



## LGB FORGE LIMITED

Admin Office : 8/1238, Trichy Road,  
Coimbatore - 641 018.  
Tel : 0422 4951884

LGBFORGE/SECRETARIAL/EXCHANGE

August 24, 2020

<b>BSE Limited</b> Phiroze Jeejeeboy Towers Dalal Street Mumbai 400 001  Script Code: <b>533007</b>	<b>The National Stock Exchange Of India Ltd</b> "Exchange Plaza" Bandra Kurla Complex Bandra (E), Mumbai 400 051  Symbol: <b>LGBFORGE</b>
--	--

Dear Sirs,

**Sub: Submission of Annual Report for the financial year 2019-2020.**

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Listing Regulations), Please find enclosed the Annual Report of the Company along with the Notice of the 14<sup>th</sup> AGM and other statutory Reports for the financial year 2019-2020, which is also being sent through electronic mode to those Members whose e-mail addresses are registered with the Company/Registrar and Transfer Agent/Depositories.

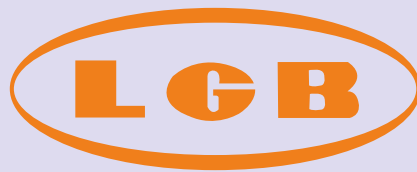
The same is also available on the website of the Company at [www.lgbforge.com](http://www.lgbforge.com).

Kindly take the same on record.

Thanking You,  
Yours faithfully,  
For LGB Forge Limited

R.Ravi  
Company Secretary & Compliance Officer  
ACS No : 23125

# LGB FORGE LIMITED



**14th  
ANNUAL REPORT  
2019 - 2020**

## Corporate Information

### BOARD OF DIRECTORS

Sri. B. Vijayakumar  
Chairman  
Sri. V. Rajvirdhan  
Managing Director  
Sri. K.N.V. Ramani  
Sri. P. Shanmugasundaram  
Sri. P.V. Ramakrishnan  
Ms. Aishwarya Rao

### CHIEF FINANCIAL OFFICER

Sri. R. Vinothkumar (from 10.06.2019)

### COMPANY SECRETARY

Sri. R. Ravi (from 16.08.2019)

### BANKERS & FINANCIAL INSTITUTIONS

Axis Bank Limited  
ICICI Bank Limited  
IDBI Bank Limited  
Bajaj Finance Limited

### STATUTORY AUDITORS

M/s. N.R. Doraiswami & Co  
Chartered Accountants  
No.48, "MANCHILLU"  
Race Course, Coimbatore - 641018.  
Phone No. 0422 - 2223780  
Mail: audit@srinrd.in

### SECRETARIAL AUDITORS

M/s. P. Eswaramoorthy and Company  
No.44 & 44/1, 5th Street, Ramalinga Jothi Nagar,  
Near Corporation Office, Nanjundapuram Road,  
Ramanathapuram, Coimbatore-641045  
Phone No. 0422- 2322333

### 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 : L27310TZ2006PLC012830  
Email : info@lgb.co.in Website: www.lgbforge.com  
Phone: 0422 2532325 Fax: 0422 2532333

---

---

**CONTENTS**

1.	Notice	-	3
2.	Directors' Report	-	12
3.	Management Discussion and Analysis	-	33
4.	Corporate Governance	-	34
5.	Auditors' Report	-	49
6.	Annual Accounts	-	57

---

---

**14th ANNUAL GENERAL MEETING**

Date : 17th September, 2020  
Day : Thursday  
Time : 03.30 P.M.

**NOTICE OF 14th ANNUAL GENERAL MEETING**

Notice is hereby given that the 14th (Fourteenth) Annual General Meeting of the Members of the Company will be held on 17th September, 2020, Thursday at 03:30 P.M. 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 Balance Sheet as at 31st March, 2020 and the Statement of Profit and Loss for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Sri V.Rajviridhan (DIN: 00156787), who retires by rotation and being eligible, seeks re-appointment.

**Special business**

3. Re-appointment of Ms. Aishwarya Rao (DIN : 07144139) as an Independent Director of the Company.

To consider and to pass the following resolution as Special Resolution

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and 160 read with Schedule IV and all other applicable provisions if any of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (SEBI Listing Regulations) as amended and as per the recommendations of the Nomination and Remuneration Committee, Ms. Aishwarya Rao (DIN : 07144139), who has given her consent for appointment as an Independent Director of the Company and has also submitted a declaration that she meets the criteria of independence under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, to hold

office for a second term of five consecutive years, with effect from September 10, 2020 upto September 09, 2025 and is not liable to retire by rotation.”

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.****Item No.3**

Ms. Aishwarya Rao (DIN : 07144139) was appointed as Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014. She hold office as Independent Director of the Company up to the conclusion / date of the ensuing Annual General Meeting of the Company (“first term” in line with the explanation to Sections 149(10) and 149(11) of the Act).

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Director, has recommended the reappointment of Ms. Aishwarya Rao as Independent Director for a second term of 5 (five) consecutive years on the Board of the Company. The Board, based on the background and experience and contributions made by her during her tenure, the continued association of Ms. Aishwarya Rao would be beneficial to the Company and it is desirable to continue to avail her services as Independent Director.

Accordingly, it is proposed to re-appoint Ms. Aishwarya Rao as Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company. Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) inter alia prescribe that an independent director of a Company shall meet the criteria of independence as provided in Section 149(6) of the Act. Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the Company and disclosure of such appointment in its Board’s report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms.

Ms. Aishwarya Rao not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director. The Company has received notices in writing from a member under Section 160 of the Act proposing the candidature of Ms. Aishwarya Rao for the office of Independent Director of the Company. None of the Directors or Key Managerial personnel of the Company or their relatives except Ms. Aishwarya Rao is in any way interested or concerned financially or otherwise in this resolution

This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board commends the Special Resolution set out at Item No.3 of the Notice for approval by the members.

**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 14th (Fourteenth) 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 14th (Fourteenth) 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 14th (Fourteenth) 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 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 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@lgbforge.com](mailto:secretarial@lgbforge.com) .
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, September 11, 2020 to Thursday, 17th September, 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 to 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. N.R.Doraiswami & Co., Chartered Accountants, Coimbatore, (FRN: 000771S), the Statutory Auditors of the Company were appointed by the Shareholders at their Annual General Meeting (AGM) held on 30th August, 2018 to hold office for a period of 5 years till the conclusion of AGM to be held during the year 2023. 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. Hence, no resolution is being proposed for ratification of appointment of Statutory Auditors at this 14th 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 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.
  15. 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.
16. 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.

17. Members are requested to send all communications relating to shares, 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

**DESPATCH 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 despatching 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.lgbforge.com](http://www.lgbforge.com). 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) 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. September 10, 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. P. Eswaramoorthy, Practicing Company Secretary (Membership No. FCS 6510) of P. Eswaramoorthy & Company., 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, September 10, 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, September 14, 2020 at 9.00 A.M. (IST) and ends on Wednesday,



September 16, 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, September 10, 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 sent by Company / RTA or contact Company / RTA.
--

<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: LGB Forge 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@lgbforge.com](mailto:secretarial@lgbforge.com) 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@lgbforge.com](mailto:secretarial@lgbforge.com) / [agm@cameoindia.com](mailto:agm@cameoindia.com) email id.

**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@lgbforge.com](mailto:secretarial@lgbforge.com) , 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@lgbforge.com](mailto:secretarial@lgbforge.com) .

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@lgbforge.com](mailto:secretarial@lgbforge.com).

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.lgbforge.com](http://www.lgbforge.com)) 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, September 17, 2020, subject to receipt of the requisite number of votes in favour of the Resolutions.

Coimbatore  
20.06.2020

By Order of the Board  
R.Ravi  
Company Secretary  
Membership No.23125

**Details of Directors seeking Appointment / and re-appointment at the forthcoming Annual General Meeting.**

<b>Name</b>	<b>Sri.V.Rajvirdhan</b>	<b>Ms. Aishwarya Rao</b>
Director Identification Number	00156787	07144139
Date of Birth	05.09.1983	23-05-1987
Nationality	Indian	Indian
Date of Joining the Board	28-01-2010	31-03-2015
Relationship with other directors	Son of Sri.B.Vijayakumar	-
Qualification	B.Sc.,IME	M.Ed.,
Expertise in area	More than 10 years experience as Industrialist	More than 10 years of Experience in Education Industry
Number of shares held in the Company	5,93,25,818	NIL
List of Directorships held in other companies	L.G.Balakrishnan and Bros Limited Super Speeds Private Limited South Western Engineering India Private Limited ELGI Automotive Services Pvt Ltd Rajvirdhan Private Limited Paatimaachi Private Limited LGB USA INC	NIL
Chairman/Member Committees of the Boards of other companies in which he/she is Director	NIL	NIL

**DIRECTORS' REPORT**
**DEAR SHAREHOLDERS,**

Your Directors take pleasure in presenting the Fourteenth 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	31.03.2020 (Rs.In Lakhs)	31.03.2019 (Rs.In Lakhs)
Total Revenue	10196.16	13308.79
Profit before interest, depreciation & Tax	631.37	1015.39
Less: Interest	253.34	489.21
Depreciation	442.02	320.47
Profit Before Tax	(63.99)	205.71
Less : Provisions for Taxation	-	-
Current Income Tax / Mat	-	-
Deferred Tax	-	-
Add: Exceptional items	-	-
<b>PROFIT AFTER TAX</b>	<b>(63.99)</b>	<b>205.71</b>
Add: Balance brought forward	(4739.66)	(4946.62)
<b>AVAILABLE FOR APPROPRIATION</b>	<b>(4803.65)</b>	<b>(4739.66)</b>

**INDIAN ACCOUNTING STANDARDS (IND AS)**

The Company had adopted Ind AS with effect from 1st April, 2017 pursuant to the Ministry of Corporate Affairs notification dated 16th February, 2015 notifying the Companies (Indian Accounting Standard) Rules, 2015.

**PERFORMANCE OF THE COMPANY**

During the year under review, the total Revenue stood at Rs. 10196.16 Lakhs as compared to Rs.13308.79 Lakhs for the previous year, profit before tax stood at Rs.(63.99) Lakhs for the year under review as compared to Rs.205.71 Lakhs for the previous year, profit after tax stood at Rs.(63.99) Lakhs as compared to Rs.205.71 Lakhs for the previous year.

**TRANSFER TO RESERVES**

The Company has not transferred any amount to Reserves during the year due to loss incurred to the Company and hence no information as per the provisions of Section 134(3)(j) of the Companies Act, 2013 has been furnished.

**DIVIDEND**

In view of the losses, incurred to the Company, your Directors regret their inability to pay dividend for the year 2019-2020.

**TRANSFER TO INVESTORS EDUCATION AND PROTECTION FUND**

The Company has not declared any dividend from the date of incorporation and hence unclaimed dividend liable to be transferred to IEPF is not applicable to the Company.

**SHARE CAPITAL**

The paid up share capital of the Company as at 31st March 2020 aggregates to Rs.238,202,463/- comprising of 238,202,463 equity shares of Rs.1/- each fully paid up.

**UTILISATION OF ISSUE PROCEEDS**

There has been no deviation in the utilization of Rights Issue proceeds from the objects as stated in the Letter of Offer dated January 17, 2019.

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

Detailed composition of the Board and Board Committees namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, number of meetings held during the year under review, attendance of each Director and other related details are set out in the Corporate Governance Report which forms a part of this Report.

**DECLARATION BY INDEPENDENT DIRECTORS**

Our definition of 'Independence' of Directors is derived from Regulation 16(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Companies Act, 2013. Based on the confirmation / disclosures received from the Directors and on evaluation of the relationships disclosed, the following Non-Executive Directors are Independent:

1. Sri.K.N.V.Ramani
2. Sri.P.Shanmugasundaram
3. Sri.P.V.Ramakrishnan
4. Ms.Aishwarya Rao

**BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015, the Board has carried out an annual performance evaluation of its own performance, the Directors individually and the Committees of the Board.

