



L.G. BALAKRISHNAN & BROS LIMITED

Corporate Informations

BOARD OF DIRECTORS

Sri. B. Vijayakumar Chairman Cum Managing Director
Sri. P. Prabakaran Executive Director
Sri. P. Balasubramanian
Sri. S. Sivakumar
Sri. V. Govindarajulu
Sri. P. Shanmugasundaram
Smt. Rajsri Vijayakumar
Sri. 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

AUDITORS

M/s. Deloitte Haskins & Sells
Chartered Accountants

BANKERS

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

REGISTRAR AND SHARE TRANSFER AGENTS

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

REGISTERED OFFICE

6/16/13, Krishnarayapuram Road,
Ganapathy, Coimbatore - 641 006.
Phone No. 0422 - 2532325

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55th ANNUAL GENERAL MEETING

Date	: 15th June, 2011
Day	: Wednesday
Time	: 10.45 A.M.
Venue	: Ardra Convention Centre Kaanchan, 9, North Huzur Road Coimbatore- 641 018.
Book Closure Dates	: 06.06.2011 to 15.06.2011 (Both Days Inclusive)

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

NOTICE

Notice is hereby given that the Fifty Fifth Annual General Meeting of the Members of the Company will be held on Wednesday the 15th day of June, 2011 at 10.45 A.M at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore - 641 018, to transact the following businesses:

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To declare dividend on the Equity Shares.
3. To appoint a Director in the place of Sri. V. Govindarajulu, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Sri. S. Sivakumar, who retires by rotation, and being eligible, offers himself for reappointment.
5. To re-appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants as Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

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

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

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

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

“RESOLVED THAT consent be and is hereby accorded pursuant to the provisions of Section 198, 269, 309 and 311 read with Schedule XIII, and other applicable provisions if any of the Companies Act, 1956, for the appointment of Sri. P. Prabakaran as Deputy Managing Director of the Company for a period of 5 years from 01-06-2011 as per the terms of the agreement to be entered into with Sri. P. Prabakaran by the Company.

RESOLVED FURTHER THAT in accordance with the provisions of Section 198, 309 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, and subject to such other approvals as may be necessary, Sri. P. Prabakaran as Deputy Managing Director be paid an overall remuneration by way of

1. **Salary :** Rs. 2,50,000/- per month
2. **Commission:** An amount equal to 0.3% of the Net Profits of the Company in each financial year computed in accordance with Section 349 of the Companies Act, 1956, subject to a ceiling of Rs. 45 Lakhs for a financial year.
3. **Other Benefits:** Contribution to Provident fund / Superannuation / Gratuity as per the rules of the Company and this shall not be included in computation of ceiling on remuneration.

4. Minimum Remuneration: The salary and commission shall be subject to the overall ceiling of 5% of the Net Profits of the Company. However, if the Company has no Profits or its Profits are inadequate in any financial year, the Company may pay remuneration to the Deputy Managing Director by way of Salary and contribution to Provident Fund, Gratuity Fund and Superannuation Fund as provided hereinabove.

The Deputy Managing Director shall not be entitled to any Sitting Fee for attending the Meeting of the Board of Directors or a Committee thereof. He shall not be eligible for any other benefits other than the above.

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter or vary the component and elements of remuneration payable to Sri. P. Prabakaran, Deputy Managing Director in such a manner as agreed to between the Board of Directors and Sri. P. Prabakaran within the overall limit as set out above.”

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No.6.

Sri. V. Rajvirdhan was co-opted as an Additional Director of the Company in the Board Meeting held on 20-10-2010. Pursuant to Section 260 of the Companies Act, 1956, (“the Act”), Sri. V. Rajvirdhan holds office of Director up-to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a Member along with a deposit of Rs.500/- proposing the candidature of Sri.V. Rajvirdhan for the Office of the Director under the provision of Section 257 of the Companies Act, 1956.

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

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

Item No.7.

Dr. T. Balaji was co-opted as an Additional Director of the Company with effect from 20.10.2010. Pursuant to

Section 260 of the Companies Act, 1956 (“the Act”), Dr. T. Balaji holds office of Director up-to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a Member along with a deposit of Rs.500/- proposing the candidature of Dr.T.Balaji for the Office of the Director under the provisions of Section 257 of the Companies Act, 1956.

None of the Directors except Dr. T. Balaji is interested in the resolution to the extent of his appointment.

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

Item No.8.

Sri. P. Prabakaran has been the Executive Director of the Company since 2008 by virtue of appointments by the Board of Directors of the Company and duly approved by the General Meeting of the Company in accordance with the requirements of the Companies Act, 1956, for a period of three years and the said appointment will expire on 31st May 2011. The Board of Directors of the Company at their meeting held on 29th April 2011 have resolved to appoint and to elevate Sri. P. Prabakaran as Deputy Managing Director of the Company for a period of 5 years from the 1st day of June 2011 in accordance with Section 269 read with Schedule XIII of the Companies Act, 1956, and subject to the approval of the Shareholders in General Meeting.

The draft agreement which has been approved by the Board of Directors to be entered into with the Deputy Managing Director by the Company is available for inspection by the members of the Company at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on any working day except Saturday till the date of Annual General Meeting.

The appointment of Sri. P. Prabakaran as Deputy Managing Director of the Company and the payment of remuneration is in conformity with schedule XIII of the Companies Act, 1956.

The particulars set out above may also be treated as memorandum required to be circulated to every member under Section 302 of the Companies Act, 1956.

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

None of the Directors except Sri. P. Prabakaran is concerned or interested in the said resolution.

NOTES:

- 1. EVERY MEMBER ENTITLED TO ATTEND AND VOTE AT A MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 2. THE INSTRUMENT APPOINTING THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. Pursuant to Clause 49 of the Listing Agreement additional information on Directors seeking appointment / re-appointment at the Annual General Meeting is provided in the Annual Report.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 06-06-2011 to 15-06-2011 (both days inclusive).
5. Members holding shares in physical form are requested to notify change of address and change in bank mandate if any, to M/s. Cameo Corporate Services Limited, "Subramanian Building" No.1, Club House Road, Chennai - 600 002, the Registrar and Share Transfer Agents and those who hold shares in dematerialized form are requested to notify their Depository Participants (DP) any change in address and/or bank mandate.
6. The shareholders/members of the Company, who are having Equity Shares of the Company in physical form are advised to get dematerialized of their respective Equity Shares by way of surrendering their physical Share Certificates to the Registrar and Share Transfer Agents (RTA) of the Company (i.e., M/s Cameo Corporate Services Limited, Chennai) through their respective Depository Participants. The shareholders/members, who are not having Demat accounts are requested to open the Demat accounts and thereafter approach the RTA for dematerialization of their Equity Shares. Some of the advantages to the investors who are having the shares in Demat mode are :
 - a. there is no scope of any risk of loss, theft, damage or fraud and bad deliveries are eliminated;
 - b. shareholders no longer have to wait for the shares transferred in their names. Delay is almost eliminated;
 - c. this system totally eliminates risks associated with loss/fraudulent interception of share certificates in postal transit;
 - d. in the physical mode, shares may only be sold and bought at marketable lot. No such hassle is experienced in the Demat mode;
 - e. genuineness is always guaranteed in the Demat mode.
7. Members who have not yet encashed their dividend warrants for previous years are advised to forward such warrants to the Company for revalidation. Pursuant to the provisions of the Section 205-A of the Companies Act, 1956, dividend, which remains unclaimed for a period of seven years, will be transferred to the Investor Education and Protection Fund of the Central Government.
8. To avoid loss of Dividend Warrants in transit and undue delay in respect of receipt of Dividend Warrants, the Company has provided a facility to the Members for remittance of Dividend through the National Electronic Clearing System (NECS). The NECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns.

Shareholders holding shares in the physical form, who wish to avail NECS facility, may authorize the Company with their NECS mandate in the prescribed form (enclosed) or can be had from Registrar and Transfer Agents M/s. Cameo Corporate Services Limited on request. Request for payment of dividend through NECS for the year 2010-2011 should be lodged with the Registrar & Transfer Agents of our Company, M/s. Cameo Corporate Services Limited, Chennai.
9. Members who are holding shares more than one folio under physical form may approach the Company's

-
- Share Transfer Agent for consolidation with respective details.
10. As per the Circular No. MRD/Dop/Cir-05/2009 dated May 20, 2009 issued by Securities and Exchange Board of India (SEBI) it is mandatory to quote PAN for transfer of shares in physical form. Therefore, the transferee (s) is required to furnish a copy of their PAN card to the Company/ Registrar and Share Transfer Agent of the Company for registration of transfer of shares.
11. In case any member needs any clarification / explanation in the accounts or in the Annual Report published, you are requested to forward the same at least 15 days before the date of the Meeting to Sri. M. Lakshmi Kanth Joshi, General Manager Cum Company Secretary by registered post to the Company's Registered Office address, so that the same may be attended and clarified prior to the closure of the Annual General Meeting.

Coimbatore
29.04.2011

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

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

Name	Date of Birth	Date of Joining the Board	Qualification	Expertise in functional areas	Share holding in LGB	Directorship in other Companies Incorporated in India	Membership of Committees in other Public Limited Companies							
Sri. P. Prabhakaran	01.02.1959	30.05.2008	B.E.,	More than 23 years experience in business	200	Rolon Fine Blank Ltd	Nil							
						LGB Rolon Chain Ltd								
						BCWV Tech India Private Ltd								
						Silent Chain India Private Ltd								
						Renold Chain India Private Ltd								
Sri. V. Rajviradhan	05.09.1983	20.10.2010	B. Sc., IME	More than 4 years experience in business	9,20,000	LGB Forge Ltd	Member of Shareholders & Investors Committee LGB Forge Ltd							
						South Western Engg. India Ltd								
						Rolon Fine Blank Ltd								
						LGB Rolon Chain Ltd								
						Elgi Automotive Services (P) Ltd								
						L. G. B. Auto Products (P) Ltd								
						Super Transports (P) Ltd								
						LGB Fuel Systems (P) Ltd								
						BCWV Tech India (P) Ltd								
						Super Speeds (P) Ltd								
						L G Farm Products (P) Ltd								
						Dr. T. Balaji		22.01.1947	20.10.2010	M.B.B.S, D.L.O	More than 25 years experience in Medical Profession	400	Elgi Equipments Ltd	Nil
													Adisons Precision Instruments	
Mfg. Co. Ltd														
Sri. V. Govindarajulu	08.07.1956	29.06.1998	B.E.,	More than 25 years experience in Sourcing and General Administration	-	Nil	Nil							
						Nil								
Sri. S. Sivakumar	30.11.1952	28.06.1996	B. Com.,	More than 27 years experience as an Industrialist	642	LG Sports Ltd	Nil							
						South Western Engg. India Ltd								
						LGB Rolon Chain Ltd								
						Rolon Fine Blank Ltd								
						Ishwarya Lakshmi Finance (P) Ltd								
						SLVM Components (P) Ltd								
						BCWV Tech India (P) Ltd								
						LGB Fuel Systems (P) Ltd								
						L. G. B. Auto Products (P) Ltd								
						Elgi Automotive Services (P) Ltd								

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the 55TH Annual Report of your Company together with the audited accounts for the year ended 31ST March, 2011.

FINANCIAL RESULTS:

The summary of the financial performance of the Company for the year ended 31ST March, 2011 as compared to the previous year is given as below :

Particulars	31-03-2011 (Rs. in Lakhs)	31-03-2010 (Rs. in Lakhs)
Profit before interest, depreciation & Tax	8794.57	7904.73
Less : Interest,	1520.42	2058.70
Depreciation	2544.57	2171.49
Profit Before Tax	4729.58	3674.54
Less : Provisions for Taxation		
Current Income Tax/MAT	945.40	621.87
Less: MAT Credit Entitlement	210.46	530.45
Income Tax related to earlier year	207.04	46.41
Deferred Tax(Credit/Charge)	(792.90)	1053.20
Profit After Tax	4580.50	2483.51
Add : Balance brought forward	1487.83	1139.73
Available for appropriation	6068.33	3623.24
APPROPRIATIONS:		
Proposed Dividend on Equity Shares	784.81	510.13
1. Tax on Dividend	127.32	84.73
2. Transfer to General Reserves	3000.00	1540.55
3. Balance carried over	2156.20	1487.83
Total	6068.33	3623.24

DIVIDEND

Your Directors are glad to inform you that our Company has continued to ascend further heights in its performance. The Company has achieved a turnover of Rs.709.52 Crores and has registered a net profit of Rs.45.81 Crores. This reflects a growth of 29% in turnover and Profit.

The Board is pleased to recommend a dividend of Rs.10/- per Equity Share i.e. 100% on face value of Equity Share of Rs.10/- each for the year ended 31ST March 2011.

The total cash outgo for this purpose would be Rs.912.13 Lakhs (previous year Rs.594.86 Lakhs), which includes Tax on Dividend amounting to Rs.127.32 Lakhs (last year Rs.84.73 Lakhs).

The Registrar of Members and the Share Transfer Books shall remain closed from 06.06.2011 to 15.06.2011 (both days inclusive) for the purpose of Annual General Meeting and Payment of Dividend.

PERFORMANCE AND OPERATIONS

The Automotive market is buoyant and the demand for your Company's products have been good. We expect this demand not only to continue but also to increase. Accordingly your Company has invested almost Rs.67.27 Crores in the last financial year and has plans to invest a further sum of Rs.35 Crores in the current fiscal.

These investments have been made for a) Capacity increase b) Quality improvements c) Automation and as well as d) Productivity improvements.

The Company has in the last 12 months added 5 manufacturing facilities each at Manesar, Rudrapur, Kadathur and two at Annur to enhance and serve our customers better.

The focus on quality and qualitative production has created a strong preference for our Company's products and the Company is confident of repeating / improving our turnover and profitability.

WHOLLY OWNED SUBSIDIARY COMPANY

In terms of Section 4(1)(c) of the Companies Act, 1956, M/s. BCW V Tech India Private Limited becomes a wholly owned subsidiary of the Company in which it holds 100% of the Equity Shares as on 31st March, 2011.

Pursuant to Section 212(8) of the Companies Act, 1956, the Government of India vide its Circular No. 2/2011 dated 08th February 2011 granted general exemption under Section 212(8) of the Companies Act, 1956, from attaching the Balance Sheet and Profit & Loss Account and other documents of its Subsidiaries and hence the same have not been attached to your Company's Accounts for the year ended 31st March, 2011.

However these documents will be made available upon request to any investor of the Company and shall be kept for inspection at the Registered Office of the Company.

LISTING

The Securities of your Company are listed with the National Stock Exchange of India Limited and Bombay Stock Exchange Limited, and pursuant to Clause 38 of the Listing Agreement, the Annual Listing fees for the year 2011-2012 have been paid to them well before the due date i.e. April 30, 2011. The Company has also paid the annual custodian fees to NSDL & CDSL for the Securities of the Company held in dematerialized mode with them for the year 2011-2012.

PUBLIC DEPOSITS

The amount of fixed deposits available with the Company as on 31st March, 2011 is Rs.598.45 Lakhs.

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

DIRECTORS

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

Sri. V. Rajvirdhan and Dr. T. Balaji joined the Board as Additional Directors and will hold office till the ensuing Annual General Meeting.

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

CORPORATE GOVERNANCE

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

TRANSFER TO INVESTORS EDUCATION AND PROTECTION FUND

In terms of Section 205 C of the Companies Act, 1956, an amount of Rs.2.64 Lakhs being unclaimed dividend (2002-03) was transferred during the year to the Investors Education and Protection Fund established by the Central Government.

CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS

The Auditors, M/s Deloitte, Haskins & Sells, Chartered Accountants, Coimbatore retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Company has received a Certificate from the Auditors to the effect that their appointment, if made, would be within the limits of Section 224(1B) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

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

INDUSTRIAL RELATIONS

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

- ❖ that appropriate accounting policies selected and applied are consistent and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the Company for the year ended on that date.
- ❖ that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- ❖ that the annual accounts have been prepared on going concern basis.

