by Ind AS 38 "Intangible Assets".

Accordingly, the company has elected to continue the property, plant and equipment, intangible assets and investment property at their previous GAAP values.

#### A.1.2. Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI or FVTPL on the basis of the facts and circumstances at the date of transition to Ind AS. The company has elected to apply this exemption for its investment in equity investments. Accordingly, the investment in equity instruments are classified as FVOCI except its subsidiaries and associates which is measured at amortised cost.

#### A.1.3. Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The company has elected to apply this exemption for such contracts/arrangements.

#### A.2 Ind AS mandatory exceptions

##### A.2.1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

objective evidence that those estimates were in error. "Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP: "Impairment of financial assets based on expected credit loss model."

### **B. Notes to first-time adoption**

#### **B.1 Trade receivables**

As per Ind AS 109, The company is required to apply expected credit loss model for recognising the allowance for doubtful debts. Accordingly, the Company has developed an assessment for allowance for expected credit loss. The same has been considered in the opening and comparative period financial statements.

#### **B.2 Transaction costs in respect of financial instruments**

Under the previous GAAP, transaction costs in relation to financial liabilities are charged to the profit and loss in the year in which they are incurred.

As per Ind AS 109, transaction costs in relation to financial liabilities are to be reduced from the related financial liabilities and amortised over the repayment period of the said liability.

#### **B.3 Remeasurement of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the

profit or loss for the year. Adjustments have been made for such re-classifications.

#### **B.4 Constructive obligations**

Under Ind AS, any constructive obligation shall also be considered and provided for in the financial statements. Accordingly, the Company has measured its constructive obligation relating to salary revision based on best estimate and considered the same in the Ind AS financial statements.

#### **B.5 Decommissioning liability**

Under Ind AS, any obligation towards decommissioning liability shall be estimated and provided. The Company has certain obligations to restore the land to its original position, in respect of land acquired for mining (both freehold and leasehold). The said liability has been estimated as per Ind AS 37 and accounted for in the Ind AS financial statements.

#### **B.6 Fair valuation of financial assets and liabilities**

Under Ind AS, financial assets and liabilities are to be valued at amortised cost or fair valued through profit and loss (FVTPL) or fair valued through other comprehensive income (FVTOCI) based on the Company's business objectives and the cash flow characteristics of the underlying financial assets and liabilities. The Company has remeasured the financial assets and liabilities as on the date of transition and the consequential impact has been given in the opening retained earnings.

#### **B.7 Government Grants**

Under Ind AS, Government grants related to assets, including non-monetary grants at fair value, is presented in the balance sheet by setting up the grant as deferred income. The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset.. The

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

Company has remeasured the capital grants as aforesaid and accounted in the Ind AS financial statements.

### B.8 Proposed dividends

Under Ind AS, liability to pay dividends arises only when the share holders approves the dividends recommended by the board of directors. Till such approval the proposed dividends does not meet the recognition criteria of a liability. The Company has accordingly, reversed the provisions for proposed dividends and the related taxes. Only a disclosure as required by Ind AS has been made

### B.9 Deferred tax

Under Ind AS, the deferred tax asset and liabilities are required to be accounted based on balance sheet approach. The Company has remeasured its deferred tax assets and liabilities as aforesaid and accounted in the Ind AS financial statements.

### B.10 Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. Subsequent expenditure is capitalised to the

asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties (other than land) are depreciated using the written down value method over their estimated useful lives. Investment properties have a useful life of 30 years. The useful lives have been determined based on Schedule II to the Companies Act, 2013.

### Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment properties recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

### B.11 Assets held for sale

The assets which are meet the criteria under Ind AS 105 are classified as 'Assets held for Sale'. Assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell and the depreciation of an asset is to cease .

