
LGB FORGE LIMITED

Corporate Information**BOARD OF DIRECTORS**

Sri. B. Vijayakumar Chairman
Sri. P. S. Balasubramanian Managing Director
Smt. Rajsri Vijayakumar
Sri. K.N.V. Ramani
Sri. P. Shanmugasundaram
Sri. P.V. Ramakrishnan
Sri. Harsha Lakshmikanth

COMPANY SECRETARY

Sri. P. Manoj

AUDITORS

M/s. Suri & Co.
Chartered Accountants

BANKERS

Axis Bank Limited
Andhra Bank
ICICI Bank Limited
Corporation Bank
IDBI Bank Limited

REGISTRAR AND SHARE TRANSFER AGENTS

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

REGISTERED OFFICE

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

NOTICE

Notice is hereby given that the Third Annual General Meeting of the Members of the Company will be held on Friday the 10th day of July, 2009 at 03.30 P.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 audited Balance Sheet, Profit & Loss Account for the year ended 31.03.2009 and the Reports of the Directors and Auditors of the Company.
2. To appoint a Director in the place of Sri. B. Vijayakumar, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Sri. K.N.V. Ramani, who retires by rotation, and being eligible, offers himself for reappointment.
4. To re-appoint Messrs. Suri & Co. , Chartered Accountants as Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

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

6. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution.

“RESOLVED THAT consent of the Company be and is hereby accorded under the provisions of Section 314(1) and other applicable provisions, if any, of the Companies Act, 1956, to appoint Sri. Arjun Karivardhan, who is a relative of Sri. B. Vijayakumar, Chairman, and Smt. Rajsri Vijayakumar, Director of the Company for holding and continuing to hold an office or place of profit as an employee of the Company with effect from 1st June, 2008 as an Executive trainee on a consolidated salary of Rs.25,000/- per month including all perquisites, allowances and benefits payable to other employees of his grade.

EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of the Companies Act, 1956.)

Item No. 5

Sri. Harsha Lakshmikanth was co-opted as an Additional Director of the Company with effect from 09-05-2008. Pursuant to Section 260 of the Companies Act, 1956 (“the Act”), Sri. Harsha Lakshmikanth holds office of Director upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a Member along with a deposit of Rs.500/- proposing the candidature of Sri. Harsha Lakshmikanth for the Office of the Director under the provisions of Section 257 of the Companies Act, 1956.

None of the Directors except Sri. Harsha Lakshmikanth is interested in the resolution to the extent of his appointment.

The Board recommends the resolution set forth in Item No. 5 for the approval of the members.

Item No. 6

Sri. Arjun Karivardhan has been appointed as Executive Trainee in the Cold Forging Division of the Company at K. Palayam w.e.f. 01.06.2008 is a relative of Sri. B. Vijayakumar, Chairman and Smt. Rajsri Vijayakumar, Director of the Company. Sri. Arjun Karivardhan to hold and continue to hold an



As per Clause 49 of the Listing Agreement with Stock Exchanges, Information on Directors recommended for appointment or seeking re-appointment at the Annual General Meeting.

