

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



**58th
ANNUAL REPORT
2013 - 2014**

L.G. BALAKRISHNAN & BROS LIMITED

Corporate Information

BOARD OF DIRECTORS

Sri. B. Vijayakumar
Chairman cum Managing Director
Sri. P. Prabakaran
Deputy Managing Director
Sri. P. Balasubramanian
Sri. S. Sivakumar
Sri. V. Govindarajulu
Sri. P. Shanmugasundaram
Smt. Rajsri Vijayakumar
Sri. V. Rajvirdhan
Dr. T. Balaji
Sri. R. Vidhya Shankar

CHIEF FINANCIAL OFFICER

Sri. N. Rengaraj

GENERAL MANAGER CUM COMPANY SECRETARY

Sri. M. Lakshmi Kanth Joshi

BANKERS

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

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells
Chartered Accountants
Shanmuga Mandram
41 Race Course, Coimbatore 641018
Phone No. 0422 - 4392801

COST AUDITOR

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

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

SECURITIES ARE LISTED

Bombay Stock Exchange Ltd.
National Stock Exchange of India Ltd.

REGISTERED OFFICE

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

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58th ANNUAL GENERAL MEETING

Date : 9th July, 2014
Day : Wednesday
Time : 10.30 A.M.
Venue : **Ardra Convention Centre**
"Kaanchan",
9, North Huzur Road
Coimbatore- 641 018.

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

NOTICE

Notice is hereby given that the Fifty Eighth Annual General Meeting of the Members of the Company will be held on Wednesday the 9th day of July 2014 at 10.30 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, 2014 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 confirm the Interim Dividend already paid and declare Final Dividend on the Equity Shares for the financial year ended 31st March, 2014.
3. To appoint a Director in the place of Sri. V. Rajvirdhan, who retires by rotation, and being eligible, offers himself for reappointment.
4. To re-appoint the Auditors and to fix their remuneration and in this regard pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the Provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (corresponding to Section 224, and other applicable provisions, if any of the Companies Act, 1956) Messrs. Deloitte Haskins & Sells (Firm Registration No. 008072S) Chartered Accountants, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office for a period of 3 years from the conclusion of this Annual General Meeting to, till the conclusion of the 61st Annual General Meeting of the Company subject to ratification by the Shareholders annually, at a remuneration to be decided by the Board of Directors in consultation with the Auditors plus applicable service tax and re-imbursement of travelling and out of pocket expenses incurred by them for the purpose of audit.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr. T. Balaji (holding DIN 00002755), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 9th July, 2014 to hold office for five consecutive years for a term up to 8th July, 2019.

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri. V. Govindarajulu (holding DIN 00016108), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who in accordance with the provisions of Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 1st September 2014 to hold office for five consecutive years for a term up to 31st August, 2019.

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time

being in force) read with Schedule IV to the Companies Act, 2013, Sri. P. Balasubramanian (holding DIN 00018197), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who in accordance with the provisions of Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 1st September 2014 to hold office for five consecutive years for a term up to 31st August, 2019.

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri. P. Shanmugasundaram (holding DIN 00119411), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who in accordance with the provisions of Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 1st September 2014 to hold office for five consecutive years for a term up to 31st August, 2019

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri. R. Vidhya Shankar (holding

DIN 00002498), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and who in accordance with the provisions of Companies Act, 2013 is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 1st September 2014 to hold office for five consecutive years for a term up to 31st, August, 2019.

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions. if any, of the Companies Act, 2013 (the “Act”) read with the Companies (Meetings of Board and its powers) Rules 2014 and read with Clause 49 (VII) of the Listing Agreements entered into with the Stock Exchange(s) and subject to such approvals, consents, sanctions and permission as may be necessary, consent of the members of the Company be accorded to the Board of Directors of the Company to enter into contracts and/or agreements with related parties as defined under the Act with respect to sale, purchase or supply of any goods or materials, selling or otherwise disposing of or buying, leasing of property of any kind, availing or rendering of any services or any other transaction of whatever nature with the following related parties.

Name of the Related Party Companies

1.	Silent Chain India Private Limited
2.	Lakshmi Printers
3.	Excel Marketing Associates
4.	Veena coach Products
5.	S. Sivakumar - Director

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board

in its absolute discretion may deem necessary or desirable and its decision shall be final and binding.