ACKNOWLEDGEMENT

Your Directors wish to place on record that your Company's success has been a result of enduring dedication, commitment and hard work of employees at all levels. Your Directors would also like to express their gratitude to the customers, suppliers, business associates, financial institutions, banks and various agencies of Central & State Government for their support. Your Directors would also like to thank all the stakeholders of the Company for their continued confidence in the Company.

Coimbatore
29.04.2011

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

ANNEXURE TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

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

FORM B

1. RESEARCH & DEVELOPMENT

a) Specific areas in which R & D is carried out by the Company	a) New application of Drive System
	b) Wear reduction components
	c) Improvement in production performance
b) Benefits derived as a result of the above R & D	a) New Business
	b) Cost Reduction
c) Future plan of Action :	To Develop :
	a) New application of Drive System
	b) Wear reduction components
d) Expenditure on R & D	
	i) Capital
	ii) Recurring
	iii) Total R & D Expenditure
iv) Total R & D expenditure as a % to total Turnover.	

2. TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION

a) Efforts, in brief, made towards technology absorption, adaptation and innovation	a) Continuous interaction with chain consultant
	b) Product benchmarking
	c) Training
b) Benefits derived as a results of the above efforts e.g., Product improvement, cost reduction, import substitution etc.	a) Improved profitability by reducing cost and increased customers base by adding new products.
c) In case of Imported Technology during the last 5 Years reckoned from the beginning of the financial year, following information may be furnished.	
	1) Technology Imported
	2) Year of Import
	3) Has technology been fully absorbed
	4) If not fully absorbed, areas where this has not taken place reasons therefore and future plan of action.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earned through Exports amount to : Rs.4784.43 Lakhs
 Foreign Exchange used : Rs.9516.85 Lakhs

Coimbatore
29-04-2011

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

India, being Country of the world's fastest growing automobile industries, provides a solid growth platform for auto component industry. The industry currently has 600 organized companies, which account for 77% of value added in the industry. The medium and large firms in the organized sector provide direct employment to 2.5 crores people in the Country.

OPPORTUNITIES

Your Company is pre-dominantly automotive and is ideally placed to take advantage of the growing automotive activities in the country.

With the concentration on quality and being customer centric, our Company is the preferred supplier in most areas of our production range. This place us in unique position to participate in all new products requirements.

THREATS

Our Company has manufacturing centers all over India. Everywhere we have faced pressures due to (a) enormous power shortages (b) pricing pressures from OEMs, which in turn are entering into a phase of heightened competitive intensity constraining their pricing power; (c) threat of rising raw material prices; (d) likely higher cost of funds consequent to hardening of interest rates; and (e) import from other low cost-locations. (f) Uncertainty arising from currency volatility; and ability to acquire capabilities in tune with technological advancements. Such increases in the cost could reduce our profitability.

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.

Coimbatore
29-04-2011

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

HEALTH, SAFETY, SECURITY ENVIRONMENT

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

HUMAN RESOURCES / INDUSTRIAL RELATIONS

Employer - employees relations continued to remain cordial during the year. Training and development of employees continue to be an area of prime importance. The devotion and commitment of our employees has enabled the Company to fulfil its targets and deadlines in time. The total number of people employed in the Company as on 31st March 2011 was 2038.

CAUTIONARY STATEMENT

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

By Order of the Board

B. VIJAYAKUMAR

Chairman Cum Managing Director

CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance

LGB believes that the Company belongs to all the stakeholders and the corporate objective is to maximize shareholders value ethically and legally.

2. Board of Directors

Your Company's Board has an optimum combination of Executive, Non-Executive and Independent Directors as per requirements of Clause 49 of the Listing Agreement. The details of composition of the Board of Directors and Directorship held in other Companies / Board Committees by each member of the Board of Directors of the Company as on 31st March, 2011 is as under:

Name of the Directors	Category	No of other Directorship*	No. of Board Committee Memberships/ Chairmanships held**		Attendance Particulars		Relationship interse Directors
			Member	Chairman	Board Meeting	Last AGM	
Sri. B. Vijayakumar Chairman Cum Managing Director	Promoter Executive	7	3	-	4	Yes	Father of Smt. Rajsri Vijayakumar & Sri. V. Rajvirdhan
Sri. P. Prabakaran Executive Director	Executive	2	-	-	4	Yes	
Smt. Rajsri Vijayakumar	Promoter Non-Executive	2	-	-	-	No	Daughter of Sri. B. Vijayakumar Sister of Sri.V. Rajvirdhan
Sri. V. Rajvirdhan @	Promoter Non-Executive	4	1	-	1	-	Son of Sri. B. Vijayakumar Brother of Smt. Rajsri Vijayakumar
Sri. S. Sivakumar	Non-Executive Non-Independent	4	-	-	4	Yes	
Sri. P. Balasubramanian	Non- Executive Independent	-	1	-	4	Yes	
Dr. T. Balaji @	Non-Executive Independent	2	1	-	1	-	
Sri. V. Govindarajulu	Non- Executive Independent	-	1	1	4	Yes	
Sri. P. Shanmugasundaram	Non- Executive Independent	2	-	3	4	Yes	
Sri. R. Vidhya Shankar	Non- Executive Independent	1	2	-	4	No	

@ Dr. T. Balaji & Sri. V. Rajvirdhan were appointed as Additional Directors at the Board meeting held on 20th October 2010.

* Exclude directorship in Private Companies and Foreign Companies.

** Only Audit Committee and Investors Grievance Committee are considered

Details of the Board meetings held during the financial year 2010 - 2011

During the year, 4 (Four) Meetings of the Board of Directors of the Company were held on 29th April 2010, 22nd July 2010, 20th October, 2010 and 28th January, 2011.

3. Audit Committee

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

Meetings

During the financial year ended 31st March 2011, Four Audit Committee Meetings were held on 28th April, 2010, 21st July, 2010, 19th October 2010 and 27th January, 2011. The necessary quorum was present at these meetings.

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

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

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

Chief Financial Officer, Statutory Auditors and Internal Auditors are invitees to the Audit Committee and the Company Secretary officiates as the Secretary of the Committee.

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

The Audit Committee has considered and reviewed the quarterly audited accounts & annual accounts for the year 2010-2011 and recommended to the Board for its adoption.

4. Remuneration Committee

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

The following Directors are the members of the Remuneration Committee:

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

The Committee had no need to meet during the financial year.

The Company currently does not have any stock option scheme.

Details of Remuneration paid to Directors during the financial year 2010-2011

a) Remuneration paid/payable to the Executive Directors for the financial year ended March 31, 2011 is given as under :

Name	Salary and perquisites Rs. in Lakhs	Service Contract
Sri. B. Vijayakumar, Chairman Cum Managing Director	143.81	Re-appointed for a period of 5 years from 01.01.2010 to 31.12.2014
Sri. P. Prabakaran, Executive Director	23.34	Appointed for a period of 3 years from 01.06.2008 to 31.05.2011

CMD Remuneration includes Salary, Company's contribution to Provident Fund and Commission. ED Remuneration includes Salary, Company's contribution to Provident Fund Reimbursement of Medical Expenses and other Perquisites.

b) Remuneration paid/payable to the Non-Executive Directors for the financial year ended March 31, 2011 is given as under

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

Name of the Directors	Sitting Fees (Rs.)
Sri. P. Balasubramanian	90,000
Sri. S. Sivakumar	50,000
Sri. V. Govindarajulu	90,000
Sri. P. Shanmugasundaram	90,000
Dr. T. Balaji	12,500
Sri. V. Rajvirdhan	12,500
Smt. Rajsri Vijayakumar	-
Sri. R. Vidhya Shankar	50,000
Total	395,000

c) Statement showing number of Equity Shares of Rs.10/- each of the Company held by the present Non- Executive Directors as on March 31, 2011 :

Name	No. of shares held as on 31.03.2011	% of Holding
Smt. Rajsri Vijayakumar	444,788	5.67
Sri. V. Rajvirdhan	920,000	11.72
Dr. T. Balaji	400	0.01
Sri. P. Balasubramanian	1,000	0.01
Sri. S. Sivakumar	642	0.01
Sri. V. Govindarajulu	Nil	-
Sri. P. Shanmugasundaram	Nil	-
Sri. R. Vidhya Shankar	Nil	-

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

5. Shareholders' / Investors' Grievance Committee

The Shareholders and Investors Grievance Committee of the Board is empowered to oversee the redressal of investors' complaints pertaining to share transfer, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transfers and transmission of shares and other miscellaneous complaints. The committee also approve transfer, transmission, transposition, consolidation, split, name deletion, and issue of duplicate share certificates of the Equity Shares of the Company.

In addition, the Committee looks into other issues including status of dematerialization / re-dematerialization of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

The Shareholders/Investors Grievance Committee consists of the following Directors.

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

During the year under review, the Committee met 15 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 for want of information/explanations clarifications which are furnished immediately to the satisfaction of the shareholders. At the beginning of the year, no complaint was pending. During the year ended 31st March, 2011, the Company has received 3 complaints from the shareholders and all the complaints received during the year were attended to the satisfaction of the concerned shareholders. No investor complaint was pending on 31st March 2011.

6. Management Discussion and Analysis Report

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

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

Year	Date	Time	Venue
2008	18.08.2008	9.30 A.M.	Ardra," Kaanchan, 9, North Huzur Road, Coimbatore- 18
2009	10.07.2009	10.00 A.M.	Ardra," Kaanchan, 9, North Huzur Road, Coimbatore- 18
2010	14.06.2010	10.15 A.M.	Ardra," Kaanchan, 9, North Huzur Road, Coimbatore- 18

Out of the previous three Annual General Meetings, a Special Resolution was passed at the AGM held on 18.08.2008 for appointment of Sri.V.Rajvirdhan as an Executive Trainee.

No special resolutions were put through postal ballot last year and there is no proposal for this year.

8. Disclosures

(i) Related Party Transactions

In terms of the Accounting Standard - 18 "Related Party Disclosures", as notified under the Companies (Accounting Standards) Rules, 2006, the Company has identified the related parties covered therein and details of transactions with such related parties have been disclosed in Note No.9 to Schedule Q - B Notes to the Accounts forming part of this Annual Report.

The Company has not had any transactions of material nature with the Directors and / or their relatives, promoters, management during the year ended on March, 31, 2011 that may have conflict with the interests of the Company.

(ii) Compliances by the Company

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

(iii) Code of Conduct for Directors and Senior Management

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

(iv) CEO / CFO Certification

The CEO and the CFO of the Company have certified to the Board with regard to the compliance made by them in terms of Clause 49 (V) of the Listing Agreement, a certificate forms part of Annual Report.

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

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

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

9. Whistle Blower Policy

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

10. Means of Communication

(i) Quarterly and Half-yearly financial results

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

(ii) Official News Releases

Official news releases are made whenever it is considered necessary

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

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

11. Shareholder Information

a. Annual General Meeting is proposed to be held at 10.45 A.M. on Wednesday the 15th June, 2011 at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore- 641 018.

b. Financial Calendar

Financial Year : April to March

For the year ended 31st March 2011, results were announced on 29.04.2011.

Financial Year - 2011-2012

Quarter ending June 30, 2011 - End of July 2011

Quarter ending September 30, 2011 - End of October 2011

Quarter ending December 31, 2011 - End of January 2012

Year ending 31-03-2012 - End of April 2012

c. Date of Book Closure- 06-06-2011 to 15-06-2011 (both days inclusive) to determine the members entitled to the Dividend for 2010 - 2011

d. Dividend payment date - 20th June 2011.

e. i Listing on Stock Exchanges - Bombay and National Stock Exchanges.

ii) Securities Code - Bombay Stock Exchange Ltd. Equity 500250
- The National Stock Exchange of India Ltd. - LGBBROSLTD

iii) The International Security Identification Number (ISIN) - INE337A01034

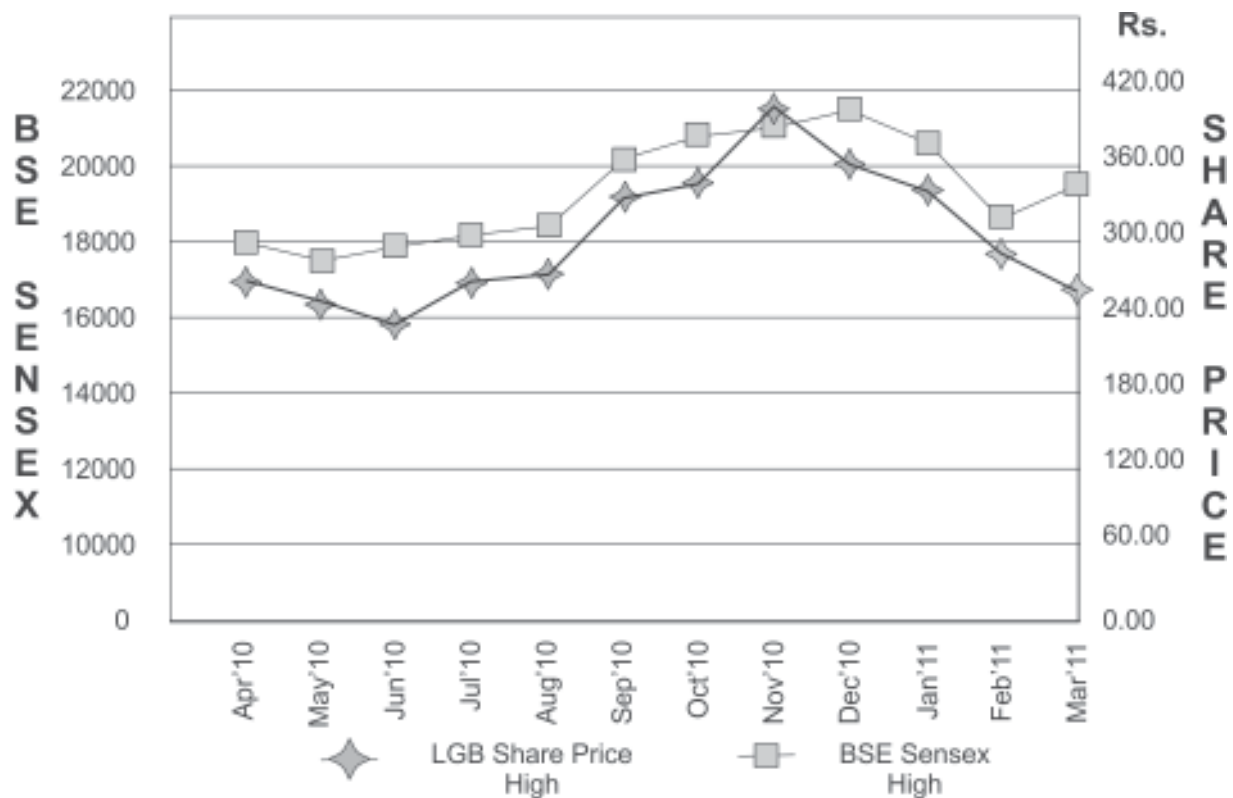
The Company has paid the Listing Fees for the year 2011-2012 to the above Stock Exchanges.

f. Stock market price data for the year 2010-2011

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

	National Stock Exchange		Bombay Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April - 2010	272.00	216.05	271.70	225.25
May	257.95	212.05	255.00	210.00
June	236.00	213.25	234.85	212.10
July	271.90	220.65	270.00	224.00
August	278.50	243.30	277.85	244.05
September	339.00	255.00	338.00	255.00
October	348.55	310.40	348.00	310.25
November	412.90	323.00	410.00	325.85
December	368.00	287.10	364.15	281.60
January - 2011	345.10	277.15	342.00	276.20
February	296.00	230.00	294.15	233.05
March	299.00	233.90	264.25	235.10

Note: The Face Value is Rs. 10/-



g. Distribution of Shareholding as on 31st March, 2011

Range	No. of Holders	No. of Shares (Face Value Rs.10/-)	% of Shares
1 - 500	16,270	1,162,807	14.82
501 - 1000	503	380,384	4.85
1001 - 2000	254	375,135	4.78
2001 - 3000	85	217,163	2.77
3001 - 4000	59	203,705	2.59
4001 - 5000	34	157,104	2.00
5001 - 10000	45	316,170	4.03
10001 - and above	39	5,035,636	64.16
Total	17,289	7,848,104	100.00

h. Pattern of Shareholding as on 31st March 2011

Sl. No.	Category	No. of Share holders	No. of Shares held	% to paid-up capital
1	Promoters and promoters group	24	3,575,110	45.55
2	Financial Institutions, Banks	2	1,602	0.02
3	Foreign Institutional Investors/NRI/OCB	149	593,864	7.57
4	Bodies Corporate	364	319,161	4.07
5	Public	16,750	3,358,367	42.79
	Total	17,289	7,848,104	100.00

i. Dematerialization of Shares as on 31st March, 2011.