A structured questionnaire was prepared after taking into consideration inputs received from Directors, covering aspects of the Board's functioning such as adequacy of the Composition of the Board and its Committees, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of the Individual Directors including the Chairman of the Board. The Directors' performance was evaluated on parameters such as level of engagement and contribution in safeguarding the interest of the Company etc.

The performance evaluation of the Independent Directors was carried out by the entire Board. Further the performance evaluation of the Chairman and

Non Independent Directors was carried out by the Independent Directors.

**FAMILIARIZATION PROGRAMMES**

In compliance with the requirements of the Listing Regulations, the Company has put in place a familiarization programme for the Independent Directors to familiarise them with their roles, rights and responsibilities as Independent Directors, the working of the Company, nature of the industry in which the Company operates, business model and so on. The same is also available on the Company website at [www.lgbforge.com](http://www.lgbforge.com).

**DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Sri.V.Rajvirdhan (DIN:00156787) director being longest in the office, is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment is included in the Notice of AGM for seeking approval of Members. The Directors recommend his re-appointment for your approval. The retirement by rotation and reappointment of Mr. V. Rajvirdhan does not mean there is a break in his appointment as Managing Director

Ms.Aishwarya Rao, Independent director re-appointed for a second term of five consecutive years, with effect from September 10, 2020 upto September 09, 2025 and is not liable to retire by rotation, subject to the approval of the Share holders.

A brief resume and particulars relating to them are given separately as an annexure to the AGM Notice.

During the year under review the following change occurred in the Key Managerial Personnel.

-Sri.R.Ponmanikandan, Company Secretary and Compliance Officer of the Company has resigned with effect from 30th July, 2019.

-Sri.R.Vinothkumar, appointed as Chief Financial Officer (CFO) of the Company with effect from 10th June, 2019 and Sri.R.Ravi, appointed as Company Secretary and Compliance Officer of the Company with effect from 16th August, 2019.

**SECRETARIAL STANDARDS**

The Company has followed applicable Secretarial

Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively.

#### **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.

#### **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 evaluation of the Directors and the said policy has been outlined in

the Corporate Governance Report which forms part of this Report.

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

Pursuant to Section 92 (3) of the Act and Rule 12 (1) of The Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT-9 is annexed as Annexure - A.

#### **AUDITORS**

##### **STATUTORY AUDITORS**

Pursuant to provisions of Section 139 of the Act and Rules there under, M/s.N R Doraiswami & Co, Chartered Accountants (Firm Registration No. 000771S), the Statutory Auditors of the Company, hold office up to the conclusion (Seventeenth) 17th Annual General Meeting.

The requirement for the annual ratification of Auditors' appointment in the AGM has been omitted pursuant to "Companies" (Amendment Act, 2017) notified on May 7, 2018.

The Auditors' Report for the financial year 2019-2020 does not contain any qualification, reservation, adverse remark or disclaimer.

##### **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has appointed Mr.P.Eswaramoorthy of M/s.P.Eswaramoorthy And Company, Company Secretaries as Secretarial Auditors' to conduct the Secretarial Audit of the Company for the Financial Year ended 31st March, 2020.

The Secretarial Audit Report for the Financial Year ended 31st March, 2020 in Form No.MR-3 is annexed to this Report as Annexure B.

Explanations or Comments by the Board on Observations by the Company Secretary in practice in his secretarial audit report as under:

The Company has made representation before the waiver committee of the NSE and BSE for waiver of the fine levied for non compliance in composition of Nomination and Remuneration committee w.e.f. 29th January 2018 and awaiting for their reply.



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

During the financial year ended 31st March, 2020, the Company has not given any Loan or made any investment or give any guarantee pursuant to the provision of Section 186 of the Companies Act, 2013.

**RELATED PARTY TRANSACTIONS**

Details of the transactions with Related Parties are provided in the accompanying financial statements. There were no transactions during the year which would require to be reported in Form AOC.2.

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

There were no material changes and commitments affecting the financial position of the Company occurred between the end of financial year (March 31, 2020) to which this financial statements relate and the date of this Report.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure - C".

**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**

According to Section 135 of the Companies Act, 2013, no requirement for our Company to constitute the CSR Committee and for framing the CSR Policy. Hence the requirement to furnish the details under Section 134(3)

(o) of the Companies Act, 2013 does not arise.

**FIXED DEPOSITS**

During the year, the Company has not accepted or renew any Fixed Deposits and no Fixed Deposits remained unclaimed with the company as on 31st March, 2020.

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

No Significant and Material orders have been passed by any Regulatory 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 - D"

**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 works 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; and

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:**

The Company has no subsidiary, Joint Venture or Associate Companies during the year under review and hence no information required to be furnished as per the provisions of rule 8(5)(iv) of the Companies(Accounts) Rules, 2014.

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

During the financial year ended 31st March, 2020, no entity became or ceased to be the subsidiary, joint venture or associate of the Company.

#### **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 31st March, 2020.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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.

#### **CORPORATE GOVERNANCE**

Our Company has complied with the Corporate Governance norms as stipulated under the Listing Regulations. A detailed report on Corporate Governance forms part of this Annual Report. A certificate from

Secretarial Auditors confirming compliance of the Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.

#### **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 / WHISTLE BLOWER POLICY**

The Company has established a Whistle Blower Policy for Directors and employees to report their genuine concern. The details of the same are explained in the Corporate Governance Report.

#### **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.

#### **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**

The Company has an Internal Compliant Committee as



required to be formed under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder which were notified on 9 December 2013.

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and Redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

During the financial year 2019-20, the committee submitted its Annual Report as prescribed in the said

Act and there was no complaint as regards of sexual harassment received by the Committee during the year.

**ACKNOWLEDGEMENT**

The Board of Directors take this opportunity to place on record their appreciation to all the Stakeholders of the Company, viz., customers, investors, banks, regulators, suppliers and other business associates for the support received from them during the year under review. The Directors also wish to place on record their deep sense of gratitude and appreciation to all the employees for their commitment and contribution towards achieving the goals of the Company.

Coimbatore  
20.06.2020

By Order of the Board

**V.Rajvirdhan**  
Managing Director  
DIN:00156787

**P.Shanmugasundaram**  
Director  
DIN:00119411

**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	L27310TZ2006PLC012830
ii)	Registration Date	07/06/2006
iii)	Name of the Company	LGB FORGE LIMITED
iv)	Category / Sub-Category of the company	Company having Share Capital
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	Manufacturers of Forging Components.	25910	100%

**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
-NIL-					

**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	% of total shares	Demat	Physical	Total	% of total shares	
<b>(A)</b>	<b>Promoter and Promoter Group</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individuals/ Hindu Undivided Family	91922033	0	91922033	38.59	91922033	0	91922033	38.59	0.00
(b)	Central Government/ State Government(s)	0	0	0	0	0	0	0	0	0
(c)	Bodies Corporate	86486527	0	86486527	36.31	86486527	0	86486527	36.31	0.00
(d)	Financial Institutions/ Banks	0	0	0	0	0	0	0	0	0
(e)	Any Other (specify)	0	0	0	0	0	0	0	0	0
	<b>Sub-Total (A)(1)</b>	<b>178408560</b>	<b>0</b>	<b>178408560</b>	<b>74.90</b>	<b>178408560</b>	<b>0</b>	<b>178408560</b>	<b>74.90</b>	<b>0.00</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0	0	0	0	0	0
(b)	Bodies Corporate	0	0	0	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0	0	0	0
(d)	Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
(e)	Any Other (specify)	0	0	0	0	0	0	0	0	0
	<b>Sub-Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>178408560</b>	<b>0</b>	<b>178408560</b>	<b>74.90</b>	<b>178408560</b>	<b>0</b>	<b>178408560</b>	<b>74.90</b>	<b>0.00</b>
<b>(B)</b>	<b>Public shareholding</b>									
<b>(I)</b>	<b>Institutions</b>									
(a)	Mutual Funds/UTI	0	0	0	0	0	0	0	0	0
(b)	Financial Institutions/ Banks	16000	20	16020	0.01	16200	20	16220	0.01	0
(c)	Central Government/ State Government(s)	0	0	0	0	0	0	0	0	0
(d)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
(e)	Insurance Companies	0	0	0	0	0	0	0	0	0
(f)	Foreign Institutional Investors	3000	6500	9500	0.00	3000	6500	9500	0.00	0
(g)	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
(h)	Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
(i)	Any Other (specify)	0	0	0	0	0	0	0	0	0
	<b>Sub-Total (B)(1)</b>	<b>19000</b>	<b>6520</b>	<b>25520</b>	<b>0.01</b>	<b>19200</b>	<b>6520</b>	<b>25720</b>	<b>0.01</b>	<b>0.00</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	% of total shares	Demat	Physical	Total	% of total shares	
(2)	<b>Non-institutions</b>									
(a)	Bodies Corporate	2841173	13821	2854994	1.20	2329492	13821	2343313	0.98	-0.21
(b)	Individuals -									
	(i) Individual shareholders holding nominal share capital up to Rs. 1 lakh.	32358283	2287248	34645531	14.54	32542494	2173209	34715703	14.57	0.03
	(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	18030725	119100	18149825	7.62	18601083	0	18601083	7.81	0.19
(c)	Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
(d)	Any Other (specify)									
	NRIs/OCBs									
	Clearing Member	0	0	0	0	16218	0	16218	0.01	0.01
	Directors & Relatives	771755	0	771755	0.33	771755	0	771755	0.33	0
	Hindu Undivided Families	2811129	0	2811129	1.18	2844211	0	2844211	1.19	0.01
	Non Resident Indians	533289	1860	535149	0.22	474040	1860	475900	0.20	-0.02
	<b>Sub-Total (B)(2)</b>	<b>57346354</b>	<b>2422029</b>	<b>59768383</b>	<b>25.09</b>	<b>57579293</b>	<b>2188890</b>	<b>59768183</b>	<b>25.09</b>	<b>-0.00</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>57365354</b>	<b>2428549</b>	<b>59793903</b>	<b>25.10</b>	<b>57598493</b>	<b>2195410</b>	<b>59793903</b>	<b>25.10</b>	<b>0.00</b>
	<b>TOTAL (A)+(B)</b>	<b>235773914</b>	<b>2428549</b>	<b>238202463</b>	<b>100</b>	<b>236007053</b>	<b>2195410</b>	<b>238202463</b>	<b>100</b>	<b>0.00</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued									
	Promoter and Promoter Group	0	0	0	0	0	0	0	0	0
	Public	0	0	0	0	0	0	0	0	0
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>235773914</b>	<b>2428549</b>	<b>238202463</b>	<b>100</b>	<b>236007053</b>	<b>2195410</b>	<b>238202463</b>	<b>100</b>	<b>0.00</b>

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

## 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	V RAJVIRDHAN	59325818	24.91	0	59325818	24.91	0	0
2	ELGI AUTOMOTIVE SERVICE PVT LTD	31104616	13.06	0	31104616	13.06	0	0
3	L G BALAKRISHNAN & BROS LTD	29000000	12.17	0	29000000	12.17	0	0
4	V RAJSRI	15000000	6.30	0	15000000	6.30	0	0
5	B VIJAYAKUMAR	15000000	6.30	0	15000000	6.30	0	0
6	LGB AUTO PRODUCTS PRIVATE LIMITED	14158510	5.94	0	14158510	5.94	0	0
7	LG FARM PRODUCTS PRIVATE LIMITED	8324466	3.49	0	8324466	3.49	0	0
8	SUPER TRANSPORTS PRIVATE LIMITED	1725000	0.72	0	1725000	0.72	0	0
9	SUPER SPEEDS PRIVATE LIMITED	1639235	0.69	0	1639235	0.69	0	0
10	VIJAYSHREE VIJAYAKUMAR	1562250	0.67	0	1562250	0.67	0	0
11	K ARJUN	508520	0.21	0	508520	0.21	0	0
12	K NITHIN	507000	0.21	0	507000	0.21	0	0
13	L G SPORTS PRIVATE LIMITED	506800	0.21	0	506800	0.21	0	0
14	RAJIV PARTHASARATHY	18445	0.01	0	18445	0.01	0	0
15	SILENT CHAIN INDIA PVT LTD	18000	0.01	0	18000	0.01	0	0
16	TRIBE INVESTMENTS AND SERVICES PVT LTD	9900	0.00	0	9900	0.00	0	0
	<b>Total</b>	<b>178408560</b>	<b>74.90</b>	<b>0</b>	<b>178408560</b>	<b>74.90</b>	<b>0</b>	<b>0</b>

