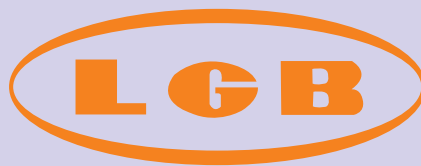


LGB FORGE LIMITED



**11th
ANNUAL REPORT
2016 - 2017**

Corporate Information

BOARD OF DIRECTORS

Sri. B. Vijayakumar

Chairman

Sri. V. Rajvirdhan

Vice Chairman

Sri. K.N.V. Ramani

Sri. P. Shanmugasundaram

Sri. P.V. Ramakrishnan

Sri. Harsha Lakshmikanth

Ms. Aishwarya Rao

Sri. K. Karthik

Executive Director

CHIEF FINANCIAL OFFICER

Sri. R. Ramakrishnan

COMPANY SECRETARY

Sri. R. Ponmanikandan

BANKERS & FINANCIAL INSTITUTIONS

Axis Bank Limited

ICICI Bank Limited

IDBI Bank Limited

Bajaj Finance Limited

STATUTORY AUDITORS

M/s. Haribhakti & Co. LLP

Chartered Accountants

“Shree Shanmugappriya”, 2nd Floor,
454, Ponnaiyan Street, Cross Cut Road,
Gandhipuram, Coimbatore - 641012.

Phone No. 0422 - 2237793, 2238793

SECRETARIAL AUDITOR

CS.P.Eswaramoorthy

2910/2, 5th Street, Ramalinga Jothi Nagar,
Near Corporation Office, Nanjundapuram Road,
Ramanathapuram, Coimbatore-641045

Phone No. 0422- 2322333

REGISTRAR AND SHARE TRANSFER AGENTS

M/s.Cameo Corporate Services Limited

“Subramanian Building”

No 1, Club House Road, Chennai- 600 002

Phone No. 044 - 28460390

STOCK EXCHANGE WHERE COMPANY'S SECURITIES ARE LISTED

BSE Ltd.

National Stock Exchange of India Ltd.

REGISTERED OFFICE

6/16/13, Krishnarayapuram Road,

Ganapathy, Coimbatore - 641 006.

CIN : L27310TZ2006PLC012830

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

Phone: 0422 2532325 Fax: 0422 2532333

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11th ANNUAL GENERAL MEETING

Date	: 27th July, 2017
Day	: Thursday
Time	: 09.00 A.M.
Venue	: Ardra Convention Centre Kaanchan, 9, North Huzur Road Coimbatore- 641 018.
Book Closure Dates	: 21.07.2017 to 27.07.2017 (Both days inclusive)

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the Members of the Company will be held on Thursday, 27th July, 2017 at 09.00 A.M. at Ardra Convention Centre, “Kaanchan”, 9 , North Huzur Road, Coimbatore - 641 018, to transact the following businesses:

AGENDA
Ordinary business

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2017 and the Statement of Profit and Loss for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Sri B.Vijayakumar (DIN 00015583), who retires by rotation and being eligible, seeks re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED** that pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, the appointment of M/s. Haribhakti & Co, LLP, Chartered Accountants (Firm Registration No. 103523W), as Auditors of the Company in the AGM held on 10.09.2015 for a term of five years i.e. till the conclusion of the 13th Annual General Meeting (AGM), which was subject to ratification at every AGM, be and is hereby ratified to hold the office from the conclusion of this AGM till the conclusion of the next AGM of the Company to be held in the year 2018, at a remuneration of ₹ 5,20,000/- (Rupees Five Lakhs Twenty Thousand Only) which includes fees for other services rendered, (plus applicable statutory levies and taxes and re-imbursement of travelling and out of pocket expenses incurred by them for the purpose of audit).

Special business

4. To consider and if thought fit, to pass the following resolution as Special Resolution.

RESOLVED THAT PURSUANT TO Section 196, 197, 198, 203, Schedule V and other applicable provisions if any of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the Members be and is hereby accorded to the reappointment Sri. K.Karthik (DIN:06846794) as Executive Director of the Company for a further period of 6 months w. e. f. 01-02-2017 on the following remuneration as recommended by the Nomination and Remuneration committee, approved by the Audit Committee and the Board of Directors at their Meeting held on 27th January 2017.

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

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

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

RESOLVED FURTHER THAT Sri. K.Karthik (DIN:06846794) shall be liable to retire by rotation and if -appointed, the same shall not be treated as break in the service as Executive Director.

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

I General Information	
1 Nature of Industry	The Company is a Forging Component manufacturing Industry.
2 Date of expected date of commencement of production.	Company was established in the year 2006 and had already commenced commercial production.

3	In case of new companies expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus.	Not Applicable		
4	Financial Performance	Particulars	31.03.2017 ₹ in Lakhs	31.03.2016 ₹ in Lakhs
		Turnover	9,413.59	9,784.79
		PBT	(200.53)	(233.75)
		PAT	(200.53)	(233.75)
		Rate of Dividend Declared	NIL	NIL
5	Foreign Investments of collaborators, if any.	NIL		
II	Information about the appointee.			
1	Background details	Sri. K. Karthik aged 42 years was appointed as Executive Director on 30 th January 2014. He is an Engineering Graduate and holds a Post Graduate Diploma in Foreign Trade along with Masters Post graduate Diploma in International Business, He has More than 20 years experience in the field of marketing. He is the Executive Director of the Company for the past 3 years		
2	Past Remuneration	₹ 83,340/- p m		
3	Recognition or Awards	NIL		
4	Job Profile and his suitability	Subject to the superintendence, direction and control of the Board of Directors, Sri. K. Karthik is responsible for the operations of the Company.		
5	Remuneration Proposed	As mentioned in the notice. The remuneration payable has the approval of the Remuneration Committee and the Board of Directors.		
6	Comparative remuneration profile to industry, size of the Company, profile of the position and person.	Commensurate with the size and the operations of the Company the profile of the appointee, the responsibilities shouldered on, him and the industry bench marks, the remuneration proposed to be paid is reasonable to that of the similar other companies.		
7	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel if any.	Nil		
III	Other Information.			
1	Reasons of loss or inadequate profits:	The Company had to face many challenges during financial year 2016-17, like shortage of working capital which ultimately resulted in delayed procurement of raw materials, huge interest burden, general industrial meltdown, etc. Another bigger challenge before		

	the Company was reducing its debt portfolio, which was contributing significantly to erode the bottom line.
2 Steps taken or proposed to be taken for improvement	The Company has developed new customers and also new components for existing customers during the last financial year resulting in new business. The Company has also embarked on several yield improvement methods for improved profitability. The results of these steps and other initiatives will be seen in the coming years
3 Expected increase in productivity and profits in measurable terms	There are signs of revival in economic activity which should lead to improvement prospects during the year.
IV Disclosure	
1 Remuneration package	As given in the Explanatory statement
2 Details to be furnished in Corporate Governance	Given under Remuneration to Directors in “Report on Corporate Governance.

NOTES:

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

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

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

2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

3. Members / Proxies attending the Meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.

4. Details under Regulation 36 of SEBI (Listing Obligations and disclosure Requirements) Regulation 2015 in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting are furnished and forms a part of the notice. The Directors have furnished the requisite consents / declarations for their appointment / re-appointment.

5. The Register of Members and the Share Transfer Books of the Company shall remain closed from 21.07.2017 to 27.07.2017 (both days inclusive)

6. Members holding shares in electronic form are hereby informed that bank particulars registered against their depository accounts will be used by the Company for applicable purposes. The Company or the Registrars cannot act on any request received directly from the members holding shares in electronic form for any change in bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the Members.

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

7. Change of Address: Members are requested to notify any change of address and bank details to their depository participants in respect of their holdings in electronic form and in respect of shares held in physical form, to the secretarial department at the registered office of the Company or to M/s. Cameo Corporate Services Limited, "Subramanian Building" No.1, Club House Road, Chennai - 600 002 the Registrar and Share Transfer Agent of the Company.
8. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar and Share Transfer Agents, for consolidation into a single folio.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agent.
10. Copies of the Annual Report 2017, the Notice of the 11th Annual General Meeting of the Company and instructions for e-voting, along with the Attendance Slip and Proxy Form, are being sent by electronic mode only to the members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report 2017 are being sent by permitted mode.
11. In terms of the provisions of Section 136(1) of the Companies Act, 2013, Rule 10 of Companies (Accounts of Companies) Rules, 2014 and Regulation 36 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 "Listing Regulations", the Board of Directors has decided to circulate the Abridged Annual Report containing salient features of the balance sheet and statement of profit and loss and other documents to the shareholders for the Financial Year 2016-17 under the relevant laws.

The Abridged Annual Report is being circulated to the members excluding the Annual Report on Remuneration Philosophy/Policy, Secretarial Audit Report, Extract of Annual Return, Full Report on Corporate Governance and Shareholders' Information.

Members who desire to obtain the full version of the Annual Report may write to us at: secretarial@lgb.co.in. Full version of the Annual Report is also be available on the Company's website www.lgbforge.co.in.
12. Members may also note that the Notice of the 11th Annual General Meeting and the Annual Report 2017 will be available on the Company's website, www.lgbforge.co.in. The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at: r.ponmanikandan@lgb.co.in.
13. Voting Through Electronic Means In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their votes for all the resolutions detailed in the Notice of the 11th Annual General Meeting scheduled to be held at 09.00 a.m, on Thursday, the 27th July, 2017, by electronic means and the business may be transacted through remote e-voting.

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

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

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

Votes cast by members who hold shares on the cutoff date viz 20.07.2017 alone will be counted. Instructions for Shareholders Voting Electronically are as under:

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 24.07.2017 at 9.00 AM and ends on 26.07.2017 at 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 20.07.2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders / Members
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN

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

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

Dividend Bank Details OR Date of Birth (DOB)

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

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

- (viii) After entering these details appropriately, click on "SUBMIT" tab.)
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take

utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - (xi) Click on the EVSN for the LGB Forge Limited on which you choose to vote.
 - (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
 - (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
 - (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
 - (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
 - (xvii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - (xviii) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
 - (xix) **Note for Non - Individual Shareholders and Custodians**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
14. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 20.07.2017.
- Mr. P.Eswaramoorthy. FCS , Company Secretary in Practice, Coimbatore has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
15. The Scrutinizer shall immediately after the conclusion of the Annual General Meeting first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
16. The Results shall be declared within 3 days of the conclusion of the Annual General Meeting. The results declared along with the Consolidated Scrutinizer’s Report shall be placed on the Company’s website www.lgbforge.co.in and on the website of CDSL within

three (3) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges where the Company's shares are listed.

17. Request for additional information, if required: In case you intend to raise any queries in the forthcoming

Annual General Meeting, you are requested to forward the same to Mr.R.Ponmanikandan, Company Secretary at the Registered Office address at least 10 days before the date of the Meeting so that the same may be attended appropriately to your entire satisfaction.

By Order of the Board

R. PONMANIKANDAN

Company Secretary

Membership No. 40886

Coimbatore
06.05.2017

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

Name	Sri B.Vijayakumar
Director Identification Number	00015583
Date of Birth	22.01.1953
Nationality	Indian
Date of Joining the Board	07.06.2006
Relationship with other Director	Father of Sri. V.Rajvirdhan
Qualification	B.Sc.,
Expertise in area	More than 47 years as an Industrialist.
Number of shares held in the Company	15,000,000
List of Directorships held in Companies	1. L.G.Balakrishnan & Bros Limited
	2. BCW V Tech India Private Limited
	3. Super Spinning Mills Limited
	4. Elgi Equipments Limited
	5. LG Sports Limited
	6. Super Speeds Private Limited
	7. South Western Engineering India Limited
	8. Super Transports Private Limited
	9. LG Farm Products Private Limited
	10. LGB Auto Products Private Limited
	11. Renold Chain India Private Limited
	12. LGB USA INC
	13. GFM Acquisition LLC
Chairman/Member Committees of the Boards of other companies in which he is Director	Member of Nomination and Remuneration Committee L.G.Balakrishnan & Bros Limited
	Member of Stakeholders Relationship Committee of L.G.Balakrishnan & Bros Limited

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Eleventh Annual Report of your Company together with the audited accounts for the year ended on 31st March, 2017.