Name	Sri. B. Vijayakumar	Sri. K.N.V. Ramani	Sri. Harsha Lakshmikanth
Date of Birth	22.01.1953	05.10.1931	24.08.1977
Date of Joining the Board	07.06.2006	29.01.2008	09.05.2008
Qualification	B.Sc.,	M.A., B.L.,	B.E., M.S.,
Expertise in functional areas	More than 40 years experience as an Industrialist and more than 20 years as the Managing Director of L.G. Balakrishnan & Bros Ltd.	More than 52 yrs experience as an Advocate	More than 6 years experience in Software Engineering
Shareholding in LGBFL	11632200	- NIL -	-Nil-
Other Directorship Held	L.G. Balakrishnan & Bros Ltd. Super Spinning Mills Ltd Elgi Equipments Ltd LGB Auto Products Ltd South Western Engineering India Ltd LG Farm Products Ltd Rolon Fine Blank Ltd LGB Rolon Chain Ltd LG Sports Ltd Renold Chain India (P) Ltd LGB Fuel Systems (P) Ltd Super Speeds (P) Ltd Super Transports (P) Ltd BCW V Tech India (P) Ltd	Bannari Amman Spinning Mills Ltd Sri Kannapiran Mills Ltd Sri Chamundeswari Sugars Ltd K.G. Denim Ltd KPR Mills Ltd Shiva Taxyarn Ltd Kovai Medical Center and Hospital Ltd Sri Sankara College Association (Company under Section 25 of the Companies Act, 1956)	Mayajaal Entertainment Ltd. Placement .Com (P) Ltd Head Hunters India (P) Ltd
Other Committee Membership	1. Member of Shareholders & Investors Grievances Committee in L.G. Balakrishnan & Bros Ltd. 2. Member of Audit Committee and Remuneration Committee in Super Spinning Mills Ltd	Remuneration Committee Chairman in 1. LGB Forge Ltd 2. Bannari Amman Spinning Mills Ltd 3. Sri Kannapiran Mills Ltd 4. Sri Sugars Ltd 5. K.G. Denim Ltd Audit Committee Chairman in 1. Shiva Taxyarn Ltd Audit Committee Member in 1. Bannari Amman Spinning Mills Ltd 2. Sri Kannapiran Mills Ltd 3. K.G. Denim Ltd	-Nil-

LISTING

The Securities of your Company was listed at National Stock Exchange of India Limited and Bombay Stock Exchange Limited, w.e.f. 1st August 2008. Pursuant to Clause 38 of the Listing Agreement, the initial listing fees was paid and the annual listing fees for the year 2008-2009 have been paid to them well before the due date i.e. April 30, 2009. The Company has also paid the annual custodian fees in respect of Securities held in dematerialized mode to NSDL & CDSL for the year 2009-10.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Sri. B. Vijayakumar and Sri. K.N.V. Ramani are liable to retire by rotation and are eligible for re-appointment.

Sri. Harsha Lakshmikanth joined the Board as Additional Director on 09th May 2008 and will hold office till the ensuing Annual General Meeting.

Sri. S. Sivakumar and Sri. P. Prabakaran Directors have resigned as Directors of the Company with effect from 4th April 2008. Your directors wish to place on record the valuable services rendered by them during their tenure of their office as Directors.

PUBLIC DEPOSITS:

During the year under review, the Company has not invited and/or accepted any deposits, within the meaning of Section 58-A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules 1975 made there under

CORPORATE GOVERNANCE

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

AUDITORS

Messrs. Suri & Co., Chartered Accountants, Coimbatore, the Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting, and being eligible, offer themselves for reappointment. The Company has received a letter from the auditors to the effect that their re-appointment, if made, would be in

accordance with Section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment.

PARTICULARS OF EMPLOYEES

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii. that appropriate accounting policies selected and applied are consistent and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and of the loss of the Company for the year ended on that date.
- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. that the annual accounts have been prepared on going concern basis.

ACKNOWLEDGEMENT

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

By Order of the Board

B. VIJAYAKUMAR

Chairman

Coimbatore
22.05.2009

**FORM B****1. RESEARCH & DEVELOPMENT**

a) Specific areas in which R & D is carried out by the company	Developed new alternator components and other new forged components for various other sectors.
b) Benefits derived as a result of the above R & D	Business increased and customer satisfaction increased.
c) Future plan of Action :	To concentrate on further value addition.
d) Expenditure on R & D	
i) Capital	-
ii) Recurring	Rs.8.00 Lakhs
iii) Total R & D Expenditure	Rs. 8.00 Lakhs
iv) Total R & D expenditure as a % to total Turnover.	0.08%

2. TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION

a) Efforts, in brief, made towards technology absorption, adaptation and innovation	Working on welding technology for reuse of tools and dies.
b) Benefits derived as a results of the above efforts e.g., Product improvement, cost reduction, import substitution etc.	Achieved cost reduction
c) In case of Imported Technology during the last 5 Years reckoned from the beginning of the financial year, following information may be furnished.	
1) Technology Imported	-
2) Year of Import	-
3) Has technology been fully absorbed	-
4) If not fully absorbed, areas where this has not taken place reasons therefore and future plan of action.	-