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

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

S. No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Share of the Company	No. of Shares	% of total Share of the Company
1	SANJEEV VINODCHANDRA PAREKH				
	JT1 : DAKSHA SANJEEV PAREKH				
	At the beginning of the year 30-Mar-2019	3085169	1.30	3085169	1.30
	Purchase 08-Nov-2019	9600	0.00	3094769	1.30
	At the end of the Year 31-Mar-2020	3094769	1.30	3094769	1.30
2	PRANAV KUMARPAL PAREKH				
	JT1 : SANJEEV VINODCHANDRA PAREKH				
	At the beginning of the year 30-Mar-2019	848044	0.36	848044	0.36
	Purchase 22-Nov-2019	60	0.00	848104	0.36
	Purchase 06-Mar-2020	214917	0.09	1063021	0.45
	At the end of the Year 31-Mar-2020	1063021	0.45	1063021	0.45
3	CHANDRIKA VINODCHANDRA PAREKH				
	JT1 : VINODCHANDRA MANSUKHLAL PAREKH				
	At the beginning of the year 30-Mar-2019	1061091	0.45	1061091	0.45
	At the end of the Year 31-Mar-2020	1061091	0.45	1061091	0.45
4	VINODCHANDRA MANSUKHLAL PAREKH				
	JT1 : SANJEEV VINODCHANDRA PAREKH				
	At the beginning of the year 30-Mar-2019	1036223	0.44	1036223	0.44
	At the end of the Year 31-Mar-2020	1036223	0.44	1036223	0.44
5	R SRINIVASAN				
	At the beginning of the year 30-Mar-2019	219960	0.09	219960	0.09
	Purchase 12-Apr-2019	405960	0.17	625920	0.26
	Purchase 27-Sep-2019	108980	0.05	734900	0.31
	At the end of the Year 31-Mar-2020	734900	0.31	734900	0.31
	R. SRINIVASAN				
	At the beginning of the year 30-Mar-2019	405960	0.17	405960	0.17
	Sale 12-Apr-2019	-405960	0.17	0	0.00
	R SRINIVASAN				
	At the beginning of the year 30-Mar-2019	108980	0.05	108980	0.05
Sale 27-Sep-2019	-108980	0.05	0	0.00	
	At the end of the Year 31-Mar-2020	0	0.00	0	0.00
6	AMIT LAXMICHAND PATEL				
	JT1 : SHARMILA AMIT PATEL				
	At the beginning of the year 30-Mar-2019	725000	0.30	725000	0.30



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

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

S. No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total Share of the Company	No. of Shares	% of total Share of the Company
	Sale 20-Sep-2019	-725000	0.30	0	0.00
	Purchase 20-Sep-2019	725000	0.30	725000	0.30
	At the end of the Year 31-Mar-2020	725000	0.30	725000	0.30
7	ANIRUDH MOHTA				
	At the beginning of the year 30-Mar-2019	577404	0.24	577404	0.24
	Purchase 10-Jan-2020	40000	0.02	617404	0.26
	At the end of the Year 31-Mar-2020	617404	0.26	617404	0.26
8	DAKSHA SANJEEV PAREKH				
	JT1 : SANJEEV VINODCHANDRA PAREKH				
	At the beginning of the year 30-Mar-2019	510001	0.21	510001	0.21
	Purchase 06-Mar-2020	19044	0.01	529045	0.22
	At the end of the Year 31-Mar-2020	529045	0.22	529045	0.22
9	RAJESH VARMA				
	At the beginning of the year 30-Mar-2019	231785	0.10	231785	0.10
	Purchase 19-Apr-2019	68215	0.03	300000	0.13
	Purchase 21-Jun-2019	38006	0.02	338006	0.14
	Purchase 30-Aug-2019	1071	0.00	339077	0.14
	Purchase 13-Sep-2019	75932	0.03	415009	0.17
	Purchase 11-Oct-2019	59494	0.02	474503	0.20
	Purchase 18-Oct-2019	80	0.00	474583	0.20
	Purchase 25-Oct-2019	20718	0.01	495301	0.21
	Purchase 08-Nov-2019	4699	0.00	500000	0.21
	At the end of the Year 31-Mar-2020	500000	0.21	500000	0.21
10	GIRIJA SADANANDAM				
	At the beginning of the year 30-Mar-2019	498130	0.21	498130	0.21
	At the end of the Year 31-Mar-2020	498130	0.21	498130	0.21
11	PUSHPA MANSUKHLAL PAREKH *				
	JT1 : SANJEEV VINODCHANDRA PAREKH				
	At the beginning of the year 30-Mar-2019	452399	0.19	452399	0.19
	Purchase 31-Mar-2020	14000	0.01	466399	0.20
	At the end of the Year 31-Mar-2020	466399	0.20	466399	0.20
12	NIRMALA. K *				
	At the beginning of the year 30-Mar-2019	450000	0.19	450000	0.19
	At the end of the Year 31-Mar-2020	450000	0.19	450000	0.19

\* Ceased to be on the list of Top 10 Shareholders as on 31.03.2020. The same was reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2019.

**iv. Shareholding of Directors and Key Managerial Personnel**

Name of the Shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of Shares	% of total Share of the Company	No. of Shares	% of total Share of the Company
Sri.B.Vijayakumar	15000000	6.30	15000000	6.30
Sri.V.Rajvirdhan	59325818	24.91	59325818	24.91
Sri.K.N.V Ramani	-	-	-	-
Sri.P.Shanmugasundaram	-	-	-	-
Sri.P.V.Ramakrishnan	-	-	-	-
Ms.Aishwarya Rao	-	-	-	-
Sri.R.Ponmanikandan (CS)*	-	-	-	-
Sri.R.Ravi (CS)**	-	-	-	-
Sri.R.Vinothkumar (CFO)***	-	-	-	-

\* Sri.R.Ponmanikandan Company Secretary and Compliance Officer of the Company has resigned with effect from 30th July, 2019.

\*\* Sri.R.Ravi, appointed as Company Secretary and Compliance Officer of the Company with effect from 16th August, 2019.

\*\*\* Sri.R.Vinothkumar, appointed as Chief Financial Officer (CFO) of the Company with effect from 10th June, 2019.

**V. INDEBTEDNESS**

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

	Secured Loans excluding deposits in Lakhs	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1094.09	-	-	1094.09
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	12.15	-	-	12.15
<b>Total (i+ii+iii)</b>	<b>1106.24</b>	<b>-</b>	<b>-</b>	<b>1106.24</b>
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	90.41	-	-	90.41
<b>Net Change</b>	<b>(90.41)</b>	<b>-</b>	<b>-</b>	<b>(90.41)</b>
Indebtedness at the end of the financial year				
i) Principal Amount	1184.48	-	-	1184.48
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	12.17	-	-	12.17
<b>Total (i+ii+iii)</b>	<b>1196.65</b>	<b>-</b>	<b>-</b>	<b>1196.65</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and / or Manager:**

Sr. No	Particulars of Remuneration	Sri. V. Rajviradhan
	Gross Salary	₹ in lakhs
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	33.00
	(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	
	i. Deferred bonus (pertaining to the current Financial year payable in 2018)	-
	ii. Retirals	-
	<b>Total (A)</b>	<b>33.00</b>

**B. Remuneration to other Directors:**
**1. Independent Directors**

Name of Directors	Particulars of Remuneration			Total (B)(1)
	Fees for attending Board/ Committee Meetings	Commission	Others, Please Specify	
Sri.K.N.V.Ramani	16000	-	-	16000
Sri.P.Shanmugasundaram	25000	-	-	25000
Sri.P.V.Ramakrishnan	25000	-	-	25000
Ms.Aishwarya Rao	16000	-	-	16000
<b>Total Amount in Rs.</b>	<b>82000</b>	<b>-</b>	<b>-</b>	<b>82000</b>

**2. Non Independent Directors**

Name of Directors	Particulars of Remuneration			Total (B)(2)	Total(B)=(B)(1) + (B)(2)
	Fees for attending Board/ Committee Meetings	Commission	Others, Please Specify		
Sri.B.Vijayakumar	20000	-	-	20000	102000

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

Sr. No	Particulars of Remuneration	Mr.R.PonmaniKandan*	Mr.R.Ravi**	Mr.R.Vinothkumar***	Total Amount in Lakhs
	Gross Salary				
1	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	1.60	7.00	3.52	12.12
	(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	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	1.60	7.00	3.52	12.12

\* Sri.R.Ponmanikandan Company Secretary and Compliance Officer of the Company has resigned with effect from 30th July, 2019.

\*\* Sri.R.Ravi, appointed as Company Secretary and Compliance Officer of the Company with effect from 16th August, 2019.

\*\*\*Sri.R.Vinothkumar, appointed as Chief Financial Officer (CFO) of the Company with effect from 10th June, 2019.

**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]	Allegation made, if any (give details)
<b>A.COMPANY</b>					
Penalty					
Punishment			NONE		
Compounding					
<b>B.DIRECTORS</b>					
Penalty					
Punishment			NONE		
Compounding					
<b>C.OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			NONE		
Compounding					

By Order of the Board

Coimbatore  
20.06.2020

**V.Rajvirdhan**  
Managing Director  
DIN:00156787

**P.Shanmugasundaram**  
Director  
DIN:00119411

Form No. MR - 3

**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST 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,  
LGB Forge Limited  
[CIN: L27310TZ2006PLC012830]  
NO. 6/16/13, Krishnarayapuram Road,  
Ganapathy Post,  
Coimbatore - 641 006

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by LGB Forge 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 the Company'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 period ended 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 thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable as the Company does not raise capital during the financial year under review);
  - d. The Securities and Exchange Board of India (Share based Employee benefits) Regulations, 2014 [Not applicable as the Company does not have any Scheme for share based employee benefits during the Financial Year under review];
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [Not applicable as the Company has not issued and listed any debt securities during the Financial Year under review];
  - f. 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 [Not applicable as the Company is not registered

as Registrar to an Issue and Share Transfer Agent during the Financial Year under review];

- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not applicable as the Equity Shares of the Company have not been delisted during the Financial Year under review];
  - h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 [Not applicable as the Company has not bought back / proposed to buy back any of its securities during the Financial Year under review]
  - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. [Not applicable as the Company has not declared any Dividend from the date of incorporation under review];

I have relied on the representation made by the Company and its officers, relating to systems and mechanisms framed by the Company, for ensuring compliance with the other Laws and Regulations as applicable to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc mentioned above subject to the following observations.

- a) Constitution of Nomination and Remuneration Committee is not as per Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. One of the Executive Director was continued in the nomination and remuneration committee as member (Originally

he was a Non Executive Director and he was appointed as an Executive Director on 29.01.2018) along with other three Independent Non-Executive Directors which was not in line with regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015. However, upon receipt of notice from BSE and NSE, the Executive Director resigned from the committee immediately on 24.10.2019 and the Company has reconstituted the Nomination and Remuneration Committee in line with the requirements of Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on 01.11.2019. NSE & BSE levied fine for the said non compliance. According to the information and explanation given to me, the company has made representation before the waiver committee of the respective stock exchanges for waiver of fine.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent 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.

I am informed that there were no dissenting members, on any of the matters, discussed at the Board Meetings during the Financial Year under review, whose views were required to be captured and recorded as part of the minutes.

I further report that based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit and on the review of the quarterly compliance reports submitted by the respective department heads and the Company Secretary which is taken on record by the Board of Directors at their meeting(s), I am of the opinion that there are adequate systems and processes in place in the Company which is commensurate with



the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the period covered under the Audit, the Company has not made any specific events /

actions having a major bearing on the Company's affairs in pursuance of laws, rules, regulations and guidelines referred to above.

