

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



**56th
ANNUAL REPORT
2011 - 2012**

L.G. BALAKRISHNAN & BROS LIMITED

Corporate Informations

BOARD OF DIRECTORS

Sri. B. Vijayakumar Chairman cum Managing Director
Sri. P. Prabakaran Deputy Managing 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
Shanmuga Mandram
41, Race Course, Coimbatore 641 018
Phone No. 0422 - 24392801

COST AUDITOR

Dr. G.L. Sankaran

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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56th ANNUAL GENERAL MEETING

Date	: 9th July, 2012
Day	: Monday
Time	: 10.45 A.M.
Venue	: Ardra Convention Centre Kaanchan, 9, North Huzur Road Coimbatore- 641 018.
Book Closure Dates	: 02.07.2012 to 09.07.2012 (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 Sixth Annual General Meeting of the Members of the Company will be held on Monday the 09th day of July, 2012 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, 2012 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 Smt. Rajsri Vijayakumar, who retires by rotation, and being eligible, offers herself for reappointment.
4. To appoint a Director in the place of Sri. P. Balasubramanian, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in the place of Sri. P. Shanmugasundaram, who retires by rotation, and being eligible, offers himself for reappointment.
6. 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.

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 Share Transfer Books of the Company will be closed from 02.07.2012 to 09.07.2012 (both days inclusive) for ascertaining the names of the shareholders to whom the dividend, if declared at the Annual General Meeting, is payable. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by Depositories for this purpose.

5. Reserve Bank of India has introduced Electronic Clearing Service (NECS) for facilitating crediting of dividend directly to the shareholder's bank accounts. This facility eliminates loss of dividend warrants sent by post due to pilferage in transit, delay in receipt of dividend warrants and ensures quick credit of the dividend.

Members holding shares in dematerialized form are requested to ensure that addresses furnished by them to their respective Depository Participants are correct and up-to-date, so that the correspondence from company could reach them promptly. However, the Members holding shares in physical form may notify the same to M/s.Cameo Corporate Services Limited, "Subramanian Building" No.1, Club House Road, Chennai - 600 002 the Registrar and Share Transfer Agent of the Company.

6. Pursuant to section 205A and 205C of the Companies Act, 1956, the dividend which remained unencashed / unclaimed for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the "Investor Education and Protection Fund" established by the Central Government. According to the relevant provisions of the Companies Act, 1956, as amended, no claim shall lie against the said fund or the Company for the amount of unclaimed dividend / debenture interest so transferred to the said Fund. Members who have not encashed the dividend warrant(s) so far, since the financial year 2004-2005 (final Dividend), are requested to send their claim immediately to the Company / Registrar for issue of pay order / demand draft in lieu thereof.
7. 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.

8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agent.
9. The Ministry of Corporate Affairs has taken a Green Initiative in Corporate Governance by issuing circulars allowing paperless compliances by Companies through electronic mode. The Shareholders can now receive various notices and documents through electronic mode by registering their e-mail addresses with the Company. Shareholders who have not registered their e-mail address with the Company can now register the

same by submitting duly filled in - E-Communication Registration Form enclosed at the end of this report. The Members holding shares in electronic form are requested to register their email addresses with their Depository Participants Only.

Even after registering for E-Communication the shareholders of the Company are entitled to receive such communication in physical form, upon request.

10. In case you intend to raise any queries in the forthcoming Annual General Meeting, you are requested to please forward the same at least 10 days before the date of the Meeting to Mr. M. Lakshmi Kanth Joshi, General Manager Cum Company Secretary at the following address so that the same may be attended appropriately to your entire satisfaction.

Coimbatore
28.04.2012

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

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

Name	Smt. Rajsri Vijayakumar	Sri. P. Balasubramanian	Sri. P. Shanmugasundaram
Date of Birth	11.09.1981	29.09.1937	10.08.1948
Date of Joining the Board	30.10.2006	16.02.1983	24.05.2001
Qualification	B B A.,	B.S.	B.Com., LLB., FCA.,
Expertise in functional areas	More than 11 years experience in General Administration.	More than 26 years experience in business	Vast and rich experience in Finance, Accounts and Taxation
Shareholding in LGB	444788	1000	NIL
Other Directorships Held	Elgi Automotive Services P Ltd	NIL	Sabare International Ltd
	L.G.B. Auto Products P Ltd		LGB Forge Ltd
	LG Farm Products P Ltd		DSM Soft P Ltd
	Rolon Fine Blank Ltd		
	LGB Rolon Chain Ltd		
	Super Transports P Ltd Silent Chain India P Ltd		
Other Committee Membership	NIL	NIL	Chairman of Audit Committee
			1. LGB Forge Ltd 2. Sabare International Ltd

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Fifty Sixth Annual Report of your Company together with the audited accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS:

The summary of the financial performance of the company for the year ended 31st March, 2012 as compared to the previous year is as below

Particulars	31-03-2012 (₹ in Lakhs)	31-03-2011 (₹ in Lakhs)
Gross Income	90,691.64	71,170.88
Profit before Interest, Depreciation & Tax	10,392.13	8,794.58
Less : Interest	1,743.64	1,520.42
Depreciation	2,832.30	2,544.57
PROFIT BEFORE TAX	5,816.19	4,729.59
Less : Provisions for Taxation		
Current Income Tax/MAT	1,559.54	734.94
Deferred Tax(Credit/Charge)	(95.32)	207.04
Income Tax related to earlier year	-	(792.90)
PROFIT AFTER TAX	4,351.97	4,580.51
Add : Balance brought forward	2,156.20	1,487.83
AVAILABLE FOR APPROPRIATION	6,508.17	6,068.34
APPROPRIATIONS:		
1. Proposed Dividend on Equity Shares	863.30	784.81
2. Tax on Dividend	140.05	127.32
3. Transfer to General Reserves	2,500.00	3,000.00
4. Balance carried over	3,004.82	2,156.20
Total	6,508.17	6,068.33

DIVIDEND

Your Directors are pleased to recommend a dividend @ 110 per cent i.e. ₹ 11/- per Equity Share of ₹ 10/- each for the year ended 31st March, 2012, payable to those Shareholders whose names appear in the Register of Members as on the Book Closure Date, subject to the approval of the shareholders at the ensuing Annual General Meeting.

The total cash outgo for this purpose would be ₹ 1003.35 Lakhs (Previous Year ₹ 912.13 Lakhs), which include Tax on Dividend amounting to ₹ 140.05 Lakhs (Previous year ₹ 127.32 Lakhs)

PERFORMANCE AND OPERATIONS

The Company has been showing consistently good financial performance both in terms of turnover and profitability.

During the year, gross turnover of the Company increased by 27.43 % from ₹ 71170.88 Lakhs in year 2010 - 11 to ₹ 90691.64 Lakhs in the year 2011-12. Profit before tax also went up by 22.97% from ₹ 4729.58 Lakhs in 2010 - 11 to ₹ 5816.19 Lakhs in 2011 - 12.

WHOLLY OWNED SUBSIDIARY COMPANY

In terms of Section 4(1)(b) 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, 2012.

Pursuant to Section 212(8) of the Companies Act, 1956, the Government of India vide its Circular No. 2/2011 dated 08.02.2011 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, 2012.

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 2012-2013 have been paid to them well before the due date i.e. April 30, 2012. 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 2012-2013.

PUBLIC DEPOSITS

The amount of fixed deposits available with the Company as on 31st March 2012 is ₹ 1101.40 Lakhs.

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

DIRECTORS

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

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

CORPORATE GOVERNANCE

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

TRANSFER TO INVESTORS EDUCATION AND PROTECTION FUND

In terms of Section 205C of the Companies Act, 1956, an amount of ₹ 3.49 Lakhs being unclaimed interim dividend (2004-05) 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

M/s. Deloitte Haskins & Sells, Chartered Accountants, Coimbatore, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting. They have confirmed their eligibility and willingness for re-appointment. The Company has received a certificate from the Statutory auditors to the effect that their re-appointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

COST ACCOUNTING RECORDS

Pursuant to Section 233B of the Companies Act, 1956, the Central Government has prescribed Cost Audit for the Company. Based on recommendations of the audit committee Dr. G.L. Sankaran, Cost Accountant, Coimbatore have been appointed as Cost Auditor for the year.

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

Employee relations continued to be cordial during the year. The Company continued its thrust on Human Resource Development. The Board wishes to place on record its sincere appreciation to all the employees in the Company for their sustained efforts and immense contribution to

the high level of performance and growth of the business during the year.

ADDITIONAL DISCLOSURES

Management Discussion and Analysis Report, Corporate Governance Report, Segment Report and Related Party Disclosures provided elsewhere in the Annual Report forms a part of this Report as required under the Listing Agreement entered into with the Stock Exchanges

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 Annual 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, 2012 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 acknowledge with thanks all our customers, suppliers and investors for their continued support. We also gratefully acknowledge the continued assistance and co-operation extended by Government authorities, financial institutions and banks to the Company. The Board expresses its appreciation for the dedication and commitment extended by its employees and their contribution to the growth and progress of the Company.

Coimbatore
28.04.2012

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

ANNEXURE TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

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

FORM B

1.	RESEARCH & DEVELOPMENT		
a)	Specific areas in which R & D is carried out by the company	a) Timing Chain-Drive train system. b) Friction Reduction	
b)	Benefits derived as a result of the above R & D	a) New Business b) Cost Reduction	
c)	Future plan of Action :b)	To Develop :	
d)	Expenditure on R & D	a) New application of Drive System	
i)		Capital	₹ 65.75 Lakhs
ii)		Recurring	₹ 201.19 Lakhs
iii)		Total R & D Expenditure	₹ 266.94 Lakhs
iv)		Total R & D expenditure as a % to total Turnover.	0.29%
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	Silent Chain technology for 4WD application	
2)	Year of Import	2009 - 2011	
3)	Has technology been fully absorbed	in the process	
4)	If not fully absorbed, areas where this has not taken place reasons therefore and future plan of action.plan of action.	it is a continuous development	
C. FOREIGN EXCHANGE EARNINGS AND OUTGO			
	Foreign Exchange earned through Exports amount to	: ₹ 6235.66 Lakhs	
	Foreign Exchange used	: ₹ 10278.11 Lakhs	

Coimbatore
28.04.2012

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

India is one of the most matured markets and with the huge population offers the automotive industry a lucrative and substantial market. The automation in the industry has also opened up a growing market for metal forming , with the Company's products seeing use in the transport industry.

OPPORTUNITIES

India's economic growth will present tremendous opportunities for growth in Automotive Segment. Demand for auto components is directly related to that for automobiles; hence, demand drivers for automobiles indirectly influence those for auto components.

Your Company has been strenuously working to ensure that this opportunity is converted into profitable growth by focusing on R&D activities – innovation, design, and engineering activities – to meet global quality standards and emerge as full-service providers to OEMs and the domestic after-market.

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 (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. 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.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems to monitor internal business process, financial reporting and compliance with applicable laws. The Company periodically

reviews the adequacy and effectiveness of the control systems.

The Audit Committee at their meetings regularly reviews the significant observations of the compliance and other monitoring reports. The heads of various monitoring / operating cells and statutory auditors are invited to attend the Audit Committee meetings

HEALTH, SAFETY, SECURITY ENVIRONMENT

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

HUMAN RESOURCES / INDUSTRIAL RELATIONS

Employer - Employee relations continued to remain cordial during the year. Training and development of employees continue to be an area of prime importance. The devotion and commitment of our employees has enabled the Company to fulfill its targets and deadlines in time. The total number of people employed in the Company as on 31st March 2012 was 2457

RISK MANAGEMENT

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

CAUTIONARY STATEMENT

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

Coimbatore
28.04.2012

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 shareholder 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, 2012 is as under:

Name of the Directors	Category	No of other Directorship*	No. of other 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	2	-	5	Yes	Father of Smt. Rajsri Vijayakumar & Sri. V. Rajvirdhan
Sri. P. Prabakaran Deputy Managing Director	Executive	2	-	-	5	Yes	
Smt. Rajsri Vijayakumar	Non-Executive Promoter	2	-	-	-	No	Daughter of Sri. B. Vijayakumar Sister of Sri. V. Rajvirdhan
Sri. V. Rajvirdhan	Non-Executive Promoter	4	1	-	3	Yes	Son of Sri. B. Vijayakumar Brother of Smt. Rajsri Vijayakumar
Sri. S. Sivakumar	Non-Executive Non-Independent	4	-	-	5	Yes	
Sri. P. Balasubramanian	Non- Executive Independent	-	-	-	4	Yes	
Dr. T. Balaji	Non-Executive Independent	2	1	-	4	Yes	
Sri. V. Govindarajulu	Non- Executive Independent	-	-	-	4	Yes	
Sri. P. Shanmugasundaram	Non- Executive Independent	2	-	2	5	Yes	
Sri. R. Vidhya Shankar	Non- Executive Independent	1	-	1	3	No	

* 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 2011 - 2012

During the year, 5 (Five) Meetings of the Board of Directors of the Company were held on 29th April 2011, 28th July 2011, 31st October, 2011, 03rd February, 2012 and 14th March, 2012.

3. Audit Committee

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

Meetings

During the financial year ended 31st March 2012, four Audit Committee Meetings were held on 28th April, 2011, 27th July, 2011, 29th October, 2011 and 02nd February, 2012. 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 Auditor 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 2011-2012 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	Designation
Sri. R. Vidhya Shankar	Independent	Chairman
Sri. P. Balasubramanian	Independent	Member
Sri. V. Govindarajulu	Independent	Member

During the year under review, the committee had met one time on 28th April, 2011. All the members of the committee were present in the meeting.

The Company currently does not have any stock option scheme.

Details of Remuneration paid to Directors during the financial year 2011-2012.

a) Remuneration paid/payable to the Executive Directors for the financial year ended March 31, 2012 is given as under :

Name	Salary and perquisites ₹ in Lakhs	Service Contract
Sri. B. Vijayakumar, Chairman cum Managing Director	173.34	Re-appointed for a period of 5 years from 01.01.2010 to 31.12.2014
Sri. P. Prabakaran, Deputy Managing Director	49.92	Appointed for a period of 5 years from 01.06.2011 to 31.05.2016

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

b) Remuneration paid/payable to the Non-Executive Directors for the financial year ended March 31, 2012 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 (₹)
Sri. P. Balasubramanian	110,000
Sri. S. Sivakumar	75,000
Sri. V. Govindarajulu	110,000
Sri. P. Shanmugasundaram	125,000
Dr. T. Balaji	60,000
Sri. V. Rajvirdhan	45,000
Smt. Rajsri Vijayakumar	-
Sri. R. Vidhya Shankar	45,000
Total	570,000

c) Statement showing number of Equity Shares of ₹ 10/- each of the Company held by the present Non-Executive Directors as on March 31,2012:

Name	No. of shares held as on 31.03.2012	% of Holding
Smt. Rajsri Vijayakumar	444,788	5.670
Sri. V. Rajvirdhan	976,293	12.440
Dr. T. Balaji	400	0.005
Sri. P. Balasubramanian	1,000	0.010
Sri. S. Sivakumar	642	0.008
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	Designation
Sri. V. Govindarajulu	Independent	Chairman
Sri. B. Vijayakumar	Executive Promoter	Member
Sri. R. Vidhya Shankar	Independent	Member

During the year under review, the Committee met 13 times to deliberate on various matters referred above and for redressal of investors complaints.

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

The Company has been receiving various correspondences from shareholders and required information/documents are furnished immediately to the satisfaction of shareholders. At the beginning of the year, no complaint was pending. During the year ended 31st March, 2012, the Company has not received any complaints from the shareholders. No investor complaint was pending on 31st March 2012.

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
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
2011	14.06.2011	10.45 A.M.	Ardra," Kaanchan, 9, North Huzur Road, Coimbatore- 18

No special resolutions was passed at the Annual General Meeting

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

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 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, 2012 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

1. Annual General Meeting is proposed to be held at 10.45 A.M. on Monday the 9th July, 2012 at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore- 641 018.

