

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



**64th  
ANNUAL REPORT  
2019 - 2020**

## L.G. BALAKRISHNAN & BROS LIMITED

### Corporate Information

#### BOARD OF DIRECTORS

**Sri. B. Vijayakumar**  
Chairman and Managing Director

**Sri. P. Prabakaran**  
Managing Director

**Non-Executive Directors**

**Sri. S. Sivakumar**

**Sri. V. Govindarajulu**

**Sri. P. Shanmugasundaram**

**Smt. Rajsri Vijayakumar**

**Sri. V. Rajvirdhan**

**Sri. R. Vidhya Shankar**

**Smt. Kanchana Manavalan**

**Sri.G. D. Rajkumar**

#### CHIEF FINANCIAL OFFICER

Sri. N. Rengaraj

#### GENERAL MANAGER (LEGAL) AND COMPANY SECRETARY

Sri. M. Lakshmi Kanth Joshi

#### BANKERS

Axis Bank Limited  
Corporation Bank  
HDFC Bank Limited  
HSBC Limited  
IndusInd Bank Limited  
ICICI Bank Limited  
IDBI Bank Limited  
Yes Bank Limited

#### STATUTORY AUDITORS

M/s. Suri & Co  
Chartered Accountants  
II Floor, A.M.M. Buildings  
354, Mettupalayam Road, Coimbatore 641043  
Phone No. 0422 - 2433627

#### COST AUDITOR

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

#### SECRETARIAL AUDITOR

CS M.D. Selvaraj  
MDS & Associates  
Company Secretaries in Practice  
Surya, 35, Mayflower Avenue, Sowripalayam Road  
Coimbatore - 641028  
Phone : 0422 2318780

#### 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

#### LISTED - STOCK EXCHANGES

BSE 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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### 64th ANNUAL GENERAL MEETING

Date : 20th August, 2020  
Day : Thursday  
Time : 3.30 P.M.

## NOTICE of 64th Annual General Meeting

NOTICE is hereby given that the 64th (Sixty Forth) Annual General Meeting of L.G.Balakrishnan & Bros Limited will be held on Thursday, the 20th August, 2020, at 3:30 pm through Video Conferencing (VC) or Other Audio Visual Means (OAVM), to transact the following businesses:

### AGENDA

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company including statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the financial year ended March 31, 2020 together with the Reports of the Board of Directors and Auditors thereon.
2. To confirm the interim dividend of Rs. 5/- per share of Rs. 10/- each of the Company and consider the same as final dividend for the financial year ended 31st March, 2020.
3. To appoint a Director in the place of Sri.V.Rajvirdhan, (DIN: 00156787) who retires by rotation and being eligible, seeks re-appointment.
4. To appoint a Director in the place of Sri.S.Sivakumar (DIN:00016040), who retires by rotation and being eligible, seeks re-appointment.

#### SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**.

**"RESOLVED THAT** pursuant to Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration payable to Dr.G.L.Sankaran, Cost Accountant, (Membership No.4482), who have been appointed by the Board of Directors as Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending March 31, 2021, on a remuneration of Rs. 1.75 lakhs (Rupees One Lakh Seventy Five Thousand Only) plus taxes as applicable

and re-imbursement of out of- pocket expenses incurred in connection with the audit, be and is hereby ratified and confirmed."

## STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### ITEM NO. 5

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of Dr.G.L.Sankaran, Cost Accountant (Membership No.4482) as Cost Auditor to conduct the audit of the cost records of the Company for the financial year 2020-2021. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing ordinary resolution as set out in Item No.5 of the notice for ratification of remuneration payable to the Cost Auditor for conducting the cost audit of the Company, if required, for the financial year ending March 31, 2021. The Board recommends the Ordinary Resolution as set out at Item No.5 of the Notice for approval by the members.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the proposed Ordinary Resolution as set out at Item No.5 of the Notice.

### NOTES:

1. In view of the outbreak of the COVID-19 pandemic, social distancing norms to be followed and the continuing restriction on movement of persons at several places in the country and pursuant to General Circular Nos.14/2020, 17/2020 and 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020, respectively, issued by the Ministry of Corporate Affairs ("MCA Circulars") and Circular No. SEBI/HO/CFD/ CMD1/CIR /P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India ("SEBI Circular") and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the 64th (Sixty Forth) AGM of the Company is being conducted through Video

- Conference (VC) / Other Audio Visual Means (OAVM), which does not require physical presence of Members at a common venue. In terms with the Secretarial Standards on General Meetings (SS-2) issued by The Institute of Company Secretaries of India, the venue of the 64th (Sixty Forth) AGM shall be deemed to be the Registered Office of the Company situated at "6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore - 641 006.
2. Since this AGM is being held pursuant to the MCA circulars through VC/OAVM, physical attendance of Members has been dispensed with and there is no provision for the appointment of proxies. Accordingly, the facility for appointment of proxies by the Members under Section 105 of the Act will not be available for the 64th (Sixty Forth) AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, in terms of the provisions of Section 112 and Section 113 of the Act, representatives of the Members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
  3. The Members can join the AGM in the VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
  4. The Explanatory Statement pursuant to Section 102 of the Act in respect of business as set out in the Notice is annexed hereto.
  5. The attendance of the Members attending the AGM/EGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
  6. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/ JPG Format) of its Board or governing body Resolution/ Authorization etc., authorizing its representative to attend the AGM through VC / OAVM and vote on its behalf. The said Resolution/Authorization can be sent to the Company at [secretarial@lgb.co.in](mailto:secretarial@lgb.co.in).
  7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names in the Register of Members will be entitled to vote.
  8. The Register of Members and Share Transfer Books will remain closed from Friday, August 14, 2020 to Thursday, August 20, 2020 (both days inclusive) for the purpose of the AGM.
  9. The details required under Regulation 26(4) and 36(3) of the Listing Regulations and Secretarial Standards on General Meetings (SS-2) issued by The Institute of Company Secretaries of India, in respect of Brief resume of Directors proposed to be appointed / reappointed, nature of their expertise in specific functional areas, names of listed companies in which they hold directorships and the Memberships of Board Committees, shareholding and relationships between directors inter-se, are provided in the Annexure to the explanatory statement attached to this Notice.
  10. As the AGM shall be conducted through VC / OAVM, the Route Map is not annexed to this Notice.
  11. Members may note that M/s. Suri & Co., Chartered Accountants, Coimbatore, (FRN: 004283S), the Statutory Auditors of the Company were appointed by the Shareholders at their Annual General Meeting (AGM) held on 27th July, 2017, to hold office for a period of 5 years till the conclusion of AGM to be held during the year 2022, subject to ratification by the shareholders at every AGM. However, the Ministry of Corporate Affairs vide notification dated 7th May 2018 has amended Section 139 of the Companies Act, 2013 by omitting the requirement of seeking ratification of the members for appointment of statutory auditors at every AGM. Accordingly, the original resolution appointing the Statutory Auditors passed by the Shareholders at their AGM held on 27th

July, 2017 was amended vide an ordinary resolution approved by the Shareholders at their 62nd AGM held on 30th August, 2018 and omitted the requirement for ratification of the appointment of statutory auditors by the shareholders at every AGM. Hence, no resolution is being proposed for ratification of appointment of Statutory Auditors at this 64th Annual General Meeting.

12. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send their share certificates to the RTA for consolidation into a single folio.
13. Nomination: Pursuant to Section 72 of the Act, Members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 with the Company's RTA. In respect of shares held in electronic / demat form, the Members may please contact their respective depository participant(s).
14. The Ministry of Corporate Affairs has notified provisions relating to unpaid / unclaimed dividend under Sections 124 and 125 of the Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016. As per these Rules, dividends which are not encashed / claimed by the Members for a period of 7 (seven) consecutive years shall be transferred to the Investor Education and Protection Fund (IEPF) Authority. The IEPF Rules mandate the companies to transfer the shares of Members whose dividends remain unpaid / unclaimed for a period of 7 (Seven) consecutive years to the demat account of IEPF Authority. Hence, the Company urges all the Members to encash / claim their respective dividend during the prescribed period. The details of the unpaid / unclaimed amounts lying with the Company as on July 18, 2019 (date of last AGM) are available on the website of the Company. The Members whose dividend / shares as transferred to the IEPF Authority can now claim their shares from the Authority by following the Refund Procedure as detailed on the website of IEPF Authority [www.iepf.gov.in](http://www.iepf.gov.in).
15. Pursuant to Finance Act, 2020, the dividend income will be taxable in the hands of shareholders w.e.f. 1st April, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/RTA (in case of shares held in physical mode) and depositories (in case of shares held in demat mode) immediately.
16. A Resident individual shareholder having PAN and entitled to receive dividend amount exceeding Rs.5,000/- and who is not liable to pay income tax, can submit a yearly declaration in Form No. 15G/ 15H by uploading the scanned copy of the above form to avail the benefit of non-deduction of tax at source to the RTA in the online portal, <http://investors.cameoindia.com>. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.
17. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to the RTA (email ID: [agm@cameoindia.com](mailto:agm@cameoindia.com)).
18. The Company has entered into agreements with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"). The Depository System envisages the elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, mutilation of share certificates, etc. Simultaneously, Depository System offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc. Members, therefore, now have the option of holding and dealing in the shares of the Company in electronic

form through NSDL or CDSL. Members are encouraged to convert their holdings to electronic mode.

19. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form, who have not updated their PAN with the Company are therefore requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the RTA of the Company or directly to the Company.

Shareholders are requested to note that furnishing of Permanent Account Number (PAN) is now mandatory in the following cases:-

- a) Transferees and Transferors PAN Cards for transfer of shares
  - b) Legal Heirs'/Nominees' PAN Card for transmission of shares
  - c) Surviving joint holders' PAN Cards for deletion of name of deceased Shareholder, and
  - d) Joint Holders' PAN Cards for transposition of shares.
20. Share Transfer permitted only in Demat: As per Regulation 40 of the Listing Regulations, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019. In view of the above and to avail the benefits of dematerialisation and ease portfolio management, Members are requested to consider dematerialization of shares held by them in physical form.
  21. Members are requested to send all communications relating to shares and unclaimed dividends, change of address, bank details, email address etc., to the Company's Registrar and Share Transfer Agent M/s.Cameo Corporate Services Limited "Subramanian Building" No 1, Club House Road, Chennai- 600 002

#### **DISPATCH OF ANNUAL REPORT THROUGH EMAIL AND REGISTRATION OF EMAIL IDs:**

- a. In compliance with MCA Circular No. 20/2020 dated May 5, 2020 and SEBI Circular No. SEBI/ HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and owing

to the difficulties involved in dispatching of physical copies of the Financial Statements including Board's Report, Auditor's report or other documents required to be attached therewith (together referred to as "Annual Report"), the Annual Report for Financial Year 2019-20 and Notice of AGM are being sent in electronic mode to Members whose e-mail address(es) are registered with the Company or the Depository Participant(s) and no physical copies will be dispatched to the Members.

- b. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.lgb.co.in](http://www.lgb.co.in). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM/EGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
- c. The relevant documents referred to in this Notice requiring approval of Members at the Meeting shall be available for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays and Sundays, during business hours, up to the date of the AGM.
- d. All persons whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date, i.e. August 13, 2020 only shall be entitled to vote at the AGM by availing the facility of remote e-voting or by voting at the AGM.

#### **INSTRUCTIONS FOR SHAREHOLDERS FOR VOTING THROUGH ELECTRONIC MEANS PRIOR TO AGM**

- a. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of Listing Regulations (as amended) and MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the businesses to be transacted at the AGM. For this purpose, the Company has entered into an agreement



with CDSL for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by Shareholders using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

- b. The Members who have cast their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- c. Mr. M.D.Selvaraj, Practicing Company Secretary (Membership No. FCS 960) of MDS & Associates., Company Secretaries have been appointed as the Scrutinizers to scrutinize the remote e-voting process as well as the e-voting process to be conducted at the AGM, in a fair and transparent manner.
- d. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and is holding shares as of the cut-off date, i.e., Thursday, August 13, 2020 may obtain the login details in the manner as mentioned below.

**The instructions for Shareholders voting electronically are as under:**

- i. The voting period begins on Monday, August 17, 2020 at 9.00 a.m. (IST) and ends on Wednesday, August 19, 2020 at 5.00 p.m. (IST). During this period Shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, i.e., Thursday, August 13, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The Shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii. Click on "Shareholders" module.
- iv. Now Enter your User ID
  - a) For CDSL: 16 digits beneficiary ID,
  - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials.

Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any Company, then your existing password is to be used.
- vii. If you are a first-time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

<b>PAN</b>
Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders)
Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
<b>Dividend Bank Details or Date of Birth (DOB)</b>
Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your Demat account or in the Company records in order to login.
If both the details are not recorded with the depository or Company please enter the member ID / folio number in the Dividend Bank details field as mentioned in instruction (v).

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, Shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are



- eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x. For Shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
  - xi. Click on the EVSN: L.G.Balakrishnan & Bros Limited, on which you choose to vote.
  - xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
  - xiv. After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  - xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  - xvi. You can also take print out of the voting done by you by clicking on "Click here to print" option on the Voting page.
  - xvii. If Demat account holder has forgotten the login password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - xviii. Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

- a. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [secretarial@lgb.co.in](mailto:secretarial@lgb.co.in) and / or update in online portal <http://investors.cameoindia.com>.
- b. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [secretarial@lgb.co.in](mailto:secretarial@lgb.co.in) / [agm@cameoindia.com](mailto:agm@cameoindia.com).

**NOTE FOR NON - INDIVIDUAL SHAREHOLDERS AND CUSTODIANS**

- a. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
- b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- c. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- d. The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- e. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- f. Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email

address viz; [secretarial@lgb.co.in](mailto:secretarial@lgb.co.in), if they have voted from individual tab and not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

#### **INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-**

- a. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
- b. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- c. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- d. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

#### **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

- a. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under Shareholders /Members login by using the remote e-voting credentials. The link for VC/OAVM will be available in Shareholder / Members login where the EVSN of Company will be displayed.
- b. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- c. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- d. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due

to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

- e. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [secretarial@lgb.co.in](mailto:secretarial@lgb.co.in). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [secretarial@lgb.co.in](mailto:secretarial@lgb.co.in). These queries will be replied to by the company suitably by email.
- f. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
22. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.
23. If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).
24. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited (CDSL), A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.
25. The Scrutinizer shall, after the conclusion of voting at the Annual General Meeting, first count the votes cast at the Meeting and unblock the votes cast

through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make no later than 48 hours of the conclusion of the meeting a Consolidated Scrutinizer's Report of the total votes cast in favour or against and invalid votes if any, forthwith to the Chairman of the Company or the person authorized by him, who shall countersign the same and declare the result of the voting forthwith.

26. The result declared along with the Scrutinizer's Report shall be placed on the Company's website

(www.lgb.co.in) and on the website of CDSL immediately. The Company shall simultaneously forward the same to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

27. The Resolutions shall be deemed to be passed on the date of the Meeting, i.e. on Thursday, August 20, 2020, subject to receipt of the requisite number of votes in favour of the Resolutions.

Coimbatore  
05.06.2020

By Order of the Board  
M.LAKSHMIKANTH JOSHI  
General Manager (Legal) and  
Company Secretary)

Additional information on Directors recommended for re-appointment as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 and Secretarial Standard-2 on General Meeting.

Name	Sri. V. Rajvirdhan	Sri. S. Sivakumar
DIN	00156787	00016040
Date of Birth	05.09.1983	30.11.1952
Nationality	Indian	Indian
DOA on the Board	04.11.2010	28.06.1996
Relationship with other Director	Son of Sri. B. Vijayakumar Brother of Smt. V. Rajsri	None
Qualification	B.Sc., IME	B.Com.,
Expertise in area	More than 8 years experience as an Industrialist	More than 31 years experience as an Industrialist
No. of shares held	4,010,372	1194
Terms of appointment or reappointment	Liable to retire by rotation	Liable to retire by rotation
Remuneration sought to be paid	Sitting fees only	Sitting fees only
Remuneration last drawn	₹ 1.20 Lakhs*	₹ 1.50 Lakhs*
No. of Board meetings attended	4	5
List of Directorships held in other Companies	1. LGB Forge Ltd	1. LG Sports Private Ltd
	2. South Western Engineering India Private Ltd	2. South Western Engineering India Private Ltd
	3. ELGI Automotive Services P. Ltd	3. LGB Auto Products P Ltd
	4. Super Speeds P Ltd	4. Ishwarya Lakshmi Finance P Ltd
	5. Paatimachi Private Limited	
	6. Rajvirdhan Private Limited	
Chairman/Member of the Committees of the Board of other companies in which he/she is Director	Member of Stakeholders' Relationship Committee and Audit Committee in LGB Forge Limited	NIL

\* Only sitting fees

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Sixty Forth Annual Report of your Company together with the audited accounts for the year ended 31st March, 2020.

### FINANCIAL RESULTS

The summary of the financial performance of the Company for the year ended 31st March, 2020 as compared to the previous year is as below:

Particulars	Consolidated		Standalone	
	31.03.2020	31-03-2019	31-03-2020	31-03-2019
	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)	(₹ in Lakhs)
<b>TOTAL REVENUE</b>	<b>154,649.25</b>	169,081.74	<b>144,793.68</b>	158,492.30
Profit before interest, depreciation & Tax	<b>18,990.94</b>	20,988.07	<b>18,957.33</b>	20,498.45
Less : Interest	<b>1,524.08</b>	1,125.61	<b>1,408.51</b>	1,041.73
Depreciation	<b>7,865.59</b>	6,805.39	<b>7,418.28</b>	6,397.44
<b>PROFIT BEFORE TAX</b>	<b>9,601.27</b>	13,057.07	<b>10,130.54</b>	13,059.28
Add : Exceptional Items	<b>1,882.51</b>	1,204.97	<b>2,524.45</b>	1,204.97
Less : Provisions for Taxation				
Current Income Tax / Mat	<b>3,147.18</b>	4,252.49	<b>3,147.18</b>	4,252.49
Deferred Tax (Credit / charge)	<b>(675.64)</b>	346.58	<b>(675.64)</b>	346.58
<b>PROFIT AFTER TAX BEFORE SHARE IN PROFIT OF ASSOCIATE</b>	<b>9,012.24</b>	9,662.97	<b>10,183.45</b>	9,665.18
Add : Share in Profit of Associate	<b>116.00</b>	293.44	<b>-</b>	-
<b>PROFIT AFTER TAX</b>	<b>9,128.24</b>	9,956.41	<b>10,183.45</b>	9,665.18

### PERFORMANCE OF THE COMPANY

On consolidated basis, revenue from operations and other income for the financial year under review were Rs. 1,54,649.26 Lakhs as against Rs.1,69,081.74 Lakhs for the previous financial year registering a decrease of 8.53%. The profit before tax and exceptional item was Rs.9,601.27 Lakhs and the profit after tax, after share of profit of Associate was Rs. 9,128.24 Lakhs for the financial year under review as against Rs. 13,057.07 Lakhs and Rs. 9,956.41 Lakhs, respectively for the previous financial year.

On standalone basis, revenue from operations and other income for the financial year under review were Rs.144,793.68 lakhs as against Rs. 158,492.30 Lakhs for the previous financial year registering a decrease of 8.64%. The profit before tax and exceptional item was Rs.10,130.54 Lakhs and the profit after tax was Rs. 10,183.45 Lakhs for the financial year under review as against Rs. 13,059.28 Lakhs and Rs. 9,665.18 Lakhs, respectively for the previous financial year.

There is decline in revenue and earnings before interest, taxes, depreciation and amortisation (EBITDA) during the year 2019-2020 due to the national lockdown to contain the outbreak of COVID-19 during the last 10 days of March.

### TRANSFER TO RESERVES

The Company has transferred an amount of Rs. 7,500 Lakhs to the General Reserve out of the amount available for appropriations and the remaining amount of Rs. 4,888.33 Lakhs has been retained in the Profit and Loss Account.

### DIVIDEND

Pursuant to the approval of the Board of Directors on February 21, 2020, your Company had paid an interim dividend of Rs.5/- per equity share of face value of Rs.10/- each, amounting to Rs. 1,892.26 Lakhs (inclusive of tax), to those shareholders who were on the register of members as on March, 06, 2020, being the record date fixed for this purpose. Accordingly, the Board do not recommend any final dividend and the interim dividend paid be confirmed as final dividend for the year ended March 31, 2020.

## **TRANSFER TO INVESTORS EDUCATION AND PROTECTION FUND**

Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules') mandates that the dividends that remains unpaid/unclaimed for a period of seven years, shall be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. During the FY 2019-20, the Company has transferred a sum of Rs.851,829 being the unclaimed dividend relating to the FY 2011-12 and the corresponding 3,339 equity shares to the Investor Education and Protection Fund within the due dates and complied with the provisions of the Act.

The unclaimed dividend relating to the financial year 2012-13 will be transferred to the IEPF within the time limit prescribed under the said provisions of the Act. Shareholders who have not encashed their dividend warrant(s) relating to the financial year 2012-13 are requested to make their claim immediately to the Registrars & Transfer Agents i.e. M/s.Cameo Corporate Services Limited.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company and the corresponding shares on the website of the Company, [www.lgb.co.in](http://www.lgb.co.in). The same are also available on the website of the Ministry of Corporate Affairs, [www.mca.gov.in](http://www.mca.gov.in).

## **SHARE CAPITAL**

The authorised share capital of the Company as on 31st March, 2020 was Rs.47,00,00,000/- comprising of 4,70,00,000 equity shares of Rs.10/- each. The issued, subscribed and paid-up equity share capital as on 31st March, 2020, was Rs.31,39,24,160/- comprising of 3,13,92,416 equity shares of Rs.10/- each.

There was no public issue, rights issue, bonus issue or preferential issue, etc., during the year under review. The Company has not issued shares with differential voting rights, sweat equity shares, neither has it granted any employee stock options nor issued any convertible securities.

## **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

During the year under review, the Board had met five times. A detailed update on the Board, its composition

and attendance of the Directors at each meeting is provided in the Corporate Governance Report.

The Board has constituted four committees, namely, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders' Relationship Committee. All recommendations made by the Committees of Board including the Audit Committee were accepted by the Board.

A detailed charter including terms of reference of various Board constituted Committees, number of Committee meetings held during the financial year 2019-2020 and attendance of members at each meeting, forms part of the Corporate Governance Report.

## **SECRETARIAL STANDARDS**

The Company has complied with the applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors and its Committees' and 'General Meetings', respectively.

## **DIRECTOR & KEY MANAGERIAL PERSONNEL**

### **Directors liable to retirement by rotation**

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Sri.V.Rajvirdhan (DIN 00156787) and Sri.S.Sivakumar (DIN: 00016040), Directors being longest in the office, are liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, they have offered themselves for re-appointment. Necessary agenda for their re-appointment are included in the Notice of AGM for seeking approval of Members. The Board of Directors recommend their re-appointment for your approval.

## **STATEMENT OF DECLARATION BY INDEPENDENT DIRECTORS**

The Board of Directors has received declarations from all the Independent Directors of the Company confirming that they meet with criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Regulation 16(1)(b) read with Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). During the year, Independent Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and



reimbursement of expenses incurred by them for the purpose of attending meetings of the Board of Directors and Committee(s). The details of remuneration and/ or other benefits of the Independent Directors are mentioned in the Corporate Governance Report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended on 31st March, 2020, the Board of Directors hereby confirms that,

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- (b) that such accounting policies have been selected and applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts of the Company have been prepared on a going concern basis;
- (e) internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) proper system have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **ANNUAL BOARD VALUATION**

The Board of Directors has carried out an annual evaluation of its own performance, its Committees and Directors pursuant to the requirements of the Companies Act, 2013, Listing Regulations and as per the Guidance Note issued by SEBI. Further, the Independent Directors, at their

exclusive meeting held during the year, reviewed the performance of the Board as a whole, its Chairman and Non-Executive Non-Independent Directors and other items as stipulated under the Listing Regulations. The criteria of evaluation has been explained in the Corporate Governance Report.

#### **FAMILIARIZATION PROGRAMMES**

The Company has put in place an induction and familiarisation programme for all its Directors including the Independent Directors. The familiarisation programme for Independent Directors in terms of provisions of Regulation 46(2)(i) of Listing Regulations, is uploaded on the website of the Company [www.lgb.co.in](http://www.lgb.co.in).

#### **NOMINATION AND REMUNERATION POLICY**

The Company pursuant to the provisions of Section 178 of the Companies Act, 2013 and in terms of Regulation 19(4) of the SEBI Listing Regulations has formulated a policy on Nomination and Remuneration for its Directors, Key Managerial Personnel and senior management which inter-alia provides the diversity of the Board and provides the mechanism for performance evolution of the Directors and the said policy have been outlined in the Corporate Governance Report which forms part of this Report.

#### **EXTRACT OF ANNUAL RETURN**

The extract of the Annual Return in Form MGT-9 as required under Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is given in 'Annexure A', which is Annexed hereto and forms a part of the Board's Report.

#### **AUDITORS**

##### **STATUTORY AUDITORS**

M/s. Suri & Co, Chartered Accountants (Firm Registration No. 004283S) is the statutory auditor of the Company. Its report is a part of the Annual Report.

Shareholders of the Company have approved the appointment of M/s. Suri & Co as the statutory auditor of the Company for five consecutive years, i.e., from the conclusion of the 62nd Annual General Meeting held on August, 30, 2018, until the conclusion of the 66th Annual General Meeting. Consequent to the amendments to Companies Act, 2013, ratification of appointment of the statutory auditor at every Annual General Meeting is no



longer required. The Company has obtained a certificate from the statutory auditors to the effect that their appointment would be in accordance with the provisions of section 141 of the Companies Act, 2013.

Further, there are no qualifications, reservations or adverse remarks or disclaimers made by M/s. Suri & Co., the statutory auditors in their report for the year ended March 31, 2020.

#### **COST AUDITOR & MAINTENANCE OF COST RECORDS**

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with notifications/ circulars issued by the Ministry of Corporate Affairs from time to time and as per the recommendation of the Audit Committee, the Board of Directors at their meeting dated 5th June, 2020 appointed Dr. G.L. Sankaran, Cost Accountant, as Cost Auditor of the Company for the financial year 2020-2021. Pursuant to Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Accounts) Rules, 2014, the remuneration payable to the Cost Auditors is subject to the ratification by the shareholders at the ensuing annual general meeting. Necessary resolution has been included in the notice of the ensuing annual general

meeting for the approval of the members. The Board recommends the ratification of their remuneration.

The Cost Audit Report for the financial year 2019-2020 will be filed within the period stipulated under Companies Act, 2013.

The Company has made and maintained cost records as prescribed by the Central Government under Section 148 of the Companies Act, 2013.

#### **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company engaged the services of Mr. M.D. Selvaraj, FCS of M/s. MDS & Associates, Company Secretaries, Coimbatore to conduct the Secretarial Audit of the Company for the financial year ended 31st March 2020.

The Secretarial Audit Report (Form MR - 3) is attached as Annexure B to this Directors' Report. With respect to the observations made by the Secretarial Auditor in his report, your Directors wish to reply as below:

<b>Secretarial Auditor's Observation</b>	<b>Reply to the observation</b>
The market purchase of the equity shares of the Company by one of the entities belonging to the promoter group and the market sale of, the invocation and creation of pledge on the equity shares of the Company by one of the promoter directors during the period from "24th March, 2020 to 31st March, 2020", were belatedly reported to the Stock Exchange(s) under Regulation 7(2)(b) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 on 16th May, 2020 and 20th May, 2020 respectively.	The delay in submission of disclosure(s) to the Stock Exchange(s) under Regulation 7(2)(b) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 were caused due to the temporary closure of the Company in accordance with the directives / guidelines issued by the Central and State Government(s) on account of the ongoing pandemic of COVID-19. The belated reporting was neither willful nor intentional and it was due to the situation beyond the control of the Company.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY**

During the financial year ended March 31, 2020 no loan or guarantee or security under Section 186 of the Companies Act, 2013 were given by the Company. The details of the investments made during the year under review and the investments made in earlier years has been disclosed under the relevant notes to standalone financial statements.

#### **RELATED PARTY TRANSACTIONS**

All Related Party Transaction (RPTs) entered during the financial year were on an arm's length basis and in the ordinary course of business. In compliance with applicable provisions of the Act and Listing Regulations, for the RPTs which are foreseen and repetitive in nature, Omnibus Approval of the Audit Committee is obtained at the beginning of the financial year, as per the RPT policy of the Company. All the RPTs affected during the year are disclosed in the notes to Financial Statements.

There are no materially significant RPTs made by the Company which have a potential conflict with the interest of the Company at large and thus disclosure in Form AOC-2 is not required.

#### **COVID-19**

In order to contain the spread of the novel Corona Virus Disease ('COVID-19') and in line with the nationwide lockdown and other directives announced by the Central and the State Governments, the administrative offices and the manufacturing facilities of the Company situated at various States viz., Haryana, Maharashtra, Uttarakhand and Rajasthan were closed from 24th March 2020 and in the State of Tamil Nadu and Karnataka were closed from 25th March, 2020. The said closure(s) of manufacturing facilities have adversely affected the operations of the Company but howsoever the same does not affect the Company's ability to meet out its debt and other financial commitments.

The Company have obtained requisite permissions from the local authorities and resumed the operations at its various manufacturing facilities from 15th May, 2020 onwards in a phased manner. The Company have implemented all necessary standard operating procedures including physical distancing, sanitization, fumigation and other health and safety norms / guidelines / directives issued by the Central and State Governments from time to time, in the factories, administrative & registered office spaces to minimize the health risk and to ensure the well-being of its employees and to ensure the smooth functioning of the operations.

The availability of labour coupled with uncertain and frequently changing situation prevailing due to the COVID-19 pandemic and the unpredictable market conditions continues to pose challenges. However, the Company and its management are confident to manage the crisis and the overall business operations is expected to evolve over a period of time.

#### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN MARCH 31, 2020 AND THE DATE OF THE REPORT**

In view of the Government Directive to prevent and contain the spread of COVID-19 and to ensure safety and well being of employees and stakeholders, the operations of the Company at all the plants and offices were closed

from 25th March, 2020 and opened in staggered phases at some places.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars as prescribed under Section 134(3) (m) of the Companies Act, 2013 read with Companies (Accounts of Companies) Rules, 2014 are set out in an "Annexure-C" to this report.

#### **RISK MANAGEMENT POLICY**

The Board of Directors of the Company has formulated a Risk Management Policy which aims at enhancing Shareholder's value and providing an optimum risk-reward trade off. The risk management approach is based on the clear understanding of the variety of risks that the organization faces, disciplined risk monitoring and measurement and continuous risk assessment and mitigation reserves.

#### **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

At LGB, we consider it as our responsibility to support underprivileged people, to live a life with dignity and quality. LGB undertake its CSR activities primarily in quality health, education and skilling. A detailed report on LGB's various CSR initiatives has been annexed in the Report as "Annexure - D". The CSR Policy is available on the website <http://www.lgb.co.in/pdf/corporatesocial-responsibility-policy.pdf> of the Company.

The composition of the Corporate Social Responsibility Committee and the details of the meetings held during the year are disclosed in the Corporate Governance Report.

#### **FIXED DEPOSITS**

As at 31st March, 2020, fixed deposits accepted by the Company from public and shareholders aggregated to Rs. 1,340.51 Lakhs, which are within the limits prescribed under the Companies Act, 2013 and the rules framed there under.

With the notification of applicable provisions of the Companies Act, 2013 governing deposits, with effect from 1st April, 2014, approval of shareholders was obtained by way of Special Resolution for inviting/ accepting/ renewing deposits.

The provisions of the Companies Act, 2013 also mandate that any Company inviting/ accepting/ renewing deposits is required to obtain Credit Rating from a recognized credit rating agency. Your Company has obtained a credit rating "MAA" for its fixed deposit from ICRA.

The details relating to deposits covered under Chapter V of the 2013 Act are given here under:

₹ In Lakhs

Accepted during the year	230.38
Remained unpaid or unclaimed as at the end of the year	Nil
Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved	Nil
a) At the beginning of the year	1727.10
b) Maximum during the year	1733.10
c) At the end of the year	1340.51
The details of deposits which are not in compliance with the requirements of Chapter V of the Act	NA

In accordance with Rule 16A of the Companies (Acceptance of Deposits) Rules, 2014, the monies received from the Directors, if any, has been disclosed under relevant notes to the financial statements.

#### DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL.

No Significant and Material orders have been passed by any Regulator or Court or Tribunal which can have an impact on the going concern status and the Company's operations in future.

#### ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has implemented and evaluated the Internal Financial Controls which provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes and policies, safeguarding of assets, prevention and detection of frauds, accuracy and completeness of accounting records.

The Directors and Management confirm that the Internal Financial Controls (IFC) are adequate with respect to the operations of the Company. A report of Auditors pursuant to Section 143(3) (i) of the Companies Act, 2013 certifying the adequacy of Internal Financial Controls is annexed with the Auditors report.

#### DETAILS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013

Details pursuant to Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 form part of this Report and are annexed herewith as "Annexure - E"

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has established adequate internal control procedures, commensurate with the nature of its business and size of its operations. The Company maintains all its records in SAP System and the work flow and approvals are routed through SAP.

The Company has appointed Internal Auditors to observe the Internal Controls, whether the work flow of organization is being done through the approved policies of the Company. In every Quarter during the approval of Financial Statements, Internal Auditors will present the Internal Audit Report and Management Comments on the Internal Audit observations;

The Board of Directors of the Company have adopted various policies like Related Party Transactions Policy, Whistle Blower Policy, Policy to determine Material Subsidiaries and such other procedures for ensuring the orderly and efficient conduct of its business for safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

#### SUBSIDIARY COMPANIES, JOINT VENTURE AND CONSOLIDATED FINANCIAL STATEMENTS:

As per the provisions of Section 129 of the Companies Act, 2013 read with the Companies (Accounts) Rules 2014, a separate statement containing the salient features of the financial statements of subsidiary companies/ associate companies/joint ventures is detailed in Form AOC-1 and is in Annexure-F to this Report.

During the year, the following are the changes in the subsidiaries of the Company:

The Company has three subsidiaries viz., LGB USA INC., (Direct Overseas Subsidiary), GFM Acquisition LLC and GFM LLC (Step down overseas subsidiaries) in USA. Statement containing salient features of financial statements of subsidiaries pursuant to Section 129(3) of the Companies Act, 2013 (Act) read with Rule 5 of The Companies (Accounts) Rules, 2014 is annexed to this Report as "Annexure F" in the prescribed Form AOC-1.

As per the provisions of Section 136 of the Companies Act, 2013, the Company has placed separate audited accounts of its subsidiaries on its website [www.lgb.co.in](http://www.lgb.co.in) and copy of separate audited financial statements of its subsidiaries will be provided to the shareholders at their request. The Company has laid down policy on Material subsidiary and the same is placed on the website <http://www.lgb.co.in/pdf/policy-on-material-subsidiaries.pdf>. None of the subsidiaries are material subsidiary as per the provisions of SEBI (LODR) Regulations, 2015.

#### **NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR**

During the year under review, your Company sold entire shareholding in erstwhile associate ie. M/s. Renold Chain India Private Limited. No other Company has become or ceased to be a subsidiary, associate or joint venture of the Company during the year.

#### **CHANGE IN THE NATURE OF BUSINESS, IF ANY**

There was no change in the nature of business of the Company during the financial year ended 31<sup>st</sup> March, 2020.

#### **MANAGEMENT DISCUSSION & ANALYSIS**

As per requirements of Listing Regulations, a detailed review of the developments in the industry, performance of the Company, opportunities and risks, internal control systems, outlook etc. of the Company is given under the head Management Discussion and Analysis Report, which forms part of this Annual Report as "Annexure G".

#### **CORPORATE GOVERNANCE REPORT**

The Company is committed to good corporate governance practices. The Report on Corporate Governance, as stipulated under Listing Regulations, forms an integral

part of this Annual Report. The requisite certificate from Mr. M.D. Selvaraj of M/s. MDS & Associates, Company Secretaries, is attached to the Report on Corporate Governance as Annexure H.

#### **AUDIT COMMITTEE**

Audit Committee of the Company meets the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The details of the composition of the Audit Committee as required under the provisions of Section 177(8) of the Companies Act, 2013 are given in the Corporate Governance Report which forms part of this annual report. During the year under review, the Board has accepted all the recommendations of the Audit Committee.

#### **VIGIL MECHANISM**

Your Company has adopted a Whistle Blower Policy as a part of its vigil mechanism. The purpose of the policy is to enable any person (employees, customers or vendors) to raise concerns regarding unacceptable improper practices and/or any unethical practices in the organisation without the knowledge of the management. All employees shall be protected from any adverse action for reporting any unacceptable or improper practice and/or any unethical practice, fraud or violation of any law, rule or regulation. This policy is also applicable to the Directors of the Company.

#### **LISTING OF EQUITY SHARES**

The Company's equity shares continue to be listed at National Stock Exchange of India Limited and BSE Limited. We confirm that the Listing fee for the financial year 2020-2021 has been paid to them.

#### **BUSINESS RESPONSIBILITY REPORT**

A Business Responsibility Report as per Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, detailing the various initiatives taken by your Company on the environmental, social and governance front, form as integral part of this report as Annexure I.

#### **HUMAN RESOURCE**

Your Company Firmly believes that employees are its most valued resource and their efficiency plays a key role in achieving defined goals and building a competitive work

environment. Many initiatives have been taken to support business through organizational efficiency, process change support and various employee engagement programmes which has helped the Organization achieve higher productivity levels. In its pursuit to attract, retain and develop best available talents, several programmes are regularly conducted at various levels across the Company. Employee relations continued to be cordial and harmonious across all levels and at all the units of the Company.

#### **POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE**

Your Company gives prime importance to the dignity and respect of its employees irrespective of their gender or hierarchy and expects responsible conduct and behaviour on the part of employees at all levels. Providing a safe and congenial work environment for all employees is an integral part of the Company's Code of Conduct.

In compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder, your Company has adopted a policy on Prevention of Sexual Harassment at Workplace. During the financial year 2019-20, the committee submitted its Annual Report as prescribed in the said Act and there was no complaint of sexual harassment received during the financial year 2019-2020.