FINANCIAL RESULTS

The summary of the financial performance of the Company for the year ended 31st March, 2017 as compared to the previous year is as below

Particulars	31.03.2017 (₹ in Lakhs)	31.03.2016 (₹ in Lakhs)
Gross Income	8435.06	8917.53
Profit / (Loss) before interest, depreciation & Tax	(96.89)	279.23
Less:		
Interest	265.67	374.82
Depreciation	226.01	349.71
Add : Exceptional Items	388.04	211.55
Profit /(Loss) Before Tax	(200.53)	(233.75)
Profit/(Loss) After Tax	(200.53)	(233.75)
Add : Balance brought forward	(4362.52)	(4128.77)
Amount transferred to Balance Sheet	(4563.05)	(4362.52)

PERFORMANCE OF THE COMPANY

During the year under review, your Company's Gross Income is ₹ 8435.06 Lakhs [Previous Year: ₹ 8917.53 Lakhs]. Gross Profit / (Loss) before interest, depreciation and tax amounted to ₹ (96.89) Lakhs [Previous Year ₹ (279.23) Lakhs]. The Net profit/ (Loss) stood at ₹ (200.53) Lakhs [Previous Year Net Profit/(Loss) ₹ (233.75) Lakhs].

AMOUNT TRANSFERRED TO RESERVES.

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

DIVIDEND

In view of the losses, current and accumulated, your Directors regret their inability to recommend dividend for the year 2016-2017.

FIXED DEPOSITS.

During the year, the Company did not accept or renew any fixed deposits and no fixed deposits remained unclaimed with the Company as on 31st March, 2017.

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 134(3) (a) of the Companies Act, 2013, Extract of the Annual Return for the financial year ended 31st March, 2017 made under the provisions of Section 92(3) of the Act is attached in prescribed form (MGT-9) as Annexure-A which forms part of this Report.

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

There were no material changes and commitments affecting the financial position of the Company occurred between the end of financial year to which this financial statements relate and the date of this Report.

INTERNAL CONTROL SYSTEMS AND COMPLIANCE FRAMEWORK

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal Auditors and the management monitors and evaluates the efficacy and adequacy of the internal control system in the Company, its compliance

with operating systems, accounting procedures and policies at all locations of the Company. Audit observations of Internal Auditors and corrective actions thereon are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Auditor reports to the Audit Committee.

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

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

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES.

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

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

The Company has not provided any loan, Guarantee and made investments under Section 186 of the Companies Act, 2013 hence no information as per provisions of Section 134 (3) (g) of the Companies Act, 2013 has been furnished.

DISCLOSURE REGARDING ISSUE OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS.

The Company has not issued any equity shares with differential rights during the year under review and hence no information as per provisions of Rule 4(4) of the

Companies (Share Capital and Debenture) Rules, 2014 has been furnished.

DISCLOSURE REGARDING ISSUE OF EMPLOYEE STOCK OPTIONS

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

DISCLOSURE REGARDING ISSUE OF SWEAT EQUITY SHARES.

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

DISCLOSURES IN RESPECT OF VOTING RIGHTS NOT DIRECTLY EXERCISED BY EMPLOYEES

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

DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATES.

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

SHARE CAPITAL

The Paid-up share capital of the Company as at 31st March 2017 stood at ₹ 1500.02 lakhs. During the year under review the Company has not made any fresh issue of shares.

CHANGE IN NATURE OF BUSINESS, IF ANY.

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

MATTERS RELATING TO DIRECTORS AND KEY MANAGERIAL PERSONNEL RETIREMENT BY ROTATION

In accordance with the provisions of Section 152(6) and as per the Articles of Association of the Company, Mr. B.Vijayakumar (DIN: 00015583) retires at the ensuing Annual General Meeting and being eligible, seeks

re-appointment. The Board recommends his re-appointment.

APPOINTMENTS / RESIGNATION OF DIRECTORS / KMP.

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

- None of the Independent Directors retires at the ensuing Annual General Meeting.
- Sri. Rajiv Parthasarathy, Director of the Company has resigned with effect from 01st November, 2016. The Board of Directors has placed on record their sincere appreciation and gratitude for contribution made by him during his tenure as Director

DECLARATION BY INDEPENDENT DIRECTORS

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

DISCLOSURE RELATING TO BOARD, COMMITTEES AND POLICIES

NUMBER OF BOARD MEETINGS

The Board of Directors met 4 times during the financial year ended on 31st March 2017 in accordance with the provisions of the Companies Act, 2013 and rules made there under. The details of Board Meeting Dates and Particulars of Directors Attendance are given in the Corporate Governance Report, has been enclosed with this report. All the Directors actively participated in the meetings and contributed valuable inputs on the matters brought before the Board of Directors from time to time.

Additionally, during the financial year ended 31st March 2017, the Independent Directors held a separate meeting in compliance with the requirement of Schedule IV of the Companies Act, 2013 and Regulation 25(3) of the SEBI (LODR) Regulations, 2015.

DIRECTORS RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended on 31st March, 2017, the Board of Directors hereby confirms that,

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

NOMINATION AND REMUNERATION COMMITTEE AND REMUNERATION POLICY.

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

AUDIT COMMITTEE

Audit Committee is in existence in accordance with the provisions of Section 177 of the Companies Act, 2013. Kindly refer to the Section on Corporate Governance, under the head, 'Audit Committee' for matters relating to the composition, meetings, and functions of the

Committee. The Board has accepted the Audit Committee recommendations during the year whenever required, hence no disclosure required under section 177(8) of the Companies Act, 2013 with respect to rejection of any recommendations of Audit Committee by Board.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

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

The Whistle Blower Policy is disclosed on the website of the Company at www.lgbforge.co.in.

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

STAKEHOLDER RELATIONSHIP COMMITTEE

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

According to Section 135 of the Companies Act, 2013, no requirement for our Company to constitute the CSR Committee and for framing the CSR Policy. Hence the requirement to furnish the details under Section 134(3)(o) of the Companies Act, 2013 does not arise.

EVALUATION OF BOARD, COMMITTEES AND DIRECTORS.

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

FAMILIARIZATION PROGRAMMES

The Company has conducted various sessions during the financial year to familiarize Independent Directors with

the Company, their roles, responsibility in the Company and the technology and risk management systems of the Company.

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

RISK MANAGEMENT

The Company is not required to form a Risk Management Committee. The Company has developed and implemented a Risk Management procedures for identifying the risk associated with businesses of the Company and measures to be taken by including identification of elements of risk and measures to control them.

AUDITORS AND THEIR REPORTS

STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. Haribhakti & Co, LLP, Chartered Accountants (ICAI Firm Registration No. 103523W/W100048), the Statutory Auditors of the Company, hold office upto the conclusion of the (Thirteenth) 13th Annual General Meeting. However, their appointment as Statutory Auditors of the Company is subject to ratification by the Members at every Annual General Meeting. The Company has received a certificate from the said Auditors that they are eligible to hold office as the Auditors of the Company and are not disqualified for being so appointed.

Necessary resolution for ratification of appointment of the said Auditors is included in the Notice of Annual General Meeting for seeking approval of members.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with, The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Sri. P. Eswaramoorthy B.Sc, FCS, (Membership No. FCS 6510 and CP.No.7069) Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit report (in Form No. MR.3) for the financial year 2016-17 is attached as Annexure- B which forms part of this Report.

INTERNAL AUDITOR

Pursuant to the Provisions of Section 138 of the Companies Act, 2013 and rules made there under, Sri.M.P.Gopalakrishnan, Chartered Accountant was appointed as an Internal Auditor of the Company for the financial year 2016-17.

OBSERVATION OF STATUTORY AUDITOR AND SECRETARIAL AUDITOR IN RESPECT OF THEIR AUDIT REPORTS.

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

OTHER DISCLOSURES**CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION FOREIGN EXCHANGE EARNINGS AND OUTGO.**

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

PARTICULARS OF EMPLOYEES AND REMUNERATION

The Information as required under the provisions of the Section 197(12) of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are set out in the “Annexure D” which forms part of this report.

Further,

- None of the employees of the Company was in receipt of remuneration in excess of the limits prescribed under Section 134 of the Companies Act, 2013.
- As on 31st March 2017 there were 355 Permanent employees of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT.

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

CORPORATE GOVERNANCE

As per Regulation 27 of the SEBI (LODR) Regulations, 2015, a report on Corporate Governance together with

the Auditor Certificate regarding compliance of the conditions of Corporate Governance is forms part of this Report.

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

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

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

UNCLAIMED AND UNPAID DIVIDENDS

The Company had not paid any dividend so far and hence the question of unclaimed and unpaid dividend does not arise.

LISTING

The Securities of your Company are listed with the National Stock Exchange of India Limited and BSE Limited, and pursuant to Regulation 14 of the SEBI (LODR) Regulations 2015, the Annual Listing fees for the year 2017-2018 have been paid to them well before the due date i.e. April 30,2017.

INDUSTRIAL RELATIONS

Your Company firmly believes that people are its most valued resource and their efficiency plays a key role in achieving defined goals and building a competitive work environment. Many initiatives have been taken to support business through organizational efficiency, process change support and various employee engagement programmes which has helped the Organization achieve higher productivity levels. In its pursuit to attract, retain and develop best available talents, several programmes are regularly conducted at various levels across the Company. Employee relations continued to be cordial and harmonious across all levels and at all the units of the Company.

**ACKNOWLEDGEMENT**

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

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

By Order of the Board

Coimbatore
06.05.2017

K. KARTHIK
Executive Director
DIN: 06846794

P. SHANMUGASUNDARAM
Director
DIN: 00119411

EXTRACT OF ANNUAL RETURN as on the financial year ended 31.03.2017
[Pursuant to Section92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

FORM NO. MGT - 9

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

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

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

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

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

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

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

Category Code	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
(2)	Non-institutions									
(a)	Bodies Corporate	3608530	13821	3622351	2.41	3775259	13821	3789080	2.53	0.12
(b)	Individuals -									
(i)	Individual shareholders holding nominal share capital up to Rs. 1 lakh.	32773293	3256823	36030116	24.02	32322004	3143163	35465167	23.64	-0.4
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	11009354	-	11009354	7.34	11483178	-	11483178	7.65	0.32
(c)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(d)	Any Other (specify)									
	NRIs/OCBs	510984	1860	512844	0.34	357699	1860	359559	0.24	-0.10
	Clearing Member	73321	-	73321	0.05	84765	-	84765	0.06	0.01
	Directors & Relatives	377169	1000	378169	0.25	377169	1000	378169	0.25	-
	Hindu Undivided Families	2100466	-	2100466	1.40	2166703	-	2166703	1.44	-0.04
	Trusts	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(2)	50453117	3272504	53726621	35.81	50566777	3159844	53726621	35.81	-
	Total Public Shareholding (B)= (B)(1)+(B)(2)	50472117	3280024	53752141	35.83	50585777	3166364	53752141	35.83	-
	TOTAL (A)+(B)	146721527	3280024	150001551	100	146835187	3166364	150001551	100	-
(C)	Shares held by Custodians and against which Depository Receipts have been issued									
	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
	Public	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	146721527	3280024	150001551	100	146835187	3166364	150001551	100	-

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

S. No.	Shareholders Name	No. of Shares held at the beginning of the year 01.04.2016			No. of Shares held at the end of the year 31.03.2017			% change in share holding during the year
		No. of Shares	% of total Share of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Share of the Company	% of Shares Pledged / encumbered to total shares	
1	B.Vijayakumar	15000000	10.00	-	15000000	10.00	-	-
2	Vijayshree Vijayakumar	1501000	1.01	-	1501000	1.01	-	-
3	Vijayshree Vijayakumar	61250	0.04	-	61250	0.04	-	-
4	V.Rajsri	15000000	10.00	-	15000000	10.00	-	-
5	V.Rajvirdhan	10500000	7.00	-	10500000	7.00	-	-
6	Arjun Karivardhan	508520	0.34	-	508520	0.34	-	-
7	K.Nithin	507000	0.34	-	507000	0.34	-	-
8	Rajiv Parthasarathy	18445	0.01	-	18445	0.01	-	-
9	LG Balakrishnan & Bros Ltd	29000000	19.33	-	29000000	19.33	-	-
10	Elgi Automotive Services Private Ltd	8437950	5.63	-	8437950	5.63	-	-
11	LGB Auto Products Private Ltd	7158510	4.77	-	7158510	4.77	-	-
12	LG Farm Products Private Ltd	4657800	3.11	-	4657800	3.11	-	-
13	Super Speeds Private Ltd	1639235	1.09	-	1639235	1.09	-	-
14	LG Sports Ltd	506800	0.34	-	506800	0.34	-	-
15	Super Transports Private Ltd	1725000	1.15	-	1725000	1.15	-	-
16	Silent chain India Private Ltd	18000	0.01	-	18000	0.01	-	-
17	Tribe Investments and Services Private Ltd	9900	0.01	-	9900	0.01	-	-
	Total	96249410	64.17	-	96249410	64.17	-	-