2. Financial Calendar

Financial Year : April to March

For the year ended 31st March 2012, results were announced on 28.04.2012.

Financial Year - 2012-2013

Quarter ending June 30, 2012 - End of July 2012

Quarter ending September 30, 2012 - End of October 2012

Quarter ending December 31, 2012 - End of January 2013

Year ending 31-03-2013 - End of April 2013

3. Date of Book Closure - 02.07.2012 to 09.07.2012 (both days inclusive) to determine the members entitled to the Dividend for 2011 - 2012
4. Dividend payment date - 14th July 2012.
5. a) Listing on Stock Exchanges - Bombay Stock Exchange Ltd.
The National Stock Exchange of India Ltd.
- b) Securities Code - Bombay Stock Exchange Ltd. Equity 500250
- The National Stock Exchange of India Ltd. - LGBBROSLTD
- c) The International Security Identification Number (ISIN) - INE337A01034

The Company has paid the Listing Fees for the year 2012 - 2013 to the above Stock Exchanges. Application for voluntary de-listing of the Securities from Coimbatore Stock Exchange Limited, Coimbatore is pending from their end.

6. Stock market price data for the year 2011-2012

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 (₹)	Low (₹)	High (₹)	Low (₹)
April - 2011	319.90	257.70	320.00	259.30
May	325.00	262.40	322.10	262.55
June	299.00	258.00	298.20	258.00
July	317.85	276.80	316.90	276.50
August	311.00	261.10	311.95	262.05
September	307.50	270.77	308.00	273.05
October	324.75	275.05	325.30	282.00
November	348.90	297.00	349.40	300.00
December	328.95	275.00	325.00	275.05
January - 2012	328.40	283.10	330.00	276.20
February	330.00	287.00	330.00	288.00
March	322.20	299.90	329.90	300.15

Distribution of Shareholding as on 31st March, 2012

Range	No. of Holders	No. of Shares (Face Value ₹ 10/-)	% of Shares
1 - 100	12,436	452,771	5.7691
101 - 500	2,571	616,410	7.8542
501 - 1000	465	352,249	4.4883
1001 - 2000	240	348,790	4.4442
2001 - 3000	73	186,243	2.3730
3001 - 4000	55	191,103	2.4350
4001 - 5000	34	158,479	2.0193
5001 - 10000	42	294,997	3.7518
10001 - and above	40	5,247,062	66.8577
Total	15,956	7,848,104	100.0000

Pattern of Shareholding as on 31st March 2012

Sl. No.	Category	No. of Share holders	No. of Shares held	% to paid-up capital
1	Promoters and promoters group	17	3,586,957	45.70
2	Financial Institutions, Banks	2	1,602	0.02
3	Foreign Institutional Investors/NRI/OCB	129	633,808	8.08
4	Bodies Corporate	293	292,184	3.72
5	Public	15,515	3,333,553	42.48
	Total	15,956	7,848,104	100.00

Dematerialization of Shares as on 31st March, 2012.

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.

Demat & Physical Shares

Particulars	No. of Shares	Percentage (in Share Capital)
National Securities Depository Limited	5,307,044	67.62
Central Depository Services (India) Limited	1,522,968	19.41
Physical	1,018,092	12.97
Total	7,848,104	100.00

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

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.

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.

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, 2012

- The Company's Chairman cum 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 information.

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 Personnel including myself, have affirmed compliance to their respective Codes of Conduct, as applicable for the Financial Year ended 31st March, 2012.

Place: Coimbatore

Date: 28.04.2012

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, 2012 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

28.04.2012

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, 2012 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) to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March, 31, 2012 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) there have not been any significant changes in internal controls over financial reporting during the year ended March, 31, 2012;
 - (ii) there have not been any significant changes in accounting policies during the year ended March, 31, 2012 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, 2012 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.

B. VIJAYAKUMAR
Chairman Cum Managing Director

N. RENGARAJ
Chief Financial Officer

Coimbatore
28.04.2012

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

We have audited the attached Balance Sheet of L.G. Balakrishnan & Bros Limited ("the Company") as at March 31, 2012, the statement of Profit and Loss 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. 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 misstatement. 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.

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.

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, statement of Profit and Loss 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;

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, 2012;

(b) in the case of statement of Profit and Loss, of the profit of the Company for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 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
Partner
Membership No.16399

Coimbatore
28.04.2012

ANNEXURE TO THE AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's business/activities/result, Clauses iii(b) to (d), x, xiii, xiv 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) According to the information and explanations provided to us, there are no 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.
- In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
- (a) The Company has taken loans aggregating ₹ 551 lakhs from nine parties during the year. At the year-end, the outstanding balance of such loans taken aggregated ₹ 738 lakhs (number of parties 9) and the maximum amount involved during the year was ₹ 738 lakhs (number of parties 9).
- (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
- (c) The payments of principal amounts and interest in respect of such loans are regular/as per stipulations.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

- (b) Where each of such transaction is in excess of ₹.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 cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (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, 2012 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, 2012 on account of disputes are given below:

Name of statute	Nature of the disputes	Amount (₹ 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	5.07	Various Periods	CESTAT Chennai
	Differential duty	41.73	2007 - 2008	Tribunal
	MRP based Assessment	30.86	2006 - 07	High Court of Madras
Service Tax	Credit on GTA and windmill	21.73	Various periods	CESTAT, Chennai
VAT	Difference Duty	26.48	2002 - 2003	ACCT, Coimbatore
Entry Tax	Entry tax	408.36	Various Periods	High Court of Madras (Stayed by the High Court)
Total		557.23		

-
- (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 fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No.0080725

M. RAMACHANDRAN
Membership No.16399
Partner

Coimbatore
28.04.2012

BALANCE SHEET AS AT 31.03.2012

Particulars	Note No.	As at 31.03.2012 (₹ in Lakhs)	As at 31.03.2011 (₹ in Lakhs)
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	784.81	784.81
(b) Reserves and surplus	4	22,274.35	18,895.72
		23,059.16	19,680.53
2 Non-current liabilities			
(a) Long-term borrowings	5	5,706.09	7,380.96
(b) Deferred tax liabilities (net)	26.7	1,772.17	1,867.49
		7,478.26	9,248.45
3 Current liabilities			
(a) Short-term borrowings	6	5,617.24	1,823.64
(b) Trade payables	7	10,821.79	10,387.89
(c) Other current liabilities	8	6,389.97	5,638.23
(d) Short-term provisions	9	1,296.30	1,136.45
		24,125.30	18,986.21
TOTAL		54,662.72	47,915.19
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10.a	18,770.18	18,408.20
(ii) Intangible assets	10.b	311.17	306.44
(iii) Capital work-in-progress		327.52	443.25
(b) Non-current investments	11	1,650.63	1,650.63
(c) Long-term loans and advances	12	1,286.13	1,371.36
(d) Other non-current assets	13	14.27	8.62
		22,359.90	22,188.50
2 Current assets			
(a) Inventories	14	19,133.08	15,291.33
(b) Trade receivables	15	10,498.09	8,478.90
(c) Cash and cash equivalents	16	522.29	482.15
(d) Short-term loans and advances	17	1,867.00	1,254.29
(e) Other current assets	18	282.36	220.02
		32,302.82	25,726.69
TOTAL		54,662.72	47,915.19

See accompanying notes forming part of the financial statements

B. VIJAYAKUMAR
Chairman Cum Managing Director

P. PRABAKARAN
Deputy Managing Director

"In terms of our report attached"
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No.0080725

Coimbatore **M. LAKSHMI KANTH JOSHI**
28.04.2012 General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

M. RAMACHANDRAN
Membership No.16399
Partner

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2012

Particulars	Note No.	As at 31.03.2012 (₹ in Lakhs)	As at 31.03.2011 (₹ in Lakhs)
A. CONTINUING OPERATIONS			
1 Revenue from operations(gross)	19	97,695.84	76,737.20
Less: Excise duty	19	7,183.10	5,785.16
Revenue from operations (net)		90,512.74	70,952.04
2 Other income	20	178.90	218.83
3 Total revenue (1+2)		90,691.64	71,170.87
4 Expenses:			
(a) Cost of materials consumed	21 a	39,183.88	28,381.32
(b) Purchases of stock-in-trade	21 b	12,460.32	10,378.63
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21 c	(3,415.13)	(2,088.23)
(d) Employee benefits expense	22	8,664.05	6,577.68
(e) Finance costs	23	1,743.64	1,520.42
(f) Depreciation and amortisation expense	10 c	2,832.30	2,544.57
(g) Other expenses	24	23,406.39	19,126.90
Total Expenses		84,875.45	66,441.29
5 Profit/(Loss) before exceptional and extraordinary items and tax (3-4)		5,816.19	4,729.58
6 Exceptional items		-	-
7 Profit/(Loss) before extraordinary items and tax (5-6)		5,816.19	4,729.58
8 Extraordinary Items		-	-
9 Profit/(Loss) before tax (7-8)		5,816.19	4,729.58
10 Tax expense:			
(a) Current tax expense for the current year		1,559.54	734.94
(b) Current-tax expense relating to prior year		-	207.04
(c) Net current tax expense		1,559.54	941.98
(d) Deferred tax		(95.32)	(792.90)
11 Profit/(Loss) for the year from continuing operations (9-10)		4,351.97	4,580.50
B. DISCONTINUING OPERATIONS			
12. i Profit/(Loss) for the year from discontinuing operations (before tax)		-	-
12. ii Less: Tax expense of discontinuing operations		-	-
13 Profit/(Loss) from discontinuing operations (12.i - 12.ii)		-	-
C. TOTAL OPERATIONS			
14 Profit/(Loss) for the year (11 + 13)		4,351.97	4,580.50
15 Earnings per share (of ₹10/- each)			
(a) Basic			
(i) Continuing operations	2.18	55.45	58.36
(ii) Total operations	2.18	55.45	58.36
(b) Diluted			
(i) Continuing operations	2.18	55.45	58.36
(ii) Total operations	2.18	55.45	58.36

See accompanying notes forming part of the financial statements

B. VIJAYAKUMAR
Chairman Cum Managing Director

P. PRABAKARAN
Deputy Managing Director

“In terms of our report attached”
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No.0080725

Coimbatore **M. LAKSHMI KANTH JOSHI**
28.04.2012 General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

M. RAMACHANDRAN
Membership No.16399
Partner

Notes forming part of the financial statements

1 Corporate Information

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

2 Significant accounting policies

2.1 Basis of accounting and 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.

2.2 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.

2.3 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.

- 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 estimate realisable value.
- iv) Cost of stock held for trading are computed on weighted average basis.

2.4 Cash and cash equivalents (for the purpose of Cash Flow Statement)

Cash comprised cash on hand and demand deposits with banks. Cash equivalents are short-term (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cashflows are reported using the indirect method, whereby profit / (loss) before extra-ordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Depreciation and amortisation

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 ₹ 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.

Policy for amortization of Intangibles:

Intangible assets are amortised over their useful life as follows:

Technical know how - 10 years (8 years remaining as at the Balance Sheet date)

Computer software - 3 - 6 years (5 years remaining as at the Balance Sheet date)

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year.

2.7 Revenue recognition

Sale of goods:

Sales are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales-tax and value added tax.

Income from Service:

Revenue from services are recognized when services are rendered and related costs are incurred.

2.8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.9 Tangible fixed assets:

Tangible 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.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.10 Intangible assets:

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

2.11 Foreign currency transactions and translations

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 reinstated 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 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.

2.12 Government grants, subsidies and export incentives:

Government grants and subsidies are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve.

Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value.

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.

Export Incentive duty drawback is being accounted as and when it is realized

2.13 Investments

Long-term investments are stated at cost less provision for diminution, other than temporary, in value. Current investments are stated at lower of cost and market value.

2.14 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 recognised in the Accounts.

2.15 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.

2.16 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".

2.17 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.

2.18 Earnings per share

Basic and diluted earnings per share are computed in accordance with Accounting

Standard 20 - 'Earnings per share'. Basic earnings per share are 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 are computed using the weighted average number of equity shares outstanding during the year and dilutive potential equity shares outstanding at year end.

2.19 Taxes on income

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.

2.20 Research and development expenses

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.

2.21 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.

2.22 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.

2.23 Service tax input credit

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.

Notes forming part of the financial statements

Particulars	As at 31.03.2012		As at 31.03.2011	
	Number of Shares	₹ in lakhs	Number of Shares	₹ in lakhs
3 SHARE CAPITAL				
(a) Authorised				
Equity Shares of ₹10/- each with voting rights	12,000,000	1,200.00	12,000,000	1,200.00
	12,000,000	1,200.00	12,000,000	1,200.00
(b) Issued				
Equity Shares of ₹10/- each with voting rights	7,848,104	784.81	7,848,104	784.81
	7,848,104	784.81	7,848,104	784.81
(c) Subscribed and fully paid-up				
Equity Shares of ₹10/- each with voting rights	7,848,104	784.81	7,848,104	784.81
Total	7,848,104	784.81	7,848,104	784.81

Notes:

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

Particulars	Opening balance	Fresh Issue	Bonus/ ESOP	Conversion/ Buyback	Closing balance
Equity shares with voting rights					
Year ended 31st March, 2012					
Number of shares	7,848,104	-	-	-	7,848,104
Amount (₹ in lakhs)	784.81	-	-	-	784.81
Year ended 31st March, 2011					
Number of shares	7,848,104	-	-	-	7,848,104
Amount (₹ in lakhs)	784.81	-	-	-	784.81

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

S. No.	Name of the Shareholder	As at 31 March 2012		As at 31 March 2011	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
	Equity shares with voting rights				
1.	B. Vijayakumar	1,003,000	12.78	1,000,000	12.74
2.	V. Rajvirdhan	976,293	12.44	920,000	11.72
3.	International Finance Corporation	553,271	7.04	553,271	7.04
4.	L.G.B. Educational Foundation	481,564	6.14	481,564	6.14
5.	V. Rajsri	444,788	5.66	444,788	5.66
6.	Elgi Automotive Services (P) Limited	410,000	5.22	410,000	5.22

Notes forming part of the financial statements

3 (iii) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

	Particulars	Aggregate Number of shares	
		31.03.2012	31.03.2011
	Equity shares with voting rights		
(a)	Fully paid up pursuant to contract without payment being received in cash		
	Number of shares	-	-
	Amount (₹ in lakhs)	-	-
(b)	Fully paid up by way of bonus shares		
	Number of shares	-	-
	Amount (₹ in lakhs)	-	-
(c)	Share cancellation on capital reduction approved by the High Court of Madras on 20.11.2007		
	Number of shares	565,800	565,800
	Amount ((₹ in lakhs)	56.58	56.58

Particulars	As at	As at
	31.03.2012	31.03.2011
	₹ in lakhs	₹ in lakhs
4 RESERVES AND SURPLUS		
(a) Capital Reserve		
Opening balance	-	-
Add: Capital subsidy for investment in Pantnagar	30.00	-
Closing balance	30.00	-
(b) Securities premium account:		
Opening balance	3,100.61	3,100.61
Closing balance	3,100.61	3,100.61
(c) Revaluation reserve (Land)		
Opening balance	138.91	138.91
(On account of acquisition of M/s.L.G.B.Industries Limited in 1998)		
Closing balance	138.91	138.91
(d) General reserve		
Opening balance	13,500.00	10,500.00
Add: Transfer from surplus in Statement of Profit and Loss	2,500.00	3,000.00
Closing balance	16,000.00	13,500.00

Notes forming part of the financial statements

Particulars	As at	
	31.03.2012 ₹ in lakhs	31.03.2011 ₹ in lakhs
4 RESERVES AND SURPLUS (CONTD.)		
e) Surplus/(Deficit) in Statement of Profit and Loss		
Opening balance	2,156.20	1,487.83
Add : Profit/(Loss) for the year	4,351.97	4,580.50
Less : Dividend proposed to be distributed to equity shareholders (Rs.11/- per share)	863.29	784.81
Tax on Dividend	140.05	127.32
Transferred to: General reserve	2,500.00	3,000.00
Closing balance	3,004.83	2,156.20
Total	22,274.35	18,895.72