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earned through Exports amount to : Rs. 977.41 Lakhs
Foreign Exchange used : Rs. 78.17 Lakhs

By Order of the Board

Coimbatore
22.05.2009

B. VIJAYAKUMAR
Chairman

P.S. BALASUBRAMANIAN
Managing Director

CORPORATE GOVERNANCE
1. Company's Philosophy on Code of Governance

LGB Forge believes in maximizing shareholders value 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 Managing 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 Particulars		@ No of Other Directorship held in Public Companies	\$ Membership in Committees of Other Companies		Relationship interse Directors
		Board Meeting	Last AGM		Member	Chairman	
Sri. B. Vijayakumar Chairman	Non- Executive Promoter	8	Yes	10	3	-	Father of Smt. Rajsri Vijayakumar
Sri. P.S. Balasubramanian Managing Director	Executive Non- Independent	8	Yes	3	-	-	
Smt. Rajsri Vijayakumar	Non-Executive Non- Independent	8	Yes	6	-	-	Daughter of Sri. B. Vijayakumar
Sri. K.N.V. Ramani	Non- Executive Independent	4	No	6	3	4	
Sri. P.Shanmugasundaram	Non- Executive Independent	7	Yes	2	-	2	
Sri.P.V.Ramakrishnan	Non- Executive Independent	5	No	-	-	-	
Sri. Harsha Lakshmikanth*	Non- Executive Independent	3	No	1	-	-	
Sri. P.Prabhakaran**	Non- Executive Non-Independent	1	No	4	-	-	
Sri. S. Sivakumar**	Non- Executive Non-Independent	1	No	6	-	-	

** Sri. P. Prabakaran & Sri. S. Sivakumar resigned as Directors with effect from 04.04.2008

* Sri. Harsha Lakshmikanth was appointed as Additional Director with effect from 09.05.2008.

@ Exclude directorship in Private Companies and Foreign Companies.

\$ Only Audit Committee and Investor Grievance Committee are considered.

- a) Remuneration paid/payable to the Executive Directors for the financial year ended March 31, 2009 is given as under :

Name	Salary and perquisites Rs. in Lakhs	Service Contract
Sri. P.S. Balasubramanian, Managing Director	24.00	Re-appointed for a period of 3 years from 01.04.2008 to 31.03.2011

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

- b) Remuneration paid/payable to the Non-Executive Directors for the financial year ended March 31, 2009 is given as under :

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

Name of the Director	Sitting Fees (Rs.)
Sri. B. Vijayakumar	20,000
Smt. Rajsri Vijayakumar	22,000
Sri. K.N.V. Ramani	12,000
Sri. P. Shanmugasundaram	22,000
Sri. P.V. Ramakrishnan	14,000
Sri. Harsha Lakshmikanth	12,000
Total	102,000

- c) Statement showing number of Equity Shares of Re.1/- each of the Company held by the present Non-Executive Directors as on March 31, 2009 :

Name	No. of shares held as on 31.03.2009	% of Holding
Sri. B. Vijayakumar	11,632,200	11.63
Smt. Rajsri Vijayakumar	7,597,880	7.59
Sri. K.N.V. Ramani	Nil	-
Sri. P. Shanmugasundaram	Nil	-
Sri. P.V. Ramakrishnan	Nil	-
Sri. Harsha Lakshmikanth	Nil	-

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

5. Shareholders' / Investors' Grievance Committee:

The Company has an "Investors Grievance Committee" comprising of the following Directors.

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

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

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

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

9. Whistle Blower Policy

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

10. Means of Communication

(i) Quarterly and Half-yearly financial results

Quarterly/ Half-yearly financial results of the Company are published in one widely circulated English Newspaper (Financial Express) and a Vernacular (Tamil) Newspaper (Malai Malar). The results are also promptly forwarded to Stock Exchanges in which the Securities of the Company are listed and simultaneously displayed in Corpfile and on the Company's website www.lgbforge.co.in. The Company has a dedicated help desk with email ID: p.manoj@lgbfl.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.

11. Shareholder Information :

1. Annual General Meeting is proposed to be held at 03.30 P.M. on 10th July, 2009 at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore- 641 018.

