



L.G. BALAKRISHNAN & BROS LIMITED

Corporate Information

BOARD OF DIRECTORS

Sri. B. Vijayakumar Chairman cum Managing Director
Sri. P. Prabakaran Executive Director
Sri. P. Balasubramanian
Sri. S. Sivakumar
Sri. V. Govindarajulu
Sri. P. Shanmugasundaram
Smt. Rajsri Vijayakumar
Sri. R. Vidhya Shankar

GENERAL MANAGER CUM COMPANY SECRETARY

Sri. M. Lakshmi Kanth Joshi

CHIEF FINANCIAL OFFICER

Sri. N. Rengaraj

AUDITORS

M/s. Deloitte Haskins & Sells
Chartered Accountants

BANKERS

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

REGISTRAR AND SHARE TRANSFER AGENTS

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

REGISTERED OFFICE

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

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54th ANNUAL GENERAL MEETING

Date	: 14th June, 2010
Day	: Monday
Time	: 10.15 A.M.
Venue	: Ardra Convention Centre Kaanchan, 9, North Huzur Road Coimbatore- 641 018.
Book Closure Dates	: 08.06.2010 to 14.06.2010 (Both Days Inclusive)

NOTICE

Notice is hereby given that the Fifty Forth Annual General Meeting of the Members of the Company will be held on Monday the 14th day of June, 2010 at 10.15 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, 2010 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in the place of Smt. Rajsri Vijayakumar who retires by rotation, and being eligible, offers herself for reappointment.
4. To appoint a Director in the place of Sri. R. Vidhya Shankar, who retires by rotation, and being eligible, offers himself for reappointment.
5. To re-appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants as Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
4. The register of Members and the Share Transfer Books of the Company will remain closed from 8th June 2010 to 14th June 2010 (both days inclusive).
5. Members holding shares in physical form are requested to notify change of address and change in bank mandate if any, to M/s. Cameo Corporate Services Limited, "Subramanian Building" No.1, Club House Road, Chennai - 600 002, the Registrar and Share Transfer Agents and those who hold shares in dematerialized form are requested to notify their Depository Participants (DP) any change in address and/or bank mandate.
6. Members who have not yet encashed their dividend warrants for previous years are advised to forward such warrants to the Company for revalidation. Pursuant to the provisions of the Section 205-A of the Companies Act, 1956 dividend, which remains unclaimed for a period of seven years, will be transferred to the Investor Education and Protection Fund of the Central Government.
7. To avoid loss of Dividend Warrants in transit and undue delay in respect of receipt of Dividend Warrants, the Company has provided a facility to the Members for remittance of Dividend through the Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns.

NOTES:

1. **EVERY MEMBER ENTITLED TO ATTEND AND VOTE AT A MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. **THE INSTRUMENT APPOINTING THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. Pursuant to Clause 49 of the Listing Agreement additional information on directors seeking appointment / re-appointment at the annual general meeting is provided in the annual report.
8. Members who are holding shares more than one folio under physical form may approach the Company's Share Transfer Agent for consolidation with respective details.

9. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
10. Any member who needs any clarifications on the accounts or operation of the Company should write

to the Company Secretary, so as to reach him at least Two weeks before the meeting, so that the information required can be made available at the meeting.

Coimbatore
29.04.2010

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

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

Name	Smt. Rajsri Vijayakumar	Sri. R. Vidhya Shankar
Date of Birth	11.09.1981	25.03.1970
Date of Joining the Board	30.10.2006	30.05.2008
Qualification	B B A.,	B.Com., B.L.,
Expertise in functional areas	More than 8 years experience in General Administration.	More than 17 years experience in Legal Profession
Shareholding in LGB	444788	- NIL -
Other Directorship Held	Elgi Automotive Services Limited LGB Auto Products Limited LG Farm Products Limited Rolon Fine Blank Limited LGB Rolon Chain Limited Super Transports Private Limited Silent Chain India Private Limited	Pricol Limited Treadsdirect Limited
Other Committee Membership	-	Member of Audit Committee in Pricol Limited Treadsdirect Limited

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the 54th Annual Report of your Company together with the audited accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS:

The performance of the Company for the financial year ended March 31, 2010 is summarized below :

Particulars	31-03-2010 (Rs. in Lakhs)	31-03-2009 (Rs. in Lakhs)
Profit before Interest, Depreciation & Tax	7904.73	5975.60
Less:		
Interest	2058.70	2469.35
Depreciation	2171.49	2069.10
Profit Before Tax and Extra Ordinary items	3674.54	1437.15
Add : Exceptional Items	-	3064.47
Profit Before Tax	3674.54	4501.62
Less : Provisions for Taxation		
Current Income Tax / Mat	621.87	
Less : Mat Credit Entitlement	530.45	91.42
Income Tax related to earlier year	46.41	-
Deferred Tax (Credit) / Charge	1053.20	(162.70)
Fringe Benefit Tax	-	40.00
Profit After Tax	2483.51	3914.32
Add : Balance brought forward	1139.73	3153.14
Amount Available for appropriation	3623.24	7067.46
APPROPRIATIONS :		
1. Proposed Dividend on Equity Shares	510.13	470.89
2. Tax on Dividend	84.73	80.03
3. Transfer to General Reserves	1540.55	5376.81
4. Balance carried over	1487.83	1139.73
	3623.24	7067.46