Place : Coimbatore  
Date : 20.06.2020

**P. ESWARAMOORTHY AND COMPANY**  
Company Secretaries

**P. Eswaramoorthy**  
Proprietor  
FCS No.: 6510, CP No.: 7069  
UDIN : F006510B000380928

**ANNEXURE TO SECRETARIAL AUDIT REPORT OF EVEN DATE**

To

The Members,  
LGB Forge Limited  
[CIN: L27310TZ2006PLC012830]  
No. 6/16/13, Krishnarayapuram Road,  
Ganapathy Post,  
Coimbatore - 641006

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records, devising proper systems to ensure compliance with the provisions of all applicable laws and regulations and ensuring that the systems are adequate and operate effectively, are the responsibilities of the Management of the Company. My responsibility is to express an opinion on these secretarial records, systems, standards and procedures, based on 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 the correct facts are reflected in the secretarial records. I believe that the processes and practices, I followed 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's 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, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on a 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.

Place : Coimbatore  
Date : 20.06.2020

**P. ESWARAMOORTHY AND COMPANY**  
Company Secretaries

**P. Eswaramoorthy**  
Proprietor  
FCS No.: 6510, CP No.: 7069

**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****I. The steps taken or impact on conservation of energy**

Steps have been initiated to ensure the better power consumption. Results are expected in next financial year.

**II. The steps taken by the company for utilizing alternate sources of energy**

No alternate source of energy was used during the financial year under review.

**(i) The capital investment on energy conservation equipment**

No specific investment made during the financial year on energy conservation equipment.

**B. TECHNOLOGY ABSORPTION****(i) The efforts made towards technology absorption**

In house research and development activities are being continued.

**(ii) The benefits derived like product improvement, cost reduction, product development or import substitution**  
Continuous value engineering activities is currently being undertaken for improving profitability.**(iii) In case imported technology (imported during the last three years reckoned from the beginning of the Financial year)****a. The details of technology imported:****b. The year of import:**

c. Whether the technology been fully absorbed: NIL

**d. If not fully absorbed, areas where has not taken**

Place and reasons thereof;

**(iv) The expenditure incurred on Research and Development NIL****C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign Exchange earnings : Rs. 1220.22 Lakhs

Foreign Exchange used : Rs. 4.87 Lakhs

Coimbatore  
20.06.2020

By Order of the Board  
**V.Rajvirdhan**  
Managing Director  
DIN:00156787

**P.Shanmugasundaram**  
Director  
DIN:00119411



**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 Rs in Lakhs	Median Remuneration	Ratio
1	Sri.B.Vijayakumar	Non- Executive Promoter	-	NA	
2	Sri.V.Rajvirdhan	Managing Director	33.00	1.50	22:1
3	Sri.K.N.V.Ramani	Non- Executive Independent	-	NA	-
4	Sri.P.Shanmugasundaram	Non- Executive Independent	-	NA	-
5	Sri.P.V.Ramakrishnan	Non- Executive Independent	-	NA	-
6	Ms.Aishwarya Rao	Non- Executive Independent	-	NA	-
7	Sri.R.Ponmanikandan*	Company Secretary	1.6	1.50	1.07:1
8	Sri.R.Vinothkumar**	Chief Financial Officer	3.52	1.50	2.35:1
9	Sri.R.Ravi***	Company Secretary	7.00	1.50	4.67:1

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

\*Resigned with effect from 30th July, 2019

\*\*Appointed with effect from 10th June, 2019

\*\*\*Appointed with effect from 16th August, 2019

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.	(39.02%)
3.	Number of permanent employees on the rolls of Company as on 31st March, 2020.	385
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 any exceptional circumstances for increase of managerial remuneration.	(39.02%)
5.	Affirmation that the remuneration is as per the remuneration policy of the company	Your director affirms that the remuneration is as per the Nomination and Remuneration Policy of the Company.

By Order of the Board

Coimbatore  
20.06.2020

**V.Rajvirdhan**  
Managing Director  
DIN:00156787

**P.Shanmugasundaram**  
Director  
DIN:00119411

II Statement containing the particulars of employees in accordance with Rule 5(Z) of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014:

(a) Details of Top ten employees in terms of gross remuneration paid during the year ended March 31, 2020

Name of Employee	Designation	Remuneration	Nature of Employment	Qualification	Experience (Years)	Date of Commencement of Employment	Age	Last Employment	% of Equity Share held	Whether the employee is a relative of any director
V. Rajviradhan	Managing Director	3300000	Permanent	B.Sc., IME	10	28/01/2010	37	Nil	24.91	Yes
V.Anbarasan	Chief Operating Officer-Hot Forging Division	2248416	Permanent	M.Tech	29	17/08/2018	50	Shardlow India Ltd	-	No
N.Ravikumar	Senior Manager - HR	926818	Permanent	MBA	16	20/06/2019	37	Emerald Jewel Industry India Ltd	-	No
D.Gopalakrishnan	Senior Manager-Operations	833841	Permanent	DME	26	01-06-2018	45	Supreme Automech Private Ltd	-	No
P.V.Karthik Kumar	Manager - Production	819144	Permanent	DME	24	08-12-2013	43	Sand fits	-	No
R.Ravi	Company Secretary	708801	Permanent	ACS	28	16-08-2019	51	Sripathi Paper & Boards Pvt Ltd	-	No
M.Punniyamurthy	Senior Manager - Maintenance	705684	Permanent	BE	30	09-12-2018	51	Ramakrishna Forgings	-	No
P.Rajagopal	Manager - Production	670128	Permanent	BE	33	13/03/2019	53	Carbon International	-	No
M.Rajkumar	Assistant Manager - Marketing	601770	Permanent	BE	9	21/05/2018	30	Jayam Automotives	-	No
Kalaiselvi	Deputy Manager - Purchase	544896	Permanent	MBA	19	24/10/2018	43	Pricol Limited	-	No

(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 - NIL

Coimbatore  
20.06.2020

By Order of the Board  
**V.Rajviradhan**  
Managing Director  
DIN:00156787

**P.Shanmugasundaram**  
Director  
DIN:00119411

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****INDUSTRY STRUCTURE AND DEVELOPMENT:**

The outbreak of COVID - 19 has caused unprecedented challenges to the Business world. Our country has managed to contain the damage to the manageable limits. Among the difficult circumstances and supply chain constraints , we have tried and started our operations in our various units for maintaining the flow of our products to our customers. The possibility of ups and downs in demand had made a deep impact on various market segments.

The Automotive industry is expected to revive back from the fourth quarter of 2020-21. Management continues to cut costs particularly manpower related. Expect a deferment in growth plan by 10-12 months.

**OPPORTUNITIES:**

After the Chinese standoff in the Border, Make in India concept has caught up in a very rapid pace. A German Company has already shifted its operations from China to India. More Multinationals will follow this course which opens up new opportunities to our Country. India is hoping to attract companies that are looking for alternative manufacturing bases.

10-12 % growth in forging industry is expected in India and some growth in the International markets. The initiation of restructuring and cost optimisation policies within the company's operations will eventually result in a sustainable and stronger business in India and overseas. Indian Automobile Manufacturers are increasing and hiring workers as retail sales are higher than despatches in May - June 2020 and booking levels hit 85 to 90% of pre-covid levels.

**THREATS AND RISK & CONCERNS:**

There has been a rescheduling of events due to lockdown. Equity markets across the world witnessed the worst sell off since the 2008 crisis as the rapidity of spreading virus - that infected more than 3 lakh people worldwide and killed over 25000 and has pushed the global economy into recession. The virus outbreak along with prolonged slowdown in sales of automakers in India and a crude price crash has led to a slump in

the shares of LGB Forge Ltd, since the start of this year. LGB Forge continues to service key clients like Denso & Danfoss that are continuing production post-Government Approvals.

**SEGMENT:**

Your Company operates in only one segment-Forging.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

In the opinion of the Management, LGBFL has an adequate internal audit and control systems to ensure that all transactions are authorised, recorded and reported correctly. The internal control systems comprise extensive internal and statutory audits. The Corporate Governance practices instituted by the Company are discussed in detail in the chapter on Corporate Governance which forms part of the Annual Report.

**HEALTH, SAFETY, SECURITY ENVIRONMENT**

The Company accords high priority to health, safety and environment. The Company has two manufacturing plants and two machining units in operation. The Company emphasizes on maintaining a healthy and safe environment in and around its factory. Safety awareness is inculcated through regular Safety awareness program.

**HUMAN RESOURCES / INDUSTRIAL RELATIONS**

Employer - employee relation remained cordial during the year. Training and development of employees continue to be an area of prime importance. The total number of people employed in the Company as on 31st March 2020 was 385.

**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.

By Order of the Board

Coimbatore  
20.06.2020

**V.Rajvirdhan**  
Managing Director  
DIN:00156787

**P.Shanmugasundaram**  
Director  
DIN:00119411

**CORPORATE GOVERNANCE**

In accordance with Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred to as ‘SEBI Listing Regulations’] read with the disclosure requirements relating to the Corporate Governance Report contained in Schedule V of the SEBI Listing Regulations, the details of compliance by the Company with the norms on Corporate Governance are as under:

**1. Company’s Philosophy on Corporate Governance:**

LGB Forge is committed to the highest standards of business ethics and values. The Company has a strong history of fair, transparent and ethical governance practices and the Company has over the years consistently demonstrated good corporate governance practices. Good Corporate Governance is an integral part of the Company’s value system and the Company Management places considerable emphasis on compliance therewith aimed at providing good governance. The Company is committed to do business in an efficient, responsible, honest and ethical manner and ensures fiscal accountability, operational excellence and fairness to all stakeholders including shareholders, employees, customers, suppliers and communities.

**2. Board of Directors:**

Your Board comprises optimal combination of Independent as well as Non-executive Directors having in-depth knowledge of the business of the industry. The size and composition of the Board conforms to the requirements of the Corporate Governance code under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The composition of Board, Directorship/ Committee positions in other companies as on 31st March 2020, number of meetings held and attended during the financial year are as follows:

Name of the Directors	Category	Attendance			Directorship / Mandatory Committee Memberships		
		No. of Board Meetings held during the year	No. of Board Meetings attended	Last AGM attendance	Directorship In other public companies*	Membership of mandatory Committees**	Chairmanship of mandatory committees
Sri.B.Vijayakumar Chairman	Non-Executive Promoter	5	5	Yes	2	2	0
Sri.V.Rajvirdhan Managing Director	Executive Promoter	5	5	Yes	1	2	0
Sri.K.N.V.Ramani	Non Executive Independent	5	4	Yes	6	1	5
Sri.P.Shanmugasundaram	Non Executive Independent	5	5	Yes	2	0	3
Sri.P.V.Ramakrishnan	Non Executive Independent	5	5	Yes	0	1	1
Ms.Aishwarya Rao	Non Executive Independent	5	4	Yes	0	0	0

\* Exclude directorship in Private Companies and Foreign Companies.

\*\* Only Audit Committee and Stakeholders’ Relationship Committee have been considered.

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
	Super Spinning Mills Limited*	Non-Executive Independent Director
	Elgi Equipments Limited	Non-Executive Independent Director
Sri.V.Rajviradhan DIN: 00156787	LGB Forge Limited	Managing Director, Promoter
Sri.P.Shanmugasundaram DIN: 00119411	LGB Forge Limited	Non-Executive Independent Director
	Pricol Limited	Non-Executive Independent Director
Sri.K.N.V.Ramani DIN: 00007931	Bannari Amman Spinning Mills Limited	Non-Executive Independent Director
	Shiva Taxyarn Limited	
	K.G.Denim Limited	
	K.P.R.Mill Limited	
	Shiva Mills Limited	
Sri.P.V.Ramakrishnan DIN: 00013441	NIL	NA
Ms.Aishwarya Rao DIN: 07144139	NIL	NA

\*Resigned with effect from 01.06.2019.