5 LONG-TERM BORROWINGS		
(a) Term Loans		
From Banks		
Secured	4,707.14	6,964.29
From other parties		
Secured	-	17.22
(b) Fixed Deposits:		
From other parties		
Unsecured	146.20	50.70
From related parties		
Unsecured	852.75	348.75
Total	5,706.09	7,380.96

Notes:
5 (i) Details of Security for Long Term Borrowings:

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

5 (ii) Repayment schedule

(₹ in lakhs)

Particulars	As at		As at	
	31.03.2012		31.03.2011	
	Secured	Unsecured	Secured	Unsecured
(a) Term loan from banks:				
Axis Bank	3,850.00	-	5,250.00	-
(Term of repayment : Repayable in 20 quarterly installments of ₹.350 Lakhs from March'10)				
The Bank of NovaScotia	857.14	-	1,714.29	-
(Term of repayment : Repayable in 14 quarterly installments of ₹.215 Lakhs from Dec'09)				
Total - Term loans from banks	4,707.14		6,964.29	

Notes forming part of the financial statements

(₹ in lakhs)

Particulars	As at 31.03.2012		As at 31.03.2011	
	Secured	Unsecured	Secured	Unsecured
5 (ii) Repayment schedule (Contd.)				
(b) Term Loan from Others:				
KSIDC	-	-	17.22	-
Total - Term loans from others		-	17.22	-
(c) Fixed Deposits:				
From other parties		146.20		50.70
Total - deposits from others		146.20		50.70
From related parties				
M/s.LG Farm Products (P) Limited		40.00		-
M/s.Elgi Automotive Services (P) Limited		120.00		100
M/s.L.G.B. Auto Products (P) Limited		80.00		-
M/s.LGB Rolon Chain Limited		5.00		-
M/s.Rolon Fine Blank Limited		1.75		1.75
Minor.Samridhi Andal Rajiv		49.00		52.00
Minor.Vidhur Narayanan Rajiv		82.00		-
Mr.Rajvirdhan V		80.00		40.00
Mr.Vijayakumar B		230.00		100.00
Mrs.Rajsri V		70.00		30.00
Super Speeds Private Limited		70.00		-
Super Transports Private Limited		25.00		-
Mrs.Sarojini B		-		25.00
Total - deposits from related parties		852.75		348.75
Total - Long-term borrowings	4,707.14	998.95	6,981.51	399.45
5 (iii) Defaults, if any - Nil				
6 SHORT-TERM BORROWINGS				
(a) Loan repayable on demand				
From banks - Secured	4,879.24		1,478.64	
(b) Loan from related parties - Unsecured		266.00		250.00
(c) Loan from directors - Unsecured		203.00		95.00
(d) Loan from Inter corporates - Unsecured		269.00		-
	4,879.24	738.00	1,478.64	345.00
Notes:				
6 (i) Details of security for short-term borrowings:				
Working capital loans from banks are primarily secured by hypothecation of inventories and book debts of the Company				
Loan repayable on Demand				
From Banks	4,879.24	-	1,478.64	-
Total - Loan from banks	4,879.24	-	1,478.64	-

Notes forming part of the financial statements

(₹ in lakhs)

Particulars	As at 31.03.2012		As at 31.03.2011	
	Secured	Unsecured	Secured	Unsecured
6 (i) Details of security for short-term borrowings: (Contd.)				
Loan from related parties				
Rajiv Parthasarathy		250.00		250.00
B. Sarojini		16.00		-
Total - Loan from related parties		266.00		250.00
Loan from Directors				
B. Vijayakumar		99.00		95.00
V. Rajvirdhan		25.00		-
V. Rajsri		79.00		-
Total - Loan from Directors		203.00		95.00
Loan from Inter Corporates				
Tribe Investments and Services Private Limited		200.00		-
LG Farm Products (P) Limited		39.00		-
Super Speeds (P) Limited		30.00		-
Total - Loan from Inter Corporates		269.00		-
Total - Short-term borrowings	4,879.24	738.00	1,478.64	345.00
6 (ii) Defaults, if any - Nil				

Particulars	As at	
	31.03.2012	31.03.2011
	₹ in lakhs	
7 TRADE PAYABLES:		
(a) Other than acceptances	10,821.79	10,387.89
Total	10,821.79	10,387.89

8 OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term debt	2,359.59	2,456.14
(b) Interest accrued but not due on unsecured loans	22.70	15.07
(c) Interest accrued but not due on secured loans	79.95	95.60
(d) Unpaid bond interest	0.43	0.66
(e) Unclaimed dividends	33.30	27.97
(f) Other payables:		
(i) Statutory remittances	806.79	561.58
(ii) Payable on purchase of fixed assets	72.39	95.47
(iii) Interest accrued on deposits from customers	22.42	20.36
(iv) Advance and deposits from customers etc.,	1,323.76	932.73
(v) Liability for expenses	1,642.82	1,416.37
(vi) Unclaimed credits	25.82	16.28
Total	6,389.97	5,638.23

Notes forming part of the financial statements

Particulars	As at 31.03.2012 ₹ in lakhs	As at 31.03.2011 ₹ in lakhs
Note :		
8 (i) Current maturities of Long-term debt:		
Refer Note 5(i) for the details of Securities		
Term Loan		
From Banks		
Secured	2,257.14	2,257.14
Total - Term Loan from banks	2,257.14	2,257.14
Fixed Deposits:		
From Related		
Unsecured		
Super Speeds Private Limited	15.00	20.00
Minor.Samriddhi Andal Rajiv	52.00	-
Tribe Investments and Services Private Limited	-	100.00
LG Farm Products (P) Limited	-	50.00
Maheswari D	-	5.00
Total - from related parties	67.00	175.00
From others		
Unsecured	35.45	24.00
Total - deposit from others	35.45	24.00
Total - Current maturities of Long-term debt	2,359.59	2,456.14

9 SHORT-TERM PROVISIONS		
(a) Provision for employee benefits:		
(i) Provision for bonus	292.96	224.32
(b) Provision - others:		
(i) Provision for proposed equity dividend	863.29	784.81
(ii) Provision for tax on proposed equity dividend	140.05	127.32
Total	1,296.30	1,136.45

Notes forming part of the financial statements

Description of Assets	GROSS BLOCK				ACCUMULATED DEPRECIATION AND IMPAIRMENT				NET BLOCK		
	Balance as at 1 April, 2011	Additions	Disposals	Balance as at 31 March, 2012	Balance as at 1 April, 2011	Depreciation / amortisation expense for the year	Eliminated on Disposal of Assets	Impairment losses recognised in statement of profit and loss	Balance as at 31 March, 2012	Balance as at 31 March, 2012	Balance as at 31 March, 2011
A. TANGIBLE ASSETS:											
(a) Land Free Hold	963.10 (772.64)	- (321.35)	-	963.10 (1093.99)	-	-	-	-	-	963.10 (1093.99)	1093.99 (772.64)
Lease Hold	198.78 (67.89)	-	-	198.78 (67.89)	-	11.35	-	-	11.35	187.43 (67.89)	67.89 (67.89)
(b) Buildings Own use	3227.35 (3159.13)	153.74 (69.18)	1.39 (0.97)	3379.70 (3227.34)	1380.93 (1188.19)	185.36 (193.30)	1.39 (0.97)	0.29 (0.41)	1565.19 (1380.93)	1814.51 (1846.41)	1846.41 (1970.94)
Given under operating Lease	559.20 (33.15)	- (526.05)	-	559.20 (559.20)	34.30 (6.44)	51.22 (27.85)	-	-	85.52 (34.30)	473.68 (524.91)	524.91 (26.71)
(c) Plant and Equipment Owned	25914.95 (21479.79)	2731.58 (5339.33)	1720.68 (829.93)	26925.85 (25989.19)	12111.79 (10870.88)	2274.60 (1960.30)	1719.23 (771.22)	24.91 (96.88)	12692.07 (12156.84)	14233.78 (13832.36)	13832.36 (10605.69)
Given under operating Lease	310.85 (220.02)	0.26 (16.59)	-	311.11 (236.61)	224.70 (167.45)	18.19 (12.21)	-	-	242.89 (179.66)	68.22 (56.95)	56.95 (55.79)
(d) Furniture and Fixtures Owned	205.61 (179.62)	28.78 (28.82)	9.62 (2.83)	224.77 (205.61)	148.61 (129.09)	18.56 (22.15)	9.62 (2.83)	0.05 (0.20)	157.60 (148.61)	67.17 (57.00)	57.00 (50.53)
(e) Vehicles Owned	200.41 (214.08)	57.05 (41.18)	32.07 (54.85)	225.39 (200.41)	85.90 (96.41)	19.02 (20.69)	20.95 (39.19)	- (7.99)	83.97 (85.90)	141.42 (114.51)	114.51 (117.67)
(f) Office equipment Owned	105.83 (125.82)	15.53 (14.75)	29.59 (34.75)	91.77 (105.82)	65.99 (80.04)	4.05 (8.63)	29.29 (34.41)	1.28 (11.72)	42.03 (65.99)	49.74 (39.84)	39.84 (45.79)
(g) Electrical Fittings Owned	1171.84 (1036.37)	46.70 (151.60)	37.27 (16.12)	1181.27 (1171.85)	597.15 (499.60)	107.47 (109.15)	37.06 (15.59)	0.76 (3.99)	668.32 (597.15)	512.95 (574.70)	574.70 (536.77)
(h) Other Assets Owned	876.75 (928.23)	136.11 (65.56)	17.80 (117.04)	995.06 (876.75)	677.11 (715.55)	76.67 (72.98)	17.80 (116.92)	0.90 (3.49)	736.88 (677.11)	258.18 (199.64)	199.64 (210.68)
Total	33734.67	3169.75	1848.42	35056.00	15326.48	2766.49	1835.34	28.19	16285.82	18770.18	18408.20
Previous Year	(28216.74)	(6574.41)	(1056.49)	(33734.66)	(13753.65)	(2427.26)	(981.13)	(124.68)	(15326.49)	(18408.20)	(14461.10)
B. INTANGIBLE ASSETS:											
(a) Computer - Software	376.74 (415.08)	36.47 (118.92)	5.01 (157.26)	408.20 (376.74)	286.76 (343.83)	38.49 (77.35)	5.01 (157.26)	0.03 (22.83)	320.27 (286.76)	87.93 (89.98)	89.98 (71.25)
(b) Technical Know-How	546.12 (512.67)	34.10 (33.45)	-	580.22 (546.12)	329.65 (289.70)	27.33 (39.95)	-	-	356.98 (329.66)	223.24 (216.46)	216.46 (222.96)
Total	922.86	70.57	5.01	988.42	616.41	65.82	5.01	0.03	677.25	311.17	306.44
Previous Year	(927.75)	(152.37)	(157.26)	(922.86)	(633.53)	(117.30)	(157.26)	(22.83)	(616.42)	(306.44)	(294.21)

(₹ in lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
C) Depreciation and amortisation relating to continuing operations:		
Depreciation and amortisation for the year on tangible assets as per note 10 A	2,766.49	2,427.26
Depreciation and amortisation for the year on intangible assets as per note 10 B	65.82	117.30
Total	2,832.31	2,544.56

Notes forming part of the financial statements

(₹ in lakhs)

11. NON-CURRENT INVESTMENT

Particulars	As at 31st March 2012				As at 31st March 2011			
	Number of Shares	Quoted	Un Quoted	Total	Number of Shares	Quoted	Un Quoted	Total
Investments (At Cost)								
A) Trade								
(a) Investment in Equity instruments:								
(i) Subsidiary								
BCW V Tech India Private Limited	2900000	-	290.00	290.00	2900000	-	290.00	290.00
(ii) Associate:								
Renold Chain India Private Limited	10250000	-	1025.00	1025.00	10250000	-	1025.00	1025.00
(iii) Others:								
Supreme Rubber Reclaimers Ltd	50	0.01	-	0.01	50	0.01	-	0.01
Bharath Rubber Regenerating Co. Ltd	200	0.00	-	0.00	200	0.00	-	0.00
Elgi Equipments Ltd	1229706	112.50	-	112.50	1229706	112.50	-	112.50
LGB Forge Limited	10550000	105.50	-	105.50	10550000	105.50	-	105.50
Silent Chain India (P) Limited	770	-	0.15	0.15	770	-	0.15	0.15
LG Farm Products (P) Ltd	10000	-	1.00	1.00	10000	-	1.00	1.00
Rolon Fine Blank Limited	5000	-	0.50	0.50	5000	-	0.50	0.50
LGB Rolon Chain Limited	5000	-	0.50	0.50	5000	-	0.50	0.50
South Western Engineering India Limited	537	-	65.52	65.52	537	-	65.52	65.52
B. Non-trade								
(a) Investment in Equity instruments:								
(i) Others:								
Super Spinning Mills Ltd	10000	0.01	-	0.01	10000	0.01	-	0.01
Tube Investments of India Ltd Corporation Bank	1100	0.01	-	0.01	1100	0.01	-	0.01
Tata Refractory Ltd	2400	1.92	-	1.92	2400	1.92	-	1.92
Manish Commercial Premises Co-operative Society Ltd, Mumbai	5000	-	2.01	2.01	5000	-	2.01	2.01
Kaveri Steels Ltd	5	-	0.00	0.00	5	-	0.00	0.00
Kaveri Steels Ltd	100	-	0.00	0.00	100	-	0.00	0.00
C. Other Investments								
(a) Investment in Government securities								
(i) National Highways Authority of India Bond	460	-	46.00	46.00	460	-	46.00	46.00
		219.95	1,430.68	1,650.63		219.95	1,430.68	1,650.63

(₹ in lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Aggregate amount of quoted investments	219.95	219.95
Aggregate market value of the listed and quoted investments	1,214.82	1,419.15
Aggregate value of listed but not quoted investments	-	-
Aggregate value of unquoted investments	1,430.68	1,430.68

Notes forming part of the financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
12 LONG-TERM LOANS AND ADVANCES		
(a) Capital advance		
Unsecured, considered good	171.30	129.67
(b) Security and other deposits		
Unsecured, considered good	292.18	230.49
(c) Loans and advances to employees		
Unsecured, considered good	5.79	-
(d) Advance income-tax (net of provision ₹ 4094.15 Lakhs) (As at 31.03.2011 ₹ 2227.18)		
Unsecured, considered good	271.40	110.21
(e) Mat credit entitlement		
Unsecured, considered good	352.08	740.91
(f) Other loans and advances		
(i) Advance recoverable		
Unsecured, considered good	14.34	20.23
Unsecured, considered doubtful	-	134.53
Less: provision for other loans and doubtful advances	-	134.53
(ii) Rent and other advances		
Unsecured, considered good	179.04	139.85
Total	1,286.13	1,371.36

13 OTHER NON-CURRENT ASSETS		
(a) Accruals:		
(i) Interest accrued on Deposits	7.47	8.62
(b) Others:		
(i) Margin Money with Banks - maturity above 12 months	6.80	-
Total	14.27	8.62

14 INVENTORIES		
(At Lower of cost and net realisable value)		
(a) Raw Materials	3,549.39	3,721.54
(b) Work-in-progress	6,450.21	5,767.47
(c) Finished products	4,738.05	2,727.59
(d) Stock-in-trade (acquired for trading)	1,452.62	939.06
Goods in Transit	666.07	513.72
(e) Others		
(i) Packing materials	143.30	168.89
(ii) Stores & spares	1,170.43	850.25
(iii) Loose tools	958.19	599.31
(iv) Agricultural produce	4.82	3.50
Total	19,133.08	15,291.33

Notes forming part of the financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
Notes:		
14(i) Details of inventory of work-in-progress		
Transmission	4,737.59	4,451.20
Metal forming	1,383.78	1,097.03
Others	328.84	219.24
Total	6,450.21	5,767.47