2. Financial Calendar

Financial Year : April to March

For the year ended 31st March 2009, results were announced on 22.05.2009.

Financial Year - 2009-2010

Quarter ending June 2009 - End of July 2009

Quarter ending September 2009 - End of October 2009

Quarter ending December 2009 - End of January 2010

Year ended 31-03-2010 - End of May 2010

3. Date of Book Closure - 01.07.2009 to 10.07.2009 (both days inclusive)

4. Listing on Stock Exchanges - Bombay and National Stock Exchanges.

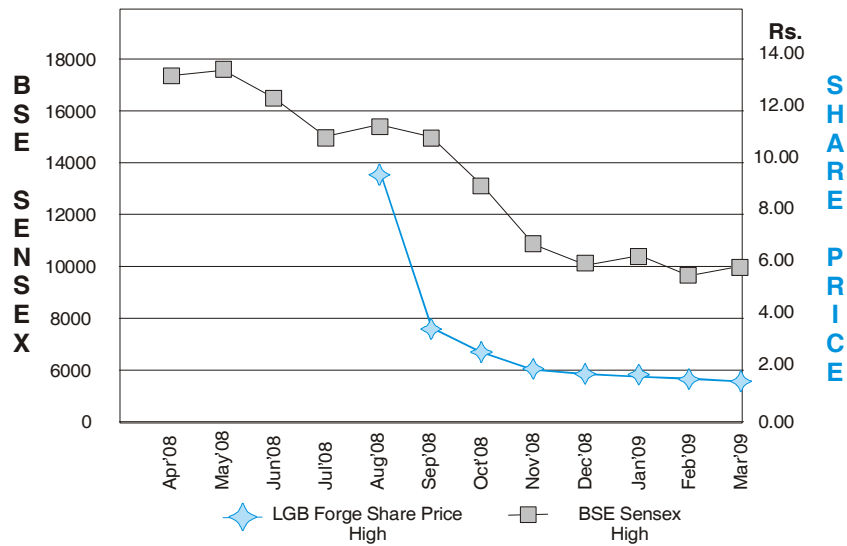
5. Securities Code - Bombay Stock Exchange Ltd. Equity 533007

- The National Stock Exchange of India Ltd. - LGBFORGE-EQ

6. ISIN Number - Equity : INE201J01017

The Company's Equity Shares are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The Company has paid Annual Listing Fees to Bombay Stock Exchange Limited and National Stock Exchange of India Limited .



12. Dematerialization of Shares as on 31st March, 2009.

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	57,146,000	57.14
Central Depository Services (India) Limited	4,438,101	4.44
Physical	38,416,933	38.42
Total	100,001,034	100

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

-Nil-

14. Code of Conduct

The Company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management and that the same has been hosted on the Company's website. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct, as on 31st March, 2009.

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

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.

**CERTIFICATE ON CORPORATE GOVERNANCE****To the members of LGB Forge Limited.**

We have examined the compliance of conditions of corporate governance by **LGB Forge Limited**, for the year ended on 31.3.2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The Compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For Suri & Co.
Chartered Accountants

C.S. SATHYANARAYANAN
Membership No. 028328
Partner

Coimbatore
22.05.2009

**CERTIFICATION BY THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS
OF THE COMPANY.**

I P.S. Balasubramanian, Managing Director of M/s. LGB Forge Limited, certify that

- a. I have reviewed the financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:
 - I. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - II. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. I am responsible for establishing and maintaining internal controls and that I have evaluated the effectiveness of the internal control systems of the Company and I have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken to rectify these deficiencies.
- d. I have indicated to the auditors and the audit committee:
 - I. Significant changes in internal control during the year :
 - II. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - III. Instance of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Coimbatore
22.05.2009

P.S. BALASUBRAMANIAN
Managing Director

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date)