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

The Company has arrangement with National Securities Depository Ltd. (NSDL) as well as Central Depository Services (India) Limited (CDSL) for demat facility.

j. Demat & Physical Shares

Particulars	No. of Shares (in Share Capital)	Percentage
National Securities Depository Limited	3,494,071	44.52
Central Depository Services (India) Limited	571,443	7.28
Physical	3,782,590	48.20
Total	7,848,104	100.00

k. Registrar & Transfer Agents

(For share transfers and other communication relating to share certificates, dividend and change of address)

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

l. Compliance Officer's Details

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

In order to facilitate investor servicing, the Company has designated an e-mail-id: secretarial@lgb.co.in mainly for registering complaints by investors.

m. Share Transfer System

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

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

There are no outstanding warrants or any convertible instruments. The Company has not issued GDR/ADR.

12. Code of Conduct

The Company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management and that the same has been hosted on the Company's website. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct, as on 31st March, 2011.

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

13. Code for Prevention of Insider Trading

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

14. Address for Correspondence

All correspondences should be addressed to

M. Lakshmi Kanth Joshi

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

15. DECLARATION ON CODE OF CONDUCT

To

The Members of L.G.Balakrishnan & Bros Limited

In accordance with Clause 49 sub-Clause I (D) of The Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management Personnell including myself, have affirmed compliance to their respective Codes of Conduct, as applicable for the Financial Year ended 31st March, 2011.

Place: Coimbatore

Date: 29.04.2011

B. Vijayakumar
Chairman Cum Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE**To the Members of L.G.Balakrishnan & Bros Limited**

I have examined the compliance of conditions of Corporate Governance by M/s. L.G.Balakrishnan & Bros Limited for the year ended March 31, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges. The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

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

Coimbatore
29.04.2011

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

CERTIFICATION BY CHAIRMAN CUM MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

We, B. Vijayakumar, Chairman Cum Managing Director, and N. Rengaraj, Chief Financial Officer, to the best of our knowledge and belief, certify that:

- a) We have reviewed the Financial Statements and Cash Flow Statement for the year ended March, 31, 2011 and to the best of our knowledge and belief :
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March, 31, 2011 are fraudulent, illegal or in violation of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d) We have indicated to the Auditors and Audit Committee that :
 - (i) Significant changes in internal controls over financial reporting during the year ended March, 31, 2011;
 - (ii) Significant changes in accounting policies during the year ended March, 31, 2011 and that the same have been disclosed in the notes to the financial statements; and
 - (iii) There has not been any instance during the year ended March, 31, 2011 of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Coimbatore
29.04.2011

B.Vijayakumar
Chairman Cum Managing Director

N. Rengaraj
Chief Financial Officer

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

1. We have audited the attached Balance Sheet of L.G.Balakrishnan & Bros Limited ("the Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
6. On the basis of the written representations received from the Directors as on March 31, 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.008072S)
M. RAMACHANDRAN
Membership No.16399
Partner

Coimbatore
29.04.2011

ANNEXURE TO THE AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's business/activities/result, Clauses x, xiii, and xviii of CARO are not applicable.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
- (a) The Company has granted loan aggregating Rs. 1200 lakhs to one party during the year. At the year-end, the outstanding balances of such loan aggregated Nil (number. of parties Nil) and the maximum amount involved during the year was Rs. 1200 lakhs (number of party - one).
- (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
- (c) The receipts of principal amounts and interest have been regular/as per stipulations.
- (d) The loan was settled during the year and hence the question of overdue amounts does not arise.
- In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
- (e) The Company has taken loans aggregating Rs. 191 lakhs from seven parties during the year. At the year-end, the outstanding balance of such loans taken aggregated Rs. 345 lakhs (number of parties 3) and the maximum amount involved during the year was Rs. 532 lakhs (number of parties 7).
- (f) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.

- (g) The payments of principal amounts and interest in respect of such loans are regular/as per stipulations.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
- (b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.
- (vii) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (viii) In our opinion, the internal audit functions carried out during the year by firm(s) of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of automotive parts and accessories plantation products and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
- (x) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2011 on account of disputes are given below:

Name of statute	Nature of the disputes	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise	Classification	23.00	1982 - 1984	High Court of Madras
	Cenvat on Capital Goods	8.08	Various Periods	CESTAT Chennai
	MRP based Assessment	30.86	2006 - 07	High Court of Madras
Service Tax	Credit on GTA and windmill	22.08	Various periods	CESTAT, Chennai
Entry Tax	Entry tax	408.36	Various periods	High Court of Madras (Stayed by the High Court)

- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.
- (xii) In our opinion, the Company has maintained adequate records where it has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interests of the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xvi) According to the information and explanations given to us, the Company has not made preferential allotment of shares to any parties.
- (xvii) According to the information and explanations given to us, during the period covered by our audit report, the Company had not issued debentures.
- (xviii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

M. RAMACHANDRAN
Membership No.16399
Partner

Coimbatore
29.04.2011

BALANCE SHEET AS AT 31.03.2011

Schedule	31.03.2011 (Rs. in Lakhs)		31.03.2010 (Rs. in Lakhs)	
SOURCES OF FUNDS :				
SHAREHOLDERS' FUNDS:				
Share Capital	A	784.81		784.81
Reserves & Surplus	B	18895.72	19680.53	15227.35
				16012.16
LOAN FUNDS:				
Secured Loans	C	10717.28		10175.22
Unsecured Loans	D	943.45	11660.73	516.99
				10692.21
Deferred Tax Liability		1867.49		2660.39
(Refer Note No.B (7) of Schedule Q)				
		33208.75		29364.76
APPLICATION OF FUNDS:				
FIXED ASSETS				
	E			
Gross Block		34657.53		29354.58
Less: Depreciation		15942.89		14599.28
Net Block		18714.64		14755.30
Capital Work-in-progress at cost		443.25	19157.89	328.53
				15083.83
INVESTMENTS	F		1650.63	1224.93
FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT			-	242.25
CURRENT ASSETS, LOANS & ADVANCES				
Inventories	G	15291.32		12223.89
Sundry Debtors	H	8218.36		7830.73
Cash and Bank Balances	I	482.15		463.87
Loans and Advances	J	2724.62		2780.37
				23298.86
		26716.45		
CURRENT LIABILITIES AND PROVISIONS				
	K			
Current Liabilities		13404.09		9890.26
Provisions		912.13		594.85
		14316.22		10485.11
NET CURRENT ASSETS		12400.23		12813.75
		33208.75		29364.76

Accounting Policies & Notes on Accounts Q

Schedules A to Q form part of the Balance Sheet and Profit & Loss Account

<p>B. VIJAYAKUMAR Chairman Cum Managing Director</p>	<p>P. PRABAKARAN Executive Director</p>	<p>“In terms of our report attached” For DELOITTE HASKINS & SELLS Chartered Accountants (Registration No.008072S)</p>
<p>Coimbatore 29.04.2011</p>	<p>M. LAKSHMI KANTH JOSHI General Manager cum Company Secretary</p>	<p>M. RAMACHANDRAN Membership No.16399 Partner</p>
	<p>N. RENGARAJ Chief Financial Officer</p>	

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011**

Schedule	31.03.2011 (Rs. in Lakhs)	31.03.2010 (Rs. in Lakhs)
INCOME		
Sales	76737.20	58998.13
Less : Excise duty	5785.16	3760.23
Net Sales	70952.04	55237.90
Other Income	L 229.66	554.12
	71181.70	55792.02
EXPENDITURE		
Consumption of Materials	M 36671.72	28163.37
Employees' Cost	N 6577.68	4521.22
Other Expenses	O 19137.73	15202.70
Interest	P 1520.42	2058.70
Depreciation & Amortisation	2544.57	2171.49
	66452.12	52117.48
PROFIT BEFORE TAXATION	4729.58	3674.54
PROVISION FOR TAXATION		
Current Income-tax/Mat Tax	945.40	621.87
Less : Mat credit entitlement	210.46	530.45
Income Tax related to earlier years	734.94	91.42
Deferred Tax (Credit) / Charge	207.04	46.41
	(792.90)	1053.20
PROFIT AFTER TAX	4580.50	2483.51
Balance brought forward from previous year	1487.83	1139.73
PROFIT AVAILABLE FOR APPROPRIATION	6068.33	3623.24
APPROPRIATIONS		
Proposed Dividend	784.81	510.13
Tax on Dividend	127.32	84.73
Transfer to General Reserve	3000.00	1540.55
Balance Carried to Balance Sheet	2156.20	1487.83
	6068.33	3623.24
Basic and Diluted EPS (Face Value Rs.10/- per Share)		
- excluding Extra Ordinary Item (Rs.)	58.36	31.64
- including Extra Ordinary items (Rs.)	58.36	31.64

Accounting Policies & Notes on Accounts Q

Schedules A to Q form part of the Balance Sheet and Profit & Loss Account

	B. VIJAYAKUMAR Chairman Cum Managing Director	P. PRABAKARAN Executive Director	"In terms of our report attached" For DELOITTE HASKINS & SELLS Chartered Accountants (Registration No.008072S)
Coimbatore 29.04.2011	M. LAKSHMI KANTH JOSHI General Manager cum Company Secretary	N. RENGARAJ Chief Financial Officer	M. RAMACHANDRAN Membership No.16399 Partner

SCHEDULES TO BALANCE SHEET

	31.03.2011 (Rs. in Lakhs)	31.03.2010 (Rs. in Lakhs)
SHARE CAPITAL - A		
Authorised :		
1,20,00,000 Equity Shares of Rs.10/- each (Previous Year 1,20,00,000 Equity Shares of Rs.10/- each)	1200.00	1200.00
	<u>1200.00</u>	<u>1200.00</u>
Issued, Subscribed and Paid-up :		
78,48,104 Equity Shares of Rs.10/- each (Previous Year 78,48,104 Equity Shares of Rs.10/- each)	784.81	784.81
(Of the above 60,14,306 Equity Shares of Rs.10/- each (Previous Year 60,14,306 Equity Shares of Rs.10/- each) has been issued as fully paid up Bonus Shares by Capitalisation of Reserves)	<u>784.81</u>	<u>784.81</u>
RESERVES AND SURPLUS - B		
GENERAL RESERVE :		
As per Last Balance Sheet	10500.00	9000.00
Less : Adjustment on De-merger	-	40.55
Add : Transfer from Profit & Loss Account	<u>3000.00</u>	<u>1540.55</u>
	13500.00	10500.00
SECURITIES PREMIUM :		
As per Last Balance Sheet	3100.61	3100.61
REVALUATION RESERVE: (LAND) (On account of aquisition of M/s. L.G.B. Industries Limited in1998)		
As per Last Balance Sheet	138.91	138.91
Surplus in Profit & Loss Account	<u>2156.20</u>	<u>1487.83</u>
	<u>18895.72</u>	<u>15227.35</u>
SECURED LOANS - C *		
Long Term Loans		
From Banks	9221.43	10000.00
[Repayment within 1 year - Rs.2257.14 Lakhs] [Previous year Rs.500 Lakhs]		
From Institutions	17.22	17.22
Working Capital Loan		
From Banks	1478.63	158.00
	<u>10717.28</u>	<u>10175.22</u>
*(Refer Note B (3) of Schedule Q)		
UNSECURED LOANS - D		
From :		
Directors	95.00	111.00
Others	250.00	280.00
Fixed Deposits [Rs.189.00 Lakhs repayable within one year.] [Previous year Rs.13.54 Lakhs]	<u>598.45</u>	<u>125.99</u>
	<u>943.45</u>	<u>516.99</u>

SCHEDULES TO BALANCE SHEET

(Rs. in Lakhs)

FIXED ASSETS - E

Description of Assets	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1.4.2010	During the Year		As at 31.3.2011	As at 1.4.2010	Deductions	For the year	As at 31.3.2011	As at 31.3.2011	As at 31.3.2010
		Additions	Deletions							
Land - Free Hold *	840.53 (840.55)	321.35 (-)	(0.02)	1161.88 (840.53)	- (-)	- (-)	- (-)	- (-)	1161.88 (840.53)	840.53 (840.55)
Building	3192.28 (3118.26)	595.24 (84.01)	0.97 (9.99)	3786.55 (3192.28)	1194.63 (1003.46)	0.56 (4.15)	221.16 (195.32)	1415.23 (1194.63)	2371.32 (1997.65)	1997.65 (2114.80)
Motor Vehicles	214.08 (239.68)	41.18 (42.64)	54.85 (68.24)	200.41 (214.08)	96.41 (91.04)	31.20 (23.26)	20.69 (28.63)	85.90 (96.41)	114.51 (117.67)	117.67 (148.64)
Plant & Machinery	22212.48 (21051.41)	5389.37 (1510.34)	829.93 (349.27)	26771.92 (22212.48)	11328.04 (9784.13)	674.34 (145.10)	2012.46 (1689.01)	12666.16 (11328.04)	14105.76 (10884.44)	10884.44 (11267.28)
Furniture, Electrical Fittings & Office Equipments	2044.34 (1933.17)	235.27 (172.28)	167.26 (61.11)	2112.35 (2044.34)	1304.00 (1178.42)	148.06 (31.59)	189.35 (157.17)	1345.29 (1304.00)	767.06 (740.34)	740.34 (754.75)
Other Assets	640.78 (630.61)	144.38 (33.27)	160.74 (23.10)	624.42 (640.78)	466.11 (417.85)	136.71 (11.09)	100.91 (59.35)	430.31 (466.11)	194.11 (174.67)	174.67 (212.76)
Goodwill (on Amalgamation)	210.09 (210.09)	- (-)	(-)	- (210.09)	210.09 (168.08)	- (-)	(42.01)	(210.09)	- (-)	- (42.01)
Capital Work -in-Progress at Cost									443.25 (328.53)	328.53 (394.59)
Total	29354.58 (28023.77)	6726.79 (1842.54)	1213.75 (511.73)	34657.53 (29354.58)	14599.28 (12642.98)	990.87 (215.19)	2544.57 (2171.49)	15942.89 (14599.28)	19157.89 (15083.83)	15083.83
Previous Year										

* Includes leasehold land aggregating to Rs.67.89 Lakhs (Previous Year Rs.67.89 Lakhs)

Note : 1) Previous year figures are given within brackets

2) Plant and Machinery includes Technical know how amounting to Rs. 546.11 Lakhs (previous year Rs. 512.67 Lakhs) which is amortised over a period of 10 years

SCHEDULES TO BALANCE SHEET

	Nomi- nal Value	As at 01.04.2010		Purchase (Sales)		As at 31.03.2011	
		No. of Shares	(Rs. in Lakhs)	No. of Shares	(Rs. in Lakhs)	No. of Shares	(Rs. in Lakhs)
LONG TERM INVESTMENTS							
TRADE QUOTED - AT COST							
Fully paid-up Equity Shares in							
Lakshmi Synthetic Machinery Mfrs. Ltd	10	100	0.01	-	-	100	0.01
Supreme Rubber Reclaimers Ltd	10	50	0.01	-	-	50	0.01
Bharath Rubber Regenerating Co. Ltd	10	200	-	-	-	200	-
Elgi Equipments Ltd	1	614803	112.49	-	-	1229706 *	112.49
LGB Forge Limited	1	10550000	105.50	-	-	10550000	105.50
NON TRADE QUOTED - AT COST							
Fully paid-up Equity Shares in							
Super Spinning Mills Ltd	1	10000	0.01			10000	0.01
Tube Investments of India Ltd	2	1100	0.01	-	-	1100	0.01
Corporation Bank	10	2400	1.92	-	-	2400	1.92
TRADE UNQUOTED - AT COST							
Fully paid-up Equity Shares in							
Silent Chain India (P) Ltd	10	770	0.15	-	-	770	0.15
LG Farm Products (P) Ltd	10	10000	1.00	-	-	10000	1.00
Rolon Fine Blank Ltd	10	5000	0.50			5000	0.50
LGB Rolon Chain Limited	10	5000	0.50			5000	0.50
Renold Chain India Private Ltd	10	6250000	625.00	4000000	400.00	10250000	1025.00
BCW V Tech India Private Ltd (Wholly owned Subsidiary)	10	2900000	290.00	-	-	2900000	290.00
South Western Engineering India Ltd	1000	537	65.52	-	-	537	65.52
NON TRADE UNQUOTED - AT COST							
Fully paid-up Equity Shares in:							
Tata Refractory Ltd	10	5000	2.01	-	-	5000	2.01
Manish Commercial Premises Co-operative Society Ltd, Mumbai	50	5	-	-	-	5	-
Kaveri Steels Ltd	10	100	-	-	-	100	-
GOVERNMENT SECURITIES - UNQUOTED							
National Highways Authority of India Bond				460	46.00	460	46.00
National Savings Certificate			0.22		(0.22)	-	-
Bench Mark Mutual Fund-Gold Bees		1225	20.08	(1225)	(20.08)	-	-
			1224.93		425.70		1650.63

* On Amalgamation of Elgi Industrial Products Limited with Elgi Equipments Limited, one share of Elgi Equipments Limited has been allotted for every 20 shares (1:20) of Elgi Industrial Products Limited and Bonus Shares allotted in the ratio of 1 : 1.

