

CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance

LGB believes that the Company belongs to all the stakeholders and the corporate objective is to maximize shareholders value ethically and legally.

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, 2011 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	Chairman	Board Meeting	Last AGM	
Sri. B. Vijayakumar Chairman Cum Managing Director	Promoter Executive	7	3	-	4	Yes	Father of Smt. Rajsri Vijayakumar & Sri. V. Rajvirdhan
Sri. P. Prabakaran Executive Director	Executive	2	-	-	4	Yes	
Smt. Rajsri Vijayakumar	Promoter Non-Executive	2	-	-	-	No	Daughter of Sri. B. Vijayakumar Sister of Sri.V. Rajvirdhan
Sri. V. Rajvirdhan @	Promoter Non-Executive	4	1	-	1	-	Son of Sri. B. Vijayakumar Brother of Smt. Rajsri Vijayakumar
Sri. S. Sivakumar	Non-Executive Non-Independent	4	-	-	4	Yes	
Sri. P. Balasubramanian	Non- Executive Independent	-	1	-	4	Yes	
Dr. T. Balaji @	Non-Executive Independent	2	1	-	1	-	
Sri. V. Govindarajulu	Non- Executive Independent	-	1	1	4	Yes	
Sri. P. Shanmugasundaram	Non- Executive Independent	2	-	3	4	Yes	
Sri. R. Vidhya Shankar	Non- Executive Independent	1	2	-	4	No	

@ Dr. T. Balaji & Sri. V. Rajvirdhan were appointed as Additional Directors at the Board meeting held on 20th October 2010.

* Exclude directorship in Private Companies and Foreign Companies.

** Only Audit Committee and Investors Grievance Committee are considered

Details of the Board meetings held during the financial year 2010 - 2011

During the year, 4 (Four) Meetings of the Board of Directors of the Company were held on 29th April 2010, 22nd July 2010, 20th October, 2010 and 28th January, 2011.

3. Audit Committee

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

Meetings

During the financial year ended 31st March 2011, Four Audit Committee Meetings were held on 28th April, 2010, 21st July, 2010, 19th October 2010 and 27th January, 2011. The necessary quorum was present at these meetings.

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

Name of the Member	Category	Designation	No of Meetings	
			Held	Attended
Sri. P. Shanmugasundaram	Independent	Chairman	4	4
Sri. V. Govindarajulu	Independent	Member	4	4
Sri. P. Balasubramanian	Independent	Member	4	4

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

Chief Financial Officer, Statutory Auditors and Internal Auditors are invitees to the Audit Committee and the Company Secretary officiates as the Secretary of the Committee.

The audited quarterly results, annual audit plan, compliance with accounting standards, audit observations on the Annual Accounts and other related matters are discussed by the Audit Committee. The significant observations of the Internal Audit Department and the follow-up action on matters raised are also reviewed by the Committee.

The Audit Committee has considered and reviewed the quarterly audited accounts & annual accounts for the year 2010-2011 and recommended to the Board for its adoption.

4. Remuneration Committee

A Remuneration Committee has been constituted by the Board of Directors to review and/or determine the remuneration package of the Executive Directors of the Company in accordance with the guidelines laid out by the statute and the Listing Agreement with the Stock Exchanges. The Composition of Committee is given below:-

The following Directors are the members of the Remuneration Committee:

Name of the Member	Category	Status
Sri. R. Vidhya Shankar	Independent	Chairman
Sri. P. Balasubramanian	Independent	Member
Sri. V. Govindarajulu	Independent	Member

The Committee had no need to meet during the financial year.

The Company currently does not have any stock option scheme.

Details of Remuneration paid to Directors during the financial year 2010-2011

a) Remuneration paid/payable to the Executive Directors for the financial year ended March 31, 2011 is given as under :

Name	Salary and perquisites Rs. in Lakhs	Service Contract
Sri. B. Vijayakumar, Chairman Cum Managing Director	143.81	Re-appointed for a period of 5 years from 01.01.2010 to 31.12.2014
Sri. P. Prabakaran, Executive Director	23.34	Appointed for a period of 3 years from 01.06.2008 to 31.05.2011

CMD Remuneration includes Salary, Company's contribution to Provident Fund and Commission. ED 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, 2011 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 Directors	Sitting Fees (Rs.)
Sri. P. Balasubramanian	90,000
Sri. S. Sivakumar	50,000
Sri. V. Govindarajulu	90,000
Sri. P. Shanmugasundaram	90,000
Dr. T. Balaji	12,500
Sri. V. Rajvirdhan	12,500
Smt. Rajsri Vijayakumar	-
Sri. R. Vidhya Shankar	50,000
Total	395,000

c) Statement showing number of Equity Shares of Rs.10/- each of the Company held by the present Non- Executive Directors as on March 31, 2011 :