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

38 Key reconciliation required as per Ind AS 101 on transition to Ind AS

(₹ in Lakhs)

(a) Reconciliation of equity	As at March 31, 2017	As at April 1, 2016
Total equity / shareholders' funds as per Indian GAAP	48,135.61	41,629.71
<b>Ind AS Adjustments</b>		
Changes in fair valuation of investments	4,032.35	2,502.15
Remeasurement of Inventories	(202.80)	(266.68)
Fair valuation of derivative instruments	66.07	23.16
Impact of Amortised Cost on term Loan	20.07	42.27
Others	(16.43)	(2.54)
Deferred tax effect on the above	45.18	69.64
Reversal of proposed dividend and tax	-	188.91
Total equity/ shareholders' funds as per Ind AS	52,080.05	44,186.62

(b) Reconciliation of Profits	For the year ended March 31, 2017
Total comprehensive income as per Indian GAAP	6,647.85
<b>Ind AS Adjustments</b>	
Changes in fair valuation of investments	1,530.18
Fair valuation of derivative instruments	42.91
Remeasurement of Inventories	63.88
Others	(36.08)
Tax impact on the above adjustments	(24.46)
Total comprehensive income as per Ind AS	8,224.28

In terms of our report attached For <b>SURI &amp; CO</b> Chartered Accountants FRN: 004283S  <b>R. KRISHNAMOORTHY</b> Partner Membership No. 020695	For and on behalf of Board of Directors  <b>B. VIJAYAKUMAR</b> Chairman cum Managing Director DIN: 00015583  <b>M. LAKSHMI KANTH JOSHI</b> General Manager cum Company Secretary	 <b>P. PRABAKARAN</b> Deputy Managing Director DIN : 01709564  <b>N. RENGARAJ</b> Chief Financial Officer
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Place : Coimbatore  
Date : 31.07.2018

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

Statement pursuant to general exemption received under section 129(3) of the Companies Act, 2013 relating to subsidiary Company.

Particulars	LGB USA Inc.*	
	INR	USD
Currency		
Share Capital	2,004.15	35.45
Reserves & Surplus	3388.06	47.69
Total Liabilities	3,043.87	47.61
Total Assets	8436.08	130.75
Investments (Excl'd. investment in subsidiaries)	Nil	Nil
Turnover & Other Income	10,259.14	157.54
Profit / (Loss) Before Taxation	841.75	13.75
Provision for Tax (incl: Deferred Tax)	-	-
Profit / (Loss) after Taxation	841.75	13.75
Proposed Dividend	Nil	Nil
% Share Holding	77.01%	

\* LGB USA Inc; figures presented on a consolidated basis.

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

Name of the entity in the	Net assets, i.e., total assets minus total liabilities		Share of profit or loss	
	As % of consolidated net assets	Amount (₹ in Lakhs)	As % of consolidated Profit or Loss	Amount (₹ in Lakhs)
L.G.Balakrishnan & Bros Limited.	94%	55,826	89%	8,009
Foreign:				
1. LGB USA INC.*	2%	1,005	6%	499
2. Minority Interests in all subsidiaries:	3%	1,478	4%	343
Associates				
Indian :				
1. Renold Chain India Private Limited	1%	232	1%	97
Total	100%	58,541	100%	8,948

\* LGB USA Inc. figures presented alongwith subsidiaries

## Notes forming part of Consolidated financial statements for the year ended March 31, 2018

### Associates & Joint Ventures

1	Name of the Associate Company	Renold Chain India Private Limited
2	Latest audited Balance Sheet Date	31st March, 2018
3	Shares of Associate/ Joint Ventures held by the Company on the year end - No. of Shares - Equity	1,02,50,000
	Amount of investment in Associates / Joint Venture	Rs.1,025.00 Lakhs
	Extend of Holding %	25%
4	Description of how there is significant influence	Shareholding
5	Reason why the Associate is not consolidated	NA
6	Networth attributable to shareholding as per latest audited Balance Sheet	Rs.1,686.04 Lakhs
7	Profit / Loss for the year	
	(i) Considered in Consolidation	Rs.96.64 Lakhs
	(ii) Not considered in Consolidation	Rs.289.92 Lakhs

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

CIN : L29191TZ1956PLC000257

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

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

Phone: 0422 2532325, Fax: 0422 2532333

**62<sup>nd</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 62<sup>nd</sup> **ANNUAL GENERAL MEETING** of the Company held on **Thursday, August 30th, 2018 at 10.15 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 2017-18 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 2017-18 and the Notice of the Annual General Meeting along with the Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or who have requested for a hard copy.