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.

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

Five meetings of the Board of Directors were held during the year, viz. on 30th April 2019, 10th June 2019, 01st August 2019, 01st November 2019 and 06th February 2020. Agenda papers were circulated to the Directors in advance for each meeting. All relevant information as required under Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was placed before the Board from time to time.

#### **Separate Meetings of Independent Directors**

The Company's Independent Directors met on 23rd March 2020, without the presence of the Chairman & the Non-Executive Non-Independent Directors and the Management Team. The meeting was conducted informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company.

---

**Familiarization programme for Independent Directors**

Guided by the principles laid down for Corporate Governance under the Listing Regulations and the Companies Act, 2013, Independent Directors are appraised through familiarisation programmes to provide insights into the Company, including; nature of Industry in which the Company operates, business model of the Company, relevant information on business processes and roles, responsibilities, duties and rights of Independent Directors.

The details of such familiarization programmes imparted to the Independent Directors are available on the website of the Company at [www.lgbforge.com](http://www.lgbforge.com)

**Directors Inter-se Relationship:**

Sri. B. Vijayakumar, Chairman is related to Sri. V. Rajviradhan, Managing Director. None of the other Directors are related to each other.

**Key Board qualifications, expertise and attributes:**

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 / competences identified by the Board of Directors as required in the context of Company's business vertical(s) and those already available with the Board 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 area 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;

Name of the Directors	Industry Skills	Governance Skills	Personal Attributes/Qualities
Sri.B.Vijayakumar	✓	✓	✓
Sri.V.Rajvirdhan	✓	✓	✓
Sri.PK.N.V.Ramani	-	✓	✓
Sri.P.Shanmugasundaram	-	✓	✓
Sri.P.V.Ramakrishnan	✓	✓	✓
Ms.Aishwarya Rao	-	✓	✓

### 3. Audit Committee

The Board has constituted a well-qualified Audit Committee in compliance with 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. The Audit Committee comprises Two Non-Executive Independent Directors and one Executive Directors who are well-versed with financial matters and corporate laws.

#### 3.1 Terms of Reference:-

Audit Committee assists the Board in its responsibility of overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors including the performance of internal auditors and the Company's risk management policies. The terms of reference of Audit Committee cover the areas mentioned under Part C of Schedule II of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as well as Section 177 of the Companies Act, 2013.

#### 3.2 Composition & Meetings:-

During the financial year ended 31st March 2020, Five Audit Committee Meetings were held on 30th April 2019, 10th June 2019, 01st August 2019, 01st November 2019 and 06th February 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 Members	Category	Designation	No of Meetings attended
Sri.P.Shanmugasundaram	Independent	Chairman	5
Sri.P.V.Ramakrishnan	Independent	Member	5
Sri. V. Rajvirdhan	Executive Non Independent	Member	5

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

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

### 4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) functions according to its charter that composition, meeting requirements, authority and power, responsibilities, reporting and evaluation functions in accordance with Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations. The broad terms of reference of the NRC are as follows:

#### 4.1 Terms of Reference:-

The Nomination and Remuneration Committee assist the Board in overseeing the method, criteria and quantum of compensation for directors and senior management based on their performance and defined assessment criteria. The Committee formulates the criteria for evaluation of the performance of Independent Directors & the Board of Directors; identifying the persons who are qualified to become directors, and who may be appointed in senior management and recommend to the Board their appointment and removal.

The terms of the reference of Nomination and Remuneration Committee covers the areas mentioned under Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as section 178 of the Companies Act, 2013

#### 4.2 Composition and Attendance at the Meeting

The composition of the nomination and remuneration committee is in alignment with the provisions of section 178 of the Companies Act, 2013 and regulation 19 of the Listing Regulations.

Constitution of the Nomination and Remuneration Committee are as follows: :

Name of the Members	Category	Designation
Sri.K.N.V Ramani	Independent, Non- Executive	Chairman
Sri.P.Shanmugasundaram	Independent, Non- Executive	Member
Sri.P.V.Ramakrishnan	Independent, Non- Executive	Member
Sri.V.Rajvirdhan*	Executive, Non- Independent	Member

\*Resigned with effect from 24.10.2019

The Committee met on 30.04.2019 and all the members were present at the meetings.

Remuneration payable to the Key Managerial Personnel 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.

#### 4.3 Performance evaluation criteria for Independent Directors

Considering the Performance Evaluation Guidelines which were formulated by the Nomination and Remuneration Committee, the Board and Nomination and Remuneration Committee approved the framework for evaluating the performance, on an annual basis, of the Board, its Committees and each director.

Pursuant to the provisions of the Companies Act, 2013, SEBI(Listing Obligations and Disclosure Requirements), Regulations 2015 and the Performance Evaluation Guidelines of the Company, the Board of Directors / Independent Directors / Nomination and Remuneration Committee has undertaken an evaluation of its own performance, the performance of its Committees and of all the individual Directors including Independent Directors based on various parameters relating to attendance, roles, responsibilities and obligations of the Board, effectiveness of its functioning, contribution of Directors at meetings and the functioning of its Committees. The results of such evaluation are presented to the Nomination and Remuneration Committee and the Board of Directors.

#### 4.4. Remuneration Policy

The terms of reference/ role of the Nomination and Remuneration Committee is to determine the Company's policy on the remuneration package of its Executive Directors and senior management and to determine and approve the terms & conditions and remuneration package of its Executive Directors, including revision thereof



from time to time, and to deliberate on and decide matters incidental thereto or consequential thereof.

## 5. Remuneration of Directors

5.1 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 Rs in Lakhs	Commission	Employee Stock Option Plan	Total Rs in Lakhs
Sri.V.Rajvirdhan	Appointed as Managing Director w.e.f. 29.01.2018	33	1% on Net Profit	NIL	33

Remuneration includes salary, Company's contribution to Provident Fund, reimbursement of medical expenses and other perquisites.

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
Sri.B.Vijayakumar	20000	-	-	20000
Sri.P.Shanmugasundaram	25000	-	-	25000
Sri.K.N.V.Ramani	16000	-	-	16000
Sri.P.V.Ramakrishnan	25000	-	-	25000
Ms.Aishwarya Rao	16000	-	-	16000
Total	102000	-	-	102000

Statement showing number of Equity Shares of Rs.1/- 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
Sri.B.Vijayakumar	15,000,000	6.30
Sri.K.N.V.Ramani	0	0.00
Sri.P.Shanmugasundaram	0	0.00
Sri.P.V.Ramakrishnan	0	0.00
Ms.Aishwarya Rao	0	0.00

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

The Company currently does not have any stock option scheme.

## 6. Stakeholders' Relationship Committee:

The Board has Stakeholder's Relationship Committee (SRC) pursuant to section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 to look into the redressal of investors' complaints pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transfers and transmission of shares and other miscellaneous complaints. In

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

**a) Composition and names of members and chairperson**

<b>Name of the Members</b>	<b>Category</b>	<b>Status</b>
Sri.P.V.Ramakrishnan	Independent	Chairman
Sri.B.Vijayakumar	Non Executive Promoter	Member
Sri.V.Rajvirdhan	Executive Promoter	Member

During the year under review, the Committee met 9 times to deliberate on various matters referred above and for redressal of investors complaints.

Sri.R.Ravi, Company Secretary acts as Secretary to the Committee. He is the Compliance Officer of the Company and also responsible for redressal of investors complaints.

The Company has been receiving various correspondences from shareholders and required information/documents are furnished immediately to the satisfaction of shareholders. At the beginning of the year, no complaint was pending. During the year ended 31st March, 2020, the Company has not received any complaints from investors and also no investor complaint was pending on 31st March 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 Practicing 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 "LGB Forge Limited - Unclaimed Shares Suspense Account". The disclosures with respect to demat suspense account are as follows:

<b>Particulars</b>	<b>Number of Shareholders</b>	<b>Number of equity shares</b>
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	436	325960
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	1	3000
Number of shareholders to whom shares were transferred from suspense account during the year	1	3000
Aggregate number of shareholders and outstanding shares in the suspense account lying as on 31st March, 2020	435	322960

The voting rights on the outstanding unclaimed shares as on 31st March, 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. Management Discussion and Analysis Report

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

## 8. 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	9.00 Am	Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore- 641 018	To Consider Re-appointment of Sri.K.Karthik(-DIN:06846794) as Executive Director of the company for a further period of 6 months
2018	30.08.2018	9.00 Am	Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore- 641 018	<ol style="list-style-type: none"> <li>1.To Fill the casual vacancy of Statutory Auditors.</li> <li>2.To Consider Appointment of Statutory Auditors.</li> <li>3.Approval for continuation of Directorship of Sri.K.N.V.Ramani till the completion of his term of 5 years beyond 75 years.</li> <li>4.To Appoint Sri.V.Rajvirdhan (DIN 00156787),as Managing Director of the Company for a period of 3 years i.e. upto 28th January,2021.</li> <li>5.Increase in Authorized Capital</li> <li>6.Alteration of Capital Clause of Memorandum of Association.</li> <li>7.Alteration of Capital Clause and Board of Directors Clause of Articles of Association.</li> <li>8.Approval of Right Issue for further issue of Shares on Rights Basis.</li> <li>9.Approval for service of Documents by specific mode of delivery.</li> </ol>

2019	18.07.2019	9.30 AM	Ardra Convention Centre, Kaanchan, 9, North Huzur Road, Coimbatore-641 018	<p>1.Re-appointment of Mr. P.V.Ramakrishnan (DIN 00013441) as an Independent Director of the Company.</p> <p>2. Re-appointment of Mr. K.N.V Ramani (DIN 00007931) as an Independent Director of the Company.</p> <p>3. Re-appointment of Mr. P. Shanmugasundaram (DIN 00119411) as an Independent Director of the Company.</p> <p>4.Revision in the remuneration of Mr. V. Rajvirdhan (DIN: 00156787), Managing Director of the Company.</p>
------	------------	---------	--	--

No Extra-Ordinary General Meeting of shareholders was held during the year

### 9. Means of Communication

Financial Results	The Quarterly, Half yearly and Annual Results of the Company are available on the website of the Company <a href="http://www.lgbforge.com">www.lgbforge.com</a> . 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: <a href="mailto:secretarial@lgbforge.com">secretarial@lgbforge.com</a> 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 was no specific presentation made to the investors or analysts during the year.

### 10.General Shareholders' Information

Annual General Meeting	Annual General Meeting is proposed to be held at 03.30 P.M. on 17th September 2020 at 6/16/13 Krishnarayapuram road, Ganapathy Post, Coimbatore - 641 006 through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM").	
Financial Calendar	April to March For the year ended 31st March, 2020, results were announced on 20.06.2020	
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 2021*
* Tentative	Year ending 31st March, 2021	End of April 2021*
Date of Book Closure	The dates of Book Closure are from 11th September 2020 to 17th September 2020 (both days inclusive) to determine the members	

a) Listing on Stock Exchanges:	<b>BSE Limited.</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 <b>National Stock Exchange of India Limited.</b> Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051
b) Securities Code	BSE Ltd Equity - 533007 The National Stock Exchange of India Ltd - LGBFORGE
The International Security Identification Number (ISIN)	INE201J01017

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**

SHARE MARKET DETAILS	NSE			BSE			TOTAL SHARES TRADE
	HIGH Rs.	LOW Rs.	QTY	HIGH Rs.	LOW Rs.	QTY	
April (2019)	4.30	3.20	1,33,463	4.45	3.22	3,46,264	4,79,727
May	3.85	2.50	73,065	3.70	2.40	1,67,573	2,40,638
June	4.45	2.25	1,48,672	4.72	2.70	6,46,426	7,95,098
July	4.50	2.50	5,27,659	4.65	2.55	1,55,445	6,83,104
August	3.15	2.40	1,62,280	3.04	2.38	58,543	2,20,823
September	2.95	2.35	2,49,098	3.00	2.34	2,77,156	5,26,254
October	2.90	2.25	3,86,120	2.85	2.32	99,517	4,85,637
November	2.85	2.20	6,37,934	2.70	2.21	1,81,541	8,19,475
December	2.80	2.10	5,99,074	2.75	2.15	1,04,199	7,03,273
January (2020)	4.25	2.50	29,40,509	4.26	2.45	7,81,570	37,22,079
February	3.50	2.40	2,96,607	3.49	2.51	1,74,895	4,71,502
March	2.35	1.65	3,80,475	2.40	1.60	3,44,069	7,24,544

(Source: BSE and NSE website)

Registrar & Transfer Agents	M/s.Cameo Corporate Services Limited, Subramanian Building” No.1 Club House Road, Chennai - 600 002
-----------------------------	--

**Share Transfer System:**

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.