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

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

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Sanjeev Vinodchandra Parekh JT 1: Daksha Sanjeev parekh At the beginning of the year At the end of the year	3085169	2.06	3085169 3085169	2.06 2.06
2	Chandrika Vinodchandra Parekh JT 1 : Vinodchandra Mansukhlal Parekh At the beginning of the year At the end of the year	1061091	0.71	1061091 1061091	0.71 0.71
3	Vinodchandra Mansukhlal Parekh JT 1: Sanjeev Vinodchandra Parekh At the beginning of the year At the end of the year	1036223	0.69	1036223 1036223	0.69 0.69
4	Pranav Kumarpal Parekh JT 1: Sanjeev Vinodchandra Parekh At the beginning of the year Purchase on 10.03.2017 At the end of the year	744353 103691	0.50 0.07	744353 848044 848044	0.50 0.57 0.57
5	Daksha Sanjeev Parekh JT 1: Sanjeev Vinodchandra Parekh At the beginning of the year At the end of the year	510001	0.34	510001 510001	0.34 0.34
6	Girija Sadanandam At the beginning of the year Purchase on 08.04.2016 Purchase on 15.04.2016 Purchase on 03.06.2016 At the end of the year	452773 4419 7808 15000	0.30 0.00 0.00 0.01	452773 457192 465000 480000 480000	0.30 0.30 0.30 0.31 0.31
7	Pushpa Mansukhlal Parekh JT 1: Sanjeev Vinodchandra Parekh At the beginning of the year Sale on 07.10.2016 Sale on 14.10.2016 At the end of the year	545000 (66248) (26353)	0.37 0.04 0.02	545000 478752 452399 452399	0.37 0.33 0.31 0.31

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

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

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
8	Vasudeo Rajendra Deshprabhu JT 1: Pavitra Vasudeo Deshprabhu At the beginning of the year At the end of the year	408761	0.27	408761 408761	0.27 0.27
9	R.Srinivasan At the beginning of the year At the end of the year	405960	0.27	405960 405960	0.27 0.27
10	Padma Jitendra Parekh JT 1: Sanjeev Vinodchandra Parekh At the beginning of the year At the end of the year	400000	0.26	400000 400000	0.26 0.26
11	R.Srinivasan At the beginning of the year At the end of the year	219960	0.14	219960 219960	0.14 0.14
12	Bharati Bharat Dattani JT1: Bharat Jamnadas Dattani At the beginning of the year Sale on 14.10.2016 Sale on 28.10.2016 At the end of the year	356518 (3409) (10000)	0.24 0.00 0.01	356518 353109 343109 343109	0.24 0.24 0.23 0.23
13	Arjun Pathasarathy At the beginning of the year At the end of the year	106414	0.19	106414 106414	0.19 0.19
14	Bharat Jamnadas Dattani At the beginning of the year Sale on 07.10.2016 Sale on 28.10.2016 Sale on 10.02.2017 Sale on 03.03.2017 Sale on 31.03.2017 At the end of the year	371124 (25000) (7481) (10000) (6600) (76601)	0.26 0.02 0.01 0.01 0.01 0.05	371124 346124 338643 328643 322043 245442 245442	0.26 0.24 0.23 0.22 0.21 0.16 0.16

v) Shareholding of Directors and Key Managerial Personnel

For Each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Sri.B.Vijayakumar	15000000	10.00	15000000	10.00
Sri.V.Rajvirdhan	10500000	7.00	10500000	7.00
Sri.Rajiv Parthasarathy *	18445	0.01	18445	0.01
Sri K.Karthik	-	-	-	-
Sri.K.N.V Ramani	-	-	-	-
Sri.P.Shanmugasundaram	-	-	-	-
Sri.P.V.Ramakrishnan	-	-	-	-
Sri.Harsha Lakshmikanth	-	-	-	-
Ms.Aishwarya Rao	-	-	-	-
Sri.R.Ramakrishnan (CFO)	-	-	-	-
Sri.R.Ponmanikandaan (CS)	-	-	-	-

* Resigned with effect from 1st November, 2016

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2285.75	2353.99	-	4639.74
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3.65	-	-	3.65
Total (i+ii+iii)	312289.40	2353.99	-	4643.39
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	8480.33	242.56	-	722.89
Net Change	480.33	242.56	-	722.89
Indebtedness at the end of the financial year				
i) Principal Amount	1801.10	2111.43	-	3912.53
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3.67.97	-	-	7.97
Total (i+ii+iii)	1809.07	2111.43	-	3920.50

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

Sl. No	Particulars of Remuneration	Sri. K. Karthik Executive Director
	Gross Salary	
1	(a) Salary as per provisions contained in Section17(1) of the Income Tax Act, 1961	10.22
(b)	Value of perquisites under Section17(2) Income Tax Act, 1961	-
	(c) Profits in lieu of salary under Section17(3) Income Tax Act, 1961	-
2	Stock Options	-
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
	- others, specify....	-
5	Others, please specify	
	i. Deferred bonus (pertaining to the current Financial year payable in 2018)	
	ii. Retirals	-
	Total (A)	10.22

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

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

Name of Directors	Particulars of Remuneration			Total (B)(1)
	Fee for attending Board / committee Meetings	Commission	Others, please specify	
Sri. K.N.V. Ramani	16,000	-	-	16,000
Sri. P. Shanmugasundaram	24,000	-	-	24,000
Sri. P.V. Ramakrishnan	24,000	-	-	24,000
Sri. Harsha Lakshmikanth	14,000	-	-	14,000
Ms. Aishwarya Rao	8,000	-	-	8,000
Total Amount in Rupees	86,000	-	-	86,000

2. Non Independent Directors

Name of Directors	Particulars of Remuneration			Total (B)(2) in Rupees	Total (B) = (B)(1) + (B)(2)
	Fee for attending Board / committee Meetings	Commission	Others, please specify		
Sri. B. Vijayakumar	16,000	-	-	16,000	
Sri. V.Rajvirdhan	8,000	-	-	8,000	
Sri. Rajiv Parthasarathy	10,000	-	-	10,000	
Total Amount in Rupees	34,000	-	-	34,000	1,20,000

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

Sl. No	Particulars of Remuneration	Sri. R. Ramakrishnan Chief Financial Officer	Sri. R. Ponmanikandan Company Secretary	Total Amount ₹ in Lakhs
	Gross Salary			
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	7.60	4.92	12.52
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify....	-	-	-
5	Others, please specify	-	-	-
	Total	7.60	4.92	12.52

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

By Order of the Board

Coimbatore
06.05.2017

K. KARTHIK
Executive Director
DIN: 06846794

P. SHANMUGASUNDARAM
Director
DIN: 00119411

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

For The Financial Year Ended 31st March, 2017

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

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

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

Based on my verification of books, papers, minute books, registers, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, employees, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, registers, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2017, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
- (iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- d. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client.

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

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

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

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executive Directors, Independent Directors and Woman Director. During the period under review Mr. Rajiv Parthasarathy has resigned from the Board with effect from 01st November 2016.

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

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

I am informed that there were no dissenting members on any matters during the year, whose views were required to be captured and recorded as part of the minutes.

I further report that based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit and also on the review of quarterly compliance reports by respective department heads and Company Secretary taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Coimbatore

Date : 06.05.2017

ANNEXURE A TO SECRETARIAL AUDIT REPORT

To

The Members,

LGB Forge Limited,

CIN : L27310TZ2006PLC012830

NO 6/16/13, Krishnarayapuram Road,

Ganapathy Post, Coimbatore-641006

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

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

Place : Coimbatore

Date : 06.05.2017

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

- (i) Public / Rights / Preferential Issue of shares / Debentures / Sweat Equity / Bonus / ESOP etc.
- (ii) Redemption / buy-back of securities
- (iii) Issue Of ADRs / GDRs
- (iv) Major decisions taken by the members in pursuance of Section 180 of the Companies Act, 2013
- (v) Investments in JV / WOS outside India
- (vi) Scheme of Merger / amalgamation / reconstruction
- (vii) Foreign technical collaborations

The members are requested to read this report along with my letter of even date annexed to this report.

P. ESWARAMOORTHY AND COMPANY

Company Secretaries

CS P. Eswaramoorthy

Proprietor

FCS No.: 6510 CP No.: 7069

in the secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

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

P. ESWARAMOORTHY AND COMPANY

Company Secretaries

CS P. Eswaramoorthy

Proprietor

FCS No.: 6510 CP No.: 7069

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

A. CONSERVATION OF ENERGY

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

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

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

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

(i) the capital investment on energy conservation equipment

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

(B) TECHNOLOGY ABSORPTION

(i) the efforts made towards technology absorption

In house research and development activities is being continued.

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

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

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

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

(iv) the expenditure incurred on Research and Development

Research and development expenditure during the year amounts to ₹ 28.00 Lakhs.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earnings	: ₹ 212.47 Lakhs
Foreign Exchange used	: ₹ 10.92 Lakhs

By Order of the Board

Coimbatore
06.05.2017

K. KARTHIK
Executive Director
DIN: 06846794

P. SHANMUGASUNDARAM
Director
DIN: 00119411

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

1. Ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year ended 31st March, 2017 ₹ in Lakhs

Sl. No	Director	Category	Ratio	% Increase/ (decrease) in remuneration in the FY 2016-17
1	Sri.B.Vijayakumar	Non-Executive Promoter	-	NA
2	Sri.V.Rajvirdhan	Non-Executive Promoter	-	NA
3	Sri.Rajiv Parthasarathy*	Non-Executive Promoter	-	NA
4	Sri K.Karthik	Executive Director	4.67 : 1	0
5	Sri.K.N.V Ramani	Non-Executive -Independent	-	NA
6	Sri.P.Shanmugasundaram	Non- Executive Independent	-	NA
7	Sri.P.V.Ramakrishnan	Non-Executive Independent	-	NA
8	Sri.Harsha Lakshmikanth	Non- Executive Independent	-	NA
9	Ms.Aishwarya Rao	Non- Executive Independent	-	NA
10.	Sri.R.Ramakrishnan	Chief Financial Officer	-	NIL
11.	Sri.R.Ponmanikandan	Company Secretary	-	NIL

* Resigned with effect from 1st November, 2016

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

2.	Percentage increase in the median remuneration of employees in the financial year.	9.59%
3.	Number of permanent employees on the rolls of Company as on 31 st March, 2017.	355
4.	Average Percentile increase already made in the salaries of employees other than Managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase of managerial remuneration.	Not Applicable. Since there is no increase of Managerial remuneration in the last financial year.
5.	Affirmation that the remuneration is as per the remuneration policy of the company	Your Directors affirm that the remuneration is as per the remuneration policy of the Company.

II Statement containing the particulars of employees in accordance with Rule5(2) of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014:

Details of Top ten employees in terms of gross remuneration paid during the year ended 31st March 2017.