Name	No. of shares held as on 31.03.2011	% of Holding
Smt. Rajsri Vijayakumar	444,788	5.67
Sri. V. Rajvirdhan	920,000	11.72
Dr. T. Balaji	400	0.01
Sri. P. Balasubramanian	1,000	0.01
Sri. S. Sivakumar	642	0.01
Sri. V. Govindarajulu	Nil	-
Sri. P. Shanmugasundaram	Nil	-
Sri. R. Vidhya Shankar	Nil	-

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

5. Shareholders' / Investors' Grievance Committee

The Shareholders and Investors Grievance Committee of the Board is empowered to oversee the redressal of investors' complaints pertaining to share transfer, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transfers and transmission of shares and other miscellaneous complaints. The committee also approve transfer, transmission, transposition, consolidation, split, name deletion, and issue of duplicate share certificates of the Equity Shares of the Company.

In addition, the Committee looks into other issues including status of dematerialization / re-dematerialization of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

The Shareholders/Investors Grievance Committee consists of the following Directors.

Name of the Member	Category	Status
Sri. V. Govindarajulu	Independent	Chairman
Sri. B. Vijayakumar	Executive Promoter	Member
Sri. R. Vidhya Shankar	Independent	Member

During the year under review, the Committee met 15 times to deliberate on various matters referred above and for redressal of investors complaints.

Sri. M.Lakshmi Kanth Joshi, General Manager Cum Company Secretary, acts as Secretary to the Committee. He is the Compliance Officer of the Company and also responsible for redressal of investors complaints.

The Company has been receiving various correspondences from shareholders for want of information/explanations clarifications which are furnished immediately to the satisfaction of the shareholders. At the beginning of the year, no complaint was pending. During the year ended 31st March, 2011, the Company has received 3 complaints from the shareholders and all the complaints received during the year were attended to the satisfaction of the concerned shareholders. No investor complaint was pending on 31st March 2011.

6. Management Discussion and Analysis Report

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

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

Year	Date	Time	Venue
2008	18.08.2008	9.30 A.M.	Ardra," Kaanchan, 9, North Huzur Road, Coimbatore- 18
2009	10.07.2009	10.00 A.M.	Ardra," Kaanchan, 9, North Huzur Road, Coimbatore- 18
2010	14.06.2010	10.15 A.M.	Ardra," Kaanchan, 9, North Huzur Road, Coimbatore- 18

Out of the previous three Annual General Meetings, a Special Resolution was passed at the AGM held on 18.08.2008 for appointment of Sri.V.Rajvirdhan as an Executive Trainee.

No special resolutions were put through postal ballot last year and there is no proposal for this year.

8. Disclosures

(i) Related Party Transactions

In terms of the Accounting Standard - 18 "Related Party Disclosures", as notified under the Companies (Accounting Standards) Rules, 2006, the Company has identified the related parties covered therein and details of transactions with such related parties have been disclosed in Note No.9 to Schedule Q - B Notes to the Accounts forming part of this Annual Report.

The Company has not had any transactions of material nature with the Directors and / or their relatives, promoters, management during the year ended on March, 31, 2011 that may have conflict with the interests of the Company.

(ii) Compliances by the Company

The Company has complied with all the requirements of the Listing Agreement of the Stock Exchanges as well as regulations and guidelines of SEBI. No Penalties have been levied or strictures have been passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets, in the last three years.

(iii) Code of Conduct for Directors and Senior Management

The Board of Directors of the Company has adopted a Code of Conduct for Directors and Senior Management and the same is posted on the website of the Company.

(iv) CEO / CFO Certification

The CEO and the CFO of the Company have certified to the Board with regard to the compliance made by them in terms of Clause 49 (V) of the Listing Agreement, a certificate forms part of Annual Report.

The Company complies with all the requirements of the Listing Agreement including the mandatory requirements of Clause 49 of the 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 Senior Level Management and Report any matter of concern.

10. Means of Communication

(i) Quarterly and Half-yearly financial results

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

(ii) Official News Releases

Official news releases are made whenever it is considered necessary

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

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

11. Shareholder Information

a. Annual General Meeting is proposed to be held at 10.45 A.M. on Wednesday the 15th June, 2011 at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore- 641 018.

b. Financial Calendar

Financial Year : April to March

For the year ended 31st March 2011, results were announced on 29.04.2011.