**Distribution of Shareholding:**

The shareholding distribution of the equity shares as on 31st March, 2020 is given below:-

Range	No. Of Holders	No. of Shares	% of Shares
1-100	3627	219879	0.09
101-500	4599	1527308	0.64
501-1000	2680	2361936	0.99
1001-2000	1671	2710149	1.14
2001-3000	689	1811565	0.76
3001-4000	434	1583022	0.66
4001-5000	407	1952170	0.82
5001-10000	725	5611157	2.36
10001-and above	794	220425277	92.54
Total	15626	238202463	100.00

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

Sl. No.	Category	No. of Holders	No. of Shares held	% to paid-up capital
1	Promoters and promoter group	16	178408560	74.89
2	Financial Institutions/Banks	3	16220	0.01
3	Insurance Companies	-	-	-
4	Foreign Institutional Investors /NRI/OCB	102	485400	0.20
5	Bodies Corporate	147	2359531	0.99
6	Public	15358	56932752	23.91
7	Total	15626	238202463	100.00

**Dematerialization of Shares and Liquidity**

Particulars	No. of Shares	% (in Share Capital)
National Securities Depository Limited	221678815	93.06
Central Depository Services (India) Limited	14328238	6.02
Physical	2195410	0.92
Total	238202463	100.00

Shareholders, who continue to hold shares in physical form, are requested to dematerialize their shares 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). The system for getting the shares dematerialized is as under:

- Share certificate(s) along with Demat Requisition Form (DRF) is to be submitted by the shareholder to the Depository Participant (DP) with whom he/ she has opened a Depository Account;
- DP processes the DRF and generates a unique number viz. DRN;
- DP forwards the DRF and share certificates to the Company's Registrars & Share Transfer Agents;

- The Company's Registrars & Share Transfer Agents after processing the DRF, confirms the request to the Depositories by cancellation of physical share certificates; and
- Upon confirmation, the Depository gives the credit to shareholder in his/her depository account maintained with DP.

**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**

<b>1.Cold Forging Unit</b> K.palayam Plant,Pillayar Kovil Street, Near Power House,Kodayampalayam, Kottaipalayam(Post), Coimbatore-641110, Tamilnadu.	<b>2.Hot Forging Unit</b> Mysore Plant,Plot 80&81, 5th Mile,KRS Road, Metagalli Post,My- sore-570016 Karnataka.	<b>3.Puducherry Machining Unit</b> R.S.No.74/2B,Madukarai Main Road, Mangalam, Villianur Com- mune, Puducherry - 605110
---	--	---

<b>Address for Correspondence</b>  <b>R. Ravi</b> Company Secretary 6/16/13, Krishnarayapuram Road Ganapathy Post, Coimbatore - 641 006 Phone No.0422-4611199 Fax No: 0422-4611163 Email: secretarial@lgbforge.com
---

Exclusive e-mail id for Investor Grievances: The following e-mail ID has been designated for communicating investors' grievances:- secretarial@lgbforge.com

**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 Party 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.lgbforge.com/images/pdfs/related-party-transactions-policy.pdf>

**b. Strictures and Penalties**

The Company has received notices from both BSE & NSE with fine for Non Compliance in the Composition of Nomination and Remuneration Committee in respect of the membership of Mr.V.Rajvirdhan who was the member of the NRC Committee since 30.01.2015 when he was Non-Executive Director and the Committee was also having requisite quorum with other members. He became the Managing Director on 29.01.2018 and thus there was non Compliance. The Company had remitted the fine of Rs.2,17,120 each to both NSE and BSE. This matter had been represented to the waiver Committees of the Exchanges. The matter is pending with the respective Exchanges.

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

The Company has adopted a Whistle Blower Policy to provide a formal mechanism to the Directors and 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.lgbforge.com](http://www.lgbforge.com).

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.lgbforge.com>.

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

During the financial year ended 31st March, 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 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.

**Risk Management**

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



**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. Except Regulation 19.

**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 20th June, 2020 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**14. DECLARATION - CODE OF CONDUCT**

I, V.Rajvirdhan, Managing Director of LGB Forge Limited, declare that all the members of the Board of Directors and Senior Management have, for the year ended 31st March, 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.

**V. Rajvirdhan**  
**Managing Director**  
**DIN : 00156787**

Coimbatore  
20.06.2020

**CERTIFICATE**

**(Under regulation 34(3) read with Part C (10) (i) of Schedule V of the Securities Exchange Board of India  
(Listing Obligations and Disclosure Requirement) Regulations, 2015)**

To

The Members,  
LGB Forge Limited  
(CIN: L27310TZ2006PLC012830)  
No. 6/16/13, Krishnarayapuram Road,  
Ganapathy Post,  
Coimbatore - 641 006

As required by regulation 34(3) read with Part C (10) (i) of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, We hereby certify that none of the Directors on the Board of LGB Forge Limited have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

**P. ESWARAMOORTHY AND COMPANY**  
Company Secretaries

Place : Coimbatore  
Date : 20.06.2020

**P.Eswaramoorthy**  
**Practicing Company Secretary**  
**C.P No. 7069 (FCS 6510)**  
**UDIN : F006510B000381060**



---

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

---

To

The Members of LGB Forge Limited  
(CIN: L27310TZ2006PLC012830)  
No. 6/16/13, Krishnarayapuram Post,  
Ganapathy Post  
Coimbatore - 641 006

I have examined all the relevant records of LGB Forge Limited (“hereinafter called as “the Company”) for the purpose of certifying compliance with the conditions of Corporate Governance stipulated in Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year ended 31st March, 2020. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance with the conditions of corporate governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring compliance with the conditions of corporate governance.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of corporate governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 except compliance with Regulation 19.

**P. ESWARAMOORTHY AND COMPANY**

Company Secretaries

Place : Coimbatore  
Date : 20.06.2020

**P.Eswaramoorthy**  
**Practicing Company Secretary**  
**C.P No. 7069 (FCS 6510)**  
**UDIN : F006510B000381005**

**INDEPENDENT AUDITOR'S REPORT**
**To the Members of LGB Forge Limited**

Report on the Audit of the Ind AS Financial Statements:

**Opinion:**

We have audited the accompanying Ind AS financial statements of LGB FORGE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements, including 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 Ind AS Financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of

**Key Audit Matters:**

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS 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 report.

S. No.	Key Audit Matter	Auditor's Response
1.	<p><b>Adoption of IND AS 116 - Leases</b></p> <p>The Company has adopted IND AS 116 from the current year. The Application and transition to this accounting standard is complex and is an area of focus in our audit.</p> <p>As per IND AS 116, a right of use asset and lease liability were recognized in the balance sheet. Lease liability is initially recognized at the present value of future lease payment during the lease term. This standard requires usage of significant judgements and estimation in recognizing the leases.</p> <p>During the first year of transition, the standard mandates detailed note on impact of transfer. Refer note 38 to the financial statements.</p>	<p><b>Principal Audit Procedures:</b></p> <p>We have performed the following audit procedures:</p> <p>a) We have reviewed the method of transition adopted and related adjustments in the financial statements.</p> <p>b) Reviewed various judgements and controls applied by the management in classifying the leases based on contractual agreements.</p> <p>c) We have verified the reconciliation prepared between short term or low value leases and leases where IND AS 116 was applied.</p> <p>d) Verified the recognition of right of use assets and lease liability including the estimates such as discount rates and lease term.</p> <p>e) Assessed and verified the presentation and disclosures of leases as per IND AS 116 including the disclosure requirements of transition period.</p>

**Emphasis of Matter:**

Without qualifying our report, we draw attention to note 46 to the financial statements, where the extent of COVID 19 pandemic's impact on company's financial performance depends on future developments, which are highly uncertain and as such, we are unable to quantify the financial impact.

Our opinion is not modified in respect of the above matter

Information other than the Ind AS Financial Statements and the Auditor's report thereon

The Company's Board of directors is responsible for 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 Report and Shareholder's information, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the 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 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 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 are required to report the fact. We have nothing to report in this regard

**Management's Responsibility for the Ind AS Financial Statements:**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind

AS and other accounting principles generally accepted in India. 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 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 responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibility for the Audit of the 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 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 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Ind AS financial statements, including the disclosures, and whether the 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 Ind AS 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:**

- 1) 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 1, a statement on the matters specified in Paragraphs 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143 (3) of the Act, based on our audit 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), Statement of Changes in Equity and the Statement of Cash Flows dealt with by this

Report are in agreement with the books of account.

- d) In our opinion, the aforesaid 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 March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 2”.
- 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, as amended 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 in its Ind AS Financial Statements - Refer Note No.36 on Contingent Liability to the Ind AS Financial statements;
  - ii. The company did not have any long term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **N.R.DORAISWAMI & CO.**  
Chartered Accountants  
Firm Registration No. : 0007715

**(SUGUNA RAVICHANDRAN)**  
Partner  
Membership No. : 207893

Place: Coimbatore  
Date :20.06.2020  
UDIN: 20207893AAAAJI1535

**ANNEXURE 1 TO INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 1 under 'Report on other legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of LGB Forge Limited on the financial statements for the year ended 31-03-2020]

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) During the year, the fixed assets of the Company have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of immovable properties recorded as fixed assets in the books of account of the Company are held in the name of the Company except for the details given below:

Particulars	Total number of cases	Lease hold/ Free hold	Gross Block as on March 31, 2020	Net Block as on March 31, 2020	Remarks
Land & Building Mysore	1	Freehold	80.26	78.29	The Land & Building is in the name of L.G. Balakrishnan & Bros Limited for which the ownership is established by way of demerger vide court order dated 21.04.2008 sanctioning the scheme of demerger.

- ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the year
- iii. As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), (b) and (c) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits during the year within the provisions of section 73 to 76 of the Act and the rules framed thereunder.
- vi. We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- vii. (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Goods and Service Tax, Customs duty, Cess and any other material statutory dues applicable to it, however, there have been slight delay in few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income tax, Goods and Service tax, Customs duty, Cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

Name of the Statute	Nature of Due	Amount Disputed (Rs.)	Amount Unpaid (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Demand raised u/s. 201(1)	11,86,252	2,76,675	A.Y.2011-12	Commissioner of Income tax (Appeals), Chennai.
Income Tax Act, 1961	Demand raised u/s. 201(1)	4,78,244	4,78,244	A.Y.2012-13	Commissioner of Income tax (Appeals), Chennai.

- viii. According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution(s), bank(s), government(s) or dues to debenture holder(s).
- ix. In our opinion and according to the information and explanations given to us, the Company has utilized the money raised by way of term loans during the year for the purposes for which they were raised. The company did not raise any money by way of Initial Public Offer or further public offer including debt instruments during the year.
- x. To the best of our knowledge and according to the information and explanations given to us, we report that no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanation given to us, and based on our examination of the records of the Company, the transactions with the related parties are in compliance with section 177 and 188 of the Act wherever applicable.  
The details of transactions with the related parties have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.
- 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. Therefore, paragraph 3(xiv) of the Order is not applicable to the company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence paragraph 3(xv) of the Order is not applicable to the Company.
- xvi. According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **N.R.DORAISWAMI & CO.**

Chartered Accountants

Firm Registration No. : 0007715

Place: Coimbatore

Date :20.06.2020

UDIN: 20207893AAAAJI1535

**(SUGUNA RAVICHANDRAN)**

Partner

Membership No. : 207893



**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of LGB Forge Limited on the Financial Statements for the year ended 31-03-2020]

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

We have audited the internal financial controls over financial reporting of LGB Forge Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Board of directors of the Company is responsible for establishing and maintaining internal financial controls 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 ("ICAI"). 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.