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions. if any, of the Companies Act, 2013 (the “Act”) read with the Companies (Meetings of Board and its powers) Rules 2014 and read with Clause 49 (VII) of the Listing Agreements entered into with the Stock Exchange(s) and subject to such approvals, consents, sanctions and permission as may be necessary, consent of the members of the Company be accorded to the Board of Directors of the Company to enter into contracts and/or agreements with related parties as defined under the Act with respect to sale, purchase or supply of any goods or materials, selling or otherwise disposing of or buying, leasing of property of any kind, availing or rendering of any services or any other transaction of whatever nature with related parties.

Name of the Related Party Companies

1	Super Speeds Private Limited
2	Super Transports Private Limited
3	LGB Fuel Systems Private Limited
4	LG Balakrishnan & Bros - Karur
5	LGB Auto Products Private Limited
6	LGB Forge Limited
7	South Western Engineering India Limited
8	LG Farm Products Private Limited
9	Elgi Automotive Services Private Limited

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ANNEXED TO THE NOTICE

ITEM No.: 5

Dr. T. Balaji is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 4th November, 2010. The qualification and expertise of Dr. T. Balaji has been detailed in the annexure attached.

Dr. T. Balaji retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. Under the provisions of the Companies Act, 2013, an Independent Director should be appointed for a fixed term and is not liable to retire by rotation. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 Dr. T. Balaji being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years with effect from 9th July, 2014. A notice has been received from a member proposing Dr. T. Balaji as a candidate for the office of Director of the Company.

In the opinion of the Board, Dr. T. Balaji fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the Management. Copy of the draft letter for appointment of Dr. T. Balaji as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Dr. T. Balaji as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Dr. T. Balaji as an Independent Director, for the approval by the shareholders of the Company.

Except Dr. T. Balaji, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.5.

ITEM No.:6

Mr. V. Govindarajulu is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 29th June, 1998. The qualification

and expertise of Mr. V. Govindarajulu has been detailed in the annexure attached.

Mr. V. Govindarajulu is a Director whose period of office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. Under the provisions of the Companies Act, 2013, an Independent Director should be appointed for a fixed term and is not liable to retire by rotation. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 Mr. V. Govindarajulu being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years with effect from 1st September 2014. A notice has been received from a member proposing Mr. V. Govindarajulu as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. V. Govindarajulu fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the Management. Copy of the draft letter for appointment of Mr. V. Govindarajulu as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. V. Govindarajulu as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. V. Govindarajulu as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. V. Govindarajulu, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.6.

ITEM No.: 7

Mr. P. Balasubramanian is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 16th February, 1998. The qualification and expertise of Mr. P. Balasubramanian has been detailed in the annexure attached.

Mr. P. Balasubramanian is a Director whose period of office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. Under the

provisions of the Companies Act, 2013, an Independent Director should be appointed for a fixed term is not liable to retire by rotation. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 Mr. P. Balasubramanian being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years with effect from 1st September, 2014. A notice has been received from a member proposing Mr. P. Balasubramanian as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. P. Balasubramanian fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the Management. Copy of the draft letter for appointment of Mr. P. Balasubramanian as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. P. Balasubramanian as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. P. Balasubramanian as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. P. Balasubramanian, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.7.

ITEM No.:8

Mr. P. Shanmugasundaram is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 24th May, 1998. The qualification and expertise of Mr. P. Shanmugasundaram has been detailed in the annexure attached.

Mr. P. Shanmugasundaram is a Director whose period of office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. Under the provisions of the Companies Act, 2013, an Independent Director should be appointed for a fixed term and is not liable to retire by rotation. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 Mr. P. Shanmugasundaram being eligible and offering himself for appointment, is proposed to be appointed

as an Independent Director for five consecutive years with effect from 1st September, 2014. A notice has been received from a member proposing Mr. P. Shanmugasundaram as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. P. Shanmugasundaram fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the Management. Copy of the draft letter for appointment of Mr. P. Shanmugasundaram as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. P. Shanmugasundaram as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. P. Shanmugasundaram as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. P. Shanmugasundaram, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.8.