SCHEDULES TO BALANCE SHEET
INVESTMENTS - F (contd.)

(Rs. in Lakhs)

	2011		2010	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	219.95	1419.15	240.03	883.68
Unquoted Investments	1430.68	-	984.90	-
	1650.63	1419.15	1224.93	883.68

	31.03.2011 (Rs. in Lakhs)	31.03.2010 (Rs. in Lakhs)
INVENTORIES - G		
(Valued at cost or net estimated realisable value whichever is lower)		
Raw Materials	3721.54	3097.31
Semi-Finished Products	5767.47	4137.95
Finished Products	2727.59	2349.96
Packing Materials	168.89	126.81
Trading Goods	1452.78	1371.70
Stores, Spares and Loose Tools etc.	1449.55	1139.25
Agricultural Produce	3.50	0.91
	15291.32	12223.89
SUNDRY DEBTORS - H		
UNSECURED :		
CONSIDERED GOOD		
Debts outstanding for a period exceeding six months	175.00	431.42
Other Debts	8043.36	7399.31
Considered Doubtful	66.09	52.26
Less : Provision for Doubtful debt.	66.09	52.26
	8218.36	7830.73
CASH AND BANK BALANCES - I		
Cash and cheques on hand	30.87	28.50
WITH SCHEDULED BANKS ON		
Current Account	133.87	29.07
Fixed Deposits *	145.71	137.40
Remittance-in-Transit	143.07	154.55
Unpaid Dividend Account	27.97	25.76
Unpaid Interest Account	0.66	63.06
WITH NON SCHEDULED BANKS	-	25.53
	482.15	463.87
* Includes Fixed Deposits lodged with Bankers for issuing guarantee and margin money Rs.17.71 Lakhs (previous year Rs.23.80 Lakhs)		

SCHEDULES TO BALANCE SHEET

	31.03.2011 (Rs. in Lakhs)	31.03.2010 (Rs. in Lakhs)
LOANS AND ADVANCES - J		
(Unsecured and considered good)		
Due from Subsidiary Company	132.19	62.42
Advances recoverable in cash or in kind or value to be received	351.06	757.81
Advance Payment of Income-tax [Net of provision for Income - Tax Rs.2227.18 lakhs] [Previous year Rs.2016.11 lakhs]	110.21	338.09
Deposits	1135.54	817.73
Nabard Capital Gains Bond	-	12.80
Prepaid Expenses	26.07	14.30
Interest receivable	8.62	6.20
Income and claims receivable	220.02	240.57
Mat credit entitlement	740.91	530.45
	<u>2724.62</u>	<u>2780.37</u>
CURRENT LIABILITIES AND PROVISIONS - K		
CURRENT LIABILITIES :		
Sundry Creditors		
Due to Micro, Small and Medium Enterprises*	195.18	171.29
Due to others	12472.66	9305.37
Advances and Deposits from Customers	672.19	304.17
Interest Accrued but not due on Loans	35.43	20.62
Unclaimed Dividends **	27.97	25.76
Unclaimed Bond Interest and Principal **	0.66	63.05
	<u>13404.09</u>	<u>9890.26</u>
PROVISIONS :		
For		
Proposed Dividend	784.81	510.12
Tax on Dividend	127.32	84.73
	<u>912.13</u>	<u>594.85</u>
* Refer Note No. B (11) of Schedule Q		
** Less than seven years		

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	31.03.2011 (Rs. in Lakhs)	31.03.2010 (Rs. in Lakhs)
OTHER INCOME - L		
Rental Charges [TDS Rs.8.95 lakhs.] [Previous year Rs.9.42 lakhs]	120.87	103.54
Interest Receipts [TDS Rs.10.23 lakhs.] [Previous year Rs.46.42 lakhs]	78.69	270.45
Dividend Receipts	11.73	15.42
Miscellaneous Receipts	0.72	1.87
Agricultural Income	9.24	11.75
Profit on Sale of Investments	0.99	47.78
Profit on Sale of Assets	7.42	103.31
	<u>229.66</u>	<u>554.12</u>
MATERIALS COST - M		
OPENING STOCK :		
Raw materials	3097.31	1955.22
Semi Finished Products	4137.95	3250.14
Finished Products	2349.96	4001.39
Packing Materials	126.81	87.98
Trading Goods	1371.70	790.79
	<u>11083.73</u>	<u>10085.52</u>
ADD: PURCHASES :		
Raw materials	27739.48	19804.29
Packing Materials	1308.15	842.00
Trading Goods	10378.63	8515.29
	<u>39426.26</u>	<u>29161.58</u>
LESS: CLOSING STOCK :		
Raw materials	3721.54	3097.31
Semi Finished Products	5767.47	4137.95
Finished Products	2727.59	2349.96
Packing Materials	168.89	126.81
Trading Goods	1452.78	1371.70
	<u>13838.27</u>	<u>11083.73</u>
Consumption of Materials	<u>36671.72</u>	<u>28163.37</u>
EMPLOYEES COST - N		
Salary, Wages and Bonus	5810.28	4056.93
Contribution to Provident Fund & other Funds	242.23	161.13
Welfare Expenses	525.17	303.16
	<u>6577.68</u>	<u>4521.22</u>

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	31.03.2011 (Rs. in Lakhs)		31.03.2010 (Rs. in Lakhs)	
OTHER EXPENSES - O				
Processing Charges	4746.04		4756.02	
Consumption of Stores & Spare Parts	4798.22		2957.89	
Power and Fuel	2471.48		1630.19	
Rates and Taxes	61.45		52.06	
Rent	220.23		110.48	
Sales Tax, Entry Tax & Octroi	65.83		94.98	
Printing and Stationery	47.91		45.46	
Postage, Telegram and Telephones	155.88		151.14	
Motor Vehicle Maintenance	69.61		72.34	
Travelling and Conveyance	389.22		316.17	
Advertisement and Selling Expenses	278.47		553.20	
Discounts	1057.67		832.59	
Service Charges	225.05		157.66	
Freight, Packing and Forwarding	2438.73		1651.62	
Insurance	65.24		50.46	
Donations	55.00		9.10	
Miscellaneous Expenses	131.44		177.96	
Agricultural Expenses	5.95		9.08	
Sitting Fees	3.95		3.50	
Repairs and Maintenance of				
Building	120.85		138.08	
Machinery	1087.61		815.91	
Other Assets	201.38	1409.84	140.96	1094.95
Auditor's Remuneration:				
Audit Fees	6.00		5.00	
Taxation Matters	2.00		1.50	
Other services	0.78		0.68	
Out of pocket Expenses	0.55	9.33	0.50	7.68
Rental on Machinery		8.59		58.78
Loss on Sale of Assets		4.88		14.36
Foreign Exchange Difference		241.27		395.03
Assets condemned and written off		147.51		-
Provision for doubtful debts		28.94		-
		19137.73		15202.70
INTEREST - P				
Fixed Deposits	37.67		11.77	
Term Loan	1051.03		1355.50	
Others	431.72		691.43	
		1520.42		2058.70

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

**ACCOUNTING POLICIES AND NOTES FORMING PART OF
ACCOUNTS FOR THE YEAR ENDED 31.03.2011****SCHEDULE - O****A. Statement of Significant Accounting Policies****(i) Basis of preparation of financial statements**

The financial statements have been prepared and presented under the historical cost convention on accrual basis, following the Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified in Rule 3 of Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

(ii) Use of Estimates

The preparation of the financial statements in conformity with the accounting standards generally accepted in India requires, the management to make estimates that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statement and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates.

(iii) Fixed Assets

Fixed assets are stated at cost (net of CENVAT wherever applicable) less accumulated depreciation except certain land which was taken over from amalgamating companies at a valuation as per their books. Cost comprises of direct cost, related taxes, duties, freight and attributable finance costs till such assets are ready for its intended use. Subsidy received from State Government towards specific assets is reduced from the cost of fixed assets. Fixed assets taken on finance lease are capitalized. With regard to assets jointly owned with others, the proportionate cost thereof to the Company is capitalized.

(iv) Depreciation

Depreciation on Plant and Machinery, Motor Cars, Trucks and Vans has been provided on straight-line

method at the rates specified in the Schedule XIV of the Companies Act, 1956.

Depreciation on tools and dies is provided on the basis of estimated useful life.

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

Development cost in respect of estate property is written off over a period of five years.

Individual assets whose actual cost does not exceed Rs.5,000/- are fully depreciated in the year of purchase.

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

(v) Impairment of Assets

At each Balance Sheet date, the carrying values of the tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where there is an indication that there is a likely impairment loss for a group of assets, the Company estimates the recoverable amount of the group of assets as a whole, to determine the value of impairment.

(vi) Borrowing Cost

Borrowing costs, if any, identifiable with an asset under construction are capitalized as part of qualifying fixed assets when it is possible, that they will result in future economic benefits. Other borrowing costs are expensed.

(vii) Inventories

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

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

- i) Costs of raw 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 estimated realisable value.

(viii) Investments

Long-term investments are stated at cost. Current investments are stated at lower of cost and market value.

(ix) Revenue Recognition

Sales are recognized on transfer of property in goods sold.

Benefit on account of entitlement to import goods free of duty under the 'Duty Entitlement Pass Book under the Duty Exemption Scheme' is being accounted in the year realization of the export of goods and after receipt of licence.

(x) Research and Development

All revenue expenditure related to research and development are charged to the respective heads in the Profit & Loss Account. Capital expenditure incurred on research and development is grouped under fixed assets and depreciated in accordance with the depreciation policy of the Company.

(xi) Employee Benefits**(a) Short-term:**

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

Leave encashment benefit is paid annually and charged to the respective period.

(b) Post Retirement:

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

- i) Provident Fund (Government PF)

This is a defined contribution plan, and contributions made to the fund are charged to revenue. The Company has no further obligations for future provident fund benefits other than monthly contributions.

ii) Superannuation Fund

This is a defined contribution plan. The Company contributes a sum equivalent to defined contribution plan for eligible employees' salary towards superannuation fund administered by the Trustees and managed by Life Insurance Corporation of India (LIC). The Company has no further obligations for future superannuation benefits other than its annual contributions and recognizes such contributions as expense in the year incurred.

iii) Gratuity Fund

This is a defined benefit plan. The Company makes annual contribution to a Gratuity Fund administered and managed by a Trust through Life Insurance Corporation of India. The net present value of obligation towards gratuity is actuarially determined based on Projected Unit Credit method as at the Balance Sheet date. Actuarial gains and losses are recognized in the Accounts.

(xii) Foreign Exchange Transactions

Foreign exchange transactions are accounted at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency and outstanding at the year-end are restated at the year-end exchange rates. All foreign exchange gains and losses are taken to Profit & Loss Account.

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

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

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.

(xiii) Leases

Leases are classified as finance or operating leases depending upon the terms of the lease agreements. Assets held under finance leases are recognised as assets of the Company on the date of acquisition and depreciated over their estimated useful lives using the method and rates applicable to the class of asset as described in Para (iv) above. Finance cost is treated as period cost using effective interest rate method and expensed. Rentals payable under operating leases are charged to Profit & Loss Account of the period to which it relates.

(xiv) CENVAT / Service Tax

CENVAT credit on materials purchased / services availed for production / input services are taken into account at the time of purchase. CENVAT credit on purchase of capital items wherever applicable are taken into account as and when the assets are acquired. The CENVAT credits so taken are utilised for payment of excise duty on goods manufactured / service tax on output services. The unutilised CENVAT credit is carried forward in the books.

(xv) Segment Reporting

- a) Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.
- b) Revenue and expenses, which relate to the enterprise as a whole and not allocable to segments on a reasonable basis, have been included under "unallocated corporate expenses".

(xvi) Income Tax

Current tax is determined on the taxable income for the year as per the provisions of the Income Tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised and carried forward only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such asset items can be realised.

(xvii) Provisions, Contingent Liabilities and Contingent Assets

A Provision is recognized, in terms of Accounting Standard 29 - 'Provisions, Contingent Liabilities and Contingent Assets' notified by the Companies (Accounting Standards) Rules, 2006, when there is a present obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation, which can be reliably estimated. Provision is not discounted to its present value and is determined based on the best estimate required to settle the obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect the best current estimate.

Contingent Liabilities are recognised only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets are not recognised in the financial statements.

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

(xviii) Earnings Per Share

Basic and diluted earnings per share is computed in accordance with Accounting Standard 20 - 'Earnings per share'. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of Equity Shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or contracts to issue Equity Shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of Equity Shares outstanding during the year and dilutive potential Equity Shares outstanding at year end.

B. NOTES FORMING PART OF ACCOUNTS.

- Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided Rs.870.14 Lakhs (Previous Year : Rs. 2355.16 Lakhs)

2. CONTINGENT LIABILITIES

(Rs. in Lakhs)

Particulars	31.03.2011	31.03.2010
a. Guarantee given by Bankers and outstanding	1656.86	1023.61
b. Corporate guarantee given for others	8396.59	8376.67
c. Claims against the Company, not acknowledged as debt - disputed tax liability.	509.37	465.87
d. Estimated customs duty obligation on imports, if corresponding export obligation is not satisfied.	1300.22	811.54

3. SECURITY FOR LOANS

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 Annur Unit, Vaiyamapalayam Unit, Mysore Unit, Windmill Unit, Fine Products Division unit and D'Gudalur Unit.

Working capital loans from banks are primarily secured by hypothecation of inventories and book debts of the Company.