**E-VOTING PARTICULARS**

EVS (Electronic Voting Sequence Number)	USED ID	PASSWORD*
<b>180727008</b>	Folio No. / Client ID Date of Birth	PAN Number / Bank Account No /

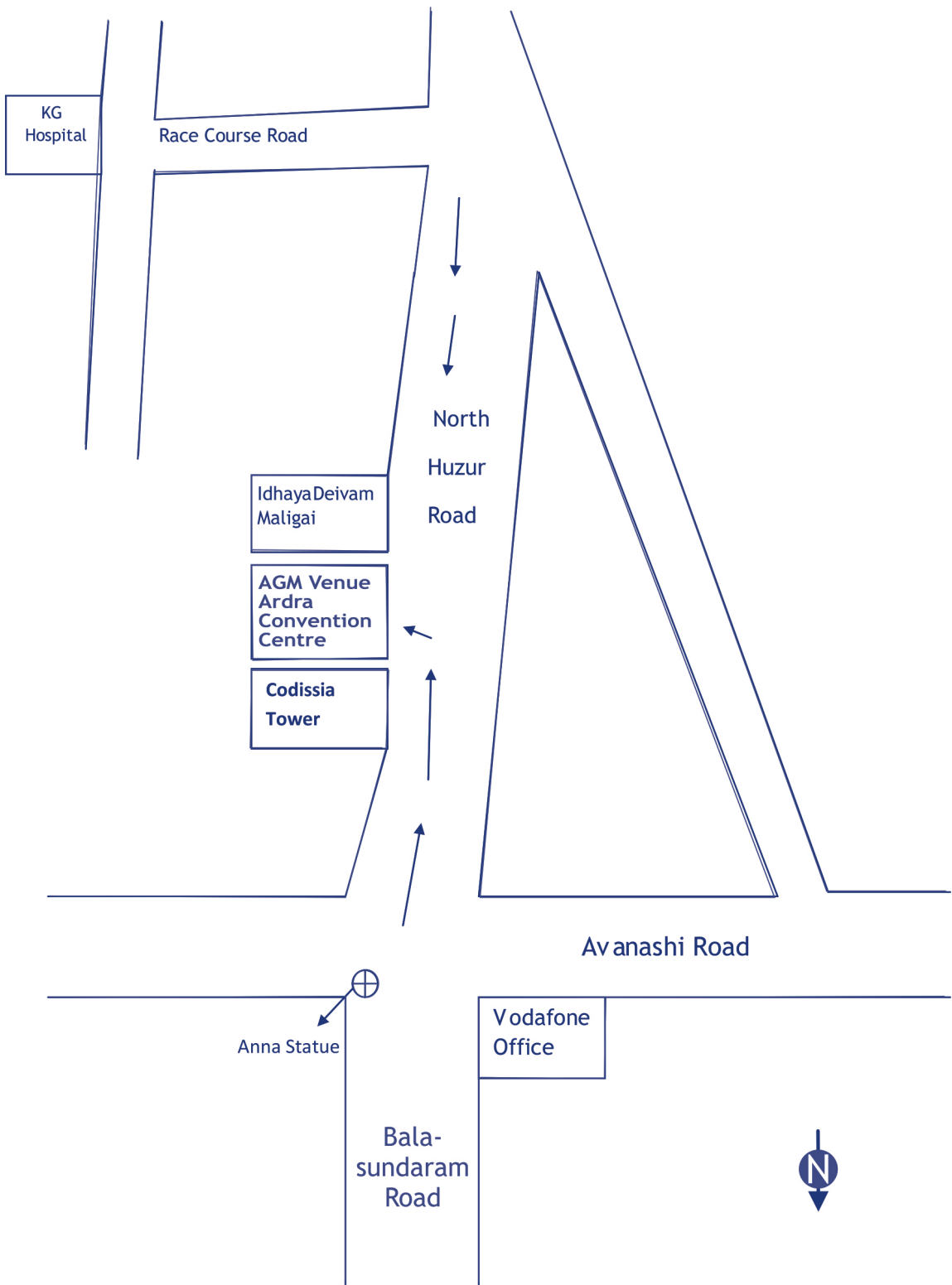
\* Physical Shareholders who does not have PAN should enter No. of Shares they hold as their password if they prefer to exercise e-voting.