#### **ACKNOWLEDGEMENT**

Your Directors would like to express their sincere appreciation of the positive co-operation received from the Government Authorities, Financial Institutions, Bankers and all its Stakeholders and Customers

**For and on behalf of the Board of Directors**

Coimbatore  
05.06.2020

**B. VIJAYAKUMAR**  
Chairman and Managing Director  
DIN: 00015583

**P. PRABAKARAN**  
Managing Director  
DIN : 01709564

**ANNEXURE 'A'**
**EXTRACT OF ANNUAL RETURN as on the financial year ended 31.03.2020**

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**FORM NO. MGT - 9**

I.	REGISTRATION AND OTHER DETAILS:	
i)	CIN	L29191TZ1956PLC000257
ii)	Registration Date	24/03/1956
iii)	Name of the Company	L.G.BALAKRISHNAN & BROS LIMITED
iv)	Category / Sub-Category of the company	Company having Share Capital/Non-Govt. Company
v)	Address of the Registered office and contact details	6/16/13 Krishnarayapuram Road, Ganapathy Post, Coimbatore - 641 006 Tel: 0422-2532325 Fax: 0422 - 2532333
vi)	Whether listed company Yes / No	Yes
vii)	Name, Address and contact details of Registrar and Transfer Agent, if any	M/s.Cameo Corporate Services Limited "Subramanian Building" No.1, Club House Road Chennai - 600 002 Phone No. 044 - 28460390

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No	Name and Description of main products / services	NIC Code of the Products/ Service	% to total turnover of the Company
1.	Transmission	2814	77.03%
2.	Metal Forming	2592	22.97%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:-**

Sl. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of Shares held	Applicable Section
1.	LGB USA INC. 1209, Orange Street City of Wilmington Country of New Castle, Delaware 19801	Foreign Company	Subsidiary	95.28%	2(87)
2.	GFM Acquisition LLC 15585 Sturgeon Street, Roseville Michigan 48066	Foreign Company	Stepdown Subsidiary	Holding by LGB USA 98.00%	2(87)
3.	GFM LLC, 15585 Sturgeon Street, Roseville Michigan 48066	Foreign Company	Stepdown Subsidiary	Holding by GFM Acquisition LLC 100%	2(87)



#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category Code	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
<b>(A)</b>	<b>Promoter</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individuals/ HUF	12035600	0	12035600	38.34	11653493	0	11653493	37.12	-1.22
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	3024706	-	3024706	9.63	3219905	-	3219905	10.26	0.63
(d)	Financial Institutions /Banks									
(e)	Any Other (specify)									
	<b>Sub-Total (A)(1)</b>	<b>15060306</b>	<b>-</b>	<b>15060306</b>	<b>47.97</b>	<b>14873398</b>	<b>-</b>	<b>14873398</b>	<b>47.38</b>	<b>-0.59</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	NRI - Individuals	-	-	-	-	-	-	-	-	-
(b)	Other Individual	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Bank / FI	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>15060306</b>	<b>-</b>	<b>15060306</b>	<b>47.97</b>	<b>14873398</b>	<b>-</b>	<b>14873398</b>	<b>47.38</b>	<b>-0.59</b>
<b>(B)</b>	<b>Public shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds	4457165	-	4457165	14.20	4756728	-	4756728	15.15	0.95
(b)	Banks / FI	42011	8	42019	0.13	31464	8	31472	0.10	-0.03
(c)	Central Government	-	-	-	-	-	-	-	-	-
(d)	State Government(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	FIs	1200	-	1200	0.00	1200	-	1200	0.00	0.00
(h)	Foreign Portfolio Investors	175002	-	175002	0.56	150878	-	150878	0.48	-0.08
(h)	Foreign Venture Capital Funds		-	-	-	-	-	-	-	-
(i)	Alternate Investment Funds	768175	-	768175	2.45	820195	-	820195	2.61	0.16
	<b>Sub-Total (B)(1)</b>	<b>5443553</b>	<b>8</b>	<b>5443561</b>	<b>17.34</b>	<b>5760465</b>	<b>8</b>	<b>5760473</b>	<b>18.35</b>	<b>1.00</b>



#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)

##### i) Category-wise Share Holding (Contd.)

Category Code	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% Total Shares	Demat	Physical	Total	% Total Shares	
(2)	<b>Non-institutions</b>									
(a)	<b>Bodies Corporate</b>									
(i)	Indian	396478	5328	401806	1.28	475408	5328	480736	1.53	0.25
(ii)	Overseas	-	-	-	-	-	-	-	-	-
(b)	<b>Individuals</b>									
(i)	Individual shareholders holding nominal share capital up to ₹ 1 lakh.	5715864	603543	6319407	20.13	5788811	563393	6352204	20.23	0.10
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	3298359	100400	3398759	10.83	3089662	71000	3160662	10.07	-0.76
(c)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(d)	<b>Any Other (specify)</b>									
	NRIs/OCBs	253740	8418	262158	0.84	265873	7320	273193	0.87	0.03
	Clearing Member	8058	-	8058	0.03	40055	-	40055	0.13	0.10
	Directors & Relatives	113620	800	114420	0.36	77804	800	78604	0.25	-0.11
	IEPF	45364	-	45364	0.14	48703	-	48703	0.16	0.02
	Hindu Undivided Families	326437	-	326437	1.04	312248	-	312248	0.99	-0.05
	Trusts	12140	-	12140	0.04	12140	-	12140	0.04	-
	<b>Sub-Total (B)(2)</b>	<b>10170060</b>	<b>718489</b>	<b>10888549</b>	<b>34.69</b>	<b>10110704</b>	<b>647841</b>	<b>10758545</b>	<b>34.27</b>	<b>-0.42</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>15613613</b>	<b>718497</b>	<b>16332110</b>	<b>52.03</b>	<b>15871169</b>	<b>647849</b>	<b>16519018</b>	<b>52.62</b>	<b>0.59</b>
(C)	<b>Shares held by Custodians for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>30673919</b>	<b>718497</b>	<b>31392416</b>	<b>100.00</b>	<b>30744567</b>	<b>647849</b>	<b>31392416</b>	<b>100.00</b>	<b>-</b>

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)

##### ii) Shareholding of Promoters

S. No.	Shareholders Name	No. of Shares held at the beginning of the year 01.04.2019			No. of Shares held at the end of the year 31.03.2020			% change in share holding during the year
		No. of Shares	% of total Share of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Share of the Company	% of Shares Pledged / encumbered to total shares	
1	B.Vijayakumar	5014000	15.97	-	5014000	15.97	-	-
2	Vijayshree Vijayakumar	35624	0.11	-	35624	0.11	-	-
3	V.Rajsri	2179152	6.94	-	2179152	6.94	-	-
4	V.Rajvirdhan	4397172	14.01	5.10	4010372	12.77	10.42	-1.24
5	K.Arjun	204848	0.65	-	209541	0.67	-	0.02
6	K.Nithin	204800	0.65	-	204800	0.65	-	-
7	Rajiv Parthasarathy	4	-	-	4	-	-	-
8	ELGI Automotive Services Private Ltd	80000	0.25	-	80000	0.25	-	-
9	LGB Auto Products Pvt Ltd	1750000	5.58	-	1750000	5.58	-	-
10	LG Farm Products Pvt Ltd	800000	2.55	-	800000	2.55	-	-
11	Super Speeds Private Ltd	50000	0.16	-	50000	0.16	-	-
12	LG Sports Private Ltd	197506	0.63	-	382000	1.22	-	0.59
13	Super Transports Pvt Ltd	140000	0.45	-	140000	0.45	-	-
14	Silent Chain India Pvt Ltd	7200	0.02	-	7200	0.02	-	-
15	Tribe Investments and Services Private Limited	-	-	-	10705	0.03	-	0.03
	Total	15060306	47.97	5.10	14873398	47.38	10.42	0.59

iii) Change in Promoters' shareholding (Please specify, if there is no change)

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>1</b>	<b>B Vijayakumar</b>				
	At the beginning of the year	5014000	15.97	5014000	15.97
	At the end of the year	5014000	15.97	5014000	15.97
<b>2</b>	<b>Vijayshree Vijayakumar</b>				
	At the beginning of the year	35624	0.11	35624	0.11
	At the end of the year	35624	0.11	35624	0.11
<b>3</b>	<b>V Rajsri</b>				
	At the beginning of the year	2179152	6.94	2179152	6.94
	At the end of the year	2179152	6.94	2179152	6.94
<b>4</b>	<b>V.Rajvirdhan</b>				
	At the beginning of the year	4397172	14.01	4397172	14.01
	Sale of shares as on 17.09.2019	10000	0.03	4387172	13.98
	Sale of shares as on 18.09.2019	10000	0.03	4377172	13.94
	Sale of shares as on 23.09.2019	313	0.00	4376859	13.94
	Sale of shares as on 04.11.2019	20000	0.06	4356859	13.88
	Sale of shares as on 05.11.2019	41000	0.13	4315859	13.75
	Sale of shares as on 28.11.2019	1341	0.01	4314518	13.74
	Sale of shares as on 05.12.2019	2620	0.01	4311898	13.74
	Sale of shares as on 10.12.2019	1105	0.00	4310793	13.73
	Sale of shares as on 11.12.2019	3634	0.01	4307159	13.72
	Sale of shares as on 13.12.2019	3273	0.01	4303886	13.71
	Sale of shares as on 16.12.2019	3332	0.01	4300554	13.70
	Sale of shares as on 18.12.2019	32015	0.10	4268539	13.60
	Sale of shares as on 23.12.2019	25000	0.08	4243539	13.52
	Sale of shares as on 24.12.2019	26000	0.08	4217539	13.43
	Sale of shares as on 26.12.2019	4040	0.01	4213499	13.42
	Sale of shares as on 03.02.2020	10000	0.03	4203499	13.39
	Sale of shares as on 04.02.2020	25000	0.08	4178499	13.31
	Sale of shares as on 06.02.2020	1000	0.00	4177499	13.31
	Sale of shares as on 26.02.2020	20000	0.06	4157499	13.24
	Sale of shares as on 27.02.2020	20000	0.06	4137499	13.18
	Sale of shares as on 28.02.2020	6296	0.02	4131203	13.16
	Sale of shares as on 02.03.2020	10000	0.03	4121203	13.13
	Sale of shares as on 03.03.2020	20000	0.06	4101203	13.06
	Sale of shares as on 11.03.2020	25000	0.08	4076203	12.98
	Sale of shares as on 17.03.2020	1000	0.00	4075203	12.98
	Sale of shares as on 18.03.2020	1000	0.00	4074203	12.98
	Sale of shares as on 19.03.2020	5000	0.02	4069203	12.96
	Sale of shares as on 24.03.2020	10000	0.03	4059203	12.93
	Sale of shares as on 24.03.2020*	48831	0.16	4010372	12.77
	At the end of the year	4010372	12.77	4010372	12.77

iii) Change in Promoters' shareholding (Please specify, if there is no change) (Contd.)

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>5</b>	<b>Arjun Karivardhan</b>				
	At the beginning of the year	204848	0.65	204848	0.65
	Purchase of Shares as on 09.08.2019	2443	0.01	207291	0.66
	Purchase of Shares as on 21.08.2019	2250	0.01	209541	0.67
	At the end of the year	209541	0.67	209541	0.67
<b>6</b>	<b>K Nithin</b>				
	At the beginning of the year	204800	0.65	204800	0.65
	At the end of the year	204800	0.65	204800	0.65
<b>7</b>	<b>Rajiv Parthasarathy</b>				
	At the beginning of the year	4	0.00	4	0.00
	At the end of the year	4	0.00	4	0.00
<b>8</b>	<b>ELGI Automotive Services Private Limited</b>				
	At the beginning of the year	80000	0.25	80000	0.25
	At the end of the year	80000	0.25	80000	0.25
<b>9</b>	<b>LGB Auto Products Private Limited</b>				
	At the beginning of the year	1750000	5.57	1750000	5.57
	At the end of the year	1750000	5.57	1750000	5.57
<b>10</b>	<b>LG Farm Products Private Limited</b>				
	At the beginning of the year	800000	2.55	800000	2.55
	At the end of the year	800000	2.55	800000	2.55
<b>11</b>	<b>Super Speeds Private Limited</b>				
	At the beginning of the year	50000	0.16	50000	0.16
	At the end of the year	50000	0.16	50000	0.16
<b>12</b>	<b>LG Sports Private Limited</b>				
	At the beginning of the year	197506	0.63	197506	0.63
	Purchase of Shares as on 18.06.2019	7250	0.02	204756	0.65
	Purchase of Shares as on 19.06.2019	2984	0.01	207740	0.66
	Purchase of Shares as on 20.06.2019	2260	0.01	210000	0.67
	Purchase of Shares as on 24.06.2019	1200	0.00	211200	0.67
	Purchase of Shares as on 25.06.2019	1300	0.00	212500	0.68
	Purchase of Shares as on 26.06.2019	900	0.00	213400	0.68
	Purchase of Shares as on 27.06.2019	800	0.00	214200	0.68
	Purchase of Shares as on 28.06.2019	800	0.00	215000	0.68
	Purchase of Shares as on 14.08.2019	15000	0.05	230000	0.73
	Purchase of Shares as on 16.08.2019	6000	0.02	236000	0.75
	Purchase of Shares as on 19.08.2019	7500	0.02	243500	0.78
	Purchase of Shares as on 20.08.2019	1000	0.00	244500	0.78
	Purchase of Shares as on 21.08.2019	2500	0.01	247000	0.79
	Purchase of Shares as on 22.08.2019	1500	0.00	248500	0.79
	Purchase of Shares as on 23.08.2019	1400	0.00	249900	0.80

iii) Change in Promoters' shareholding (Please specify, if there is no change) (Contd.)

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	Purchase of Shares as on 26.08.2019	3600	0.01	253500	0.81
	Purchase of Shares as on 27.08.2019	1200	0.00	254700	0.81
	Purchase of Shares as on 28.08.2019	1000	0.00	255700	0.81
	Purchase of Shares as on 29.08.2019	2000	0.01	257700	0.82
	Purchase of Shares as on 30.08.2019	1000	0.00	258700	0.82
	Purchase of Shares as on 03.09.2019	1050	0.00	259750	0.83
	Purchase of Shares as on 04.09.2019	2350	0.01	262100	0.83
	Purchase of Shares as on 05.09.2019	1000	0.00	263100	0.84
	Purchase of Shares as on 06.06.2019	1900	0.01	265000	0.84
	Purchase of Shares as on 09.09.2019	1000	0.00	266000	0.85
	Purchase of Shares as on 11.09.2019	1000	0.00	267000	0.85
	Purchase of Shares as on 12.09.2019	1000	0.00	268000	0.85
	Purchase of Shares as on 13.09.2019	400	0.00	268400	0.85
	Purchase of Shares as on 16.09.2019	600	0.00	269000	0.86
	Purchase of Shares as on 19.09.2019	25000	0.08	294000	0.94
	Purchase of Shares as on 24.09.2019	3173	0.01	297173	0.95
	Purchase of Shares as on 25.09.2019	1327	0.00	298500	0.95
	Purchase of Shares as on 26.09.2019	1500	0.00	300000	0.96
	Purchase of Shares as on 12.03.2020	1171	0.00	301171	0.96
	Purchase of Shares as on 13.03.2020	2683	0.01	303854	0.97
	Purchase of Shares as on 16.03.2020	3388	0.01	307242	0.98
	Purchase of Shares as on 18.03.2020	10758	0.03	318000	1.01
	Purchase of Shares as on 19.03.2020	18358	0.06	336358	1.07
	Purchase of Shares as on 23.03.2020	10642	0.03	347000	1.10
	Purchase of Shares as on 24.03.2020	35000	0.16	382000	1.22
	At the end of the year	382000	1.22	382000	1.22
<b>13</b>	<b>Super Transports Private Limited</b>				
	At the beginning of the year	140000	0.44	140000	0.44
	At the end of the year	140000	0.44	140000	0.44
<b>14</b>	<b>Silent Chain India Private Limited</b>				
	At the beginning of the year	7200	0.02	7200	0.02
	At the end of the year	7200	0.02	7200	0.02
<b>15</b>	<b>Tribe Investment &amp; Services Private Limited</b>				
	At the beginning of the year	0	0.00	0.00	0.00
	Purchase of Shares as on 27.02.2020	2000	0.01	2000	0.01
	Purchase of Shares as on 13.03.2020	4000	0.01	6000	0.02
	Purchase of Shares as on 13.03.2020	500	0.00	6500	0.02
	Purchase of Shares as on 13.03.2020	1205	0.00	7705	0.02
	Purchase of Shares as on 16.03.2020	1000	0.01	8705	0.03
	Purchase of Shares as on 19.03.2020	2000	0.01	10705	0.03
	At the end of the year	10705	0.03	10705	0.03

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)

iv) Shareholding Pattern of Top Ten Shareholders (Other than directors, Promoters and Holders of GDRs and ADRs)

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	<b>Reliance Capital Trustee Co. Ltd-A/C</b>				
	<b>Reliance Small Cap Fund</b>				
	At the beginning of the year	2100798	6.69	2100798	6.69
	Purchase 30-Aug-2019	1508	0.00	2102306	6.70
	Sale 03-Jan-2020	-57847	0.18	2044459	6.51
	Purchase 17-Jan-2020	10409	0.03	2054868	6.55
	At the end of the Year 31-Mar-2020	2054868	6.55	2054868	6.55
2	<b>HDFC Smallcap Fund</b>				
	At the beginning of the year 30-Mar-2019	1378682	4.39	1378682	4.39
	Purchase 26-Jul-2019	1200	0.00	1379882	4.40
	Purchase 02-Aug-2019	98400	0.31	1478282	4.71
	Purchase 09-Aug-2019	102750	0.33	1581032	5.04
	Purchase 16-Aug-2019	11490	0.04	1592522	5.07
	Purchase 30-Aug-2019	98500	0.31	1691022	5.39
	Purchase 13-Sep-2019	274172	0.87	1965194	6.26
	Purchase 20-Sep-2019	39700	0.13	2004894	6.39
	Purchase 27-Sep-2019	2000	0.01	2006894	6.39
	At the end of the Year 31-Mar-2020	2006894	6.39	2006894	6.39
3	<b>Sundaram Mutual fund A/c Sundaram</b>				
	<b>Smallcap Fund</b>				
	At the beginning of the year	611272	1.95	611272	1.95
	Purchase 20-Mar-2020	2000	0.01	613272	1.95
	At the end of the Year	613272	1.95	613272	1.95
4	<b>SUNDARAM ALTERNATIVE OPPORTUNITIES</b>				
	<b>FUND - NANO CAP SERIES I</b>				
	At the beginning of the year	554740	1.77	554740	1.77
	Sale 13-Sep-2019	-73319	0.23	481421	1.53
	At the end of the Year	481421	1.53	481421	1.53
5	<b>B V Educational Foundation</b>				
	At the beginning of the year	411000	1.31	411000	1.31
	At the end of the Year	411000	1.31	411000	1.31
6	<b>B V Medical Foundation</b>				
	At the beginning of the year	314000	1.00	314000	1.00
	At the end of the year	314000	1.00	314000	1.00

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)

iv) Shareholding Pattern of Top Ten Shareholders (Other than directors, Promoters and Holders of GDRs and ADRs)

	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
7	<b>Sundaram Alternative Opportunities Fund - Nano Cap Series II</b>				
	At the beginning of the year	186000	0.59	186000	0.59
	Sale 13-Sep-2019	-27486	0.09	158514	0.50
	At the end of the Year	158514	0.50	158514	0.50
8	<b>R Srinivasan</b>				
	At the beginning of the year	291950	0.93	291950	0.93
	At the end of the Year	291950	0.93	291950	0.93
9	<b>Nozer Jasi Shroff</b>				
	At the beginning of the year	120000	0.38	120000	0.38
	At the end of the Year	120000	0.38	120000	0.38
10	<b>Shelly Desai</b>				
	At the beginning of the year	95089	0.30	95089	0.30
	Purchase 26-Jul-2019	86500	0.28	181589	0.58
	At the end of the Year	181589	0.58	181589	0.58
11	<b>Trustline Deep Alpha AIF</b>				
	At the beginning of the year	0	0.00	0	0.00
	Purchase 03-Jan-2020	35000	0.11	35000	0.11
	Purchase 24-Jan-2020	7500	0.02	42500	0.14
	Purchase 31-Jan-2020	15000	0.05	57500	0.18
	Purchase 07-Feb-2020	11500	0.04	69000	0.22
	Purchase 14-Feb-2020	7000	0.02	76000	0.24
	Purchase 21-Feb-2020	1670	0.01	77670	0.25
	Purchase 28-Feb-2020	12432	0.04	90102	0.29
	Purchase 06-Mar-2020	29508	0.09	119610	0.38
	Purchase 13-Mar-2020	8500	0.03	128110	0.41
	Purchase 20-Mar-2020	11200	0.04	139310	0.44
	Purchase 27-Mar-2020	4800	0.02	144110	0.46
	At the end of the Year	144110	0.46	144110	0.46
12	<b>Vanaja Sundar Iyer JT1 : Sundar Iyer **</b>				
	At the beginning of the year	313921	1.00	313921	1.00
	Sale 05-Apr-2019	-8640	0.03	305281	0.97
	Sale 26-Apr-2019	-22426	0.07	282855	0.90
	Sale 24-May-2019	-10487	0.03	272368	0.87
	Sale 02-Aug-2019	-172000	0.55	100368	0.32
	Sale 31-Dec-2019	-100368	0.32	0	0.00
	At the end of the Year	0	0.00	0	0.00

\*\* Ceased to be on the list of Top 10 Shareholders as on 31.03.2020

The same is reflected above since the Shareholder was one of the Top 10 Shareholders as on 31.03.2019



v) Shareholding of Directors and Key Managerial Personnel

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of Company	No. of Shares	% of total shares of Company
Sri.B.Vijayakumar	5014000	15.97	5014000	15.97
Sri P Prabakaran	800	0.00	3201	0.01
Smt V Rajsri	2179152	6.94	2179152	6.94
Sri V Rajvirdhan	4397172	14.01	4010372	12.77
Sri S Sivakumar	2010	0.01	1194	0.00
Sri V Govindarajulu	0	0.00	0	0
Sri P Shanmugasundaram	0	0.00	0	0
Sri R Vidhya Shankar	0	0.00	0	0
Smt Kanchana Manavalan	516	0.00	516	0
Sri G D Rajkumar	0	0	0	0
Sri.N.Rengaraj, Chief Financial Officer	1200	0.00	1200	0.00
Sri.M.Lakshmikanth Joshi, General Manager (Legal) and Company Secretary	0	0.00	0	0.00

V. INDEBTEDNESS

₹ in Lakhs

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	14,991.26	3,323.00	1,727.10	20,041.36
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	50.25	-	32.43	82.68
<b>Total (i+ii+iii)</b>	<b>115,041.51</b>	<b>3,323.00</b>	<b>1,759.53</b>	<b>20,124.04</b>
Change in Indebtedness during the financial year				
Addition	439.02	3,664.00	230.38	4,333.40
Reduction	7,131.94	6,242.00	616.97	13,990.91
Net Change	<b>(6,692.92)</b>	<b>(2,578.00)</b>	<b>(386.59)</b>	<b>(9,657.51)</b>
Indebtedness at the end of the financial year				
i) Principal Amount	18,298.34	745.00	1,340.51	10,383.85
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	37.89	20.90	37.13	95.92
<b>Total (i+ii+iii)</b>	<b>8,336.23</b>	<b>765.90</b>	<b>1,377.64</b>	<b>10,479.77</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

₹ in Lakhs

Sl. No	Particulars of Remuneration	Sri. B. Vijayakumar Chairman and Managing Director	Sri. P. Prabakaran Managing Director	Total
	Gross Salary			
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	110.54	72.80	183.34
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission	219.96	54.99	274.95
	- as % of profit			
	- others, specify	-		
5	Others, please specify i. Deferred bonus (pertaining to the current Financial year payable in 2018)ii. Retirals	-	-	-
	<b>Total (A)</b>	<b>330.50</b>	<b>127.79</b>	<b>458.29</b>

Note : Remuneration shown above includes salary, allowances, (based on receipt), companies contribution to Provident fund.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### B. Remuneration to other Directors:

#### 1. Independent Directors

₹ in Lakhs

Name of Directors	Particulars of Remuneration			Total (B)(1) in Lakhs
	Fee for attending Board / committee Meetings	Commission	Others, please specify	
Sri. P. Shanmugasundaram	2.70	-	-	2.70
Sri. V. Govindarajulu	2.70	-	-	2.70
Sri. R. Vidhya shankar	1.20	-	-	1.20
Smt. Kanchan Manavalan	2.70	-	-	2.70
Sri. G. D. Rajkumar	1.20	-	-	1.20
<b>Total Amount in Lakhs</b>	<b>10.50</b>	<b>-</b>	<b>-</b>	<b>10.50</b>

## 2. Non Executive Directors

₹ in Lakhs

Name of Directors	Particulars of Remuneration			Total (B)(2) in Lakhs	Total (B) = (B)(1) + (B)(2)
	Fee for attending Board / committee Meetings	Commission	Others, please specify		
Smt.Rajsri V	1.20	-	-	1.20	
Sri. V.Rajvirdhan	1.20	-	-	1.20	
Sri. S.Sivakumar	1.50	-	-	1.50	
<b>Total Amount in Lakhs</b>	<b>3.90</b>	<b>-</b>	<b>-</b>	<b>3.90</b>	<b>14.40</b>

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

₹ in Lakhs

Sl. No	Particulars of Remuneration		Sri. N. Rengaraj Chief Financial Officer	Sri. Lakshmikanth Joshi General Manager and Company Secretary	Total Amount in Lakhs
	Gross Salary		44.90	32.30	77.20
1	(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961			
	(b)	Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-
	(c)	Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Options		-	-	-
3	Sweat Equity		-	-	-
4	Commission		-	-	-
	- as % of profit		-	-	-
	- others, specify....		-	-	-
5	Others, please specify		-	-	-
	<b>Total</b>		<b>44.90</b>	<b>32.30</b>	<b>77.20</b>

Note : Remuneration shown above includes Salary, allowances, Bonus, Incentive (Based on receipts).

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
<b>A. COMPANY</b> Penalty Punishment Compounding					
	NONE				
<b>B. DIRECTORS</b> Penalty Punishment Compounding					
	NONE				
<b>C. OTHER OFFICERS IN DEFAULT</b> Penalty Punishment Compounding					
	NONE				

**For and on behalf of the Board of Directors**

Coimbatore  
05.06.2020

**B. VIJAYAKUMAR**  
Chairman and Managing Director  
DIN: 00015583

**P. PRABAKARAN**  
Managing Director  
DIN : 01709564

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,

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

(CIN: L29191TZ1956PLC000257)

6/16/13 Krishnarayapuram Road

Ganapathy, Coimbatore -641006

I have conducted the Secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. L G BALAKRISHNAN & BROS LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of M/s. L G BALAKRISHNAN & BROS LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2020 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment.

v. The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
- e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

I have also examined compliance with the applicable clauses of the following:

- a. Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI);
- b. The Listing Agreement entered into by the Company with BSE Limited and the National Stock Exchange of India Limited;

During the year under review the Company has complied with the provisions of the Act, Rules, Regulations, and Standards etc., mentioned above except the following observation;

*The market purchase of the equity shares of the Company by one of the entities belonging to the promoter group and the market sale of, the invocation and creation of pledge on the equity shares of the Company by one of the promoter directors during the period from "24th March, 2020 to 31st March, 2020", were belatedly reported to the Stock Exchange(s) under Regulation 7(2)(b) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 on 16th May, 2020 and 20th May, 2020;*

I further report that, during the year under review, there were no actions/ events in pursuance of the following Rules/Regulations requiring compliance thereof by the Company:

- a. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

I further report that based on the information provided by the Company, its officers and authorized representatives, there are no laws specifically applicable to the Company.

I further report that having regard to the compliance system prevailing in the Company and on the review of quarterly compliance reports taken on record by the Board of Directors and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the labour and environmental laws as applicable.

Place : Coimbatore  
Date : 05.06.2020

I further report that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same has been subject to review by statutory financial auditor and other designated professionals.

#### **I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

I further report that there were no instances of;

- Public / Rights / Preferential issue of shares / debentures / sweat equity
- Redemption / Buy-back of securities
- Major decision taken by the members in pursuant to Section 180 of the Companies Act, 2013
- Merger / Amalgamation / Reconstruction etc.
- Foreign technical collaborations

**M D Selvaraj**  
**MDS & Associates**  
**Company Secretaries**  
**FCS No.: 960 C P No.: 411**  
**UDIN : F000960B000318486**

*This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report*

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**‘Annexure B’**

To  
The Members,  
L G BALAKRISHNAN & BROS LIMITED  
CIN: L29191TZ1956PLC000257  
6/16/13 Krishnarayapuram Road  
Ganapathy  
Coimbatore -641006

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulation, standards is the responsibility of the management. My examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report 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.

**M D Selvaraj**  
**MDS & Associates**  
**Company Secretaries**  
**FCS No.: 960 C P No.: 411**  
**UDIN : F000960B000318486**

Place : Coimbatore  
Date : 05.06.2020



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

[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

**A. CONSERVATION OF ENERGY**

LGB is making continuous efforts to conserve and optimize the energy wherever possible by economizing on fuel and power.

During the year, LGB taken lot of effects to introduced energy conservation methods and achieved some considerable amount of saving in power & fuel cost. The Company implemented various latest technologies in manufacturing activities and thereby improving the production efficiency without consuming additional energy. Also replaced the old version lighting system in to latest technology LED Type Lamps in shop floor as well as outdoor lighting. Based on the findings, various formation of conservation measures have been taken to reduce power and fuels used by production equipments and utilities system. For new AC requirements, gone for latest technology with high energy efficiency Inverter model / 5 Star rating AC's.

**Green Power:**

LGB has installed 22 number of windmills with a total rated capacity of 7.16 MW. The total number of units of energy generated from these windmills was around 102.55 lakhs units which were used for captive consumption.

All the above green power has supported the energy requirement of company and minimized the power cost certainly.

Also the Company has installed 3 number of ON GRID solar power plants for a rated capacity of 100 KW each. The number of units generated through this solar system was around 1.20 lakhs units/Per 100 KW Solar Plant/Annum.

All the above green power has supported the energy requirement of company and minimized the power cost certainly.

Further LGB has setting up Roof Top Solar system at one of Coimbatore plant with capacity of 1.45 MW and expected green energy generation from this solar plant will be around 16 lakhs Units / Annum which will be going for captive consumption. Tentative time plan for commissioning this solar plant will be on end of June'20.

Also further proposal to setup Roof Top Solar system in another two manufacturing units which is now under discussion with solar power producers.

**(B) TECHNOLOGY ABSORPTION-****(i) the efforts made towards technology absorption -**

- ❖ Development of Silent type Timing Chains in higher sizes.
- ❖ Development of special surface treatment for pins.
- ❖ Development of different types of Chain Tensioners for export market.
- ❖ Design and development with upgraded softwares
- ❖ Special heat treatment process development for higher strength of the chains.

**(ii) the benefits derived like product improvement, cost reduction, product development or import substitution**

- ❖ Opening of new avenue of sales with new products
- ❖ Development of chains systems as Import Substitute for engines made in India by foreign OEM

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) -

- ❖ Centrifugal polishing for Chain components
- ❖ Vision inspection technology for seal rings
- ❖ Eddy current technology for material and HT identification
- ❖ Vacuum pumping technology for chain grease

(iv) the expenditure incurred on Research and Development

The Company has incurred a total expenditure of Rs.600.37 Lakhs (includes capital and recurring expenses) towards Research and Development.

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earned : ₹ 17272.76 Lakhs

Foreign Exchange used : ₹ 7482.41 Lakhs

**For and on behalf of the Board of Directors**

Coimbatore  
05.06.2020

**B. VIJAYAKUMAR**  
Chairman and Managing Director  
DIN: 00015583

**P. PRABAKARAN**  
Managing Director  
DIN : 01709564

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the (CSR) policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and projects or programs:

The Company's CSR policy has been uploaded in the website of the Company under the website: <http://www.lgb.co.in/pdf/corporate-social-responsibility-policy.pdf>

### 2. Composition of the CSR Committee

Sri. B.Vijayakumar	- Chairman
Smt.Rajsri Vijayakumar	- Member
Sri. R.Vidhyashankar	- Member

### 3. Average net profit of the Company for the last three financial years

Average net profit: ₹ 11,298.30 Lakhs

### 4. Prescribed CSR expenditure (2% of the average net profit of the last three financial years)

The Company during the financial year 2019-20 is required to spend ₹ 225.97 Lakhs towards CSR.

### 5. Details of CSR spent during the financial year:

- a) Total amount spent for the financial year; ₹ 140.84 Lakhs
- b) Amount unspent, if any; ₹ 85.13 Lakhs

Manner in which amount spent during the financial year is detailed below:

S. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise in ₹	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads; in ₹	Cumulative Expenditure upto the reporting period	Amount spent Direct or through implemen-tation agency
1	Karur Basketball Association	Training to promote rural sports, nationally recognised sports para	Tamilnadu	1,50,000	1,50,000	1,50,000	Directly
2	Library Buildings Saravanampatti	Promoting Education including Special Education	Tamilnadu	5,50,000	5,42,236	5,42,236	Directly

S. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise in ₹	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads; in ₹	Cumulative Expenditure upto the reporting period	Amount spent Direct or through implemen-tation agency
3	Mekkanamkulam Gramajana Committee	Protection of national heritage and culture including restoration of buildings and sites of historical importance	Kerala	3,00,000	3,00,000	3,00,000	Directly
4	St Joseph Leprosy Patient Society	Eradicating Hunger and Malnutrition, promoting preventive Health Care.	Tamilnadu	27,000	27,000	27,000	Directly
5	Rotary Club of Coimbatore Galaxy	Promoting Health Care including preventive health care	Tamilnadu	50,000	50,000	50,000	Directly
6	Bright Future Organization for Blind	Eradicating Hunger and Malnutrition, promoting preventive Health Care.	Tamilnadu	50,000	40,000	40,000	Directly

S. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise in ₹	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads; in ₹	Cumulative Expenditure upto the reporting period	Amount spent Direct or through implemen-tation agency
7	The Blind and Humanity Welfare Centre.	Eradicating Hunger and Malnutrition, promoting preventive Health Care.	Tamilnadu	75,000	67,500	67,500	Directly
8	Vimal Jeevan Santhi Leprosy Welfare Association	Eradicating Hunger and Malnutrition, promoting preventive Health Care.	TamilNadu	50,000	48,000	48,000	Directly
9	Manav Vikas	Promoting Education including Special Education	Maharashtra	1,00,000	84,053	84,053	Directly
10	Women Voluntary Services Association	Eradicating Hunger and Malnutrition, promoting preventive Health Care.	Tamilnadu	15,000	15,000	15,000	Directly
11	Art Motorsports Pvt Limited	Training to promote rural sports, nationally recognised sports para	Tamilnadu	1,00,000	1,00,000	1,00,000	Directly
12	The South India Welfare Trust	Training to promote rural sports, nationally recognised sports para	Tamilnadu	50,000	32,500	32,500	Directly

S. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise in ₹	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads; in ₹	Cumulative Expenditure upto the reporting period	Amount spent Direct or through implemen-tation agency
13	Amarjothi Leprosy Nilvaran Sangh	Eradicating Hunger and Malnutrition, promoting preventive Health Care.	Tamilnadu	50,000	40,775	40,775	Directly
14	Inmates Welfare Association	Eradicating Hunger and Malnutrition, promoting preventive Health Care.	Tamilnadu	75,000	59,600	59,600	Directly
15	LRG & GD Trust	Educational Aids to Students	Tamilnadu	70,00,000	66,63,192	66,63,192	Directly
16	The CBE Zoological Conservation	Promoting Health Care including preventive health care	Tamilnadu	1,00,000	1,00,000	1,00,000	Directly
17	Puliakulam Football Club	Training to promote rural sports, nationally recognised sports para	Tamilnadu	50,000	42,000	42,000	Directly
18	Nashik Run Charitable Trust	Training to promote rural sports, nationally recognised sports para	Maharashtra	25,000	25,000	25,000	Directly
19	Coimbatore District Association	Promoting Health Care including preventive health care	Tamilnadu	50,000	50,000	50,000	Directly

S. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise in ₹	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads; in ₹	Cumulative Expenditure upto the reporting period	Amount spent Direct or through implemen-tation agency
20	Para Volleyball Association	Training to promote rural sports, nationally recognised sports para	Tamilnadu	50,000	50,000	50,000	Directly
21	LGB Educational Foundation	Training to promote rural sports, nationally recognised sports para	Tamilnadu	50,00,000	50,00,000	50,00,000	Through Implem-enting Agencies
22	Kaur School - Sri Jayajothi Furnitures and KCM Steels	Promoting Education including Special Education	Tamilnadu	1,00,000	97,000	97,000	Directly
23	Amit Centre for Special Needs	Promoting Education including Special Education	Tamilnadu	5,00,000	5,00,000	5,00,000	Directly
				14,517,000	14,083,856	14,083,856	

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. The CSR programmes undertaken by the Company are on-going in nature. Considering that the CSR programmes often extend beyond the financial year, amount of the committed to be spent in CSR has remained unspent as on 31st March, 2020; the Company will endeavour to spend the same during the financial year 2020-21. In case of unspent CSR amount the Company is in the process of identifying new projects.
7. The CSR Committee hereby confirms that the implementation of CSR activities is in compliance with the CSR Objectives and CSR Policy of your Company.