Name(s)	Designation(s)	Remuneration ₹	Qualifi- cation	Experience (Years)	Joining Date	Age (Years)	Last Employment
K. Lokeshwar	Chief Operating Officer	1316988	DME	29	14/11/2013	53	IMAMIS Forging Pvt Ltd., Chennai
K. Karthik	Executive Director	1000080	BE, MPIB	19	04/04/2013	42	Technocast Foundry, Coimbatore
C. Balasubramania moorthy	DGM-Operations	900000	MBA	35	23/01/2015	59	Agarwal Fasteners Pvt Ltd., Mumbai
R.Thomas Violet	Senior Manager - Operations	863988	DME	21	19/01/2015	41	Azad Engineering, Hyderabad
R.Ramakrishnan	Chief Financial Officer	760008	B.Sc.,	28	12/01/2015	52	Lakshmi Technology & Engineering, Coimbatore
B.Bharath	Manager-QAD	719988	BE	16	02/03/2016	38	TAFE, MADURAI
G.Sivagnanam	Manager - HRD	695940	MBA	20	12/08/2013	41	Primero Intimates Pvt Ltd., Coimbatore
K.Manian	Manager-PED	689988	BE	14	20/05/2015	38	EL FORGE Ltd., APPUR Chennai
D.Magudeeswaran	Senior Manager - Marketing	669936	BE	14	01/04/2013	35	Rane Brake Lining Ltd., Chennai
K.Selvaganapathy	Manager-QAD	660996	BE	16	15/05/2015	35	Accurate steel Forgings (INDIA) Ltd., Chennai

Notes :

1. None of the employees employed for part of the financial year 2016-17, were in receipt of remuneration for any part of that financial year, at a rate which, in aggregate, was not less than ₹ 8.50 Lakhs per month

By Order of the Board

Coimbatore
06.05.2017

K. KARTHIK
Executive Director
DIN: 06846794

P. SHANMUGASUNDARAM
Director
DIN: 00119411

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

During the financial year 2016-17 forging industry projected a growth of 10%. However due to certain policy actions like demonetization, initial proposed implementation of Goods and Service Tax (GST) from April 2017 had an effect on the sale of the two wheelers in rural market and capital purchase of trucks in the overall automotive scenario which had impacted the sales during the second half of the 2016-17.

The above scenario has become positive from March 2017 and the current financial year 2017-18 is likely to see a marginal increase in production compared to the previous year based on the expected growth in the automotive sector. The non-automotive sector is expected to continue in the current pattern.

OPPORTUNITIES:

During the Year 2016-17, Your Company had utilized opportunities in Exports with Existing and also with new customers which is expected to give results in the financial year 2017-18. The Company is pursuing the cost reduction programme already initiated and this is helping the Company to become adept in terms of cost structure.

With the Government policies expected to remain stable and fiscal policies expected to become flexible during the year 2016-17 in terms of lower lending rates, your Company expects good growth opportunities in the coming years.

THREATS AND RISK & CONCERNS:

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

Higher level of Automation will become order of the day and your company will strive to focus on these areas to remain competitive in the Market. Your Company has also initiated several automation progress during the financial year 2016-17 and is expected to give required results in the coming years. Hot forging division relying on power is located in Karnataka and will be potentially exposed to risk of power fluctuation.

SEGMENT:

Your Company operates in only one segment-Forging

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

Additional investments has been planned to ensure employees safety which will be implemented in the coming years.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

Employer - employee relation remained cordial during the year. Training and development of employees continue to be an area of prime importance. The total number of people employed in the Company as on 31st March 2017 was 355.

RISK MANAGEMENT

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

CAUTIONARY STATEMENT

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

By Order of the Board

K. KARTHIK
Executive Director
DIN: 06846794

P. SHANMUGASUNDARAM
Director
DIN: 00119411

Coimbatore
06.05.2017

CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance

LGB Forge believes in maximizing shareholders values by adopting transparent practices and high standards of Corporate Conduct towards stakeholders.

2. Board of Directors

The Board of Directors consists of professionals drawn from diverse fields. The day-to-day management of the Company is conducted by the Executive Director subject to the supervision and control of the Board of Directors.

Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM)

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

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

^(A)Directorship in foreign companies and membership in governing councils, chambers and other bodies are not included.

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

^(C)Including LGB Forge Limited.

^(D)Private Companies which is subsidiary of public Company is considered as a public Company.

Also, a separate meeting of Independent Directors was held on 15th March 2017 which was attended by all the Independent Directors.

Resigned with effect from 1st November, 2016

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

Familiarisation programme for Independent Directors

The Company has conducted the Familiarisation programmes for Independent Directors during the year. The Programmes aim to provide insights into the Company to enable the Independent Directors to understand its business in depth, to familiarize them with the processes, businesses and functionaries of the Company and to assist them in performing their role as Independent Directors of the Company. The Company's Policy of conducting the Familiarisation Programme and the details of familiarization programmes imparted to independent directors during 2017 have been disclosed on the website of the Company at <http://www.lgbforge.co.in>.

2.1 Details of the Board meetings held during the financial year 2016 - 2017

The Board met four times during the Financial Year 2016 - 2017 on 30th April 2016, 13th July 2016, 22nd October 2016 and 27th January 2017.

3. Audit Committee

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

3.1 Composition & Meetings

During the financial year ended 31st March 2017, four Audit Committee Meetings were held on 29th April 2016, 13th July 2016, 21st October 2016 and 27th January 2017. The necessary quorum was present at these meetings.

Composition

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

Name of the Member	Category	Designation	No of Meetings Attended
Sri. P. Shanmugasundaram	Independent Non Executive	Chairman	4
Sri. P.V. Ramakrishnan	Independent Non Executive	Member	4
Sri. Harsha Lakshmikanth	Independent Non Executive	Member	2
Sri. Rajiv Parthasarathy*	Non Executive Director	Member	2

* Resigned with effect from 1st November, 2016

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

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

3.2 Terms of Reference:-

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

4. Nomination and Remuneration Committee

4.1 Terms of reference.

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

4.2 Composition

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

4.3 Remuneration Policy

A. Remuneration policy to Directors.

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

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

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

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

4.4 Details of Remuneration paid to Directors during the financial year 2016-2017

a. Remuneration paid/payable to the Executive Directors for the financial year ended March 31, 2017 is given as under :

Name of Directors	Service Contract	Salary & Allowances ⁽¹⁾ ₹ in Lakhs	Commission	Employees Stock Option Plan	Total ₹ in Lakhs
Sri.K. Karthik Executive Director	Re-appointed for a period of 6 months with effect from 01.02.2017.	10.22	0	Nil	10.22

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

b. Remuneration paid/payable to Independent Directors and Non-Executive Director for the financial year ended March 31, 2017 is given as under

The Independent Directors and Non-Executive Director were not paid any remuneration except sitting fees

for attending the meetings of the Board of Directors and / or committees thereof.

The details of the sitting fees paid to the Non-Executive Directors are as under:

In ₹

Name of Directors	Sitting Fees	Commission	Employees Stock Option Plan	Total
Sri.B.Vijayakumar	16000	-	-	16000
Sri.V.Rajvirdhan	8000	-	-	8000
Sri.Rajiv Parthasarathy	10000	-	-	10000
Sri.P.Shanmugasundaram	24000	-	-	24000
Sri.KNV Ramani	16000	-	-	16000
Sri.P.V.Ramakrishnan	24000	-	-	24000
Sri.Harsha Lakshmikanth	14000	-	-	14000
Ms.Aishwarya Rao	8000	-	-	8000
Total	120000	-	-	120000

- c) Statement showing number of Equity Shares of ₹ 1/-each of the Company held by the present Non- Executive Directors as on March 31, 2017 :

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

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

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

4.5. Performance evaluation of Directors

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

(A) Performance Evaluation of the Board as whole:

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

(B) Performance Evaluation of Executive Director:

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

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

(C) Performance Evaluation of Independent Directors:

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

(D) Performance Evaluation of Chairman;

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

(E) Performance Evaluation of Committees:

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

5. Stakeholders' Relationship Committee:

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

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

5.1 Composition of the Committee

Stakeholders' Relationship Committee consists of the following Directors.

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

During the year under review, the Committee met 17 times to deliberate on various matters referred above and for Redressal of investors complaints

5.2 Name and Designation of Compliance officer.

Sri.R.Ponmanikandan, Company Secretary is the Compliance Officer of the Company and also responsible for Redressal of investors complaints.

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

The Company has been receiving various correspondences from shareholders and required information/documents are furnished immediately to the satisfaction of shareholders. At the beginning of the year, no complaint was pending. During the year ended 31st March, 2017, the Company received no complaint from investors and also no investor complaint was pending on 31st March 2017.

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

6. Management Discussion and Analysis Report

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

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

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

Year	Date	Time	Venue	Special Resolution passed
2014	09.07.2014	09.00 A.M.	Ardra," Kaanchan, 9, North Huzur Road, Coimbatore- 18	Appointment of Sri.P.Shanmugasundaram as Independent Director of the Company for a term upto 8 th July 2019
				Appointment of Sri.K.N.V Ramani as Independent Director of the Company for a term up to 8 th July 2019
				Appointment of Sri.P.V.Ramakrishnan as Independent Director of the Company for a term up to 31 st August 2019
				Appointment of Sri.Harsha Lakshmikanth as Independent Director of the Company for a term up to 31 st August 2019
				Appointment of Sri.K.Karthik as Executive Director of the Company for the period of Three Years w.e.f. 1.02.2014
				Alteration of Clause 43 of the Articles of Association of the Company To authorize Board of Directors to enter into contracts and/or agreements with the related parties as defined under the Companies Act, 2013.
2015	10.09.2015	09.00 A.M.	Ardra," Kaanchan, 9, North Huzur Road, Coimbatore- 18	To authorize Board of Directors to enter into contracts and/or agreements with M/s. L.G.Balakrishnan & Bros Limited and M/s. L.G.B. Auto Products Private Limited being the related Parties as defined under the Companies Act, 2013.
2016	14.07.2016	09.00 A.M.	Ardra," Kaanchan, 9, North Huzur Road, Coimbatore- 18	NIL

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

8. Disclosures**8.1 Related Party Transactions**

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

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

8.2 Compliances by the Company

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

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

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

During the year ended 31st March, 2017, the Company does not have any material listed/unlisted subsidiary companies in terms of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Company has formulated a Policy for determining 'material' subsidiaries which has been put up on the website of the Company at <http://www.lgbforge.co.in>. The Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated under Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

8.3 Code of Conduct for Directors and Senior Management

The Company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management and that the same has been hosted on the Company's website. All the Board Members and the senior management personnel have affirmed compliance with the Code of Conduct, as on 31st March 2017.

8.4 CEO / CFO certification

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

8.5 Accounting treatment

The financial statements are prepared under the historical cost convention and have been prepared in accordance with applicable Accounting Standards and relevant presentational requirements of the Companies Act, 2013

8.6 Risk Management

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

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

The Company complies with all the requirements of the listing regulations.

9. Whistle Blower Policy

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

10. Means of Communication

The Company is regularly providing details of new Directors and Directors seeking re-appointment in the Annual General Meeting notice attached with the Annual Report.

(i) Financial Results

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

(ii) Official News Releases:

Official news releases are made whenever it is considered necessary.

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

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

11. Shareholder Information :

- a. Annual General Meeting is scheduled to be held at 09.00 A.M. on Thursday the 27th July, 2017 at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore- 641 018.

b. Financial Calendar

Financial Year : April to March

For the year ended 31st March 2017, results were announced on 06.05.2017

Financial Year - 2017-18

Quarter ending June 2017	-	End of July 2017*
Quarter ending September 2017	-	End of October 2017*
Quarter ending December 2017	-	End of January 2018*
Year ended 31.03.2018	-	End of April 2018*

* Tentative

- c. Date of Book Closure - 21.07.2017 to 27.07.2017 (both days inclusive)
- d. Listing on Stock Exchanges - The Shares of the Company are listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).
- e. Stock Code / Symbol - BSE : 533007
- NSE : LGBFORGE
- f. ISIN Number - Equity : INE201J01017
- g. Listing Fees to Stock Exchanges - The Company has paid the Listing Fees for the financial year 2017-2018 to the above Stock Exchanges.