4. EARNINGS PER SHARE

Particulars	31.03.2011	31.03.2010
Net profit after tax - Rs. in Lakhs	4580.50	2483.51
Profit attributable to Equity Shareholders - Rs. in Lakhs (A)	4580.50	2483.51
Total number of Equity Shares outstanding as at Balance Sheet date.	7848104	7848104
Weighted average number of Equity Shares outstanding, considered for the purpose of computing Basic EPS (B)	7848104	7848104
Basic and Diluted Earnings Per Share - in Rs. (A/B)	58.36	31.64
Nominal value of Equity Shares - in Rs.	10.00	10.00

- Disclosure relating to employee benefits as per Accounting Standard 15, "Employee benefits":

I. Defined Contribution Plans:

PARTICULARS	2010- 11	2009-10
Employer's Contribution to Provident and Family Pension Fund	236.49	158.24
Employer's Contribution to Superannuation Fund	5.74	-

II. State Plans:

Particulars	2010-11	2009-10
Employers' contribution to Employees' State Insurance Scheme	80.55	38.08

III. Defined Benefit Plan - Gratuity:

The Company provides gratuity benefit to all eligible employees, which is funded with Life Insurance Corporation of India.

Current year actuarial valuation was done with independent Actuary.

In accordance with Accounting Standard 15, actuarial valuation was done using the following assumptions:

Particulars	2010-11	2009-10
Discount Rate (per annum)	8.00%	8.00%
Rate of increase in compensation levels (per annum)	6.00%	6.00%
Expected return on plan assets (per annum)	8.00%	8.00%
Expected average remaining working lives of employees (years)	19.80	19.78

The estimate of future salary increases considered in actuarial valuation taken into account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Other disclosures required under revised Accounting Standard 15 are as follows:

(Rs. in Lakhs)		
Particulars	2010-11	2009-10
(A) Change in Present Value (PV) of obligation:		
Opening PV of Obligation	411.92	682.00
Current service cost	33.28	14.30
Interest cost	31.89	54.56
Actuarial (gain) / loss on obligation	(55.12)	(290.28)
Benefits paid	(26.55)	(36.63)
Past service cost	-	-
Closing PV of Obligation	395.41	423.95
(B) Change in the Fair Value (FV) Plan Asset:		
Opening FV of Plan Asset	728.74	697.72
Expected return on Plan Assets	57.08	63.29
Actuarial gain / (loss)	-	-
Contributions by the employer	9.42	2.52
Benefits paid	(26.55)	(36.63)
Closing FV of Plan Assets	768.70	726.90
(C) Reconciliation of (PV) of Obligation and (FV) of Assets:		
Closing PV of Obligation	395.41	423.95
Closing FV of Plan Assets	768.70	726.90
Funded Status [Surplus/(Deficit)] *	373.29	302.95
* - Included under the head "Employee Benefits" in Schedule - N		
(D) Amounts recognised in Profit and Loss Account:		
Current service cost	33.28	14.30
Interest cost	31.89	54.56
Expected return on Plan Assets	57.09	63.29
Actuarial (gains) / losses	(55.12)	(290.28)
Past service cost		
Net amount recognised in Profit and Loss Account *	(64.54)	(284.71)

* - Included in "Contribution to Provident & Other Funds" in Schedule - N - Employee Costs

6. a) Remuneration to Chairman Cum Managing Director (CMD) and Executive Director (ED) is included in salary, wages and bonus:

(Rs. in Lakhs)

Particulars	2010-11		2009-10	
	CMD	ED	CMD	ED
Salaries & Allowances	37.80	16.68	28.95	16.68
Perquisites	-	2.93	2.36	2.93
Commission	101.47	-	46.62	-
Contribution to Provident Fund	4.54	1.66	3.47	1.66
Contribution to Superannuation Fund	-	2.07	-	-
Total	143.81	23.34	81.40	21.27

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

- b) Computation of net profit under Section 349 and payment of remuneration to Chairman Cum Managing Director as per Section 309(5) of the Companies Act, 1956.

(Rs. in lakhs)

Particulars	2010-11	2009-10
Profit before tax	4729.58	3674.53
Add : Managerial remuneration (Refer Note)	167.15	102.67
Sitting fees to directors	3.95	3.50
Provision for doubtful debts / advances	28.94	-
Loss on Sales of Assets	4.88	-
Assets condemned and written off	147.51	-
Less: Profit on Sale of Assets/Investments	8.41	151.08
Net profit	5073.60	3629.62
Maximum remuneration payable to Chairman & Managing Director and Executive Director - 10% of the net profit	507.36	362.96
Commission payable @ 2% of Net Profit	101.47	46.62

Note : The remuneration paid / payable to the Chairman Cum Managing Director and Executive Director for the year is within the limits specified in Section 198 / 309 of the Companies Act, 1956.

7. DEFERRED TAXATION

Deferred Tax Liability as at 31st March 2011 comprises the following:-

Particulars	Opening as on 01-04-2010	Charge (Credit) During the year	Closing as on 31-03-2011
Depreciation	2660.39	(792.90)	1867.49

8. MAT Credit

Provision for income tax has been computed on the basis of Minimum Alternate Tax (MAT) in accordance with Section 115JB of the Income Tax Act, 1961. Considering the future profitability and taxable positions in the subsequent years, the Company has recognised “**MAT Credit Entitlement of Rs.210.46 Lakhs** (Previous Year : Rs.530.45 lakhs) as an asset by crediting to the Profit and Loss Account an equivalent amount and included under Loans and Advances in accordance with the guidance note on “Accounting for credit available in respect of Minimum Alternate Tax under Income Tax Act, 1961, issued by the Institute of Chartered Accountants of India.

9. Related Party Disclosure (As identified by the Management and relied upon by Auditors)

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

i) Associates

Elgi Automotive Services (P) Limited	LGB Fuel System Private Limited
L. G. B. Auto Products (P) Limited	LGB Forge Limited
LG Farm Products (P) Limited	Rolon Fine Blank Limited
L. G. Balakrishnan & Bros - Karur	LGB Rolon Chain Limited
LG Sports Limited	Vijayshree Spinning Mills Private Limited
Super Speeds Private Limited	Renold Chain India Private Limited
Super Transports Private Limited	South Western Engineering India Limited
Silent Chain India Private Limited	

ii) Wholly Owned Subsidiary Company

BCW V Tech India Private Limited

iii) Key Management Personnel

a. Sri. B. Vijayakumar, Chairman Cum Managing Director	b. Sri. P. Prabakaran, Executive Director
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iv) Relatives of Key Management Personnel

Relatives of Sri. B. Vijayakumar	Relatives of Sri. P. Prabakaran
Mother : Smt.B.Sarojini	Father : Sri.K. Palanichamy
Wife : Smt.Vijayshree V.	Mother : Smt.Rajalakshmi
Sons : Sri.V.Rajvirdhan	Wife : Smt.D. Maheswari
Sri.Nithin Karivardhan	Son : Sri.P. Suryakumar
Sri.Arjun Karivardhan	
Daughter : Smt.Rajsri Vijayakumar	
Daughter's Husband : Sri.Rajiv Parthasarathy	
Daughter's daughter : Minor. Samriddhi Andal	
Daughter's Son : Minor.Vidhur Narayanan Rajiv	

B. Transactions with Related Parties / Key Management Personnel's are as under:

Nature of transaction	Associates		Wholly owned subsidiary		Key Managerial Personnel		Relatives of Key Managerial Personnel		Total	Total
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Managerial Remuneration	-	-	-	-	167.15	102.67	-	-	167.15	102.67
Loan Receipts	35.00	-	45.00	-	108.00	100.00	50.00	343.00	238.00	443.00
Loan Repayment	435.00	40.38	-	-	113.00	-	91.00	-	639.00	40.38
Interest Receipts	47.74	-	8.36	-	-	-	-	-	56.10	-
Interest Expense	1.89	3.32	-	-	10.58	9.46	28.66	22.88	41.13	35.66
Rent Income	50.27	19.42	0.94	-	-	-	-	-	51.21	19.42
Rent / Lease Expenses	11.02	39.39	-	-	-	-	-	-	11.02	39.39
Purchase of Materials, Spares & power	1090.37 *	1841.47	20.04	2.48	-	-	-	-	1110.41	1843.95
Processing / Conversion Charges Payment	48.70	46.18	-	-	-	-	-	-	48.70	46.18
Sale of Materials, Stores and Service Charges	1730.62 **	1599.62	13.00	0.10	-	-	-	-	1743.62	1599.72
Sale of Fixed Assets	33.27	364.81	24.59	-	-	-	-	-	57.86	364.81
Purchase of Fixed Assets	811.05	-	-	-	-	-	-	-	811.05	-
Receivable balance	644.86	882.63	40.52	62.42	-	-	-	-	685.37	945.05
Payable balance	109.93	(106.57)	(92.83)	-	95.00	111.00	250.00	280.00	362.10	284.43

Note : None of the balances due to or receivable from related parties have been adjusted for written-off during this period.

* Includes LGB Forge Ltd	: Rs. 225.17 Lakhs
Renold Chain India Private Limited	: Rs. 423.04 Lakhs
South Western Engineering India Limited	: Rs. 148.73 Lakhs
L G Balakrishnan & Bros, Karur	: Rs. 209.29 Lakhs
** Includes Renold Chain India Private Limited	: Rs. 1501.45 Lakhs

C. Related Party Disclosures as per Listing Agreement entered into by the Company with Stock Exchanges:

(In Rupees)

Particulars	As at 31.03.2011	As at 31.03.2010	Maximum amount outstanding during the year	
			2010-11	2009-10
Loans and Advances to Subsidiaries: BCW V Tech India Private Limited	8,484,000	3,984,000	8,484,000	3,984,000
Loans and Advances to Associates: LGB Forge Limited	-	-	120,000,000	100,000,000
Loans and advances in the nature of loans where there is:				
(i) no repayment schedule:				
(ii) no interest or interest below section 372A of the Companies Act, 1956:	-	-	-	-
Loans and advances to companies/firms in which directors are interested	-	-	-	-
Investments by the loanee in the shares of the Company when there is an existing loan	-	-	-	-

10. Segment Reporting

A. PRIMARY SEGMENT INFORMATION (BUSINESS SEGMENTS):

(Rs. in Lakhs)

Particulars	31.03.2011	31.03.2010
A. SEGMENT REVENUE:		
Transmission	46173.89	34922.91
Metal Forming	14624.34	12243.09
Others	10153.81	8071.90
Total	70952.04	55237.90
B. SEGMENT RESULTS:		
Transmission	4626.65	3885.57
Metal Forming	1219.96	1384.82
Others	403.39	462.85
Total	6250.00	5733.24
Interest Expenses	1520.42	2058.70
Unallocated corporate expenses, net of unallocated income	-	-
PROFIT BEFORE TAX	4729.58	3674.54
Provision for taxation	149.08	1191.03
PROFIT AFTER TAX	4580.50	2483.51

B. Other Information:

Particulars	Segment Assets		Segment Liabilities		Capital Expenditure		Depreciation		Non-cash Expenditure excluding depreciation and impairment	
	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
Transmission	22789.22	19002.00	8048.77	5820.41	2568.58	832.45	1058.71	858.54	25.24	0.47
Metal Forming	15966.85	12595.31	4856.19	3674.37	3736.85	635.15	1064.52	912.10	58.58	-
Others	8768.91	8252.57	1411.26	395.48	421.36	374.94	421.34	400.85	97.51	13.89
Total	47524.98	39849.88	14316.22	9890.26	6726.79	1842.54	2544.57	2171.49	181.33	14.36

Note : Components of business segments are as under:

Transmission	-	Chains & Sprockets
Metal Forming	-	Fine Blanking, Machining and Wire drawing products
Others	-	Trading Goods

C. Secondary Segment Information (Geographical Segment)

(Rs. in lakhs)

Particulars	31.03.2011	31.03.2010
1) Segment Revenue:		
Within India	66167.61	50537.17
Outside India	4784.43	4700.73
Total	70952.04	55237.90
2) Segment Assets:		
Within India	46399.60	38563.01
Outside India	1125.38	1286.87
Total	47524.98	39849.88
3) Capital Expenditure:		
Within India	6726.79	1842.54
Outside India	-	-
Total Capital Expenditure	6726.79	1842.54

11. Micro, Small and Medium Enterprises

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

Other disclosures are as under:

S. No.	Particulars	31.03.2011 Rs. in Lakhs	31.03.2010 Rs. in Lakhs
1	Principal Amount	195.18	171.29
2	Interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	NIL	NIL
3	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the payment made to the supplier beyond the appointed day during the year.	NIL	NIL

S. No.	Particulars	31.03.2011 Rs. in Lakhs	31.03.2010 Rs. in Lakhs
4	Amount of interest due and payable for the period of delay in making payment but without adding interest as specified in the Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL
5	The amount of interest accrued and remaining unpaid at the end of each accounting year.	NIL	NIL
6	The amount of further interest remaining due and payable even in the succeeding years, until such date when the dues are actually paid for the purpose of disallowance under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL

12. Additional Information pursuant to the provisions of Paragraph 3,4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

A. Licensed & Installed capacity and actual production:

Class of goods	Unit	Licensed		Installed @		Production	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Automotive chains	Nos.	Not applicable	Not applicable	3,60,00,000	2,10,00,000	2,18,99,000	1,59,24,000
Fine blanked products	Strokes.	Not applicable	Not applicable	7,41,36,000	5,94,00,000	5,57,85,000 (Nos)	3,92,60,000 (Nos)
Rubber Belts	Nos.	Not applicable	Not applicable	18,00,000	18,00,000	7,13,000	8,37,000
Bosch Components	Nos.	Not applicable	Not applicable	15,60,000	12,00,000	12,66,000	10,03,000

@ Installed Capacity is as certified by the management

B. Particulars in respect of opening stock, closing stock and turnover of manufactured goods:

All figures in Lakhs

Particulars	Units	Opening Stock	Closing Stock	Sales - Qty	Sales value (Rs.)
Automotive chain	Nos.	5.17 (7.29)	9.30 (5.17)	214.86 (161.36)	46173.89 (34922.91)
Sprockets & Kits	Nos.	5.85 (4.63)	4.04 (5.85)	105.03 (76.57)	
Rubber Belts	Nos.	0.65 (0.44)	0.06 (0.65)	7.72 (8.17)	
Fine blanked products	Nos.	15.96 (13.02)	16.24 (15.96)	557.57 (389.66)	10612.58 (7827.99)
Rolled Steel Products		-	-	-	2035.83 (2383.71)
Bosch Components	Nos.	- (0.06)	- (-)	12.66 (10.10)	1973.79 (1934.84)
Others *					959.10 (797.64)
Total					61755.19 (47867.09)

* Quantitative particulars in respect of opening stock, closing stock and turnover of 'Others' could not be furnished on account of diverse nature of such goods. Previous year figures/Nos. given in brackets)

C. Particulars in respect of opening stock, purchases and closing stock of traded goods:

(i) Vehicles:

Particulars	2010-11		2009-10	
	Qty. (Nos.)	Value (Rs. in lakhs)	Qty. (Nos.)	Value (Rs. in lakhs)
Opening Stock	441	1157.77	226	552.68
Purchases	3478	8867.17	3086	7603.24
Net Sales	3478	9196.85	2871	7370.81
Closing Stock	441	1205.42	441	1157.77

(D) Details of raw materials, including packing materials consumed:

(Value : Rs. in Lakhs)

Particulars	Unit of Quantity	2010-11		2009-10	
		Quantity	Value	Quantity	Value
Steel strips, wires, rods, bars	Tonnes	44499.00	24312.78	34156.66	17170.90
Blanks, 'O' Rings and others	Nos.'000	69809.74	2557.49	15644.94	1323.88
Rubber & chemicals	Kgs.	104557.88	244.98	83107.67	167.43
Packing Materials			1266.07		803.17
Total			28381.32		19465.38

(E) Value of Raw Materials, spare parts and components consumed during the year:

Particulars	Value (Rs. in lakhs)		Percentage	
	2010-11	2009-10	2010-11	2009-10
Raw Materials:				
Imported	6486.48	2860.11	23.92	15.33
Indigenous	20628.77	15802.10	76.08	84.67
Total	27115.25	18662.21	100.00	100.00
Spare Parts & Components:				
Imported	412.61	127.71	8.60	4.32
Indigenous	4385.61	2830.18	91.40	95.68
Total	4798.22	2957.89	100.00	100.00

(F) Earnings in Foreign Exchange

(Rs. in Lakhs)

Particulars	2010-11	2009-10
On account of Export of Goods at FOB value	4784.43	4700.73

(G) Value of Imports calculated on CIF basis:

(Rs. in Lakhs)

Particulars	2010-11	2009-10
Raw Materials	6604.85	2903.54
Stores and Spares	398.06	134.56
Capital Goods	2433.55	119.12
Total	9436.46	3157.22

(H) Expenditure in Foreign Currency:

(Rs. in Lakhs)

Particulars	2010-11	2009-10
Travelling	24.28	13.31
Technical know-how fee	31.29	36.78
Interest	9.61	73.72
Others	15.21	21.26
Total	80.39	145.07

(I) Dividend remittance in foreign currencies:

Year of Remittance	For Financial Year	No. of Non-Resident shareholders	No. of equity shares held	Dividend (Rs. in Lakhs)
2010-11	2009-10	131	27723	1.80
2009-10	2008-09	-	-	-

13. Power & fuel are net of own generation of electricity.
14. Excise duty amounting to Rs.38.55 Lakhs (Previous Year : Rs. 59.75 Lakhs) is included in the finished goods stock value pending clearance from factories.
15. The previous year figures in the Balance Sheet and in the Profit & Loss Account have been regrouped and reclassified, wherever necessary, to conform to the current year's classification and are expressed in terms of Lakhs of Rupees, unless stated otherwise.