15 TRADE RECEIVABLE		
(a) Trade Receivable outstanding for a period exceeding six months from the date they were due for payment		
(i) Unsecured, considered good	96.93	175.00
(ii) Doubtful	50.91	33.20
Less: Provision for doubtful trade receivables	50.91	33.20
(b) Other Trade receivable		
(i) Unsecured, considered good	10,401.16	8,303.90
(ii) Doubtful	44.66	32.89
Less: Provision for doubtful trade receivables	44.66	32.89
Total	10,498.09	8,478.90
Note:		
15(i) Trade Receivable include debt due from		
Private companies in which any director is a director:		
LGB Fuel Systems (P) Limited	-	0.09
Silent Chain India (P) Limited	0.50	-
Renold Chain India (P) Limited	278.86	178.66
Total	279.36	178.75

16 CASH AND CASH EQUIVALENTS		
(a) Cash- on- Hand	43.61	30.87
(b) Cheque and Demand Drafts on Hand	46.93	-
(c) Balances with Banks		
(i) In Current Account	80.08	133.87
(ii) In Collection Account	242.60	143.07
(iii) In Deposit Account	10.18	0.00
(iv) In Earmarked Accounts		
Unpaid Dividend Account	33.30	27.97
Unpaid Interest Account	0.43	0.66
In Margin Money with Banks	6.72	6.72

Notes forming part of the financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
16 CASH AND CASH EQUIVALENTS (Cond.)		
(d) Others		
(i) In Fixed Deposits	53.97	128.00
(ii) In Margin money with Banks	4.47	10.99
Total	522.29	482.15
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS3 Cash Flow Statements is {a+b+c}	463.85	343.16

Note:

16 (i) Fixed Deposit includes deposits amounting to ₹ 6.54 Lakhs (As at 31 March, 2011 ₹ 29.36 Lakhs) and Margin Monies amounting to ₹ Nil (As at 31st March 2011 ₹ 0.20 Lakhs) which have an original maturity of more than 12 months

17 SHORT-TERM LOANS AND ADVANCES		
(a) Loans and advances to employees		
Unsecured and considered good	39.24	36.12
(b) Prepaid expenses		
Unsecured and considered good	25.73	26.07
(c) Balance with Govt. Authorities:		
(i) Cenvat credit receivable	989.27	653.19
(ii) Vat credit receivable	107.49	93.98
(iii) Service tax credit receivable	233.53	157.88
(d) Due from subsidiary company		
Unsecured and considered good	188.82	132.19
(e) Advance recoverable		
Unsecured and considered good	282.92	154.86
Total	1,867.00	1,254.29

18 OTHER CURRENT ASSETS		
(a) Others		
(i) Income and claims receivable	282.36	220.02
Total	282.36	220.02

19 REVENUE FROM OPERATIONS		
a) Sale of products (Refer Note (i) below)	91,857.26	72,705.51
b) Sale of services (Refer Note (ii) below)	104.58	92.24
c) Other operating revenue (Refer Note (iii) below)	5,734.00	3,939.46
	97,695.84	76,737.21
Less: Excise duty	7,183.10	5,785.16
Total	90,512.74	70,952.05

Notes forming part of the financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
19 REVENUE FROM OPERATIONS (Contd.)		
Note:		
(i) Sale of products		
Manufactured goods:		
Chains	64,191.85	47,948.32
Metal Forming	15,773.72	14,667.77
Others	531.29	620.00
Total - sale of manufactured goods	80,496.86	63,236.09
Traded goods:		
Light commercial vehicles	11,360.40	9,469.41
Total - Sale of traded goods	11,360.40	9,469.41
Total - Sale of products	91,857.26	72,705.50
(ii) Sale of services:		
Service income on vehicles	104.58	92.24
Total - Sale of services	104.58	92.24
(iii) Other operating revenue:		
Scrap sales	5,584.65	3,867.12
Duty drawback and other export incentives	149.35	72.34
Total - other operating revenue	5,734.00	3,939.46
Total	97,695.84	76,737.20

20 OTHER INCOME		
a) Interest income (Refer Note (i) below)	31.19	78.69
b) Dividend income:		
from long-term investments		
(i) Others	16.89	11.73
c) Net gain on sale of investments		
(i) non-current investments	-	0.99
d) Other non-operating income		
(i) Rental and lease income	110.73	120.87
(ii) Agricultural income	2.63	3.29
(iii) Profit on sale of assets (net)	6.71	2.54
(iv) Miscellaneous receipts	10.75	0.72
Total	178.90	218.83
Note		
(i) Interest income:		
Interest on fixed deposit with banks	9.70	17.74
Interest on deposit with TNEB	7.64	1.39
Interest on inter corporate deposit	10.67	56.10
Interest on NHAI bonds	3.18	3.46
Total - Interest income	31.19	78.69

Notes forming part of the financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
21a COST OF MATERIALS CONSUMED		
Opening Stock:	3,890.43	3,224.12
Add: Purchases	38,986.14	29,047.63
Less: Closing Stock	3,692.69	3,890.43
Cost of material consumed	39,183.88	28,381.32
Material consumed comprises:		
Steel Strips, Wires, rods, bars	28,982.31	24,312.78
Blanks, 'O' Rings and others	8,157.45	2,557.49
Rubber and Chemicals	265.51	244.98
Packing Materials	1,778.61	1,266.07
Total	39,183.88	28,381.32

21b PURCHASE OF TRADED GOODS		
Purchase of light commercial vehicle	12,460.32	10,378.63
Total	12,460.32	10,378.63

21c CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Inventories at the end of the year		
Finished goods	4,738.05	2,727.59
Work-in-progress	6,450.21	5,767.47
Stock-in-trade	2,118.69	1,452.78
	13,306.95	9,947.84
Inventories at the beginning of the year		
Finished goods	2,727.59	2,349.96
Work-in-progress	5,767.47	4,137.95
Stock-in-trade	1,396.76	1,371.70
	9,891.82	7,859.61
Net (increase)/ decrease	(3,415.13)	(2,088.23)

22 EMPLOYEE BENEFITS EXPENSES		
(a) Salaries and wages	7,572.96	5,810.28
(b) Contribution to provident and other funds	442.53	242.23
(c) Staff welfare expenses	648.56	525.17
Total	8,664.05	6,577.68

23 FINANCE COST		
(a) Interest expenses:		
(i) On borrowings:	1,502.20	1,294.40
(b) Other borrowing cost	241.44	226.02
Total	1,743.64	1,520.42

Notes forming part of the financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
24 OTHER EXPENSES		
(a) Consumption of stores and spare parts	5,979.51	4,798.22
(b) Processing charges	5,715.53	4,746.04
(c) Power, fuel and lighting	3,199.12	2,471.48
(d) Rent including lease rentals	313.22	228.82
(e) Repairs & maintenance of		
(i) Buildings	154.75	120.85
(ii) Machinery	1,410.89	1,087.61
(iii) Other assets	350.29	270.99
(f) Insurance	79.46	65.24
(g) Rates and taxes	90.34	61.45
(h) Travelling and conveyance	438.68	389.22
(i) Printing and stationery	66.83	47.91
(j) Postage, telegram and telephones	180.05	155.88
(k) Freight, packing & forwarding	2,573.34	2,438.73
(l) Advertisement, publicity and selling expenses	328.63	278.47
(m) Trade discount	1,436.20	1,057.67
(n) Donations	18.25	55.00
(o) Professional charges	78.93	67.05
(p) Auditors' remuneration (Refer note (i) below)	10.00	9.33
(q) Bad debts written off	2.51	-
(r) Impairment loss on fixed assets	28.23	147.51
(s) Provision for doubtful debts/advances	57.51	28.94
(t) Exchange difference	432.87	241.27
(u) Sales-tax, entry tax & octroi	80.38	65.83
(v) Sitting fees	5.70	3.95
(w) Watch and ward	309.49	225.05
(x) Miscellaneous expenses	65.68	64.39
	23,406.39	19,126.90
Note		
(i) Details of Auditors' remuneration:		
Payment to auditors comprises (net of service tax input credit wherever applicable)		
As auditors - statutory audit	8.00	6.00
For taxation matters	2.00	2.00
For other services	-	1.33
Total	10.00	9.33

Notes forming part of the financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
25 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENT:		
25.1 Contingent liabilities and commitments (to the extent not provided for)		
(i) Contingent liabilities:		
(a) Claims against the Company, not acknowledged as debt - disputed tax liability.	772.32	509.37
(b) Guarantee given by Bankers and outstanding	2.87	1,656.86
(c) Corporate guarantee given for others	8,400.00	8,396.59
(d) Estimated customs duty obligation on imports, if corresponding export obligation is not satisfied.	1,625.20	1,300.22
(ii) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for - Tangible assets	778.22	870.14

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

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

Other disclosures are as under:

Sl. No.	Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
(i)	Principal amount remaining unpaid to any supplier as at end of the accounting year	204.92	195.18
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	NIL	NIL
(iii)	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the payment made to the supplier beyond the appointed day during the year.	NIL	NIL
(iv)	Amount of interest due and payable for the period of delay in making payment but without adding interest as specified in the Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL
(v)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	NIL	NIL
(vi)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the dues are actually paid for the purpose of disallowance under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL

Notes forming part of the financial statements

25.3 Disclosure as per Clause 32 of the Listing Agreement with Stock Exchanges:

Particulars	Relationship	(₹ in lakhs) As at 31.03.2012	(₹ in lakhs) Maximum balance outstanding during the year
Loans and advances:			
BCW V Tech India Private Limited	Subsidiary	139.84	139.84
		(84.84)	(84.84)
LGB Forge Limited	Associate	-	-
		(Nil)	(1,200.00)
Investment in equity instruments:			
Renold Chain India (P) Limited	Associate	1,025.00	-
		(1025.00)	(-)

25.4 Details on derivative instruments and unhedged foreign currency exposures:

- I. The following derivative positions are open as at 31st March, 2012. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may/may not qualify or be designated as hedging instruments. The accounting for these transactions is stated in Notes 2.11.

- (a) Forward exchange contracts and options (being derivative instruments), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

- (i) Outstanding forward exchange contracts entered into by the Company as on 31st March, 2012

Currency	Amount ₹ in Lakhs	Buy/sell	Cross currency
USDm	11.22	Buy	Rupees
EUR	14.00	Sell	Rupees
	(30.75)		

- Figures in bracket represents previous year

- ii. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

As at March 31, 2012		As at March 31 2011	
Currency	Receivable/(Payable) in Foreign currency	Currency	Receivable/ (Payable) in Foreign currency)
USD	12.26	USD	4.92
USD	(3.37)	USD	(7.62)
EUR	0.16	EUR	11.18
EUR	(1.05)	USD	(5.79)
JPY	-	JPY	-
JPY	(0.43)	JPY	(28.10)
GBP	0.04	GBP	-
GBP	0.03	GBP	(0.03)
CHF	-	CHF	-
CHF	0.04	CHF	(1.32)

Notes forming part of the financial statements

Particulars	Year ended	Year ended
	31.03.2012 (₹ in lakhs)	31.03.2011 (₹ in lakhs)
25.5. Value of imports calculated on CIF basis		
Raw Materials	9,333.64	6,604.85
Stores and Spares	310.89	398.06
Capital Goods	548.84	2,433.55
Total	10,193.37	9,436.46
25.6. Expenditure in foreign currency		
Travelling	22.51	24.28
Technical know-how fee	33.17	31.29
Interest	22.32	9.61
Others	6.74	15.21
Total	84.74	80.39
25.7. Details of consumption of imported and indigenous items		
	(₹ in lakhs)	
	For the year ended 31 March 2012	
Particulars	Value	%
Raw Material		
Imported	9,254.42	24.74
	(6,486.48)	(23.92)
Indigenous	28,150.85	75.26
	(20,628.77)	(76.08)
Total	37,405.27	100.00
	(27,115.25)	(100.00)
Spare Parts & Components:		
Imported	250.97	4.20
	(412.61)	(8.60)
Indigenous	5,727.76	95.80
	(4,385.61)	(91.40)
Total	5,978.73	100.00
	(4,798.22)	(100.00)
25.8. Earnings in foreign exchange		
Particulars	Year ended	Year ended
	31.03.2012	31.03.2011
	(₹ in lakhs)	(₹ in lakhs)
On account of Export of Goods at FOB value	6,235.66	4,784.43
25.9 Amount remitted to Non-Resident Shareholders in INR		
Amount of dividend remitted	3.23	1.80
Total number of Non-Resident Shareholders	151	131
Total number of Shares held by them on which dividend was due	32,340	27,723
Year to which the dividend relates	2010-11	2009-10

Notes forming part of the financial statements

25.10. a) Remuneration to Chairman Cum Managing Director (CMD) and Deputy Managing Director (DMD) is included in Salary, Wages & Bonus: (₹ in lakhs)

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	CMD	DMD	CMD	DMD
Salaries & Allowances	45.36	28.27	37.80	16.68
Perquisites	-	-	-	2.93
Commission	122.54	18.38	101.47	-
Contribution to Superannuation Fund	-	-	-	2.07
Contribution to Provident Fund	5.44	3.27	4.54	1.66
Total	173.34	49.92	143.81	23.34

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 309(5) of the Companies Act, 1956 and commission payable to the Chairman cum Managing Director and Deputy Managing Director:

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
Profit before tax	5,816.19	4,729.58
Add: Managerial remuneration (Refer Note)	223.26	167.15
Sitting fees to directors	5.70	3.95
Provision for doubtful debts/advances	57.51	28.94
Bad debts written off	2.51	4.89
Loss on Sales of Assets	0.88	147.51
Assets condemned and written off	28.23	4.89
Less: Profit on Sale of Assets/Investments	7.59	-
Net profit	6,126.69	5,073.61
Maximum remuneration payable to Chairman cum Managing Director and Deputy Managing Director - 10% of the net profit	612.67	507.36
Commission payable @ 2% of Net Profit to CMD	122.53	101.47
Commission payable @ 0.30% of Net Profit to DMD	18.38	-

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

25.11. Excise duty amounting to ₹ 103.77 Lakhs (Previous Year: ₹ 25.13 Lakhs) is included in the finished goods stock, value, pending clearance from factories.

25.12. **Mat Credit:**

The company has recognised “**MAT Credit Entitlement**” of ₹ 740.91 Lakhs. During the year, an amount of ₹ 388.83 Lakhs has been adjusted towards payment of Advance tax and the balance amount of ₹ 352.08 Lakhs is 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.

Notes forming part of the financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
26.1 Details of government grants		
Government grants received by the company during the year towards Capital subsidy for investment in Pantnagar Plant	30.00	-
Duty drawback and other export incentives	149.35	72.34
Total	179.35	72.34

26.2 Employee benefit plans

Defined Contribution plans:

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 264.04 Lakhs (Year ended 31st March, 2011 ₹ 236.49 Lakhs) for Provident Fund contributions and ₹ 5.02 Lakhs (Year ended 31st March, 2011 ₹ 5.74 Lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

State plans:

The Company makes ESI contributions to Employees State Insurance Scheme. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 82.04 Lakhs (Year ended 31st March, 2011 ₹ 80.55 Lakhs) in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Scheme.

