

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

LGB Forge believes in maximizing shareholders values by adopting transparent practices and high standards of Corporate Conduct towards stakeholders.

2. Board of Directors

The Board of Directors consists of professionals drawn from diverse fields. The day-to-day management of the Company is conducted by the Executive Director subject to the supervision and control of the Board of Directors.

Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM)

Name of the Directors	Category	Attendance Particulars		@ No of Other Directorship held in Public Companies	* No. of Board Committee Members/Chairmanships held		Relationship interse Directors
		Board Meeting	Last AGM		Member	Chairman	
Sri. B. Vijayakumar Chairman	Non- Executive Promoter	4	Yes	7	3	-	Father of Sri. V. Rajvidhan
Sri. V. Rajvirdhan Executive Director	Executive Promoter	4	Yes	4	1	-	Son of Sri. B. Vijayakumar
Sri. K.N.V. Ramani	Non- Executive Independent	3	No	6	2	2	
Sri. P.Shanmugasundaram	Non- Executive Independent	4	Yes	2	-	2	
Sri.P.V.Ramakrishnan	Non- Executive Independent	3	Yes	-	1	1	
Sri. Harsha Lakshmikanth	Non- Executive Independent	3	Yes	1	1	-	
Sri. Rajiv Parthasarathy	Non- Executive Non-Independent	4	Yes	1	1	-	Sri. B. Vijayakumar's Daughter's Husband

@ 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 2010-11

The Board met Four times during the Financial Year 2010 - 2011 on 29.04.2010, 22.07.2010, 20.10.2010, and 28.01.2011.

3. Audit Committee

The terms of reference of this Committee has been mandated with the same as specified in Clause 49 of the Listing Agreements with Stock Exchanges. The terms of reference also fully conform to the requirements of Section 292A of the Companies Act, 1956.

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.

Composition

The composition of Audit Committee and details of meeting attended by the members are as follows :

Name of the Member	Category	Designation	No of Meetings attended
Sri. P. Shanmugasundaram	Independent	Chairman	4
Sri. P.V. Ramakrishnan	Independent	Member	3
Sri. Rajiv Parthasarathy	Non-Independent	Member	4
Sri. Harsha Lakshmikanth	Independent	Member	1

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

Sri. A. James Chandra Mohan, Company Secretary, acted as Secretary to the Committee. The Audit Committee would assure to the Board, compliance of adequate internal control system and financial disclosure and other issues confirming to the requirements specified by Company Law and Stock Exchanges in terms of Listing Agreement. The Minutes of the Audit Committee Meetings were circulated to the Board, where it was discussed and taken note of. The Audit Committee considered and reviewed the accounts for the year 2010-11, before it was placed in the Board.

4. Remuneration Committee

This Committee was formed for determining remuneration payable to Executive Directors and it consists of the following Non-Executive Directors:

Name of the Member	Category	Status
Sri. K.N.V. Ramani	Independent	Chairman
Sri. P. Shanmugasundaram	Independent	Member
Sri. P.V. Ramakrishnan	Independent	Member

During the year ended 31st March, 2011 no meeting of this committee was held.

Remuneration Policy

The Executive Directors are paid remuneration approved by the Board of Directors on the recommendation of Remuneration Committee. The remuneration so approved is subject to the approval by the shareholders at the general meeting and such other authorities as the case may be.

The Company currently does not have any stock option scheme.

Details of Remuneration paid to Directors during the financial year 2010-11 :

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

Name	Salary and perquisites Rs. in Lakhs	Service Contract
Sri. V. Rajvirdhan, Executive Director	16.80	Appointed for a period of 3 years as Executive Director with effect from 01.02.2010

Remuneration includes salary, Company's contribution to Provident Fund.

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 Director	Sitting Fees (Rs.)
Sri. B. Vijayakumar	16,000
Sri. K.N.V. Ramani	12,000
Sri. P. Shanmugasundaram	20,000
Sri. P.V. Ramakrishnan	15,000
Sri. Harsha Lakshmikanth	13,000
Sri. Rajiv Parthasarathy	20,000
Total	96,000

c) Statement showing number of Equity Shares of Re.1/- each of the Company held by the present Non- Executive Directors as on March 31, 2011 :

Name	No. of shares held as on 31.03.2011	% of Holding
Sri. B. Vijayakumar	11,632,200	11.63
Sri. K.N.V. Ramani	-	-
Sri. P. Shanmugasundaram	-	-
Sri. P.V. Ramakrishnan	-	-
Sri. Harsha Lakshmikanth	-	-
Sri. Rajiv Parthasarathy	10	-

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

5. Shareholders' / Investors' Grievance Committee:

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

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

The Committee deals in matters relating to transfer and transmission of securities, issue of duplicate securities certificates and looks into the Shareholders / Investors' complaints, if any, on transfer of securities, non-receipt of dividend, annual report etc. During the year under review, the Committee met 14 times to deliberate on various matters referred above and also responsible for redressal of investors complaints.