**For and on behalf of the Board of Directors**

**B. VIJAYAKUMAR**

Chairman CSR Committee

Chairman and Managing Director

DIN: 00015583

**P. PRABAKARAN**

Managing Director

DIN : 01709564

Coimbatore  
05.06.2020



**A. Disclosure under Section 197(12) and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

1. Ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year ended March 31, 2020 and the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the Financial Year ended March 31, 2020:

Sr. No	Director	Category	Remuneration ₹ in lakhs	Median Remuneration	Ratio	% increase / (decrease)
1	Sri.B.Vijayakumar	Chairman and Managing Director	330.50	2.89	114:1	(12%)
2	Sri.P.Prabakaran	Managing Director	127.79	2.89	44:1	16%
3	Smt.Rajsri Vijayakumar	Non-Executive Promoter	-	-	-	
4	Sri.V.Rajvirdhan	Non-Executive Promoter	-	-	-	
5	Sri.S.Sivakumar	Non-Executive Non-Independent	-	-	-	
6	Smt.Kanchana Manavalan	Non- Executive Independent	-	-	-	
7	Sri.G.D.Rajkumar	Non-Executive Independent	-	-	-	
8	Sri.V.Govindarajulu	Non- Executive Independent	-	-	-	
9	Sri.P.Shanmugasundaram	Non- Executive Independent	-	-	-	
10	Sri.R.Vidhya Shankar	Non- Executive Independent	-	-	-	
11	Sri.N.Rengaraj	Chief Financial Officer	44.90	-	-	10%
12	Sri.M.Lakshmikanth Joshi	General Manager & Company Secretary	32.30	-	-	9%

Note: For this purpose, sitting fees paid to the Directors have not been considered as remuneration

2. Percentage increase in the median remuneration of employees in the financial year. : 4%
3. Number of permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2020. : 2245
4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration
- Average percentile increase in remuneration other than managerial personnel is -1% and average percentile increase / (decrease) in remuneration for managerial personnel is -5%
- Your director affirm that the remuneration is as per the Nomination and Remuneration Policy of the Company.
5. Affirmation that the remuneration is as per the remuneration policy of the Company

(a) Details of Top ten employees in terms of gross remuneration paid during the year ended March 31, 2020:  
Part B - Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

S. No	Name of Employee	Designation	Remuneration Received ₹ In Lakhs	Nature of Employment	Qualification	Experience (Years)	Date of Commencement of Employment	Age	Last Employment	% of Equity Share held
1	B. Vijayakumar	Chairman and Managing Director	330.50	Permanent	B.Sc	43	01.01.1977	67	NIL	15.97
2	P.Prabakaran	Managing Director	127.79	Permanent	BE	33	21.03.1988	61	Shanthi Gears Limited	0.01
3	N Rengaraj	Chief Financial Officer	44.90	Permanent	MBA ., FCA.	23	01.03.2004	51	Rubila International Limited	0.00
4	P.Subbiah	General Manager	34.84	Permanent	BE	33	02.07.2007	54	PHC Manufacturing Private Ltd	0.00
5	M Lakshmi Kanth Joshi	General Manager (Legal) and Company Secretary	32.30	Permanent	MBA, ACS, LLB	19	30.03.2005	53	Veejay Lakshmi Engineering Works Ltd	0.00
6	N Suresh Kumar	General Manager	32.29	Permanent	DME, B.B.A	29	01.02.1995	49	Milltex Engineering Private Ltd	0.00
7	P.S.Arul Ramalingam	Deputy General Manager	28.75	Permanent	BE	34	16.06.2011	57	Appicom India Private Ltd	0.00
8	A M Mohammed Yasin	Head Manufacturing & Admin	27.22	Permanent	BE	24	18.01.2019	44	Rockman Industries Ltd	0.00
9	J Prakash	Deputy General Manager	26.00	Permanent	DME	30	17.01.2000	49	Lakshmi Synthetic Machinery Private Ltd	0.00
10	M Dhanasekar	Deputy General Manager	25.78	Permanent	BE	28	29.11.1998	49	Sural Engineering Private Limited	0.00

(b) Details of every employee, who was employed throughout the financial year, was in receipt of gross remuneration for that year which, in the aggregate, was not less than One Crores Two Lakhs rupees;

S. No	Name of Employee	Designation	Remuneration Received ₹ In Lakhs	Nature of Employment	Qualification	Experience (Years)	Date of Commencement of Employment	Age	Last Employment	% of Equity Share held
1	B. Vijayakumar	CMD	330.50	Permanent	B.Sc	43	25.11.1986	66	NIL	15.97
2	P.Prabakaran	MD	127.79	Permanent	BE	33	21.03.1988	62	Shanthi Gears Ltd	0.01

**For and on behalf of the Board of Directors**

**B. VIJAYAKUMAR**  
Chairman and Managing Director  
DIN : 00015583

**P. PRABAKARAN**  
Managing Director  
DIN : 01709564

Coimbatore  
05.06.2020

**FORM AOC-1**

(Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the Financial Statement of Subsidiaries/Associate Companies/Joint Ventures.

**Part "A" : Subsidiaries**

		Figures in Lakhs	
1.	Name of the Subsidiary Company	LGB USA INC	
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting to period	01.01.2019 to 31.12.2019	01.01.2019 to 31.12.2019
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	INR	USD
4.	Share Capital	2,790.56	44.40
5.	Reserves & surplus	2,724.38	38.43
6.	Total Liabilities	9,546.91	139.40
7.	Total Assets	9,546.91	139.40
8.	Investments	NIL	NIL
9.	Turnover and other income	9,855.58	139.97
10.	Profit / (Loss) before Taxation	(529.26)	(7.95)
11.	Provision for Tax	Nil	Nil
12.	Profit / (Loss) after Taxation	(529.26)	(7.95)
13.	Proposed Dividend	Nil	Nil
14.	% of share holding	95.28	95.28

\* LGB USA INC. figures presented on a consolidated basis

Notes:

- Names of Subsidiaries which are yet to commence operations : None
- Names of Subsidiaries which have been liquidated or sold during the year : None
- Name of the Associate or Joint Venture which have been liquidated or sold during the year : Disinvestment of equity in M/s. Renold Chain India Private Limited

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## ANNEXURE 'G'

### INDUSTRY STRUCTURE AND DEVELOPMENT

India battles its worst pandemic crisis, there will be a huge toll on the economy and the automobile industry, in particular, will take a hit from multiple fronts: demand slump both domestically and exports, as well as negative global and domestic supply chain disruptions.

For LGB year 2020 is another very challenging year, while the first half of the year witnessed a decent growth, the second half turned out to be weak with lower festival sales and lockdown in last quarter due to COVID-19 outbreak in India.

### COMPANY AND BUSINESS OVERVIEW

LGB is a leading supplier of Transmission Chain's, Sprockets and Metal formed Parts for automotive applications. The Company products are marketed under the proprietary brand "Rolon", the most trusted and reputed supplier of Original Equipment Manufacturers (OEM) and also caters to export, after market and spares segments. We continue focusing on creating new products as well as expanding uses of existing offerings that are tailored to the different needs of our global customers.

### OPPORTUNITIES:

India has witnessed lot of interest from major global OEM's who plan to make India a component sourcing hub for their global operations. The segment is estimated to witness high replacement demand, with players maintaining a diversified customer base in the replacement and OEM segments besides the export market. Given the realities of the market, our overriding priority is to make LGB more competitive for the future.

### THREATS:

The automotive sector is highly competitive, with challenges from Indian manufacturers who have similar production facilities and also from those abroad. The performance for the year is expected to be further challenged by global uncertainties with covid-19, tariff war, fluctuating commodity and continued threat of raw material price volatility and this translates into pressure on margins and human resources with similar skills, talent, and experiences in the industry are mobile between competitors.

### RISKS AND CONCERNS

The Company has laid down a well-defined Risk Management Framework covering the risk, risk exposure, potential impact and risk mitigation process. The risks are identified on a consistent process, across function/division and the Company strives to link each risk with a mitigation step to ensure business continuity. The risk report is reviewed at regular intervals, to ensure that risks are planned for mitigation, though all risks can not be eliminated.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

LGB has adequate internal control systems and procedures, covering all financial and operating functions commensurate to its size and nature of operations. A strong internal control framework is among the important pillars of corporate governance and the Company strives to enhance it consistently. It is designed to provide reasonable assurance regarding maintenance of accounting controls and assets from unauthorised use or losses. The Audit Committee considers all internal aspects and advises corrective actions as and when required.

### HEALTH, SAFETY, SECURITY ENVIRONMENT

LGB gives priority to the health, safety, and wellbeing of its employees. Our Company views employee health management as a management priority, and thus undertakes related initiatives in a strategic manner. 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

LGB believes that the company revolves around its human capital. The company not only hires employees, but also give them proper training and development so that they can provide meaningful inputs towards accomplishment of companies goals. Along with work, employees at LGB are provided with different welfare and entertainment facility so that they feel at home and are motivated to work. In order to boost the morale of the employees, company believes in creating an atmosphere where excellence is rewarded.

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## RISK MANAGEMENT

The risk management process at LGB begins with the identification of risks and an assessment of their impact. The assessment is based on past trends and events.

Thereafter, ways to mitigate these risks are identified and implemented when necessary. Risks, once identified, are periodically monitored, along with emerging risks.

## 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.

### For and on behalf of the Board of Directors

Coimbatore  
05.06.2020

**B. VIJAYAKUMAR**  
Chairman and Managing Director  
DIN: 00015583

**P. PRABAKARAN**  
Managing Director  
DIN : 01709564

## CORPORATE GOVERNANCE

## ANNEXURE 'H'

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2020, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (The "Listing Regulations").

### 1. Company's Philosophy on Corporate Governance:

L.G.Balakrishnan & Bros Limited ("LGB" or "the Company") follows the high standards of governance principles, policies and practices over the years. LGB defines Corporate Governance as a systemic process by which companies are directed and controlled to enhance their wealth-generating capacity and ensure that societal resources are utilised in a manner that meets stakeholders' aspirations and societal expectations. The Company's philosophy is built on trusteeship, transparency and accountability and disclosure practices.

### 2. Board of Directors:

As on March 31, 2020, Board of the Company comprises of ten members, consisting of one Executive Chairman (Promoter) (designated as Chairman and Managing Director), one Executive Director (designated as Managing Director), three Non-Executive Non-Independent Directors which includes a Woman Director and five Non- Executive - Independent Directors including a Woman Director. Accordingly, the size and composition of the Board meets the requirement of Section 149 of the Companies Act, 2013 and Regulation 17(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The details of composition, category of the Directors, attendance of the Directors at the board meetings, during the year, and at the last Annual General Meeting held on July, 18, 2019 and also the number of other directorships, committee memberships, chairmanships and shareholdings as on March 31, 2020 are as follows:

Name of the Directors	DIN	Category	No. of Directorship in other Companies*	** No. of Board Committee Memberships/ Chairmanships held		Attendance Particulars	
				Member	Chairman	Board Meeting	Last AGM
Sri. B. Vijayakumar# Chairman and Managing Director	00015583	Executive Promoter	2	2	-	5/5	Yes
Sri. P. Prabakaran Managing Director	01709564	Executive	-	-	-	5/5	Yes
Smt. Rajsri Vijayakumar#	00018244	Non-Executive Promoter	-	-	-	4/5	Yes
Sri. V. Rajvirdhan#	00156787	Non-Executive Promoter	1	2	-	4/5	Yes
Sri. S. Sivakumar	00016040	Non-Executive Non-Independent	-	-	-	5/5	Yes
Sri. V. Govindarajulu	00016108	Non- Executive Independent	-	2	1	5/5	Yes
Sri. P. Shanmugasundaram	00119411	Non- Executive Independent	2	3	3	5/5	Yes
Sri. R. Vidhya Shankar	00002498	Non- Executive Independent	1	1	-	4/5	Yes
Smt. Kanchana Manavalan	07497403	Non- Executive Independent	-	1	1	5/5	Yes
Sri. G D Rajkumar	00197696	Non- Executive Independent	-	-	-	4/5	Yes

\* Exclude directorship in Private Companies and Foreign Companies.

\*\* Only Audit Committee and Stakeholders' Relationship Committee has been considered.

# Sri. B. Vijayakumar, Father of Smt. Rajsri Vijayakumar and Sri. V. Rajvirdhan

Name of the Director	Details of the other listed entities where the Directors hold directorship	
	Name of the listed entity	Designation
Sri. B. Vijayakumar DIN: 00015583	LGB Forge Limited	Non-Executive Promoter Chairman
	Elgi Equipments Limited	Non-Executive Independent Director
Sri. P. Prabakaran DIN: 01709564	NIL	NA
Smt. V. Rajsri DIN: 00018244	NIL	NA
Sri. V. Rajvirdhan DIN: 00156787	LGB Forge Limited	Managing Director, Promoter
Sri. S. Sivakumar DIN: 00016040	NIL	NA
Smt. Kanchana Manavalan DIN: 07497403	NIL	NA
Sri. V. Govindarajulu DIN: 00016108	NIL	NA
Sri. P. Shanmugasundaram DIN: 00119411	LGB Forge Limited	Non-Executive Independent Director
	Pricol Limited	Non-Executive Independent Director
Sri. R. Vidhya Shankar DIN: 00002498	Pricol Limited	Non-Executive Independent Director
Sri. G D Rajkumar DIN: 00197696	NIL	NA

As will be seen from the above table, none of the Directors holds directorship in more than 20 Companies (including limit of maximum directorship in 10 public companies) pursuant to the provisions of the Companies Act, 2013.

Further, none of the Directors including Independent Directors hold directorships in more than the maximum number of Directorships prescribed under Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

None of the Directors of the Company hold membership of more than ten Committees nor is a Chairperson of more than five committees (as specified in regulation 26), across all companies of which he / she is a director. Necessary disclosures regarding Committee positions in other Indian public companies as at March 31, 2020 have been made by the Directors.



The functions, responsibility, role and accountability of the Board are well defined. The detailed reports of the Company activities and performances are periodically placed before the Board for effective decision making.

#### **Details of the Board meetings held during the financial year 2019-2020**

The Board of Directors met 5 (five) times during the year under review. The Company has held at least one Board meeting in every quarter and the gap between two consecutive meetings did not exceed one hundred and twenty days. The necessary quorum was present in all the meetings. Agenda papers were circulated to the Directors in advance for each meeting. All relevant information as required under Schedule II of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 was placed before the Board from time to time. The dates on which the Board meetings were held during FY 2019-2020 are as follows:

April 29, 2019, July 31, 2019, October, 31, 2019, January 31 2020 and February 21, 2020

#### **Number of shares and convertible instruments held by Non-Executive Directors:**

The details of shares held by the Non-Executive Directors as on March 31, 2020 are given under the table below.

#### **Statement showing number of Equity Shares of Rs.10/- each of the Company held by the present Non-Executive Directors as on March 31,2020:**

Name	No. of shares held (as on 31.03.2020)	% of Holding
Smt.V.Rajsri	2179152	6.94
Sri.V.Rajvirdhan	4010372	12.77
Sri.S.Sivakumar	1194	0.00
Sri.V.Govindarajulu	-	-
Sri.P.Shanmugasundaram	-	-
Sri.R.Vidhya Shankar	-	-
Smt.Kanchana Manavalan	516	0.00
Sri.G.D.Rajkumar	-	-

The Company has not issued any type of Convertible instruments to Non-Executive Directors.

#### **Familiarization Programmes for Independent Directors**

The Company in compliance with Regulation 25(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has familiarized its Independent Directors about the business, business performance, product and processes, business model, nature of the industry in which the Company operates, roles and responsibilities of the Board Members under the applicable laws, etc., on a periodic basis.

The details of the familiarization programme conducted during the financial year 2019-20 is made available on the Company's website at <http://www.lgb.co.in/pdfs/familiarization-programme.pdf>.

#### **Directors Inter-se Relationship:**

Sri. B. Vijayakumar, Chairman and Managing Director is related to Smt. V. Rajsri and Sri.V.Rajvirdhan, Directors. None of the other Directors is related to each other.

#### **Chart/Matrix setting out the skills/expertise/competence of the Board of Directors**

The Board of Directors comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective decisions or contributions to the Board, its Committees and the management.

The list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the Company's business verticals are as follows:

**Industry Skills:**

- Knowledge / experience in the manufacturing and sale of Automobile Components and other technical products;
- Knowledge of the automotive industry and the products, business model and the market;
- Knowledge / experience in the area of Research and Development, in particular, in the technological fields that are relevant for the business of the Company;
- Broad range of commercial / business experience;

**Governance Skills:**

- In-depth knowledge / experience in the field of finance and accounting and audit and the ability to analyze and assess the key financial statements;
- Knowledge / experience in the governance, legal and compliance areas and the ability to identify key risks in a wide range of areas including legal and compliance risks;
- Knowledge / experience of the capital market and its developments;
- Ability to constructively manage crisis, provide leadership around solutions and contribute to communications strategy with stakeholders;

**Personal Attributes / Qualities:**

- Ability to understand the role and fulfillment of the duties and responsibilities of a Director while being transparent in disclosing potential conflict of interest, continue to self-educate on legal responsibility and ability to maintain board confidentiality;
- Ability to constructively contribute to board discussions and communicate effectively with management and other directors;
- Understand role as director and continue to self-educate on legal responsibility, ability to maintain board confidentiality;

The specific areas of focus or expertise of individual Board members have been highlighted in the below chart. However, in the absence of mark against a Director does not necessarily mean that the member does not possess the said skill / expertise;

**Meetings of Independent Directors**

During the financial year 2019-2020, the Independent Directors met on 26.03.2020 without the presence of the Chairman and Managing Director & the Non-Executive Non-Independent Directors and the Management Team in accordance with Schedule IV of the Companies Act, 2013 read with Regulation 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the Independent Directors had attended the meeting.

**Confirmation on the fulfillment of the conditions of independence:**

Based on the declarations received from the Independent Directors, the Board of Directors are of the opinion that the Independent Directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 and are independent of the management.

### Resignation of Independent Director(s) before expiry of tenure

None of the independent Directors have resigned before the expiry of his / her tenure during the year under review.

### 3. Audit Committee

The Audit Committee of the Company is constituted in line with the provisions of Section 177 of the Companies Act, 2013, read with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### Terms of Reference:-

The primary objective of the Audit Committee is to act as a catalyst in helping your Company to achieve its objectives by overseeing the Integrity of your Company's Financial Statements; Adequacy & reliability of the Internal Control Systems of your Company; Review of compliance with legal and regulatory requirements and your Company's Code of Conduct; Performance of your Company's Statutory and Internal Auditors. Audit Committee monitors and provides an effective supervision of the financial reporting process of your Company with a view to ensure accurate and timely disclosures with the highest level of transparency, integrity and quality. The powers, role and terms of reference of the Audit Committee are in line with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 read with part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and discharges such duties and functions as generally indicated under there under apart from such other functions as may be specifically assigned to it by the Board from time to time.

#### Composition & Meetings:-

The Audit Committee comprises of three Non-Executive Independent Directors and all the members of the Committee possess experience and expertise in financial and corporate laws and the Chairman of the Committee possess financial management expertise. During the financial year ended March 31, 2020, four Audit Committee Meetings were held on April 29, 2019, July 31, 2019, October 31, 2019 and January 31, 2020. The necessary quorum was present at these meetings, and the details of the composition and attendance at the aforementioned meetings are as follows:

Name of the Member	Category	Designation	No of Meetings	
			Held	Attended
Sri. P. Shanmugasundaram	Independent Non Executive	Chairman	4	4
Sri. V. Govindarajulu	Independent Non Executive	Member	4	4
Smt. Kanchana Manavalan	Independent Non Executive	Member	4	4

Chairman of the Audit Committee had attended the last Annual General Meeting held on 18.07.2019.

The Audit Committee invites the Managing Director, Chief Financial Officer, representatives of Statutory Auditors, Internal Auditors and Cost Auditors for meeting(s), to provide inputs on issues relating to accounts, taxation, internal audit finding, internal controls, risk managements etc.

The minutes of the Audit Committee meetings were circulated to the Board, and the Board discussed and took note of the same. The Audit Committee has considered and reviewed the Annual Financial Statements for the year 2019-20, before it was placed before the Board of Directors.

Sri.M.LakshmiKanth Joshi, General Manager (Legal) and Company Secretary, acts as the Secretary of the Audit Committee.

### 4. Nomination and Remuneration Committee

In compliance with the provisions of Section 178 of the Act and Regulation 19 of the Listing Regulations, the Board has constituted a "Nomination and Remuneration Committee" ("NRC").

### Terms of Reference:-

The terms of reference of the Nomination and Remuneration Committee cover all the areas mentioned under the applicable provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The broad terms of reference of the Nomination and Remuneration Committee therefore include recommending a policy relating to remuneration and employment terms of whole-time directors and senior management personnel, to recommend to the Board all remuneration, in whatever form, payable to senior management, adherence to and review of the remuneration / employment policy as approved by the Board of Directors, formulating the criteria and identify persons who may be appointed as directors or senior management of the Company, evaluation of every Director's performance, as referred to in Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other matters which the Board of Directors may direct from time to time.

### Composition and Attendance at the Meeting :

The Nomination and Remuneration Committee of the Company as on March 31, 2020 comprised of the following members:

S. No	Name of the Member	Designation	Category
1.	Sri.R.Vidhya Shankar,	Chairman	Independent Non Executive
2.	Sri.V. Govindarajulu	Member	Independent Non Executive
3.	Sri. B. Vijayakumar	Member	Executive Chairman
4.	Smt. Kanchana Manavalan	Member	Independent Non Executive

The Committee met on 29.04.2019 and all the members were present at the meeting.

Remuneration payable to the Key Managerial Personnel and Senior Management of the Company is being considered/ discussed/ finalized after considering various factors such as financial position of the Company, trend in industry, and past remuneration etc., which is onward submitted to Board for respective approval(s).

Non-Executive Independent Directors of the Company do not have any pecuniary relationship or transaction with the Company. They do not draw any remuneration, except sitting fees for attending meetings of Board/ Committee.

The Chairman of the NRC was present at the Annual General Meeting of the Company held on 18.07.2019.

### Performance evaluation criteria for Independent Directors

The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates evaluation of performance of Independent Directors, Non-Independent Directors and Chairperson. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual Directors. The Schedule IV to the Companies Act, 2013 states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated. The evaluation of the performance of the Independent Directors is based on their qualification, experience, knowledge and competency, ability to fulfill allotted functions / roles, ability to function as a team, pro-activeness, participation and attendance, commitment, contribution, integrity, independence from the company and ability to articulate independent views and judgement. Accordingly, the performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated.

The performance of the Board as a whole was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the Committees of the Board was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Nomination and Remuneration Committee ("NRC") has evaluated the performance of every individual directors on the basis of the criteria approved by the Board.

## 5. Remuneration Policy

The Company has adopted a Nomination and Remuneration Policy for Directors, Key Managerial Personnel and Senior Management and the said Policy is directed towards rewarding performance, based on review of achievements periodically and is in consonance with the existing industry practice.

The remuneration policy of the Company is annexed to the Board's Report and can also be accessed on the Company's website at [www.lgb.co.in](http://www.lgb.co.in).

### 5.1 Remuneration of Directors

**Remuneration paid to the Executive Directors for the financial year ended March 31, 2020 is given as under :**

Name of Directors	Service Contract	Salary & Allowances	Commission	Employees Option Plan	Total Stock
Sri.B.Vijayakumar Chairman cum Managing Director	01.01.2015 to 31.12.2019 & 01.01.2020 to 31.12.2024	110.54	219.96	Nil	330.50
Sri.P.Prabakaran Managing Director	01.06.2016 to 31.05.2019 01.06.2019 to 31.05.2024	72.80	54.99	Nil	127.79

Salary & allowances includes salary and Company's contribution to Provident Fund.

### 5.2 Remuneration paid to the non-executive Directors for the financial year ended March 31, 2020 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 Directors	Sitting Fees	Commission	Employees Stock Option Plan	Total
Smt.V.Rajsri	1,20,000	-	-	1,20,000
Sri.S.Sivakumar	1,50,000	-	-	1,50,000
Sri.V.Govindarajulu	2,70,000	-	-	2,70,000
Sri.P.Shanmugasundaram	2,70,000	-	-	2,70,000
Sri.V.Rajvirdhan	1,20,000	-	-	1,20,000
Sri.R.Vidhya Shankar	1,20,000	-	-	1,20,000
Smt.Kanchana Manavalan	2,70,000	-	-	2,70,000
Sri.G.D.Rajkumar	1,20,000	-	-	1,20,000
<b>Total</b>	<b>14,40,000</b>	<b>-</b>	<b>-</b>	<b>14,40,000</b>

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

The Company does not have any Employee Stock Option Scheme.

## 6. Stakeholders' Relationship Committee:

In compliance with the provisions of section 178 of the Act and Regulation 20 of the Listing Regulations, the Board has constituted the "Stakeholders' Relationship Committee (SRC)".

#### Terms of reference:

The terms of reference of the Stakeholders' Relationship Committee includes redressal of grievances of stakeholders related to transfer of shares, dematerialization of shares, non-receipt of annual reports, non-receipt of dividend or revalidation of expired dividend warrants, recording the change of address, nomination, etc. The role of the Stakeholders' Relationship Committee covers all the areas specified in Part D of the Schedule II of the Listing Regulations.

#### Composition and names of members and chairperson:

Name of the Directors	Category	Designation
Sri. V. Govindarajulu	Independent, Non Executive	Chairman
Sri. B. Vijayakumar	Executive Promoter	Member
Sri. R. Vidhya Shankar	Independent, Non Executive	Member

During the year under review, the Committee met 12 times to deliberate on various matters referred above and for review and redressal of investors complaints, if any.

Sri. M. Lakshmi Kanth Joshi, General Manager (Legal) and Company Secretary acts as the Secretary to the Committee, who is designated as Compliance Officer pursuant to Regulation 6 of the Listing Regulations.

Chairman of the Stakeholders Relationship Committee had attended the last Annual General Meeting held on 18.07.2019.

The Committee ensures that the shareholders' / investors' grievances and correspondence are attended and resolved expeditiously within the time frames laid down by SEBI. During the year under review, there were no investor grievances were received.

There was no investor grievance remaining unattended and pending as on March 31, 2020.

Pursuant to Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. a certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practising Company Secretary has been submitted to the Stock Exchanges within stipulated time.

The Company has adopted an 'Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Insiders' ("the Code") in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

#### Disclosures with respect to the Demat Suspense Account / Unclaimed Suspense Account

In terms of Regulation 39(4) of Securities of Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule VI thereof, the Company has opened a demat account in the name and style "L.G.Balakrishnan & Bros Limited - Unclaimed Shares Suspense Account". The disclosures with respect to demat suspense account are as follows:

Particulars	Number of Shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	232	53092
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	8	4725
Number of shareholders to whom shares were transferred from suspense account during the year	8	4725
Aggregate number of shareholders and outstanding shares in the suspense account lying as on March 31, 2020.	224	48367

The voting rights on the outstanding unclaimed shares as on March 31, 2020 shall remain frozen till the rightful owner of such shares claims the shares by submission of the requisite documentary proof of their identity to the Company's Registrar & Share Transfer Agent.

All corporate benefits on such shares shall be credited to the unclaimed suspense account, as applicable for a period of seven years and thereafter be transferred in accordance with the provisions of Section 124(5) and Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules).

#### 7. Corporate Social Responsibility Committee (CSR Committee)

In compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted the Corporate Social Responsibility Committee.

The CSR Committee has met four times during the year on 29.04.2019, 31.07.2019, 31.10.2019 and 31.01.2020. The necessary quorum was present for all Meetings. The details of composition of the Committee and the attendance of the members are as follows;

Name of the Member	Category	Designation
Sri. R. Vidhya Shankar	Independent Non Executive	Chairman
Sri. B. Vijayakumar	Executive Promoter	Member
Smt.V.Rajsri	Non Independent Non Executive	Member

The Board has adopted the CSR Policy as formulated and recommended by the Committee. The same is displayed on the website of the Company viz. <http://www.lgb.co.in>.

The Annual Report on CSR activities for the financial year 2019-20 forms a part of the Board's Report.

#### 8. Management Discussion and Analysis Report

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



## 9. General Body Meetings:

Details of the Last three Annual General Meetings are given as under

Year	Date	Time	Venue	Special Resolution passed
2017	27.07.2017	10.30 A.M	Ardra, "Kaanchan", 9, North Huzur Road, Coimbatore - 641018	<ol style="list-style-type: none"> <li>1. Approval for increasing the Authorised Capital from Rs.20 Crores to Rs.40 Crores.</li> <li>2. Approval to amend Clause V of the Memorandum and Article 2 of the Articles of Association to reflect the increased authorized share capital.</li> </ol>
2018	30.08.2018	10.15 A.M	Ardra, "Kaanchan", 9, North Huzur Road, Coimbatore - 641018	NIL
2019	18.07.2019	10.45 A.M	Ardra, "Kaanchan", 9, North Huzur Road, Coimbatore - 641018	<ol style="list-style-type: none"> <li>1. Approval for re-appointment of Sri.V.Govindarajulu as Independent Director for the second term w.e.f 01.09.2019</li> <li>2. Approval for re-appointment of Sri.P.Shanmugasundaram as Independent Director for the second term w.e.f 01.09.2019 and to continue his directorship beyond the age of 75 years.</li> <li>3. Approval for re-appointment of Sri.R.Vidhya Shankar as Independent Director for the second term w.e.f 01.09.2019</li> <li>4. Approval for the re-appointment of Sri.B.Vijayakumar as Chairman &amp; Managing Director for a further period of 5 years w.e.f 01.01.2020 and to continue him as the Managing Director beyond the age of 70 years.</li> </ol>

### Extra Ordinary General Meeting and Postal Ballot process, if any:

During the year under review, there was no Extra-Ordinary General Meeting and no resolution was resolution was passed through postal ballot process.

Currently, no resolution is proposed to be passed through postal ballot process. However, if required, the same shall be passed in compliance of provisions of Companies Act, 2013, Listing Regulations or any other applicable laws.

## 10. Means of Communication

### Financial results

The Quarterly, Half yearly and Annual Results of the Company are available on the website of the Company [www.lgb.co.in](http://www.lgb.co.in). The copies are also sent to concerned stock exchanges immediately after they are approved by the Board so as to enable them to display 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](mailto:secretarial@lgb.co.in) in the Secretarial Department for providing necessary information to the investors.

### Official News Releases

Official news releases are made whenever it is considered necessary

### 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. General Shareholders' Information

Annual General Meeting is proposed to be held at 3:30 P.M. on Thursday, August 20, 2020 through Video Conferencing (VC) or Other Audio Visual Means (OAVM) pursuant to MCA Circular dated 5th May, 2020 read with circulars dated 8th April, 2020 and 13th April, 2020 (collectively referred as "MCA Circulars") without physical presence of the members at a common venue. The deemed venue for the AGM shall be the Registered Office of the Company for which purpose the Registered Office of the Company situated at 6/16/13 Krishnarayapuram road, Ganapathy Post, Coimbatore - 641 006 shall be deemed as the venue for the Meeting.

### Financial Calendar

Financial Year : April 1 to March 31

For the quarter and year ended March 31st, 2020, the financial results were announced on June 05, 2020.

### Financial Year - 2020-2021

Quarter ending June 30, 2020 - End of July 2020\*

Quarter ending September 30, 2020 - End of October 2020\*

Quarter ending December 31, 2020 - End of January 2020\*

Year ending March 31, 2021 - End of April 2021\*

\* Tentative

Date of Book Closure - The dates of Book Closure are from 14.08.2020 to 20.08.2020 (both days inclusive)

Dividend payment date - The Board did not recommend a final dividend and therefore, the interim dividend of Rs.5/- per equity share having face value of Rs.10/- each paid during the FY 2019-20 be confirmed as final dividend for the year ended March 31, 2020.

Listing on Stock Exchanges - BSE Ltd.  
- PhirozeJeejeebhoy Towers, Dalal Street, Mumbai-400001  
- National Stock Exchange of India Ltd.  
- Exchange Plaza, C-1, Block-G, Bandra Kurla Complex,  
- Bandra East, Mumbai- 400051

Securities Code - BSE Ltd Equity 500250  
 - The National Stock Exchange of India Ltd - LGBBROSLTD  
 The International Security Identification Number (ISIN) - INE337A01034

The Company has paid the Listing Fees for the year 2020 - 2021 to the above Stock Exchanges

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

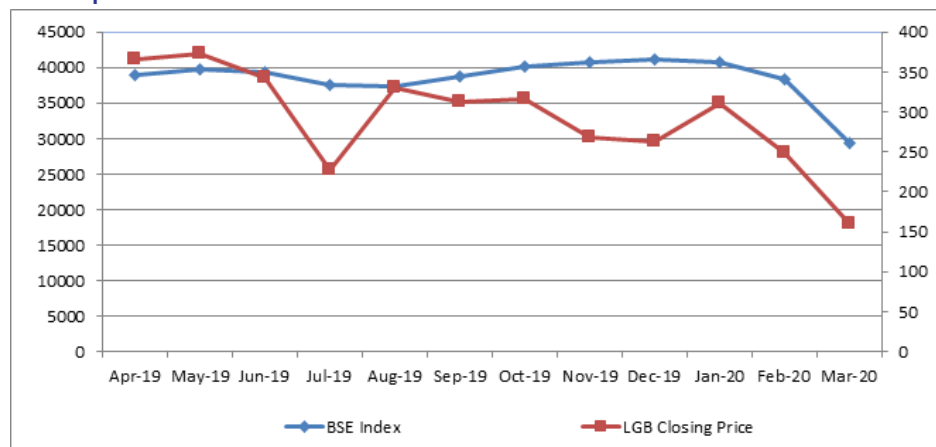
**Stock market data for the year 2019 -2020**

	NSE		BSE Ltd	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April - 2019	398.00	356.40	400.00	361.00
May	399.90	323.70	398.80	330.30
June	385.00	330.10	380.00	331.00
July	344.65	205.00	343.90	213.15
August	352.00	210.05	355.00	210.00
September	349.60	302.30	347.60	304.60
October	323.25	239.50	323.70	241.00
November	327.15	262.85	333.30	258.70
December	272.95	235.00	280.00	230.00
January - 2020	353.70	264.00	369.90	264.25
February	320.00	245.00	325.70	245.30
March	259.15	149.00	258.25	146.00

(Source: BSE and NSE website)

During the year the equities of the Company are not suspended from trading in NSE & BSE.

**Performance in comparison to broad-based indices such as BSE Sensex.**



The shares of the company are regularly traded and in no point of time the shares were suspended for trading in any of the stock exchanges.

**Registrar & Transfer Agents**

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

### Share Transfer System:

Trading of Company's equity shares is possible only in dematerialized form. In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities.

Members holding shares in physical form are requested to consider converting their holdings to dematerialized form at the earliest and avail of the various benefits of dealing in securities in electronic/dematerialized form. The shareholders have the option to hold Company's shares in demat form through the National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL).

### Distribution of Shareholding

The Shareholding distribution of the equity shares as on 31<sup>st</sup> March, 2020 is given below:

Range	No. of Holders	No. of Shares (Face Value ₹ 10/-)	% of Shares
1 - 100	13099	512534	1.62
101 - 500	6231	1522182	4.85
501 - 1000	1106	824197	2.63
1001 - 2000	642	946080	3.02
2001 - 3000	198	488686	1.56
3001 - 4000	151	536086	1.71
4001 - 5000	64	292762	0.93
5001 - 10000	165	1174742	3.74
10001 - and above	158	25095147	79.94
<b>Total</b>	<b>21814</b>	<b>31392416</b>	<b>100.00</b>

### Pattern of Shareholding as on 31st March 2020

Sl. No.	Category	No. of Share holders	No. of Shares held	% of Shares
1.	Promoters and promoter group	15	14873398	47.38
2.	Mutual Funds/UTI	3	4756728	15.15
3.	Financial Institutions/Banks	2	31472	0.10
4.	FII/NRI/OCB	593	425271	1.35
5.	Bodies Corporate / Clearing Member	221	520791	1.66
6.	Investor Education & Protection Fund	1	48703	0.16
7.	Public	20373	10736053	34.20
	<b>Total</b>	<b>21208</b>	<b>31392416</b>	<b>100.00</b>

### Dematerialization of Shares and Liquidity

Particulars	No. of Shares	Percentage (in Share Capital)
National Securities Depository Limited	2,85,46,179	90.93
Central Depository Services (India) Limited	21,98,388	7.00
Physical	6,47,849	2.07
<b>Total</b>	<b>3,13,92,416</b>	<b>100.00</b>

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**Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity**

The Company has not issued Global Depository Receipts or American Depository Receipt or Warrants or any Convertible instruments.

**Commodity Price Risk/ Foreign Exchange Risk and Hedging**

The Company did not engage in hedging activities.

**Plant Location & Addresses**

1. Coimbatore : 6/16/13, Krishnarayapuram Road, Ganapathy, Coimbatore Pincode - 641 006.
2. Vaiyampalayam : SF. No. 47 & 50, Kondayampalayam Village, Vaiyampalayam PO, Coimbatore Pincode - 641 110.
3. Dindigul : SF. No. 5691/2, 5701/2, Karur Dindigul Road, D-Gudalur Pincode - 624 620
4. Karur: Mochakottampalayam, Vishwanathapuri, Karur Pincode - 639 002.
5. Mysore: No. 24, Industrial Suburb Mysore Pincode - 570 008.
6. Annur: 269/1, Ganesapuram, Kattampatti Post, Annur, Coimbatore Pincode - 641 107.
7. Pongalur: 1/175, Sathy Road, Pongalur, Puliampatti Post, Pongalur Pincode - 638 459
8. Bangalore: No.4-A, Bommasandra Industrial Area, Anekal Taluk, Bangalore Pincode - 560 009.
9. Chakan: Gat No. 343-4, Industrial Shed, behind Hotel Marriot, Chakan Talegaon Road, Mahalunge, PUNE, Pincode - 410 501.
10. Kondaiyampalayam Village, SF No. 195, Pillaiyar Kovil Street, Near Power House, Kottaipalayam Post Coimbatore Pincode - 641 110.
11. Manesar: Plot No. 17, Section - 3, IMT Manesar Gurgaon Pincode 122 050.
12. Chennai: No. 49, Sidco Industrial Estate, Ambattur Chennai Pincode 600098
13. Annur: 3/145, Kovai Road, Ottrapalayam Village, Annur, Coimbatore Pincode - 641 653
14. Rudrapur: Khasra No. 390, Village- Danpur, Kashipur Road, Rudrapur, Pincode - 263 153 Uttrankhand
15. Pant Nagar: Plot No. 16, Sector 9, II E, Sidgul, Pant Nagar, Uddamsingh Nagar, Pincode - 263 153. Uttrankhand
16. Kushkhera, G-1, 356 RIICO Industrial Area, Alwar District Pincode - 301707, RAJASTHAN
17. Kariampalayam: SF. No. 266/1B & 1C, RD Building. Kumarapalayam Road, Kariampalayam Post, Annur, Coimbatore Pincode - 641 653.
18. Pilliappanpalayam: SF.NO.225 - 227 - 123 D, Annur Road, Annur VIA Pillaippampalayam, Coimbatore Pincode - 641 653.
19. SF.NO.225 - 227 - 223 D, Annur VIA Pillaippampalayam, Coimbatore Pincode - 641 653.
20. Jalna: Plot No. A -7, Jalna Phase III, Industrial Area (MIDC) Maharashtra - 431 213
21. Ahmed Nagar: MIDC, Supa Area, Supa Parner Industrial Area, Ahmed Nagar, Maharashtra Pincode - 414 301
22. Pilliappanpalayam: SF.No. 225, 226, 227/1,2,3 A, Annur (Via), Pillaiappampalayam, Coimbatore Pincode - 641 653.

**Address for Correspondence**

<p style="text-align: center;"><b>M. Lakshmi Kanth Joshi</b> General Manager (Legal) and Company Secretary 6/16/13, Krishnarayapuram Road, Ganapathy Post, Coimbatore - 641 006 Phone No.0422-4611212    Fax No: 0422-4611163    Email: lk.joshi@lgb.co.in</p>
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Exclusive e-mail id for Investor Grievances: The following e-mail ID has been designated for communicating investors' grievances:- [secretarial@lgb.co.in](mailto:secretarial@lgb.co.in)

#### **CREDIT RATING**

ICRA has reaffirmed the credit rating of ICRA AA for the long term and ICRA A1+ for short term assigned for bank line and medium term rating of MAA assigned for fixed deposit programme.