1. a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b) The assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion, is reasonable, considering the size and the nature of business. The frequency of verification is reasonable and discrepancies noticed on such physical verification were not material and have been properly dealt with in books of accounts.
c) There is no disposal of substantial part of Fixed Assets during the year.
- 2) a) The inventories have been physically verified by the management during the year at reasonable intervals.
b) The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
c) The company has maintained proper records of inventories and discrepancies noticed on physical verification of inventories as compared to book records were not material and have been appropriately dealt with.
- 3) a) During the year the company has not granted loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
b) The terms and conditions in respect of loans already granted by the company, are in our opinion, prima facie not prejudicial to the interest of the company.
c) During the year the company has taken unsecured loan for Rs.365 lacs from a company covered in the Register maintained under section 301 of the Companies Act, 1956.
d) The terms and conditions in respect of loans taken by the company, are in our opinion, prima facie not prejudicial to the interest of the company.
4. There are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. There is no major weakness in the internal control system. The company continues its process of strengthening its internal control systems.
5. a) The particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding rupees five lakh each have been made at prices, which are reasonable having regard to prevailing market prices at the relevant time.
6. During the year the company has not accepted deposits from public. The company has complied with the directives issued by Reserve Bank of India and the provisions of Section 58A, 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 or any other relevant provisions of the act.
7. The Company has an adequate Internal Audit system commensurate with its size and nature of its business. The company continues its process of strengthening its internal audit system.
8. We have broadly reviewed the books of accounts maintained by the company relating to windmill division, pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed records have been maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate.

**BALANCE SHEET AS AT 31.03.2009**

	Schedule	31.03.2009 (Rs. in Lakhs)		31.03.2008 (Rs. in Lakhs)	
SOURCES OF FUNDS :					
SHAREHOLDERS' FUNDS:					
Share Capital	I	1000.01		215.20	
Reserves & Surplus	II	2939.40	3939.41	-	215.20
LOAN FUNDS:					
Secured Loans	III	7018.49		-	
Unsecured Loans	IV	525.62	7544.11	-	-
Total Capital Employed			11483.52		215.20
APPLICATION OF FUNDS:					
FIXED ASSETS V					
Gross Block		10235.06		-	
Less: Accumulated Depreciation		3421.81		-	
Net Block			6813.25		-
Capital Work-in-progress			466.12		-
			7279.37		-
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	VI	1698.91		-	
Sundry Debtors	VII	2784.98		-	
Cash and Bank Balances	VIII	11.07		1.15	
Loans and Advances	IX	768.00		181.11	
	(A)	5262.96		182.26	
CURRENT LIABILITIES AND PROVISIONS					
Current Liabilities	X	2169.30		0.12	
Provisions	XI	9.10		1.60	
	(B)	2178.40		1.72	
NET CURRENT ASSETS (A - B)			3084.56		180.54
Debit Balance in Profit & Loss Account			1118.99		-
Miscellaneous Expenditure (to the extent not written off or adjusted)					
Preliminary Expenses			0.60		0.75
Pre-operative Expenses			-		33.91
Total Assets			11483.52		215.20

Accounting Policies & Notes on Accounts XXII

Schedules I to XI and XXII form part of this Balance Sheet.

B. VIJAYAKUMAR
ChairmanCoimbatore
22.05.2009P.S. BALASUBRAMANIAN
Managing DirectorP. MANOJ
Company Secretary"As per our Report of even date"
For SURI & CO.
Chartered AccountantsC.S. SATHYANARAYANAN
Membership No. 028328
Partner



SCHEDULES TO BALANCE SHEET		
	31.03.2009 (Rs. in Lakhs)	31.03.2008 (Rs. in Lakhs)
SHARE CAPITAL - I		
Authorised :		
12,00,00,000 (Previous Year 12,00,00,000 Equity Shares of Re.1/- each)	1200.00	1200.00
	<u>1200.00</u>	<u>1200.00</u>
Issued, Subscribed and Paid-up :		
10,00,01,034 Equity Shares of Re.1/- each (Of the above 7,84,81,034 Equity Shares of Re.1/- each have been issued for consideration other than cash to the share holders of L.G. Balakrishnan & Bros Ltd., as per the demerger scheme approved by the High Court of Madras) (Previous year 21520000 Equity Shares of Re.1/- each)	1000.01	215.20
	<u>1000.01</u>	<u>215.20</u>
RESERVES AND SURPLUS - II		
CAPITAL RESERVE		
As per demerger scheme	2898.85	-
REVALUATION RESERVE		
As per demerger scheme	40.55	-
	<u>2939.40</u>	<u>-</u>
SECURED -LOANS - III		
From Banks :		
a) Term Loans :		
Rupee Term Loans	4788.82	-
b) Working Capital Borrowings :		
Rupee Cash credit Facilities	2229.67	-
	<u>7018.49</u>	<u>-</u>
UNSECURED LOANS - IV		
Sales Tax Deferral Scheme	160.62	-
Inter Corporate Deposit	365.00	-
	<u>525.62</u>	<u>-</u>