Sri. A. James Chandra Mohan, Company Secretary, acts as the Secretary to the Committee. He is the Compliance Officer of the Company and also responsible for redressal of investors complaints.

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 AGMs are given as under

Year	Date	Time	Location	Special Resolution Passed
2008	30.04.2008	10.35 A.M	6/16/13, Krishnarayapuram Road, Ganapathy, Coimbatore- 641006	<p>a. The Company has passed a Special Resolution in the year 2007-08 approving the Amendment of the Memorandum and Articles of Association of the Company.</p> <p>b. The Company has passed a Special Resolution in the year 2007-08, approving the remuneration fixed by the Board of Directors to the Managing Director</p>
2009	10.07.2009	3.30 P.M.	Ardra Convension Centre Kaanchana, 9, North Huzur Road Coimbatore- 641018	The Company has passed Special Resolution approving the appointment of Sri Arjun Karivardhan to hold an office of place of profit as an employee of the Company.
2010	14.06.2010	8.30 A.M.	Ardra Convension Centre Kaanchana, 9, North Huzur Road Coimbatore- 641018	Appointment of Sri. V. Rajvirdhan as the Executive Director for a period of 3 years

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.11 B to Schedule 11 - Notes to the Accounts forming part of this Annual Report.

The Company did not have 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 the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities relating to the above.

(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

Executive Director 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.

(v) Accounting treatment

The financial statements are prepared under the historical cost convention and have been prepared in accordance with applicable Accounting Standards and relevant presentational requirements of the Companies Act, 1956.

(vi) Risk Management

The Company has established a comprehensive risk management process that includes risk identification, risk assessment, risk mitigation and periodical monitoring.

As part of the Risk Management Mechanism, identified risks are regularly reviewed along with action plans by the Management through monthly business review meetings.

These are reported to the Board of Directors on the yearly basis for the inputs and further suggestions for effective management of risks.

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

The Company is regularly providing details of new Directors and Directors seeking re-appointment in the Annual General Meeting notice attached with the Annual Report.

(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.lgbfl.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 :

- Annual General Meeting is proposed to be held at 9.15 A.M. on 15th June, 2011 at Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore- 641 018.

- Financial Calendar

Financial Year : April to March

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

Financial Year - 2011-12

Quarter ending June 2011 - End of July 2011

Quarter ending September 2011 - End of October 2011

Quarter ending December 2011 - End of January 2012

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

- Date of Book Closure - 06.06.2011 to 15.06.2011 (both days inclusive)
- Listing on Stock Exchanges - Bombay and National Stock Exchanges.
- Securities Code - Bombay Stock Exchange Ltd. Equity 533007
- The National Stock Exchange of India Ltd. - LGBFORGE
- ISIN Number - Equity : INE201J01017

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

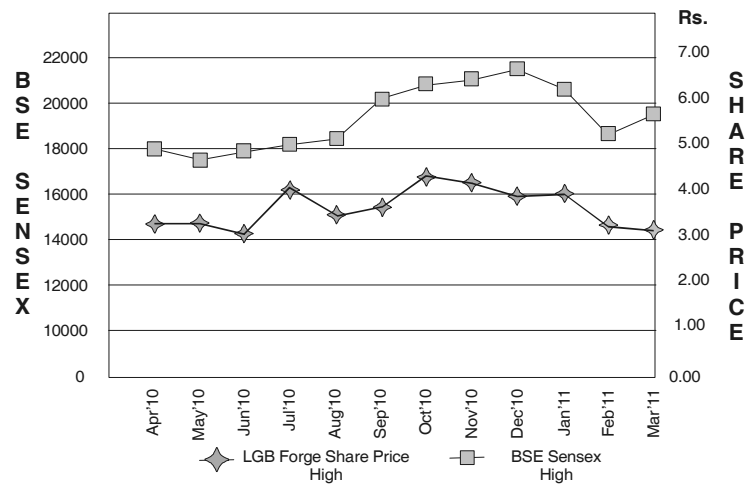
The Company has paid Annual Listing Fees to Bombay Stock Exchange Limited and National Stock Exchange of India Limited .