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

Commencement of e-voting	End of e-voting
Monday, 27th August, 2018 (from 9.00 A.M)	Wednesday, 29th August, 2018 (upto 5.00 P.M)

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

Route map of AGM Venue



## PROXY FORM

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



### L.G. BALAKRISHNAN & BROS LIMITED



CIN : L29191TZ1956PLC000257

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

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

Phone: 0422 2532325, Fax: 0422 2532333

### 62<sup>nd</sup> ANNUAL GENERAL MEETING 30th August, 2018

Name of the member(s):

Registered address:

E-mail ID:

Folio No/Client ID:

DP ID:

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

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

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

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

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 62<sup>nd</sup> Annual General Meeting of the Company, to be held on **Thursday, August 30, 2018 at 10.15 A.M** at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore - 641 018, and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

P.T.O.

S.No	Resolutions
<b>Ordinary Business</b>	
1.	To receive, consider and adopt the Audited Financial Statements of the Company along with Consolidated Financial Statements for the financial year ended 31st March, 2018 together with the Reports of the Board of Directors and Auditors thereon.
2.	To declare Dividend on the Equity Shares.
3.	To appoint a Director in place of Sri. V. Rajvirdhan (DIN 00156787), who retires by rotation and being eligible, seeks re-appointment.
4.	To appoint a Director in place of Sri.S. Sivakumar (DIN 00016040), who retires by rotation and being eligible, seeks re-appointment.
<b>Special Business</b>	
5.	Appointment of Continuance of appointment of Statutory Auditor without ratification
6.	Appointment of Cost Auditor
7.	Approval to deliver through a particular mode as may be sought by the member.

Signed this ..... day Of.....2018.

Signature of Shareholder .....

Affix  
Revenue  
Stamp not  
less than  
₹ 1/-

#### Notes

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting
2. For the resolutions, explanatory statements and Notes, please refer to the Notice of 62<sup>nd</sup> Annual General Meeting

To

**The General Manager cum Company Secretary**  
L.G. Balakrishnan & Bros Limited  
6/16/13, Krishnarayapuram Road, Coimbatore- 641 006.  
Phone No. 0422 - 4611212

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

**1. Particulars of the shareholder**

a) Regd. Folio No. : .....

b) Name of the first Regd.  
Holder (in block letters) : .....

**2. Particulars of the Bank**

a) Name of the Bank : .....

b) Address of the Branch : .....  
: .....

c) Account No. : .....  
(As appearing in the cheque book)

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

Please Tick relevant box		
SAVINGS	CURRENT	CASH CREDIT

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

--	--	--	--	--	--	--	--	--

(Please attach a photocopy of a cheque for  
verifying the accuracy of the code number)

--	--	--	--	--	--	--	--	--	--

IFSC code of the Bank

**DECLARATION**

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

(Signature of the first Regd. holder)

(Signature of the second holder)

Place : Name : .....

Date : Address : .....

.....Pincode .....

Phone : .....

Email:.....

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



**To (Your Depository Participant)**

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

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

**1. Particulars of the shareholder**

- a) Name of the first/ Sole Share Holder (in block letters) : .....
- b) DP ID & Client ID Nos. : .....

**2. Particulars of the Bank**

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

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

Please Tick relevant box

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

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

--	--	--	--	--	--	--	--	--

--	--	--	--	--	--	--	--	--	--

**DECLARATION**

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

(Signature of the First (regd.) holder)

Place :

Date :

Phone : .....

Email:.....

Note : Please send this form to your Depository participant.



If Undelivered Please Return to :



## **L.G. BALAKRISHNAN & BROS LIMITED**

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

Tel : 0422 - 2532325, Fax : 0422 - 2532333

CIN : L29191TZ1956PLC000257

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