## **12. Disclosures**

### **a. Related Party Transactions:**

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations.

There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large. The details of the transactions with Related Parties are provided in the Company's financial statements in accordance with the Accounting Standards.

All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website <http://www.lgb.co.in/pdf/related-party-transactions-policy.pdf>

### **b. Strictures and Penalties**

There were no instances of non-compliance by the Company or any penalties or strictures imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

### **c. Vigil Mechanism and Whistle-Blower Policy**

The Company has adopted a Whistle Blower Policy to provide a formal mechanism to the employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

The Whistle Blower Policy has been posted on the website of the Company [www.lgb.co.in](http://www.lgb.co.in).

Your Company hereby affirms that no complaints were received during the year under review.

### **d. Details of compliance with mandatory requirements**

The Company has complied with all mandatory requirements laid down under the provision of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Details of compliance of non-mandatory requirements**

The Company has adopted the non-mandatory requirement of Reporting of internal auditors to Audit Committee as recommended under Regulation 27(1) read with Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the current financial year, there are no audit qualifications in the financial statements of the Company. The Company continues to adopt appropriate best practices in order to ensure unqualified financial statements.

The Company has not adopted any other non- mandatory requirements.

**e. Policy for determining 'material' subsidiaries**

As required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Policy for determining 'material' subsidiaries which has been put up on the website of the Company at <http://www.lgb.co.in>

**Material unlisted subsidiary**

During the year, the Company did not have any material unlisted subsidiary companies which are subject to special governance norms in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**f. Commodity price risks and Commodity hedging activities**

During the financial year ended March 31st, 2020 the company did not engage in commodity hedging activities.

**Disclosure of Accounting Treatment**

In the preparation of the financial statements, the Company has followed the applicable Indian Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

**Other Disclosures**

The Company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A certificate from a Company Secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Security Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority has been obtained and is annexed to this report.

During the year under review, the recommendations made by the different Committees have been accepted and there were no instances where the Board of Directors had not accepted any recommendation of the Committees.

The Company has paid a sum of Rs. 14.00 Lakhs as fees on consolidated basis to the Statutory auditor and all entities in the network firm / entity of which the Statutory auditor is a part for the services rendered by them.

As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee. During the year 2019-20, no complaint was received by the committee. As such, there are no complaints pending as at the end of the financial year.

**Risk Management**

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board.



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**13. There has been no instance of non-compliance of any requirement of Corporate Governance Report.**

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub - regulation (2) of Regulation 46 of the Listing Regulations

**Certificate from CEO/CFO**

The CEO certification of the financial statements for the year has been submitted to the Board of Directors, in its meeting held on June 05, 2020 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations.

**14. DECLARATION - CODE OF CONDUCT**

I, B. Vijayakumar, Chairman and Managing Director of L.G.Balakrishnan & Bros Limited, declare that all the members of the Board of Directors and Senior Management have, for the year ended March 31st, 2020 affirmed compliance with the Code of Conduct laid down by the Board of Directors and Senior Management in terms of Regulation 26(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Coimbatore  
05.06.2020

**B. VIJAYAKUMAR**  
Chairman and Managing Director  
DIN: 00015583

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## CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of L.G. Balakrishnan & Bros Limited

I have examined the compliance conditions of Corporate Governance by M/s. L G Balakrishnan & Bros Limited ("the Company") for the financial year ended March 31, 2020 as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 explanation given to me and based on the representations made by the Directors and Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Coimbatore  
05.06.2020

**M D Selvaraj**  
**MDS & Associates**  
**Company Secretaries**  
**FCS No.: 960 C P No.: 411**  
**UDIN : F000960B000318530**

# **CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members,  
L G Balakrishnan & Bros Limited  
CIN: L29191TZ1956PLC000257  
6/16/13 Krishnarayapuram Road  
Ganapathy, Coimbatore -641006  
Tamil Nadu, India

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. L G Balakrishnan & Bros Limited having CIN: L29191TZ1956PLC000257 and having registered office at 6/16/13 Krishnarayapuram Road, Ganapathy, Coimbatore -641006, Tamil Nadu, India (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my/our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company, as stated below for the Financial Year ending on 31st March, 2020, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sl. No.	Name of the Director	DIN	Date of Appointment in Company
1.	Mr. B. Vijayakumar, Chairman and Managing Director	00015583	25-11-1986
2.	Mr. P. Prabakaran, Managing Director	01709564	30-05-2008
3.	Mr. V. Rajvirdhan	00156787	04-11-2010
4.	Mrs. Rajsri Vijayakumar	00018244	30-10-2006
5.	Mr. S. Sivakumar	00016040	28-06-1996
6.	Mr. P. Shanmugasundaram	00119411	24-05-2001
7.	Mr. V. Govindarajulu	00016108	29-06-1998
8.	Mr. R. Vidhya Shankar	00002498	30-05-2008
9.	Mrs. Kanchana Manavalan	07497403	31-01-2019
10.	Mr. G. D. Rajkumar	00197696	29-04-2019

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Coimbatore  
05.06.2020

**M.D. SELVARAJ**  
Practicing Company Secretary  
C.P. No. 411 FCS 960  
UDIN : F000960B000318519

# BUSINESS RESPONSIBILITY REPORT

[pursuant to regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L29191TZ1956PLC000257
2	Name of the Company	L.G. Balakrishnan & Bros Limited
3	Registered address	6/16/13 Krishnarayapuram road, Ganapathy Post, Coimbatore 641 006
4	Website	www.lgb.co.in
5	E-mail id	info@lgb.co.in
6	Financial Year reported	March 31, 2020
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	<div>NIC Code of product/service</div> <div> <div>Transmission</div> <div>2814</div> </div> <div> <div>Metal Forming</div> <div>2592</div> </div> <div>Description: Manufacturing of Auto Components</div>
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Transmission Segment, Metal forming and allied Machining Segment, Rubber Belts and its accessories.
9	Total number of locations where business activity is undertaken by the Company	<p>International: The Company has one subsidiary and two stepdown overseas subsidiaries in United States of America</p> <p>National: The Company has 22 manufacturing facilities.</p> <p>For More Details, Please refer to Annual Report 2019-2020 Page No. 61 under the heading, Plant's Location.</p>
10	Markets served by the Company - Local / State / National / International	The Company serves both Internationally as well as domestic market with foothold and presence in morethan 10 countries through either sales or alliance

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	Rs. 313,924,160
2	Total Turnover	Rs. 154,649.25 Lakhs
3	Total profit after taxes	Rs. 9,128.24 Lakhs
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.53%
5	List of activities in which expenditure in 4 above has been incurred	Refer Annexure 4 to Director Report.

## SECTION C: OTHER DETAILS

1	Does the Company have any subsidiary Company/ Companies?	Yes, the Company has one subsidiary Company namely LGB USA, Inc and step down subsidiary GFM Acquisition and GFM LLC.
2	Do the subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary. company(s)	No
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?	No

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

#### a. Details of the Director responsible for the implementation of BR policy/policies

DIN Number	01709564
Name	P Prabakaran
Designation	Managing Director

#### b) Details of the BR Head:

Sri P Prabakaran Managing Director oversees the implementation of Business Responsibility initiatives. The Company currently does not have a separate BR Head to lead this function.

No.	Particulars	Details
1	DIN Number (if applicable)	01709564
2	Name	P Prabakaran
3	Designation Director	Managing Director
4	Telephone No.	0422 2532325
5	E-mail ID	p.prabakaran@lgb.co.in

## 2. Principle-wise (as per NVGs) BR Policy / policies (Reply in Y/N)

P1	Ethics, Transparency & Accountability Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Product Life Cycle Sustainability Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle
P3	Employee Well-Being Businesses should promote the well-being of all employees
P4	Stakeholder Management Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Human Rights Businesses should respect and promote human rights
P6	Environment Businesses should respect, protect and make efforts to restore the environment
P7	Policy Advocacy Businesses, when engaged in influencing public regulatory policy, should do so in a responsible manner
P8	Equitable Development Businesses should support inclusive growth and equitable development
P9	Customer Value Businesses should engage with and provide value to their customers and consumers in a responsible manner

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/ policies for?	YES								
2	Has the policy being formulated in consultation with the relevant stakeholders?	YES								
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	YES								
4	Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	All statutory policies are approved by the Board of Directors are signed by Chairman and Managing Director								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Yes								
6	Indicate the link for the policy to be viewed online?	Policies are available on the website of the Company i.e. <a href="http://www.lgb.co.in">www.lgb.co.in</a> . Policies which are internal to the Company are available on the intranet of the Company.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes								
8	Does the company have in-house structure to implement the policy/ policies?	YES								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	YES								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	YES								

### 3. Governance related to BR

- a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company.

Annual Assessment is done.

- b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company publishes the information on BR in the Annual Report which is available on the website of the Company.

<b>SECTION E: PRINCIPLE WISE PERFORMANCE</b>	
<b>Principle 1 - Ethics, Transparency &amp; Accountability Businesses should conduct and govern themselves with Ethics, Transparency and Accountability</b>	
Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors /NGOs / Others?	No. The Company's ethics policy as embodied in the LGB Code of Conduct extends to subsidiaries, JVs, suppliers and contractors.
How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	No complaints received.
<b>Principle 2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle</b>	
1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities	Timing Chains, Drive Chains and Sprockets..
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):	Enhancement of Machinery Efficiency resulting in savings in RM usage and consumption of Power.  Pollution Control initiatives aimed at reduction of Carbon foot print are Product design with lesser use of parts and no castings.  Avoidance of Polluting paints/surface coating.
(a) Reduction during sourcing / production/ distribution achieved since the previous year throughout the value chain?	We have reduced as per our annual plan.
(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	Not Applicable
3. Does the company have procedures in place for sustainable sourcing (including transportation)?	Yes.
4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	Yes Preference shown to MSME's



5. Does the company have a mechanism to recycle products and waste? If Yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%) . Also, provide details thereof, in about 50 words or so.	We have a mechanism to recycle scrap/waste. Almost 100% of the scrap is recycled since the product are made from it, it is easy for the use to sell it as scrap to vendors.
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<b>Principle 3 Businesses should promote the wellbeing of all employees</b>	
1. Please indicate the Total number of employees	2245
2. Please indicate the Total number of employees hired on temporary /contractual/ casual basis.	6500 (including Trainee)
3. Please indicate the Number of permanent women employees.	53
4. Please indicate the Number of permanent employees with disabilities	5
5. Do you have an employee association that is recognized by management	Yes
6. What percentage of your permanent employees is members of this recognized employee association?	100%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	
1. Child Labour / forced labour / involuntary labour	NIL
2. Sexual Harassment	NIL
3. Discriminatory employment	NIL
4. No of Complaints filed during the financial year	NIL
5. No of Complaints pending as on end of the financial year	NIL
8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?	
(a) Permanent Employees	Workman 100% Staff 100%
(b) Permanent Women Employees	100%
(c) Employees with Disabilities	100%
<b>Principle 4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.</b>	
1. Has the company mapped its internal and external stakeholders? Yes/No	Yes
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	Yes
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	The Company on a periodical basis undertakes dedicated activities as a part of its CSR initiatives for the disadvantaged, vulnerable and marginalised stakeholders in and around the Company's factories/ plants. Education, sports and health aids are provided to schools in rural/under-developed areas and to schools supporting differently abled children.

<b>Principle 5 Human Rights Businesses should respect and promote human rights</b>	
1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures /Suppliers /Contractors/NGOs/ Others?	<p>The Code of Conduct applies to all employees of the Company.</p> <p>Human Rights issue is a part of the vendor selection process and is also included in the contracts drawn up with the vendors.</p> <p>The Company's Vigil Mechanism and Whistle Blower Policy extends to its vendors and ensures that any violations to its Code of Conduct (including violation of Human Rights) are addressed objectively.</p>
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	No complaint was received from stakeholders under the Code of Conduct
<b>Principle 6 Business should respect, protect, and make efforts to restore the environment</b>	
1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers /Contractors/NGOs/others	Yes. The policy extends to the Group/Suppliers/ Contractors/others
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If Yes, please give hyperlink for webpage etc	Yes. We have initiatives in our Environmental Policy.
3. Does the company identify and assess potential environmental risks? Y/N	Yes.
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	Not Applicable
5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If Yes, please give hyperlink for web page etc.	The Company has a policy of tapping non-conventional and renewable resources of energy namely wind power and solar power to meet its energy requirements, The company has installed 22 Windmills with a total generation capacity of 7.16 MW. The Company also has a 100 KW solar power generation plant. Such details form part of the Annual Report, a copy of which is available in <a href="http://www.lgb.co.in">www.lgb.co.in</a>
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes, the emissions/waste generated by the Company are within the permissible limits as indicated by State Pollution Control Board.
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	Nil

<b>Principle 7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner</b>	
1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	<p>The Company is a member of many trade/chamber/associations. Some of them are</p> <ol style="list-style-type: none"> <li>1. Confederation of Indian Industry</li> <li>2. Federation of Indian Chamber of Commerce and Industry.</li> <li>3. Federation of Indian Export Organisation</li> <li>4. Indian Chamber of Commerce and Industry.</li> <li>5. Indian Machine Tools Manufactures Association.</li> <li>6. Indian Wind power Associations</li> <li>7. International Auto Manufacture Federation.</li> <li>8. Indo America Chamber of Commerce</li> <li>9. Indo German Chamber of Commerce</li> <li>10. Indo Srilanka Chamber of Commerce</li> </ol>
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if Yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	Yes Wherever necessary.
<b>Principle 8 Businesses should support inclusive growth and equitable development</b>	
1. Does the company have specified programmes / initiatives/projects in pursuit of the policy related to Principle 8? If Yes details thereof	<p>In Line with the provisions of the Companies Act, 2013, and based on the recommendations of the Corporate Social Responsibility (CSR) Committee, the Board of Directors have adopted a CSR Policy. The CSR Policy inter-alia deals with the objectives of the Company's CSR Initiatives, the guiding principles, the trust area for CSR responsibilities of the CSR Committee, implementation plan and reporting framework.</p> <ol style="list-style-type: none"> <li>1. Health , Hygiene and Education.</li> <li>2. Vocational training focussed on employee skills.</li> <li>3. Neighbourhood projects as per local needs identified.</li> </ol> <p>Activities such as building maintenance, laying of floor tiles in class room, supply of teaching aid and equipment, drinking water facilities, toilet facilities, painting work, were done in various school.</p>

2. Are the programmes / projects undertaken through in-house team/own foundation/ external NGO/ government structures/any other organization?	The Company's Social Responsibility projects are implemented through an Internal Team headed by CMD as well as in partnership with Company's Run Trust.
3. Have you done any impact assessment of your initiative?	Yes, the Company has conducted impact assessments of its CSR Activities. Dedicated resources are deployed to understand the effectiveness and impact of initiatives on the Beneficiaries.
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?	Refer Annual Report Page no. 38-42
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	The Company ensures its presence is established right from the commencement of the initiatives. It Collaborates with the communities from need identification to project implementation phase. The Company has extensive engagement with various shareholders. The feedback from the Stakeholders are analysed and various actions are Prioritized
<b>Principle 9 Businesses should engage with and provide value to their customers and consumers in a responsible manner</b>	
1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.	No Pending Issues.
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./ Remarks (additional information)	Yes apart from the mandated declarations, additional declarations are furnished on the products/ labels relating to the products.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	Nil
4. Did your company carry out any consumer survey/ consumer satisfaction trends?	Yes. Customer feedback and opinion are collected on a real time basis at Frequent Interval.

**For and on behalf of the Board of Directors**

Coimbatore  
05.06.2020

**B. VIJAYAKUMAR**  
Chairman and Managing Director  
DIN: 00015583

**P. PRABAKARAN**  
Managing Director  
DIN : 01709564

## INDEPENDENT AUDITOR'S REPORT

TO

**THE MEMBERS OF L.G.BALAKRISHNAN & BROS LIMITED**

**Report on the Standalone Ind AS Financial Statements:**

### Opinion:

We have audited the accompanying Standalone Ind AS Financial Statements of L.G.BALAKRISHNAN & BROS LIMITED, Coimbatore ("the Company"), which comprises the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (Including Other Comprehensive Income), the Statement of Cash Flows, notes to the financial statements, the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the state of affairs of the Company as at 31st March 2020, the profit and total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Key Audit Matters Paragraph :

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our audit report.

S.No	Key Audit Matter	Auditor's Response
1	<p>Timing of Revenue recognition (as described in Significant Accounting Policy III-a and Note 18 of the Standalone Ind AS financial statements):</p> <p>The Company recognizes revenue from sale of goods at a point in time based on the terms of the contract with customers which may vary case to case. Terms of sales arrangements with various customers within each of the operating segments, including Incoterms determine the timing of transfer of control and require judgment in determining timing of revenue recognition.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>We understood the Company's revenue process, including design and implementation of controls and tested the operating effectiveness of the controls in relation to revenue recognition.</li> <li>We read and understood the Company's accounting policy for revenue recognition.</li> <li>On a sample basis, we tested contracts with customers, including Incoterms, purchase orders issued by customers, and sales invoices</li> </ul>

### Basis for Opinion:

We conducted our audit of the standalone IND AS financial statements in accordance with the Standards on Auditing specified u/s 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Standalone Financial Statements section of our report. We are Independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI's Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on Standalone Ind AS Financial Statements.

### Emphasis of Matter

We draw attention to Note No. 44 of the financial statements which describes the impact of Covid-19 pandemic, and its possible consequential implications, on the company's operations. Our opinion is not modified in respect of this matter.

S.No	Key Audit Matter	Auditor's Response
	Due to the judgement relating to determination of point of time in satisfaction of performance obligations with respect to sale of products, this matter is considered as Key Audit Matter.	<p>raised by the Company to determine the timing of transfer of control and the timing of revenue recognition in respect of such contracts.</p> <ul style="list-style-type: none"> <li>We performed various analytical procedures to identify any unusual trends for further testing.</li> <li>We analysed revenue transactions near the reporting date duly considering the closure of operations on account of COVID-19 and tested whether the revenue was recognized in the appropriate period with reference to shipping records, sales invoices etc for sample transactions and also tested the management assessment involved in this process, wherever applicable.</li> </ul>
2.	<b>Evaluation of uncertain tax positions</b>	<p><b>Our audit procedures included:</b></p> <p>We obtained details of completed tax assessments and demands for the year ended March 31, 2020 from management. We reviewed the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. We also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2019 to evaluate whether any change was required to management's position on these uncertainties.</p>

#### Information other than the standalone financial statements and the auditor's report thereon :

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the management discussion and analysis, Board's Report including annexures to Board's Report, Business responsibility report, Corporate Governance and Shareholder's information, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, whether the other information

is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we required to report the fact. We have nothing to report in this regard.

#### Management's Responsibility for the Standalone Ind AS Financial Statements :

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Accounting principles generally accepted in India,



including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act 2013, read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

#### **Auditor's Responsibility for the Audit of the Standalone Ind AS Financial Statements:**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and event in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements:

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we enclose in "Annexure A", a statement on the matters specified in Paragraphs 3 and 4 of the Order.

As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of accounts.
- d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian

Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e) On the basis of the written representations received from the Directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position on its Standalone Ind AS Financial Statements - Refer Note No. 28 to the Standalone Financial Statements
- ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

In terms of our report attached  
**For SURI & CO**  
Chartered Accountants  
FRN: 004283S  
**M. SIVARAM**  
Partner  
Membership No. 2119616  
UDIN : 20211916AAAAGZ3574

Place : Coimbatore  
Date : 05.06.2020



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**‘Annexure -A’ to the Independent Auditor’s Report to the members of L.G.BALAKRISHNAN & BROS LIMITED**

In terms of the information and explanation sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report the following:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) Some of the fixed assets were physically verified during the year by the management at reasonable intervals as per regular programme of verification and no material discrepancies were noticed on such verification.
  - (c) According to the information and explanation given to us, and the books and records verified by us and based on the examination of the registered sale deeds provided to us, we report that, the title deeds of immovable properties of Land and Buildings which are freehold, are held in the name of the Company as at Balance sheet date. In respect of Immovable properties of Land that have been taken on lease and disclosed as fixed assets in the financial statements and the buildings constructed on such leasehold land, whose lease deeds have been pledged as security for credit facilities taken from the banks, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement based on the confirmation directly received by us from banks.
- ii. According to information and explanations furnished to us, the inventories have been physically verified by the management at reasonable intervals and in our opinion, the frequency of such verification is reasonable. The discrepancies noticed on such verification were not material.
- iii. The Company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- iv. The Company has not granted any loans hence provisions of Section 185 are not applicable. The Company has made Investments and provided guarantee which are within the limits of Section 186 of the Companies Act, 2013.
- v. According to the explanation and information provided to us, the Company has complied with the provisions of Sections 73 to 76 and any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. We have been informed that no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any court or any other Tribunal in this regard.
- vi. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for automotive components. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income-tax, goods and service tax, cess and any other statutory dues with the appropriate authorities and there are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable as at the balance sheet date.

(b) The particulars of statutory dues are as follows:

Name of the Statute	Nature of Due	Amount Disputed (Rs. In Lakhs)	Amount Unpaid (Rs. In Lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act	ED- Transfer of Division	100.00	92.50	2009-10	CESTAT Chennai
Tamil Nadu Value Added Tax Act	Input Tax Credit/ Sales return	345.46	172.47	2007-08, 2008-09, 2010-11, 2011-12	Joint Commissioner (Appeals), Coimbatore
Tamil Nadu General Sales Tax Act & Central Sales	Differential rate and Inter State Sale.	5.91	5.91	2006-07, 2010-11, 2011-12	Sales Tax Appellate Tribunal, Coimbatore
Entry Tax	Entry Tax	408.36	408.36	2007-08	Hon'ble High Court of Madras (stayed by the High Court)
Tamil Nadu Value Added Tax Act	Disputed on tax charged for Canteen Sales	12.97	12.97	2007-08, 2008-09, 2009-10, 2010-11, 2011-12	Joint Commissioner Appeals Coimbatore
Kerala Sales Tax	Annual Turnover	28.22	22.58	2014-15	Deputy Commissioner, Appeals, Ernakulam, Kerala
Income Tax Act	Various Dues	10.21	10.21	1987-88	High Court of Madras
Income Tax Act	Excess Claim of Expenses	46.41	-	1990-91	High Court of Madras
Income Tax Act	Capital Gain	63.09	-	2008-09	ITAT Chennai
Income Tax Act	Excess Claim u/s 80 IC	213.02	-	2009-10	ITAT Chennai
Income Tax Act	Excess Claim u/s 80 IC	214.23	214.23	2010-11	Commissioner (Appeals)
Income Tax Act	Excess Claim u/s 80 IC	150.99	-	2012-13	ITAT Chennai
Income Tax Act	Excess Claim u/s 80 IC	428.39	428.39	2013-14	Commissioner (Appeals)
Income Tax Act	disallowance claim u/s 14 A	12.92	12.92	2016-17	Commissioner (Appeals)

- viii. In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to financial institutions and banks. The company has not taken any loan from Government and has not issued any debentures.
- ix. The Company has not raised any money by way of initial public offer or further public offer during the year. The term loan obtained have been used for the purpose for which availed.
- x. In our opinion and according to the information and explanation provided to us, no frauds by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. The managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of Paragraph 3 of the order is not applicable.
- xiii. In our opinion and based on the information and explanation given to us, all transactions with the related parties are in compliance with Section 177 and 188 of Act and the details thereof have been disclosed in the Standalone Ind AS Financial Statements as required by the applicable accounting standards and the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting under clause (xiv) of Paragraph 3 of the Order is not applicable.
- xv. The Company has not entered into any non-cash transactions with directors or persons connected with him and hence reporting under clause (xv) of Paragraph 3 of the Order is not applicable.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

In terms of our report attached

For **SURI & CO**

Chartered Accountants

FRN: 004283S

**M. SIVARAM**

Partner

Membership No. 211916

UDIN : 20211916AAAAGZ3574

Place : Coimbatore

Date : 05.06.2020

**"Annexure - B" to the Independent Auditor's Report  
to the members of L.G.BALAKRISHNAN & BROS  
LIMITED**

**Report on the Internal Financial Controls under Clause  
(i) of Sub-section 3 of Section 143 of the Companies  
Act, 2013:**

We have audited the internal financial controls over financial reporting of L.G.BALAKRISHNAN & BROS LIMITED ("the Company"), as of 31 March 2020 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

**Management's Responsibility for the Internal Financial Controls:**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility:**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those

Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting:**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:-

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Ind AS Financial Statements.

**Inherent Limitations of Internal Financial controls over Financial Reporting:**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or

that the degree of compliance with the policies or procedures may deteriorate.

**Opinion:**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

In terms of our report attached

For **SURI & CO**

Chartered Accountants

FRN: 004283S

**M. SIVARAM**

Partner

Membership No. 211916

**UDIN : 20211916AAAAGZ3574**

Place : Coimbatore

Date : 05.06.2020

BALANCE SHEET AS AT 31.03.2020		(₹ in Lakhs)	
Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
<b>A ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, Plant and Equipment	1	52,731.78	47,410.85
(b) Capital work-in-progress		759.96	3,605.79
(c) Investment Property	1	47.37	49.37
(d) Intangible assets	1	213.83	244.02
(e) Financial assets			
(i) Investments	2	4,616.62	6,564.77
(ii) Other financial assets	3	1,337.53	1,182.83
(f) Other non-current assets	4	768.19	2,160.24
<b>Total Non-Current Asset</b>		<b>60,475.28</b>	<b>61,217.87</b>
<b>2 Current Assets</b>			
(a) Inventories	5	26,912.88	28,954.81
(b) Financial assets			
(i) Trade receivables	6	15,833.44	20,722.27
(ii) Cash and cash equivalents	7A	239.02	819.66
(iii) Other Bank Balance	7B	158.89	103.22
(iv) Other financial assets	8	67.26	70.06
(c) Current tax asset(Net)		964.34	815.25
(d) Other current assets	9	552.28	498.87
<b>Total Current assets</b>		<b>44,728.11</b>	<b>51,984.14</b>
<b>3 Assets held for Sale</b>	1	<b>1,070.18</b>	<b>1,070.49</b>
<b>Total Assets</b>		<b>106,273.57</b>	<b>114,272.50</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity Share capital	10	3,139.24	3,139.24
(b) Other Equity	11	64,911.39	60,437.22
<b>Total Equity</b>		<b>68,050.63</b>	<b>63,576.46</b>
<b>2 Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
Borrowings	12	6,960.49	8,692.01
Lease Liabilities		1,455.92	-
(b) Provisions	13	1,325.06	1,088.58
(c) Deferred tax liabilities (net)		1,244.80	2,017.22
<b>Total Non Current Liabilities</b>		<b>10,986.27</b>	<b>11,797.81</b>

(Contd.)

**BALANCE SHEET AS AT 31.03.2020 (Contd..)**

(₹ in Lakhs)

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
<b>3 Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14	1,130.55	7,869.80
(ii) Trade payables			
- total outstanding dues of micro & small enterprises		1,587.82	241.42
- total outstanding dues other than micro & small enterprises		20,676.36	23,902.59
(iii) Other financial liabilities	15	3,015.12	4,993.92
(b) Provision	16	45.73	37.71
(c) Other current liabilities	17	781.09	1,852.79
<b>Total Current liabilities</b>		<b>27,236.67</b>	<b>38,898.23</b>
<b>Total Equity &amp; Liabilities</b>		<b>106,273.57</b>	<b>114,272.50</b>

See accompanying notes forming part of the financial statements

	In terms of our report attached	For and on behalf of Board of Directors
	For <b>SURI &amp; CO</b> Chartered Accountants FRN: 004283S	<b>B. VIJAYAKUMAR</b> Chairman and Managing Director DIN: 00015583
Place : Coimbatore	<b>M. SIVARAM</b> Partner	<b>P. PRABAKARAN</b> Managing Director DIN : 01709564
Date : 05.06.2020	Membership No. 211916	<b>N. RENGARAJ</b> Chief Financial Officer
		<b>M. LAKSHMI KANTH JOSHI</b> General Manager (Legal) and Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020		(₹ in Lakhs)	
Particulars	Note No.	For the Year ended 31.03.2020	For the Year ended 31.03.2019
1 Revenue from operations(gross)	18	144,427.22	158,210.44
2 Other income	19	366.46	281.87
3 <b>Total revenue (1 + 2)</b>		<b>144,793.68</b>	<b>158,492.31</b>
4 <b>Expenses:</b>			
(a) Cost of materials consumed	20 a	63,952.17	75,099.92
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20 b	822.81	(4,048.08)
(c) Employee benefits expense	21	23,873.00	24,023.75
(d) Finance costs	22	1,408.51	1,041.73
(e) Depreciation and amortisation expense		7,418.28	6,397.44
(f) Other expenses	23	37,188.37	42,918.27
<b>Total Expenses</b>		<b>134,663.14</b>	<b>145,433.03</b>
5 Profit before exceptional items and tax (3-4)		10,130.54	13,059.28
6 Exceptional items(Refer Note No.39)		2,524.45	1,204.97
7 <b>Profit before tax (5+6)</b>		<b>12,654.99</b>	<b>14,264.25</b>
8 <b>Tax expense / (benefit):</b>			
(a) Current tax / MAT tax expense	24	2,950.66	4,252.49
(b) Current-tax expense relating to prior year		196.52	-
(c) Deferred tax	25	(675.64)	346.58
<b>Net tax expense</b>		<b>2,471.54</b>	<b>4,599.07</b>
9 <b>Profit for the year (7 - 8)</b>		<b>10,183.45</b>	<b>9,665.18</b>
10 <b>Other Comprehensive Income (Net of taxes)</b>			
(A) (i) Items that will not be reclassified to Profit and Loss Account			
(1) Re-measurement of defined benefit plans		17.07	(61.80)
(2) On account of Investment Fair valuation		(2,038.60)	(171.06)
(ii) Income-tax relating to Items that will not be reclassified to Profit and Loss Account		96.78	21.60
(B) Items that will be reclassified to Profit and Loss Account		-	-
11 <b>Total Comprehensive income for the year</b>		<b>8,258.70</b>	<b>9,453.92</b>
12 Earnings per share (Face value of ₹10/- each)			
(a) Basic	34	32.44	30.79
(b) Diluted	34	32.44	30.79
See accompanying notes forming part of the financial statements			

In terms of our report attached  
For **SURI & CO**  
Chartered Accountants  
FRN: 004283S  
**M. SIVARAM**  
Partner  
Membership No. 211916

For and on behalf of Board of Directors  
**B. VIJAYAKUMAR**  
Chairman and Managing Director  
DIN: 00015583  
**M. LAKSHMI KANTH JOSHI**  
General Manager (Legal) and  
Company Secretary

**P. PRABAKARAN**  
Managing Director  
DIN : 01709564  
**N. RENGARAJ**  
Chief Financial Officer

Place : Coimbatore  
Date : 05.06.2020



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31.03.2020				
PARTICULARS	31.03.2020 (₹ in Lakhs)		31.03.2019 (₹ in Lakhs)	
<b>A. Cash flow from operating activities</b>				
Net Profit before Tax	12,654.99		14,264.25	
Adjustments for:				
Depreciation	7,418.28		6,397.44	
Provision for Doubtful Debts	(9.54)		64.89	
(Profit)/Loss on sale of assets	(1,710.30)		(1,211.22)	
Profit/Loss on Sale of Investment	(475.00)		-	
Assets condemned/Written off	46.52		53.83	
Interest and Finance Charges	1,408.51		1,041.73	
Interest Income	(99.17)		(74.61)	
Dividend Income	(36.98)	6,542.32	(15.15)	6,256.91
Operating profit before working capital changes	19,197.31		20,521.16	
<b>Changes in Working Capital</b>				
Provisions - Non Current	253.54		(29.11)	
Other Financial Assets - Non Current	(154.69)		(158.24)	
Other Non Current Assets	1,392.05		(70.05)	
Inventories	2,041.93		(4,826.74)	
Trade Receivables	4,898.37		(2,742.90)	
Other Financial Assets - Current	2.78		7.00	
Other Current Assets	(53.41)		1,417.92	
Trade Payables	(1,879.82)		(726.66)	
Other financial liabilities	(817.75)		805.41	
Current Liabilities	(1,071.71)		644.10	
Provisions - Current	8.03	4,619.32	1.39	(5,677.88)
Cash generated from operations	23,816.63		14,843.28	
Income tax paid, net of refunds received	(3,296.26)		(5,061.36)	
Net Cash generated from operating activities (A)	20,520.37		9,781.92	
<b>B. Cash flow from Investing activities</b>				
Capital expenditure, including capital advances	(8,403.66)		(19,330.31)	
Investment in Foreign subsidiary	(1,115.45)		-	
Proceeds from sale of fixed assets	1,821.53		1,233.10	
Proceeds from sale of Investments	1,500.00		-	
Bank Balances not considered as cash and cash equivalents	(55.67)		139.16	
Dividend income	36.98		15.15	
Interest Income	99.17		74.61	
Net cash used in Investing activities (B)	(6,117.10)		(17,868.28)	

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31.03.2020		(Contd.)
PARTICULARS	31.03.2020 (₹ in Lakhs)	31.03.2019 (₹ in Lakhs)
<b>C. Cash flow from financing activities</b>		
Interest and Finance Charges	(1,271.23)	(1,041.73)
Dividend Paid including Tax	(3,758.56)	(1,697.38)
Lease Payments	(296.33)	-
Borrowings - Current and Non-current (Net)	(9,657.79)	11,029.51
Net cash used in financing activities (C)	(14,983.91)	8,290.40
Net (decrease)/increase in cash and cash equivalents (A) + (B) + (C)	(580.64)	204.04
Cash and Cash Equivalents at the beginning of the year	819.66	615.62
Cash and Cash Equivalents at the end of the year	239.02	819.66

See accompanying notes forming part of the financial statements

Place : Coimbatore Date : 05.06.2020	In terms of our report attached	For and on behalf of Board of Directors	
	For <b>SURI &amp; CO</b> Chartered Accountants FRN: 004283S	<b>B. VIJAYAKUMAR</b> Chairman and Managing Director DIN: 00015583	<b>P. PRABAKARAN</b> Managing Director DIN : 01709564
	<b>M. SIVARAM</b> Partner Membership No. 211916	<b>M. LAKSHMI KANTH JOSHI</b> General Manager (Legal) and Company Secretary	<b>N. RENGARAJ</b> Chief Financial Officer

## Notes to Standalone Financial Statements for the year ended March 31, 2020

### STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital	(₹ In Lakhs)
Balance as at March 31, 2019	3,139.24
Changes in equity share capital during the year	-
Balance as at March 31, 2020	3,139.24

### B. Other Equity

(₹ in Lakhs)

Particulars	Securities Premium Reserve	General Reserve	Surplus	Other Comprehensive Income	Total
Balance as at 31.03.2018	3,100.61	43,000.00	7,527.27	628.11	54,255.99
Capitalisation of Bonus issue	(1,569.62)		-		(1,569.62)
Total Comprehensive Income for the period			9,665.18	(211.28)	9,453.90
Dividends			(1,703.05)		(1,703.05)
Transfer to Reserves		9,500.00	(9,500.00)		-
Balance as at 31.03.2019	1,530.99	52,500.00	5,989.40	416.83	60,437.22
Total Comprehensive Income for the period	-	-	10,183.45	(1,924.76)	8,258.69
Dividends	-	-	(3,784.52)	-	(3,784.52)
Transfer to Reserves	-	7,500.00	(7,500.00)	-	-
Balance as at 31.03.2020	1,530.99	60,000.00	4,888.33	(1,507.93)	64,911.39

In terms of our report attached

For **SURI & CO**  
Chartered Accountants  
FRN: 004283S

**M. SIVARAM**  
Partner  
Membership No. 211916

For and on behalf of Board of Directors

**B. VIJAYAKUMAR**  
Chairman and Managing Director  
DIN: 00015583

**M. LAKSHMI KANTH JOSHI**  
General Manager (Legal) and  
Company Secretary

**P. PRABAKARAN**  
Managing Director  
DIN : 01709564

**N. RENGARAJ**  
Chief Financial Officer

Place : Coimbatore  
Date : 05.06.2020

## Notes to Standalone Financial Statements for the year ended March 31, 2020

### I Corporate Information

L.G.Balakrishnan & Bros Limited was found in 1937 as a transport Company and has evolved today as a major manufacturer of chains, sprockets and metal formed parts for automotive applications. Its business segments include transmission, metal forming and others. Its transmission products include chains, sprockets, tensioners, belts and brake shoe. It also offers metal forming products consisting of fine blanking for precision sheet metal parts, machined components and wire drawing products for internal use as well as for other chain manufacturing plants, spring steel suppliers and umbrella manufacturers. The Company's products are marketed under the "Rolon" brand. LGB has manufacturing units spread across Tamil Nadu, Maharashtra, Uttarakhand, Karnataka, Haryana and Rajasthan.

### II Basis of preparation of financial statements

#### Basis of preparation and presentation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

#### Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- a) Derivative financial instruments
- b) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

#### Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods. Estimate and underlying assumption are revised on a going concern basis. Any revision to accounting estimates is recognized projectively in current and future period.

#### Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest Lakhs (up to two decimals).

The financial statements are approved for issue by the Company's Board of Directors on 05th June, 2020.

### IIA Property, Plant and Equipment (PPE), Intangible Assets and Investment Properties

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

#### Current tax

Calculations of income taxes for the current period

## Notes to Standalone Financial Statements for the year ended March 31, 2020

are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

### Fair value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

### Impairment of Trade Receivables

The impairment for trade receivables are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

### Impairment of Non-financial assets (PPE/ Intangible Assets/ Investment Properties)

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

### Defined Benefit Plans and Other long term employee benefits

The cost of the defined benefit plan and other long term employee benefits, and the present value of such obligation are determined by the independent

actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

## III Significant Accounting Policies

### a) Revenue Recognition

#### Sale of goods

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue on sale of goods is recognised when the risk and rewards of ownership is transferred to the buyer, which generally coincides with the despatch of the goods or as per the terms agreed with the customers.

#### Income from Service

Income from sale of services is recognised when the services are rendered as per the terms of the agreement and when no significant uncertainty as to its determination or realisation exists.

#### Interest Income

Interest income is recorded using the effective interest rate (EIR) method.

## Notes to Standalone Financial Statements for the year ended March 31, 2020

### Dividend income

Dividend income is recognized when the company's right to receive dividend is established on the reporting date, which is generally when shareholders approve the dividend.

### Rental income

Rental income from operating lease on investment properties is recognised on a straight line basis over the term of the relevant lease, if the escalation is not a compensation for increase in cost inflation index.

### b) Property, plant and equipment and capital work in progress

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The actual cost capitalised includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs of a qualifying asset, if the recognition criteria are met.