SCHEDULES TO BALANCE SHEET		
	31.03.2009 (Rs. in Lakhs)	31.03.2008 (Rs. in Lakhs)
CASH AND BANK BALANCES - VIII		
Cash on hand	0.68	-
Balances with Scheduled Banks		
- In Current Account	4.59	1.15
- In Unclaimed Dividend Account	-	-
- In Fixed Deposit Account	5.80	-
	11.07	1.15
LOANS AND ADVANCES - IX		
Advances Recoverable in cash or in kind or for value to be received and considered good - Unsecured	300.10	180.00
Balances with Government Authorities	321.15	-
Deposits	125.15	-
Prepaid expenses	4.98	-
Tax payments pending adjustment	16.62	1.11
	768.00	181.11
CURRENT LIABILITIES - X		
Sundry Creditors	2169.30	0.12
(Due to Micro, Small and Medium Enterprises is NIL)		
Investor Education and Protection Fund Items, not due:-		
Unclaimed Dividend	-	-
	2169.30	0.12
PROVISIONS - XI		
For Taxation	1.60	1.60
For Fringe Benefit Tax	7.50	-
For Dividend	-	-
For Tax on Dividend	-	-
	9.10	1.60
SCHEDULES TO PROFIT AND LOSS ACCOUNT		
INCOME - XII		
SALES AND SERVICE CHARGES		
Domestic Sales & Service Charges		
Sale of Finished products (incl. of excise duty.)	9,495.72	-
Service Charges	38.65	-
	9,534.37	-
Less : Excise Duty	1,128.94	8,405.43
		-
Export Sales		
Sale of finished products	1,023.82	-
Less : Excise Duty	-	1,023.82
	9,429.25	-



SCHEDULES TO PROFIT AND LOSS ACCOUNT		
	31.03.2009 (Rs. in Lakhs)	31.03.2008 (Rs. in Lakhs)
REPAIRS AND MAINTENANCE - XVII		
Machinery	121.89	-
Building	19.65	-
Others	16.54	-
	<u>158.08</u>	-
SELLING AND DISTRIBUTION EXPENSES - XVIII		
Selling Expenses	75.03	-
Freight & Forwarding	245.17	-
	<u>320.20</u>	-
OTHER EXPENDITURE - XIX		
Printing & Stationery	5.55	-
Postage, Telegram and Telephone	17.67	-
Rent	6.77	-
Rates, taxes & Licence	5.81	-
Insurance	9.78	-
Travelling & Conveyance	73.95	-
Advertisement, Publicity & Sales Promotion	3.52	-
Directors' Sitting Fees	1.02	-
Auditor's Remuneration	2.00	-
Professional Charges, Books and Periodicals	94.30	-
Miscellaneous Expenses	18.55	-
Loss on Sale of Assets (Net)	1.50	-
	<u>240.42</u>	-
INTEREST & FINANCE CHARGES - XX		
On Fixed Loans	606.32	-
On Others	368.97	-
Bank charges	34.47	-
	<u>1,009.76</u>	-
EARNING PER SHARE (BASIC) - XXI		
a. Profit / (Loss) After Tax	(1,118.99)	
b. Equity Share of Re.1/- each (Nos. in Lakhs)	1,000.01	
c. Earnings per Share (a/b)	(1.12)	

- d) Claims made by the company and those made on the company are recognized in the profit and loss account as and when the claims are accepted.
- e) Preliminary expenses are written off over a period of five years.