B. VIJAYAKUMAR
Chairman Cum Managing Director

P. PRABAKARAN
Executive Director

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

Coimbatore
29.04.2011

M. LAKSHMI KANTH JOSHI
General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

M. RAMACHANDRAN
Membership No.16399
Partner

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011.

PARTICULARS	31.03.2011 (Rs. in Lakhs)	31.03.2010 (Rs. in Lakhs)
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit after Tax and Extra ordinary items	4,580.50	2,483.51
Adjustments for		
Provision for Taxes	(57.96)	1,144.62
Depreciation	2,544.57	2,171.49
(Profit) or Loss on Sale of Assets	(2.54)	(88.95)
(Profit) or Loss on Sale of Investments	(0.99)	(47.78)
Asset Condemned and written off	147.51	-
Finance charges	1,520.42	2,058.70
Interest Income	(78.69)	(270.45)
Dividend Income	(11.73)	(15.42)
Operating profit before Working Capital changes	8,641.09	7,435.73
Adjustments for		
(Increase)/Decrease in Sundry Debtors	(387.63)	(251.91)
(Increase)/Decrease in Inventories	(3,067.43)	(1,336.97)
(Increase) / Decrease in Loans and Advance	70.14	517.49
Increase / (Decrease) in Current Liabilities	2,720.92	(245.29)
CASH GENERATED FROM OPERATIONS	7,977.09	6,119.05
Income Tax paid	285.84	(1,032.14)
NET CASH FROM OPERATING ACTIVITIES (A)	8,262.93	5,086.91
Cash flow from Investing activities		
Purchase of Fixed Assets	(6,841.51)	(1,776.48)
Proceeds from Sale of Fixed Assets	77.90	385.50
Purchase of Investments	(446.00)	(264.44)
Proceeds from Sale of Investments	21.29	54.13
Dividend received	11.73	15.42
Interest received	78.69	270.45
NET CASH OUTFLOW FROM INVESTING ACTIVITIES (B)	(7,097.90)	(1,315.42)
Cash Fow from Financing Activities		
(Repayment)/Proceeds of Secured Loan	542.06	(4,807.99)
(Repayment)/Proceeds of Unsecured Loan	426.46	346.20
Interest paid	(1,520.42)	(2,058.70)
Dividend paid	(594.85)	(550.92)
NET CASH USED IN FINANCING ACTIVITIES (C)	(1,146.75)	(7,071.41)
Net increase in cash and cash equivalent (A) + (B) + (C)	18.28	(3,299.92)
Opening Balance	463.87	3,763.79
Closing Balance *	482.15	463.87

- The above cashflow statement is prepared under the "Indirect Method" as set out in Accounting Standard 3 'Cash Fow Statements'.
- Cash and Bank Balance include Rs.28.63 Lakhs (Previous year - Rs.88.81Lakhs) held in unclaimed dividend and Bond interest in Banks, which are restricted and not available for the use of the Company.
- Cash and Bank balance include fixed deposits Rs.17.71 Lakhs (Previous year Rs.23.80 Lakhs) given as security against guarantees issued by banks.

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

B. VIJAYAKUMAR
Chairman Cum Managing Director

P. PRABAKARAN
Executive Director

Coimbatore
29.04.2011

M. LAKSHMI KANTH JOSHI
General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

M. RAMACHANDRAN
Membership No.16399
Partner



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details:

Registration No

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 State code

1	8
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Balance sheet Date

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

<p>Public Issue</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table> <p>Bonus Issue</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				N	I	L								N	I	L					<p>Rights Issue (Bonds)</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table> <p>Private Placement (Equity)</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				N	I	L								N	I	L				
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III Position of Mobilization and Deployment of Funds (amount in thousands of Rs.)

<p>Total Liabilities</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>3</td><td>3</td><td>2</td><td>0</td><td>8</td><td>7</td><td>5</td></tr></table>			3	3	2	0	8	7	5	<p>Total Assets</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>3</td><td>3</td><td>2</td><td>0</td><td>8</td><td>7</td><td>5</td></tr></table>			3	3	2	0	8	7	5
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		3	3	2	0	8	7	5											

Sources of funds

<p>Paid-up Capital</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>7</td><td>8</td><td>4</td><td>8</td><td>1</td></tr></table> <p>Deferred Tax Liability</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>8</td><td>6</td><td>7</td><td>4</td><td>9</td></tr></table> <p>Secured Loans</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>0</td><td>7</td><td>1</td><td>7</td><td>2</td><td>8</td></tr></table>				7	8	4	8	1				1	8	6	7	4	9				1	0	7	1	7	2	8	<p>Reserves & Surplus</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>8</td><td>8</td><td>9</td><td>5</td><td>7</td><td>2</td></tr></table> <p>Unsecured Loans</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>9</td><td>4</td><td>3</td><td>4</td><td>5</td></tr></table>				1	8	8	9	5	7	2					9	4	3	4	5
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Application of Funds

<p>Net Fixed Assets</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>9</td><td>1</td><td>5</td><td>7</td><td>8</td><td>9</td></tr></table> <p>Net Current Assets</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>2</td><td>4</td><td>0</td><td>0</td><td>2</td><td>3</td></tr></table>				1	9	1	5	7	8	9				1	2	4	0	0	2	3	<p>Investments</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>6</td><td>5</td><td>0</td><td>6</td><td>3</td></tr></table> <p>Accumulated Losses</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				1	6	5	0	6	3				N	I	L				
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IV. Performance of Company (amount in thousands of Rs.)

<p>Turnover</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>7</td><td>1</td><td>1</td><td>8</td><td>1</td><td>7</td><td>0</td></tr></table> <p>Profit Before Tax</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>4</td><td>7</td><td>2</td><td>9</td><td>5</td><td>8</td></tr></table> <p>Earning per share (Rs.)</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>5</td><td>8</td><td>.</td><td>3</td><td>6</td></tr></table>				7	1	1	8	1	7	0				4	7	2	9	5	8				5	8	.	3	6	<p>Total Expenditure</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>6</td><td>6</td><td>4</td><td>5</td><td>2</td><td>1</td><td>2</td></tr></table> <p>Profit After Tax</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>4</td><td>5</td><td>8</td><td>0</td><td>5</td><td>0</td></tr></table> <p>Dividend Rate (%)</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>1</td><td>0</td><td>0</td></tr></table>				6	6	4	5	2	1	2				4	5	8	0	5	0							1	0	0
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V. Generic Names of Three Principal Products/Services of the Company. (As per Monetary Terms)

<p>Item Code No. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>7</td><td>3</td><td>1</td><td>5</td><td>1</td><td>1</td><td>.</td><td>0</td><td>0</td></tr></table></p> <p>Product Description <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>C</td><td>H</td><td>A</td><td>I</td><td>N</td><td>S</td><td> </td><td> </td><td> </td></tr></table></p> <p>Item Code No. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>4</td><td>0</td><td>1</td><td>0</td><td>1</td><td>9</td><td>.</td><td>0</td><td>0</td></tr></table></p> <p>Product Description <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>R</td><td>U</td><td>B</td><td>B</td><td>E</td><td>R</td><td> </td><td>B</td><td>E</td><td>L</td><td>T</td></tr></table></p>	7	3	1	5	1	1	.	0	0	C	H	A	I	N	S				4	0	1	0	1	9	.	0	0	R	U	B	B	E	R		B	E	L	T	<p>Item Code No. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>8</td><td>4</td><td>4</td><td>8</td><td>5</td><td>1</td><td>.</td><td>9</td><td>0</td></tr></table></p> <p>Product Description <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>F</td><td>I</td><td>N</td><td>E</td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table></p> <p>Item Code No. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>8</td><td>7</td><td>1</td><td>4</td><td>9</td><td>3</td><td>.</td><td>0</td><td>0</td></tr></table></p> <p>Product Description <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>S</td><td>P</td><td>R</td><td>O</td><td>C</td><td>K</td><td>T</td></tr></table></p>	8	4	4	8	5	1	.	9	0	F	I	N	E						8	7	1	4	9	3	.	0	0	S	P	R	O	C	K	T
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<p>B. VIJAYAKUMAR Chairman Cum Managing Director</p>	<p>P. PRABAKARAN Executive Director</p>	<p style="text-align: right;">"In terms of our report attached" For DELOITTE HASKINS & SELLS Chartered Accountants (Registration No.008072S)</p> <p style="text-align: right;">M. RAMACHANDRAN Membership No. 16399 Partner</p>
<p>Coimbatore 29.04.2011</p>	<p>M. LAKSHMI KANTH JOSHI General Manager cum Company Secretary</p>	<p>N. RENGARAJ Chief Financial Officer</p>

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

Name of the Subsidiary Company	BCW V Tech India Pvt. Limited	
Financial year ending of the subsidiary	31 ST MARCH 2011	
Holding Companies interest in the Subsidiary (Number of shares held)	29,00,000 EQUITY SHARES	
Extent of holding /interest (%)	100%	
Net aggregate amount of Profit/ (Loss) of the Subsidiary not dealt within the Holding Company's accounts	For the current financial year of the Subsidiary (Rs. in lakhs) 48.52	For the previous financial years of the Subsidiary (Rs. in lakhs) (44.64)
Net aggregate amount of Subsidiary's Profit/ (Loss) dealt within the holding Company's accounts	For the current financial year of the Subsidiary (Rs. in lakhs) NIL	For the previous financial years of the Subsidiary (Rs. in lakhs) Nil
Dividend declared for the year	NIL	Nil
1. Changes in the interest of the Holding Company between the end of the subsidiary's financial year and holding Company's financial year - NIL		
2. Material changes between the end of the subsidiary's financial year and holding Company's financial year - NIL		



CONSOLIDATED AUDITORS' REPORT

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

1. We have audited the attached Consolidated Balance Sheet of L.G.Balakrishnan & Bros. Limited ("the Company"), and its subsidiary (the Company, and its subsidiary constitute "the Group") as at March 31, 2011 the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of Rs. 81,894,056/- as at March 31, 2011, total revenues of Rs.57,077,114 and net cash inflows amounting to Rs.478,235 for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by another auditor whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of the subsidiary is based solely on the reports of the other auditor.
4. **We draw attention to note no 13 of Schedule XVIII in notes on accounts with regard to gratuity, by BCW V Tech India Private Limited, for which we are unable to comment on adequacy of the provisions made in the accounts, till the actuarial liability is determined.**
5. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
6. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its aforesaid subsidiary and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India *except* Accounting Standards 15(R) as explained in paragraph 4 above;
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.008072S)
M. RAMACHANDRAN
Membership No.16399
Partner

Coimbatore
29.04.2011

CONSOLIDATED BALANCE SHEET AS AT 31.03.2011

Schedule		31.03.2011 (Rs. in Lakhs)		31.03.2010 (Rs. in Lakhs)	
SOURCES OF FUNDS :					
SHAREHOLDERS' FUNDS:					
Share Capital	A	784.81		784.81	
Reserves & Surplus	B	18904.78	19689.59	15187.90	15972.71
LOAN FUNDS:					
Secured Loans	C	10778.77		10232.92	
Unsecured Loans	D	1033.45	11812.22	536.99	10769.91
Deferred Tax Liability			1886.52		2662.94
(Refer Note B(iii) of Schedule Q)					
			33388.33		29405.56
APPLICATION OF FUNDS:					
FIXED ASSETS E					
Gross Block		35132.98		29652.90	
Less: Depreciation		16005.91		14630.30	
Net Block		19127.07		15022.60	
Capital Work-in-progress at cost		443.25	19570.32	328.53	15351.13
INVESTMENTS F			1360.63		934.93
FOREIGN CURRENCY MONETARY ITEM					
TRANSLATION DIFFERENCE ACCOUNT					
(Refer Note B(ix) of Schedule Q)					
			-		242.25
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	G	15418.28		12276.26	
Sundry Debtors	H	8410.35		7896.02	
Cash and Bank Balances	I	487.64		464.58	
Loans and Advances	J	2659.73		2773.91	
			26976.00		23410.77
CURRENT LIABILITIES AND PROVISIONS K					
Current Liabilities		13607.42		9939.78	
Provisions		912.13		594.85	
			14519.55		10534.63
NET CURRENT ASSETS					
Miscellaneous Expenditure			12456.45		12876.14
			0.93		1.11
			33388.33		29405.56

Accounting Policies & Notes on Accounts Q

Schedules A to Q form part of the Balance Sheet and Profit & Loss Account.

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

B. VIJAYAKUMAR
Chairman Cum Managing Director

P. PRABAKARAN
Executive Director

M. RAMACHANDRAN
Membership No. 16399
Partner

Coimbatore
29.04.2011

M. LAKSHMI KANTH JOSHI
General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

Schedule	31.03.2011 (Rs. in Lakhs)	31.03.2010 (Rs. in Lakhs)
INCOME		
Sales	77312.48	59157.19
Less: Excise duty	5837.81	3760.23
Net Sales	71474.67	55396.96
Other Income L	227.69	554.12
	71702.37	55951.08
EXPENDITURE		
Consumption of Materials M	36741.87	28205.04
Employees' Cost N	6633.56	4551.64
Other Expenses O	19402.58	15301.35
Interest P	1537.55	2070.98
Depreciation & amortisation	2576.74	2194.27
	66892.30	52323.28
PROFIT BEFORE TAXATION	4810.07	3627.80
PROVISION FOR TAXATION		
Current Income-tax/Mat tax	960.89	621.87
Less: Mat credit entitlement	210.46	530.45
Income-tax related to earlier years	207.04	46.41
Deferred Tax (Credit)/Charge	(776.42)	1051.11
PROFIT AFTER TAX	4629.02	2438.86
Balance brought forward from previous year	1448.37	1144.92
PROFIT AVAILABLE FOR APPROPRIATION	6077.39	3583.78
APPROPRIATIONS		
Proposed Dividend	784.81	510.13
Tax on Dividend	127.32	84.73
Transfer to General Reserve	3000.00	1540.55
Balance Carried to Balance Sheet	2165.26	1448.37
	6077.39	3583.78
Basic and Diluted EPS (Face Value Rs.10/- per Share (Previous Year Rs.10/- per Share)		
- excluding Extra Ordinary Item (Rs.)	58.98	31.08
- including Extra Ordinary items (Rs.)	58.98	31.08

Accounting Policies & Notes on Accounts Q

Schedules A to Q form part of the Balance Sheet and Profit & Loss Account.