Defined Benefit Plan - Gratuity:

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

Other disclosures required under revised Accounting Standard 15 are as follows:

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
Components of employer expenses		
Current service cost	46.96	33.28
Interest cost	31.90	31.89
Expected return on Plan Assets	(63.87)	57.09
Actuarial (gains) / losses	152.04	(55.12)
Past service cost	-	-
Total expense recognized in Statement of Profit and Loss*	167.03	(64.54)
Actual contribution and the benefit payments for the year		
Actual benefit payments	(46.41)	(26.55)
Actual contribution	132.34	-
Net Asset/(Liability) recognized in the Balance Sheet		
Present value of benefit obligation	587.80	395.41
Fair value of plan assets	926.39	768.70
Funded Status [Surplus/(Deficit)] *	338.59	373.29

Notes forming part of the financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
Other disclosures required under revised Accounting Standard 15 (Contd.)		
Unrecognised past service cost	—	—
Net Asset/(Liability) recognized in the Balance Sheet	338.59	373.29
Change in defined benefit obligations(DBO) during the year		
Present value of DBO at beginning of the year	395.41	411.92
Current service cost	46.96	33.28
Interest cost	31.90	31.89
Actuarial (gain) / loss on obligation	159.93	(55.12)
Benefits paid	(46.40)	(26.55)
Present value of DBO at the end of the year	587.80	395.41
Change in the Fair Value of assets during the year		
Plan Assets at beginning of the year	768.70	728.74
Acquisition adjustment		
Expected return on Plan Assets	63.87	57.09
Contributions by the employer	132.34	—
Actuarial gain / (loss)	7.89	9.42
Benefits paid	(46.41)	(26.55)
Plan Assets at the end of the year	926.39	768.70
Reconciliation of Present Value (PV) of Obligation and Fair Value (FV) of Assets:		
Closing PV of Obligation	587.80	395.41
Closing FV of Plan Assets	926.39	768.70
Funded Status [Surplus/(Deficit)] *	338.59	373.29
* - Included under the head "Employee Benefits" in Schedule - Provisions		
Composition of the Plan assets is as follows:		
Equity instruments		
Debt instruments		
Property		
Insurer managed asset *		
* - The details with respect to the composition of investments in the fair value of plan assets have not been disclosed in the absence of the aforesaid information.		
Actuarial assumptions		
Discount Rate (per annum)	8.57%	8.00%
Rate of increase in compensation levels (per annum)	7.00%	6.00%
Expected return on plan assets (per annum)	8.25%	8.00%
* - Included in "Contribution to Provident & Other Funds" in Employee Costs		
Experience adjustments		
Actuarial (Gains) and Losses	135.34	(55.12)
Actuarial (Gains) and Losses due to change in Assumptions	24.59	-
Actuarial (Gains) and Losses on Plan assets	(7.89)	(9.42)
Total (Gain) / and Losses for the year	152.04	(64.54)
Actuarial (Gains) and Losses Recognised in the year	152.04	(64.54)
Unrecognised Actuarial (Gains) and Losses for the year	-	-

Notes forming part of the financial statements

26.3 Segment information

The Company has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily transmission, metal forming and others. Revenues and expenses directly attributable to segments are reported under each reportable segments. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments. Geographical revenues are allocated based on the location of the customer. Geographic segments of the Company are within India and outside India.

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
Primary Segment Information (Business Segments):		
A. Segment Revenue:		
Transmission	62,584.87	46,173.89
Metal Forming	15,786.04	14,624.34
Others	12,142.03	10,153.81
Total	90,512.74	70,952.04
B. Segment Results:		
Transmission	5,990.04	4,626.65
Metal Forming	1,278.35	1,219.96
Others	291.44	403.39
Total	7,559.83	6,250.00
Interest Expenses	1,743.64	1,520.42
Unallocated corporate expenses, net of unallocated income	-	-
Profit before tax	5,816.19	4,729.58
Provision for taxation	1,464.22	149.08
Profit after tax	4,351.97	4,580.50

C. Other Information:

Particulars	As at 31 March, 2012		For the year ended 31 March, 2012		
	Segment Assets	Segment Liabilities	Capital Expenditure	Depreciation	Non-cash expenditure excluding depreciation
Transmission	26,684.63 (22,789.22)	9,259.41 (8,048.77)	1,497.84 (2,568.58)	1,139.68 (1,058.71)	28.59 (25.24)
Metal Forming	17,301.52 (15,966.850)	3,436.16 (4,856.19)	706.27 (3,736.85)	1,282.57 (1,064.52)	54.16 (58.58)
Others	10,676.57 (8,768.91)	5,812.49 (1,411.26)	1,036.21 (421.36)	410.04 (421.34)	6.37 (97.51)

Notes forming part of the financial statements

Nature of transactions	Associates / Others	Wholly owned subsidiary	Key Managerial Personnel	Relatives of Key Managerial Personnel	Total
Managerial Remuneration					
B. Vijayakumar	-	-	173.34	-	173.34
	-	-	(143.81)	-	(143.81)
P. Prabakaran	-	-	49.92	-	49.92
	-	-	(23.34)	-	(23.34)
Loan Receipts	269.00	-	114.00	168.00	551.00
	(35.00)	(45.00)	(108.00)	(50.00)	(238.00)
Loan Repayment	-	-	110.00	48.00	158.00
	(435.00)	(-)	(113.00)	(91.00)	(639.00)
Interest Receipts	-	10.67	-	-	10.67
	(47.74)	(8.36)	(-)	-	(56.10)
Interest Expense	7.31	-	10.05	32.80	50.16
	(1.89)	-	(10.58)	(28.66)	(41.13)
Dividend Receipts	3.28	-	-	-	3.28
	(-)	(-)	(-)	(-)	(-)
Dividend Payments	105.50	-	100.02	152.01	357.53
	(68.57)	-	(65.01)	(72.49)	(206.07)
Rent Income	72.46	3.76	-	(-)	76.22
	(50.27)	(0.94)	(-)	(-)	(51.21)
Rent / Lease Expenses	12.65	-	-	-	12.65
	(11.02)	-	-	-	(11.02)
Purchase of Materials, Spares & power	808.84	-	-	-	808.84
	(1090.37)	(-)	(-)	(-)	(1090.37)
Processing/Conversion Cgs payment	340.70	15.90	-	-	356.60
	(48.70)	20.04	(-)	(-)	(68.74)
Sale of Materials, Stores and Service Charges	1881.61	22.00	-	-	1903.61
	(1730.62)	(13.00)	(-)	(-)	(1743.62)
Sale of Fixed Assets	-	-	-	-	-
	(33.27)	(24.59)	(-)	(-)	(57.86)
Purchase of Fixed Assets	-	-	-	-	-
	(811.05)	(-)	(-)	(-)	(811.05)
Receivable balance	331.83	5.48	-	-	337.31
	(644.86)	(40.52)	(-)	(-)	(685.38)
Payable balance	234.11	(183.34)	99.00	370.00	519.77
	(109.93)	(92.83)	(95.00)	(250.0)	(362.10)

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

Notes forming part of the financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
LOAN RECEIPTS:		
Associates:		
Tribe Investments and Services Private Limited	200.00	–
LG Farm Products Pvt. Ltd.	39.00	–
Super Speeds (P) Limited	30.00	–
LG Sports Ltd	–	15.00
Key managerial personnel:		
Sri.B.Vijayakumar	114.00	108.00
Relatives of key managerial personnel:		
Smt. V. Rajsri	110.00	22.00
Sri. V. Rajvirdhan	42.00	25.00
Smt. B. Sarojini	16.00	3.00
LOAN REPAYMENT:		
Associates:		
LGB Forge Limited	–	400.00
LG Sports Ltd	–	15.00
Key managerial personnel:		
Sri. B. Vijayakumar	110.00	113.00
Relatives of key managerial personnel:		
Smt. V. Rajsri	31.00	33.00
Sri. V. Rajvirdhan	17.00	53.00
Smt. B. Sarojini	–	5.00
INTEREST EXPENSE:		
Relatives of key managerial personnel:		
Sri. Rajiv Parthasarathy	27.58	26.25
DIVIDEND PAYMENT:		
Associates:		
Elgi Automotive Services (P) Limited	41.00	26.65
L.G.B. Auto Products (P) Limited	38.00	24.70
LG Farm Products (P) Limited	20.00	13.00
Key managerial personnel:		
Sri. B. Vijayakumar	100.02	65.01
Relatives of key managerial personnel:		
Sri. V. Rajvirdhan	96.74	36.40
Smt. V. Rajsri	44.48	-
RENT INCOME		
Associates:		
LGB Forge Limited	43.51	22.10
South Western Engineering India Limited	11.53	12.29

Notes forming part of the financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
RENT /LEASE PAYMENT		
Associates:		
LGB Forge Limited	7.43	8.42
Renold Chain India (P) Limited	5.22	2.60
PURCHASE OF MATERIAL, SPARES & POWER		
Associates:		
Renold Chain India (P) Limited	604.26	423.04
L.G. Balakrishnan & Bros, Karur	158.00	209.29
PROCESSING/CONVERSION CHARGES PAYMENT		
Associates:		
South Western Engineering India Limited	297.56	148.73
Silent Chain India (P) Limited	43.14	48.70
SALE OF MATERIAL ,STORES AND SERVICE CHARGES		
Associates:		
Renold Chain India (P) Limited	1,679.85	1,501.45

26.5 Details of leasing arrangements

Note	Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
26.5	Details of leasing arrangements		
	As Lessor		
26.5.a	The Company has entered into operating lease arrangements for certain surplus facilities and equipments. The lease is non-cancellable and may be renewed based on mutual agreement of the parties.		
	Future minimum lease payments not later than one year	51.39	72.28
	later than one year and not later than five years	21.14	66.51
	later than five years	-	-
	Contingent rents recognised as income during the year (state basis)	NA	NA
	Depreciation recognised on the leased assets	18.19	12.21
	Impairment losses recognised on the leased assets	-	-
	Impairment losses reversed on the leased assets	-	-
	As Lessee		
26.5.b	The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and may be renewed based on mutual agreement of the parties.		
	Future minimum lease payments not later than one year	289.89	176.27
	later than one year and not later than five years	361.96	253.68
	later than five years	2.86	2.86
	Lease payments recognised in the Statement of Profit and Loss	313.22	228.28
	Contingent rents recognised as expense during the year (state basis)	NA	NA

Notes forming part of the financial statements

Note	Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
26.6	Earnings per share		
	Basic & Diluted:		
	Continuing operations:		
	Net profit after tax from continuing operations - (₹ in lakhs)	4,351.97	4,580.50
	Profit attributable to Equity Shareholders - (₹ in lakhs) (A)	4,351.97	4,580.50
	Total number of equity shares outstanding at balance sheet date.	7,848,104	7,848,104
	Weighted average number of equity shares outstanding, considered for the purpose of computing Basic EPS (B)	7848104	7,848,104
	Nominal value of Equity Shares - In ₹	10	10
	Basic and Diluted Earnings Per Share-In ₹ (A/B)(Not annualized)	55.45	58.36
26.7	Deferred tax liability		
	Tax effect of items constituting Deferred Tax liability		
	On difference between book balance and tax balance of fixed assets	1,772.17	1,867.49

27 The revised Schedule VI has become effective from 1st April, 2011, for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year figures have been regrouped and reclassified, wherever necessary, to correspond with the current year's classification/disclosure.

	B. VIJAYAKUMAR Chairman Cum Managing Director	P. PRABAKARAN Deputy Managing Director	“In terms of our report attached” For DELOITTE HASKINS & SELLS Chartered Accountants Registration No.0080725
Coimbatore 28.04.2012	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 31 March, 2012

PARTICULARS	31.03.2012 (₹ in Lakhs)	31.03.2011 (₹ in Lakhs)
A. Cash flow from operating activities		
Net Profit before Tax and Extra ordinary items	5,816.19	4729.59
Adjustments for		
Depreciation	2,832.30	2,544.57
Asset Condemned and written off	28.23	147.51
(Profit) or Loss on sale of assets	(6.71)	(2.54)
(Profit) or Loss on sale of investments	-	(0.99)
Finance charges	1,743.64	1,520.42
Interest income	(31.19)	(78.69)
Dividend income	(16.89)	(11.73)
Rental income on operating lease	(110.73)	(120.87)
Operating profit before working capital changes	10,254.84	8727.28
Changes in Working Capital		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(3,841.75)	(3,067.44)
Trade Receivables	(2,019.19)	(387.63)
Short term Loans and advances	(612.71)	379.68
Long term Loans and advances	246.42	(717.90)
Other current assets excluding advance tax	(62.34)	20.55
Other Non- current assets	1.15	(2.42)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade Payables	433.90	2,905.95
Other current Liabilities	848.29	959.02
Other non-current Liabilities	(65.31)	(792.90)
Short Term Provisions	68.64	39.07
Cash generated from operations	5,251.93	8,063.26
Income tax paid	(1,625.42)	78.80
Net Cash from operating activities (A)	3,626.51	8,142.06
B. Cash flow from Investing activities		
Purchase of Fixed assets	(3,124.59)	(6,841.51)
Proceeds from sale of fixed assets	19.79	77.90
Purchase of Investments	-	(446.00)
Proceeds from sale of investments	-	21.29
Bank balances not considered as Cash and cash equivalents		
Fixed Deposit with banks matures more than 3 months	73.75	(9.37)
Dividend received		
from others	16.89	11.73
Interest received		
from subsidiaries	10.67	8.36
from others	20.52	70.33
Rental income on operating lease	110.73	120.87
Net cash outflow from Investing activities (B)	(2,872.24)	(6,986.40)

Cash Flow Statement for the year ended 31 March, 2012

PARTICULARS	31.03.2012 (₹ in Lakhs)	31.03.2011 (₹ in Lakhs)
C. Cash flow from financing activities		
(Repayment)/Proceeds of Secured Loan	1,126.24	542.06
Proceeds/(Repayment) of Unsecured Loan	895.95	426.46
Interest paid	(1,743.64)	(1,520.42)
Dividend paid	(912.13)	(594.85)
Extra Ordinary Items		
Net cash used in financing activities (C)	(633.58)	(1,146.75)
Net increase in cash and cash equivalents (A) + (B) + (C)	120.69	8.91
Opening Balance	343.16	334.25
Closing Balance	463.85	343.16
Reconciliation of Cash and cash equivalent with the Balance Sheet		
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
comprises		
(a) Cash- on- Hand	43.61	30.87
(b) Cheque and Demand Drafts on Hand	46.93	-
(c) Balances with Banks		
(i) In Current Account	80.08	133.87
(ii) In Collection Account	242.60	143.07
(iii) In Deposit Account	10.18	-
(iv) In Earmarked Accounts		
Unpaid Dividend Account	33.30	27.97
Unpaid Interest Account	0.43	0.66
In Margin Monery with Banks	6.72	6.72
	463.85	343.16

See accompanying notes forming part of the financial statements

B. VIJAYAKUMAR
Chairman Cum Managing Director

P. PRABAKARAN
Deputy Managing Director

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

Coimbatore **M. LAKSHMI KANTH JOSHI**
28.04.2012 General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

M. RAMACHANDRAN
Membership No.16399
Partner

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

Name of the Subsidiary Company	BCW V Tech India Pvt. Limited	
Financial year ending of the subsidiary	31 ST MARCH 2012	
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 (₹ in lakhs) 70.91	For the previous financial years of the Subsidiary (₹ in lakhs) 48.52
Net aggregate amount of Subsidiary's Profit/ (Loss) dealt within the holding Company's accounts	For the current financial year of the Subsidiary (₹. in lakhs) NIL	For the previous financial years of the Subsidiary (₹ 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, 2012 the Consolidated Statement of Profit and Loss 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 ₹ 124,978,000/- as at March 31, 2012, total revenues of ₹ 80,231,712/- and net cash inflows amounting to ₹ 2,633,595/- 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 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.
5. 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;
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
 - (ii) in the case of the Consolidated Statement Profit and Loss, 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.