PERFORMANCE AND OPERATIONS REVIEW

Your Company has concluded yet another year of sustained growth with significant Improvements all-round. During the year under review, the sales turnover has increased from Rs.50760.09 Lakhs in the previous financial year to Rs.55237.90 Lakhs. This represents overall growth rate of 8.82% over the previous year. The profit before tax and extraordinary items for the year was Rs.3674.56 Lakhs as against Rs.1437.15 Lakhs in the previous year showing a growth of 155% over previous year. The profit after tax and adjustments for the year had been Rs.2483.51 Lakhs as against Rs.3914.32 Lakhs in the previous year.

QUALITY

The Company continues to attach great importance in the Quality of its products and its pursuit for perfection in this direction is an on going process. The Company is aware of the need to globalize its business and as an integral part of this goal, concentrates its efforts towards conducting training programme on quality aspects for personnel from the various departments of the Company, thereby enabling the Company to confirm to international standards or quality and making its products readily acceptable in the international markets.

DIVIDEND

The Board is pleased to recommend a dividend of Rs. 6.50 /- per equity share i.e. 65% on face value of equity share of Rs. 10/- each for the year ended 31st March 2010.

The total cash outgo for this purpose would be Rs. 594.86 Lakhs (previous year Rs.550.92 Lakhs), which includes Tax on Dividend amounting to Rs. 84.73 Lakhs (last year Rs. 80.03 Lakhs).

The Registrar of Members and the Share Transfer Books shall remain closed from 08-06-2010 to 14-06-2010 both days inclusive for the purpose of Annual General Meeting and Payment of Dividend.

CHANGE IN CAPITAL STRUCTURE

During the year under review, the Share Capital of your Company was changed by allotment of 6 (Six) Equity shares of Re.1/- each, on preferential basis to M/s. L. G. Sports Limited belonging to Promoter & Promoter Group to mitigate the problem arising due to the consolidation of Equity Shares from Re.1/- each to Rs.10/- each. And the capital of the Company has been changed from 78481040 of Re.1/- each to 7848104 of Rs.10/-

WHOLLY OWNED SUBSIDIARY COMPANY

In terms of Section 4(1)(c) of the Companies Act, 1956, M/s.BCW V Tech India Private Limited becomes a wholly owned subsidiary of the Company in which it holds 100% of the Equity Shares as on 31st March, 2010. As required under Section 212 of the Companies Act, 1956 the Balance Sheet, Profit & Loss Account and the reports of the Board of Directors and Auditors of M/s.BCW V Tech India Private Limited have been attached to the Balance Sheet of your Company.

LISTING

The Securities of your Company are listed with the National Stock Exchange of India Limited and Bombay Stock Exchange Limited, and pursuant to Clause 38 of the Listing Agreement, the Annual Listing fees for the year 2010-2011 have been paid to them well before the due date i.e. April 30, 2010. The Company has also paid the annual custodian fees to NSDL & CDSL for the Securities of the Company held in dematerialized mode with them for the year 2010-11.

PUBLIC DEPOSITS:

The amount of fixed deposits available with the Company as on 31st March, 2010 is Rs.125.99 Lakhs.

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

DIRECTORS:

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

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

CORPORATE GOVERNANCE

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

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 205 C of the Companies Act, 1956, an amount of Rs.1.85 Lakhs being unclaimed dividend (2001-02) was transferred during the year to the Investor Education and Protection Fund established by the Central Government.

CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS:

The Auditors, M/s Deloitte, Haskins & Sells, Chartered Accountants, Coimbatore retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Company has received a Certificate

from the Auditors to the effect that their appointment, if made, would be within the limits of Section 224(1B) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES:

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

INDUSTRIAL RELATIONS:

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

- ❖ that appropriate accounting policies selected and applied are consistent and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the Company for the year ended on that date.
- ❖ that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- ❖ that the annual accounts have been prepared on going concern basis.

ACKNOWLEDGEMENT:

Your Directors wish to place on record that your Company's success has been a result of enduring dedication, commitment and hard work of employees, suppliers, financial institutions, banks and most important our customers, who have extended their engineering umbrella in order to allow us to excel in our field. Your Directors would also like to thank all the shareholders for their continued confidence in the Company.

