

L.G. BALAKRISHNAN & BROS LIMITED

Corporate Informations

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. V. Rajvirdhan
Dr. T. Balaji
Sri. R. Vidhya Shankar

CHIEF FINANCIAL OFFICER

Sri. N. Rengaraj

GENERAL MANAGER CUM COMPANY SECRETARY

Sri. M. Lakshmi Kanth Joshi

AUDITORS

M/s. Deloitte Haskins & Sells
Chartered Accountants

BANKERS

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

REGISTRAR AND SHARE TRANSFER AGENTS

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

REGISTERED OFFICE

6/16/13, Krishnarayapuram Road,
Ganapathy, Coimbatore - 641 006.
Phone No. 0422 - 2532325

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55th ANNUAL GENERAL MEETING

Date	: 15th June, 2011
Day	: Wednesday
Time	: 10.45 A.M.
Venue	: Ardra Convention Centre Kaanchan, 9, North Huzur Road Coimbatore- 641 018.
Book Closure Dates	: 06.06.2011 to 15.06.2011 (Both Days Inclusive)

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

NOTICE

Notice is hereby given that the Fifty Fifth Annual General Meeting of the Members of the Company will be held on Wednesday the 15th day of June, 2011 at 10.45 A.M at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore - 641 018, to transact the following businesses:

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To declare dividend on the Equity Shares.
3. To appoint a Director in the place of Sri. V. Govindarajulu, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Sri. S. Sivakumar, 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.

SPECIAL BUSINESS

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

"RESOLVED THAT Sri. V. Rajvirdhan, 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."

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

"RESOLVED THAT Dr. T. Balaji, 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."

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

"RESOLVED THAT consent be and is hereby accorded pursuant to the provisions of Section 198, 269, 309 and 311 read with Schedule XIII, and other applicable provisions if any of the Companies Act, 1956, for the appointment of Sri. P. Prabakaran as Deputy Managing Director of the Company for a period of 5 years from 01-06-2011 as per the terms of the agreement to be entered into with Sri. P. Prabakaran by the Company.

RESOLVED FURTHER THAT in accordance with the provisions of Section 198, 309 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, and subject to such other approvals as may be necessary, Sri. P. Prabakaran as Deputy Managing Director be paid an overall remuneration by way of

1. **Salary :** Rs. 2,50,000/- per month
2. **Commission:** An amount equal to 0.3% of the Net Profits of the Company in each financial year computed in accordance with Section 349 of the Companies Act, 1956, subject to a ceiling of Rs. 45 Lakhs for a financial year.
3. **Other Benefits:** Contribution to Provident fund / Superannuation / Gratuity as per the rules of the Company and this shall not be included in computation of ceiling on remuneration.

- 4. Minimum Remuneration:** The salary and commission shall be subject to the overall ceiling of 5% of the Net Profits of the Company. However, if the Company has no Profits or its Profits are inadequate in any financial year, the Company may pay remuneration to the Deputy Managing Director by way of Salary and contribution to Provident Fund, Gratuity Fund and Superannuation Fund as provided hereinabove.

The Deputy Managing 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 the Board of Directors be and is hereby authorized to alter or vary the component and elements of remuneration payable to Sri. P. Prabakaran, Deputy Managing Director in such a manner as agreed to between the Board of Directors and Sri. P. Prabakaran within the overall limit as set out above.”

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No.6.

Sri. V. Rajvirdhan was co-opted as an Additional Director of the Company in the Board Meeting held on 20-10-2010. Pursuant to Section 260 of the Companies Act, 1956, (“the Act”), Sri. V. Rajvirdhan holds office of Director up-to 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.V. Rajvirdhan for the Office of the Director under the provision of Section 257 of the Companies Act, 1956.

None of the Directors except Sri. B. Vijayakumar, and Smt. Rajsri Vijayakumar is interested in the resolution to the extent of his appointment.

The Board recommends the resolution set forth in Item No. 6. for the approval of the members.

Item No.7.

Dr. T. Balaji was co-opted as an Additional Director of the Company with effect from 20.10.2010. Pursuant to

Section 260 of the Companies Act, 1956 (“the Act”), Dr. T. Balaji holds office of Director up-to 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 Dr.T.Balaji for the Office of the Director under the provisions of Section 257 of the Companies Act, 1956.

None of the Directors except Dr. T. Balaji is interested in the resolution to the extent of his appointment.

The Board recommends the resolution set forth in Item No. 7. for the approval of the members.

Item No.8.

Sri. P. Prabakaran has been the Executive Director of the Company since 2008 by virtue of appointments by the Board of Directors of the Company and duly approved by the General Meeting of the Company in accordance with the requirements of the Companies Act, 1956, for a period of three years and the said appointment will expire on 31st May 2011. The Board of Directors of the Company at their meeting held on 29th April 2011 have resolved to appoint and to elevate Sri. P. Prabakaran as Deputy Managing Director of the Company for a period of 5 years from the 1st day of June 2011 in accordance with Section 269 read with Schedule XIII of the Companies Act, 1956, and subject to the approval of the Shareholders in General Meeting.