Coimbatore
28.04.2012

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

M. RAMACHANDRAN
Membership No.16399
Partner

CONSOLIDATED BALANCE SHEET AS AT 31.03.2012

Particulars	Note No.	As at 31.03.2012 (₹ in Lakhs)	As at 31.03.2011 (₹ in Lakhs)
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	784.81	784.81
(b) Reserves and surplus	4	22,465.03	18,904.78
		23,249.84	19,689.59
2 Non-current liabilities			
(a) Long-term borrowings	5	5,706.09	7,380.96
(b) Deferred tax liabilities (net)	26.5	1,788.84	1,886.52
		7,494.93	9,267.48
3 Current liabilities			
(a) Short-term borrowings	6	5,732.46	1,975.12
(b) Trade payables	7	11,243.59	10,571.18
(c) Other current liabilities	8	6,399.94	5,397.74
(d) Short-term provisions	9	1,298.05	1,136.45
		24,674.04	19,080.49
TOTAL		55,418.81	48,037.56
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10.a	19,331.55	18,810.66
(ii) Intangible assets	10.b	319.47	316.41
(iii) Capital work-in-progress		333.90	443.25
(b) Non-current investments	11	1,360.63	1,360.63
(c) Long-term loans and advances	12	1,271.33	1,357.15
(d) Other non-current assets	13	15.25	8.76
		22,632.13	22,296.86
2 Current assets			
(a) Inventories	14	19,302.18	15,418.28
(b) Trade receivables	15	10,889.32	8,410.35
(c) Cash and cash equivalents	16	554.12	487.63
(d) Short-term loans and advances	17	1,758.70	1,204.42
(e) Other current assets	18	282.36	220.02
		32,786.68	25,740.70
TOTAL		55,418.81	48,037.56

See accompanying notes forming part of the financial statements

B. VIJAYAKUMAR
Chairman Cum Managing Director

P. PRABAKARAN
Deputy Managing Director

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

Coimbatore **M. LAKSHMI KANTH JOSHI**
28.04.2012 General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

M. RAMACHANDRAN
Membership No.16399
Partner

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2012

Particulars	Note No.	As at 31.03.2012 (₹ in Lakhs)	As at 31.03.2011 (₹ in Lakhs)
A. CONTINUING OPERATIONS			
1 Revenue from operations(gross)	19	98,531.83	77,312.48
Less: Excise duty	19	7,263.55	5,837.81
Revenue from operations (net)		91,268.28	71,474.67
2 Other income	20	173.34	216.86
3 Total revenue (1 + 2)		91,441.62	71,691.53
4 Expenses:			
(a) Cost of materials consumed	21 a	39,347.93	28,505.62
(b) Purchases of stock-in-trade	21 b	12,460.32	10,378.63
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21 c	(3,440.41)	(2,142.38)
(d) Employee benefits expense	22	8,777.39	6,633.56
(e) Finance costs	23	1,764.63	1,537.55
(f) Depreciation and amortisation expense	10 c	2,877.21	2,576.74
(g) Other expenses	24	23,762.68	19,391.75
Total Expenses		85,549.75	66,881.46
5 Profit/(Loss) before exceptional and extraordinary items and tax (3-4)		5,891.87	4,810.07
6 Exceptional items		-	-
7 Profit/(Loss) before extraordinary items and tax (5-6)		5,891.87	4,810.07
8 Extraordinary Items		-	-
9 Profit/(Loss) before tax (7-8)		5,891.87	4,810.07
10 Tax expense:			
(a) Current tax expense for the current year		1,574.63	734.94
(b) Current-tax expense relating to prior year		(8.01)	207.04
(c) Net current tax expense		1,566.67	941.98
(d) Deferred tax		(97.68)	(792.90)
11 Profit/(Loss) for the year from continuing operations (9-10)		4,422.88	4,660.99
B. DISCONTINUING OPERATIONS			
12. i Profit/(Loss) for the year from discontinuing operations (before tax)		-	-
12. ii Less:Tax expense of discontinuing operations		-	-
13 Profit/(Loss) from discontinuing operations (12.i - 12.ii)		-	-
C. TOTAL OPERATIONS			
14 Profit/(Loss) for the year (11 + 13)		4,422.88	4,660.99
15 Earnings per share (of Rs.10/- each)			
(a) Basic			
(i) Continuing operations	26.3	56.36	59.39
(ii) Total operations	26.3	56.36	59.39
(b) Diluted			
(i) Continuing operations	26.3	56.36	59.39
(ii) Total operations	26.3	56.36	59.39

See accompanying notes forming part of the financial statements

B. VIJAYAKUMAR
Chairman Cum Managing Director

P. PRABAKARAN
Deputy Managing Director

“In terms of our report attached”
For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No.0080725

Coimbatore **M. LAKSHMI KANTH JOSHI**
28.04.2012 General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

M. RAMACHANDRAN
Membership No.16399
Partner

Notes forming part of the Consolidated financial statements

2 Significant accounting policies (consolidation)

2 (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:

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, 2012.

b) Principles of consolidation:

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

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

c) The following subsidiary company is considered in the consolidated financial statements:

Sl. No.	Name of Subsidiary Company	Country of Incorporation	% of holding directly as at 31 st March, 2012
1.	M/s.BCW V TECH INDIA PRIVATE LIMITED	INDIA	100%

2 (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.

2 (iii) 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.

2 (iv) Employee Benefit - Gratuity

This is a defined benefit plan. The Holding Company and Subsidiary Company make annual contribution to a Gratuity Fund administered by LIC through the Trust.

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2012		As at 31.03.2011	
	Number of Shares	₹ in lakhs	Number of Shares	₹ in lakhs
3 SHARE CAPITAL				
(a) Authorised				
Equity Shares of ₹10/- each with voting rights	12,000,000	1,200.00	12,000,000	1,200.00
	12,000,000	1,200.00	12,000,000	1,200.00
(b) Issued				
Equity Shares of ₹10/- each with voting rights	7,848,104	784.81	7,848,104	784.81
	7,848,104	784.81	7,848,104	784.81
(c) Subscribed and fully paid-up				
Equity Shares of ₹10/- each with voting rights	7,848,104	784.81	7,848,104	784.81
Total	7,848,104	784.81	7,848,104	784.81

Notes:

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

Particulars	Opening balance	Fresh Issue	Bonus/ ESOP	Conversion/ Buyback	Closing balance
Equity shares with voting rights					
Year ended 31st March, 2012					
Number of shares	7,848,104	-	-	-	7,848,104
Amount (₹ in lakhs)	784.81	-	-	-	784.81
Year ended 31st March, 2011					
Number of shares	7,848,104	-	-	-	7,848,104
Amount (₹ in lakhs)	784.81	-	-	-	784.81

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

Name of the Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity shares with voting rights				
B. Vijayakumar	1,003,000	12.78	1,000,000	12.74
V. Rajvirdhan	976,293	12.44	920,000	11.72
International Finance Corporation	553,271	7.04	553,271	7.04
LGB Educational Foundation	481,564	6.14	481,564	6.14
V. Rajsri	444,788	5.66	444,788	5.66
Elgi Automotive Services (P) Limited	410,000	5.22	410,000	5.22

Notes forming part of the Consolidated financial statements

3 (iii) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

Particulars	Aggregate Number of shares	
	31.03.2012	31.03.2011
Equity shares with voting rights		
(a) Fully paid up pursuant to contract without payment being received in cash		
Number of shares	-	-
Amount (₹ in lakhs)	-	-
(b) Fully paid up by way of bonus shares		
Number of shares	-	-
Amount (₹ in lakhs)	-	-
(c) Share cancellation on capital reduction approved by the High Court of Madras on 20.11.2007		
Number of shares	565,800	565,800
Amount (₹ in lakhs)	56.58	56.58

	As at 31.03.2012 ₹ in lakhs	As at 31.03.2011 ₹ in lakhs
4 RESERVES AND SURPLUS		
(a) Capital Reserve		
Opening balance	-	-
Add: Capital subsidy for investment in Pantnagar	30.00	-
Closing balance	30.00	-
(b) Securities premium account:		
Opening balance	3,100.61	3,100.61
Closing balance	3,100.61	3,100.61
(c) Revaluation reserve (Land)		
Opening balance	138.91	138.91
(On account of acquisition of M/s.L.G.B.Industries Limited in 1998)		
Add : Additional during the year	110.70	
Closing balance	249.61	138.91
(d) General reserve		
Opening balance	13,500.00	10,500.00
Add:Transfer from surplus in Statement of Profit and Loss	2,500.00	3,000.00
Closing balance	16,000.00	13,500.00

Notes forming part of the Consolidated financial statements

Particulars	As at	
	31.03.2012 ₹ in lakhs	31.03.2011 ₹ in lakhs
4 RESERVES AND SURPLUS (CONTD.)		
e) Surplus/(Deficit) in Statement of Profit and Loss		
Opening balance	2,165.27	1,448.37
Add : Profit/(Loss) for the year	4,422.88	4,629.02
Less : Dividend proposed to be distributed to equity shareholders (Rs.11/- per share)	863.29	784.81
Tax on Dividend	140.05	127.32
Transferred to: General reserve	2,500.00	3,000.00
Closing balance	3,084.81	2,165.26
Total	22,465.03	18,904.78

5 LONG-TERM BORROWINGS		
(a) Term Loans		
From Banks		
Secured	4,707.14	6,964.29
From other parties		
Secured	-	17.22
(b) Fixed Deposits:		
From other parties		
Unsecured	146.20	50.70
From related parties		
Unsecured	852.75	348.75
Total	5,706.09	7,380.96

Notes:
5 (i) Details of Security for Long Term Borrowings:

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

5 (ii) Repayment schedule

(₹ in lakhs)

Particulars	As at		As at	
	31.03.2012		31.03.2011	
	Secured	Unsecured	Secured	Unsecured
(a) Term loan from banks:				
Axis Bank	3,850.00	-	5,250.00	-
(Term of repayment : Repayable in 20 quarterly installments of ₹ 350 Lakhs from March'10)				
The Bank of NovaScotia	857.14	-	1,714.29	-
(Term of repayment : Repayable in 14 quarterly installments of ₹ 215 Lakhs from Dec'09)				
Total - Term loans from banks	4,707.14	-	6,964.29	-

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)		As at 31.03.2011 (₹ in lakhs)	
	Secured	Unsecured	Secured	Unsecured
5 (ii) Repayment schedule (Contd.)				
(b) Term Loan from Others:				
KSIDC	-		17.22	-
Total - Term loans from others		-	17.22	-
(c) Fixed Deposits:				
From other parties		146.20		50.70
Total - deposits from others		146.20		50.70
From related parties				
M/s.L.G.Farm Products (P) Limited		40.00		-
M/s.Elgi Automotive Services (P) Limited		120.00		100
M/s.LGB Auto Products (P) Limited		80.00		-
M/s.LGB Rolon Chain Limited		5.00		-
M/s.Rolon Fine Blank Limited		1.75		1.75
Minor.Samriddhi Andal Rajiv		49.00		52.00
Minor.Vidhur Narayanan Rajiv		82.00		-
Mr.Rajvirdhan V		80.00		40.00
Mr.Vijayakumar B		230.00		100.00
Mrs.Rajsri V		70.00		30.00
Super Speeds Private Limited		70.00		-
Super Transports Private Limited		25.00		-
Mrs.Sarojini B		-		25.00
Total - deposits from related parties		852.75		348.75
Total - Long-term borrowings	4707.14	998.95	6981.51	399.45
5 (iii) Defaults, if any - Nil				

6 SHORT-TERM BORROWINGS				
(a) Loan repayable on demand				
From banks - Secured	4,924.46	-	1,540.12	-
(b) Loan from related parties - Unsecured	-	203.00	-	95.00
(c) Loan from directors - Unsecured	-	339.00	-	90.00
(d) Loan from Inter corporates - Unsecured	-	266.00	-	250.00
	4924.46	808.00	1,540.12	435.00
Notes:				
6 (i) Details of security for short-term borrowings:				
Working capital loans from banks are primarily secured by hypothecation of inventories and book debts of the Company				
Loan repayable on Demand				
From Banks	4,924.46	-	1,540.12	-
Total - Loan from banks	4,924.46	-	1,540.12	-

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)		As at 31.03.2011 (₹ in lakhs)	
	Secured	Unsecured	Secured	Unsecured
6 (i) Details of security for short-term borrowings: (Contd.)				
Loan from related parties				
Rajiv Parthasarathy		250.00		250.00
B.Sarojini		16.00		-
Total - Loan from related parties		266.00		250.00
Loan from Directors				
B. Vijayakumar		99.00		95.00
V. Rajvirdhan		25.00		-
V. Rajsri		79.00		-
Total - Loan from Directors		203.00		95.00
Loan from Inter Corporates				
Tribe Investments and Services Limited		220.00		20.00
LG Farm Products (P) Limited		89.00		70.00
Super Speeds (P) Limited		30.00		-
Total - Loan from inter corporates		339.00		90.00
Total - Short-term borrowings	4,924.46	808.00	1,540.12	435.00
6 (ii) Defaults, if any - Nil				

Particulars	As at 31.03.2012 ₹ in lakhs		As at 31.03.2011 ₹ in lakhs	
	7 TRADE PAYABLES			
(a) Other than acceptances		11,243.59		10,571.18
Total		11,243.59		10,571.18

8 OTHER CURRENT LIABILITIES				
(a) Current maturities of long-term debt		2,359.59		2,456.14
(b) Interest accrued but not due on unsecured loans		22.70		15.07
(c) Interest accrued but not due on secured loans		79.95		95.60
(d) Unpaid bond interest		0.43		0.66
(e) Unclaimed dividends		33.30		27.97
(f) Other payables:				
(i) Statutory remittances		807.65		574.29
(ii) Payable on purchase of fixed assets		72.39		95.47
(iii) Interest accrued on deposits from customers		22.42		20.36
(iv) Advance and deposits from customers etc.,		1,323.76		672.19
(v) Liability for expenses		1,650.92		1,423.71
(vi) Unclaimed credits		26.83		16.28
Total		6,399.94		5,397.74

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2012 ₹ in lakhs	As at 31.03.2011 ₹ in lakhs
Note :		
8 (i) Current maturities of Long-term debt:		
Refer Note 5(i) for the details of Securities		
Term Loan		
From Banks		
Secured	2,257.14	2,257.14
Total - Term Loan from banks	2,257.14	2,257.14
Fixed Deposits:		
From Related		
Unsecured		
Super Speeds Private Limited	15.00	20.00
Minor.Samriddhi Andal Rajiv	52.00	
Tribe Investments and Services Private Limited	-	100.00
LG Farm Products (P) Limited	-	50.00
Maheswari D	-	5.00
Total - from related parties	67.00	175.00
From others		
Unsecured	35.45	24.00
Total - deposit from others	35.45	24.00
Total - Current maturities of Long-term debt	2,359.59	2,456.14

9 SHORT-TERM PROVISIONS		
(a) Provision for employee benefits:		
(i) Provision for bonus	294.71	224.32
(b) Provision - others:		
(i) Provision for proposed equity dividend	863.29	784.81
(ii) Provision for tax on proposed equity dividend	140.05	127.32
Total	1,298.05	1,136.45

Notes forming part of the Consolidated financial statements

(₹ in lakhs)