	B. VIJAYAKUMAR Chairman Cum Managing Director	P. PRABAKARAN Executive Director	"In terms of our report attached" For DELOITTE HASKINS & SELLS Chartered Accountants (Registration No.008072S)
Coimbatore 29.04.2011	M. LAKSHMI KANTH JOSHI General Manager cum Company Secretary	N. RENGARAJ Chief Financial Officer	M. RAMACHANDRAN Membership No.16399 Partner

CONSOLIDATED SCHEDULES TO BALANCE SHEET				
	31.03.2011 (Rs. Lakhs)		31.03.2010 (Rs. in Lakhs)	
SHARE CAPITAL - A				
Authorised :				
1,20,00,000 Equity Shares of Rs.10/- each (Previous year 1,20,00,000 Equity Shares of Rs.10/- each)		1200.00		1200.00
		<u>1200.00</u>		<u>1200.00</u>
Issued, Subscribed and Paid-up :				
78,48,104 Equity Shares of Rs.10/- each (Previous year 78,48,104 Equity Shares of Rs.10/- each (Of the above 60,14,306 (Previous year 60,14,306 Equity Shares of Rs.10/- each have been issued as fully paid up Bonus Shares by Capitalisation of Reserves)		784.81		784.81
		<u>784.81</u>		<u>784.81</u>
RESERVES AND SURPLUS - B				
GENERAL RESERVE :				
As per Last Balance Sheet		10500.00		9000.00
Less : Adjustment on De-merger		-		40.55
Add : Transfer from Profit & Loss Account		3000.00	13500.00	1540.55
				<u>10500.00</u>
SECURITIES PREMIUM :				
As per Last Balance Sheet		3100.61		3100.61
REVALUATION RESERVE: (LAND) (On account of acquisition of M/s. L.G.B. Industries Ltd in 1998)				
As per Last Balance Sheet		138.91		138.91
Surplus in Profit & Loss Account		2165.26		1448.38
		<u>18904.78</u>		<u>15187.90</u>
SECURED LOANS - C				
Long Term Loan				
From Banks		9221.43		10000.00
[Repayment within 1 year - Rs.2257.14 Lakhs] [Previous year Rs.500/- Lakhs]				
From Institutions		17.22		17.22
Working Capital Loan				
From Banks		1540.12		215.70
		<u>10778.77</u>		<u>10232.92</u>
UNSECURED LOANS - D				
From :				
Director		95.00		111.00
Intercorporate Loans		90.00		20.00
Others		250.00		280.00
Fixed Deposits [Rs.189.00 Lakhs] repayable within one year. [Previous year Rs. 13.54 Lakhs]		598.45		125.99
		<u>1033.45</u>		<u>536.99</u>

CONSOLIDATED SCHEDULES TO BALANCE SHEET
CONSOLIDATED FIXED ASSETS - E

Description of Assets	GROSS BLOCK				DEPRECIATION / AMORTISATION					NET BLOCK	
	As at 1.4.2010	During the Year		As at 31.3.2011	As at 1.4.2010	Deductions	For the year	As at 31.3.2011	As at 31.3.2011	As at 31.3.2011	As at 31.3.2010
		Additions	Deletions								
Land - Free Hold *	849.08 (849.10)	321.35 (-)	(0.02)	1170.43 (849.08)	- (-)	- (-)	- (-)	- (-)	- (-)	1170.43 (849.08)	849.08
Building	3192.28 (3118.26)	595.24 (84.01)	0.97 (9.99)	3786.55 (3192.28)	1194.63 (1003.46)	0.56 (4.15)	221.16 (195.32)	1415.23 (1194.63)	1415.23 (1194.63)	2371.32 (1997.65)	1997.65
Motor Vehicles	214.08 (239.68)	41.18 (42.64)	54.85 (68.24)	200.41 (214.08)	96.41 (91.04)	31.20 (23.26)	20.69 (28.63)	85.90 (96.41)	85.90 (96.41)	114.51 (117.67)	117.67
Plant & Machinery	22484.84 (21309.60)	5566.62 (1524.51)	830.43 (349.27)	27221.03 (22484.84)	11357.19 (9791.72)	674.51 (145.10)	2043.08 (1710.57)	12725.76 (11357.19)	12725.76 (11357.19)	14495.27 (11127.65)	11127.65
Furniture, Electrical Fittings & Office Equipments	2061.75 (1949.53)	235.65 (173.33)	167.26 (61.11)	2130.14 (2061.75)	1305.87 (1179.07)	148.06 (31.59)	190.90 (158.39)	1348.71 (1305.87)	1348.71 (1305.87)	781.43 (755.88)	755.88
Other Assets	640.78 (630.61)	144.38 (33.27)	160.74 (23.10)	624.42 (640.78)	466.11 (417.85)	136.71 (11.09)	100.91 (59.35)	430.31 (466.11)	430.31 (466.11)	194.11 (174.67)	174.67
Goodwill (on Amalgamation)	210.09 (210.09)	- (-)	- (-)	- (210.09)	210.09 (168.08)	- (-)	- (42.01)	- (210.09)	- (210.09)	- (-)	-
Capital Work -in-Progress										443.25 (328.53)	328.53
Total	29652.90 (28306.87)	6904.42 (1857.76)	1214.25 (511.73)	35132.98 (29652.90)	14630.30 (12651.22)	991.04 (215.19)	2576.74 (2194.27)	16005.91 (14630.30)	16005.91 (14630.30)	19570.32 (15351.13)	15351.13
Previous Year											

* Includes leasehold land aggregating to Rs.67.89 Lakhs (Previous Year Rs.67.89 Lakhs)

Note : 1) Previous year figures are given within brackets

2) Plant and Machinery includes Technical know how amounting to Rs. 546.11 Lakhs (previous year Rs. 512.67 Lakhs) which is amortised over a period of 10 years

CONSOLIDATED SCHEDULES TO BALANCE SHEET

INVESTMENTS - F	Nominal Value	As at 01.04.2010		Purchase (Sales)		As at 31.03.2011	
		No. of Shares	(Rs. in Lakhs)	No. of Shares	(Rs. in Lakhs)	No. of Shares	(Rs. in Lakhs)
LONG TERM INVESTMENTS							
TRADE QUOTED - AT COST							
Fully paid-up Equity Shares in							
Lakhsmi Synthetic Machinery Mfrs. Ltd	10	100	0.01	-	-	100	0.01
Supreme Rubber Reclaimers Ltd	10	50	0.01	-	-	50	0.01
Bharath Rubber Regenerating Co. Ltd	10	200	-	-	-	200	-
Elgi Equipments Ltd	1	614803	112.49	-	-	1229706 *	112.49
LGB Forge Limited	1	10550000	105.50	-	-	10550000	105.50
NON TRADE QUOTED - AT COST							
Fully paid-up Equity Shares in							
Super Spinning Mills Ltd	1	10000	0.01			10000	0.01
Tube Investments of India Ltd	2	1100	0.01	-	-	1100	0.01
Corporation Bank	10	2400	1.92	-	-	2400	1.92
TRADE UNQUOTED - AT COST							
Fully paid-up Equity Shares in							
Silent Chain India (P) Ltd	10	770	0.15	-	-	770	0.15
LG Farm Products (P) Ltd	10	10000	1.00	-	-	10000	1.00
Rolon Fine Blank Ltd	10	5000	0.50			5000	0.50
LGB Rolon Chain Limited	10	5000	0.50			5000	0.50
Renold Chain India Private Ltd	10	6250000	625.00	4000000	400.00	10250000	1025.00
South Western Engineering India Ltd	1000	537	65.52	-	-	537	65.52
NON TRADE UNQUOTED - AT COST							
Fully paid-up Equity Shares in:							
Tata Refractory Ltd	10	5000	2.01	-	-	5000	2.01
Manish Commercial Premises Co-operative Society Ltd, Mumbai	50	5	-	-	-	5	-
Kaveri Steels Ltd	10	100	-	-	-	100	-
GOVERNMENT SECURITIES - UNQUOTED							
National Highways Authority of India Bond				460	46.00	460	46.00
National Savings Certificate			0.22		(0.22)	-	-
Bench Mark Mutual Fund-Gold Bees		1225	20.08	(1225)	(20.08)	-	-
			934.93		425.70		1360.63

* On Amalgamation of Elgi Industrial Products Limited with Elgi Equipments Limited, one share of Elgi Equipments Limited has been allotted for every 20 shares (1:20) of Elgi Industrial Products Limited and Bonus Shares allotted in the ratio of 1 : 1.

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

(Rs. in Lakhs)

	2011		2010	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	219.95	1419.15	240.03	883.68
Unquoted Investments	1140.68	-	694.90	-
	1360.63	1419.15	934.93	883.68

	31.03.2011 (Rs. in Lakhs)	31.03.2010 (Rs. in Lakhs)
INVENTORIES - G		
Valued at cost or net estimated realisable value whichever is lower		
Raw Materials	3755.72	3115.92
Semi-Finished Products	5852.40	4168.83
Finished Products	2727.69	2349.96
Packing Materials	168.89	126.81
Trading Goods	1452.78	1371.70
Stores, Spares and Loose Tools etc.	1457.30	1142.13
Agricultural Produce	3.50	0.91
	15418.28	12276.26
SUNDRY DEBTORS - H		
UNSECURED :		
CONSIDERED GOOD		
Debts outstanding for a period exceeding six months	186.57	446.62
Other Debts	8223.78	7449.40
Considered doubtful	66.09	52.26
Less : Provision for Doubtful debt.	66.09	52.26
	8410.35	7896.02
CASH AND BANK BALANCES - I		
Cash and cheques on hand	30.98	28.62
WITH SCHEDULED BANKS ON		
Current Account	134.50	55.19
Fixed Deposits *	150.45	137.40
Remittance-in-Transit	143.07	154.55
Unpaid Dividend Account	27.98	25.76
Unpaid Interest Account	0.66	63.06
	487.64	464.58

* Includes Fixed Deposits lodged with Bankers for issuing guarantee and margin money Rs.22.46 Lakhs (Previous Rs.23.80 Lakhs.)

CONSOLIDATED SCHEDULES TO BALANCE SHEET				
	31.03.2011 (Rs. in Lakhs)		31.03.2010 (Rs. in Lakhs)	
LOANS AND ADVANCES - J				
(Unsecured and considered good)				
Advances recoverable in cash or in kind or value to be received		351.05		759.25
Advance Payment of Income-tax		95.94		339.17
Deposits		1216.97		871.17
Nabard Capital Gains Bond		-		12.80
Prepaid Expenses		26.07		14.30
Interest receivable		8.77		6.20
Income and claims receivable		220.02		240.57
Mat credit entitlement		740.91		530.45
		<u>2659.73</u>		<u>2773.91</u>
th				
CURRENT LIABILITIES AND PROVISIONS - K				
CURRENT LIABILITIES :				
Sundry Creditors				
Due to Micro, Small and Medium Enterprises		195.18		171.29
Due to others		12675.99	12871.17	9354.88
Advances and Deposits from Customers		672.19		304.17
Interest Accrued but not due on Loans		35.43		20.62
Unclaimed Dividends *		27.97		25.76
Unclaimed Bond Interest and Principal *		0.66		63.06
		<u>13607.42</u>		<u>9939.78</u>
PROVISIONS :				
For				
Proposed Dividend		784.81		510.12
Tax on Dividend		127.32		84.73
		<u>912.13</u>		<u>594.85</u>
* Less than 7 years.				

CONSOLIDATED SCHEDULES TO PROFIT AND LOSS ACCOUNT		
	31.03.2011 (Rs. in Lakhs)	31.03.2010 (Rs. in Lakhs)
OTHER INCOME - L		
Rental Charges [TDS Rs.8.95 lakhs] [Previous year 9.42 lakhs.]	127.05	103.54
Interest Receipts [TDS Rs.10.23] [Previous year Rs.46.42 lakhs.]	70.47	270.45
Dividend Receipts	11.73	15.42
Miscellaneous Receipts	0.72	1.87
Agricultural Income	9.24	11.75
Profit on Sale of Investments	0.99	47.78
Profit on Sale of Assets	7.49	103.31
	227.69	554.12
MATERIALS COST - M		
OPENING STOCK :		
Raw materials	3115.92	1962.94
Semi Finished Products	4168.83	3268.72
Finished Products	2349.96	4001.39
Packing Materials	126.61	87.99
Trading Goods	1371.70	790.80
	11133.22	10111.84
ADD: PURCHASES :		
Raw materials	27879.35	19869.14
Packing Materials	1308.15	842.00
Trading Goods	10378.63	8515.28
	39566.13	29226.42
LESS: CLOSING STOCK :		
Raw materials	3755.72	3115.92
Semi Finished Products	5852.40	4168.83
Finished Products	2727.69	2349.96
Packing Materials	168.89	126.81
Trading Goods	1452.78	1371.70
	13957.48	11133.22
Consumption of Materials	36741.87	28205.04
EMPLOYEES COST - N		
Salary, Wages and Bonus	5863.68	4084.16
Contribution to Provident Fund & other Funds	243.51	162.87
Welfare Expenses	526.37	304.61
	6633.56	4551.64

CONSOLIDATED SCHEDULES TO PROFIT AND LOSS ACCOUNT

	31.03.2011 (Rs. in Lakhs)		31.03.2010 (Rs. in Lakhs)		
OTHER EXPENSES - O					
Processing Charges		4875.75		4793.10	
Consumption of Stores & Spare Parts		4864.68		2979.30	
Power and Fuel		2490.25		1638.85	
Rates and Taxes		61.45		52.06	
Rent		222.68		114.24	
Sales Tax, Entry Tax & Octroi		65.83		94.98	
Printing and Stationery		48.09		45.55	
Postage, Telegram and Telephones		156.83		152.98	
Motor Vehicle Maintenance		69.61		72.34	
Travelling and Conveyance		390.68		317.70	
Advertisement and Selling Expenses		290.75		561.15	
Discounts		1057.67		832.59	
Service Charges		225.05		157.66	
Freight, Packing and Forwarding		2474.37		1666.16	
Insurance		65.39		50.46	
Donations		55.00		9.10	
Miscellaneous Expenses		132.67		179.55	
Agricultural Expenses		5.95		9.08	
Sitting Fees		3.95		3.50	
Repairs and Maintenance of					
Building		120.85		138.11	
Machinery		1088.24		815.91	
Other Assets		203.56	1412.65	141.09	1095.11
Auditor's Remuneration:					
Audit Fees		6.33		5.25	
Taxation Matters		2.00		1.60	
Other services		0.78		0.93	
Out of pocket Expenses		0.55	9.66	0.50	8.28
Rental on Machinery			8.59		58.78
Loss on Sale of Assets			4.88		14.36
Foreign Exchange Difference			233.51		394.29
Preliminary Expenses written off			0.19		0.19
Assets condemned and written off			147.51		-
Provision for doubtful debts			28.94		-
			19402.58		15301.35
INTEREST - P					
Fixed Deposits		37.67			11.77
Term Loan		1051.03			1749.07
Others		448.85			310.14
			1537.55		2070.98

ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31.03.11

SCHEDULE - Q

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of preparation of Consolidated Financial Statements

The Consolidated Financial Statements relate to M/s.L.G.Balakrishnan & Bros Limited and its wholly owned Subsidiary Company, M/s.BCW V Tech India Private Limited. The Company and its Subsidiary constitute the Group.

The Company has not consolidated the associates, as there is no significant influence.

a) Basis of Accounting:

I. The Financial Statements of the Subsidiary Company used in the consolidation are drawn up to the same reporting date as of the Company i.e. for the year ended 31st March, 2011.