Financial Year - 2011-2012

Quarter ending June 30, 2011 - End of July 2011

Quarter ending September 30, 2011 - End of October 2011

Quarter ending December 31, 2011 - End of January 2012

Year ending 31-03-2012 - End of April 2012

c. Date of Book Closure- 06-06-2011 to 15-06-2011 (both days inclusive) to determine the members entitled to the Dividend for 2010 - 2011

d. Dividend payment date - 20th June 2011.

e. i Listing on Stock Exchanges - Bombay and National Stock Exchanges.

ii) Securities Code - Bombay Stock Exchange Ltd. Equity 500250
- The National Stock Exchange of India Ltd. - LGBBROSLTD

iii) The International Security Identification Number (ISIN) - INE337A01034

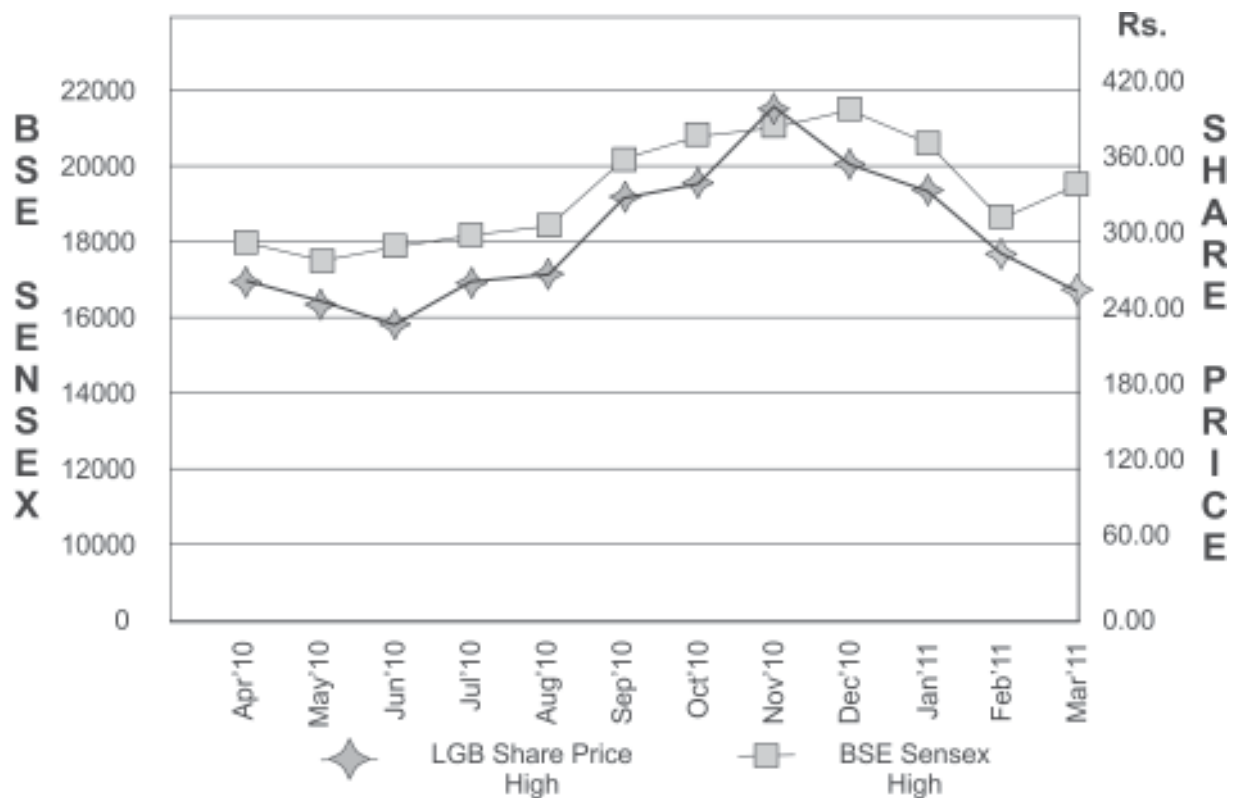
The Company has paid the Listing Fees for the year 2011-2012 to the above Stock Exchanges.

f. Stock market price data for the year 2010-2011

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

	National Stock Exchange		Bombay Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April - 2010	272.00	216.05	271.70	225.25
May	257.95	212.05	255.00	210.00
June	236.00	213.25	234.85	212.10
July	271.90	220.65	270.00	224.00
August	278.50	243.30	277.85	244.05
September	339.00	255.00	338.00	255.00
October	348.55	310.40	348.00	310.25
November	412.90	323.00	410.00	325.85
December	368.00	287.10	364.15	281.60
January - 2011	345.10	277.15	342.00	276.20
February	296.00	230.00	294.15	233.05
March	299.00	233.90	264.25	235.10