10. FIXED ASSETS		GROSS BLOCK			ACCUMULATED DEPRECIATION AND IMPAIRMENT				NET BLOCK		
Description of Assets	Balance as at 1 April, 2011	Additions	Disposals	Balance as at 31 March, 2012	Balance as at 1 April, 2011	Depreciation / amortisation expense for the year	Eliminated on Disposal of Assets	Impairment losses recognised in statement of profit and loss	Balance as at 31 March, 2012	Balance as at 31 March, 2012	Balance as at 31 March, 2011
A. TANGIBLE ASSETS:											
(a) Land Free Hold	971.65 (781.19)	110.70 (321.35)	-	1082.35 (1102.54)	-	-	-	-	-	1082.35 (1102.54)	1102.54 (781.19)
Lease Hold	198.78 (67.89)	-	-	198.78 (67.89)	-	11.35	-	-	11.35	187.43 (67.89)	67.89 (67.89)
(b) Buildings Own use	3227.35 (3159.13)	153.74 (69.18)	1.39 (0.97)	3379.70 (3227.34)	1380.93 (1188.19)	185.36 (193.30)	1.39 (0.97)	0.29 (0.41)	1565.19 (1380.93)	1814.51 (1846.41)	1846.41 (1970.94)
Given under operating Lease	559.20 (33.15)	-	-	559.20 (559.20)	34.30 (6.44)	51.22 (27.85)	-	-	85.52 (34.30)	473.68 (524.91)	524.91 (26.71)
(c) Plant and Equipment Owned	26312.34 (21736.13)	2822.10 (5516.58)	1720.68 (829.93)	27413.76 (26422.78)	12163.19 (10897.05)	2312.77 (1988.18)	1719.23 (771.22)	24.91 (96.88)	12781.64 (12210.89)	14632.12 (14211.90)	14211.90 (10835.85)
Given under operating Lease	347.05 (220.02)	0.26 (16.59)	-	311.11 (200.41)	224.70 (164.80)	18.19 (9.33)	0.00	-	242.89 (174.13)	68.22 (26.28)	56.95 (55.79)
(d) Furniture and Fixtures Owned	208.66 (182.63)	28.78 (28.87)	9.62 (2.83)	227.82 (208.67)	149.21 (129.32)	18.73 (22.52)	9.62 (2.83)	0.05 (0.20)	158.37 (149.21)	69.45 (59.45)	59.45 (53.31)
(e) Vehicles Owned	200.41 (214.08)	57.05 (41.18)	32.07 (54.85)	225.39 (200.41)	85.90 (96.41)	19.02 (20.69)	20.95 (39.19)	-	83.97 (85.90)	141.42 (114.51)	114.51 (117.67)
(f) Office equipment Owned	105.83 (125.82)	15.53 (14.75)	29.59 (34.75)	91.77 (105.82)	65.99 (80.04)	4.05 (8.63)	29.29 (34.41)	1.28 (11.72)	42.03 (65.99)	49.74 (39.84)	39.84 (45.79)
(g) Electrical Fittings Owned	1186.57 (1050.77)	46.70 (151.93)	37.27 (16.12)	1196.00 (1186.58)	599.97 (501.24)	108.55 (110.33)	37.06 (15.59)	0.76 (3.99)	672.22 (599.97)	523.78 (586.62)	586.62 (549.53)
(h) Other Assets Owned	876.75 (928.23)	136.11 (65.56)	17.80 (117.04)	995.06 (876.75)	677.11 (715.55)	76.67 (72.98)	17.80 (116.92)	0.90 (3.49)	736.88 (677.11)	258.18 (199.64)	199.64 (210.68)
Total	34194.59	3370.97	1848.42	35717.14	15383.95	2808.79	1835.34	28.19	16385.59	19331.55	18810.66
Previous Year	(28499.04)	(6752.04)	(1056.49)	(34194.59)	(13781.69)	(2456.69)	(981.13)	(124.68)	(15383.96)	(18810.66)	(14715.35)
B. INTANGIBLE ASSETS:											
(a) Computer - Software	392.26 (431.10)	37.41 (118.92)	5.01 (157.76)	424.66 (392.26)	292.32 (346.81)	41.09 (80.09)	5.01 (157.43)	0.03 (22.83)	328.43 (292.31)	96.23 (99.95)	99.95 (84.29)
(b) Technical Know-How	546.12 (512.67)	34.10 (33.45)	-	580.22 (546.12)	329.65 (289.70)	27.33 (39.95)	-	-	356.98 (329.66)	223.24 (216.46)	216.46 (222.96)
Total	938.38	71.51	5.01	1004.88	621.97	68.42	5.01	0.03	685.41	319.47	316.41
Previous Year	(943.77)	(152.37)	(157.76)	(938.38)	(636.51)	(120.04)	(157.43)	(22.83)	(621.97)	(316.41)	(307.25)

(₹ in lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
C) Depreciation and amortisation relating to continuing operations:		
Depreciation and amortisation for the year on tangible assets as per note 10 A	2,808.79	2,456.69
Depreciation and amortisation for the year on intangible assets as per note 10 B	68.42	120.04
Total	2,877.21	2,576.73

Notes forming part of the Consolidated financial statements

Notes:

(i) Details of revaluation of assets during the preceding 5 years (₹ in Lakhs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011	For the year ended 31.03.2010	For the year ended 31.03.2009	For the year ended 31.03.2008
Land:					
Opening balance	-	-	-	-	-
Added on revaluation	110.70	-	-	-	-
Closing balance	110.70	-	-	-	-

11. NON-CURRENT INVESTMENT

(₹ in Lakhs)

Particulars	As at 31st March 2012				As at 31st March 2011			
	Number of Shares	Quoted	Un Quoted	Total	Number of Shares	Quoted	Un Quoted	Total
Investments (At Cost)								
A) Trade								
(a) Investment in Equity instruments:								
(i) Associate:								
Renold Chain India Private Limited	10250000	-	1025.00	1025.00	10250000	-	1025.00	1025.00
(ii) Others:								
Supreme Rubber Reclaimers Ltd	50	0.01	-	0.01	50	0.01	-	0.01
Bharath Rubber								
Regenerating Co. Ltd	200	0.00	-	0.00	200	0.00	-	0.00
Elgi Equipments Ltd	1229706	112.50	-	112.50	1229706	112.50	-	112.50
LGB Forge Limited	10550000	105.50	-	105.50	10550000	105.50	-	105.50
Silent Chain India (P) Limited	770	-	0.15	0.15	770	-	0.15	0.15
LG Farm Products (P) Ltd	10000	-	1.00	1.00	10000	-	1.00	1.00
Rolon Fine Blank Limited	5000	-	0.50	0.50	5000	-	0.50	0.50
LGB Rolon Chains Limited	5000	-	0.50	0.50	5000	-	0.50	0.50
South Western Engineering India Limited	537	-	65.52	65.52	537	-	65.52	65.52
B. Non-trade								
(a) Investment in Equity instruments:								
(i) Others:								
Super Spinning Mills Ltd	10000	0.01	-	0.01	10000	0.01	-	0.01
Tube Investments of India Ltd	1100	0.01	-	0.01	1100	0.01	-	0.01
Corporation Bank	2400	1.92	-	1.92	2400	1.92	-	1.92
Tata Refractory Ltd	5000	-	2.01	2.01	5000	-	2.01	2.01
Manish Commercial Premises								
Co-operative Society Ltd, Mumbai	5	-	0.00	0.00	5	-	0.00	0.00
Kaveri Steels Ltd	100	-	0.00	0.00	100	-	0.00	0.00
C. Other Investments								
(a) Investment in Government securities								
(i) National Highways Authority of India Bond	460	-	46.00	46.00	460	-	46.00	46.00
		219.95	1,140.68	1,360.63		219.95	1,140.68	1,360.63

Particulars	As at 31.03.2012	(₹ in lakhs) As at 31.03.2011
Aggregate amount of quoted investments	219.95	219.95
Aggregate market value of the listed and quoted investments	1,214.82	1,419.15
Aggregate value of listed but not quoted investments	-	-
Aggregate value of unquoted investments	1,140.68	1,140.68

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
12 LONG-TERM LOANS AND ADVANCES		
(a) Capital advance		
Unsecured, considered good	171.30	129.67
(b) Security and other deposits		
Unsecured, considered good	292.18	230.55
(c) Loans and advances to employees		
Unsecured, considered good	5.79	-
(d) Advance income-tax (net of provision ₹ 4190.30 Lakhs) (As at 31.03.2011 ₹ 2241.93)		
Unsecured, considered good	256.54	95.94
(e) Mat credit entitlement		
Unsecured, considered good	352.08	740.91
(f) Other loans and advances		
(i) Advance recoverable		
Unsecured, considered good	14.34	20.23
Unsecured, considered doubtful	-	134.53
Less: provision for other loans and doubtful advances	-	134.53
(ii) Rent and other advances		
Unsecured, considered good	179.10	139.85
Total	1,271.33	1,357.15

13 OTHER NON-CURRENT ASSETS		
(a) Accruals:		
(i) Interest accrued on Deposits	8.45	8.76
(b) Others:		
(i) Margin Money with Banks		
- maturity above 12 months	6.80	-
Total	15.25	8.76

14 INVENTORIES		
(At Lower of cost and net realisable value)		
(a) Raw Materials	3,591.73	3,755.72
(b) Work-in-progress	6,557.80	5,856.89
(c) Finished products	4,740.77	2,723.20
(d) Stock-in-trade (acquired for trading)	1,452.62	939.06
Goods in Transit	666.07	513.72
(e) Others		
(i) Packing materials	143.69	168.89
(ii) Stores & spares	1,186.49	1148.85
(iii) Loose tools	958.19	308.45
(iv) Agricultural produce	4.82	3.50
Total	19,302.18	15,418.28

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
Notes:		
14(i) Details of inventory of work-in-progress		
Transmission	4,737.59	4,451.20
Metal forming	1,383.78	1,097.03
Others	436.43	308.66
Total	6,557.80	5,856.89
15 TRADE RECEIVABLE		
(a) Trade Receivable outstanding for a period exceeding six months from the date they were due for payment		
(i) Unsecured, considered good	176.91	186.57
(ii) Doubtful	50.91	33.20
Less: Provision for doubtful trade receivables	50.91	33.20
(b) Other Trade receivable		
(i) Unsecured, considered good	10,712.41	8,223.78
(ii) Doubtful	44.66	32.89
Less: Provision for doubtful trade receivables	44.66	32.89
Total	10,889.32	8,410.35
Note:		
15(i) Trade Receivable include debt due from		
Private companies in which any director is a director:		
LGB Fuel Systems (P) Limited	-	0.09
Silent Chain India (P) Limited	0.50	-
Renold Chain India (P) Limited	278.86	178.66
Total	279.36	178.75
16 CASH AND CASH EQUIVALENTS		
(a) Cash- on- Hand	43.72	30.98
(b) Cheque and Demand Drafts on Hand	46.93	-
(c) Balances with Banks		
(i) In Current Account	82.05	134.50
(ii) In Collection Account	242.60	143.06
(iii) In Deposit Account	10.18	-
(iv) In Earmarked Accounts		
Unpaid Dividend Account	33.30	27.97
Unpaid Interest Account	0.43	0.66
In Margin Monery with Banks	36.47	11.47

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
16 CASH AND CASH EQUIVALENTS (Cond.)		
(d) Others		
(i) In Fixed Deposits	53.97	128.00
(ii) In Margin money with Banks	4.47	10.99
Total	554.12	487.63
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS3 Cash Flow Statements is {a+b+c}	495.67	348.65

Note:

16 (i) Fixed Deposit includes deposits amounting to ₹ 6.54 Lakhs (As at 31st March, 2011 ₹ 29.36 Lakhs) and Margin Monies amounting to ₹ Nil (As at 31st March 2011 ₹0.20 Lakhs) which have an original maturity of more than 12 months

17 SHORT-TERM LOANS AND ADVANCES		
(a) Loans and advances to employees		
Unsecured and considered good	39.24	36.12
(b) Prepaid expenses		
Unsecured and considered good	25.73	26.07
(c) Balance with govt authorities:		
(i) Cenvat credit receivable	1,032.99	734.58
(ii) Vat credit receivable	139.62	93.98
(iii) Service tax credit receivable	237.46	157.88
(d) Due from subsidiary company		
Unsecured and considered good		
(e) Advance recoverable		
Unsecured and considered good	282.92	154.86
(f) Miscellaneous Expenditure to extent not written off	0.74	0.93
Total	1,758.70	1,204.42

18 OTHER CURRENT ASSETS		
(a) Others		
(i) Income and claims receivable	282.36	220.02
Total	282.36	220.02

19 REVENUE FROM OPERATIONS		
a) Sale of products (Refer Note (i) below)	92,660.52	73,268.32
b) Sale of services (Refer Note (ii) below)	104.58	92.24
c) Other operating revenue (Refer Note (iii) below)	5,766.73	3,951.92
	98,531.83	77,312.48
Less: Excise duty	7,263.35	5,837.81
Total	91,268.28	71,474.67

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
19 REVENUE FROM OPERATIONS (Contd.)		
Note:		
(i) Sale of products		
Manufactured goods:		
Chains	64,191.85	43,292.27
Metal Forming	15,773.72	13,594.74
Others	1,334.55	1,074.09
Total - sale of manufactured goods	<u>81,300.12</u>	<u>57,961.10</u>
Traded goods:		
Light commercial vehicles	11,360.40	9,469.41
Total - Sale of traded goods	<u>11,360.40</u>	<u>9,469.41</u>
Total - Sale of products	<u>92,660.52</u>	<u>67,430.51</u>
(ii) Sale of services:		
Service income on vehicles	104.58	92.24
Total - Sale of services	<u>104.58</u>	<u>92.24</u>
(iii) Other operating revenue:		
Scrap sales	5,617.38	3,879.58
Duty drawback and other export incentives	149.35	72.34
Total - other operating revenue	<u>5,766.73</u>	<u>3,951.92</u>
Total	<u>98,531.38</u>	<u>71,474.67</u>

20 OTHER INCOME		
a) Interest income (Refer Note (i) below)	21.62	70.47
b) Dividend income:		
from long-term investments		
(i) Others	16.89	11.73
c) Net gain on sale of investments		
(i) non-current investments	-	0.99
d) Other non-operating income		
(i) Rental and lease income	114.74	127.05
(ii) Agricultural income	2.63	3.29
(iii) Profit on sale of assets (net)	6.71	2.61
(iv) Miscellaneous receipts	10.75	0.72
Total	<u>173.34</u>	<u>216.86</u>
Note :		
(i) Interest income:		
Interest on fixed deposit with banks	10.80	17.74
Interest on deposit with TNEB	7.64	1.39
Interest on inter corporate deposit	-	47.88
Interest on NHAI bonds	3.18	3.46
Total - Interest income	<u>21.62</u>	<u>70.47</u>

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
21a COST OF MATERIALS CONSUMED		
Opening Stock:	3,924.61	3,242.72
Add: Purchases	39,158.74	29,187.51
Less: Closing Stock	3,735.42	3,924.61
Cost of material consumed	39,347.93	28,505.62
Material consumed comprises:		
Steel Strips, Wires, rods, bars	28,982.31	24,312.78
Blanks, 'O' Rings and others	8,321.50	2,681.79
Rubber and Chemicals	265.51	244.98
Packing Materials	1,778.61	1,266.07
Total	39,347.93	28,505.62

21b PURCHASE OF TRADED GOODS		
Purchase of light commercial vehicle	12,460.32	10,378.63
Total	12,460.32	10,378.63

21c CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Inventories at the end of the year		
Finished goods	4,740.77	2,727.69
Work-in-progress	6,557.80	5,852.40
Stock-in-trade	2,118.68	1,452.78
	13,417.25	10,032.87
Inventories at the beginning of the year		
Finished goods	2,727.69	2,349.96
Work-in-progress	5,852.40	4,168.83
Stock-in-trade	1,396.75	1,371.70
	9,976.84	7,890.49
Net (increase)/ decrease	(3,440.41)	(2,142.38)

22 EMPLOYEE BENEFITS EXPENSES		
(a) Salaries and wages	7,671.58	5,863.68
(b) Contribution to provident and other funds	452.53	243.51
(c) Staff welfare expenses	653.28	526.37
Total	8,777.39	6,633.56

23 FINANCE COST		
(a) Interest expenses:		
(i) On borrowings:	1,519.02	1,311.53
(b) Other borrowing cost	245.61	226.02
Total	1,764.63	1,537.55

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
24 OTHER EXPENSES		
(a) Consumption of stores and spare parts	6,125.27	4,864.68
(b) Processing charges	5,883.09	4,875.75
(c) Power, fuel and lighting	3,218.15	2,490.25
(d) Rent including lease rentals	320.14	231.27
(e) Repairs & maintenance of		
(i) Buildings	154.75	120.85
(ii) Machinery	1,411.49	1,088.24
(iii) Other assets	356.17	273.17
(f) Insurance	79.73	65.39
(g) Rates and taxes	90.34	61.45
(h) Travelling and conveyance	443.30	390.68
(i) Printing and stationery	66.93	48.09
(j) Postage, telegram and telephones	180.77	156.83
(k) Freight, packing & forwarding	2,594.35	2,474.37
(l) Advertisement, publicity and selling expenses	338.97	290.76
(m) Trade discount	1,436.20	1,057.67
(n) Donations	18.25	55.00
(o) Professional charges	79.16	67.05
(p) Auditors' remuneration (Refer note (i) below)	10.35	9.66
(q) Bad debts written off	2.51	-
(r) Impairment loss on fixed assets	28.23	147.51
(s) Provision for doubtful debts/advances	57.51	28.94
(t) Exchange difference	404.72	233.51
(u) Sales-tax, entry tax & octroi	80.38	65.83
(v) Sitting fees	5.70	3.95
(w) Watch and ward	309.49	225.05
(x) Miscellaneous expenses	66.54	65.61
(y) Preliminary expenses written off	0.19	0.19
	23,762.68	19,391.75
Note		
(i) Details of Auditors' remuneration:		
Payment to auditors comprises		
(net of service tax input credit		
wherever applicable)		
As auditors - statutory audit	8.35	6.33
For taxation matters	2.00	2.00
For other services	-	1.33
Total	10.35	9.66

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
25 ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT		
25.1 Contingent liabilities and commitments		
(to the extent not provided for)		
(i) Contingent liabilities:		
(a) Claims against the Company, not acknowledged as debt - disputed tax liability.	772.32	509.37
(b) Guarantee given by Bankers and outstanding	2.87	1,656.86
(c) Corporate guarantee given for others	8,400.00	8,396.59
(d) Estimated customs duty obligation on imports, if corresponding export obligation is not satisfied.	1,625.20	1,300.22
(ii) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for - Tangible assets	778.22	870.14

25.2 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 31.03.2012 as given in unconsolidated statements of L.G. Balakrishnan & Bros Limited and its subsidiary

26.1 Employee benefit plans
Defined Contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 274.04 Lakhs (Year ended 31st March, 2011 ₹ 243.51 Lakhs) for Provident Fund contributions and ₹ 5.02 Lakhs (Year ended 31st March, 2011 ₹ 5.74 Lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

State plans:

The Company makes ESI contributions to Employees State Insurance Scheme. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 82.04 Lakhs (Year ended 31st March, 2011 ₹ 80.55 Lakhs) in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Scheme.