The draft agreement which has been approved by the Board of Directors to be entered into with the Deputy Managing Director by the Company is available for inspection by the members of the Company at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on any working day except Saturday till the date of Annual General Meeting.

The appointment of Sri. P. Prabakaran as Deputy Managing Director of the Company and the payment of remuneration is in conformity with schedule XIII of the Companies Act, 1956.

The particulars set out above may also be treated as memorandum required to be circulated to every member under Section 302 of the Companies Act, 1956.

The Board recommends the resolution set forth in Item No. 8. for the approval of the members.

None of the Directors except Sri. P. Prabakaran is concerned or interested in the said resolution.

NOTES:

- 1. EVERY MEMBER ENTITLED TO ATTEND AND VOTE AT A MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 2. THE INSTRUMENT APPOINTING THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. Pursuant to Clause 49 of the Listing Agreement additional information on Directors seeking appointment / re-appointment at the Annual General Meeting is provided in the Annual Report.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 06-06-2011 to 15-06-2011 (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. The shareholders/members of the Company, who are having Equity Shares of the Company in physical form are advised to get dematerialized of their respective Equity Shares by way of surrendering their physical Share Certificates to the Registrar and Share Transfer Agents (RTA) of the Company (i.e., M/s Cameo Corporate Services Limited, Chennai) through their respective Depository Participants. The shareholders/members, who are not having Demat accounts are requested to open the Demat accounts and thereafter approach the RTA for dematerialization of their Equity Shares. Some of the advantages to the investors who are having the shares in Demat mode are :
 - a. there is no scope of any risk of loss, theft, damage or fraud and bad deliveries are eliminated;
 - b. shareholders no longer have to wait for the shares transferred in their names. Delay is almost eliminated;
 - c. this system totally eliminates risks associated with loss/fraudulent interception of share certificates in postal transit;
 - d. in the physical mode, shares may only be sold and bought at marketable lot. No such hassle is experienced in the Demat mode;
 - e. genuineness is always guaranteed in the Demat mode.
7. 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.
8. 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 National Electronic Clearing System (NECS). The NECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns.

Shareholders holding shares in the physical form, who wish to avail NECS facility, may authorize the Company with their NECS mandate in the prescribed form (enclosed) or can be had from Registrar and Transfer Agents M/s. Cameo Corporate Services Limited on request. Request for payment of dividend through NECS for the year 2010-2011 should be lodged with the Registrar & Transfer Agents of our Company, M/s. Cameo Corporate Services Limited, Chennai.
9. 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.

10. As per the Circular No. MRD/Dop/Cir-05/2009 dated May 20, 2009 issued by Securities and Exchange Board of India (SEBI) it is mandatory to quote PAN for transfer of shares in physical form. Therefore, the transferee (s) is required to furnish a copy of their PAN card to the Company/ Registrar and Share Transfer Agent of the Company for registration of transfer of shares.

11. In case any member needs any clarification / explanation in the accounts or in the Annual Report published, you are requested to forward the same at least 15 days before the date of the Meeting to Sri. M. Lakshmi Kanth Joshi, General Manager Cum Company Secretary by registered post to the Company's Registered Office address, so that the same may be attended and clarified prior to the closure of the Annual General Meeting.

Coimbatore
29.04.2011

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

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

Name	Date of Birth	Date of Joining the Board	Qualification	Expertise in functional areas	Share holding in LGB	Directorship in other Companies Incorporated in India	Membership of Committees in other Public Limited Companies
Sri. P. Prabakaran	01.02.1959	30.05.2008	B.E.,	More than 23 years experience in business	200	Rolon Fine Blank Ltd	Nil
						LGB Rolon Chain Ltd	
						BCW V Tech India Private Ltd	
						Silent Chain India Private Ltd	
						Renold Chain India Private Ltd	
Sri. V. Rajvirdhan	05.09.1983	20.10.2010	B. Sc., IME	More than 4 years experience in business	9,20,000	LGB Forge Ltd	Member of Shareholders & Investors Committee LGB Forge Ltd
						South Western Engg. India Ltd	
						Rolon Fine Blank Ltd	
						LGB Rolon Chain Ltd	
						Elgi Automotive Services (P) Ltd	
						L. G. B. Auto Products (P) Ltd	
						Super Transports (P) Ltd	
						LGB Fuel Systems (P) Ltd	
						BCW V Tech India (P) Ltd	
						Super Speeds (P) Ltd	
Dr. T. Balaji	22.01.1947	20.10.2010	M.B.B.S, D.L.O	More than 25 years experience in Medical Profession	400	LGB Farm Products (P) Ltd	Nil
						Elgi Equipments Ltd	
						Adisons Precision Instruments Mfg. Co. Ltd	
Sri. V. Govindarajulu	08.07.1956	29.06.1998	B.E.,	More than 25 years experience in Sourcing and General Administration	-	Nil	Nil
						Nil	
Sri. S. Sivakumar	30.11.1952	28.06.1996	B. Com.,	More than 27 years experience as an Industrialist	642	LG Sports Ltd	Nil
						South Western Engg. India Ltd	
						LGB Rolon Chain Ltd	
						Rolon Fine Blank Ltd	
						Ishwarya Lakshmi Finance (P) Ltd	
						SLVM Components (P) Ltd	
						BCW V Tech India (P) Ltd	
						LGB Fuel Systems (P) Ltd	
						L. G. B. Auto Products (P) Ltd	
						Elgi Automotive Services (P) Ltd	

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the 55TH Annual Report of your Company together with the audited accounts for the year ended 31ST March, 2011.