12. MARKET PRICE DATA:

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

12.1 Stock market data for the year 2016-2017

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

	NSE			BSE		
	High (₹)	Low (₹)	Quantity	High (₹)	Low (₹)	Quantity
April - 2016	5.80	5.00	1106102	5.89	5.28	368117
May	5.35	4.60	1400321	5.37	4.65	378892
June	6.95	4.70	2971280	6.88	4.55	1115397
July	7.20	5.50	2387718	7.01	5.60	955161
August	6.50	5.15	1034376	6.52	5.32	314660
September	6.45	5.55	1544885	6.45	5.60	650478
October	8.30	6.00	4301803	8.30	6.00	1634901
November	7.20	5.15	1253193	7.24	5.05	515344
December	6.80	5.10	684643	6.19	5.27	164475
January - 2017	6.40	5.70	861523	6.38	5.51	208154
February	7.40	5.80	2074676	7.35	5.80	994040
March	8.00	5.95	2615164	7.70	6.03	1461670

(Source: BSE and NSE Web site)

12.2 Distribution of Shareholding as on 31st March, 2017

Range	No. of Holders	No. of Shares	% of Shares
1 - 100	3660	232536	0.16
101 - 500	5129	1710734	1.14
501 - 1000	2960	2609866	1.74
1001 - 2000	1788	2905468	1.94
2001 - 3000	677	1789036	1.19
3001 - 4000	426	1553392	1.04
4001 - 5000	438	2110046	1.40
5001 - 10000	738	5749482	3.83
10001 - and above	735	131340991	87.56
Total	16551	150001551	100.00

12.3 Pattern of Shareholding as on 31st March 2017

Sl. No.	Category	No. of Share holders	No. of Shares held	% to paid-up capital
1	Promoters and promoters group	16	96,249,410	64.17
2	Financial Institutions, Banks	2	16,020	0.01
3	Insurance Companies	0	0	0
4	Foreign Institutional Investors / NRI / OCB	84	369,059	0.25
5	Bodies Corporate	284	3,789,080	2.53
6	Public	16,165	49,577,982	33.04
	Total	16,551	150,001,551	100.00

12.4 Dematerialization of Shares as on 31st March, 2017.

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

Particulars	No. of Shares	Percentage (in Share Capital)
National Securities Depository Limited	133,877,101	89.25
Central Depository Services (India) Limited	12,958,086	8.64
Physical	3,166,364	2.11
Total	150,001,551	100.00

12.5 Registrar & Transfer Agents

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

12.6 Compliance Officer Details

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

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

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

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

-Nil-

14. Consolidation of folios and avoidance of multiple mailing

In order to enable the Company to reduce costs and duplicity of efforts for investors servicing, members who may have more than one folio in their individual name or jointly with other persons mentioned in the same order, are requested to consolidate all similar holdings under one folio. This would help in monitoring the folios more effectively. Members may write to the Registrars at the address given at Para (12.5), indicating the folio numbers to be consolidated.

15. 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.

**16. Address for Correspondence**

R. Ponmanikandan
Company Secretary
6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore- 641 006
Phone : 0422 - 3911199 Fax : 0422 - 2532333 E-Mail : r.ponmanikandan@lgb.co.in

17. Plant Locations

1. Cold Forging Unit K.Palayam Plant, Pillaiyar Kovil Street, Near Power House, Kondayampalayam, Kottaipalayam(Post), Coimbatore-641110 TamilNadu	2. Hot Forging Unit Mysore Plant, Plot 80 & 81, 5 th Mile, KRS Road, Metagalli Post, Mysore-570016 Karnataka.
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18 Declaration on Code of Conduct.

To

The Members of LGB Forge Limited

In accordance with Regulation 26 of SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2015 with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personal including me, have affirmed compliance to their respective Codes of Conduct, as applicable for the Financial Year ended 31st March, 2017.

Place : Coimbatore
Date : 06.05.2017

K. KARTHIK
Executive Director
DIN : 06846794

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

To

The Members of LGB Forge Limited

I have examined all the relevant records of **LGB Forge Limited** (“the Company”) for the purpose of certifying compliance of the conditions of the Corporate Governance stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31st March, 2017. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid Listing Agreement & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

P. ESWARAMOORTHY AND COMPANY

Company Secretaries

CS P. Eswaramoorthy

Proprietor

Place : Coimbatore

Date : 06.05.2017

FCS No.: 6510 CP No.: 7069

INDEPENDENT AUDITORS' REPORT

To the Members of LGB Forge Limited

Report on the Financial Statements

We have audited the accompanying financial statements of LGB Forge Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules,

2014, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 29 on Contingent Liabilities to the financial statements;
- (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company, and
- (iv) The company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with the books of account maintained by the company and as produced to us by the management. (Refer Note No.30 to the financial statements)

Coimbatore
06.05.2017

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W/W100048

C.S. SATHYANARAYANAN
Partner
Membership No. 028328

ANNEXURE 1 TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of **LGB Forge Limited** on the financial statements for the year ended 31-03-2017]

- (i)
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) During the year, the fixed assets of the Company have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) The title deeds of immovable properties recorded as fixed assets in the books of account of the Company are held in the name of the Company except for the details given below.

Particulars	Total number of cases	Lease hold/ Free hold	Gross Block as on March 31, 2017	Net Block as on March 31, 2017	Remarks
Land & Building at Mysore	1	Freehold	100.29	79.47	The Land & Building is in the name of L.G. Balakrishnan & Bros Limited for which the ownership is established by way of demerger vide court order dated 21.04.2008 sanctioning the scheme of demerger.

- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the year.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii)
 - (a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it.

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

- (b) According to the information and explanation given to us, there are no dues with respect to income tax, sales tax, service tax, value added tax, customs duty, excise duty, which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution(s), bank(s), government(s) or dues to debenture holder(s).
- (ix) In our opinion and according to the information and explanations given to us, the Company has utilized the money raised by way of the term loans during the year for the purposes for which they were raised. The company did not raise any money by way of Initial Public Offer or further public offer including debt instruments during the year.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) According to the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W/W100048

C.S. SATHYANARAYANAN

Partner

Membership No. 028328

Coimbatore
06.05.2017

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of **LGB Forge Limited** on the financial statements for the year ended 31-03-2017]

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

We have audited the internal financial controls over financial reporting of **LGB Forge Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Coimbatore
06.05.2017

For **Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 103523W/W100048

C.S. SATHYANARAYANAN
Partner
Membership No. 028328

BALANCE SHEET AS AT 31st MARCH, 2017

Particulars	Note No.	AS AT 31.03.2017 (₹ in lakhs)	AS AT 31.03.2016 (₹ in lakhs)
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	1,500.02	1500.02
(b) Reserves and surplus	3	(789.19)	(588.66)
2 Non-current liabilities			
Long-term borrowings	4	650.00	850.00
3 Current liabilities			
(a) Short-term borrowings	5	951.10	1285.75
(b) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises	6	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,590.81	1835.26
(c) Other current liabilities	7	675.48	630.88
(d) Short term provisions	8	53.11	41.50
Total		4,631.33	5,554.75
II. ASSETS			
Non-current assets			
1 (a) Fixed Assets	9		
(i) Property, Plant and Equipment		855.63	1,161.11
(ii) Intangible assets		2.70	4.33
(b) Long-term loans and advances	10	96.25	96.49
2 Current assets			
(a) Inventories	11	1,940.44	1,501.92
(b) Trade receivables	12	1,628.71	2,725.91
(c) Cash and cash equivalents	13	2.74	3.69
(d) Short-term loans and advances	14	95.37	49.65
(e) Other Current assets	15	9.49	11.65
Total		4,631.33	5,554.75

Significant Accounting Policies

1

Notes to accounts

2 to 42

Significant accounting policies and notes to accounts form an integral part of financial statements

For and on Behalf of the Board

K. KARTHIK
Executive Director
DIN: 06846794

P. SHANMUGASUNDARAM
Director
DIN: 00119411

“As per our Report of even date”

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W/W100048

R. PONMANIKANDAN

Company Secretary
Membership No. 40886

C.S. SATHYANARAYANAN

Partner

Membership No. 028328

Coimbatore
06.05.2017

R. RAMAKRISHNAN
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2017

PARTICULARS	Note No.	YEAR ENDED 31.03.2017 ₹ in lakhs	YEAR ENDED 31.03.2016 ₹ in lakhs
I. Income			
Revenue From Operations (Gross)	16	9,413.59	9,784.79
Less: Excise duty		1,015.04	955.02
Revenue From Operations (Net)		8,398.55	8,829.77
II. Other income	17	36.51	87.76
III. Total Revenue (I + II)		8,435.06	8,917.53
IV. Expenses:			
a. Cost of materials consumed	18	4,574.55	4350.44
b. Changes in inventories of finished goods and work-in-progress	19	(447.85)	76.32
c. Employee benefits expense	20	1,263.21	1,180.64
d. Finance costs	21	265.67	374.82
e. Depreciation, amortization and Impairment	22	226.01	349.71
f. Other expenses	23	3,142.04	3,030.90
Total Expenses		9,023.63	9,362.83
V. Profit /(Loss) before exceptional items and tax (III-IV)		(588.57)	(445.30)
VI. Exceptional items	39	388.04	211.55
VII. Profit / (Loss) before tax (V - VI)		(200.53)	(233.75)
VIII. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
IX. Profit / (Loss) for the year (VII - VIII)		(200.53)	(233.75)
X Earnings per equity share: (Face value of ₹1/- each)			
(Previous Year face value of ₹ 1/- each)	24		
(1) Basic		(0.13)	(0.16)
(2) Diluted		(0.13)	(0.16)

Significant Accounting Policies

1

Notes to accounts

2 to 42

Significant accounting policies and notes to accounts form an integral part of financial statements

For and on Behalf of the Board

K. KARTHIK
Executive Director
DIN: 06846794

P. SHANMUGASUNDARAM
Director
DIN: 00119411

“As per our Report of even date”

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W/W100048

Coimbatore **R. RAMAKRISHNAN**
06.05.2017 Chief Financial Officer

R. PONMANIKANDAN
Company Secretary
Membership No. 40886

C.S. SATHYANARAYANAN

Partner

Membership No. 028328

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

Corporate Information

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

1 SIGNIFICANT ACCOUNTING POLICIES
i. Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) and comply in all material respects with the accounting standards specified under section 133 of Companies act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

ii. Use of estimates

The preparation of financial statements in conformity with Indian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, disclosures relating to contingent liabilities and assets as at the balance sheet date and the reported amounts of income and expenses during the year. Difference between the actual amounts and the estimates are recognized in the year in which the events become known / are materialized. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result

in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

iii. Property, Plant and Equipment

Property, plant and equipment (PPE), being fixed assets are tangible items held for use or for administrative purposes and are measured at cost less accumulated depreciation and any accumulated impairment. Cost comprises of the purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Management. Financing costs relating to acquisition of assets which take substantial period of time to get ready for intended use are also included to the extent they relate to the period up to such assets are ready for their intended use.

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

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

iv. Depreciation

Depreciation on Property, plant and equipment (PPE) are provided under straight line method as per the useful lives and manner prescribed under Schedule II to the Companies Act, 2013.

The Company has used the following useful lives to provide depreciation on its Property, Plant and Equipment

Particulars	Useful Life
Factory Buildings	30 years

Plant & Machinery	7.5 years (Triple Shift)
Furniture & Fixtures	10 years
Vehicles	8 years
Other Equipments	15 years

Where the cost of a part of the PPE is significant to the total cost of the PPE and if that part of the PPE has a different useful life than the main PPE, the useful life of that part is determined separately for depreciation.

The depreciation method applied to an asset is reviewed at each financial year-end and if there has been a significant change in the expected pattern of consumption of future economic benefits embodied in the asset, depreciation is charged to reflect the changed pattern.

v. Intangible assets and amortization

Intangible assets are recognised only if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Operating software is capitalised and amortised along with the related fixed asset. Other software is amortised, on a straight line method, over a period of three years based on management's assessment of useful life.

vi. Impairment of assets

The Company periodically assesses whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset

belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined if no impairment loss had been recognized.

vii. Valuation of Inventories

- a) Inventories are valued at lower of cost and net realizable value. Cost is arrived at on weighted average basis.
- b) The basis of determining cost for various categories of inventories are as follows:
 - i) Raw Materials, Packing Materials and Stores and spares: Weighted Average basis.
 - ii) Finished Goods and Work-in-Progress: Cost of Direct Material, Labour and other Manufacturing overheads.
- c) Stores & Spares which do not meet the definition of Property, Plant and Equipment are accounted as inventories.
- d) Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale.

viii. Revenue Recognition

- a) The Company generally follows the mercantile system of accounting and

recognizes income and expenditure on an accrual basis except those with significant uncertainties.