6. Foreign Currency Transactions

- a) Foreign currency transactions are recorded at exchange rates prevailing on the date of such transaction.
- b) Foreign currency 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 Profit & Loss account.
- c) Premium / discount in respect of Forward Contract is amortized as expense / income over the period of contract. Exchange difference arising on forward contracts between the exchange rate on the date of the transaction and the exchange rate prevailing at the year end is recognized in the Profit & Loss account.

7. Research and Development

Revenue expenditure on Research and Development is charged under respective heads of account.

Capital expenditure on research and development is included as part of fixed assets and depreciated on the same basis as other fixed assets.

8. Employee Benefits

- a) Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit & Loss Account of 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 Profit & Loss Account for the year in which the employee has rendered service. The expense is recognized based on the present value of the obligation determined in accordance with Revised Accounting Standard 15 on Employee Benefits. Actuarial gains & losses are charged to the Profit & Loss Account.
- 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.

9. 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.

10. Taxes on Income

Current tax on income for the period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessment / appeals.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

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

11. Cash flow statement

Cash Flow Statement has been prepared in accordance with the indirect method prescribed in Accounting Standard 3 issued by the Institute of Chartered Accountants of India.

12. 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 charged to expense as and when incurred.

outstanding for more than 45 days as at the Balance sheet date.

The above information and that given under Current Liabilities and Provisions regarding Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the company and relied upon by the auditors.

8. Consequent to demerger, the company is in the process of transferring the title deeds in the name of the company

9. Figures have been rounded off to the nearest thousand.

10. Previous years figures have been regrouped wherever necessary to conform to the current years classification.

11 CONTINGENT LIABILITIES

Rs. in Lakhs

		31.03.2009	31.03.2008
a	Guarantee given by Bankers and outstanding	153	Nil
b	Amount outstanding on letters of Credit	35.97	Nil
c	Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net after advance payments)	Nil	Nil
d	Bills discounted with Banks	Nil	Nil
e	Disputed tax liability	Nil	Nil
f	Export obligation	Nil	Nil
	Duty involved	Nil	Nil

12 Earnings per share

	31.03.2009	31.03.2008
Profit / (Loss) after taxation as per Profit & Loss Account	(1118.99)	Nil
Number of equity shares outstanding	1000.01	Nil
Basic and diluted earnings per share in rupee face value - Re.1/- per share	(1.12)	Nil

13. RELATED PARTY DISCLOSURES (As identified by the management and relied upon by Auditors)

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

i. Associate Companies

- | | |
|-------------------------------------|--|
| a. Elgi Automotive Service Ltd | i. LGB Fuel Systems Private Ltd |
| b. L.G.B Auto Products Ltd | j. BCW V Tech India Private Ltd |
| c. LG Farm Products Ltd | k. L.G. Balakrishnan & Bros Ltd |
| d. L.G. Balakrishnan & Bros - Karur | l. Rolon Fine Blank Ltd |
| e. LG Sports Ltd | m. LGB Rolon Chain Ltd |
| f. Super Speeds Private Ltd | n. Vijayshree Spinning Mills Private Ltd |
| g. Super Transports Private Ltd | o. Renold Chain India Private Ltd |
| h. Silent Chain India Private Ltd | p. South West Engineering India Ltd |

ii. Key Management Personnel

Sri. P.S. Balasubramanian

iii. Relatives of Key Management Personnel

Sri. P.S. Balasubramanian and his Relatives

	31.03.2009 (Rs. in Lakhs)	31.03.2008 (Rs.inLakhs)
(b) Value of Imports calculated on CIF basis in respect of		
Raw Materials	6.79	-
Stores and Spare Parts	-	-
Machinery	-	-
	6.79	-

(c) Earnings in Foreign Exchange

On account of Export of Goods at FOB value	977.41	-
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(d) Particular of Consumption

	Imported		Indigenous		Total	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Raw Materials (Including Expenses)						
Value	6.79	-	5034.83	-	5041.62	-
Percentage	0.14	-	99.86	-	100.00	-
Stores & Spares (Including Expenses)						
Value	-	-	701.76	-	701.76	-
Percentage	-	-	100.00	-	100.00	-
Packing Materials						
Value	-	-	37.78	-	37.78	-
Percentage	-	-	100.00	-	100.00	-