FINANCIAL RESULTS:

The summary of the financial performance of the Company for the year ended 31ST March, 2011 as compared to the previous year is given as below :

Particulars	31-03-2011 (Rs. in Lakhs)	31-03-2010 (Rs. in Lakhs)
Profit before interest, depreciation & Tax	8794.57	7904.73
Less : Interest,	1520.42	2058.70
Depreciation	2544.57	2171.49
Profit Before Tax	4729.58	3674.54
Less : Provisions for Taxation		
Current Income Tax/MAT	945.40	621.87
Less: MAT Credit Entitlement	210.46	530.45
Income Tax related to earlier year	207.04	91.42
Deferred Tax(Credit/Charge)	(792.90)	46.41
Profit After Tax	4580.50	2483.51
Add : Balance brought forward	1487.83	1139.73
Available for appropriation	6068.33	3623.24
APPROPRIATIONS:		
Proposed Dividend on Equity Shares	784.81	510.13
1. Tax on Dividend	127.32	84.73
2. Transfer to General Reserves	3000.00	1540.55
3. Balance carried over	2156.20	1487.83
Total	6068.33	3623.24

DIVIDEND

Your Directors are glad to inform you that our Company has continued to ascend further heights in its performance. The Company has achieved a turnover of Rs.709.52 Crores and has registered a net profit of Rs.45.81 Crores. This reflects a growth of 29% in turnover and Profit.

The Board is pleased to recommend a dividend of Rs.10/- per Equity Share i.e. 100% on face value of Equity Share of Rs.10/- each for the year ended 31ST March 2011.

The total cash outgo for this purpose would be Rs.912.13 Lakhs (previous year Rs.594.86 Lakhs), which includes Tax on Dividend amounting to Rs.127.32 Lakhs (last year Rs.84.73 Lakhs).

The Registrar of Members and the Share Transfer Books shall remain closed from 06.06.2011 to 15.06.2011 (both days inclusive) for the purpose of Annual General Meeting and Payment of Dividend.

PERFORMANCE AND OPERATIONS

The Automotive market is buoyant and the demand for your Company's products have been good. We expect this demand not only to continue but also to increase. Accordingly your Company has invested almost Rs.67.27 Crores in the last financial year and has plans to invest a further sum of Rs.35 Crores in the current fiscal.

These investments have been made for a) Capacity increase b) Quality improvements c) Automation and as well as d) Productivity improvements.

The Company has in the last 12 months added 5 manufacturing facilities each at Manesar, Rudrapur, Kadathur and two at Annur to enhance and serve our customers better.

The focus on quality and qualitative production has created a strong preference for our Company's products and the Company is confident of repeating / improving our turnover and profitability.

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, 2011.

Pursuant to Section 212(8) of the Companies Act, 1956, the Government of India vide its Circular No. 2/2011 dated 08th February 2011 granted general exemption under Section 212(8) of the Companies Act, 1956, from attaching the Balance Sheet and Profit & Loss Account and other documents of its Subsidiaries and hence the same have not been attached to your Company's Accounts for the year ended 31st March, 2011.

However these documents will be made available upon request to any investor of the Company and shall be kept for inspection at the Registered Office of the Company.

LISTING

The Securities of your Company are listed with the National Stock Exchange of India Limited and Bombay Stock Exchange Limited, and pursuant to Clause 38 of the Listing Agreement, the Annual Listing fees for the year 2011-2012 have been paid to them well before the due date i.e. April 30, 2011. 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 2011-2012.

PUBLIC DEPOSITS

The amount of fixed deposits available with the Company as on 31st March, 2011 is Rs.598.45 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, Sri. V. Govindarajulu and Sri. S. Sivakumar are liable to retire by rotation and are eligible for re-appointment.

Sri. V. Rajvirdhan and Dr. T. Balaji joined the Board as Additional Directors and will hold office till the ensuing Annual General Meeting.

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

CORPORATE GOVERNANCE

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

TRANSFER TO INVESTORS EDUCATION AND PROTECTION FUND

In terms of Section 205 C of the Companies Act, 1956, an amount of Rs.2.64 Lakhs being unclaimed dividend (2002-03) was transferred during the year to the Investors Education and Protection Fund established by the Central Government.

CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS

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, 2011 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 at all levels. Your Directors would also like to express their gratitude to the customers, suppliers, business associates, financial institutions, banks and various agencies of Central & State Government for their support. Your Directors would also like to thank all the stakeholders of the Company for their continued confidence in the Company.

Coimbatore
29.04.2011

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