- b) Sale of goods is recognized when the risk and rewards of ownership are passed on to the customers, which is generally on despatch of goods.
- c) Claims made by the company and those made on the company are recognized in the statement of profit and loss as and when the claims are accepted.
- d) Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

ix. Foreign Currency Transactions

- a) Foreign currency transactions are recorded at exchange rates prevailing on the date of such transaction.
- b) Exchange differences arising on settlement on transactions of monetary items are recognized as income / expense in the Statement of Profit & Loss in the period in which it arises.
- c) Foreign currency monetary assets and liabilities at the year end are realigned at the exchange rate prevailing at the year end and difference on realignment is recognized in the Statement of Profit and Loss.

x. Employee Benefits

- a) Short term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.
- b) Post employment and other long term benefits which are defined benefit plans are recognized as an expense in the Statement of Profit and Loss for the year in which the employee has rendered service. The expense is recognized based on the present

value of the obligation determined as per Projected Unit Credit Method in accordance with Revised Accounting Standard 15 on Employee Benefits. Actuarial gains & losses are charged to the Statement of Profit and Loss.

- c) Payments to defined contribution schemes are charged as expense as and when incurred.
- d) Termination benefits are recognized as an expense as and when incurred.

xi. Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of such assets. All other borrowing costs are charged to revenue. A qualifying asset is an asset that necessarily requires substantial period of time to get ready for its intended use or sale.

xii. Taxes on Income

Current tax on income for the period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessment / appeals. Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

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

Deferred tax assets are recognized and carried forward to the extent that there is a virtual certainty that sufficient future income will be available against which such deferred tax assets can be realized.

xiii. Leases

Leases are classified as finance or operating leases depending upon the terms of the lease agreements. Assets held under finance leases are recognised as assets of the Company on the date of acquisition and depreciated over their estimated useful lives. Finance costs are treated as period cost using effective interest rate method and are expensed accordingly. Rentals payable under operating leases are expensed as incurred.

xiv. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes if any) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares (if any) are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and consolidation of shares if any.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

xv. Provisions, Contingent Liabilities and Contingent Assets

- a) A provision is recognised when the company has present obligation as a result of any past event, where it is probable that an outflow of resources will be required to settle the obligations, in respect of which

reliable estimate can be made. Provisions are not discounted to its present value unless otherwise required by the standard and are determined based on best estimates required to settle the obligations at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

- b) A Contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.
- c) Contingent Assets are neither accounted for nor disclosed

xvi. Cash and Cash equivalents

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transaction of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow comprises regular revenue generating, investing and financing activities of the company. Cash and cash equivalents in the balance sheet comprise of cash at bank and in hand and short term, highly liquid investments having a original maturity of less than 3 months and that is readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to Financial Statements for the year ended 31st March 2017
2. SHARE CAPITAL

PARTICULARS	AS AT 31.03.2017		AS AT 31.03.2016	
	In numbers	₹ in lakhs	In numbers	₹ in lakhs
Authorised				
300,000 Redeemable Preference shares of ₹ 100/- each (PY: 300,000 Redeemable Preference shares of ₹ 100/- each)	300,000	300.00	300,000	300.00
170,000,000 Equity Shares of ₹ 1/- each (PY: 170,000,000 Equity shares of ₹ 1/- each)	170,000,000	1,700.00	170,000,000	1,700.00
		2,000.00		2,000.00
Issued				
150,001,551 Equity Shares of ₹ 1/- each (PY: 150,001,551 Equity shares of ₹ 1/- each)	150,001,551	1,500.02	150,001,551	1,500.02
Subscribed & Fully paid up				
150,001,551 Equity Shares of ₹ 1/- each (PY: 150,001,551 Equity shares of ₹ 1/- each)	150,001,551	1,500.02	150,001,551	1,500.02

a. Terms/Rights attached to Equity shares

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

b. Reconciliation of the number of Shares outstanding and the amount of Share Capital as at 31.03.2017 and 31.03.2016.

Equity shares (Issued Capital)	As at 31.03.2017		As at 31.03.2016	
	In numbers	₹ in lakhs	In numbers	₹ in lakhs
Shares outstanding at the beginning of the year	150,001,551	1,500.02	150,001,551	1,500.02
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	150,001,551	1,500.02	150,001,551	1,500.02

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

S. No.	Name of Shareholder	Equity Shares			
		As at 31.03.2017		As at 31.03.2016	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	L.G.Balakrishnan & Bros Limited	29,000,000	19.33	29,000,000	19.33
2	Smt. V. Rajsri	15,000,000	10.00	15,000,000	10.00
3	Sri. B. Vijayakumar	15,000,000	10.00	15,000,000	10.00
4	Sri.V. Rajvirdhan	10,500,000	7.00	10,500,000	7.00
5	Elgi Automotive Services P Ltd	8,437,950	5.63	8,437,950	5.63

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

e. There are no shares held by the holding Company/ultimate holding Company.

Notes to Financial Statements for the year ended 31st March 2017
3 RESERVES & SURPLUS

PARTICULARS	AS AT 31.03.2017 (₹ in lakhs)	AS AT 31.03.2016 (₹ in lakhs)
Capital Reserves (A)	2,898.85	2,898.85
Securities Premium Reserve (B)	875.01	875.01
Surplus		
Opening balance	(4,362.52)	(4,128.77)
(+) Net Loss for the year	(200.53)	(233.75)
Closing Balance (C)	(4,563.05)	(4,362.52)
Total (A+B+C)	(789.19)	(588.66)

NON-CURRENT LIABILITIES
4 LONG TERM BORROWINGS

PARTICULARS	₹ in lakhs			
	Non-Current Portion		Current maturities	
	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016
Secured				
Term loans				
From banks				
- Bajaj Finance Limited	650.00	850.00	200.00	150.00
Amount disclosed under the head "Other				
Current Liabilities - Current maturities of				
Long term debt" (Note no 7)	-	-	(200.00)	(150.00)
Net Amount	650.00	850.00	-	-

Rupee Term loan from Bajaj Finance Limited [Balance as at 31.03.2017, including current maturities of long term debt ₹ 850 lakhs (Previous year ₹ 1000 lakhs)] carries interest @ 12.5% floating rate, payable on monthly basis.

The loan is repayable in 20 quarterly installments of Rs. 50 lakhs each starting from July 2016 and to be settled by April 2021.

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

Notes to Financial Statements for the year ended 31st March 2017
5 SHORT TERM BORROWING

₹ in lakhs

PARTICULARS	As at 31.03.2017	As at 31.03.2016
Secured		
Loans repayable on demand		
(a) From banks		
i) Short term loans		
- IDBI Bank Limited	350.00	150.00
ii) Cash credit		
- Axis Bank Ltd	22.54	59.49
- ICICI Bank Ltd	21.10	159.11
- IDBI Bank Ltd	16.58	15.03
iii) Packing credit		
- IDBI Bank Limited	40.90	402.12
(b) From others		
i) Short term loans		
- Bajaj Finance Limited	499.98	500.00
Total	951.10	1,285.75

Notes

- Working Capital/ Cash Credit loan from Axis Bank carries interest ranging from 10.75% to 12.65% p.a and are secured by first pari passu charge on entire current assets and second pari passu charge on the entire movable fixed assets of the Company, both present and future.
- Working Capital/Cash Credit loan from ICICI Bank carries interest ranging from 11.75% to 11.85 % p.a. and are secured by first charge by way of hypothecation of the Company's entire stock of raw materials, semi finished and finished goods, consumable stores and spares and such other moveables including book debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, ranking pari passu with other participating bank (viz., Axis bank).
- Working Capital/Cash Credit loan from IDBI bank carries interest ranging from 13.50% to 15.25% and are secured by pari passu first charge over the current assets of the Company. Collateral second pari passu charge over the fixed assets of the company except those that are exclusively charged to term lenders.
- Packing Credit facility from IDBI Bank carries interest @ 11.75% p.a. and is secured by pari pasu first charge over the current assets of the Company. Collateral second pari pasu charge over the fixed assets of the Company except those that are exclusively charged to term lenders
- Working Capital Demand Loan from Bajaj Finance Limited carries interest ranging from 11.40% to 12.50% and is secured by way of deposit of title deeds in respect of :
Factory Land and Building at No. 80 & 81, 5th Mile, Matagalli post, KRS road, Mysore Karnataka and a charge on all Movable Fixed Assets of the company both present and future
- The above loans are further secured by Corporate Guarantee by L.G. Balakrishnan & Bros Limited

Notes to Financial Statements for the year ended 31st March 2017
6 TRADE PAYABLES

₹ in lakhs

PARTICULARS	As at 31.03.2017	As at 31.03.2016
(a) Total outstanding dues of micro enterprises and small enterprises (Refer note no.27)		
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,590.81	1,835.26
Total	1,590.81	1,835.26

7 OTHER CURRENT LIABILITIES

(a) Current maturities of long-term debt (refer note no.4 “Long term borrowings”)	200.00	150.00
(b) Interest accrued but not due on loans	7.97	3.65
(c) Accrued salaries and Benefits	101.46	109.01
(d) Advance received from Customers	6.18	17.15
(e) Statutory dues payable	19.40	37.61
(f) Expense payable	340.47	304.65
(g) Amount payable to related parties (Refer note No.31)	-	8.81
Total	675.48	630.88

8 SHORT TERM PROVISIONS

(a) Provision for employee benefits (Refer note No.37)	20.01	8.40
(b) Claims & Damages	33.10	33.10
Total	53.11	41.50

Notes to Financial Statements for the year ended 31st March 2017

(₹ in Lakhs)

9 - FIXED ASSETS

Fixed Assets	GROSS BLOCK			ACCUMULATED DEPRECIATION					NET BLOCK	
	Balance as at 01.04.2016	Additions	Deductions	Balance as at 31.03.2017	Balance upto 31.03.2016	Depreciation charge for the year	Reversal of Provision for Impairment Loss	Deductions/Withdrawal	Balance as at 31.03.2017	Balance as at 31.03.2016
a Tangible Assets (Property, Plant & Equipment)										
Land	80.03	-	10.78	69.25	-	-			69.25	80.03
Buildings	134.18	-	2.18	132.00	81.40	2.66		1.00	83.06	52.78
Plant and Machinery	6,530.88	17.69	835.26	5,713.31	5,599.39	199.73	(32.00)	735.81	5,031.31	931.49
Furniture and Fixtures	43.85	-	3.35	40.50	40.15	0.62		3.06	37.71	3.70
Vehicles	32.01	-	2.55	29.46	17.81	1.67		0.50	18.98	14.20
Office equipment	14.59	0.33	1.18	13.74	9.06	1.85		1.12	9.79	5.53
Data Processing machine	66.78	0.81	15.15	52.44	62.64	1.66		14.41	49.89	4.14
Electrical installation	284.19	0.99	104.46	180.72	239.93	11.24		89.67	161.50	44.29
Pipeline fitting	36.88	-	0.25	36.63	32.73	0.40		0.24	32.89	4.15
Lab equipment	50.16	0.51	30.10	20.57	36.41	2.89		26.35	12.95	13.74
Fire equipment	3.04	-	0.63	2.41	2.95	-		0.58	2.37	0.09
Canteen Equipments	2.18	-	-	2.18	2.09	-		-	2.09	0.09
Tools & Die sets	364.43	-	23.06	341.37	357.53	1.66		22.78	336.41	6.90
Total (a)	7,643.20	20.33	1,028.95	6,634.58	6,482.09	224.38	(32.00)	895.52	5,778.95	1,161.11
b Intangible Assets										
Computer Software	41.32	-	-	41.32	36.99	1.63	-	-	38.62	4.33
Total (b)	41.32	-	-	41.32	36.99	1.63	-	-	38.62	4.33
Total (a+b)	7,684.52	20.33	1,028.95	6,675.90	6,519.08	226.01	(32.00)	895.52	5,817.57	1,165.44

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

(₹ in Lakhs)

9 - FIXED ASSETS

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

Notes to Financial Statements for the year ended 31st March 2017
10 LONG TERM LOANS AND ADVANCES