16. Quantitative Particulars
a) Capacities

Class of Goods	Licenced Capacity		Installed Capacity @	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Cold Forging Division	Not Applicable	Not Applicable	2,40,000 Strokes	-
Hot and Warm Forging Division	"	"	3,000 Tonnes	-
Hot Forging Division	"	"	9,600 Tonnes	-

@ Installed Capacity is as certified by the management

b) Production, Turnover and Stocks

All figures in Lakhs

Class of Goods	Unit	Production	Opening Stock	Closing Stock	Sales Qty	Value (Rs.)
1. Cold Forged Products	Nos.	59.39	0.81	0.85	59.35	2315.21
		(-)	(-)	(-)	(-)	(-)
2. Hot & Warm Forged Products	Nos.	52.25	9.57	12.01	49.81	7075.39
		(-)	(-)	(-)	(-)	(-)
Total						9390.60
						(-)

Previous year figures are given within brackets



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009.		(Rs. in Lakhs)
PARTICULARS	31.03.2009	31.03.2008
A Cash Flow From Operating Activities		
Net Loss Before Tax	(1,111.49)	(32.23)
Adjustments for :		
Depreciation	1,065.83	-
Preliminary expenses written off	0.15	-
(Profit) / Loss on Sale of Assets	1.50	(0.19)
Interest Income	(24.11)	(4.91)
Interest Paid/other finance charges	1,009.76	29.80
	<u>2,053.13</u>	<u>24.70</u>
Operating Profit before working capital changes	941.64	(7.53)
Trade and Other receivables	(395.78)	(180.13)
Inventories	195.04	-
Trade payable	1,145.26	(0.43)
	<u>944.52</u>	<u>(180.56)</u>
Cash generated from Operations	1,886.16	(188.09)
Direct taxes paid	(15.51)	(1.11)
Net Cash Flow from Operating activities	<u>1,870.65</u>	<u>(189.21)</u>
B Cash Flow from Investing Activities :		
Purchase /sale of Fixed Assetsm (Net)	(441.22)	9.85
Interest received	24.11	4.91
Net Cash used in investing activities	<u>(417.11)</u>	<u>14.76</u>
C Cash Flow from Financing Activities :		
Long Term Borrowings (Net of Repayments)	(336.18)	-
Unsecured Loans	365.00	-
Working Capital Borrowings	(470.33)	-
Interest paid	(1,009.76)	(29.80)
Share Capital Increase	-	205.20
Net Cash Used in financing activities	<u>(1,451.26)</u>	<u>175.40</u>
D Net increase / (Decrease) in cash and cash equivalents (A+B+C)	2.28	0.96
Cash and cash equivalents as at 1.4.2008(*) and 1.4.2007	8.79	0.19
(Opening Balance)		
Cash and cash equivalents as at 31.3.2009 and 31.3.2008	<u>11.07</u>	<u>1.15</u>
(Closing Balance)		

Note(*): Includes cash and cash equivalents consequent to scheme of arrangement.

B. VIJAYAKUMAR
Chairman

Coimbatore
22.05.2009

P.S. BALASUBRAMANIAN
Managing Director

P. MANOJ
Company Secretary

“As per our Report of even date”
For **SURI & CO.**
Chartered Accountants

C.S. SATHYANARAYANAN
Membership No. 028328
Partner

LGB FORGE LIMITED

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

ADMISSION SLIP

Name of Member		Folio No	
Name of Proxy		No of Shares	

I hereby record my presence at the 3rd Annual General Meeting of the Company held on 10.07.2009 at 03.30 P.M at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore - 641 018.

.....
Signature of Member/Proxy

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



LGB FORGE LIMITED

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

PROXY FORM

I/We.....Of.....being a Member/Members of LGB FORGE Limited, hereby appointoffailing him..... ofas my/our Proxy to attend and vote for me/us on my/our behalf at the 3rd Annual General Meeting of the Company to be held on 10.07.2009 at 03.30 P.M. at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore- 641 018 and any adjournment thereof.

As Witness by my/our hands(s) thisday of2009.

Signed by the said.....

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

Affix
Re.1.
Revenue
Stamp

Applicable to investors holding shares in Electronic Form.

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