**Auditor's 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") issued by the ICAI and the

Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgment, including the assessment of the risks of material misstatement of the 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 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 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 unauthorised 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, 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 March 31, 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 ICAI.

Place: Coimbatore  
Date :20.06.2020  
UDIN: 20207893AAAAJI1535

For **N.R.DORAISWAMI & CO.**  
Chartered Accountants  
Firm Registration No. : 0007715

**(SUGUNA RAVICHANDRAN)**  
Partner  
Membership No. : 207893

**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	2	2,588.46	2,374.18
(b) Capital work-in-progress	4	14.20	7.43
(c) Intangible assets	3	123.72	120.62
(d) Financial Assets			
(i) Other financial assets	5	80.95	107.40
(e) Other Non-current assets	6	75.77	80.02
<b>Total non-current assets</b>		<b>2,883.10</b>	<b>2,689.65</b>
<b>(2) Current Assets</b>			
(a) Inventories	7	1,884.96	2,516.46
(b) Financial Assets			
(i) Trade receivables	8	2,146.72	2,549.75
(ii) Cash and cash equivalents	9	11.40	5.15
(iii) Bank balances other than (ii) above	10	16.04	14.99
(iv) Loans	11	7.89	13.85
(v) Others	12	70.23	293.36
(c) Current Tax Assets (Net)	13	60.31	34.24
(d) Other current assets	14	27.32	104.86
<b>Total current assets</b>		<b>4,224.87</b>	<b>5,532.66</b>
<b>Total Assets</b>		<b>7,107.97</b>	<b>8,222.31</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity Share capital	15	2,382.02	2,382.02
(b) Other equity	16	803.49	802.94
<b>Total equity</b>		<b>3,185.51</b>	<b>3,184.96</b>
<b>(2) Liabilities</b>			
<b>A. Non-Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	17	143.58	377.57
(ii) Lease liabilities	38	292.06	-
(b) Provisions	18	80.24	113.65
<b>Total Non - current liabilities</b>		<b>515.88</b>	<b>491.22</b>

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

₹ in Lakhs

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
<b>B. Current liabilities</b>			
(a) Financial liabilities			
i) Borrowings	19	800.90	478.00
ii) Trade payables			
- total outstanding dues of micro & small enterprises		132.83	179.54
- total outstanding dues other than micro & small enterprises		1,892.93	3,169.95
iii) Other financial liabilities	20	562.42	684.99
(b) Other current liabilities	21	7.24	14.93
(c) Provision	22	10.26	18.72
<b>Total current liabilities</b>		<b>3,406.58</b>	<b>4,546.13</b>
<b>Total liabilities</b>		<b>3,922.46</b>	<b>5,037.35</b>
<b>Total Equity and Liabilities</b>		<b>7,107.97</b>	<b>8,222.31</b>

Significant Accounting Policies 1

Notes on Financial Statements 2-48

The significant accounting policies and the accompanying notes form an integral part of the financial statements.

As per our Report of even date  
For **N.R.Doraiswami & Co.,**  
Chartered Accountants  
Firm Registration No.: 000771S

**SUGUNA RAVICHANDRAN**  
Partner  
Membership No.: 207893  
Coimbatore  
20.06.2020

For and on behalf of the Board of Directors

**V.RAJVIRDHAN**  
Managing Director  
DIN : 00156787

**R. VINOTH KUMAR**  
Chief Financial Officer

**P.SHANMUGASUNDARAM**  
Director  
DIN : 00119411

**R. RAVI**  
Company Secretary  
Membership No. 23125

**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
I. Revenue from Operations	23	10,114.10	13,163.90
II. Other Income	24	82.06	144.89
<b>III. Total Revenue (I + II)</b>		<b>10,196.16</b>	<b>13,308.79</b>
IV. Expenses			
a) Cost of material consumed	25	4,483.98	7,543.25
b) Changes in inventories of finished goods, Stock in trade and work in progress	26	436.46	(847.85)
c) Employees benefits expense	27	1,808.71	2,040.96
d) Finance Costs	28	253.34	489.21
e) Depreciation and amortisation expense	29	442.02	320.47
f) Other expenses	30	2,835.64	3,557.04
<b>Total Expenses</b>		<b>10,260.15</b>	<b>13,103.08</b>
V. Profit/(Loss) before Exceptional item and tax (III-IV)		(63.99)	205.71
VI. Exceptional items		-	-
<b>VII. Profit/(Loss) before tax (V-VI)</b>		<b>(63.99)</b>	<b>205.71</b>
VIII. Tax expense		-	-
a) Current tax		-	-
b) Deferred tax		-	-
IX. Profit / (Loss) for the year (VII-VIII)		(63.99)	205.71
X. Other comprehensive income net of income tax			
Items that will not be reclassified to profit or loss			
a) Remeasurement of defined benefit plans		64.54	(7.05)
b) Income tax relating to items that will not be reclassified to profit or loss		-	-
Total other comprehensive income net of income tax		64.54	(7.05)
<b>XI. Total comprehensive income for the period (IX+X)</b>		<b>0.55</b>	<b>198.66</b>
XII. Earning per Equity share (In Rs)			
Basic / Diluted (Face Value of Rs.1 Each)	31	(0.03)	0.09

Significant Accounting Policies 1

Notes on Financial Statements 2-48

The significant accounting policies and the accompanying notes form an integral part of the financial statements.

As per our Report of even date  
For **N.R.Doraiswami & Co.,**  
Chartered Accountants  
Firm Registration No.: 000771S

**SUGUNA RAVICHANDRAN**  
Partner  
Membership No.: 207893  
Coimbatore  
20.06.2020

For and on behalf of the Board of Directors

**V.RAJVIRDHAN**  
Managing Director  
DIN : 00156787

**P.SHANMUGASUNDARAM**  
Director  
DIN : 00119411

**R. VINOTH KUMAR**  
Chief Financial Officer

**R. RAVI**  
Company Secretary  
Membership No. 23125

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31.03.2020**

₹ in Lakhs

Particulars	31.03.2020	31.03.2019
<b>Cash Flows from Operating Activities</b>		
Profit Before Income tax	(63.99)	205.71
Adjustment for		
Depreciation and amortisation expense	442.02	320.47
Net (gain)/ loss on foreign exchange restatement	(50.12)	(52.03)
Profit on sale of fixed assets	(2.55)	(0.91)
Assets Condemned / Written off	0.19	-
Interest Income	(7.02)	(7.09)
Finance Cost	253.34	489.21
	<b>571.87</b>	<b>955.36</b>
<b>Change in operating assets and liabilities</b>		
(Increase) / Decrease in Inventories	631.50	(1,202.28)
(Increase) / Decrease in Trade Receivables	453.15	(692.11)
(Increase) / Decrease in Other Assets	337.33	(325.55)
Increase / (Decrease) in Trade Payables	(1,323.75)	1,343.91
Increase / (Decrease) in Other liabilities	(165.33)	(112.49)
Cash Generated from operations	504.76	(33.16)
Less: Income Tax paid (net of refunds)	(26.07)	(8.33)
<b>Net Cash from/ (used in) operating activities (A)</b>	<b>478.69</b>	<b>(41.49)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of PPE (including changes in CWIP)	(329.44)	(1,537.85)
Sale proceeds of PPE	13.35	2.12
Fixed Deposit with Banks	1.05	(12.00)
Interest income	7.02	7.09
<b>Net Cash from/ (used in) investing activities (B)</b>	<b>(308.02)</b>	<b>(1,540.64)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Long term Borrowings	-	-
Proceeds from issue of share capital	-	882.00
Securities Premium on issue of share capital	-	1,764.02
Repayment of Borrowings	88.91	(571.99)
Finance Cost	(253.34)	(489.21)
<b>Net Cash from/ (used in) financing activities (C)</b>	<b>(164.43)</b>	<b>1,584.82</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>6.25</b>	<b>2.69</b>
Cash and cash equivalents at the beginning of the financial year	5.15	2.46
Cash and cash equivalents at the end of the financial year	11.40	5.15

The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Statement of Cash Flows".

The significant accounting policies and the accompanying notes form an integral part of the financial statements."

'As per our Report of even date"

For **N.R.Doraiswami & Co.,**

Chartered Accountants

Firm Registration No.: 000771S

**SUGUNA RAVICHANDRAN**

Partner

Membership No.: 207893

Coimbatore

20.06.2020

For and on behalf of the Board of Directors

**V.RAJVIRDHAN**

Managing Director

DIN : 00156787

**R. VINOTH KUMAR**

Chief Financial Officer

**P.SHANMUGASUNDARAM**

Director

DIN : 00119411

**R. RAVI**

Company Secretary

Membership No. 23125

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**
**STATEMENT OF CHANGES IN EQUITY**

Particulars

**A. Equity Share Capital** (Rs. in Lakhs)

Balance at the end of March 31, 2019	2,382.02
Changes in equity capital during the year	-
Balance at the end of March 31, 2020	2,382.02

**B. Other Equity** (Rs. in Lakhs)

Particulars	Capital Reserve	Securities Premium	Retained Earnings	Other Comprehensive Income	Total
<b>Balance as at 31.03.2018</b>	<b>2,898.85</b>	<b>875.01</b>	<b>(4,946.62)</b>	<b>11.77</b>	<b>(1,160.99)</b>
Profit / (loss) for the year	-	-	205.71	-	205.71
Addition / ( Deletion) for the year		1,764.02	1.25		1,765.27
Other Comprehensive Income for the year (Net of tax)	-	-	-	(7.05)	(7.05)
<b>Balance as at 31.03.2019</b>	<b>2,898.85</b>	<b>2,639.03</b>	<b>(4,739.66)</b>	<b>4.72</b>	<b>802.94</b>
Profit / (loss) for the year	-	-	(63.99)	-	(63.99)
Addition / ( Deletion) for the year	-	-	-	-	-
Other Comprehensive Income for the year	-	-	-	64.54	64.54
<b>Balance as at 31.03.2020</b>	<b>2,898.85</b>	<b>2,639.03</b>	<b>(4,803.65)</b>	<b>69.26</b>	<b>803.49</b>

Significant Accounting Policies 1

Notes on Financial Statements 2-48

The significant accounting policies and the accompanying notes form an integral part of the financial statements.

As per our Report of even date  
For **N.R.Doraiswami & Co.**,  
Chartered Accountants  
Firm Registration No.: 000771S

**SUGUNA RAVICHANDRAN**  
Partner  
Membership No.: 207893

Coimbatore  
20.06.2020

For and on behalf of the Board of Directors

**V.RAJVIRDHAN**  
Managing Director  
DIN : 00156787

**R. VINOTH KUMAR**  
Chief Financial Officer

**P.SHANMUGASUNDARAM**  
Director  
DIN : 00119411

**R. RAVI**  
Company Secretary  
Membership No. 23125

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****Note No. 1****A Corporate Information**

LGB Forge Limited was incorporated on 07.06.2006. The company is into manufacturing of Cold and Hot forged components and has its manufacturing unit at Tamilnadu, Karnataka and Pondicherry. The company concentrates in manufacturing high volume Auto, Electrical & Transmission forged components for automobiles, non automotive segments like Valve Industry and infrastructure equipment industry including machining for customers in automotive, off-road and non-automotive segments.

**B SIGNIFICANT ACCOUNTING POLICIES:****I. General Information and Statement of compliance**

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies during the periods presented.

**II. Basis of preparation and presentation**

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India.

The financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability

in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

**III. Use of Estimates**

The preparation of financial statements is in conformity with generally accepted accounting principles which require the management of the Company to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future period. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Application of accounting policies that require significant accounting estimates involving complex and subjective Judgements and the use of assumptions in these financial statements have been disclosed separately under the heading "Significant accounting Judgements, estimates and assumption".