Advances paid towards the acquisition of tangible assets outstanding at each balance sheet date, are disclosed as capital advances under other Non-Current assets and the cost of the tangible assets not ready for their intended use before such date, are disclosed as capital work in progress.

All material/ significant components have been identified and have been accounted separately. The useful life of such component are analysed independently and wherever components are having different useful life other than plant, the useful life of components are considered for calculation of depreciation.

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal

proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

### c) Depreciation on property, plant and equipment

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value.

Depreciation is provided on written down value method on buildings, furniture and fixtures, computers and on straight line method on other assets over the useful lives specified in Schedule II to the Companies Act, 2013 except for the following items, where useful life is estimated on technical assessment, past trends and differ from those provided in Schedule II of the Companies Act, 2013.

Assets Category	Estimated useful life (in years)
Tools and dies	5
Leasehold land	99
Windmill	25

Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion/ disposals, the depreciation is calculated on pro-rata basis up to the date on which such assets have been discarded/ sold. Additions to fixed assets, costing ₹5000 each or less are fully depreciated retaining its residual value.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of a separately acquired intangible asset

## Notes to Standalone Financial Statements for the year ended March 31, 2020

comprises (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and (b) any directly attributable cost of preparing the asset for its intended use.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

### e) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 40 - Investment Property requirements for cost model.

Company depreciates investment property as per the useful life prescribed in Schedule II of the Companies Act, 2013.

Though the Company measures investment

property using the cost-based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation applying a valuation model. External valuers are involved, wherever necessary with the approval of Company's Board of Directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

### f) Inventories

Inventories are valued at lower of cost and net realizable value. Cost includes all direct costs and applicable production overheads, to bring the goods to the present location and condition.

- i) Costs of raw materials, packing materials, tools and dies and Store & Spare Parts are computed on weighted average basis.
- ii) Costs of finished goods and semi-finished goods are computed on weighted average basis.
- iii) Agriculture Produce is valued at estimate realizable value.
- iv) Cost of stock held for trading are computed on weighted average basis.

### g) Financial Instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

#### Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are also added to the cost of the financial asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified on the basis of



## Notes to Standalone Financial Statements for the year ended March 31, 2020

their contractual cash flow characteristics and the entity's business model of managing them. Financial assets are classified into the following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

### Debt instruments at amortised cost

The Company classifies a debt instrument as at amortised cost, if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

### Debt instrument at FVTOCI

The Company classifies a debt instrument at FVTOCI, if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes finance income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### Debt instrument at FVTPL

The Company classifies all debt instruments, which do not meet the criteria for categorization as at amortized cost or as FVTOCI, as at FVTPL

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Where the Company makes an irrevocable election of classifying the equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in OCI, without any recycling of the amounts from OCI to profit and loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents SPPI, are measured as detailed below depending on the business model:



## Notes to Standalone Financial Statements for the year ended March 31, 2020

Classification	Name of the financial asset
Amortised cost	Trade receivables, deposits, interest receivable, unbilled revenue and other advances recoverable in cash.
FVTOCI	Equity investments in companies other than subsidiaries and associates if an option exercised at the time of initial recognition.
FVTPL	Other investments in equity instruments, mutual funds, forward exchange contracts (to the extent not designated as a hedging instrument).

### Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through

arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, receivables and bank balance.
- Financial assets that are debt instruments and are measured at FVTOCI
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

## Notes to Standalone Financial Statements for the year ended March 31, 2020

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 116

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL and as at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

#### Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading, if they are incurred for the purpose of

repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

#### Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

#### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

#### Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at higher of (i) The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 – Financial

## Notes to Standalone Financial Statements for the year ended March 31, 2020

Instruments and (ii) The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115 Revenue from Contracts with Customers.

### Derivative financial instruments

The Company holds derivative financial instrument foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

#### (a) Derivatives fair valued through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges. "Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss."

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

### Derecognition of financial liabilities

A financial liability is derecognised when the

obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### h) Foreign currency transactions and translations

##### Transactions and balances

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## Notes to Standalone Financial Statements for the year ended March 31, 2020

The Company enters into forward exchange contract to hedge its risk associated with Foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract is amortized as expense or income over the life of the contract. In case of monetary items which are covered by forward exchange contract, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference. Any profit or loss arising on cancellation of a forward exchange contract is recognized as income or expense for that year.

### i) Borrowing Costs

Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is

deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

### j) Government grants

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.

In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other operating revenue" or netted off against corresponding expenses wherever appropriate.

### k) Taxes

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

## Notes to Standalone Financial Statements for the year ended March 31, 2020

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### I) Retirement and other employee benefits

#### Short-term employee benefits

A liability is recognised for short-term employee benefit in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

#### Defined contribution plans

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

#### Defined benefit plans

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and

## Notes to Standalone Financial Statements for the year ended March 31, 2020

the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

### Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

### Other long term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by the employees up to the reporting date.

### m) Leases

The company has adopted Ind AS 116 "Leases" with effect from 1st April 2019. The company has measured Right-to-use Asset and Lease Liability based on the remaining lease period and payments discounted using the incremental borrowing rate as at the date of initial application.

The Company's lease asset classes primarily consist of leases for Land and Buildings. The Company assesses whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset

for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straightline basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future least payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is



## Notes to Standalone Financial Statements for the year ended March 31, 2020

subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The re-measurement normally also adjusts the leased assets. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cashflows.

### n) Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

### o) Provisions, contingent liabilities and contingent assets

#### Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are discounted, if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Necessary provision for doubtful debts, claims, etc., are made, if realisation of money is doubtful in the judgement of the management.

#### Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

#### Contingent assets

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

Contingent assets are disclosed but not recognised in the financial statements.

### p) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.

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**Notes to Standalone Financial Statements for the year ended March 31, 2020**

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**q) Cash Flow Statement**

Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Bank borrowings are generally considered to be financing activities.

**r) Earnings per share**

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.



## Notes to Standalone Financial Statements for the year ended March 31, 2020

### 1 Property, Plant and Equipment and Intangible Assets

₹ in Lakhs

Particulars	Property, Plant and Equipment										Intangible Assets		Investment Property	Asset held for sale	Total
	Land	Building	Plant and Equipment	Furniture and Fittings	Electrical Fittings	Vehicles	Office Equipment	Right to use Assets	Other Assets	Total	Computer Software and Technical know how	Total			
<b>Cost as at March 31, 2019</b>	<b>7,963.07</b>	<b>8,799.09</b>	<b>40,479.19</b>	<b>207.79</b>	<b>1,662.34</b>	<b>364.32</b>	<b>146.73</b>	<b>-</b>	<b>1,395.26</b>	<b>61,017.79</b>	<b>503.62</b>	<b>61,521.41</b>	<b>55.34</b>	<b>1,185.15</b>	<b>62,761.90</b>
Additions	9.17	4,430.11	5,479.41	41.98	674.36	75.54	70.91	1,614.97	411.81	12,808.26	56.20	12,864.46	-	-	12,864.46
Disposals / Transfers	(51.53)	(54.16)	(455.51)	(4.37)	(16.77)	(18.45)	(7.56)	-	(19.36)	(627.71)	-	(627.71)	-	(0.31)	(628.02)
<b>Cost as at March 31, 2020</b>	<b>7,920.71</b>	<b>13,175.04</b>	<b>45,503.09</b>	<b>245.40</b>	<b>2,319.93</b>	<b>421.41</b>	<b>210.08</b>	<b>1,614.97</b>	<b>1,787.71</b>	<b>73,198.34</b>	<b>559.82</b>	<b>73,758.16</b>	<b>55.34</b>	<b>1,184.84</b>	<b>74,998.34</b>
Depreciation as at March 31, 2019	42.55	1,471.74	11,096.18	76.78	327.69	73.07	48.99	-	469.94	13,606.94	259.60	13,866.54	5.97	114.66	13,987.17
Charge for the year	16.94	824.49	5,618.18	37.41	215.35	55.39	35.93	258.30	267.90	7,329.89	86.39	7,416.28	2.00	-	7,418.28
Disposals/Transfers	-	(38.50)	(375.45)	(4.27)	(15.40)	(11.52)	(6.61)	-	(18.52)	(470.27)	-	(470.27)	-	-	(470.27)
<b>Depreciation as at March 31, 2020</b>	<b>59.49</b>	<b>2,257.73</b>	<b>16,338.91</b>	<b>109.92</b>	<b>527.64</b>	<b>116.94</b>	<b>78.31</b>	<b>258.30</b>	<b>719.32</b>	<b>20,466.56</b>	<b>345.99</b>	<b>20,812.55</b>	<b>7.97</b>	<b>114.66</b>	<b>20,935.18</b>
Net Block															
As at March 31, 2019	7,920.52	7,327.35	29,383.01	131.01	1,334.65	291.25	97.74	-	925.32	47,410.85	244.02	47,654.87	49.37	1,070.49	48,774.73
As at March 31, 2020	7,861.22	10,917.31	29,164.18	135.48	1,792.29	304.47	131.77	1,356.67	1,068.39	52,731.78	213.83	52,945.61	47.37	1,070.18	54,063.16

## Notes to Standalone Financial Statements for the year ended March 31, 2020

### 2. Investments

₹ in Lakhs

Particulars	Number of Shares	Face Value in ₹	As at 31 March, 2020			As at 31 March, 2019		
			Quoted	Unquoted	Total	Quoted	Unquoted	Total
(a) Investment in Equity instruments (Fully paid up) (Unquoted) At Cost								
(i) Subsidiaries:								
LGB U.S.A.	745.69	1.00		2658.84	2658.84		1543.39	1543.39
(ii) Associate:								
Renold Chain India Private Ltd (Buy back during the year)	10250000	10.00		-	-		1025.00	1025.00
(b) Investment in Equity instruments (Fully paid up) (Quoted)								
At Fair value through Other Comprehensive Income								
Elgi Equipments Limited	1229706	1.00	1377.89		1377.89	3018.92		3018.92
LGB Forge Limited	29000000	1.00	493.00		493.00	884.50		884.50
Super Spinning Mills Ltd	10000	1.00	0.21		0.21	0.59		0.59
Tube Investments of India Limited	1100	1.00	3.01		3.01	4.22		4.22
Cholamandalam Financial Holdings Limited (Formerly Known as TI Financial Holdings Limited)	1100	1.00	3.18		3.18	5.35		5.35
Union Bank (Formerly known as Corporation Bank)	3960	2.00	1.14		1.14	3.45		3.45
(c) Investment in Equity instruments:								
(Fully paid up) Unquoted) TRL Krosaki Refractories Limited (Formerly known as Tata Refractory Limited)	5000	10.00		6.79	6.79		6.79	6.79
Silent Chain India (P)Limited	770	10.00		1.43	1.43		1.43	1.43
LG Farm Products (P)Limited	10000	10.00		5.61	5.61		5.61	5.61
South Western Engg. India (P) Limited	537	1000.00		65.52	65.52		65.52	65.52
Total Investments			1,878.43	2,738.19	4,616.62	3,917.03	2,647.74	6,564.77

**Notes to Standalone Financial Statements for the year ended March 31, 2020**

₹ in Lakhs

Particulars	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
<b>3 OTHER FINANCIALS ASSETS</b>		
(a) Security and other deposits	1,331.81	1,175.41
(b) Unamortised Interest expenses	5.72	7.42
Total	1,337.53	1,182.83
<b>4 OTHER NON CURRENT ASSETS</b>		
(a) Capital advance	209.50	1,594.60
(b) Rent and other advances	295.26	262.82
(c) Advance recoverable	225.60	264.99
(d) Income and claims receivable	37.83	37.83
Total	768.19	2,160.24
<b>5 INVENTORIES</b>		
(At Lower of cost and net realisable value)		
(a) Raw Materials	4,565.28	5,311.99
(b) Work-in-progress	10,304.83	11,786.97
(c) Finished products	7,865.34	7,206.01
(d) Others		
(i) Packing materials	353.16	483.88
(ii) Stores & spares	1,945.86	2,200.07
(iii) Loose tools	1,878.41	1,965.89
Total	26,912.88	28,954.81
<b>6 TRADE RECEIVABLE</b>		
(i) Unsecured, considered good	15,833.44	20,722.27
(ii) Having significant increase in credit risk	-	-
(iii) Credit Impairment	176.21	185.75
Less: Provision for doubtful trade receivables	176.21	185.75
Total	15,833.44	20,722.27

**Notes to Standalone Financial Statements for the year ended March 31, 2020**

₹ in Lakhs

Particulars	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
<b>7. CASH AND CASH EQUIVALENTS</b>		
<b>A Cash and cash equivalents (as per INDAS 7 Statement of Cash Flows)</b>		
(a) Cash- on- Hand	6.69	6.45
(b) Balances with Banks		
(i) In Current Account	26.22	15.04
(ii) In Collection Account	3.61	233.57
(iii) In Deposit Account	202.50	564.60
Total	<u>239.02</u>	<u>819.66</u>
<b>B Other Bank Balances</b>		
(a) In Margin money with Banks	68.50	38.79
(b) In Earmarked Accounts		
(i) Unpaid Dividend Account	90.39	64.43
Total	<u>158.89</u>	<u>103.22</u>
<b>Total Cash and Cash Equivalents (A+B)</b>	<u>397.91</u>	<u>922.88</u>
Notes:		
(i) Margin money with Banks is for the purpose of compliance of deposits accepted from public.		
<b>8 OTHER FINANCIAL ASSETS</b>		
(a) Loans and advances to employees	49.99	42.51
(b) Interest accrued on Deposits	17.27	27.55
Total	<u>67.26</u>	<u>70.06</u>
<b>9 OTHER CURRENT ASSETS</b>		
(a) Prepaid expenses	71.54	178.81
(b) Balance with govt authorities:	258.78	77.73
(c) Advance recoverable	166.46	159.18
(d) Income and claims receivable	55.50	83.15
Total	<u>552.28</u>	<u>498.87</u>

## Notes to Standalone Financial Statements for the year ended March 31, 2020

### 10 SHARE CAPITAL (Equity shares of Rs.10/- each with voting rights)

₹ in Lakhs

	As at 31 March, 2020		As at 31 March, 2019	
	Number of Shares	Rs. in lakhs	Number of Shares	Rs. in lakhs
(a) Authorised	47,000,000	4,700.00	47,000,000	4,700.00
Total	47,000,000	4,700.00	47,000,000	4,700.00
(b) Issued	31,392,416	3,139.24	31,392,416	3,139.24
Total	31,392,416	3,139.24	15,696,208	1,569.62
(c) Subscribed and fully paid-up	31,392,416	3,139.24	31,392,416	3,139.24
Total	31,392,416	3,139.24	31,392,416	3,139.24

10 (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	Opening balance	Fresh Issue	Bonus/ESOP	Conversion/ Buyback	Closing balance
Equity shares with voting rights					
Year ended 31st March, 2020					
Number of shares	3,13,92,416	-	-	-	3,13,92,416
Amount (Rs. in lakhs)	3,139.24	-	-	-	3,139.24
Year ended 31st March, 2019					
Number of shares	15,696,208	-	15,696,208	-	31,392,416
Amount (Rs. in lakhs)	1,569.62	-	1,569.62	-	3,139.24

10 (ii) Details of shares held by each shareholder holding more than 5% shares

Name of the Shareholder	As at 31 March, 2020		As at 31 March, 2019	
	Number of Shares	% of Shareholding	Number of Shares	% of Shareholding
Equity shares with voting rights				
B.Vijayakumar	5,014,000	15.97	5,014,000	15.97
V.Rajvirdhan	4,010,372	12.77	4,397,172	14.01
Rajsri Vijayakumar	2,179,152	6.94	2,179,152	6.94
Reliance Capital Trustee Co.Ltd				
A/c Reliance Small Cap Fund	2,054,686	6.55	2,100,798	6.69
HDFC Small Cap Fund	2,006,894	6.39	-	-
L.G.B.Auto Products (P) Ltd	1,750,000	5.57	1,750,000	5.57

10 (iii) Terms and rights attached to equity shares:

- The Company has only one class of equity shares having a par value of ₹10/- each. The equity shares of the Company ranks pari passu in all aspects including rights and entitlement to dividend.
- The interim dividend of Rs.5/- declared by the Board at its meeting held on 21st February, 2020 shall be considered as the final dividend for the financial year 2019-20.

10 (iv) Shares issued for consideration other than cash:

- On 10.07.2014, the Company has issued Bonus shares in the ratio of 1:1 out of total shares 7,848,104 shares have been issued for consideration other than cash.
- On 18.06.2018, the Company has issued Bonus shares in the ratio of 1:1 out of total shares 15,696,208 shares have been issued for consideration other than cash.

## Notes to Standalone Financial Statements for the year ended March 31, 2020

Particulars	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
<b>11 OTHER EQUITY</b>		
(a) <b>Securities premium account:</b>		
Opening balance	1,530.99	3,100.61
Less : Capitalisation of Bonus Shares	-	(1,569.62)
Closing balance	1,530.99	1,530.99
(b) <b>General Reserve</b>		
Opening balance	52,500.00	43,000.00
Add: Transfer from surplus in Statement of Profit and Loss	7,500.00	9,500.00
Closing balance	60,000.00	52,500.00
(c) <b>Other Comprehensive Income</b>		
Opening Balance	416.83	628.11
Add: Accounted for the year	(1,924.76)	(211.28)
Closing balance	(1,507.93)	416.83
(d) <b>Surplus/(Deficit) in Statement of Profit and Loss</b>		
Opening balance	5,989.40	7,527.27
Less: Final Dividend & Dividend tax paid for FY 2018-19	1,892.26	1,703.05
Less: Interim Dividend & Dividend tax paid for FY 2019-20	1,892.26	-
Add: Profit/(Loss) for the year	10,183.45	9,665.18
Less: Transferred to General reserve	7,500.00	9,500.00
Closing balance	4,888.33	5,989.40
Total	64,911.39	60,437.22
<b>12 BORROWINGS</b>		
(a) <b>Term Loans (Refer Note (i) below):</b>		
From banks		
Secured (Refer Note (ii) below)	5,962.50	7,912.48
(b) <b>Fixed deposits:</b>		
From other parties		
Unsecured	247.99	199.53
From related parties		
Unsecured	750.00	580.00
Total	6,960.49	8,692.01

## Notes to Standalone Financial Statements for the year ended March 31, 2020

### 12 (i) DETAILS OF SECURITY FOR BORROWINGS:

- (a) Term Loans from banks are secured by hypothecation of Plant and Machineries and are collaterally secured by equitable mortgage by deposit of title deeds of immovable properties of Chakkan Plant, Jalna Plant and Chennai Vallam Vadagal plant.
- (b) Interest rate relating to Term loans from banks is in the range of 8.20% to 9.10% during the year.

### 12 (ii) Repayment Schedule

Particulars	Terms of repayment	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
Term loan from banks : Secured Hongkong and Shanghai Banking Corporation Ltd	Repayable in 16 quarterly instalment of ₹ 187.50 Lakhs from March 20	2,062.50	2,812.48
HDFC Bank Ltd	Repayable in 20 quarterly instalments of ₹ 200 Lakhs from May 19	2,400.00	3,200.00
Axis Bank Ltd	Repayable in 20 quarterly instalments of ₹ 100.00 Lakhs from March'20	1,500.00	1,900.00
Total-Term loans from banks		5,962.50	7,912.48

- 12 (iii) (a) There was no default in the repayment of loans, borrowing and interest during the year.
- (b) Interest rate relating to fixed deposits is in the range of 8.00% to 9.50% during the year.

## Notes to Standalone Financial Statements for the year ended March 31, 2020

Particulars	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
<b>13 PROVISIONS</b>		
(i) Provision for contingencies	700.00	700.00
(ii) Provision for Gratuity	189.81	-
(iii) Provision for Leave Salary	332.86	286.19
(iv) Others	102.39	102.39
	<b>1,325.06</b>	<b>1,088.58</b>
<b>14 BORROWINGS</b>		
(a) Loan repayable on demand		
From banks		
Secured (Refer Note 14(i) © below)	385.55	5,546.80
(b) From Financial institutions		
Unsecured (Refer Note 14(i) © below)	-	1,500.00
(c) Loan from directors		
Unsecured	480.00	343.00
(d) Loan from Inter corporates		
Unsecured	265.00	480.00
	<b>1,130.55</b>	<b>7,869.80</b>

### 14 (i) Details of security for borrowings:

- Working capital loans from banks are primarily secured by hypothecation of inventories and book debts of the Company
- Interest rate relating to Short term loans from banks is in the range of 8.30% to 10.95%
- Break-up of loan repayable on demand and financial institutions.

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Secured	Unsecured	Secured	Unsecured
<b>Loan repayable on Demand</b>				
From Banks				
Axis Bank Ltd	-	-	1,000.00	-
Corporation Bank	(0.31)	-	(5.11)	-
HDFC Bank Ltd	(394.25)	-	1,950.76	-
ICICI Bank Ltd	917.36	-	13.12	-
Indusind Bank Ltd	0.55	-	(2.20)	-
IDBI Bank Ltd	(137.80)	-	590.23	-
Hongkong and Shanghai Banking Corporation Ltd	-	-	2,000.00	-
Total - Loan from banks	<b>385.55</b>	<b>-</b>	<b>5,546.80</b>	<b>-</b>
<b>Loan from financial institutions</b>				
Bajaj Finance Limited			-	1,500.00

14 (ii) Note: There was no default in the repayment of loans and interest during the year.



## Notes to Standalone Financial Statements for the year ended March 31, 2020

Particulars	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
<b>15 OTHER FINANCIAL LIABILITIES:</b>		
(a) Current maturities of long-term debt (Refer Note (i) below)	2,292.52	3,479.53
(b) Interest accrued but not due on secured loans	37.89	50.25
(c) Interest accrued but not due on Unsecured loans	58.03	32.43
(d) Interest accrued on deposits from customers	54.93	48.06
(e) Unclaimed dividends (Refer Note (ii) below)	90.39	64.43
(f) Payable on purchase of fixed assets	481.36	1,319.22
Total	3,015.12	4,993.92
15 (i) Current maturities of Long-term debt:		
Refer Note 12(i) for the details of Securities		
<b>Term Loan</b>		
From Banks		
Secured	1,950.00	2,531.96
Total - Term Loan from banks	1,950.00	2,531.96
<b>Fixed Deposits:</b>	342.52	947.57
Total - Current maturities of Long-term debt	2,292.52	3,479.53
15 (ii) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
<b>16 PROVISION</b>		
(a) Provision for Leave Salary	45.10	37.71
(b) Provision for Gratuity	0.63	-
Total	45.73	37.71
<b>17 OTHER CURRENT LIABILITIES:</b>		
(a) Statutory remittances	160.99	1,194.28
(b) Advance and deposits from customers etc.,	620.10	658.51
Total	781.09	1,852.79

## Notes to Standalone Financial Statements for the year ended March 31, 2020

Particulars	For the year ended 31.03.2020 ₹ in lakhs	For the year ended 31.03.2019 ₹ in lakhs
<b>18 REVENUE FROM OPERATIONS:</b>		
a) Sale of products	134,922.41	145,873.98
b) Other operating revenue		
(i) Scrap sales	8,946.58	11,900.21
(ii) Duty drawback and other export incentives	558.23	436.25
Revenue from operations (Gross)	144,427.22	158,210.44
<b>19 OTHER INCOME</b>		
a) Interest income		
(i) Interest on fixed deposit with banks	41.80	38.32
(ii) Interest on deposits	47.28	27.15
(iii) Others	10.09	9.14
Total Interest Income	99.17	74.61
b) Dividend income:	36.98	15.15
c) Other non-operating income		
(i) Rental and lease income	82.78	110.17
(ii) Agricultural income	9.54	8.41
(iii) Profit on sale of assets	93.13	10.65
(iv) Miscellaneous receipts	44.86	62.88
Total	366.46	281.87
<b>20 a. COST OF MATERIALS CONSUMED</b>		
Opening Stock:	5,795.86	5,644.16
Add: Purchases	63,074.75	75,251.62
Less: Closing Stock	4,918.44	5,795.86
Cost of material consumed	63,952.17	75,099.92
b. Changes in inventories of finished goods, work-in-progress and stock-in-trade		
<b>Inventories at the end of the year</b>		
Finished goods	7,865.34	7,206.01
Work-in-progress	10,304.83	11,786.97
	18,170.17	18,992.98
<b>Inventories at the beginning of the year</b>		
Finished goods	7,206.01	4,466.05
Work-in-progress	11,786.97	10,478.85
	18,992.98	14,944.90
Net decrease / (increase)	822.81	(4,048.08)

**Notes to Standalone Financial Statements for the year ended March 31, 2020**

₹ in Lakhs

Particulars	For the year ended 31.03.2020 ₹ in lakhs	For the year ended 31.03.2019 ₹ in lakhs
<b>21 EMPLOYEE BENEFITS EXPENSES</b>		
(a) Salaries and wages	21,776.35	21,894.53
(b) Contribution to provident and other funds	1,210.16	1,074.13
(c) Staff welfare expenses	886.49	1,055.09
	<b>23,873.00</b>	<b>24,023.75</b>
<b>22 FINANCE COSTS</b>		
(a) Interest expenses:		
(i) On borrowings	1,271.24	1,041.73
(ii) On Lease Liability	137.27	-
Total	<b>1,408.51</b>	<b>1,041.73</b>
<b>23 OTHER EXPENSES</b>		
(a) Consumption of stores and spare parts	10,538.43	12,352.59
(b) Processing charges	7,672.91	9,337.03
(c) Power and Fuel	6,768.98	6,816.62
(d) Rent including lease rentals	413.40	656.06
(e) Repairs & maintenance of		
(i) Buildings	187.87	147.08
(ii) Machinery	2,389.72	3,467.87
(iii) Other assets	1,040.63	808.90
(f) Insurance	96.54	82.24
(g) Rates and taxes	251.53	158.75
(h) Travelling and conveyance	750.88	787.52
(i) Printing and stationery	21.25	34.88
(j) Postage, telegram and telephones	117.39	139.49
(k) Freight, packing & forwarding	5,375.83	6,071.32
(l) Advertisement, publicity and selling expenses	121.52	263.50
(m) Bank charges	95.02	136.90
(n) Legal and professional charges	292.79	256.90
(o) Payments to auditors (Refer note (i) below)	18.90	17.50
(p) Expenditure on Corporate Social Responsibility (Refer note (ii) below)	140.84	162.44
(q) Bad debts written off	18.44	28.44
(r) Assets condemned & written off	46.52	53.83
(s) Provision for doubtful debts/advances	(9.54)	64.89
(t) Loss on sale of Assets	3.61	4.39
(u) Loss on foreign currency transactions and translation	(103.41)	211.51
(v) Sitting fees	14.40	14.70
(w) Watch and Ward	837.83	754.37
(x) Agricultural expenses	9.91	7.65
(y) Miscellaneous expenses	76.18	80.90
	<b>37,188.37</b>	<b>42,918.27</b>

## Notes to Standalone Financial Statements for the year ended March 31, 2020

Particulars	For the year ended 31.03.2020 ₹ in lakhs	For the year ended 31.03.2019 ₹ in lakhs
(i) <b>Details of Auditors' remuneration:</b>		
Payment to auditors comprises		
(a) To Statutory Auditors:		
For statutory audit	14.00	13.00
For taxation matters	3.00	2.75
For certification and other services	-	0.50
(b) To cost auditors for cost audit	1.90	1.25
<b>Total</b>	<b>18.90</b>	<b>17.50</b>
(ii) <b>Details of CSR Expenditure:</b>		
(i) Contribution to		
Educational Aids to Students	66.63	-
L.G.B Educational Foundation	50.00	35.00
LRG & GD Trust	-	43.00
Gaja Relief Fund	-	17.00
Amrit Centre for Special Needs	5.00	10.00
Uyir Trust	-	15.00
Karur School Building	0.97	13.28
Library Saravanampatti	5.42	6.50
Mekkanamkulam Gramajana Committee	3.00	5.74
Primavera India	-	3.00
Tamilnadu Ayyappa Medical Mission and Charities	-	3.00
Balamandir	-	5.00
Karur Basket Ball	1.50	-
Art Motorsports Pvt. Ltd.	1.00	-
The Coimbatore Zoological Park Conservation	1.00	-
Contribution to others	6.32	5.92
<b>Total</b>	<b>140.84</b>	<b>162.44</b>
<b>24 &amp; 25) INCOME TAX EXPENSE</b>		
Current Tax:		
Current tax on profits for the year	2,950.66	4,252.49
Adjustments for current tax of prior periods	196.52	-
<b>Total current tax expense</b>	<b>3,147.18</b>	<b>4,252.49</b>
Deferred tax:		
Decrease/ (Increase) in deferred tax assets	-	-
(Decrease)/ Increase in deferred tax Liabilities	(675.64)	346.58
<b>Total deferred tax expense/ (benefit)</b>	<b>(675.64)</b>	<b>346.58</b>
<b>Income tax expense</b>	<b>2,471.54</b>	<b>4,599.07</b>
The Income-tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax	12,654.99	14,264.25
Income-tax expense calculated at 25.168% (Previous year 34.608%)	3,185.01	4,984.50
Add: Tax effect on earlier year disallowances	196.52	-
Less: Tax effect on non-deductible expense	38.35	(276.06)
Less: Net tax effect on additional deduction	(384.11)	(109.38)
Less: Tax effect on deferred tax due to rate change	(564.23)	-
<b>Total tax expense</b>	<b>2,471.54</b>	<b>4,599.07</b>

## Notes to Standalone Financial Statements for the year ended March 31, 2020

### 26. FAIR VALUE MEASUREMENT

Financial instruments by category

₹ in Lakhs

Particulars	March 31, 2020					March 31, 2019				
	FVTPL	FVOCI	Amor- tised Cost	Total Carrying Value	Total Fair Value	FVTPL	FVOCI	Amor- tised Cost	Total Carrying Value	Total Fair Value
<b>Financial Assets</b>										
Investments										
Equity instruments (other than subsidiary and associates)	-	1,957.78	-	1,957.78	1,957.78	-	3,996.38	-	3,996.38	3,996.38
Trade Receivables			15,833.44	15,833.44	15,833.44			20,722.27	20,722.27	20,722.27
Cash and bank balances			397.91	397.91	397.91			922.88	922.88	922.88
Other Financial assets			1,404.79	1,404.79	1,404.79			1,252.89	1,252.89	1,252.89
<b>Total Financial Assets</b>	-	1,957.78	17,636.14	19,593.92	19,593.92	-	3,996.38	22,898.04	26,894.42	26,894.42
<b>Financial Liabilities</b>										
Borrowings			8,091.04	8,091.04	8,091.04			16,561.82	16,561.82	16,561.82
Trade Payables			22,264.19	22,264.19	22,264.19			24,144.01	24,144.01	24,144.01
Lease Liabilities			1,455.92	1,455.92	1,455.92			-	-	-
Other Financial liabilities			3,015.12	3,015.12	3,015.12			4,993.92	4,993.92	4,993.92
<b>Total Financial Liabilities</b>	-	-	34,826.27	34,826.27	34,826.27	-	-	45,699.75	45,699.75	45,699.75

#### (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

#### Financial assets and liabilities measured at fair value - recurring fair value measurements

Particulars	March 31, 2020				March 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>								
Financial Investments at FVOCI								
Listed Equity instruments	1,957.78	-	-	1,957.78	3,996.38	-	-	3,996.38
<b>Total Financial Assets</b>	<b>1,957.78</b>	-	-	<b>1,957.78</b>	<b>3,996.38</b>	-	-	<b>3,996.38</b>
<b>Financial Liabilities</b>								
Total Financial Liabilities	-	-	-	-	-	-	-	-

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

Particulars	March 31, 2020				March 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>								
Financial Investments								
Equity instruments (unquoted)	-	-	-	-	-	-	-	-
<b>Total Financial Assets</b>	-	-	-	-	-	-	-	-
<b>Financial Liabilities</b>								
Total Financial Liabilities	-	-	-	-	-	-	-	-

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## Notes to Standalone Financial Statements for the year ended March 31, 2020

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### Level 1:

Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

### Level 2:

The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

### Level 3:

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

There are no transfers between levels 1, 2 and 3 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

#### (ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- the fair value of certain financial instruments have been determined based on the buy back offer made by the originatory of the instrument.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

### Details of the investment property and its fair value:

Investment Property disclosed is net of depreciation

The fair values of investment properties have been determined with reference to the guideline value as determined by the Government for the location at which the property is located, increased by the depreciated value of buildings.

## Notes to Standalone Financial Statements for the year ended March 31, 2020

### 27 FINANCIAL INSTRUMENTS

#### Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and other short-term borrowings. The capital structure of the Company consists only of equity.

#### Gearing Ratio:

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Debt	6,960.49	8,692.01
Less: Cash and bank balances	397.91	922.88
Net debt	6,562.58	7,769.13
Total equity	68,050.63	63,576.46
Net debt to equity ratio (%)	9.64%	12.22%

#### Financial assets

##### a. Measured at amortised cost

Loans Given	-	-
Other non-current financial assets	1,337.53	1,182.83
Trade receivables	15,833.44	20,722.27
Cash and cash equivalents	239.02	819.66
Bank balances other than above	158.89	103.22
Other financial assets	67.26	70.06
b. Mandatorily measured at fair value through OCI (FVOCI) - Equity instruments (other than subsidiary and associates)	1,957.78	3,996.38

#### Financial liabilities

##### a. Measured at amortised cost

Borrowings (short term)	1,130.55	7,869.80
Trade payables	22,264.18	24,144.01
Other financial liabilities	3,015.12	4,993.92
Lease Liabilities	1,455.92	-

#### Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using natural hedging financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

## Notes to Standalone Financial Statements for the year ended March 31, 2020

### Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposures through its finance division and uses derivative instruments such as forward contracts and currency swaps, wherever required, to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management.

### Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company actively manages its currency rate exposures through a centralised treasury division and uses natural hedging principles to mitigate the risks from such exposures. The use of derivative instruments, if any, is subject to limits and regular monitoring by appropriate levels of management.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net Assets exposure on the currency	
<b>As on 31.03.2020</b>							
USD	973,177.12	-	973,177.12	2,650,910.21	-	2,650,910.21	1,677,733.09
EUR	16,960.06	-	16,960.06	1,986,659.16	-	1,986,659.16	1,969,699.10
GBP		-	-	286,461.47	-	286,461.47	286,461.47
JPY	-	-	-	-	-	-	-
<b>As on 31.03.2019</b>							
USD	452,903.27	-	452,903.27	3,134,596.97	-	3,134,596.97	2,681,693.70
EUR	43,236.59	-	43,236.59	1,597,619.31	300,000.00	1,297,619.31	1,254,382.72
GBP	-	-	-	619,898.47	-	619,898.47	619,898.47
JPY	1,748,600.00	-	1,748,600.00	-	-	-	(1,748,600.00)



## Notes to Standalone Financial Statements for the year ended March 31, 2020

### Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

### Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings

### Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase

or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is not subject to credit risk as the internally generated funds are used to meet their financial requirements.

### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

### Offsetting related disclosures

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

### Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposit . The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

### Liquidity tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

**Notes to Standalone Financial Statements for the year ended March 31, 2020**

₹ in Lakhs

	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
<b>March 31, 2020</b>				
Trade payables	22,264.18	-	-	22,264.18
Other financial liabilities	3,015.12	-	-	3,015.12
Borrowings	1,130.55	-	-	1,130.55
	26,409.86	-	-	26,409.86
<b>March 31, 2019</b>				
Trade payables	24,144.01	-	-	24,144.01
Other financial liabilities	4,993.92	-	-	4,993.92
Borrowings	7,869.80	-	-	7,869.80
	37,007.73	-	-	37,007.73

	31.03.2020	31.03.2019
Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required):	Nil	Nil

	As at 31.03.2020	As at 31.03.2019
<b>28 Contingent liabilities and commitments (to the extent not provided for)</b>		
(i) Contingent liabilities:		
(a) Claims against the Company, not acknowledged as debts -		
disputed tax liabilities		
(i) Central Excise	100.00	242.92
(ii) Entry Tax	408.36	428.29
(iii) Service Tax	-	176.63
(iv) VAT/CST	392.56	1,106.78
(v) Income Tax	1,139.26	1,248.49
<b>TOTAL</b>	<b>2,040.18</b>	<b>3,203.11</b>
(b) Guarantee given by Bankers and outstanding	72.25	64.86
(c) Corporate guarantee given for others	2,700.00	2,700.00
(d) Estimated customs duty obligation on imports, if corresponding export obligation is not satisfied.	305.75	347.28
Note: Future cash outflows in respect of the above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities.		
(ii) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for - Tangible assets	1,899.88	6,009.98

29 Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upto by the Auditors.

**Notes to Standalone Financial Statements for the year ended March 31, 2020**

₹ in Lakhs

	As at 31.03.2020	As at 31.03.2019
Other disclosures are as under:		
(i) Principal amount remaining unpaid to any supplier as at end of the accounting year	1,587.82	241.42
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	NIL	NIL
(iii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the payment made to the supplier beyond the appointed day during the year.s	NIL	NIL
(iv) Amount of interest due and payable for the period of delay in making payment but without adding interest as specified in the Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL
(v) The amount of interest accrued and remaining unpaid at the end of each accounting year.	NIL	NIL
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the dues are actually paid for the purpose of disallowance under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL

- 30 a) Remuneration to Chairman and Managing Director (CMD) and Managing Director (MD) is included in Salary, Wages & Bonus:

Particulars	For the year ended 31 March, 2020		For the year ended 31 March, 2019	
	CMD	MD	CMD	MD
Salaries & Allowances	98.70	65.00	90.03	51.35
Commission	219.96	54.99	273.99	52.40
Contribution to Provident Fund	11.84	7.80	10.81	6.16
Total	330.50	127.79	374.83	109.91

- b) Computation of net profit under section 198 of the Companies Act, 2013 and commission payable to the Chairman and Managing Director and Managing Director:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit before tax	12,654.99	14,264.25
Add: Managerial remuneration (Refer Note)	458.29	484.75
Sitting fees to directors	14.40	14.70
Provision for doubtful debts/advances	8.90	93.33
Loss on Sales of Assets	3.61	4.39
Assets condemned and written off	46.52	53.83
Less: Profit on Sale of Assets/Investments	2,188.91	1,215.62
Net profit	10,997.79	13,699.63
Maximum remuneration payable to Chairman & Managing Director and Managing Director - 10% of the net profit	1,099.78	1,369.96
Commission payable @ 2% of Net Profit to CMD	219.96	273.99
Commission payable @ 0.50/ 0.30% of Net Profit to MD	54.99	52.40

The remuneration paid / payable to the Chairman & Managing Director and Managing Director for the year is within the limits specified in Section 198 of the Companies Act, 2013.