₹ in lakhs

PARTICULARS	As at 31.03.2017	As at 31.03.2016
a. Capital Advances		
Unsecured, considered good	9.12	-
Unsecured, considered doubtful	4.97	5.97
Less: Provision for doubtful advances	(4.97)	(5.97)
	9.12	-
b. Security Deposits		
Unsecured, considered good	72.21	72.21
	72.21	72.21
c. Other loans & advances		
Tax payments pending Adjustment	14.92	24.28
Total	96.25	96.49

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

a. Raw Materials and components	821.65	796.07
	821.65	796.07
b. Work-in-progress	412.23	361.16
	412.23	361.16
c. Finished goods	548.08	151.30
	548.08	151.30
d. Stores and spares	106.71	94.36
	106.71	94.36
e. Loose Tools	51.77	99.03
	51.77	99.03
Total	1,940.44	1,501.92

12 TRADE RECEIVABLES

Outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	1,494.12	2,616.66
	1,494.12	2,616.66
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	134.59	109.25
Unsecured, considered doubtful	3.13	42.11
Less: Provision for doubtful debts	(3.13)	(42.11)
	134.59	109.25
Total	1,628.71	2,725.91

Notes to Financial Statements for the year ended 31st March 2017
13 CASH AND CASH EQUIVALENTS

₹ in lakhs

PARTICULARS	As at 31.03.2017	As at 31.03.2016
a. Balances with banks	1.65	1.91
b. Cash on hand	1.09	1.78
	<u>2.74</u>	<u>3.69</u>

14 SHORT-TERM LOANS AND ADVANCES
UNSECURED CONSIDERED GOOD

a. Loans to employees - staff advances	4.78	3.66
b. Balance with statutory / government authorities	31.31	42.04
c. Advance to Creditors	12.20	3.95
d. Receivables on sale of fixed assets	47.08	-
Total	<u>95.37</u>	<u>49.65</u>

15 OTHER CURRENT ASSETS

Prepaid Expenses	9.49	11.65
Total	<u>9.49</u>	<u>11.65</u>

16 REVENUE FROM OPERATIONS:

₹ in lakhs

PARTICULARS	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
Revenue from operations (Gross)		
Sale of Products - Finished Products		
- Domestic	8,718.61	8,073.49
- Export	261.30	1,243.11
	<u>8,979.91</u>	<u>9,316.60</u>
Sale of services	21.93	9.46
Other operating revenue		
Scrap Sales	411.75	458.73
Other	-	-
Revenue from operations (Gross)	<u>9,413.59</u>	<u>9,784.79</u>
Less: Excise duty	1,015.04	955.02
Revenue from operations (Net)	<u>8,398.55</u>	<u>8,829.77</u>
Details of products sold		
Manufactured Goods		
Cold forged components	2,774.07	2,656.39
Press components	1,737.05	4,964.39
Hammer components	4,468.79	1,695.82
Total	<u>8,979.91</u>	<u>9,316.60</u>
Details of Services rendered		
Cold forged components - Job receipts	6.40	0.61
Hammer components - Job receipts	12.07	7.35
Press components - Job receipts	3.45	1.50
Total	<u>21.92</u>	<u>9.46</u>

Notes to Financial Statements for the year ended 31st March 2017
17 OTHER INCOME

₹ in lakhs

PARTICULARS	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
Interest Income	7.45	7.83
Profit on sale of assets (Net)	2.76	2.08
Export Incentives	26.30	58.42
Foreign Exchange Gain (Net)	-	17.05
Advances written back	-	2.38
Total	36.51	87.76

18 COST OF RAW MATERIALS AND COMPONENTS CONSUMED

Inventory at the beginning of the year	796.07	843.20
Add: Purchases	4,600.13	4,303.31
	5,396.20	5,146.51
Less: Inventory at the end of the year	821.65	796.07
Cost of raw material consumed	4,574.55	4,350.44
Details of Raw materials and components consumed		
Rods, Coils & Bars	4,574.55	4,350.44
Total	4,574.55	4,350.44

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

₹ in lakhs

PARTICULARS	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016	(Increase) / Decrease
Details of changes in Inventory			
Inventory at the beginning of the year			
Work in Progress	361.16	425.58	64.42
Finished Goods	151.30	163.20	11.90
Total	512.46	588.78	76.32
Inventory at the end of the year			
Work in Progress	412.23	361.16	(51.07)
Finished Goods	548.08	151.30	(396.78)
Total	960.31	512.46	(447.85)
(Increase)/decrease in Inventories	(447.85)	76.32	

Notes to Financial Statements for the year ended 31st March 2017
20 EMPLOYEE BENEFITS EXPENSES

₹ in lakhs

PARTICULARS	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
(a) Salaries, wages and bonus	1091.15	1012.75
(b) Managerial Remuneration	10.22	10.21
(c) Contributions to - Provident and other fund	98.01	89.04
(d) Staff welfare expenses	63.83	68.64
Total	1263.21	1180.64

21 FINANCE COST

Interest expense	261.27	345.07
Other borrowing costs	4.40	29.75
Total	265.67	374.82

22 Depreciation, Amortisation & Impairment

Depreciation	224.38	316.08
Amortisation	1.63	1.63
Provision for Impairment	-	32.00
Total	226.01	349.71

23 OTHER EXPENSES

Consumption of Stores & Spares		328.76		309.58
Consumption of loose tools		222.49		228.15
Consumption of Packing Material		84.58		84.13
Processing Charges		688.19		725.77
Power & Utilities		753.35		699.26
Rent		48.64		40.08
Rates, taxes and Licence		27.16		23.57
Insurance		12.78		11.39
Travelling & Conveyance		74.95		75.55
Directors' Sitting Fees		1.28		1.22
Professional Charges, training fees		13.07		12.14
Selling & Distribution expenses		292.74		290.74
Claims & Damages		113.84		71.20
Watch & ward expenses		43.59		38.05
Bad Debts Written off	38.98	-		
Provision for bad & doubtful debts/(reversal)	(38.98)	-	48.08	48.08
Foreign Exchange Loss (Net)		9.69		-
Loss on Scrapping assets (Net)		33.89		-
Bank Charges		24.04		30.80

Notes to Financial Statements for the year ended 31st March 2017
23 OTHER EXPENSES (Contd.)

₹ in lakhs

PARTICULARS	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016
Repairs and maintenance		
Machinery	202.23	172.44
Building	66.58	22.86
Others	58.51	103.85
Auditor's Remuneration	5.34	5.15
Miscellaneous Expenses	36.34	36.89
Total	3142.04	3030.90
Auditor's Remuneration (exclusive of Service Tax)		
Payments to the Auditor as		
a. for statutory audit	3.35	3.35
b. for taxation matters	1.99	1.80
Total	5.34	5.15
24 EARNINGS PER SHARE		
Profit/(Loss) after taxation as per		
Statement of Profit & Loss	(200.53)	(233.75)
Weighted average Number of equity shares		
in calculating basic and diluted EPS	1,500.02	1,500.02
Basic & Diluted Earnings per share in rupee		
(Face value of ₹ 1 per share)	(0.13)	(0.16)

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

26 The balance in parties accounts are subject to confirmation and reconciliation, if any. In the opinion of the management all current assets including stock-in-trade/Trade receivables and loans and advances in the normal course of business would realize the value at least to the extent stated in the Balance sheet.

27 Micro and Small Enterprises

There are no amounts payable to Micro and Small Enterprise as at 31st March 2017. Further, there are no interest payable on account of overdue payments. The above information regarding Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.

28 The company has only one reportable business segment namely manufacture of forged and machined components.

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

₹ in lakhs

	PARTICULARS	As at 31.03.2017	As at 31.03.2016
a	Guarantee given by Bankers and outstanding	115.00	140.00
b	Claim anticipated towards termination of employee challenged by appeal	5.07	2.97
c	Letter of Credits	447.60	661.43

Notes to Financial Statements for the year ended 31st March 2017
30 Disclosure requirement Pursuant to Notification No. G. S.R. 307(E) and Notification No. G.S.R. 308(E) dated 30th March, 2017
Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 (₹ in Lakhs)

Particulars	SBNS	Other Denomination	Total
Closing cash in hand as on 08-11-2016	0.61	0.45	1.06
(+) Permitted receipts -	-	7.11	7.11
(-) Permitted payments -	-	(6.25)	(6.25)
(-) Amount deposited in Banks	(0.61)	-	(0.61)
Closing cash in hand as on 30.12. 2016	-	1.30	1.30

The term "Specified Bank Notes" has the same meaning as provided in Notification of Government of India, Ministry of Finance, Department of Economy Affairs No.3407 (e) dt. 8th November, 2016.

31 RELATED PARTY DISCLOSURES (As identified by the Management and relied upon by Auditors)

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

i. Key Management Personnel

Sri. K. Karthik - Executive Director

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

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

iii. Others Companies (Enterprises over which the Company are able to exercise significant influence)

a. L.G. Balakrishnan & Bros Ltd	d. South Western Engineering India Ltd
b. Super Transports Private Ltd	e. BV Medical Foundation
c. BCW V Tech India Private Ltd	

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

Nature of Transactions	Name of the related party/ Key Management Personnel	Description of Relationship	Total 2016-17	Total 2015-16
Managerial Remuneration	K.Karthik	Key Management Personnel	10.22	10.21
Rent Payment	L.G.Balakrishnan & Bros Limited	Companies in which Directors are interested	41.59	39.20
DEPB Licence sold	L.G.Balakrishnan & Bros Limited		14.80	22.91
Purchase of Power, Spares, Processing, Conversion, Service charges payments	L.G.Balakrishnan & Bros Limited, Super Transports Private Limited, BCW V Tech India Private Limited, South Western Engg. India Limited		293.01	243.16
Sales of Power, Stores, Materials and Service charges	L.G.Balakrishnan & Bros Limited, BCW V Tech India Private Limited		473.54	409.30
Sales of Assets	BV Medical Foundation	Society under common control	400.00	-
Closing balance - Other Current Liabilities			-	8.81
Closing balance - Trade Receivables			24.84	-

Notes to Financial Statements for the year ended 31st March 2017
32 Disclosure as required by 53 (f) of SEBI (LODR) Regulations

Loans & advances to firms / Companies in which the Directors are interested - Nil (Previous year - Nil)

33 Disclosure in relation to Section 186(4) of the Companies Act, 2013

Loans given, investment made, Guarantee given or Security provided during the year - Nil (Previous year - Nil)

34. Expenditure in Foreign Currency		(₹ in Lakhs)
	31.03.2017	31.03.2016
Travelling	-	2.61
Others	10.92	49.67
	10.92	52.28
35. Value of Imports calculated on CIF basis in respect of		
Stores and Spare Parts	-	42.89
	-	42.89

Particulars of Consumption	Imported		Indigenous		Total	
	2016 - 17	2015 - 16	2016 - 17	2015 - 16	2016 - 17	2015 - 16
Raw Materials						
(Including Expenses)						
Value	-	-	4,574.55	4,350.44	4,574.55	4,350.44
Percentage	-	-	100.00	100.00	100.00	100.00
Stores & Spares						
(Including Expenses)						
Value	-	42.89	551.25	494.84	551.25	537.73
Percentage	-	7.98	100.00	92.02	100.00	100.00
Packing Materials						
Value	-	-	84.58	84.13	84.58	84.13
Percentage	-	-	100.00	100.00	100.00	100.00

36. Earnings in Foreign Exchange

PARTICULARS	2016 - 17 (₹ in Lakhs)	2015 - 16 (₹ in Lakhs)
FOB value of Export	212.47	1,154.96

37 Gratuity:
Description of the Company's defined benefit Plan:

The Company operates a defined benefit plan for the payment of the post employee benefits in the form of gratuity. Benefits under the plan are based on pay and years of service and are vested on completion of five years of service, as provided for in the payment of Gratuity Act, 1972. The terms of the benefits are common for all the employees of the company.