Coimbatore
29.04.2010

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

ANNEXURE TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

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

FORM B

1. RESEARCH & DEVELOPMENT

a) Specific areas in which R & D is carried out by the company	a) Different type of chains for a number of new applications b) Development of process for different fine blanked product application
b) Benefits derived as a result of the above R & D	Product range expansion
c) Future plan of Action :	a) To identify more areas where our presence can be introduced. b) To develop more new products with specialist requirement such as coating c) More concentration on continuous cost reduction procedure.
d) Expenditure on R & D i) Capital ii) Recurring iii) Total R & D Expenditure iv) Total R & D expenditure as a % to total Turnover.	Rs. 36.70 Lakhs Rs.66.15 Lakhs Rs. 102.85 Lakhs 0.17%

2. TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION

a) Efforts, in brief, made towards technology absorption, adaptation and innovation	a) Continuous interaction with chain consultant b) Product benchmarking c) New process exploration and development.
b) Benefits derived as a results of the above efforts e.g., Product improvement, cost reduction, import substitution etc.	a) Improvement of 4WD Silent chain to benchmark chain performance levels b) Improvement of sealed chain life for Honda application / Development of local X Rings for sealed chains / Cut and shave tool development c) Development of wear resistant coating (Dichronite) for Chain pins
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.	Silent Chain technology for 4WD application 2009 - 2010 Yes -

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earned through Exports amount to : Rs.4700.73 Lakhs
Foreign Exchange used : Rs.3302.29 Lakhs

Coimbatore
29-04-2010

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT.

The Indian automotive industry is a world class manufacturing systems which is expanding its capacities. Small and medium size industry in the developed countries have begun either moving or adding to their capacity by developing their production capability in India. This has increased the opportunities available for qualitative Indian manufactures.

OPPORTUNITIES

The continued slow down and recession in the western world has exhausted the pipe line stock of most of the engineering manufactures. With signs of the slow down abetting in Americas, the demand is expected to increase exponentially. Such demand will cover the reduction in off take in Europe. This will afford our company to grow continuously with the same growth rate of last year.

THREATS

Our Company has manufacturing centres all over India. Everywhere we have faced enormous power shortages which increased our cost of our manufacture. Such increases in the cost could either reduce our profitability or also render us non competitive in the global market.

Raw material available as well as numerous fluctuations in its cost, impacted our competitive position and it is also expensive to undertake such numerous selling price increase exercises.

Numerous foreign currency fluctuations are also adding cost and complications to our manufacturing system.

RISKS AND CONCERNS

The Company has put in place a risk management policy to identify the nature and magnitude of risk associated with the Company and to take steps for mitigating the impact of such risks. These are reviewed periodically and placed before the Board.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems to monitor internal business process, financial reporting and

compliance with applicable laws. The company periodically reviews the adequacy and effectiveness of the control systems. The Audit Committee at their meetings regularly reviews the significant observations of the compliance and other monitoring reports. The heads of various monitoring / operating cells and statutory auditors are invited to attend the Audit Committee meetings

HEALTH, SAFETY, SECURITY ENVIRONMENT

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

HUMAN RESOURCES / INDUSTRIAL RELATIONS

Employer - employee relations continued to remain cordial during the year. Training and development of employees continue to be an area of prime importance. The devotion and commitment of our employees has enabled the Company to fulfil its targets and deadlines in time. The total number of people employed in the Company as on 31st March 2010 was 1798.

RISK MANAGEMENT

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

CAUTIONARY STATEMENT

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

Coimbatore
29-04-2010

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

CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance

LGB believes in maximizing shareholders value by adopting transparent practice and high standards of Corporate Conduct towards stakeholders.

2. Board of Directors

Your Company's Board has an optimum combination of executive, non-executive and independent directors as per requirements of Clause 49 of the Listing Agreement. The details of composition of the Board of Directors and directorship held in other companies / board committees by each member of the Board of Directors of the Company as on 31st March, 2010 is as under:

Name of the Directors	Category	No of other Directorship**	No. of Board Committee Memberships/ Chairmanships held***		Attendance Particulars		Relationship interse Directors
			Member	Chair-man	Board Meeting	Last AGM	
Sri. B. Vijayakumar Chairman Cum Managing Director	Executive Promoter	10	3	-	5	Yes	Father of Smt. Rajsri Vijayakumar
Sri. P. Prabakaran Executive Director	Executive	2	-	-	5	Yes	
Sri. P. Balasubramanian	Non- Executive Independent	-	1	-	4	No	
Sri. S. Sivakumar	Non-Executive Non-Independent	6	-	-	4	Yes	
Sri. V. Govindarajulu	Non-Executive Independent	-	1	1	5	Yes	
Sri. P. Shanmugasundaram	Non-Executive Independent	2	-	3	5	Yes	
Smt. Rajsri Vijayakumar	Non-Executive Promoter	5	-	-	2	No	Daughter of Sri. B. Vijayakumar
Sri. R. Vidhya Shankar	Non-Executive Independent	2	2	-	3	No	
Sri. C. Nachiappan*	Non-Executive Independent	-	-	-	1	No	

* Sri. C. Nachiappan was on the Board till 10th July 2009

** Exclude directorship in Private Companies and Foreign Companies.

*** Only Audit Committee and Investor Grievance Committee are considered

Details of the Board meetings held during the financial year 2009 - 2010

During the year, 5 (Five) Meetings of the Board of Directors of the Company were held on 22nd May 2009, 27th July 2009, 30th October 2009, 27th November 2009 and 28th January 2010.

3. Audit Committee

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