## Notes to Standalone Financial Statements for the year ended March 31, 2020

₹ in Lakhs

31 DETAILS OF GOVERNMENT GRANTS		
PARTICULARS	As at 31.03.2020	As at 31.03.2019
Government grants received by the Company during the year towards Duty drawback and other export incentives	558.23	436.25
Subsidy received	428.67	-
Total	986.90	436.25

## 32 EMPLOYEE BENEFIT PLANS

### Defined Contribution plans:

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized Rs.778.82 Lakhs (Year ended 31 March, 2019 Rs.596.00 Lakhs) for Provident Fund contributions and Rs.16.50 Lakhs (Year ended 31 March, 2019 Rs.14.87 Lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

### State plans:

The Company makes ESI contributions to Employees State Insurance Scheme. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.236.42 Lakhs (Year ended 31 March, 2019 Rs.290.25 Lakhs) in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Scheme.

### Defined Benefit Plan - Gratuity:

The Company provides gratuity benefit (included as part of employees contribution to funds in Note 21 Employee benefits expense) to all eligible employees, which is funded with Life Insurance Corporation of India.

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Components of employer expenses		
Current service cost	192.76	155.95
Interest cost	145.07	143.10
Expected return on Plan Assets	(159.40)	(174.68)
Actuarial (gains) / losses		
Past service cost		
<b>Total expense recognized in Statement of Profit and Loss*</b>	<b>178.43</b>	<b>124.37</b>
Actual contribution and the benefit payments for the year		
Actual benefit payments	(87.65)	(71.63)
Actual contribution	8.64	7.86
Other Comprehensive Income		
Opening OCI	247.22	84.98
Actuarial Loss /(Gain) on DBO	239.05	65.27
Actuarial Loss /(Gain) on Assets	(95.08)	96.97
Total recognized in Other Comprehensive Income	143.97	162.24

**Notes to Standalone Financial Statements for the year ended March 31, 2020**

₹ in Lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Closing Recognised in OCI</b>	<b>391.19</b>	<b>247.22</b>
<b>Net Asset/(Liability) recognized in the Balance Sheet</b>		
Present value of benefit obligation	2,657.03	2,167.80
Fair value of plan assets	2,466.59	2,291.12
Funded Status [Surplus/(Deficit)] *	(190.44)	123.32
Unrecognised past service cost	-	-
Net Asset/(Liability) recognized in the Balance Sheet	(190.44)	123.32
<b>Change in defined benefit obligations(DBO) during the year</b>		
Present value of DBO at beginning of the year	2,167.80	1,875.11
Current service cost	192.76	155.95
Interest cost	145.07	143.10
Actuarial (gain) / loss on obligation	239.05	65.27
Benefits paid	(87.65)	(71.63)
Present value of DBO at the end of the year	2,657.03	2,167.80
<b>Change in the Fair Value of assets during the year</b>		
Plan Assets at beginning of the year	2,291.12	2,277.18
Acquisition adjustment		
Expected return on Plan Assets	159.40	174.68
Contributions by the employer	8.64	7.86
Actuarial gain / (loss)	95.08	(96.97)
Benefits paid	(87.65)	(71.63)
Plan Assets at the end of the year	2,466.59	2,291.12
<b>Reconciliation of Present Value (PV) of Obligation and Fair Value (FV) of Assets:</b>		
Closing PV of Obligation	2,657.03	2,167.80
Closing FV of Plan Assets	2,466.59	2,291.12
<b>Funded Status [Surplus/(Deficit)] *</b>	<b>(190.44)</b>	<b>123.32</b>
* - Included under the head "Employee Benefits" in Schedule 22		
<b>Composition of the Plan assets is as follows:</b>		
Equity instruments	-	-
Debt instruments	-	-
Property	-	-
Insurer managed asset *	100%	100%
* - The details with respect to the composition of investments in the fair value of plan assets have not been disclosed in the absence of the aforesaid information.		
<b>Actuarial assumptions</b>		
Discount Rate (per annum)	6.83%	7.78%
Rate of increase in compensation levels (per annum)	11.00%	11.00%
Expected return on plan assets (per annum)	6.83%	7.78%
* - Included in "Contribution to Provident & Other Funds" in Note 21 - Employee Costs		

**Notes to Standalone Financial Statements for the year ended March 31, 2020**

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Experience adjustments</b>		
Actuarial (Gains) and Losses on Obligation	239.05	65.27
Actuarial (Gains) and Losses due to change in Assumptions	-	-
Actuarial (Gains) and Losses on Plan assets	(95.08)	96.97
Total comprehensive Income for the year	143.97	162.24
Actuarial (Gains) and Losses Recognized in the year	143.97	162.24
Unrecognized Actuarial (Gains) and Losses for the year	-	-

Note: (i) The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated terms of the obligations.

(ii) The estimate of future salary increased considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

(iii) The Company is expected to contribute Rs.200.00 Lakhs to the Gratuity Fund next year.

(iv) Sensitivity Analysis:

Particulars	As at 31.03.2020	As at 31.03.2019
A. Discount Rate + 100 BP Defined Benefit Obligation [PVO]	-10.39% 2,380.90	-9.96% 1,951.83
B. Discount Rate - 100 BP Defined Benefit Obligation [PVO]	12.37% 2,985.62	11.59% 2,419.01
C. Salary Escalation Rate + 100 BP Defined Benefit Obligation [PVO]	11.36% 2,598.92	10.81% 2,402.08
D. Salary Escalation Rate - 100 BP Defined Benefit Obligation [PVO]	-9.92% 2,393.32	-9.63% 1,959.09
E. Attrition Rate + 100 BP Defined Benefit Obligation [PVO]	-3.66% 2,559.72	-3.04% 2,101.90
F. Attrition Rate - 100 BP Defined Benefit Obligation [PVO]	4.25% 2,769.96	3.33% 2,239.96

v **Risk exposure:**

The Company's Gratuity fund is maintained by an approved trust (Life Insurance Corporation of India). A large portion of the investment made by the LIC is in government bonds and securities and other approved securities. Hence, the company is not exposed to the risk of asset volatility as at the balance sheet date.

vi **Defined benefit liability and employer contributions:**

The weighted average duration of the defined benefit obligation is 17.80 years (2018-19 17.21 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	March 31, 2020	March 31, 2019
Less than 1 year	107.69	94.21
Between 1 - 2 years	115.62	84.79
Between 2 - 3 years	80.56	108.58
Between 3 - 4 years	94.99	74.95
Between 4 - 5 years	161.29	87.84
More than 5 years	1,041.23	917.41

**Notes to Standalone Financial Statements for the year ended March 31, 2020**

₹ in Lakhs

	31.03.2020	31.03.2019
<b>33 DETAILS OF LEASING ARRANGEMENTS IND AS 116</b>		
As Lessor		
a The Company has entered into operating lease arrangements for certain surplus facilities and equipments.		
Total rental and lease income recognized in the Statement of Profit and Loss	82.78	110.17
As Lessee		
Interest expenses on lease liability	137.27	-
Expenses related to short term leases and lease of low value assets	402.00	-
Total cashflow for leases	698.33	-
<b>34 EARNINGS PER SHARE</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
Basic & Diluted:		
Net profit after tax from continuing operations - In Rs. Lakhs	10,183.45	9,665.18
Profit attributable to Equity Shareholders - In Rs. Lakhs (A)	10,183.45	9,665.18
Total number of equity shares outstanding at balance sheet date.	31,392,416	31,392,416
Weighted average number of equity shares outstanding, considered for the purpose of computing Basic EPS (B)	31,392,416	31,392,416
Nominal value of Equity Shares - In Rs.	10	10
Basic and Diluted Earnings Per Share-In Rs. (A/B )(Not annualized)	32.44	30.79
<b>35 DEFERRED TAX LIABILITY:</b>		
Tax effect of items constituting deferred tax Liability:		
On difference between book balance and tax balance of fixed assets	1,633.36	2,457.47
On account of provision for right to use assets	341.45	-
On account of provision for lease liability	(366.42)	-
On account of provision for doubtful debts	(44.35)	(64.29)
On account of provision for contingencies	(176.18)	(242.27)
On account of provision for gratuity	(47.93)	(21.59)
On account of provision for leave salary	(95.13)	(112.10)
	1,244.80	2,017.22
<b>36 DETAILS OF R&amp;D EXPENSES</b>		
1) Capital expenditure	35.66	79.53
2) Salaries & wages	394.64	348.94
3) Material costs	58.49	55.70
4) Maintenance expenses	68.52	61.91
5) Other expenses	43.06	49.62
	600.37	595.70

Note: While the accounts of R&D department are maintained separately, for the purpose of presentation, the administrative and other expenses are clubbed along with other functional head of expenses and presented in the Statement of Profit and Loss.



## Notes to Standalone Financial Statements for the year ended March 31, 2020

### 37 Details of Provision

The Company has made provision for various contractual obligations and disputed liabilities based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

Particulars	As at 1 April, 2019	Additions	Utilisation	As at 31 March, 2020
Provision for other contingencies (Excise/ Customs / IT)	700.00		-	700.00
	(700.00)	-	-	(700.00)
Total	700.00	-	-	700.00
	(700.00)	-	-	(700.00)

Note: Figures in brackets relate to the previous year.

38 Since the Company prepares consolidated financial statements, segment information as revised by IND AS 108 "Operating Segments" has been disclosed in consolidated financial statements.

39 Exceptional item represents Profit on sale of Land, Profit on sale of entire Investment in Renold Chain India Private Limited (Associate company) and subsidy received.

40 Borrowing Cost Capitalized during the year Rs. 45.15 Lakhs (Previous year Rs.137.35 Lakhs).

41 Previous year figures have been regrouped and reclassified, wherever necessary, to correspond with the current year's classification/disclosure.

42 The Company elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. Accordingly the Company has recognised provision for income tax for the year ended 31st March, 2020 and re-measured its Deferred Tax Assets based on the rate prescribed in the said Section. The Deferred Tax reversal of Rs. 564.23 Lakhs has already been given effect to in the results for quarter ended 30.09.2019.

43 The Company has adopted IndAS 116 Leases with effect from 1st April, 2019. The Company has measured Right-to-use Asset and Liability for Rs. 1,641.97 Lakhs based on the remaining lease period and payments discounted using the incremental borrowing rate as the date of initial application.

44 The COVID-19 pandemic and the resulting lockdown enforced from 23rd March 2020 has effected the Company's regular operations. In assessing the recoverability of Company's assets such as Property, Plant and Equipment, Investments, Trade Receivables, Inventories etc the Company has considered available information upto the date of approval of these financial results and expect to recover the carrying amount of the assets. The Company's operations were impacted by the closure of the Company by 9 days by the end of March 2020 due to COVID-19 effect.

### 45 Related party disclosure

a) List of parties having significant influence

#### Subsidiaries

LGB USA INC. - 95.28%



## Notes to Standalone Financial Statements for the year ended March 31, 2020

### Fellow Subsidiaries

GFM ACQUISITION LLC. - Holding by LGB USA - 98%

GFM LLC - Holding by GFM Acquisition LLC - 100%

### b) List of parties having significant influence

#### Associate Companies

Renold Chain India Private Limited - 25% (Till the date of disposal - 08-11-2019)

### Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel

Elgi Automotive Services (P) Limited	Super Speeds Private Limited
L.G.B. Auto Products (P) Limited	LGB Forge Limited
LG Farm Products (P) Limited	Tribe Investments & Services Private Ltd
L.G. Balakrishnan & Bros - Karur	South Western Engineering Private India Limited
LG Sports Private Limited	Silent Chain India Private Limited
Super Transports Private Limited	

### Key management personnel

Sri. B. Vijayakumar, Chairman and Managing Director

Sri. P. Prabakaran, Managing Director

Sri.N. Rengaraj, Chief Financial Officer

Sri.M. Lakshmi Kanth Joshi, General Manager (Legal) and Company Secretary

### Relatives of Key Management Personnel

<b>Relatives of Sri. B. Vijayakumar:</b>			
Smt. Vijayashree V	-	Wife	Smt. Rajsri Vijayakumar - Daughter
Sri. V. Rajvirdhan	-	Son	Sri. Rajiv Parthasarathy - Daughter's Husband
Sri. Nithin Karivardhan	-	Son	Minor. Samriddhi Andar Rajiv - Daughter's daughter
Sri. Arjun Karivardhan	-	Son	Minor. Vidhur Narayanan Rajiv - Daughter's Son
<b>Relatives of Sri. P. Prabakaran:</b>			
Sri. K. Palanichamy	-	Father	Smt. D. Maheswari - Wife
Smt. Rajalakshmi	-	Mother	Sri. P. Suryakumar - Son

Place : Coimbatore  
Date : 05.06.2020

In terms of our report attached

For **SURI & CO**  
Chartered Accountants  
FRN: 004283S

M. Sivaram  
Partner  
Membership No. 211916

For and on behalf of Board of Directors

**B. VIJAYAKUMAR**  
Chairman and Managing Director  
DIN: 00015583

**M. LAKSHMI KANTH JOSHI**  
General Manager (Legal) and  
Company Secretary

**P. PRABAKARAN**  
Managing Director  
DIN : 01709564

**N. RENGARAJ**  
Chief Financial Officer

## Notes to Standalone Financial Statements for the year ended March 31, 2020

a) Transactions during the year

₹ in Lakhs

S. No.	Particulars	Associates/Others		Subsidiaries		Key Managerial Personnel		Relatives of key managerial personnel		Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<b>1</b>	<b>Remuneration to Key Managerial Personnel</b>										
	Sri.B.Vijayakumar	-	-	-	-	535.49	554.89	22.80	20.89	558.29	575.78
	Sri.P. Prabakaran	-	-	-	-	330.50	374.83	-	-	330.50	374.83
	Sri.N.Rengaraj	-	-	-	-	127.79	109.91	-	-	127.79	109.91
	Sri.Lakshminanth Joshi	-	-	-	-	44.90	40.60	-	-	44.90	40.60
	Sri.K. Arjun	-	-	-	-	32.30	29.55	-	-	32.30	29.55
		-	-	-	-	-	-	22.80	20.89	22.80	20.89
<b>2</b>	<b>Loan Receipts (Borrowings)</b>	<b>865.00</b>	<b>567.00</b>	<b>-</b>	<b>-</b>	<b>579.00</b>	<b>300.00</b>	<b>70.00</b>	<b>563.00</b>	<b>1,514.00</b>	<b>1,430.00</b>
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel										
	Associates										
	L.G.Sports Private Ltd	205.00	400.00	-	-	-	-	-	-	205.00	400.00
	Elgi Automotive Services (P) Limited	-	30.00	-	-	-	-	-	-	-	30.00
	LGB Auto Products (P) Limited	235.00	117.00	-	-	-	-	-	-	235.00	117.00
	LG Farm Products (P) Limited	300.00	-	-	-	-	-	-	-	300.00	-
	Super Speeds (P) Limited	125.00	-	-	-	-	-	-	-	125.00	-
	Others	-	20.00	-	-	-	-	-	-	-	20.00
	Key Managerial Personnel										
	Sri.B.Vijayakumar	-	-	-	-	579.00	300.00	-	-	579.00	300.00
	Relatives of Key Managerial Personnel										
	Sri.V.Rajvirdhan	-	-	-	-	-	-	-	405.00	-	405.00
	Smt.V.Rajsri	-	-	-	-	-	-	70.00	158.00	70.00	158.00
<b>3</b>	<b>Loan Repayment (Borrowing)</b>	<b>1,080.00</b>	<b>150.00</b>	<b>-</b>	<b>-</b>	<b>217.00</b>	<b>337.00</b>	<b>295.00</b>	<b>338.00</b>	<b>1,592.00</b>	<b>825.00</b>
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel										
	Associates										
	L.G.Sports Private Ltd	520.00	-	-	-	-	-	-	-	520.00	-
	Elgi Automotive Services (P) Limited	20.00	20.00	-	-	-	-	-	-	20.00	20.00
	LGB Auto Products (P) Limited	270.00	110.00	-	-	-	-	-	-	270.00	110.00
	LG Farm Products (P) Limited	160.00	-	-	-	-	-	-	-	160.00	-
	Super Speeds (P) Limited	110.00	-	-	-	-	-	-	-	110.00	-
	Others	-	20.00	-	-	-	-	-	-	-	20.00

# Notes to Standalone Financial Statements for the year ended March 31, 2020

₹ in Lakhs

S. No.	Particulars	Associates/Others		Subsidiaries		Key Managerial Personnel		Relatives of key managerial personnel		Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
	Key Managerial Personnel										
	Sri.B.Vijayakumar	-	-	-	-	217.00	337.00	-	-	21700	337.00
	Relatives of Key Managerial Personnel										
	Sri.V.Rajivrdhan	-	-	-	-	-	-	130.00	275.00	130.00	275.00
	Smt. V.Rajsri	-	-	-	-	-	-	165.00	63.00	165.00	63.00
4	<b>Fixed Deposits Receipts (Borrowings)</b>	<b>15.00</b>	<b>5.00</b>	<b>-</b>	<b>-</b>	<b>90.00</b>	<b>50.00</b>	<b>2.00</b>	<b>50.00</b>	<b>107.00</b>	<b>105.00</b>
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel										
	Associates										
	L G Farm Products (P) Limited	-	-	-	-	-	-	-	-	-	-
	Silent Chain (P) Limited	15.00	5.00	-	-	-	-	-	-	15.00	5.00
	Super Transports (P) Limited	-	-	-	-	-	-	-	-	-	-
	Key Managerial Personnel										
	Sri.B.Vijayakumar	-	-	-	-	-	50.00	-	-	-	50.00
	Sri.P. Prabakaran	-	-	-	-	88.00	-	-	-	88.00	-
	Sri.N.Rengaraj	-	-	-	-	2.00	-	-	-	2.00	-
	Relatives of Key Managerial Personnel										
	Smt.V.Rajsri	-	-	-	-	-	-	-	50.00	-	50.00
	Minor. Vidhur Narayanan	-	-	-	-	-	-	-	-	-	-
	Smt. D. Maheswari	-	-	-	-	-	-	2.00	-	2.00	-
5	<b>Fixed Deposits Repayments (Borrowings)</b>	<b>195.00</b>	<b>1,305.00</b>	<b>-</b>	<b>-</b>	<b>225.00</b>	<b>140.00</b>	<b>100.00</b>	<b>830.00</b>	<b>520.00</b>	<b>2,275.00</b>
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel										
	Associates										
	L G Farm Products (P) Limited	35.00	200.00	-	-	-	-	-	-	35.00	200.00
	L.G.Sports Private Ltd	100.00	800.00	-	-	-	-	-	-	100.00	800.00
	LGB Auto Products (P) Limited	-	200.00	-	-	-	-	-	-	-	200.00
	Super Transports (P) Limited	-	105.00	-	-	-	-	-	-	-	105.00
	Silent Chain (P) Limited	10.00	-	-	-	-	-	-	-	10.00	-
	Elgi Automotive Services (P) Limited	50.00	-	-	-	-	-	-	-	50.00	-

# Notes to Standalone Financial Statements for the year ended March 31, 2020

₹ in Lakhs

S. No.	Particulars	Associates/Others		Subsidiaries		Key Managerial Personnel		Relatives of key managerial personnel		Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
	Key Managerial Personnel										
	Sri.B.Vijayakumar	-	-	-	-	150.00	140.00	-	-	150.00	140.00
	Sri.P. Prabakaran	-	-	-	-	70.00	-	-	-	70.00	-
	Sri.N.Rengaraj	-	-	-	-	5.00	-	-	-	5.00	-
	Relatives of Key Managerial Personnel										
	Sri.V.Rajivrdhan	-	-	-	-	-	-	100.00	460.00	-	460.00
	Smt.V.Rajsri	-	-	-	-	-	-	-	-	100.00	-
	Minor.Samriddhi Andar	-	-	-	-	-	-	-	185.00	-	185.00
	Minor.Vidhur Narayanan	-	-	-	-	-	-	-	185.00	-	185.00
6	Interest Expense	65.84	117.95	-	-	64.59	74.91	32.99	219.55	163.42	412.41
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel										
	L.G.Sports Ltd	29.19	61.39	-	-	-	-	-	-	29.19	61.39
	LGB Auto Products (P) Limited	6.09	22.20	-	-	-	-	-	-	6.09	22.20
	L G Farm Products (P) Limited	17.50	15.74	-	-	-	-	-	-	17.50	15.74
	Others	13.06	18.62	-	-	-	-	-	-	13.06	18.62
	Key Managerial Personnel										
	Sri.B.Vijayakumar	-	-	-	-	55.40	71.06	-	-	55.40	71.06
	Sri.P. Prabakaran	-	-	-	-	8.88	3.73	-	-	8.88	3.73
	Sri.N.Rengaraj	-	-	-	-	0.31	0.12	-	-	0.31	0.12
	Relatives of Key Managerial Personnel										
	Sri.V.Rajivrdhan	-	-	-	-	-	-	2.02	39.54	2.02	39.54
	Smt.V.Rajsri	-	-	-	-	-	-	12.38	18.68	12.38	18.68
	Minor.Samriddhi Andar	-	-	-	-	-	-	8.28	80.44	8.28	80.44
	Minor.Vidhur Narayanan	-	-	-	-	-	-	9.26	79.08	9.26	79.08
	Smt.D.Maheswari	-	-	-	-	-	-	1.05	1.81	1.05	1.81
7	Equity Investment	-	-	-	-	-	-	-	-	-	-
8	Dividend Receipts	0.03	0.03	-	-	-	-	-	-	0.03	0.03

# Notes to Standalone Financial Statements for the year ended March 31, 2020

₹ in Lakhs

S. No.	Particulars	Associates/Others		Subsidiaries		Key Managerial Personnel		Relatives of key managerial personnel	Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19		2019-20	2018-19
9	<b>Dividend Payments</b>	<b>308.57</b>	<b>134.78</b>	-	-	<b>501.70</b>	<b>225.67</b>	<b>315.97</b>	<b>1497.87</b>	<b>676.42</b>
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel	308.57	134.78	-	-	-	-	-	308.57	134.78
	Key Managerial Personnel									
	Sri.B.Vijayakumar	-	-	-	-	501.40	225.63	-	501.40	225.63
	Sri.P. Prabakaran	-	-	-	-	0.18	0.04	-	0.18	0.04
	Sri.N.Rengaraj	-	-	-	-	0.12	0.00	-	0.12	0.00
	Relatives of Key Managerial Personnel									
	Sri.V.Rajvirdhan	-	-	-	-	-	-	197.87	424.92	197.87
	Smt.V.Rajsri	-	-	-	-	-	-	98.06	217.92	98.06
	Others							20.04	44.76	20.04
	<b>Rent Income</b>	<b>77.62</b>	<b>67.17</b>	-	-	-	-	-	<b>77.62</b>	<b>67.17</b>
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel									
	LGB Forge Limited	54.28	50.57	-	-	-	-	-	54.28	50.57
	Super Transports Private Limited	10.50	10.71	-	-	-	-	-	10.50	10.71
	Others	12.84	5.89	-	-	-	-	-	12.84	5.89
	<b>Rent / Lease Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel									
	South Western Engineering India Private Limited	-	-	-	-	-	-	-	-	-
	LGB Forge Limited	-	-	-	-	-	-	-	-	-
	<b>Purchase of Materials, Spares &amp; power</b>	<b>1,245.23</b>	<b>1,841.93</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,245.23</b>	<b>1,841.93</b>
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel									

# Notes to Standalone Financial Statements for the year ended March 31, 2020

₹ in Lakhs

S. No.	Particulars	Associates/Others		Subsidiaries		Key Managerial Personnel		Relatives of key managerial personnel		Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
	Renold Chain India (P) Ltd.	-	144.77	-	-	-	-	-	-	-	144.77
	LGB Forge Limited	466.00	1,462.94	-	-	-	-	-	-	466.00	1,462.94
	LGB & Bros, Karur	59.51	140.94	-	-	-	-	-	-	59.51	140.94
	Lakshmi Printers	544.56	-	-	-	-	-	-	-	544.56	-
	G-Plast	102.39	-	-	-	-	-	-	-	102.39	-
	Others	72.77	93.28	-	-	-	-	-	-	72.77	93.28
<b>13</b>	<b>Processing/Conversion Charges</b>	<b>630.38</b>	<b>616.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>630.38</b>	<b>616.50</b>
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel										
	South Western Engineering India Limited	454.36	600.13	-	-	-	-	-	-	454.36	600.13
	Veena Coach Products	130.88	-	-	-	-	-	-	-	130.88	-
	Others	45.14	16.37	-	-	-	-	-	-	45.14	16.37
<b>14</b>	<b>Sale of Materials, Stores and Service Charges</b>	<b>442.80</b>	<b>1,125.23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>442.80</b>	<b>1,125.23</b>
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel										
	Renold Chain India (P) Ltd.	305.93	883.66	-	-	-	-	-	-	305.93	883.66
	LGB Forge Limited	-	224.74	-	-	-	-	-	-	-	224.74
	Metal Forms (P) Limited	121.36	-	-	-	-	-	-	-	121.36	-
	Others	15.51	16.83	-	-	-	-	-	-	15.51	16.83
<b>15</b>	<b>Processing charges Receipts</b>	<b>290.94</b>	<b>138.05</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>290.94</b>	<b>138.05</b>
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel										
	LGB Forge Limited	279.40	125.60	-	-	-	-	-	-	279.40	125.60
	Others	11.54	12.45	-	-	-	-	-	-	11.54	12.45
<b>16</b>	<b>Sale of Property, Plant and Equipment</b>	<b>8.84</b>	<b>2.72</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.84</b>	<b>2.72</b>
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel										

# Notes to Standalone Financial Statements for the year ended March 31, 2020

₹ in Lakhs

S. No.	Particulars	Associates/Others		Subsidiaries		Key Managerial Personnel		Relatives of key managerial personnel		Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
	L G Sports Private Limited	0.07	1.58	-	-	-	-	-	-	0.07	1.58
	Super Speeds Private Limited	8.77	-	-	-	-	-	-	-	8.77	-
	Others	-	1.14	-	-	-	-	-	-	-	1.14
17	Purchase of Property, Plant & Equipment	19.25	8.22	-	-	-	-	-	-	19.25	8.22
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel										
	Super Transports (P) Limited	-	-	-	-	-	-	-	-	-	-
	LGB Forge Limited	8.31	-	-	-	-	-	-	-	8.31	-
	South Western Engineering India Private Limited	5.24	8.15	-	-	-	-	-	-	5.24	8.15
	Others	5.70	0.07	-	-	-	-	-	-	5.70	0.07
		<b>5,244.50</b>	<b>6,079.58</b>	-	-	<b>2,212.78</b>	<b>1,682.47</b>	<b>1,210.39</b>	<b>2,337.41</b>	<b>8,667.67</b>	<b>10,099.46</b>

## b) Balance outstanding at the end of the year

Particulars	Associates/Others		Subsidiaries		Key Managerial Personnel		Relatives of key managerial personnel		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
1 Receivable balance	130.08	164.79	-	-	-	-	-	-	130.08	164.79
Renold Chain India (P) Ltd.	-	145.04	-	-	-	-	-	-	-	145.04
LGB Forge Limited	117.52	-	-	-	-	-	-	-	117.52	-
Others	12.56	19.75	-	-	-	-	-	-	12.56	19.75
2 Payable balance	14.82	58.70	-	-	-	-	-	-	14.82	58.70
Others	14.82	58.70	-	-	-	-	-	-	14.82	58.70
3 Unsecured borrowings balance	265.00	480.00	-	-	480.00	118.00	-	225.00	745.00	823.00
L G Sports Private Limited	85.00	400.00	-	-	-	-	-	-	85.00	400.00
L G Farm Products (P) Limited	140.00	-	-	-	-	-	-	-	140.00	-
LGB Auto Products (P) Limited	25.00	60.00	-	-	-	-	-	-	25.00	60.00
Elgi Automotive Services (P) Limited	-	20.00	-	-	-	-	-	-	-	20.00
Others	15.00	-	-	-	480.00	118.00	-	225.00	345.00	343.00
	<b>409.90</b>	<b>703.49</b>	-	-	<b>480.00</b>	<b>118.00</b>	-	<b>225.00</b>	<b>889.90</b>	<b>1,046.49</b>



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF L.G.BALAKRISHNAN & BROS LIMITED

#### Report on the Consolidated Ind AS Financial Statements:

#### Opinion:

We have audited the accompanying Consolidated Ind AS Financial Statements of L.G.BALAKRISHNAN & BROS LIMITED, Coimbatore (hereinafter referred to as "the Holding Company"), its subsidiaries and its associates (the Holding Company, its subsidiaries and its associate together referred to as the "the Group") comprising the Balance Sheet as at 31st March 2020, the Consolidated Statement of Profit and Loss (Including Other Comprehensive Income), the Consolidated Statement of Cash Flows, and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries and on the other financial information of the subsidiaries and associates, referred to in Other Matters paragraph below, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards and other accounting principles generally accepted in India, of the consolidated financial position of the Group as at 31 March 2020, and its consolidated profit and total comprehensive income, its consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

#### Basis for Opinion:

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified u/s 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the consolidated Ind AS Financial Statements section of our report. We are Independent of the group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Companies Act, 2013, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI's Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on Consolidated Ind AS Financial Statements.

#### Emphasis of Matter

We draw attention to Note No. 39 of the financial statements which describes the impact of Covid-19 pandemic, and its possible consequential implications, on the company's operations. Our opinion is not modified in respect of this matter.

#### Key Audit Matters Paragraph :

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our audit report.

S.No	Key Audit Matter	Auditor's Response
1.	<p>Timing of Revenue recognition (as described in Significant Accounting Policy III a and Note 18 of the Consolidated Ind AS financial statements):</p> <p>The Company recognizes revenue from sale of goods at a point in time based on the terms of the contract with customers which may vary case to case. Terms of sales arrangements with various customers within each of the operating segments, includ-</p>	<p><b>Our Audit procedures included:</b></p> <ul style="list-style-type: none"> <li>● We understood the Company's revenue process, including design and implementation of controls and tested the operating effectiveness of the controls in relation to revenue recognition.</li> <li>● We read and understood the Company's accounting policy for revenue recognition.</li> </ul>

S.No	Key Audit Matter	Auditor's Response
	<p>ing Incoterms determine the timing of transfer of control and require judgment in determining timing of revenue recognition.</p> <p>Due to the judgement relating to determination of point of time in satisfaction of performance obligations with respect to sale of products, this matter is considered as Key Audit Matter.</p>	<p>●On a sample basis, we tested contracts with customers, including Incoterms, purchase orders issued by customers, and sales invoices raised by the Company to determine the timing of transfer of control and the timing of revenue recognition in respect of such contracts.</p> <p>●We performed various analytical procedures to identify any unusual trends for further testing.</p> <p>●We analysed revenue transactions near the reporting date duly considering the closure of operations on account of COVID-19 and tested whether the revenue was recognized in the appropriate period with reference to shipping records, sales invoices etc for sample transactions and also tested the management assessment involved in this process, wherever applicable.</p>
2.	<b>Evaluation of uncertain tax positions</b>	<p><b>Our audit procedures included:</b></p> <p>We obtained details of completed tax assessments and demands for the year ended March 31, 2020 from management. We reviewed the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. We also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2019 to evaluate whether any change was required to management's position on these uncertainties.</p>

**Information other than the consolidated financial statements and the auditor's report thereon:**

The Holding Company's Board of directors is responsible for the preparation of other information. The other information comprises the information included in the management discussion and analysis, Board's Report including annexures to Board's Report, Business responsibility report, Corporate Governance and Shareholder's information, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, whether the other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we required to report the fact. We have nothing to report in this regard.

**Management's Responsibility for the Consolidated Ind AS Financial Statements:**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the Accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act 2013, read with relevant rules issued there under. The respective Board of Directors of the Companies included in the group are responsible for maintenance of

adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

#### **Auditor's Responsibility for the Audit of the Consolidated Ind AS Financial Statements:**

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the group to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent

the underlying transactions and event in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Other Matter :**

We did not audit the financial statements/financial information of 3 subsidiaries whose financial statements/financial information reflect assets of Rs.9,546.91 lakhs as at 31 December 2019, total revenue of Rs.9,855.58 lakhs and net cash inflows of Rs.61.07 lacs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the group's share of net profit of Rs. 116.00 lakhs for the year ended 31.03.2020, as considered in the consolidated financial statements in respect of one associate (till the date of disposal), whose financial statements/financial information has not been audited by us. These financial statements/financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated

financial statements, in so far as it relates to the amounts and disclosures included in the respect of these subsidiaries and associate and our report in terms of Section 143(3) & Section 143(11) of the Act in so far as it relates to the aforesaid subsidiaries and associate is solely based on such unaudited financial statements/financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.

Our Opinion on the Consolidated Ind AS Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor and the financial statements/financial information certified by the management.

#### **Report on Other Legal and Regulatory Requirements:**

As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of subsidiaries and associate as noted in the Other Matter paragraph, we report, to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.

- d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued thereunder.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company, declarations received from the directors of the Associate, none of the directors of the Group are disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company incorporated in India and the operating effectiveness of such controls of the Holding Company incorporated in India, refer to our separate Report in "Annexure A".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our

opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other Auditors on separate financial statements and other financial information of the subsidiaries and Associate, as noted in the 'Other Matter' Paragraph:

- i. The Consolidated Ind AS Financial Statements has disclosed the impact of pending litigations on the consolidated financial position of the Group - Refer Note No. 28 to the Consolidated Financial Statements.
- ii. The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary Companies, Associate incorporated in India.

In terms of our report attached  
For **SURI & CO**  
Chartered Accountants  
FRN: 004283S

**M. SIVARAM**

Partner

Membership No. 211916

**UDIN: 20211916AAAAHA7358**

Place : Coimbatore  
Date : 05.06.2020



**"Annexure - A" to the Independent Auditor's Report to the members of L.G.BALAKRISHNAN & BROS LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013:**

In conjunction with our audit of the Consolidated Ind AS Financial Statements of L.G.BALAKRISHNAN & BROS LIMITED ("the Holding Company"), as of and for the year ended 31st March 2020, We have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India as of that date.

**Management's Responsibility for the Internal Financial Controls:**

The respective Board of Directors of the Holding Company and its subsidiary companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Holding Company and its subsidiary companies incorporated in India considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility:**

Our responsibility is to express an opinion on the Holding Company's and its subsidiary companies incorporated in India, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal

financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company and its subsidiary companies incorporated in India, internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting:**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:-

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of

Consolidated Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial Statements.

#### **Inherent Limitations of Internal Financial controls over Financial Reporting:**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion:**

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor referred to in the other matters paragraph below, the Holding Company and its associates incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the Holding Company and its associate, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **Other Matters:**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one associate company, which is incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matter.

In terms of our report attached

For **SURI & CO**

Chartered Accountants

FRN: 004283S

**M. SIVARAM**

Partner

Membership No. 211916

**UDIN: 20211916AAAAHA7358**

Place : Coimbatore  
Date : 05.06.2020

CONSOLIDATED BALANCE SHEET AS AT 31.03.2020		(₹ in Lakhs)	
Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
<b>A ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, Plant and Equipment	1	56,727.42	51,415.38
(b) Capital work-in-progress		889.25	3,670.92
(c) Investment Property	1	47.37	49.37
(d) Goodwill on amalgamation		1,479.40	1,448.68
(e) Intangible assets	1	213.83	244.02
(f) Financial assets			
(i) Investments	2	1,957.78	5,547.31
(ii) Other financial assets	3	1,337.53	1,182.83
(g) Other non-current assets	4	768.19	2,160.24
		<u>63,420.77</u>	<u>65,718.75</u>
<b>2 Current assets</b>			
(a) Inventories	5	28,969.01	30,671.52
(b) Financial assets			
(i) Trade receivables	6	17,460.60	22,079.03
(ii) Cash and cash equivalents	7A	342.67	862.23
(iii) Other bank balances	7B	158.89	103.22
(iv) Other financial assets	8	67.25	70.06
(c) Current tax Asset		1,077.25	991.36
(d) Other current assets	9	595.00	556.01
		<u>48,670.67</u>	<u>55,333.43</u>
<b>3 Asset held for Sale</b>		<u>1,070.18</u>	<u>1,070.49</u>
Total Assets		<u>113,161.62</u>	<u>122,122.67</u>
<b>B EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity Share capital	10	3,139.24	3,139.24
(b) Other Equity	11	67,474.50	63,458.59
Equity Attributable to Owners of the Company		70,613.74	66,597.82
Non-controlling interest		404.14	1,485.41
Total		<u>71,017.88</u>	<u>68,083.23</u>
<b>2 Liabilities</b>			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	12	8,056.03	9,919.00
(ii) Lease liabilities		1,455.92	-
(b) Provisions	13	1,325.06	1,088.58
(c) Deferred tax liabilities (net)		1,244.80	2,017.22
		<u>12,081.81</u>	<u>13,024.80</u>

(contd.)