Notes forming part of the Consolidated financial statements

26.2. Related party transactions : (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) Enterprise over which the company may exercise significant influence

Elgi Automotive Services (P) Limited	LGB Fuel Systems 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	Tribe Investments and Services Private Limited
Super Speeds Private Limited	South Western Engineering India Limited
Super Transports Private Limited	Silent Chain India Private Limited

ii) Wholly Owned Subsidiary Company

BCW V Tech India Private Limited

iii) Associates

Renold Chain India Private Limited

iv) Key Management Personnel

a. Sri. B. Vijayakumar, Chairman & Managing Director	b. Sri. P. Prabakaran, Deputy Managing Director
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v) 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. Vijayashree 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 Rajiv	
Daughter's Son : Minor. Vidhur Narayanan Rajiv	

Notes forming part of the Consolidated financial statements

Nature of transactions	Associates / Others	Key Managerial Personnel	Relatives of Key Managerial Personnel	Total
Managerial Remuneration				
B. Vijayakumar	-	173.34	-	173.34
	-	(143.81)	-	(143.81)
P. Prabakaran	-	49.92	-	49.92
	-	(23.34)	-	(23.34)
Loan Receipts	269.00	114.00	168.00	551.00
	(35.00)	(108.00)	(50.00)	(193.00)
Loan Repayment	-	110.00	48.00	158.00
	(435.00)	(113.00)	(91.00)	(639.00)
Interest Receipts	-	-	-	-
	47.74)	(-)	-	(47.74)
Interest Expense	7.31	10.05	32.80	50.16
	(1.89)	(10.58)	(28.66)	(41.13)
Dividend Receipts	3.28	-	-	3.28
	(-)	(-)	(-)	(-)
Dividend Payments	105.50	100.02	152.01	357.53
	(-)	(-)	(-)	(-)
Rent Income	72.46	-	(-)	72.16
	(50.27)	(-)	(-)	(50.27)
Rent / Lease Expenses	12.65	-	-	12.65
	11.02)	-	-	(11.02)
Purchase of Materials, Spares & power	808.84	-	-	808.84
	(1090.37)	(-)	(-)	(1090.37)
Processing/Conversion Cgs payment	340.70	-	-	340.70
	(48.70)	(-)	(-)	(48.70)
Sale of Materials, Stores and Service Charges	1881.61	-	-	1881.61
	(1730.62)	(-)	(-)	(1730.62)
Sale of Fixed Assets	-	-	-	-
	(33.27)	(-)	(-)	(33.27)
Purchase of Fixed Assets	-	-	-	-
	(811.05)	(-)	(-)	(811.05)
Receivable balance	331.83	-	-	331.83
	(622.78)	(-)	(-)	(622.78)
Payable balance	234.11	99.00	370.00	703.11
	(109.93)	(95.00)	(250.0)	(358.18)

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

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
LOAN RECEIPTS:		
Associates:		
Tribe Investments and Services Private Limited	200.00	—
LG Farm Products Pvt. Ltd.	39.00	—
Super Speeds (P) Limited	30.00	—
LG Sports Ltd	—	15.00
Key managerial personnel:		
Sri. B. Vijayakumar	114.00	108.00
Relatives of key managerial personnel:		
Smt. V. Rajsri	110.00	22.00
Sri. V. Rajvirdhan	42.00	25.00
Smt. B. Sarojini	16.00	3.00
LOAN REPAYMENT:		
Associates:		
LGB Forge Limited	—	400.00
LG Sports Ltd	—	15.00
Key managerial personnel:		
Sri.B.Vijayakumar	110.00	113.00
Relatives of key managerial personnel:		
Smt. V. Rajsri	31.00	33.00
Sri. V. Rajvirdhan	17.00	53.00
Smt. B. Sarojini	—	5.00
INTEREST EXPENSE:		
Relatives of key managerial personnel:		
Sri. Rajiv Parthasarathy	27.58	26.25
DIVIDEND PAYMENT:		
Associates:		
Elgi Automotive Services (P) Limited	41.00	26.65
L.G.B. Auto Products (P) Limited	38.00	24.70
LG Farm Products (P) Limited	20.00	13.00
Key managerial personnel:		
Sri.B.Vijayakumar	100.02	65.01
Relatives of key managerial personnel:		
Sri. V. Rajvirdhan	96.74	36.40
Smt. V. Rajsri	44.48	-
RENT INCOME		
Associates		
LGB Forge Limited	43.51	22.10
South Western Engineering India Limited	11.53	12.29

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
RENT / LEASE PAYMENT		
Associates:		
LGB Forge Limited	7.43	8.42
Renold Chain India (P) Limited	5.22	2.60
PURCHASE OF MATERIAL, SPARES & POWER		
Associates:		
Renold Chain India (P) Limited	604.26	423.04
L.G. Balakrishnan & Bros, Karur	158.00	209.29
PROCESSING/CONVERSION CHARGES PAYMENT		
Associates:		
South Western Engineering India Limited	297.56	148.73
Silent Chain India (P) Limited	43.14	48.70
SALE OF MATERIAL ,STORES AND SERVICE CHARGES		
Associates:		
Renold Chain India (P) Limited	1,679.85	1,501.45
26.3 DEFERRED TAX LIABILITY		
Tax effect of items constituting deferred tax Liability: On difference between book balance and tax balance of fixed assets	1,788.84	1,886.52
26.4. SEGMENT REPORTING		
Primary Segment Information		
(Business Segments):		
A. Segment Revenue:		
Transmission	62,584.67	46,173.89
Metal Forming	15,786.04	14,624.34
Others	12,897.57	10,676.44
Total	91,268.28	71,474.67
B. Segment Results:		
Transmission	5,990.04	4,626.65
Metal Forming	1,278.35	1,219.96
Others	388.11	501.01
Total	7,656.50	6,347.62
Interest Expenses	1,764.63	1,537.55
Unallocated corporate expenses, net of unallocated income	-	-
Profit before tax	5,891.87	4,810.07
Provision for taxation	1,468.99	181.05
Profit after tax	4,422.88	4,629.02

Notes forming part of the Consolidated financial statements

 26.3. Segment Reporting (Contd.)
 Primary Segment Information
 (Business Segments):
 C. Other Information:

Particulars	As at 31 March, 2012		For the year ended 31 March, 2012		
	Segment Assets	Segment Liabilities	Capital Expenditure	Depreciation	Non-cash expenditure excluding depreciation
Transmission	26684.63	9259.41	1497.84	1139.68	28.59
	(22789.22)	(8048.76)	(2568.58)	(1058.71)	(25.24)
Metal Forming	17301.52	3436.16	706.27	1282.57	54.16
	(15966.850)	(4856.19)	(3736.85)	(1064.52)	(58.58)
Others	11432.66	6246.02	1238.37	454.95	6.37
	(9151.82)	(1614.60)	(598.99)	(453.51)	(97.52)

Note: Components of business segments are as under:

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

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
A. Secondary Segment Information (Geographical Segment)		
1) Segment Revenue:		
Within India	84,358.85	66,443.01
Outside India	6,909.43	5,031.66
Total	91,268.28	71,474.67
2) Segment Assets:		
Within India	53,964.11	46,782.51
Outside India	1,454.71	1,125.38
Total	55,418.82	47,907.89
3) Capital Expenditure:		
Within India	3,442.48	6,904.42
Outside India	—	—
Total Capital Expenditure	3,442.48	6,904.42

Notes forming part of the Consolidated financial statements

Particulars	As at 31.03.2012 (₹ in lakhs)	As at 31.03.2011 (₹ in lakhs)
26.4 Earnings per share		
Basic & Diluted:		
Continuing operations:		
Net profit after tax from continuing operations - (₹ in lakhs)	4,422.78	3,806.39
Profit attributable to Equity Shareholders - (₹ in lakhs) (A)	4,422.78	3,806.39
Total number of equity shares outstanding at Balance Sheet date.	7,848,104	7,848,104
Weighted average number of equity shares outstanding, considered for the purpose of computing Basic EPS (B)	7,848,104	7,848,104
Basic and Diluted Earnings Per Share-in ₹	56.35	39.39
Nominal value of Equity Shares - in ₹	10	10

27 The revised Schedule VI has become effective from 1 April, 2011, for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year figures have been regrouped and reclassified, wherever necessary, to correspond with the current year's classification/disclosure.

<p>B. VIJAYAKUMAR Chairman Cum Managing Director</p>	<p>P. PRABAKARAN Deputy Managing Director</p>	<p>“In terms of our report attached” For DELOITTE HASKINS & SELLS Chartered Accountants Registration No.008072S</p>
<p>Coimbatore M. LAKSHMI KANTH JOSHI 28.04.2012 General Manager cum Company Secretary</p>	<p>N. RENGARAJ Chief Financial Officer</p>	<p>M. RAMACHANDRAN Membership No.16399 Partner</p>

Consolidated Cash Flow Statement for the year ended 31 March, 2012

PARTICULARS	31.03.2012 (₹ in Lakhs)	31.03.2011 (₹ in Lakhs)
A. Cash flow from operating activities		
Net Profit before Tax and Extra ordinary items	5,891.87	4,810.07
Adjustments for Depreciation	2,877.21	2,576.74
Asset Condemned and written off	28.23	147.51
(Profit) or Loss on sale of assets	(6.71)	(2.61)
(Profit) or Loss on sale of investments	-	(0.99)
Finance charges	1,764.63	1,537.55
Interest income	(21.62)	(70.48)
Dividend income	(16.89)	(11.73)
Rental income on operating lease	(114.74)	(127.05)
Operating profit before working capital changes	10,401.98	8,859.01
Changes in Working Capital		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(3,883.89)	(3,142.01)
Trade Receivables	(2,478.96)	(514.34)
Short term Loans and advances	(554.47)	440.30
Long term Loans and advances	246.42	(717.96)
Other current assets excluding advance tax	(62.34)	20.55
Other Non- current assets	0.31	(2.56)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade Payables	672.41	3048.55
Other current Liabilities	1,098.75	709.71
Other non-current Liabilities	(67.68)	(776.42)
Short Term Provisions	70.39	39.07
Cash generated from operations	5,442.92	7,963.90
Preliminary expenses	0.19	0.19
Income tax paid	(1,629.61)	266.56
Net Cash from operating activities (A)	3,813.50	8,230.65
B. Cash flow from Investing activities	(3,222.43)	(7,019.14)
Proceeds from sale of fixed assets	19.79	78.31
Purchase of Investments	-	(446.00)
Proceeds from sale of investments	-	21.29
Bank balances not considered as Cash and cash equivalents		
Fixed Deposit with banks matures more than 3 months	73.75	5.62
Dividend received		
from others	16.89	11.73
Interest received		
from subsidiaries	-	-
from others	21.62	70.47
Rental income on operating lease	114.74	127.05
Net cash outflow from Investing activities (B)	(2,975.64)	(7,150.67)

Consolidated Cash Flow Statement for the year ended 31 March, 2012 (Contd.)

PARTICULARS	31.03.2012 (₹ in Lakhs)	31.03.2011 (₹ in Lakhs)
C. Cash flow from financing activities		
(Repayment)/Proceeds of Secured Loan	1,109.97	744.85
Proceeds/(Repayment) of Unsecured Loan	875.95	297.46
Interest paid	(1,764.63)	(1,537.55)
Dividend paid	(912.13)	(594.85)
Extra Ordinary Items		
Net cash used in financing activities (C)	(690.84)	(1,090.09)
Net increase in cash and cash equivalents (A) + (B) + (C)	147.02	(10.11)
Opening Balance	348.65	358.76
Closing Balance *	495.67	348.65
Reconciliation of Cash and cash equivalent with the Balance Sheet		
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
comprises		
(a) Cash- on- Hand	43.72	30.98
(b) Cheque and Demand Drafts on Hand	46.93	0.00
(c) Balances with Banks		
(i) In Current Account	82.05	134.50
(ii) In Collection Account	242.60	143.07
(iii) In Deposit Account	10.18	0.00
(iv) In Earmarked Accounts		
Unpaid Dividend Account	33.30	27.97
Unpaid Interest Account	0.43	0.66
In Margin Money with Banks	36.47	11.47
	495.67	348.65

B. VIJAYAKUMAR
Chairman Cum Managing Director

P. PRABAKARAN
Deputy Managing Director

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

Coimbatore **M. LAKSHMI KANTH JOSHI**
28.04.2012 General Manager cum Company Secretary

N. RENGARAJ
Chief Financial Officer

M. RAMACHANDRAN
Membership No.16399
Partner



L.G. Balakrishnan & BROS LIMITED



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

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

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

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

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

Thanking You,

Yours faithfully,

For L.G. BALAKRISHNAN & BROS LIMITED

(Sd./-)

M. LAKSHMI KANTH JOSHI

General Manager cum Company Secretary

✂ ————— Cut along the line —————

Cameo Corporate Services Limited

Unit: L.G. Balakrishnan & Bros Limited

"Subramanian Building"

No 1, Club House Road

Chennai- 600 002

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

Folio No./DP ID & Client ID :

Name of the First Holder :

E-mail ID address (to be registered) :

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

Date: _____

Signature of 1st Holder _____

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

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 56th Annual General Meeting of the Company held on 09-07-2012 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 56th Annual General Meeting of the Company to be held on 09.07.2012 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 hand(s) thisday of2012.

Signed by the said.....

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

Affix
₹ 1.
Revenue
Stamp

Applicable to investors holding shares in Electronic Form.

- Notes : The proxy form must be returned so as to 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
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- 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. If the transaction is delayed or not effective at all for reasons of incomplete or incorrect information, I would not hold the Company responsible.

(Signature of the first Regd. holder)

(Signature of the second holder)

Place : Name :

Date : Address :

.....Pincode

Phone :

Email:.....

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



To (Your Depository Participant)

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

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

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

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

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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.



ANNUAL REPORT

If Undelivered Please Return to :



L.G. BALAKRISHNAN & BROS LIMITED

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

Tel : 0422 - 2532325, Fax : 0422 - 2532333

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