Note: The Face Value is Rs. 10/-



g. Distribution of Shareholding as on 31st March, 2011

Range	No. of Holders	No. of Shares (Face Value Rs.10/-)	% of Shares
1 - 500	16,270	1,162,807	14.82
501 - 1000	503	380,384	4.85
1001 - 2000	254	375,135	4.78
2001 - 3000	85	217,163	2.77
3001 - 4000	59	203,705	2.59
4001 - 5000	34	157,104	2.00
5001 - 10000	45	316,170	4.03
10001 - and above	39	5,035,636	64.16
Total	17,289	7,848,104	100.00

h. Pattern of Shareholding as on 31st March 2011

Sl. No.	Category	No. of Share holders	No. of Shares held	% to paid-up capital
1	Promoters and promoters group	24	3,575,110	45.55
2	Financial Institutions, Banks	2	1,602	0.02
3	Foreign Institutional Investors/NRI/OCB	149	593,864	7.57
4	Bodies Corporate	364	319,161	4.07
5	Public	16,750	3,358,367	42.79
	Total	17,289	7,848,104	100.00

i. Dematerialization of Shares as on 31st March, 2011.

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).

The Company has arrangement with National Securities Depository Ltd. (NSDL) as well as Central Depository Services (India) Limited (CDSL) for demat facility.

j. Demat & Physical Shares

Particulars	No. of Shares (in Share Capital)	Percentage
National Securities Depository Limited	3,494,071	44.52
Central Depository Services (India) Limited	571,443	7.28
Physical	3,782,590	48.20
Total	7,848,104	100.00

k. Registrar & Transfer Agents

(For share transfers and other communication relating to share certificates, dividend and change of address)

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

l. Compliance Officer's Details

<p>M. Lakshmi Kanth Joshi General manager Cum Company Secretary 6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore - 641 006 Phone No.0422-3911212 Fax No: 0422-3911163 Email: lk.joshi@lgb.co.in</p>

In order to facilitate investor servicing, the Company has designated an e-mail-id: secretarial@lgb.co.in mainly for registering complaints by investors.

m. Share Transfer System

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

n. Out Standing GDRs / ADRs / Warrants or any Convertible Instruments, Conversion date and likely impact on equity.

There are no outstanding warrants or any convertible instruments. The Company has not issued GDR/ADR.

12. 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, 2011.

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

13. 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 informations.

14. Address for Correspondence

All correspondences should be addressed to

M. Lakshmi Kanth Joshi

General manager Cum Company Secretary
6/16/13, Krishnarayapuram Road
Ganapathy Post, Coimbatore - 641 006
Phone No.0422-3911212 Fax No: 0422-3911163
Email: lk.joshi@lgb.co.in

15. DECLARATION ON CODE OF CONDUCT

To

The Members of L.G.Balakrishnan & Bros Limited

In accordance with Clause 49 sub-Clause I (D) of The Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management Personnell including myself, have affirmed compliance to their respective Codes of Conduct, as applicable for the Financial Year ended 31st March, 2011.

Place: Coimbatore
Date: 29.04.2011

B. Vijayakumar
Chairman Cum Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE**To the Members of L.G.Balakrishnan & Bros Limited**

I have examined the compliance of conditions of Corporate Governance by M/s. L.G.Balakrishnan & Bros Limited for the year ended March 31, 2011 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. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Investors' Relation Committee.

I further 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.

Coimbatore
29.04.2011

M.D. SELVARAJ
Practicing Company Secretary
C.P. No. 411 (FCS 960)

CERTIFICATION BY CHAIRMAN CUM MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

We, B. Vijayakumar, Chairman Cum Managing Director, and N. Rengaraj, Chief Financial Officer, to the best of our knowledge and belief, certify that:

- a) We have reviewed the Financial Statements and Cash Flow Statement for the year ended March, 31, 2011 and to the best of our knowledge and belief :
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statement 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 our knowledge and belief, no transactions entered into by the Company during the year ended March, 31, 2011 are fraudulent, illegal or in violation of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d) We have indicated to the Auditors and Audit Committee that :
 - (i) Significant changes in internal controls over financial reporting during the year ended March, 31, 2011;
 - (ii) Significant changes in accounting policies during the year ended March, 31, 2011 and that the same have been disclosed in the notes to the financial statements; and
 - (iii) There has not been any instance during the year ended March, 31, 2011 of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Coimbatore
29.04.2011

B.Vijayakumar
Chairman Cum Managing Director

N. Rengaraj
Chief Financial Officer