**CONSOLIDATED BALANCE SHEET AS AT 31.03.2020**

(₹ in Lakhs)

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
<b>3 Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14	1,130.55	7,869.80
(ii) Trade payables			
- total outstanding dues of micro & small enterprises		1,587.83	241.42
- total outstanding dues other than micro & small enterprises		23,130.58	25,521.94
(iii) Other financial liabilities	15	3,386.14	5,490.96
(b) Provision	16	45.73	37.71
(c) Current tax Liabilities		-	-
(d) Other current liabilities	17	781.09	1,852.81
		30,061.92	41,014.63
<b>Total Liabilities</b>		<b>113,161.62</b>	<b>122,122.67</b>

See accompanying notes forming part of the financial statements

	In terms of our report attached	For and on behalf of Board of Directors
	For <b>SURI &amp; CO</b> Chartered Accountants FRN: 004283S	<b>B. VIJAYAKUMAR</b> Chairman and Managing Director DIN: 00015583
Place : Coimbatore	<b>M. Sivaram</b> Partner	<b>P. PRABAKARAN</b> Managing Director DIN : 01709564
Date : 05.06.2020	Membership No.211916	<b>N. RENGARAJ</b> Chief Financial Officer
		<b>M. LAKSHMI KANTH JOSHI</b> General Manager (Legal) and Company Secretary

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020**

(₹ in Lakhs)

Particulars	Note No.	For the Year ended 31.03.2020	For the Year ended 31.03.2019
1 Revenue from operations(gross)	18	154,282.79	168,799.87
2 Other income	19	366.47	281.87
3 Total revenue (1 + 2)		154,649.26	169,081.74
4 Expenses:			
(a) Cost of materials consumed	20 a	69,720.62	81,356.34
(b) Purchases of stock-in-trade (traded goods)		-	-
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20 b	814.84	(4,340.05)
(d) Employee benefits expense	21	25,951.80	26,054.73
(e) Finance costs	22	1,524.08	1,125.61
(f) Depreciation and amortisation expense		7,865.69	6,805.39
(g) Other expenses	23	39,170.96	45,022.65
Total Expenses		145,047.99	156,024.67
5 Profit before exceptional items and tax (3-4)		9,601.27	13,057.07
6 Exceptional items (Refer Note No : 35)		1,882.51	1,204.97
7 Profit before tax (5+6)		11,483.78	14,262.04
8 Tax expense / (benefit):			
(a) Current tax / MAT tax expense		2,950.66	4,252.49
(b) Current-tax expense relating to prior year		196.52	-
(c) Deferred tax		(675.64)	346.58
Net tax expense		2,471.54	4,599.07
9 Profit for the period (7 - 8)		9,012.24	9,662.97
10 Share in Profit of associate		116.00	293.44
11 Profit after tax before share of profit of associate		9,128.24	9,956.41
12 Net profit attributable to:			
Owners		9,163.31	9,956.95
Non Controlling interest		(35.07)	(0.54)
13 Other Comprehensive Income (Net of taxes)			
(A) (i) Items that will not be reclassified to Profit and Loss Account			
(1) Re-measurement of defined benefit plans		17.07	(61.80)
(2) On account of Investment Fair valuation		(2,038.60)	(171.05)
(ii) Income-tax relating to Items that will not be reclassified to Profit and Loss Account		96.78	21.59
(B) Items that will be reclassified to Profit and Loss Account		-	-
14 Total Comprehensive income for the period		7,203.49	9,745.15
15 Earnings per share (Face value of Rs.10/- each)			
(a) Basic		29.19	31.72
(b) Diluted		29.19	31.72

See accompanying notes forming part of the financial statements

In terms of our report attached

For **SURI & CO**  
Chartered Accountants  
FRN: 004283S

**M. Sivaram**  
Partner  
Membership No.211916

For and on behalf of Board of Directors

**B. VIJAYAKUMAR**  
Chairman and Managing Director  
DIN: 00015583

**M. LAKSHMI KANTH JOSHI**  
General Manager (Legal) and  
Company Secretary

**P. PRABAKARAN**  
Managing Director  
DIN : 01709564

**N. RENGARAJ**  
Chief Financial Officer

Place : Coimbatore  
Date : 05.06.2020

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31.03.2020**

PARTICULARS	31.03.2020 (₹ in Lakhs)	31.03.2019 (₹ in Lakhs)
<b>A. Cash flow from operating activities</b>		
Net Profit before Tax	11,483.78	14,262.04
Adjustments for:		
Depreciation	7,865.69	6,805.39
Provision for Doubtful Debts	(9.54)	64.89
Profit/Loss on sale of assets	(1,708.66)	(1,205.81)
Profit/Loss on Sale of Investment	166.94	
Assets condemned/Written off	46.52	53.83
Interest and Finance Charges	1,524.08	1,125.61
Interest Income	(99.17)	(74.61)
Dividend Income	(36.98) 7,748.88	(15.15) 6,754.15
	19,232.66	21,016.19
Operating profit before working capital changes		
Changes in Working Capital		
Provisions - Non Current	253.55	(29.09)
Other Financial Assets - Non Current	(154.70)	(158.24)
Other Non Current Assets	1,392.05	(31.39)
Inventories	1,702.51	(5,338.37)
Trade Receivables	4,627.97	(2,738.57)
Other Financial Assets - Current	2.80	6.99
Other Current Assets	-38.99	1,368.56
Trade Payables	(1,560.01)	(310.43)
Other financial liabilities	(817.77)	876.25
Current Liabilities	(1,071.71)	573.27
Provisions - Current	8.02 4,343.72	1.39 (5,779.63)
Cash generated from operations	23,576.38	15,236.56
Income tax paid, net of refunds received	(3,233.07)	(5,076.14)
Net Cash generated from operating activities (A)	20,343.31	10,160.42
<b>B. Cash flow from Investing activities</b>		
Capital expenditure, including capital advances	(8,907.97)	(19,509.39)
Proceeds from sale of fixed assets	1,821.53	1,232.33
Proceeds from sale of investments	1,500.00	
Bank Balances not considered as cash and cash equivalents	(55.67)	139.16
Dividend income	36.98	15.15
Interest Income	99.17	74.62
Net cash used in Investing activities (B)	(5,505.96)	(18,048.13)

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31.03.2020**

PARTICULARS	31.03.2020 (₹ in Lakhs)	31.03.2019 (₹ in Lakhs)
C. Cash flow from financing activities		
Interest and Finance Charges	(1,386.81)	(1,125.61)
Dividend Paid including Tax	(3,758.56)	(1,697.38)
Lease payments	(296.33)	-
Borrowings - Current and Non-current (Net)	(9,915.22)	10,925.40
Net cash used in financing activities (C)	(15,356.92)	8,102.41
Net (decrease)/increase in cash and cash equivalents (A) + (B) + (C)	(519.57)	214.70
Cash and Cash Equivalents at the beginning of the year	862.23	647.53
Cash and Cash Equivalents at the end of the year	342.66	862.23

In terms of our report attached

For **SURI & CO**  
Chartered Accountants  
FRN: 004283S

**M. Sivaram**  
Partner  
Membership No. 211916

For and on behalf of Board of Directors

**B. VIJAYAKUMAR**  
Chairman and Managing Director  
DIN: 00015583

**M. LAKSHMI KANTH JOSHI**  
General Manager (Legal) and  
Company Secretary

**P. PRABAKARAN**  
Managing Director  
DIN : 01709564

**N. RENGARAJ**  
Chief Financial Officer

Place : Coimbatore  
Date : 05.06.2020

## Notes forming part of Consolidated Financial Statements for the year ended March 31, 2020

### STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital	(₹ In Lakhs)
Balance as at March 31, 2019	3,139.24
Changes in equity share capital during the year (Bonus Share issued during the year)	-
Balance as at March 31, 2020	3,139.24

### B. Other Equity

(₹ In Lakhs)

Particulars	Securities Premium	Foreign Currency Translation Reserve	General Reserve	Surplus	Other Comprehensive Income	Total
<b>Balance as at 31.03.2018</b>	<b>3,100.61</b>	<b>(313.65)</b>	<b>42,788.71</b>	<b>10,767.59</b>	<b>628.11</b>	<b>56,971.36</b>
Capitalisation of Bonus issue	(1,569.62)			-		(1,569.62)
Total Comprehensive Income for the period				9,956.95	(211.28)	9,745.67
Dividends				(1,703.05)		(1,703.05)
Transfer to Reserves		14.22	9,500.00	(9,500.00)		14.22
<b>Balance as at 31.03.2019</b>	<b>1,530.99</b>	<b>(299.43)</b>	<b>52,288.71</b>	<b>9,521.49</b>	<b>416.83</b>	<b>63,458.59</b>
Total Comprehensive Income for the period	-		-	9,163.32	(1,924.76)	7,238.56
Dividends	-		-	(3,784.52)	-	(3,784.52)
Transferred from Minority Interest				594.87		594.87
Transfer to Reserves	-	(33.00)	211.29	(211.29)	-	(33.00)
<b>Balance as at 31.03.2020</b>	<b>1,530.99</b>	<b>(332.43)</b>	<b>52,500.00</b>	<b>15,283.87</b>	<b>(1,507.93)</b>	<b>67,474.50</b>

In terms of our report attached

For **SURI & CO**  
Chartered Accountants  
FRN: 004283S

**M.Sivaram**

Partner  
Membership No.211916

For and on behalf of Board of Directors

**B. VIJAYAKUMAR**  
Chairman and Managing Director  
DIN: 00015583

**M. LAKSHMI KANTH JOSHI**  
General Manager (Legal) and  
Company Secretary

**P. PRABAKARAN**  
Managing Director  
DIN : 01709564

**N. RENGARAJ**  
Chief Financial Officer

Place : Coimbatore  
Date : 05.06.2020

## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

### I Corporate Information

L.G.Balakrishnan & Bros Limited was found in 1937 as a transport Company and has evolved today as a major manufacturer of chains, sprockets and metal formed parts for automotive applications. Its business segments include transmission, metal forming and others. Its transmission products include chains, sprockets, tensioners, belts and brake shoe. It also offers metal forming products consisting of fine blanking for precision sheet metal parts, machined components and wire drawing products for internal use as well as for other chain manufacturing plants, spring steel suppliers and umbrella manufacturers. The Company's products are marketed under the "Rolon" brand. LGB has manufacturing units spread across Tamil Nadu, Maharashtra, Uttarakhand, Karnataka, Haryana and Rajasthan.

### II Basis of preparation of financial statements

#### Basis of preparation and presentation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

#### Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- a) Derivative financial instruments
- b) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

#### Principles of consolidation:

The consolidated financial statements relate to L.G.Balakrishnan & Bros Limited (the 'Company'), its subsidiary companies and the Group's share of profit / loss in its associates. The consolidated financial statements have been prepared on the following basis:

- (i) The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as that of the Company i.e., 31 March, 2020, except for certain subsidiary companies as mentioned in (ix) below for which financial statements as on reporting date are not available. These have been consolidated based on latest available financial statements. . Necessary adjustments have been made, for the effects of significant transactions and other events between the reporting dates of the such financial statements and these consolidated financial statements.
- (ii) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and resultant unrealized profits or losses, unless cost cannot be recovered have been fully eliminated.
- (iii) The consolidated financial statements include the share of profit / loss of the associate companies which have been accounted for using equity method as per AS 23 Accounting for Investments in Associates in Consolidated Financial Statements. Accordingly, the share of profit/ loss of each of the associate companies (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments.
- (iv) The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary

## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

companies, at the dates on which the investments in the subsidiary companies were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. On the other hand, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements. The 'Goodwill' / 'Capital Reserve' is determined separately for each subsidiary company and such amounts are not set off between different entities.

- (v) In case of the foreign subsidiary, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All the assets and liabilities are converted at the rate of prevailing at the year end. Any exchange difference arising on consolidation is recognized in the exchange fluctuation reserve.
- (vi) Minority interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit/loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to the shareholders of the Company.
- (vii) The following subsidiary companies and associates have been considered in the preparation of consolidated financial statements:

Name of Subsidiary Company/ Associate Company	LGB- USA INC	GFM Acquisition LLC (Formerly known as GFM Corporation)	GFM LLC
Relationship	Subsidiary	Stepdown Subsidiary	Stepdown Subsidiary
Country of Incorporation	USA	USA	USA
Ownership held by	L.G.Balakrishnan & Bros Ltd	LGB-USA, INC	GFM Acquisition LLC
Reporting date of the financial statements used in consolidation	31.12.2019	31.12.2019	31.12.2019
% of holding directly or in directly through subsidiary as at			
31.03.2020	95.28%	98.00%	100%
31.03.2019	77.01%	98.00%	100%

## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

### Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

### Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest Lakhs (up to two decimals).

The financial statements are approved for issue by the Company's Board of Directors on 5th June, 2020

## II A Property, Plant and Equipment (PPE), Intangible Assets and Investment Properties

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

### Current tax

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

### Fair value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

### Impairment of Trade Receivables

The impairment for trade receivables are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

### Impairment of Non-financial assets (PPE/ Intangible Assets/ Investment Properties)

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

### Defined Benefit Plans and Other long term employee benefits

The cost of the defined benefit plan and other long term employee benefits, and the present value of such obligation are determined by the independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary



## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

## III Significant Accounting Policies

### a) Revenue Recognition

#### Sale of goods

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue on sale of goods is recognised when the risk and rewards of ownership is transferred to the buyer, which generally coincides with the despatch of the goods or as per the terms agreed with the customers.

#### Income from Service

Income from sale of services is recognised when the services are rendered as per the terms of the agreement and when no significant uncertainty as to its determination or realisation exists.

#### Interest Income

Interest income is recorded using the effective interest rate (EIR) method.

#### Dividend income

Dividend income is recognized when the company's right to receive dividend is established on the reporting date, which is

generally when shareholders approve the dividend.

### Rental income

Rental income from operating lease on investment properties is recognised on a straight line basis over the term of the relevant lease, if the escalation is not a compensation for increase in cost inflation index.

### b) Property, plant and equipment and capital work in progress

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The actual cost capitalised includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs of a qualifying asset, if the recognition criteria are met.

Advances paid towards the acquisition of tangible assets outstanding at each balance sheet date, are disclosed as capital advances under long term loans and advances and the cost of the tangible assets not ready for their intended use before such date, are disclosed as capital work in progress.

All material/ significant components have been identified and have been accounted separately. The useful life of such component are analysed independently and wherever components are having different useful life other than plant, the useful life of component are considered for calculation of depreciation.

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

### c) Depreciation on property, plant and equipment

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life on a written down value method. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value.

Depreciation is provided on straight line method, over the useful lives specified in Schedule II to the Companies Act, 2013 except for the following items, where useful life is estimated on technical assessment, past trends and differ from those provided in Schedule II of the Companies Act, 2013.

Assets Category	Estimated useful life (in years)
Tools and dies	5
Leasehold land	99
Windmill	25

Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion/ disposals, the depreciation is calculated on pro-rata basis up to the date on which such assets have been discarded/ sold. Additions to fixed assets, costing Rs.5,000 each or less are fully depreciated retaining its residual value.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of a separately acquired intangible asset comprises (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and (b) any directly attributable cost

of preparing the asset for its intended use.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

### e) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 40 - Investment Property requirements for cost model.

Company depreciates investment property as per the useful life prescribed in Schedule II of the Companies Act, 2013.

Though the Company measures investment property using the cost-based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation

## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

applying a valuation model. External valuers are involved, wherever necessary with the approval of Company's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

### f) Inventories

Inventories are valued at lower of cost and net realizable value. Cost includes all direct costs and applicable production overheads, to bring the goods to the present location and condition.

- i) Costs of raw materials, packing materials, tools and dies and Store & Spare Parts are computed on weighted average basis.
- ii) Costs of finished goods and semi-finished goods are computed on weighted average basis.
- iii) Agriculture Produce is valued at estimate realizable value.
- iv) Cost of stock held for trading are computed on weighted average basis.

### g) Financial Instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

#### Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are also added to the cost of the financial asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified on the basis of their contractual cash flow characteristics and

the entity's business model of managing them. Financial assets are classified into the following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

#### Debt instruments at amortised cost

The Company classifies a debt instrument as at amortised cost, if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

#### Debt instrument at FVTOCI

The Company classifies a debt instrument at FVTOCI, if both of the following criteria are met.

- a) The objective of the business model is achieved both by collecting contractual

## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

cash flows and selling the financial assets, and

- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes finance income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### Debt instrument at FVTPL

The Company classifies all debt instruments, which do not meet the criteria for categorization as at amortized cost or as FVTOCI, as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Where the Company makes an irrevocable election of classifying the equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in OCI, without any recycling of the amounts from OCI to profit and loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Financial assets are measured at FVTPL except for those financial assets whose

contractual terms give rise to cash flows on specified dates that represents SPPI, are measured as detailed below depending on the business model:

Classification	Name of the financial asset
Amortised cost	Trade receivables, deposits, interest receivable, unbilled revenue and other advances recoverable in cash.
FVTOCI	Equity investments in companies other than subsidiaries and associates if an option exercised at the time of initial recognition.
FVTPL	Other investments in equity instruments, mutual funds, forward exchange contracts (to the extent not designated as a hedging instrument).

### Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

When the Company has transferred its rights

to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, receivables and bank balance.
- b) Financial assets that are debt instruments and are measured at FVTOCI.
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 116

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL and as at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

#### Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial

## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

liabilities designated upon initial recognition

as at fair value through profit or loss. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

### Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair

values and, if not designated as at fair value through profit or loss, are subsequently measured at higher of (i) The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 – Financial Instruments and (ii) The amount initially recognised loss, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115

### Derivative financial instruments

The Company holds derivative financial instrument foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

#### (a) Derivatives fair valued through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within



## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

12 months after the Balance Sheet date.

### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **h) Foreign currency transactions and translations**

#### **Transactions and balances**

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change

in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

The Company enters into forward exchange contract to hedge its risk associated with Foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract is amortized as expense or income over the life of the contract. In case of monetary items which are covered by forward exchange contract, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference. Any profit or loss arising on cancellation of a forward exchange contract is recognized as income or expense for that year.

### **i) Borrowing Costs**

Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed

## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

### j) Government grants

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.

In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other operating revenue" or netted off against corresponding expenses wherever appropriate.

### k) Taxes

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates

positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive



## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **I) Retirement and other employee benefits**

#### **Short-term employee benefits**

A liability is recognised for short-term employee benefit in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

#### **Defined contribution plans**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

#### **Defined benefit plans**

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is

determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

#### **Compensated absences**

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

#### **Other long term employee benefits**

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by the employees up to the reporting date.

### **m) Leases**

The company has adopted Ind AS 116 "Leases" with effect from 1st April 2019. The company has measured Right-to-use Asset and Lease Liability based on the remaining lease period

## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

and payments discounted using the incremental borrowing rate as at the date of initial application.

The Company's lease asset classes primarily consist of leases for Land and Buildings. The Company assesses whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straightline basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the

present value of the future least payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The re-measurement normally also adjusts the leased assets. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cashflows.

### n) Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

### o) Provisions, contingent liabilities and contingent asset

#### Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying

## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are discounted, if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Necessary provision for doubtful debts, claims, etc., are made, if realisation of money is doubtful in the judgement of the management.

### Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

### Contingent assets

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

Contingent assets are disclosed but not recognised in the financial statements.

### p) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.

### q) Cash Flow Statement

Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Bank borrowings are generally considered to be financing activities.

### r) Earnings per share

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

# Notes forming part of Consolidated financial statements for the year ended March 31, 2020

## 1 PROPERTY, PLANT AND EQUIPMENT

₹ in Lakhs

Particulars	Tangible Assets										Intangible Assets		Investment Property	Asset held for sale	Total
	Land	Building	Plant and Equipment	Furniture and Fittings	Electrical Fittings	Vehicles	Office Equipment	Right to use Assets	Other Assets	Total	Computer Software and Technical know how	Total			
<b>Cost as at March 31, 2019</b>	<b>7,971.62</b>	<b>10,551.06</b>	<b>43,738.97</b>	<b>230.22</b>	<b>1,677.90</b>	<b>377.80</b>	<b>224.23</b>	-	<b>1,456.16</b>	<b>66,227.96</b>	<b>506.15</b>	<b>66,734.11</b>	<b>55.34</b>	<b>1,185.15</b>	<b>67,974.60</b>
Additions	9.17	4,430.11	5,606.70	41.98	674.36	75.54	105.86	1,614.97	689.72	13,248.40	56.20	13,304.60	-	-	13,304.60
Disposals / Transfers	(51.53)	(54.16)	(455.51)	(4.37)	(16.77)	(18.45)	(12.18)	-	(19.36)	(632.33)	-	(632.33)	-	(0.31)	(632.64)
<b>Cost as at March 31, 2020</b>	<b>7,929.26</b>	<b>14,927.01</b>	<b>48,890.16</b>	<b>267.83</b>	<b>2,335.49</b>	<b>434.89</b>	<b>317.91</b>	<b>1,614.97</b>	<b>2,126.52</b>	<b>78,844.04</b>	<b>562.35</b>	<b>79,406.39</b>	<b>55.34</b>	<b>1,184.84</b>	<b>80,646.57</b>
<b>Depreciation as at March 31, 2019</b>	<b>42.55</b>	<b>1,643.58</b>	<b>12,072.63</b>	<b>85.56</b>	<b>332.06</b>	<b>77.97</b>	<b>70.01</b>	-	<b>488.22</b>	<b>14,812.58</b>	<b>262.13</b>	<b>15,074.71</b>	<b>5.97</b>	<b>114.66</b>	<b>15,195.34</b>
Charge for the year	16.94	874.72	5,973.77	40.52	215.35	56.79	53.64	258.30	287.26	7,777.29	86.39	7,863.68	2.00	-	7,865.68
Disposals/Transfers	-	(38.50)	(375.45)	(4.27)	(15.40)	(11.52)	(9.59)	-	(18.52)	(473.25)	-	(473.25)	-	-	(473.25)
<b>Depreciation as at March 31, 2020</b>	<b>59.49</b>	<b>2,479.81</b>	<b>17,670.95</b>	<b>121.81</b>	<b>532.01</b>	<b>123.24</b>	<b>114.06</b>	<b>258.30</b>	<b>756.96</b>	<b>22,116.62</b>	<b>348.52</b>	<b>22,465.14</b>	<b>7.97</b>	<b>114.66</b>	<b>22,587.77</b>
Net Block															
As at March 31, 2019	7,929.07	8,907.48	31,666.35	144.66	1,345.84	299.83	154.22	-	967.94	51,415.38	244.02	51,659.40	49.37	1,070.49	52,779.26
As at March 31, 2020	7,869.77	12,447.20	31,219.21	146.02	1,803.48	311.65	203.86	1,356.67	1,369.55	56,727.42	213.83	56,941.25	47.37	1,070.18	58,058.80

## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

### 2. INVESTMENTS

(₹ in Lakhs)

Particulars	Number of Shares	Face Value in ₹	As at 31 March, 2020			As at 31 March, 2019		
			Quoted	Unquoted	Total	Quoted	Unquoted	Total
(a) Investment in Equity instruments (Fully paid up) (Unquoted) At Cost								
(i) Associate:								
Renold Chain India Private Ltd (Buy back during the year)	10250000	10		-	-		1550.94	1550.94
(b) Investment in Equity instruments (Fully paid up) (Quoted)								
At Fair value through Other Comprehensive Income								
Elgi Equipments Limited	1229706	1.00	1377.89		1377.89	3018.92		3018.92
LGB Forge Limited	29000000	1.00	493.00		493.00	884.50		884.50
Super Spinning Mills Limited	10000	1.00	0.21		0.21	0.59		0.59
Tube Investments of India Limited	1100	1.00	3.01		3.01	4.21		4.21
Cholamandalam Financial Holdings Limited (Formerly Know as TI Financial Holdings Limited)	1100	1.00	3.18		3.18	5.35		5.35
Union Bank of India (Formerly know as Corporation Bank)	3960	2.00	1.14		1.14	3.45		3.45
(c) Investment in Equity instruments:								
(Fully paid up) Unquoted								
TRL Krosaki Refractories Limited (Formerly known as Tata Refractory Limited)	5000	10.00		6.79	6.79		6.79	6.79
Silent Chain India (P)Limited	770	10.00		1.43	1.43		1.43	1.43
LG Farm Products (P)Limited	10000	10.00		5.61	5.61		5.61	5.61
South Western Engg India Private Limited	537	10.00		65.52	65.52		65.52	65.52
Total Investments			1,878.43	79.35	1,957.78	3,917.02	1,630.29	5,547.31

**Notes forming part of Consolidated financial statements for the year ended March 31, 2020**

Particulars	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
<b>3 OTHER FINANCIALS ASSETS</b>		
(a) Security and other deposits	1,331.81	1,175.41
(b) Unamortised Interest expenses	5.72	7.42
Total	1,337.53	1,182.83
<b>4 OTHER NON CURRENT ASSETS</b>		
(a) Capital advance	209.50	1,594.60
(b) Rent and other advances	295.26	262.82
(c) Advance recoverable	225.60	264.99
(d) Income and claims receivable	37.83	37.83
Total	768.19	2,160.24
<b>5 INVENTORIES</b>		
(At Lower of cost and net realisable value)		
(a) Raw Materials	5,097.99	5,734.02
(b) Work-in-progress	11,018.35	12,364.54
(c) Finished products	8,109.31	7,577.96
(d) Others		
(i) Packing materials	353.17	483.88
(ii) Stores & spares	2,511.78	2,545.23
(iii) Loose tools	1,878.41	1,965.89
(iv) Agricultural produce	-	-
Total	28,969.01	30,671.52
<b>6 TRADE RECEIVABLE</b>		
(i) Unsecured, considered good	17,460.60	22,079.03
(ii) Having significant increase in credit risk	-	-
(iii) Credit Impairment	176.21	185.75
Less: Provision for doubtful trade receivables	176.21	185.75
Total	17,460.60	22,079.03
*6 (i) Trade Receivable include debts due from		
Private companies in which any director is a director:		
Super Transports (P) Limited	-	0.87
Renold Chain India (P) Limited	-	145.04
Total	-	145.91

**Notes forming part of Consolidated financial statements for the year ended March 31, 2020**

Particulars	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
<b>7. CASH AND CASH EQUIVALENTS</b>		
<b>A Cash and cash equivalents (as per INDAS 7 Statement of Cash Flows)</b>		
(a) Cash- on- Hand	110.34	49.02
(b) Balances with Banks		
(i) In Current Account	26.22	15.04
(ii) In Collection Account	3.61	233.57
(iii) In Deposit Account	202.50	564.60
Total	342.67	862.23
<b>B Other Bank Balances</b>		
(a) In Margin money with Banks	68.50	38.79
(b) In Earmarked Accounts		
(i) Unpaid Dividend Account	90.39	64.43
Total	158.89	103.22
Total Cash and Cash Equivalents (A+B)	501.56	965.45
Notes:		
(i) Margin money with Banks is for the purpose of compliance of deposits accepted from public.		
<b>8 OTHER FINANCIAL ASSETS</b>		
(a) Loans and advances to employees	49.99	42.51
(b) Interest accrued on Deposits	17.26	27.55
Total	67.25	70.06
<b>9 OTHER CURRENT ASSETS</b>		
(a) Prepaid expenses	113.30	235.01
(b) Balance with govt authorities:	258.78	77.73
(c) Advance recoverable	166.46	159.18
(d) Income and claims receivable	56.46	84.09
Total	595.00	556.01



## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

### 10 SHARE CAPITAL (Equity shares of Rs.10/- each with voting rights)

	As at 31 March, 2020		As at 31 March, 2019	
	Number of Shares	Rs. in lakhs	Number of Shares	Rs. in lakhs
(a) Authorised	47,000,000	4,700.00	47,000,000	4,700.00
Total	47,000,000	4,700.00	47,000,000	4,700.00
(b) Issued	31,392,416	3,139.24	31,392,416	3,139.24
Total	31,392,416	3,139.24	31,392,416	3,139.24
(c) Subscribed and fully paid-up	31,392,416	3,139.24	31,392,416	3,139.24
Total	31,392,416	3,139.24	31,392,416	3,139.24

10 (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	Opening balance	Fresh Issue	Bonus/ESOP	Conversion/ Buyback	Closing balance
Equity shares with voting rights					
Year ended 31st March, 2020					
Number of shares	3,13,92,416	-	-	-	3,13,92,416
Amount (Rs. in lakhs)	3,139.24	-	-	-	3,139.24
Year ended 31st March, 2019					
Number of shares	15,696,208	-	15,696,208	-	31,392,416
Amount (Rs. in lakhs)	1,569.62	-	1,569.62	-	3,139.24

10 (ii) Details of shares held by each shareholder holding more than 5% shares :

Name of the Shareholder	As at 31 March, 2020		As at 31 March, 2019	
	Number of Shares held	% of Shareholding	Number of Shares held	% of Shareholding
Equity shares with voting rights				
B.Vijayakumar	5,014,000	15.97	5,014,000	15.97
V.Rajvirdhan	4,010,372	12.77	4,397,172	14.01
Rajsri Vijayakumar	2,179,152	6.94	2,179,152	6.94
Reliance Capital Trustee Co.Ltd				
A/c Reliance Small Cap Fund	2,054,868	6.55	21,00,798	6.69
HDFC Small Cap Fund	2,006,894	6.39	-	-
L.G.B.Auto Products (P) Ltd	1,750,000	5.57	1,750,000	5.57

10 (iii) Terms and rights attached to equity shares:

- The company has only one class of equity shares having a par value of ₹10/- each. The equity shares of the Company ranks pari passu in all aspects including rights and entitlement to dividend.
- The interim dividend of Rs.5/- declared by the Board at its meeting held on 21st February, 2020 shall be considered as the final dividend for the financial year 2019-20.

10 (iv) Shares issued for consideration other than cash:

- On 10.07.2014, the company has issued Bonus shares in the ratio of 1:1 out of total shares 7,848,104 shares has been issued for consideration other than cash.
- On 18.06.2018, the company has issued Bonus shares in the ratio of 1:1 out of total shares 15,696,208 shares has been issued for consideration other than cash.

**Notes forming part of Consolidated financial statements for the year ended March 31, 2020**

Particulars	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
<b>11 OTHER EQUITY</b>		
(a) Securities premium account:		
Opening balance	1,530.99	3,100.61
Less : Capitalisation of Bonus Shares	-	(1,569.62)
Closing balance	1,530.99	1,530.99
(b) General reserve		
Opening balance	52,288.71	42,788.71
Add: Transfer from surplus in Statement of Profit and Loss	7,711.29	9,500.00
Closing balance	60,000.00	52,288.71
(c) Foreign Currency Translation Reserve		
Opening Balance	(299.43)	(313.65)
Add: Adjustment for translation of Non Integral Foreign Operations	(33.00)	14.22
Closing Balance	(332.43)	(299.43)
(d) Other Comprehensive Income		
Opening Balance	416.83	628.11
Add: Accounted for the year	(1,924.76)	(211.28)
Closing balance	(1,507.93)	416.83
(e) Surplus/(Deficit) in Statement of Profit and Loss		
Opening balance	9,521.49	10,767.57
Less: Dividend & Dividend tax paid FY 2018-19	1,892.26	1,703.05
Less: Interim Dividend & Dividend tax paid FY 2019-20	1,892.26	
Add: Profit/(Loss) for the year	9,163.32	9,956.95
Add: Transferred from Minority Interest	594.87	-
Less: Transferred to General reserve	7,711.29	9,500.00
Closing balance	77,83.87	9,521.49
Total	67,474.50	63,458.59
<b>12 BORROWINGS</b>		
(a) Term Loans:		
From banks		
Secured (Refer Note (ii) below)	7,058.04	9,139.47
(b) Fixed deposits:		
From other parties		
Unsecured	247.99	199.53
From related parties		
Unsecured	750.00	580.00
Total	8,056.03	9,919.00

## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

### 12 (i) DETAILS OF SECURITY FOR BORROWINGS:

(a) Term Loans from banks are secured by hypothecation of Plant and Machineries and are collaterally secured by equitable mortgage by deposit of title deeds of immovable properties of Chakkan Plant, Jalna Plant and Chennai Vallam Vadagal Plant.

(b) Interest rate relating to Term loans from banks is in the range of 8.20% to 9.10% during the year.

Term loan from banks:

### 12 (ii) Repayment Schedule

Particulars	Terms of repayment	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
Term loan from banks : Secured			
Hongkong and Shanghai Banking Corporation Ltd	Repayable in 16 quarterly instalment of ₹ 187.50 Lakhs from March 20	2,062.50	2,812.48
HDFC Bank Ltd	Repayable in 20 quarterly instalments of ₹ 200 Lakhs from May 19	2,400.00	3,200.00
Axis Bank Ltd	Repayable in 20 quarterly instalments of ₹ 100.00 Lakhs from March 20	1,500.00	1,900.00
The Hunginton National Bank	Repayable in 48 monthly installments of \$ 8980 from December 13	1,095.54	1,226.99
Total-Term loans from banks		7,058.04	9,139.47

12 (iii) (a) There was no default in the repayment of loans, borrowing and interest during the year.

(b) Interest rate relating to fixed deposits is in the range of 8.00% to 9.50% during the year.

**Notes forming part of Consolidated financial statements for the year ended March 31, 2020**

Particulars	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
<b>13 PROVISIONS</b>		
(i) Provision for contingencies	700.00	700.00
(ii) Provision for Gratuity	189.81	
(iii) Provision for Leave Salary	332.86	286.19
(iv) Others	102.39	102.39
	<b>1,325.06</b>	<b>1,088.58</b>
<b>14 BORROWINGS</b>		
(a) Loan repayable on demand		
From banks		
Secured (Refer Note 14(i) (c) below)	385.55	5,546.80
(b) From Financial institutions		
Unsecured (Refer Note 14(i) (c) below)	-	1,500.00
(c) Loan from directors		
Unsecured	480.00	343.00
(d) Loan from Inter corporates		
Unsecured	265.00	480.00
	<b>1,130.55</b>	<b>7,869.80</b>

14 (i) Details of security for borrowings:

- Working capital loans from banks are primarily secured by hypothecation of inventories and book debts of the Company
- Interest rate relating to Short term loans from banks is in the range of 8.30% to 10.95%.
- Break up of loan repayable on demand and financial institutions.

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Secured	Unsecured	Secured	Unsecured
<b>Loan repayable on Demand</b>				
From Banks				
Axis Bank Ltd	-		1000.00	
Corporation Bank	(0.31)	-	(5.11)	-
HDFC Bank Ltd	(394.25)	-	1,950.76	-
ICICI Bank Ltd	917.36	-	13.12	-
Indusind Bank Ltd	0.55	-	(2.20)	-
IDBI Bank Ltd	(137.80)	-	590.23	-
Hongkong and Shanghai Banking Corporation Ltd	-	-	2,000.00	-
Total - Loan from banks	<b>385.55</b>	<b>-</b>	<b>5,546.80</b>	<b>-</b>
<b>Loan from financial institutions</b>				
Bajaj Finance Limited	-	-	-	1,500.00

14 (ii) Note: There was no default in the repayment of loans and interest during the year.

**Notes forming part of Consolidated financial statements for the year ended March 31, 2020**

Particulars	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
<b>15 OTHER FINANCIAL LIABILITIES:</b>		
(a) Current maturities of long-term debt (Refer Note (i) below)	2,663.56	3,976.57
(b) Interest accrued but not due on secured loans	37.89	50.25
(c) Interest accrued but not due on Unsecured loans	58.03	32.43
(d) Interest accrued on deposits from customers	54.93	48.06
(e) Unclaimed dividends (Refer Note (ii) below)	90.39	64.43
(f) Payable on purchase of fixed assets	481.34	1,319.22
Total	3,386.14	5,490.96
15 (i) Current maturities of Long-term debt:		
Refer Note 12(i) for the details of Securities		
Term Loan		
From Banks		
Secured	2,321.04	3,029.00
Total - Term Loan from banks	2,321.04	3,029.00
Fixed Deposits:	342.52	947.57
Total - Current maturities of Long-term debt	2,663.56	3,976.57
15 (ii) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
<b>16 PROVISION</b>		
(a) Provision for Leave Salary	45.10	37.71
(b) Provision for Gratuity	0.63	-
Total	45.73	37.71
<b>17 OTHER CURRENT LIABILITIES:</b>		
(a) Statutory remittances	160.99	1,194.28
(b) Advance and deposits from customers etc.,	620.10	658.53
Total	781.09	1,852.81

**Notes forming part of Consolidated financial statements for the year ended March 31, 2020**

Particulars	For the year ended 31.03.2020 ₹ in lakhs	For the year ended 31.03.2019 ₹ in lakhs
<b>18 REVENUE FROM OPERATIONS:</b>		
a) Sale of products	1,44,777.98	1,56,463.42
b) Sale of services	-	-
c) Other operating revenue		
(i) Scrap sales	8,946.58	11,900.20
(ii) Duty drawback and other export incentives	558.23	436.25
Revenue from operations (Gross)	1,54,282.79	1,68,799.87
<b>19 OTHER INCOME</b>		
a) Interest income		
(i) Interest on fixed deposit with banks	41.80	38.32
(ii) Interest on deposits	47.28	27.15
(iii) Others	10.09	9.14
Total Interest Income	99.17	74.61
b) Dividend income:	36.98	15.15
c) Other non-operating income		
(i) Rental and lease income	82.78	110.17
(ii) Agricultural income	9.54	8.41
(iii) Profit on sale of assets	93.13	10.65
(iv) Miscellaneous receipts	44.86	62.88
Total	366.46	281.87
<b>20 a. COST OF MATERIALS CONSUMED</b>		
Opening Stock:	6,217.90	5,940.30
Add: Purchases	68,953.87	81,633.94
Less: Closing Stock	5,451.15	6,217.90
Cost of material consumed	69,720.62	81,356.34
b. Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Inventories at the end of the year		
Finished goods	8,109.31	7,577.96
Work-in-progress	11,018.35	12,364.54
	19,127.66	19,942.50
Inventories at the beginning of the year		
Finished goods	7,577.96	4,772.69
Work-in-progress	12,364.54	10,829.76
	19,942.50	15,602.45
Net decrease / (increase)	814.84	(4,340.05)

**Notes forming part of Consolidated financial statements for the year ended March 31, 2020**

Particulars	For the year ended 31.03.2020 ₹ in lakhs	For the year ended 31.03.2019 ₹ in lakhs
<b>21 EMPLOYEE BENEFITS EXPENSES</b>		
(a) Salaries and wages	23,576.46	23,628.20
(b) Contribution to provident and other funds	1,343.37	1,201.32
(c) Staff welfare expenses	1,031.97	1,225.21
Total	<u>25,951.80</u>	<u>26,054.73</u>
<b>22 FINANCE COSTS</b>		
(a) Interest expenses:		
(i) On borrowings:	1,386.81	1,125.61
(ii) On Lease Liability	137.27	-
Total	<u>1,524.08</u>	<u>1,125.61</u>
<b>23 OTHER EXPENSES</b>		
(a) Consumption of stores and spare parts	10,750.25	12,574.79
(b) Processing charges	7,672.91	9,337.03
(c) Power and Fuel	6,938.19	6,955.83
(d) Rent including lease rentals	413.40	656.06
(e) Repairs & maintenance of		
(i) Buildings	187.87	147.08
(ii) Machinery	2,389.72	3,467.87
(iii) Other assets	1,502.06	1,347.82
(f) Insurance	405.63	367.36
(g) Rates and taxes	295.87	201.67
(h) Travelling and conveyance	772.78	811.44
(i) Printing and stationery	21.25	34.88
(j) Postage, telegram and telephones	134.80	152.87
(k) Freight, packing & forwarding	5,473.87	6,185.64
(l) Advertisement, publicity and selling expenses	692.24	895.98
(m) Bank charges	104.18	148.07
(n) Legal and professional charges	329.77	295.61
(o) Payments to auditors (Refer note (i) below)	18.90	17.50
(p) Expenditure on Corporate Social Responsibility (Refer note (ii) below)	140.84	162.44
(q) Bad debts written off	18.44	28.44
(r) Assets condemned & written off	46.52	53.83
(s) Provision for doubtful debts/advances	(9.54)	64.89
(t) Loss on sale of Assets	5.25	9.81
(u) Loss on foreign currency transactions and translation	(103.41)	211.51
(v) Sitting fees	14.40	14.70
(w) Watch and Ward	837.83	754.37
(x) Agricultural expenses	9.91	7.66
(y) Miscellaneous expenses	107.03	117.50
	<u>39,170.96</u>	<u>45,022.65</u>

**Notes forming part of Consolidated financial statements for the year ended March 31, 2020**

Particulars	For the year ended 31.03.2020 ₹ in lakhs	For the year ended 31.03.2019 ₹ in lakhs
<b>(i) Details of Auditors' remuneration:</b>		
Payment to auditors comprises		
(a) To Statutory Auditors:		
For statutory audit	14.00	13.00
For taxation matters	3.00	2.75
For certification and other services	-	0.50
(b) To cost auditors for cost audit	1.90	1.25
Total	18.90	17.50
<b>(ii) Details of CSR Expenditure:</b>		
(i) Contribution to		
Educational Aids to Students	66.63	-
L.G.B Educational Foundation	50.00	35.00
LRG & GD Trust	-	43.00
Gaja Relief Fund	-	17.00
Amrit Centre for Special Needs	5.00	10.00
Uyir Trust	-	15.00
Karur School Building	0.97	13.28
Library Saravanampatti	5.42	6.50
Mekkanamkulam Gramajana Committee	3.00	5.74
Primavera India	-	3.00
Tamilnadu Ayyappa Medical Mission and Charities	-	3.00
Balamandir	-	5.00
Karur Basket Ball	1.50	-
Art Motorsports Pvt. Ltd.	1.00	-
The Coimbatore Zoological Park Conservation	1.00	-
(ii) Contribution to others	6.32	5.92
Total	140.84	162.44
<b>24 &amp; 25) INCOME TAX EXPENSE</b>		
Current Tax:		
Current tax on profits for the year	2,950.66	4,252.49
Adjustments for current tax of prior periods	196.52	-
Total current tax expense	3,147.18	4,252.49
Deferred tax:		
Decrease/ (Increase) in deferred tax assets	-	-
(Decrease)/ Increase in deferred tax Liabilities	(675.64)	346.58
Total deferred tax expense/ (benefit)	(675.64)	346.58
Income tax expense	2,471.54	4,599.07
The Income-tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax	11,483.78	14,262.04
Income-tax expense calculated at 25.168% (Previous year 34.944%)	2,890.24	4,983.73
Add: Tax effect on earlier year disallowances	196.52	-
Less: Tax effect on non-deductible expense	38.35	(275.28)
Less: Net tax effect on additional deduction	(384.11)	(109.38)
Less: Tax effect on Deferred tax due to rate change	(564.23)	-
Total tax expense	2,471.54	4,599.07



## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

### 26. FAIR VALUE MEASUREMENT

Financial instruments by category

₹ in Lakhs

Particulars	March 31, 2020					March 31, 2019				
	FVTPL	FVOCI	Amor- tised Cost	Total Carrying Value	Total Fair Value	FVTPL	FVOCI	Amor- tised Cost	Total Carrying Value	Total Fair Value
<b>Financial Assets</b>										
Investments										
- Equity instruments (other than subsidiary and associates)	-	1,957.78	-	1,957.78	1,957.78	-	3,996.37	-	3,996.37	3,996.37
Trade Receivables	-	-	17,460.60	17,460.60	17,460.60	-	-	22,079.03	22,079.03	22,079.03
Cash and bank balances	-	-	501.56	501.56	501.56	-	-	965.45	965.45	965.45
Other Financial assets	-	-	1,404.78	1,404.78	1,404.78	-	-	1,252.89	1,252.89	1,252.89
<b>Total Financial Assets</b>	<b>-</b>	<b>1,957.78</b>	<b>19,366.95</b>	<b>21,324.73</b>	<b>21,324.73</b>	<b>-</b>	<b>3,996.37</b>	<b>24,297.36</b>	<b>28,293.73</b>	<b>28,293.73</b>
<b>Financial Liabilities</b>										
Borrowings	-	-	9,186.58	9,186.58	9,186.58	-	-	17,788.80	17,788.80	17,788.80
Trade Payables	-	-	24,718.41	24,718.41	24,718.41	-	-	25,763.36	25,763.36	25,763.36
Other Financial liabilities	-	-	4,842.06	4,842.06	4,842.06	-	-	5,490.96	5,490.96	5,490.96
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>38,747.04</b>	<b>38,747.04</b>	<b>38,747.04</b>	<b>-</b>	<b>-</b>	<b>49,043.13</b>	<b>49,043.13</b>	<b>49,043.13</b>

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

Particulars	March 31, 2020				March 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>								
Financial Investments at FVOCI								
Listed Equity instruments	1,957.78			1,957.78	3,996.37			3,996.37
<b>Total Financial Assets</b>	<b>1,957.78</b>			<b>1,957.78</b>	<b>3,996.37</b>			<b>3,996.37</b>
<b>Financial Liabilities</b>		-						
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Particulars	March 31, 2020				March 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>								
Financial Investments								
Equity instruments (unquoted)	-	-	-	-	-	-	-	-
<b>Total Financial Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**Notes forming part of Consolidated financial statements for the year ended March 31, 2020**

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Assets and liabilities which are measured at amortised cost for which fair values are disclosed

**Level 1:**

Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

**Level 2:**

The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:**

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

There are no transfers between levels 1, 2 and 3 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**(ii) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- the fair value of certain financial instruments have been determined based on the buy back offer made by the originatory of the instrument.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

**Details of the investment property and its fair value:**

Investment Property disclosed is net of depreciation

The fair values of investment properties have been determined with reference to the guideline value as determined by the Government for the location at which the property is located, increased by the depreciated value of buildings.

## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

### 27 FINANCIAL INSTRUMENTS

#### Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and other short-term borrowings.

The capital structure of the Company consists only of equity.

Gearing Ratio:

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Debt	8,056.03	9,919.00
Less: Cash and bank balances	501.56	965.45
Net debt	7,554.47	8,953.55
Total equity	70,613.74	66,597.82
Net debt to equity ratio (%)	10.70%	13.44%
<b>Financial assets</b>		
a. Measured at amortised cost		
Loans Given	-	-
Other non-current financial assets	1,337.53	1,182.83
Trade receivables	17,460.60	22,079.03
Cash and cash equivalents	501.56	965.45
Bank balances other than above	-	-
Other financial assets	67.25	70.06
b. Mandatorily measured at fair value through OCI (FVOCI)		
Investments other than subsidiary and associates	1,957.78	3,996.37
Derivative instruments	-	-
<b>Financial liabilities</b>		
a. Measured at amortised cost		
Borrowings (short term)	1,130.55	7,869.80
Trade payables	24,718.41	25,763.36
Other financial liabilities	4,842.06	5,490.96
Lease Liabilities	1,455.92	-
b. Mandatorily measured at fair value through OCI (FVOCI)		
Derivative instruments	-	-

#### Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

The Company seeks to minimise the effects of these risks by using natural hedging financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

### Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposures through its finance division and uses derivative instruments such as forward contracts and currency swaps, wherever required, to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management.

### Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company actively manages its currency rate exposures through a centralised treasury division and uses natural hedging principles to mitigate the risks from such exposures. The use of derivative instruments, if any, is subject to limits and regular monitoring by appropriate levels of management.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net Assets exposure on the currency	
<b>As on 31.03.2020</b>							
USD	973,177.12	-	973,177.12	2,650,910.21	-	2,650,910.21	1,677,733.09
EUR	16,960.06	-	16,960.06	1,986,659.16	-	1,986,659.16	1,969,699.10
GBP	-	-	-	286,461.47	-	286,461.47	286,461.47
JPY	-	-	-	-	-	-	-
<b>As on 31.03.2019</b>							
USD	452,903.27	-	452,903.27	3,134,596.97	-	3,134,596.97	2,681,693.70
EUR	43,236.59	-	43,236.59	1,597,619.31	300,000.00	1,297,619.31	1,254,382.72
GBP	-	-	-	619,898.47	-	619,898.47	619,898.47
JPY	1,748,600.00	-	1,748,600.00	-	-	-	(1,748,600.00)

## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

### Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

### Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

### Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents

management's assessment of the reasonably possible change in interest rates.

### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is not subject to credit risk as the internally generated funds are used to meet their financial requirements

### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

### Offsetting related disclosures

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

### Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposit. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

### Liquidity tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

# Notes forming part of Consolidated financial statements for the year ended March 31, 2020

₹ in Lakhs

Particulars	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
<b>March 31, 2020</b>				
Trade payables	24,718.41	-	-	24,718.41
Other financial liabilities	4,842.06	-	-	4,842.06
Borrowings (including interest accrued thereon upto the reporting date)	1,130.55	-	-	1,130.55
	30,691.02	-	-	30,691.02
<b>March 31, 2019</b>				
Trade payables	25,763.36	-	-	25,763.36
Other financial liabilities	5,490.96	-	-	5,490.96
Borrowings (including interest accrued thereon upto the reporting date)	7,869.80	-	-	7,869.80
	39,124.13	-	-	39,124.13

Particulars	31.03.2020	31.03.2019
Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required):	Nil	Nil

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
<b>28 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)</b>		
(i) Contingent liabilities:		
(a) Claims against the Company, not acknowledged as debts - disputed tax liabilities		
(i) Central Excise	100.00	242.92
(ii) Entry Tax	408.36	428.29
(iii) Service Tax	-	176.63
(iv) VAT/CST	392.56	1,106.78
(v) Income Tax	1,139.26	1,248.49
TOTAL	2,040.18	3,203.11
(b) Guarantee given by Bankers and outstanding	72.25	64.86
(c) Corporate guarantee given for others	2,700.00	2,700.00
(d) Estimated customs duty obligation on imports, if corresponding export obligation is not satisfied.	305.75	347.28
Note: Future cash outflows in respect of the above matters are determinable only on receipt of judgments/decisions pending at various forums/authorities.		
(ii) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for - Tangible assets	1,899.88	6,009.98

## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

### 29 EMPLOYEE BENEFIT PLANS

#### Defined Contribution plans:

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized Rs. 778.82 Lakhs (Year ended 31 March, 2019 Rs. 596.00 Lakhs) for Provident Fund contributions and Rs. 16.50 Lakhs (Year ended 31 March, 2019 Rs. 14.87 Lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

#### State plans:

The Company makes ESI contributions to Employees State Insurance Scheme. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 236.42 Lakhs (Year ended 31 March, 2019 Rs. 290.25 Lakhs) in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Scheme.

#### Defined Benefit Plan - Gratuity:

The Company provides gratuity benefit (included as part of employees contribution to funds in Note 21 Employee benefits expense) to all eligible employees, which is funded with Life Insurance Corporation of India.

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements

₹ in Lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Components of employer expenses		
Current service cost	192.76	155.95
Interest cost	145.07	143.10
Expected return on Plan Assets	(159.40)	(174.68)
Actuarial (gains) / losses		
Past service cost		
Total expense recognized in Statement of Profit and Loss*	178.43	124.37
Actual contribution and the benefit payments for the year		
Actual benefit payments	(87.65)	(71.63)
Actual contribution	8.64	7.86
Other Comprehensive Income		
Opening OCI	247.22	84.98
Actuarial Loss / (Gain) on DBO	239.05	65.27
Actuarial Loss / (Gain) on Assets	(95.08)	96.97
Total recognized in Other Comprehensive Income	143.97	162.24
Closing Recognised in OCI	391.19	247.22
Net Asset/(Liability) recognized in the Balance Sheet		
Present value of benefit obligation	2,657.03	2,167.80
Fair value of plan assets	2,466.59	2,291.12
Funded Status [Surplus/(Deficit)] *	(190.44)	123.32
Unrecognised past service cost	-	-

**Notes forming part of Consolidated financial statements for the year ended March 31, 2020**

₹ in Lakhs

Net Asset/(Liability) recognized in the Balance Sheet	(190.44)	123.32
Change in defined benefit obligations(DBO) during the year		
Present value of DBO at beginning of the year	2,167.80	1,875.11
Current service cost	192.76	155.95
Interest cost	145.07	143.10
Actuarial (gain) / loss on obligation	239.05	65.27
Benefits paid	(87.65)	(71.63)
Present value of DBO at the end of the year	2,657.03	2,167.80
Change in the Fair Value of assets during the year		
Plan Assets at beginning of the year	2,291.12	2,277.18
Acquisition adjustment		
Expected return on Plan Assets	159.40	174.68
Contributions by the employer	8.64	7.86
Actuarial gain / (loss)	95.08	(96.97)
Benefits paid	(87.65)	(71.63)
Plan Assets at the end of the year	2,466.59	2,291.12
Reconciliation of Present Value (PV) of Obligation and Fair Value (FV) of Assets:		
Closing PV of Obligation	2,657.03	2,167.80
Closing FV of Plan Assets	2,466.59	2,291.12
Funded Status [Surplus/(Deficit)] *	(190.44)	123.32
* - Included under the head "Employee Benefits" in Schedule 22		
Composition of the Plan assets is as follows:		
Equity instruments	-	-
Debt instruments	-	-
Property	-	-
Insurer managed asset *	100%	100%
* - The details with respect to the composition of investments in the fair value of plan assets have not been disclosed in the absence of the aforesaid information.		
Acturial assumptions		
Discount Rate (per annum)	6.83%	7.78%
Rate of increase in compensation levels (per annum)	11.00%	11.00%
Expected return on plan assets (per annum)	6.83%	7.78%

\*Included in "Contribution to Provident &amp; Other Funds" in Note 21 - Employee Costs



## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Actuarial (Gains) and Losses on Obligation	239.05	65.27
Actuarial (Gains) and Losses due to change in Assumptions	-	-
Actuarial (Gains) and Losses on Plan assets	(95.08)	96.97
Total comprehensive Income for the year	143.97	162.24
Actuarial (Gains) and Losses Recognized in the year	143.97	162.24
Unrecognized Actuarial (Gains) and Losses for the year	-	-

Note: (i) The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated terms of the obligations.

(ii) The estimate of future salary increased considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

(iii) The Company is expected to contribute Rs.300.00 Lakhs to the Gratuity Fund next year.

(iv) Sensitivity Analysis:

Particulars	As at 31.03.2020	As at 31.03.2019
A. Discount Rate + 100 BP Defined Benefit Obligation [PVO]	-10.39% 2,380.90	-9.96% 1,951.83
B. Discount Rate - 100 BP Defined Benefit Obligation [PVO]	12.37% 2,985.62	11.59% 2,419.01
C. Salary Escalation Rate + 100 BP Defined Benefit Obligation [PVO]	11.36% 2,598.92	10.81% 2,402.08
D. Salary Escalation Rate - 100 BP Defined Benefit Obligation [PVO]	-9.92% 2,393.32	-9.63% 1,959.09
E. Attrition Rate + 100 BP Defined Benefit Obligation [PVO]	-3.66% 2,559.72	-3.04% 2,101.90
F. Attrition Rate - 100 BP Defined Benefit Obligation [PVO]	4.25% 2,769.96	3.33% 2,239.96

### v Risk exposure:

The Company's Gratuity fund is maintained by an approved trust (Life Insurance Corporation of India). A large portion of the investment made by the LIC is in government bonds and securities and other approved securities. Hence, the company is not exposed to the risk of asset volatility as at the balance sheet date.

### vi Defined benefit liability and employer contributions:

The weighted average duration of the defined benefit obligation is 17.80 years (2018-19 17.21 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	March 31, 2020	March 31, 2019
Less than 1 year	107.69	94.21
Between 1 - 2 years	115.62	84.79
Between 2 - 3 years	80.56	108.58
Between 3 - 4 years	94.99	74.95
Between 4 - 5 years	161.29	87.84
More than 5 years	1,041.23	917.41

# Notes forming part of Consolidated financial statements for the year ended March 31, 2020

₹ in Lakhs

	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
30	Segmental Reporting:		
	Primary Segment information		
	(Business Segments):		
	A. Segment Revenue:		
	Transmission	118,835.75	124,693.15
	Metal Forming	35,447.04	44,106.72
	Total	154,282.78	168,799.87
	B. Segment Results:		
	Transmission	10,558.33	10,730.86
	Metal Forming	999.21	4,099.01
	Total	11,557.54	14,829.87
	Less: (i) Interest	1,524.08	1,125.61
	(ii) Other unallocable expenditure net off	(1,450.32)	(557.78)
	unallocable income		
	Profit before Tax	11,483.78	14,262.04
	Less: Provision for taxation	2,471.54	4,599.07
	Profit after Tax	9,012.24	9,662.97

## C. Other Information

Particulars	As at 31.03.2020				
	Segment Assets	Segment Liabilities	Capital Expenditure	Depreciation	Non-cash edpenditure excluding depreciation
Transmission	67,949.05 (69,308.86)	19,992.24 (20,840.99)	10,037.01 (13,541.52)	5,304.63 (4,383.52)	83.07 (71.04)
Metal Forming	35,502.13 (38,589.29)	9,427.60 (9,912.93)	1,652.62 (4,826.43)	2,561.06 (2,421.87)	144.54 (80.52)
Unallocated	9,710.44 (14,224.52)	13,128.03 (24,770.93)	- -	- -	- -

Note: Components of business segments are as under:

Transmission	Chains & Sprockets
Metal Forming	Fine Blanking, Maching and Wire drawing products

# Notes forming part of Consolidated financial statements for the year ended March 31, 2020

D. Secondary Segment Information (Geographical Segment) ₹ in Lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
(1) Segment Revenue:		
Within India	1,27,154.45	1,40,921.65
Outside India	27,128.33	27,878.22
Total	1,54,282.78	1,68,799.87
(2) Segment Assets:		
Within India	1,02,161.45	1,11,030.56
Outside India	11,000.17	11,092.11
Total	1,13,161.62	1,22,122.67
(3) Capital Expenditure:		
Within India	11,249.49	18,367.95
Outside India	440.14	167.47
Total	11,689.63	18,535.42

## 31 DETAILS OF LEASING ARRANGEMENTS IND AS 116

	As at 31.03.2020	As at 31.03.2019
As Lessor		
a The Company has entered into operating lease arrangements for certain surplus facilities and equipments. Total rental and lease income recognized in the Statement of Profit and Loss	82.78	110.17
As Lessee		
Interest expenses on lease liability	137.27	-
Expenses related to short term leases and lease of low value assets	402.00	-
Total cashflow for leases	698.33	-

## 32 EARNINGS PER SHARE

	As at 31.03.2020	As at 31.03.2019
Basic & Diluted:		
Continuing operations:		
Net profit after tax from continuing operations - In Rs. Lakhs	9,163.31	9,956.95
Profit attributable to Equity Shareholders - In Rs. Lakhs (A)	9,163.31	9,956.95
Total number of equity shares outstanding at balance sheet date.	31,392,416	31,392,416
Weighted average number of equity shares outstanding, considered for the purpose of computing Basic EPS (B)	31,392,416	31,392,416
Nominal value of Equity Shares - In Rs.	10	10
Basic and Diluted Earnings Per Share-In Rs. (A/B )(Not annualized)	29.19	31.72

# Notes forming part of Consolidated financial statements for the year ended March 31, 2020

₹ in Lakhs

	As at 31.03.2020	As at 31.03.2019
<b>33 DEFERRED TAX LIABILITY</b>		
Tax effect of items constituting deferred tax Liability:		
On difference between book balance and tax balance of fixed assets	<b>1,633.36</b>	2,457.47
On account of provision for right to use assets	<b>341.45</b>	-
On account of provision for lease liability	<b>(366.42)</b>	-
On account of provision for doubtful debts	<b>(44.35)</b>	(64.29)
On account of provision for contingencies	<b>(176.18)</b>	(242.27)
On account of provision for gratuity	<b>(47.93)</b>	(21.59)
On account of provision for leave salary	<b>(95.13)</b>	(112.10)
	<b>1,244.80</b>	2,017.22

- 34 Previous year figure have been regrouped, and reclassified, wherever necessary to correspond with the current year's classification / disclosure.
- 35 Exceptional Item represent profit on sale of land, profit on sale of entirement investment in Renold Chain India Private Limited (Associate Company) and subsidy received.
- 36 Borrowing Cost Capitalized during the year Rs. 45.15 Lakhs (Previous year Rs.137.35 Lakhs).
- 37 The Company elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. Accordingly the Company has recognised provision for income tax for the year ended 31st March, 2020 and re-measured its Deffered Tax Assets based on the rate prescribed in the said Section. The Deffered Tax reversal of Rs. 564.23 Lakhs has already been given effect to in the results for quarter ended 30.09.2019.
- 38 The Company has adopted IndAS 116 Leases with effect from 1st April, 2019. The Company has measured Right-to-use Asset and Liability for Rs. 1,641.97 Lakhs based on the remaining lease period and payments discounted using the incremental borrowing rate as the date of initial application.
- 39 The COVID-19 pandemic and the resulting lockdown enforced from 23rd March 2020 has effected the Company's regular operations. In assessing the recoverability of Company's assets such as Property, Plant and Equipment, Investments, Trade Receivables, Inventories etc the Company has considered available information upto the date of approval of these financial results and expect to recover the carrying amount of the assets. The Company's operations were impacted by the closure of the Company by 9 days by the end of March 2020 due to COVID-19 effect.

## 40 Related party disclosure

List of parties having significant influence

### Associate Companies

Renold Chain India Private Limited - 25% (Upto 08.11.2019)

## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

### Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel

Elgi Automotive Services (P) Limited	Super Speeds Private Limited
L.G.B. Auto Products (P) Limited	LGB Forge Limited
LG Farm Products (P) Limited	Tribe Investments & Services Private Ltd
L.G. Balakrishnan & Bros - Karur	South Western Engineering India Private Limited
LG Sports Private Limited	Silent Chain India Private Limited
Super Transports Private Limited	

### Key management personnel

Sri. B. Vijayakumar, Chairman and Managing Director

Sri. P. Prabakaran, Managing Director

Sri.N. Rengaraj, Chief Financial Officer

Sri.M. Lakshmi Kanth Joshi, General Manager ( Legal) and Company Secretary

### Relatives of Key Management Personnel

Relatives of Sri. B. Vijayakumar:			
Smt. Vijayashree V	-	Wife	Smt. Rajsri Vijayakumar - Daughter
Sri. V. Rajvirdhan	-	Son	Sri. Rajiv Parthasarathy - Daughter's Husband
Sri. Nithin Karivardhan	-	Son	Minor. Samriddhi Andar Rajiv - Daughter's daughter
Sri. Arjun Karivardhan	-	Son	Minor. Vidhur Narayanan Rajiv - Daughter's Son
Relatives of Sri. P. Prabakaran:			
Sri. K. Palanichamy	-	Father	Smt. D. Maheswari - Wife
Smt. Rajalakshmi	-	Mother	Sri. P. Suryakumar - Son

Place : Coimbatore Date : 05.06.2020	In terms of our report attached For <b>SURI &amp; CO</b> Chartered Accountants FRN: 004283S M. Sivaram Partner Membership No. 211916	For and on behalf of Board of Directors	
		<b>B. VIJAYAKUMAR</b> Chairman and Managing Director DIN: 00015583  <b>M. LAKSHMI KANTH JOSHI</b> General Manager (Legal) and Company Secretary	<b>P. PRABAKARAN</b> Managing Director DIN : 01709564  <b>N. RENGARAJ</b> Chief Financial Officer

# Notes forming part of Consolidated financial statements for the year ended March 31, 2020

₹ in Lakhs

## a) Transactions during the year

S.No	Particulars	Associates/Others		Key Managerial		Relatives of key		Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
1	<b>Remuneration to Key Managerial Personnel</b>	-	-	<b>535.49</b>	<b>554.89</b>	<b>22.80</b>	<b>20.89</b>	<b>558.29</b>	<b>575.78</b>
	Sri.B. Vijayakumar	-	-	330.50	374.83	-	-	330.50	374.83
	Sri.P. Prabakaran	-	-	127.79	109.91	-	-	127.79	109.91
	Sri.N.Rengaraj	-	-	44.90	40.60	-	-	44.90	40.60
	Sri.Lakshmi Kanth Joshi	-	-	32.30	29.55	-	-	32.30	29.55
	Sri.K. Arjun	-	-	-	-	22.80	20.89	22.80	20.89
2	<b>Loan Receipts (Borrowings)</b>	<b>865.00</b>	<b>567.00</b>	<b>579.00</b>	<b>300.00</b>	<b>70.00</b>	<b>563.00</b>	<b>1,514.00</b>	<b>1,430.00</b>
	Enterprises owned or significantly influenced by KMP and Relatives of KMP								
	Associates								
	L.G.Sports Ltd	205.00	400.00	-	-	-	-	205.00	400.00
	Elgi Automotive Services (P) Limited	-	30.00	-	-	-	-	-	30.00
	LGB Auto Products (P) Limited	235.00	117.00	-	-	-	-	235.00	117.00
	LG Farm Products (P) Limited	300.00	-	-	-	-	-	300.00	-
	Super Speeds (P) Limited	125.00	-	-	-	-	-	125.00	-
	Others	-	20.00	-	-	-	-	-	20.00
	Key Managerial Personnel								
	Sri.B. Vijayakumar	-	-	579.00	300.00	-	-	579.00	300.00
	Relatives of Key Managerial Personnel								
	Sri.V.Rajviradhan	-	-	-	-	-	405.00	-	405.00
	Smt.V.Rajsri	-	-	-	-	70.00	158.00	70.00	158.00
3	<b>Loan Repayment (Borrowing)</b>	<b>1,080.00</b>	<b>150.00</b>	<b>217.00</b>	<b>337.00</b>	<b>295.00</b>	<b>338.00</b>	<b>1,592.00</b>	<b>825.00</b>
	Enterprises owned or significantly influenced by KMP and Relatives of KMP								
	Associates								
	L.G.Sports Ltd	520.00	-	-	-	-	-	520.00	-
	Elgi Automotive Services (P) Limited	20.00	20.00	-	-	-	-	20.00	20.00
	LGB Auto Products (P) Limited	270.00	110.00	-	-	-	-	270.00	110.00
	LG Farm Products (P) Limited	160.00	-	-	-	-	-	160.00	0.00
	Super Speeds (P) Limited	110.00	-	-	-	-	-	110.00	0.00
	Others	-	20.00	-	-	-	-	0.00	20.00

# Notes forming part of Consolidated financial statements for the year ended March 31, 2020

S. No.	Particulars	Associates/Others		Key Managerial Personnel		Relatives of key managerial personnel		Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
	Key Managerial Personnel								
	Sri.B. Vijayakumar	-	-	217.00	337.00	-	-	217.00	337.00
	Relatives of Key Managerial Personnel								
	Sri.V.Rajvirdhan	-	-	-	-	130.00	275.00	130.00	275.00
	Smt.V.Rajsri	-	-	-	-	165.00	63.00	165.00	63.00
4	<b>Fixed Deposits Receipts (Borrowings)</b>	<b>15.00</b>	<b>5.00</b>	<b>90.00</b>	<b>50.00</b>	<b>2.00</b>	<b>50.00</b>	<b>107.00</b>	<b>105.00</b>
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel								
	Associates								
	L G Farm Products (P) Limited	-	-	-	-	-	-	-	-
	Silent Chain (P) Limited	15.00	5.00	-	-	-	-	15.00	5.00
	Super Transports (P) Limited	-	-	-	-	-	-	-	-
	Key Managerial Personnel								
	Sri.B. Vijayakumar	-	-	-	50.00	-	-	-	50.00
	Sri.P. Prabakaran	-	-	88.00	-	-	-	88.00	-
	Sri.N. Rengaraj	-	-	2.00	-	-	-	2.00	-
	Relatives of Key Managerial Personnel								
	Smt.V.Rajsri	-	-	-	-	-	50.00	-	50.00
	Minor. Vidhur Narayanan	-	-	-	-	-	-	-	-
	Smt.D. Maheswari	-	-	-	-	2.00	-	2.00	-
5	<b>Fixed Deposits Repayments (Borrowings)</b>	<b>195.00</b>	<b>1,305.00</b>	<b>225.00</b>	<b>140.00</b>	<b>100.00</b>	<b>830.00</b>	<b>520.00</b>	<b>2,275.00</b>
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel								
	Associates								
	L G Farm Products (P) Limited	35.00	200.00	-	-	-	-	35.00	200.00
	L. G. Sports Private Ltd	100.00	800.00	-	-	-	-	100.00	800.00
	LGB Auto Products (P) Limited	-	200.00	-	-	-	-	-	200.00
	Super Transports (P) Limited	-	105.00	-	-	-	-	-	105.00
	Silent Chain (P) Limited	10.00	-	-	-	-	-	10.00	-
	Elgi Automotive Services (P) Limited	50.00	-	-	-	-	-	50.00	-
	Key Managerial Personnel								
	Sri.B. Vijayakumar	-	-	150.00	140.00	-	-	150.00	140.00
	Sri.P. Prabakaran	-	-	70.00	-	-	-	70.00	-
	Sri.N. Rengaraj	-	-	5.00	-	-	-	5.00	-

# Notes forming part of Consolidated financial statements for the year ended March 31, 2020

S. No.	Particulars	Associates/Others		Key Managerial Personnel		Relatives of key managerial personnel		Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
	Relatives of Key Managerial Personnel								
	Sri. V. Rajvirdhan	-	-	-	-	-	460.00	-	460.00
	Smt. V. Rajsri	-	-	-	-	100.00	-	100.00	-
	Minor. Samridhi Andar	-	-	-	-	-	185.00	-	185.00
	Minor. Vidhur Narayanan	-	-	-	-	-	185.00	-	185.00
<b>6</b>	<b>Interest Expense</b>	<b>65.84</b>	<b>117.95</b>	<b>64.59</b>	<b>74.91</b>	<b>32.99</b>	<b>219.55</b>	<b>163.42</b>	<b>412.41</b>
	Enterprises owned or significantly influenced by KMP and Relatives of KMP								
	L.G. Sports Ltd	29.19	61.39	-	-	-	-	29.19	61.39
	LGB Auto Products (P) Limited	6.09	22.20	-	-	-	-	6.09	22.20
	L G Farm Products (P) Limited	17.50	15.74	-	-	-	-	17.50	15.74
	Others	13.06	18.62	-	-	-	-	13.06	18.62
	Key Managerial Personnel								
	Sri. B. Vijayakumar	-	-	55.40	71.06	-	-	55.40	71.06
	Sri. P. Prabakaran	-	-	8.88	3.73	-	-	8.88	3.73
	Sri. N. Rengaraj	-	-	0.31	0.12	-	-	0.31	0.12
	Relatives of Key Managerial Personnel								
	Sri. V. Rajvirdhan	-	-	-	-	2.02	39.54	2.02	39.54
	Smt. V. Rajsri	-	-	-	-	12.38	18.68	12.38	18.68
	Minor. Samridhi Andar	-	-	-	-	8.28	80.44	8.28	80.44
	Minor. Vidhur Narayanan	-	-	-	-	9.26	79.08	9.26	79.08
	Smt. D. Maheswari	-	-	-	-	1.05	1.81	1.05	1.81
<b>7</b>	<b>Equity Investment</b>	-	-	-	-	-	-	-	-
<b>8</b>	<b>Dividend Receipts</b>	<b>0.03</b>	<b>0.03</b>	-	-	-	-	<b>0.03</b>	<b>0.03</b>
<b>9</b>	<b>Dividend Payments</b>	<b>308.57</b>	<b>134.78</b>	<b>501.70</b>	<b>225.67</b>	<b>687.60</b>	<b>315.97</b>	<b>1,497.87</b>	<b>676.42</b>
	Enterprises owned or significantly influenced by KMP and Relatives of KMP	308.57	134.78	-	-	-	-	308.57	134.78
	Key Managerial Personnel								
	Sri. B. Vijayakumar	-	-	501.40	225.63	-	-	501.40	225.63
	Sri. P. Prabakaran	-	-	0.18	0.04	-	-	0.18	0.04
	Sri. N. Rengaraj	-	-	0.12	-	-	-	0.12	-
	Relatives of Key Managerial Personnel								
	Sri. V. Rajvirdhan	-	-	-	-	424.92	197.87	424.92	197.87
	Smt. V. Rajsri	-	-	-	-	217.92	98.06	217.92	98.06
	Others	-	-	-	-	44.76	20.04	44.76	20.04



# Notes forming part of Consolidated financial statements for the year ended March 31, 2020

S. No.	Particulars	Associates/Others		Key Managerial Personnel		Relatives of key managerial personnel		Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<b>10</b>	<b>Rent Income</b>	<b>77.62</b>	<b>67.17</b>	-	-	-	-	<b>77.62</b>	<b>67.17</b>
	Enterprises owned or significantly influenced by KMP and Relatives of KMP								
	LGB Forge Limited	54.28	50.57	-	-	-	-	54.28	50.57
	Super Transports Private Limited	10.50	10.71	-	-	-	-	10.50	10.71
	Others	12.84	5.89	-	-	-	-	12.84	5.89
<b>11</b>	<b>Rent / Lease Expenses</b>	-	-	-	-	-	-	-	-
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel								
	South Western Engineering India Limited	-	-	-	-	-	-	-	-
	LGB Forge Limited	-	-	-	-	-	-	-	-
<b>12</b>	<b>Purchase of Materials, Spares &amp; power</b>	<b>1,245.23</b>	<b>1,841.93</b>	-	-	-	-	<b>1,245.23</b>	<b>1,841.93</b>
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel								
	Renold Chain India (P) Ltd.	-	144.77	-	-	-	-	-	144.77
	LGB Forge Limited	466.00	1,462.94	-	-	-	-	466.00	1,462.94
	LGB & Bros, Karur	59.51	140.94	-	-	-	-	59.51	140.94
	Lakshmi Printers	544.56	-	-	-	-	-	544.56	-
	G-Plast	102.39	-	-	-	-	-	102.39	-
	Others	72.77	93.28	-	-	-	-	72.77	93.28
<b>13</b>	<b>Processing/Conversion Charges</b>	<b>630.38</b>	<b>616.50</b>	-	-	-	-	<b>630.38</b>	<b>616.50</b>
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel								
	South Western Engineering India Limited	454.36	600.13	-	-	-	-	454.36	600.13
	Veena Coach Products	130.88	-	-	-	-	-	130.88	-
	Others	45.14	16.37	-	-	-	-	45.14	16.37
<b>14</b>	<b>Sale of Materials, Stores and Service Charges</b>	<b>442.80</b>	<b>1,125.23</b>	-	-	-	-	<b>442.80</b>	<b>1,125.23</b>
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel								
	Renold Chain India (P) Ltd.	305.93	883.66	-	-	-	-	305.93	883.66
	LGB Forge Limited	-	224.74	-	-	-	-	-	224.74
	Metal Forms (P) Limited	121.36	-	-	-	-	-	121.36	-
	Others	15.51	16.83	-	-	-	-	15.51	16.83

# Notes forming part of Consolidated financial statements for the year ended March 31, 2020

S. No.	Particulars	Associates/Others		Key Managerial Personnel		Relatives of key managerial personnel		Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
15	<b>Processing charges Receipts</b>	<b>290.94</b>	<b>138.05</b>	-	-	-	-	<b>290.94</b>	<b>138.05</b>
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel								
	LGB Forge Limited	279.40	125.60	-	-	-	-	279.40	125.60
	Others	11.54	12.45	-	-	-	-	11.54	12.45
16	<b>Sale of Property, Plant &amp; Equipment</b>	<b>8.84</b>	<b>2.72</b>	-	-	-	-	<b>8.84</b>	<b>2.72</b>
	L G Sports Limited	0.07	1.58	-	-	-	-	0.07	1.58
	Super Speeds Private Limited	8.77	-	-	-	-	-	8.77	-
	Others	-	1.14	-	-	-	-	-	1.14
17	<b>Purchase of Property, Plant and Equipment</b>	<b>19.25</b>	<b>8.22</b>	-	-	-	-	<b>19.25</b>	<b>8.22</b>
	Enterprises owned or significantly influenced by Key Managerial Personnel and Relatives of Key Managerial personnel								
	Super Transports (P) Limited	-	-	-	-	-	-	-	-
	LGB Forge Limited	8.31	-	-	-	-	-	8.31	-
	South Western Engineering India Limited	5.24	8.15	-	-	-	-	5.24	8.15
	Others	5.70	0.07	-	-	-	-	5.70	0.07
		5,244.50	6,079.58	2,212.78	1,682.47	1,210.39	2,337.41	8,667.67	10,099.46

## b) Balance outstanding at the end of the year

S. No.	Particulars	Associates/Others		Key Managerial Personnel		Relatives of key managerial personnel		Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
1	Receivable balance	130.08	164.79	-	-	-	-	130.08	164.79
	Renold Chain India (P) Ltd.	-	145.04	-	-	-	-	-	145.04
	LGB Forge Limited	117.52	-	-	-	-	-	117.52	-
	Others	12.56	19.75	-	-	-	-	12.56	19.75
2	Payable balance	14.82	58.70	-	-	-	-	14.82	58.70
	Others	14.82	58.70	-	-	-	-	14.82	58.70
3	Unsecured borrowings balance	265.00	480.00	480.00	118.00	-	225.00	745.00	823.00
	L G Sports Limited	85.00	400.00	-	-	-	-	85.00	400.00
	L G Farm Products (P) Limited	140.00	-	-	-	-	-	140.00	-
	LGB Auto Products (P) Limited	25.00	60.00	-	-	-	-	25.00	60.00
	Elgi Automotive Services (P) Limited	-	20.00	-	-	-	-	-	20.00
	Others	15.00	-	480.00	118.00	-	225.00	345.00	343.00
		409.90	703.49	480.00	118.00	-	225.00	889.90	1,046.49

₹ in Lakhs

## Notes forming part of Consolidated financial statements for the year ended March 31, 2020

Statement pursuant to general exemption received under section 129(3) of the Companies Act, 2013 relating to subsidiary Company.

Figures in Lakhs

Particulars	LGB USA Inc. *	
Currency	INR	USD
Share Capital	2,790.56	44.40
Reserves & Surplus	2,724.38	38.43
Other Liabilities	4,031.97	56.57
Total Liabilities	9,546.91	139.40
Total Assets	9,546.91	139.40
Investments (Excl'd. investment in subsidiaries)	Nil	Nil
Turnover & Other Income	9,855.58	139.97
Profit / (Loss) Before Taxation	(529.26)	(7.95)
Provision for Tax (incl: Deferred Tax)	-	-
Profit / (Loss) after Taxation	(529.26)	(7.95)
Proposed Dividend	Nil	Nil
% Share Holding	95.28%	

\* LGB USA Inc; figures presented on a consolidated basis.

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the entity in the	Net assets, i.e., total assets minus total liabilities		Share of profit or loss	
	As % of consolidated net assets	Amount (₹ in Lakhs)	As % of consolidated Profit or Loss	Amount (₹ in Lakhs)
L.G.Balakrishnan & Bros Limited.	96%	68,050.62	111%	10,183.45
Foreign:				
1. LGB USA INC. *	3%	2,563.12	-5%	(494.19)
2. Minority Interests in all subsidiaries:	1%	404.14	-6%	(35.07)
Associates				
Indian :				
1. Renold Chain India Private Limited	-	-	-	(525.94)
Total	100%	71,017.88	100%	9,128.25

\* LGB USA Inc. figures presented alongwith subsidiaries

If Undelivered Please Return to :



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

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