- Stock market price data for the year 2010-11

The high and low prices during each month in the last financial year on National Stock Exchange and Bombay Stock Exchange are given below - Equity Shares

	National Stock Exchange		Bombay Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April	3.25	2.75	3.40	2.76
May	3.30	2.60	3.40	2.60
June	2.95	2.50	3.17	2.50
July	4.30	2.50	4.20	2.58
August	3.55	2.85	3.55	2.80
September	3.80	2.75	3.75	2.90
October	4.45	3.10	4.44	3.10
November	4.30	3.35	4.28	3.32
December	4.10	3.20	3.99	3.25
January 2011	4.00	3.15	4.05	3.01
February	3.45	2.80	3.35	2.75
March	3.45	2.40	3.22	2.51

Note: The Face Value is Re. 1/-


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

Range	No. of Holders	No. of Shares	% of Shares
1 - 500	10,675	2,361,018	2.36
501 - 1000	2,819	2,443,869	2.44
1001 - 2000	1,669	2,639,770	2.64
2001 - 3000	569	1,485,133	1.49
3001 - 4000	370	1,334,576	1.33
4001 - 5000	274	1,318,358	1.32
5001 - 10000	537	4,038,253	4.04
10001 - and above	505	84,380,057	84.38
Total	17,418	100,001,034	100.00

9. Pattern of Shareholding :

Sl. No.	Category	No. of Share holders	No. of Shares held	% to paid-up capital
1	Promoters and promoters group	23	55,380,414	55.38
2	Financial Institutions, Banks	2	16,020	0.02
3	Insurance Companies	1	135,960	0.13
4	Foreign Institutional Investors / NRI / OCB	88	5,819,923	5.82
5	Bodies Corporate	345	1,996,352	2.00
6	Public	16,959	36,652,365	36.65
	Total	17,418	100,001,034	100.00

10. 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).

Particulars	No. of Shares	Percentage (in Share Capital)
National Securities Depository Limited	56,966,141	56.97
Central Depository Services (India) Limited	5,118,680	5.12
Physical	37,916,213	37.91
Total	100,001,034	100.00

11. Registrar & Transfer Agents

(For share transfers and other communications 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

12. Compliance Officer details

A. James Chandra Mohan,
Company Secretary
6/16/13, Krishnarayapuram Road,
Ganapathy Post, Coimbatore- 641 006
Phone : 0422 - 3911212 Fax : 0422 - 3911163 E-Mail : a.james@lgb.co.in

13. 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.

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

-Nil-

15. Consolidation of folios and avoidance of multiple mailing

In order to enable the Company to reduce costs and duplicity of efforts for investors servicing, members who may have more than one folio in their individual name or jointly with other persons mentioned in the same order, are requested to consolidate all similar holdings under one folio. This would help in monitoring the folios more effectively. Members may write to the Registrars at the address given at Para (11), indicating the folio numbers to be consolidated.

16. 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 Executive Director's declaration to this effect forms part of this report.

17. Code for prevention of Insider Trading

The Company has framed a Code of Conduct for prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992. This code is applicable to all Directors / officers / designated employees. The Code ensures the prevention of dealing in shares by persons having access to unpublished price sensitive information.

18. Address for Correspondence :

All correspondences should be addressed to:

A. James Chandra Mohan,
Company Secretary
6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore- 641 006
Phone : 0422 - 3911212 Fax : 0422 - 3911163 E-Mail : a.james@lgb.co.in



19. Declaration on Code of Conduct.

To

The Members of LGB Forge 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 personnel including me, have affirmed compliance to their respective Codes of Conduct, as applicable for the Financial Year ended 31st March, 2011.

Coimbatore
29.04.2011

V. RAJVIRDHAN
Executive Director

**CERTIFICATION BY THE EXECUTIVE DIRECTOR FOR THE FINANCIAL STATEMENTS
OF THE COMPANY**

I, V. Rajvirdhan, Executive Director, to the best of my knowledge and belief, certify that:

- a) I have reviewed the financial statements and Cash Flow Statement for the year ended March, 31, 2011 and to the best of my knowledge and belief :
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain 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) to the best of my 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) I accept responsibility for establishing and maintaining internal controls for financial reporting and I 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 I am aware, have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d) I have indicated to the Auditors and Audit Committee that :
 - (i) there have not been any significant changes in internal controls over financial reporting during the year ended March, 31, 2011;
 - (ii) there have not been any 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

V. RAJVIRDHAN
Executive Director



CERTIFICATE ON CORPORATE GOVERNANCE

To the members of LGB Forge Limited.

I have examined all the relevant records of LGB Forge Limited ("the Company") for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the financial year ended 31.03.2011. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs 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 aforesaid Listing Agreement.

Coimbatore
29.04.2011

CS. P. ESWARAMOORTHY
Company Secretary in Practice
No. 60A, School Road,
Krishnasamy Nagar, Ramanathapuram,
Coimbatore-641045
ACS.NO.15930, CP NO.7069