(₹ in Lakhs)

PARTICULARS		31.03.17	31.03.16		
1 Principal Actuarial Assumptions (Expressed as weighted averages)					
Discount Rate		7.33%	7.95%		
Salary Escalation		8.00%	8.00%		
Attrition Rate		3.00%	3.00%		
2 Table Showing changes in present value of obligation As on 31.03.2017					
Present value of obligations as at the beginning of year		70.11	63.99		
Interest cost		5.57	4.90		
Current Service Cost		9.31	8.55		
Benefits Paid		-	(4.60)		
Actuarial (gain) / loss on obligations		(1.73)	(2.73)		
Present value of obligations as at end of the year		83.26	70.11		
3 Table Showing changes in fair value of plan assets As on 31.03.2017					
Fair value of plan assets at the beginning of the year		61.70	48.61		
Expected return on plan assets		4.57	4.23		
Contributions		1.07	13.67		
Benefits Paid		-	(4.60)		
Actuarial (gain) / loss on plan assets		(4.09)	(0.21)		
Fair value of plan assets at the end of the year		63.25	61.70		
4 Actuarial Gain / Loss recognized As on 31.03.2016					
Actuarial (gain) / loss on obligations		(1.73)	(2.73)		
Actuarial (gain) / loss for the year - plan assets		4.09	0.21		
Total gain/loss for the year		2.36	(2.52)		
Actuarial (gain) / loss recognized in the year		2.36	(2.52)		
5 The amounts recognized in the balance sheet					
Present value of obligation as at the end of the year		83.27	70.11		
Fair value of plan assets as at the end of the year		63.25	61.71		
Net assets / (liability) recognized in balance sheet		(20.01)	(8.40)		
6 Expenses Recognised in statement of Profit and Loss					
Current Service Cost		9.31	8.55		
Interest Cost		5.57	4.90		
Expected return on plan assets		(4.56)	(4.23)		
Net Actuarial (gain) / loss recognized in the year		2.36	(2.52)		
Expenses recognised in statement of Profit and Loss		12.68	6.70		
7 Amount for the current period					
Present Value of the Obligation		83.27	70.11		
Plan Assets		63.25	61.71		
Surplus/Deficit		(20.01)	(8.40)		
Experience adjustments on plan Liabilities		(1.73)	(2.73)		
Experience adjustments on plan Assets		4.09	0.21		
8 Amount for the current period and comparative 4 periods as required under para 120(n):					
	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Present Value of the Obligation	83.27	70.11	63.99	49.84	48.73
Plan Assets	63.25	61.71	48.61	49.81	53.48
Surplus / Deficit	(20.01)	(8.40)	(15.38)	(0.23)	4.75
Experience adjustments on plan Liabilities	(1.73)	(2.73)	7.29	(1.43)	0.62
Experience adjustments on plan Assets	4.09	0.21	0.21	(0.54)	(0.61)

38 Operating Lease:
As Lessee:

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

PARTICULARS	31.03.2017	31.03.2016
Within one year	42.64	10.45
After one year but not more than five years	54.16	-
More than five years	-	-

39 Exceptional items represents profit on sale of land & building at Pillaiappampalayam - ₹ 388.04 lakhs (Previous year ₹ 211.55 lakhs)

40 Unhedged foreign currency exposure :

₹ in Lakhs

PARTICULARS	Amount in USD		Amount in INR	
	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016
Trade Receivables	4.28	9.94	271.41	659.62
Advance from customers	0.05	0.08	3.35	5.05
Trade Payables	0.03	0.03	1.88	1.83
Packing Credit facility	0.63	6.06	40.90	402.12

41 Figures have been rounded off to the nearest Lakh and two decimals thereof.

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

For and on Behalf of the Board

K. KARTHIK
Executive Director
DIN: 06846794

P. SHANMUGASUNDARAM
Director
DIN: 00119411

“As per our Report of even date”

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W/W100048

Coimbatore **R. RAMAKRISHNAN**
06.05.2017 Chief Financial Officer

R. PONMANIKANDAN
Company Secretary
Membership No. 40886

C.S. SATHYANARAYANAN

Partner

Membership No. 028328

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2017			(₹ in Lakhs)	
PARTICULARS	31.03.2017		31.03.2016	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax and Extraordinary items		(200.53)		(233.75)
Adjustments for:				
Depreciation & Impairment	226.01		349.71	
Interest paid/other Finance Charges	265.67		374.82	
Interest Income	(7.45)		(7.83)	
Profit on sale of Asset	(2.76)		(2.08)	
Exceptional items	(388.04)	93.43	(211.55)	503.07
Operating Profit before working capital charges		(107.10)		269.32
Changes in working Capital:				
Decrease / (Increase) in Trade and other receivables	1,097.20		443.82	
Decrease / (Increase) in Inventories	(438.52)		146.76	
Increase / (Decrease) in Trade payable	(244.45)		51.03	
Increase / (Decrease) in Other Current Liabilities & Provision	6.20		(680.96)	
Decrease / (Increase) in Loans and advance	(45.48)		1.92	
Decrease / (Increase) in Other Current Assets	2.16	377.12	-	(37.43)
Cash generated from operations		270.02		231.89
Direct Taxes paid		-		-
Net Cash flow from operating activities (A)		270.02		231.89
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(20.33)		(58.18)	
Sale of fixed assets	492.23		228.65	
Interest received	7.45		7.83	
Net Cash flow from investing activities (B)		479.35		178.30
C. CASH FLOW FROM FINANCING ACTIVITIES				
Long term loans received	-		100.00	
Long term loans repaid	(150.00)		-	
Short Term Loans received / (repaid)	(334.65)		(140.69)	
Interest paid	(265.67)		(374.82)	
Net Cash flow used in financing activities (C)		(750.32)		(415.51)
Net increase / (decrease) in Cash and				
Cash Equivalents (A) + (B) + (C)		(0.95)		(5.32)
Add: Cash and Cash Equivalents as at 1st April 2016 and				
01.04.2015(Opening Balance)		3.69		9.01
Cash and Cash Equivalents as at 31.03. 2017 and				
31.03.2016(Closing Balance)		2.74		3.69

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

For and on Behalf of the Board

K. KARTHIK
Executive Director
DIN: 06846794

P. SHANMUGASUNDARAM
Director
DIN: 00119411

“As per our Report of even date”

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W/W100048

R. PONMANIKANDAN
Company Secretary
Membership No. 40886

C.S. SATHYANARAYANAN

Partner

Membership No. 028328

Coimbatore **R. RAMAKRISHNAN**
06.05.2017 Chief Financial Officer

ATTENDANCE SLIP**LGB FORGE LIMITED**

CIN : L27310TZ2006PLC12830

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

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

Phone: 0422 2532325, Fax: 0422 2532333

11th ANNUAL GENERAL MEETING

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

I hereby record my presence at the 11th ANNUAL GENERAL MEETING of the Company held on **Thursday, July 27th, 2017 at 09.00 A.M.** at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore - 641 018

Member's / Proxy's Signature

Note:

1. Please complete the Folio / DP ID - Client ID No. and name, sign this Attendance Slip and handover at the Attendance Verification Counter at THE MEETING HALL
2. Electronic copy of the Annual Report for FY 2016-17 and the Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Annual Report for 2016-17 and the Notice of the Annual General Meeting along with the Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or who have requested for a hard copy.

**E-VOTING PARTICULARS**

EVSN (Electronic Voting Sequence Number)	USED ID	PASSWORD*
170616007	Folio No. / Client ID	PAN Number / Bank Account No / Date of Birth

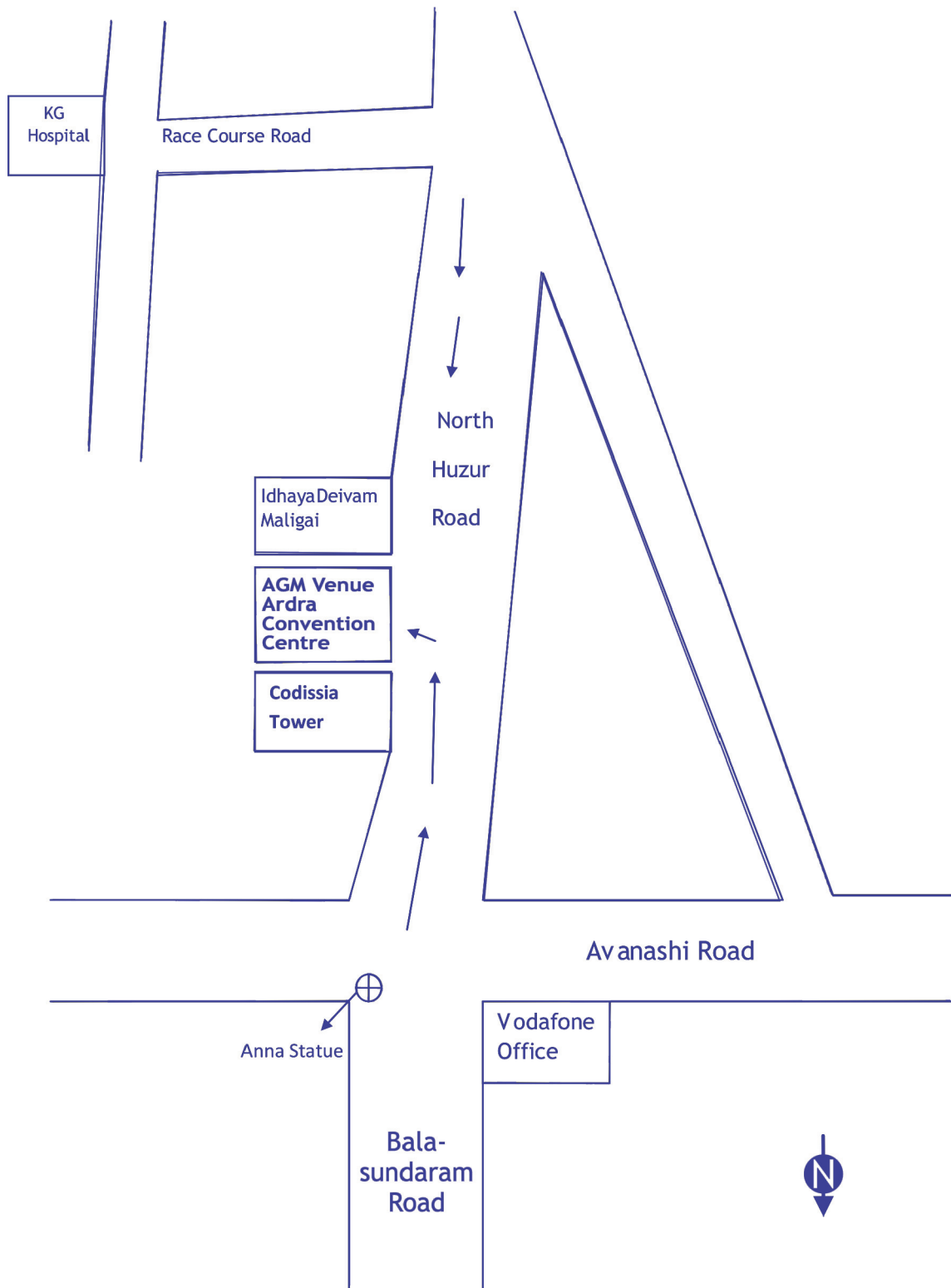
* Physical Shareholders who does not have PAN should enter No. of Shares they hold as their password if they prefer to exercise e-voting.

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

Commencement of e-voting	End of e-voting
Monday, 24 th July, 2017 (from 9.00 A.M)	Wednesday, 26 th July, 2017 (upto 5.00 P.M)

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

Route map of AGM Venue



PROXY FORM

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



LGB FORGE LIMITED

CIN : L27310TZ2006PLC12830

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

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

Phone: 0422 2532325, Fax: 0422 2532333

11th ANNUAL GENERAL MEETING 27th July, 2017

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

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

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

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

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

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 11th Annual General Meeting of the Company, to be held on **Thursday, July 27, 2017 at 09.00 A.M** at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore - 641 018, and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

P.T.O.

S.No	Resolutions
Ordinary Business	
1	To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31 st March, 2017 together with the Reports of the Board of Directors and Auditors thereon.
2	To appoint a Director in place of Sri. B. Vijayakumar(DIN 00015583), who retires by rotation and being eligible, seeks re-appointment.
3	Appointment of Statutory Auditor
Special Business	
4	To Re-appoint of Sri. K. Karthik (DIN 06846794), as Executive Director of the Company for a further period of 6 months.

Signed this day of 2017

Signature of Shareholder

Affix
Revenue
Stamp not
less than
₹ 1/-

Notes

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting
2. For the resolutions, explanatory statements and Notes, please refer to the Notice of 11th Annual General Meeting