ITEM No.:9

Mr. R. Vidhya Shankar is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 30th May, 1998. The qualification and expertise of Mr.R.Vidhya Shankar has been detailed in the annexure attached.

Mr. R. Vidhya Shankar is a Director whose period of office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. Under the provisions of the Companies Act, 2013, an Independent Director should be appointed for a fixed term and is not liable to retire by rotation. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 Mr. R. Vidhya Shankar being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years with effect from 1st September 2014. A notice has been received from a member proposing Mr. R. Vidhya Shankar as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. R. Vidhya Shankar fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the Management. Copy of the draft letter for appointment of Mr. R. Vidhya Shankar as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. R. Vidhya Shankar as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. R. Vidhya Shankar as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. R. Vidhya Shankar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.9.

ITEM No.:10 & 11

The Company has been entering into transactions with related parties confirming to prescribed statutory procedure under the Companies Act, 1956 and with the approval of the Central Government in respect of such transactions falling under the proviso to the Section 297(1) of the Companies Act, 1956.

The Company also proposes to enter into such transactions with related parties confirming to the requirements of the Companies Act, 2013 for a period of 5 years.

In the above context the necessary Special Resolution is proposed for the approval of the members. The transactions have been approved by the Audit Committee in their meeting held on 14.05.2014 and also by the Board of Directors subject to the Company passing a Special Resolution as per the requirement of the Act.

The particulars as to the related party transactions are furnished below as per the requirements of the prescribed rules and the grounds for having the transactions.

All contracts will be subject to the conditions that the prescribed price / charges payable under the contracts shall be competitive, shall be based on prevailing market price, shall not be prejudicial to the interest of either parties and shall be at arm's length, on the basis of comparable uncontrolled price other than with associate enterprise.

The Details of the related party transaction(s) are furnished below.

1. Name of the related party	M/s. Silent Chain India Private Limited	
Name of the Director/ KMP who is related, if any	P. Prabakaran, V. Rajsri, V. Rajvirdhan	
Nature of relationship	Interested as Directors / Shareholders	
Nature, Material Terms, monetary value and particulars of the contract or arrangement;		₹ in lakhs/ Annum
	Sale of Consumables Stores Tools & Dies	100.00
	Leasing of Machineries / Building.	50.00
	Availing services of Chain Processing, Assembly, pin Assembly, roller assembly and Providing Printing Works etc.	150.00
	Sale / Purchase of Movable and Immovable Assets	100.00
Tenure of the contract	The Contract would be for a period of 5 years.	
Any other information relevant or important for the members to take decision on the proposed resolution	The Company has obtained necessary Central Government approval vide Letter No. MCA/Portal/297/March 2012 dt. 22.03.2012 for the period from 01.05.2012 to 30.04.2015 for entering into transactions with this Company.	
2. Name of the related party	M/s. Lakshmi Printers	
Name of the Director/ KMP who is related, if any	S. Sivakumar	
Nature of relationship	Interested as Proprietor	
Nature, Material Terms, monetary value and particulars of the contract or arrangement;		₹ in lakhs/ Annum
	Availing services for printing	75.00
	Rendering of offset printing services & supply of stationeries, stores materials and press room materials to Contractee	10.00
Tenure of the contract	The Contract would be for a period of 5 years.	
Any other information relevant or important for the members to take decision on the proposed resolution	The Company has obtained necessary Central Government approval vide Letter No.2M/1235/73 dt. 10.06.2009 for the period from 05.07.2009 to 04.07.2014 for entering into transactions with this Company.	
3. Name of the related party	M/s. Excel Marketing Associates	
Name of the Director/ KMP who is related, if any	S. Sivakumar	
Nature of relationship	Interested as Proprietor	
		₹ in lakhs/ Annum
Nature, Material Terms, monetary value and particulars of the contract or arrangement;	Purchase of packing materials	250.00
Tenure of the contract	The Contract would be for a period of 5 years.	
Any other information relevant or important for the members to take decision on the proposed resolution	The Company has obtained necessary Central Government approval vide Letter No. MCA/Portal/297/January 2012 dt. 11.01.2012 for the period from 02.08.2011 to 04.07.2014 for entering into transactions with this Company.	