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

Sl. No.	Name of Subsidiary Company	Country of Incorporation	% of holding directly as at 31 st March, 2011
1.	M/s.BCW V TECH INDIA PRIVATE LIMITED	INDIA	100%

(ii) Other significant accounting Policies:

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

(iii) Employee Benefit - Gratuity

- a. This is a defined benefit plan. The Holding Company makes annual contribution to a Gratuity Fund administered by LIC through the Trust.
- b. The Subsidiary Company has provided for gratuity as per Payment of Gratuity Act on actual

II. The Financial Statements of the Group have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, which are notified under the Companies (Accounting Standards) Rules, 2006 and other generally accepted accounting Principles in India.

b) Principles of consolidation:

The Consolidated Financial Statements have been prepared on the following basis:

The financial statements of the Company and its Subsidiary Company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealized profits or losses have been fully eliminated.

basis which is at variance with the actual method prescribed under AS 15 (revised) employee benefits. However, in the opinion of the management, the provisions made is sufficient to cover the Gratuity Liability for the disclosure required by AS 15 (revised) have not been made which, however has no impact on the financials.

B. NOTES ON ACCOUNTS.

- 1. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided Rs.870.14 Lakhs (Previous Year : Rs. 2355.16 Lakhs)

2. CONTINGENT LIABILITIES

Rs. in Lakhs

PARTICULARS	As at	
	31.03.2011	31.03.2010
a. Guarantee given by Bankers and Outstanding	1656.86	1023.61
b. Corporate Guarantee given for others	8396.59	8376.67
c. Claims against the Company, not acknowledged as debt - disputed tax liability.	509.37	465.87
d. Estimated customs duty obligation on imports, if corresponding export obligation is not satisfied.	1300.22	811.54

3 Other Notes Forming Part of Accounts:

These are set at in and under schedules and notes forming part of the accounts for the year ended 31.03.2011 as given in unconsolidated statements of L.G.Balakrishnan & Bros Limited and its subsidiary.

4. Earnings per Share

Particulars	31.03.2011	31.03.2010
Net profit after tax - Rs. in Lakhs	4629.02	2438.86
Profit attributable to Equity Shareholders - Rs. in Lakhs (A)	4629.02	2438.86
Total number of Equity Shares outstanding at balance sheet date.	7848104	7848104
Weighted average number of Equity Shares outstanding, considered for the purpose of computing Basic EPS (B)	7848104	7848104
Basic and Diluted Earnings Per Share - in Rs. (A/B)	58.98	31.08
Nominal value of Equity Shares - in Rs.	10.00	10.00

5. Disclosure relating to employee benefits as per Accounting Standard 15, "Employee benefits":

I. Defined Contribution Plans:

PARTICULARS	2010- 11	2009-10
a) Employer's Contribution to Provident and Family Pension Fund	243.51	159.99
b) Employer's Contribution to Superannuation Fund	5.74	-

II. State Plans:

Particulars	2010-11	2009-10
Employers' contribution to Employees' State Insurance Scheme	80.55	38.08

6. a) Remuneration to Chairman Cum Managing Director (CMD) and Executive Director (ED) is included in salary, wages and bonus.

(Rs. is Lakhs)

Particulars	2010-11		2009-10	
	CMD	ED	CMD	ED
Salaries & Allowances	37.80	16.68	28.95	16.68
Perquisites	-	2.93	2.36	2.93
Superannuation	-	2.07	-	-
Commission	101.47	-	46.62	-
Contribution to Provident Fund	4.54	1.66	3.47	1.66
Total	143.81	23.34	81.40	21.27

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

7. Deferred Taxation

Deferred Tax Liability as at 31st March 2011 comprises the following:

(Rs. in Lakhs)

Particulars	Opening as on 01.04.2010	Charge (Credit) during the year	Closing as on 31.03.2011
Depreciation Carried forward Loss	2662.94	(776.42)	1886.52

8. **Related Party Disclosure** (As identified by the Management and relied upon by Auditors)

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

i) **Associates**

Elgi Automotive Services (P) Limited	LGB Fuel System Private Limited
L.G.B. Auto Products (P) Limited	LGB Forge Limited
LG Farm Products (P) Limited	Rolon Fine Blank Limited
L.G. Balakrishnan & Bros - Karur	LGB Rolon Chain Limited
LG Sports Limited	Vijayshree Spinning Mills Private Limited
Super Speeds Private Limited	Renold Chain India Private Limited
Super Transports Private Limited	South Western Engineering India Limited
Silent Chain India Private Limited	

ii) **Wholly Owned Subsidiary Company** BCW V Tech India Private Limited

iii) **Key Management Personnel**

a. Sri. B. Vijayakumar,
Chairman Cum Managing Director

b. Sri. P. Prabakaran,
Executive Director

iv) **Relatives of Key Management Personnel**

Relatives of Sri. B. Vijayakumar		Relatives of Sri. P. Prabakaran	
Mother	: Smt. B. Sarojini	Father	: Sri. K. Palanichamy
Wife	: Smt. Vijayshree V.	Mother	: Smt. Rajalakshmi
Sons	: Sri. V. Rajvirdhan	Wife	: Smt. D. Maheswari
	Sri. Nithin Karivardhan	Son	: Sri. P. Suryakumar
	Sri. Arjun Karivardhan		
Daughter	: Smt. Rajsri Vijayakumar		
Daughter's Husband	: Sri. Rajiv Parthasarathy		
Daughter's daughter	: Minor. Samridhi Andal		
Daughter's Son	: Minor. Vidhur Narayanan Rajiv		

A. Transactions with Related Parties / Key Management Personnel's are as under:

Nature of transaction	Associates		Key Managerial Personnel		Relatives of Key Managerial Personnel		Total	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011			
Managerial Remuneration	-	-	167.15	102.67	-	-	167.15	102.67
Loan Receipts	35.00	-	108.00	100.00	50.00	343.00	193.00	443.00
Loan Repayment	435.00	40.38	113.00	-	91.00	-	639.00	40.38
Interest Receipts	47.74	-	-	-	-	-	47.74	-
Interest Expense	1.89	3.32	10.58	9.46	28.66	22.88	41.13	35.66
Rent Receipts	50.27	19.42	-	-	-	-	50.27	19.42
Rent / Lease Payments	11.02	39.39	-	-	-	-	11.02	39.39
Purchase of power & Spares	1090.37 *	1841.47	-	-	-	-	1090.37	1841.47

Nature of transaction	Associates		Key Managerial Personnel		Relatives of Key Managerial Personnel		Total	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Processing / Conversion Charges Payment	48.70	46.18	-	-	-	-	48.70	46.18
Sale of Power, Stores, Materials and Service Charges	1730.62 **	1599.62	-	-	-	-	1730.62	1599.72
Sale of Fixed Assets	33.27	364.81	-	-	-	-	33.27	364.81
Purchase of Fixed Assets	811.05	-	-	-	-	-	811.05	-
Receivable balance	644.86	932.65	-	-	-	-	644.86	932.65
Payable balance	109.93	(56.55)	95.00	111.00	250.00	280.00	454.93	334.45

Note : None of the balances due to or receivable from related parties have been adjusted for written-off during this period.

* Includes LGB Forge Ltd : Rs. 225.17 Lakhs

Renold Chain India Private Limited : Rs. 423.04 Lakhs

South Western Engineering India Limited : Rs. 148.73 Lakhs

L G Balakrishnan & Bros, Karur : Rs. 209.29 Lakhs

** Includes Renold Chain India Private Limited : Rs. 1501.45 Lakhs

10. Segment Reporting

(Rs. in Lakhs)

A. PRIMARY SEGMENT INFORMATION (BUSINESS SEGMENTS):

Particulars	31.03.2011	31.03.2010
A. SEGMENT REVENUE:		
Transmission	46173.89	34922.91
Metal Forming	14624.34	12243.09
Others	10674.44	8071.90
Total	71474.67	55237.90
B. SEGMENT RESULTS:		
Transmission	4626.65	3885.57
Metal Forming	1219.96	1384.82
Others	501.01	462.85
Total	6347.62	5733.24
Interest Expenses	1537.55	2058.70
Unallocated corporate expenses, net of unallocated income	-	-
PROFIT BEFORE TAX	4810.07	3674.54
Provision for taxation	181.05	1191.03
PROFIT AFTER TAX	4629.02	2483.51

B. OTHER INFORMATION:

Particulars	Segment Assets		Segment Liabilities		Capital Expenditure		Depreciation		Non-cash Expenditure excluding depreciation and impairment	
	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
Transmission	22789.22	19002.00	8048.76	5820.41	2568.58	832.45	1058.71	858.54	25.24	0.47
Metal Forming	15966.85	12595.31	4856.19	3674.37	3736.85	635.15	1064.52	912.10	58.58	-
Others	9151.82	8342.86	1614.60	444.97	598.99	390.16	453.51	423.63	97.52	13.89
Total	49707.89	39940.17	14519.55	9939.75	6904.42	1857.76	2576.74	2194.27	181.34	14.36

Note : Components of business segments are as under:

Transmission - Chains & Sprockets

Metal Forming - Fine Blanking, Machining and Wire drawing products

Others - Trading Goods

C SECONDARY SEGMENT INFORMATION (GEOGRAPHICAL SEGMENT)

(Rs. in lakhs)

Particulars	31.03.2011	31.03.2010
1) Segment Revenue:		
Within India	66512.35	50537.17
Outside India	4962.32	4700.73
Total	71474.67	55237.90
2) Segment Assets:		
Within India	46782.51	38563.01
Outside India	1125.38	1286.87
Total	47907.89	39849.88
3) Capital Expenditure:		
Within India	6726.79	1842.54
Outside India		
Total Capital Expenditure	6726.79	1842.54

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

B. VIJAYAKUMAR
Chairman Cum Managing Director

P. PRABAKARAN
Executive Director

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

Coimbatore
29.04.2011

M. LAKSHMI KANTH JOSHI
General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

M. RAMACHANDRAN
Membership No.16399
Partner

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011.

PARTICULARS	31.03.2011 (Rs. in Lakhs)	31.03.2010 (Rs. in Lakhs)
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit after Tax and Extra ordinary items	4629.02	2438.88
Adjustments for Provision for Taxes	(25.99)	1142.53
Depreciation	2576.74	2194.27
(Profit) or Loss on sale of assets	(2.61)	(88.95)
Profit or Loss on sale of investments	(0.99)	(47.78)
Asset Condemned written off	147.51	-
Finance charges	1537.55	2070.98
Interest income	(70.48)	(270.45)
Dividend income	(11.73)	(15.42)
Operating profit before working capital changes	8779.02	7424.06
Adjustments for		
(Increase)/Decrease in Sundry Debtors	(514.34)	(224.95)
(Increase)/Decrease in Inventories	(3,142.01)	(1,359.57)
(Increase) / Decrease in Loans and advance	178.26	520.25
Increase / (Decrease) in Current liabilities	2828.81	(267.03)
Cash generated from operations	8129.74	6092.76
Preliminary expenses	0.19	0.19
Income tax paid	266.56	(1,030.04)
NET CASH FROM OPERATING ACTIVITIES (A)	8396.49	5062.90
Cash flow from Investing activities		
Purchase of fixed assets	(7,019.14)	(1,780.10)
Proceeds from sale of fixed assets	78.30	385.50
Purchase of Investments	(446.00)	(264.44)
Proceeds from sale of investments	21.29	54.13
Dividend received	11.73	15.42
Interest received	70.48	270.45
NET CASH OUTFLOW FROM INVESTING ACTIVITIES (B)	(7,283.34)	(1,319.04)
Cash flow from financing activities		
(Repayment)/Proceeds of Secured Loan	545.86	(4,750.29)
Proceeds/(Repayment) of Unsecured Loan	496.46	266.20
Interest paid	(1,537.55)	(2,070.98)
Dividend paid	(594.85)	(550.92)
NET CASH USED IN FINANCING ACTIVITIES (C)	(1090.08)	(7105.99)
Net increase in cash and cash equivalents (A) + (B) + (C)	23.06	(3,362.13)
Opening Balance	464.58	3826.71
Closing Balance *	487.64	464.58

1. The above cashflow statement is prepared under the "Indirect Method" as set out in Accounting Standard 3 Cash flow Statements.
2. Cash and Bank Balance include Rs.28.63 Lakhs (Previous year - Rs.88.81 Lakhs) held in unclaimed dividend and Bond interest in Banks, which are restricted and not available for the use of the Company.
3. Cash and Bank balance include fixed deposits Rs.22.46 Lakhs (Previous year Rs.23.80 Lakhs) given as security against guarantees issued by banks.

"In terms of our report attached"

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

B. VIJAYAKUMAR
Chairman Cum Managing Director

P. PRABAKARAN
Executive Director

M. RAMACHANDRAN

Coimbatore
29.04.2011

M. LAKSHMI KANTH JOSHI
General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

Membership No.16399
Partner

L.G. BALAKRISHNAN & BROS LIMITED

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

ADMISSION SLIP

Name of Member		Folio No	
Name of Proxy		No of Shares	

I hereby record my presence at the 55th Annual General Meeting of the Company held on 15-06-2011 at 10.45 A.M at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore - 641 018.

.....
Signature of Member/Proxy

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



L.G. BALAKRISHNAN & BROS LIMITED

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

PROXY FORM

I/We.....Of.....being a Member/Members of L.G. Balakrishnan & Bros Limited, hereby appointoffailing him.....ofas my/our Proxy to attend and vote for me/us on my/our behalf at the 55th Annual General Meeting of the Company to be held on 15-06-2011 at 10.45 A.M. at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore- 641 018 and any adjournment thereof.

As Witness by my/our hands(s) thisday of2011.

Signed by the said.....

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

Affix
Re.1.
Revenue
Stamp

Applicable to investors holding shares in Electronic Form.

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



To

The General Manager cum Company Secretary
L.G. Balakrishnan & Bros Limited
6/16/13, Krishnarayapuram Road, Coimbatore- 641 006.
Phone No. 0422 - 3911212

Mandate for payment of Dividend (Physical Shareholders only)
FORM FOR NATIONAL ELECTRONIC CLEARING SERVICE FOR PAYMENT OF DIVIDEND

1. Particulars of the shareholder
- a) Regd. Folio No. :
- b) Name of the first Regd. Holder (in block letters) :
2. Particulars of the Bank
- a) Name of the Bank :
- b) Address of the Branch :
- c) Account No. (As appearing in the cheque book) :
- d) Account Type (Savings Account, Current Account or Cash Credit) :

Please Tick relevant box		
SAVINGS	CURRENT	CASH CREDIT
- 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)

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IFSC code of the Bank

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DECLARATION

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effective at all for reasons of incomplete or incorrect information, I would not hold the Company responsible.

(Signature of the first Regd. holder)

(Signature of the second holder)

Place : Name :

Date : Address :

.....Pincode

Phone :

Email:.....

Note : Please send this form to the address mentioned above, if shares are held in physical form.



To (Your Depository Participant)

**FORM FOR NATIONAL ELECTRONIC CLEARING SERVICE FOR PAYMENT OF DIVIDEND
(NECS)**

1. Particulars of the shareholder
- a) Name of the first/ Sole Share Holder (in block letters) :
 - b) DP ID & Client ID Nos. :
2. Particulars of the Bank
- a) Name of the Bank :
 - b) Address of the Branch :
 - c) Account No. (As appearing in the cheque book) :
 - d) Account Type (Savings Account, Current Account or Cash Credit) :

Please Tick relevant box		
SAVINGS	CURRENT	CASH CREDIT
 - e) Nine Digit code number of the bank and branch appearing on the MICR cheque issued by the bank (Please attach a photocopy of a cheque for verifying the accuracy of the code number) IFSC code of the Bank

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DECLARATION

I hereby declare that the particulars given above are correct and complete. I undertake to inform any subsequent changes in the above particulars before the relevant book closure date(s). If the payment transaction is delayed or not effected at all for any reason(s), beyond the control of the Company, I would not hold the Company responsible.

(Signature of the First (regd.) holder)

Place :

Date :

Phone :

Email:.....

Note : Please send this form to your Depository participant.