**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 (upto two decimals).

These financial statements are approved for issue by the Company's Board of Directors on 20th June, 2020.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****IV. Current versus non - current classification**

The entity presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is classified as current, when:

-It is expected to be realised or intended to be sold or consumed in normal operating cycle. It is held primarily for the purpose of trading.

-It is expected to be realised within twelve months after the reporting period, or

-It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

-All other assets are classified as non-current. A liability is classified as current, when:

-It is expected to be settled in normal operating cycle.

-It is held primarily for the purpose of trading.

-It is due to be settled within twelve months after the reporting period, or

-There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

-The entity classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**V. Revenue Recognition****Sale of goods**

Revenue is recognized 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 recognized 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 inco-terms agreed with the customers.

Revenue is measured at the fair value of the consideration received or receivable,

taking into account contractually defined terms of payment. It comprises of invoice value of goods including excise duty and after deducting discounts, volume rebates and applicable taxes on sale. It also excludes value of self-consumption.

**Income from Service**

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

In respect of the exports made by the Company, the related export entitlements from Government authorities are recognized in the statement of profit and loss when the right to receive the incentives/ entitlements as per the terms of the scheme is established and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

**Interest Income**

Interest income is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

**Dividend income**

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

**VI. Property, Plant and Equipment**

Property, Plant and Equipment (PPE) being fixed assets are tangible items held for use or for administrative purposes and are measured at cost less accumulated depreciation and any

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

accumulated impairment. Cost comprises of the purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Management. Financing costs relating to acquisition of assets which take substantial period of time to get ready for intended use are also included to the extent they relate to the period up to such assets are ready for their intended use. Items of stores and spares that meet the definition of PPE are capitalized at cost and depreciated over its useful life. The Carrying amount of an item of PPE is derecognized on disposal or when no future economic benefits are expected from its use or disposal. 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. Depreciation on Property, Plant and Equipment (PPE) are provided under straight line method as per the useful lives and manner prescribed under Schedule II to the Companies Act, 2013, except for building and medical equipments, which are depreciated over the useful life as estimated by the management.

The management believes that the useful life adopted reflect the expected pattern of consumption of future economic benefit:

Particulars	Useful life
Factory Building	30 Years
Plant and Equipment	7.5 Years (Triple shift)
Furniture and Fittings	10 Years
Vehicles	8 Years
Other Equipment	15 Years

Where the cost of a part of the PPE is significant to the total cost of the PPE and if that part of the PPE has a different useful life than the main PPE,

the useful life of that part is determined separately for depreciation.

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.

The depreciation method applied to an asset is reviewed at each financial year-end and if there has been a significant change in the expected pattern of consumption of future economic benefits embodied in the asset, depreciation is charged to reflect the changed pattern.

**VII. Intangible Assets**

Intangible assets are recognized only if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Operating software is capitalised and amortised along with the related fixed asset. Other software is amortised, on a straight line method, over a period of three years based on management's assessment of useful life.

In June 2018, the company has acquired a unit from Supreme Automech Private Limited in Pondicherry.

During the course of acquisition, the company incurred Goodwill and Business Intellectual Property Rights which is amortised on a straight line method, over a period of five years based on management's assessment of useful life.

Useful lives of Intangible Assets

Class of Assets	Years
Software	3 Years
Goodwill	5 Years
Intellectual Property Rights	5 Years

**VIII. Impairment of Property, Plant and Equipment and Intangible Assets**

The carrying amounts of its tangible and Intangible assets are reviewed, as at each balance

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

sheet date, to determine if there is any indication of impairment based on internal / external factors. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows as a cash generating unit are discounted to the present value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an extent occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

**IX. 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.

**X. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**a) Financial assets****Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, 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. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- (i) Debt instruments at amortized cost.
- (ii) Debt instruments at fair value through other comprehensive income (FVTOCI);
- (iii) Debt instruments and equity instruments at fair value through profit or loss (FVTPL);
- (iv) Equity instruments measured at fair value through other comprehensive income (FVTOCI).

**Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

-The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

-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.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

**Debt instrument at FVTOCI**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

The asset's contractual cash flows represent SPPI. Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

**Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL.

However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

**De-recognition of Financial Assets**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily de-recognized 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 'passthrough' 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 recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes 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.

**b) Financial Liabilities****Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and transaction cost (if any) that is attributable to the acquisition of the financial liabilities is also adjusted.

**Subsequent measurement**

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

**i. Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are de-recognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

**ii. Trade and other payables**

These amounts represent liabilities for goods or services provided to the Company which are unpaid at the end of the reporting period. Trade and other payables are presented as current liabilities when the payment is due within a period of 12 months from the end of the reporting period. For all trade and other payables classified as current, the carrying amounts approximate fair value due to the short maturity of these instruments. Other payables falling due after 12 months from the end of the reporting period are presented as non-current liabilities and are measured at amortized cost unless designated as fair value through profit and loss at the inception.

**iii. Other financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the profit or loss.

**De-recognition of Financial Liabilities**

A financial liability is de-recognized 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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

**c) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**d) Compound Financial Instruments**

A financial instrument that comprises of both the liability and equity components are accounted as compound financial instruments. The fair value of the liability component is separated from the compound instrument and is subsequently measured at amortized cost. The residual value is recognized as equity component of other financial instrument and is not re-measured after initial recognition.

The transaction costs related to compound instruments are allocated to the liability and equity components in the proportion to the allocation of gross proceeds. Transaction costs related to equity component is recognized directly in equity and the cost related to liability component is included in the carrying amount of the liability component and amortized using effective interest method.

**XI. Impairment of Financial assets**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses, if the credit risk on the financial asset has increased significantly since initial recognition.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020****XII. Fair value measurement**

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participant's would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2: Valuation techniques for which the lowest level input that is significant to the

fair value measurement is directly or indirectly observable, or Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level Input that is significant to the fair value measurement as a whole) at the end of each reporting period

**XIII. Foreign currencies****a) Initial recognition**

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

**b) Conversion**

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Foreign currency monetary items are reported using closing foreign exchange rate. Non-monetary items, which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction.

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

statements are recognized as income or as expenses in the year in which they arise.

**XIV. Borrowing costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

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

**XV. Employee benefits****a) Retirement benefit costs and termination benefits**

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Liabilities with regard to the Gratuity plan AND Long term Compensated absences are determined by actuarial valuation, performed by an independent actuary, at each Balance sheet date using the projected unit credit method. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are

categorized as follows:

Service cost (including current service cost, past service cost, as well as gains losses on curtailments and settlements);

Net interest expense or income; and

Re-measurement of actuarial gain/losses.

The Company presents the first two components of defined benefit costs in the statement of Profit and Loss in the line item 'Employee benefits expense'.

The retirement benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

**b) Short-term and other long-term employee benefits**

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liability recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognized 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 employees up to the reporting date.

**XVI. 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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

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 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.

**XVII. Taxation**

Income tax expense comprises current tax and the net change in the deferred tax asset or liability during the year.

**a) Current Tax**

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961, and based on the expected outcome of assessments/appeals.

**b) Deferred Tax**

Deferred tax is recognized on temporary differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

The carrying amount of deferred tax assets are 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.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

**XVIII. Provisions**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value unless otherwise required by the standard and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**XIX. Earnings per share**

- a) Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.
- b) For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**XX. Cash and Cash Equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make Judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are viewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the company's accounting policies :

**a) Useful lives of depreciable assets**

Management reviews the useful lives of depreciable assets at each reporting period. As at March 31, 2020 management assessed that the useful lives represent the expected utility of the assets to the Company. Such lives are dependent upon an assessment of both the technical lives of the asset and also their economic lives based on various internal and external factors including

efficiency and operating costs. Accordingly depreciation lives are reviewed annually using the best information available to the management.

**b) Evaluation of indicators for impairment of assets**

The evaluation of applicable indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets

**c) Recognition of deferred tax liability**

Significant management judgement is required to determine the amount of deferred tax asset that can be recognized based on the likely timing and the level of future taxable profits together with future tax planning strategies.

**d) Provision and contingent liability**

Provisions and liabilities are recognized in the period when it becomes probable that there will be future outflows of funds from past events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

On an ongoing basis, the Company reviews

pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies, the likelihood of which is remote, are not disclosed in the financial statements.

**e) Defined benefit obligation**

Management's estimate of the Defined Benefit obligation is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may impact the obligation amount and the annual defined benefit expenses.

**f) Fair value measurements**

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**
**Non Current Assets**
**2 Property, Plant and Equipment**

₹ in Lakhs

Particulars	Tangible Assets									Total
	Land	Build- ing	Plant and Equip- ment	Fur- niture and Fit- tings	Elec- trical Fittings	Vehi- cles	Office Equip- ment	Other Assets	Right of Use Asset	
Cost as at March 31, 2019	69.25	51.60	2,766.75	28.81	48.64	17.35	18.40	56.11	-	3,056.90
Additions	148.90	-	59.96	6.23	27.89	1.90	42.48	3.44	347.73	638.53
Disposals	-	-	12.43	10.61	-	5.40	-	6.64	-	35.08
Cost as at March 31, 2020	218.15	51.60	2,814.28	24.43	76.53	13.85	60.88	52.91	347.73	3,660.36
Depreciation as at March 31, 2019	-	7.72	623.73	4.23	19.94	5.55	3.30	18.26	-	682.73
Charge for the year	-	2.10	314.99	21.24	-	1.68	-	5.17	68.07	413.25
Disposals/ Transfers	-	-	7.69	10.08	-	0.76	-	5.55	-	24.08
Depreciation as at March 31, 2020	-	9.82	931.03	15.39	19.94	6.47	3.30	17.88	68.07	1071.90
<b>Net Block</b>										
As at March 31, 2019	69.25	43.88	2,143.02	24.58	28.70	11.80	15.10	37.85	-	2,374.18
As at March 31, 2020	218.15	41.78	1,883.25	9.04	56.59	7.38	57.58	35.03	279.66	2,588.46

**3 Intangible Assets**

₹ in Lakhs

Particulars	Computer Software	Goodwill	IP Rights	Total Intangible Assets
As at March 31, 2019	4.33	31.50	111.63	147.46
Additions	31.87	-	-	31.87
Disposals	-	-	-	-
As at March 31, 2020	36.20	31.50	111.63	179.33
Depreciation as at March 31, 2019	3.00	5.25	18.59	26.84
Charge for the year	-	6.36	22.41	28.77
Withdrawals	-	-	-	-
Depreciation as at March 31, 2020	3.00	11.61	41.00	55.61
<b>Net Block</b>				
As at March 31, 2019	1.33	26.25	93.04	120.62
As at March 31, 2020	33.20	19.89	70.63	123.72

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

Particulars	As at 31.03.2020 Rs. in Lakhs	As at 31.03.2019 Rs. in Lakhs
<b>4 CAPITAL WORK IN PROGRESS</b>		
Capital Work-in-progress	14.20	7.43
<b>Total</b>	<b>14.20</b>	<b>7.43</b>

**5 FINANCIAL ASSETS: OTHER FINANCIAL ASSETS**

Security and other Deposits	80.95	107.40
<b>Total</b>	<b>80.95</b>	<b>107.40</b>

**6 OTHER NON CURRENT ASSETS**

Rent and other advances	14.52	19.97
Preliminary Expenses	61.25	60.05
<b>Total</b>	<b>75.77</b>	<b>80.02</b>

**CURRENT ASSETS**
**7 INVENTORIES**

Raw Materials	839.78	1,003.05
Work-in-progress	591.23	565.96
Finished goods	283.16	744.89
Others		
Stores and spares	138.33	159.65
Loose Tools	32.46	42.91
<b>Total</b>	<b>1,884.96</b>	<b>2,516.46</b>

**Notes:**

- There are no Goods in Transit as on 31/03/2020
- For method of valuation of inventories, refer Note No.1.B.IX
- Inventories with the above carrying value, pledged as security against borrowings, are stated in Note No.19
- Cost of Inventory recognised as expenditure

Particulars	2019-20	2018-19
Raw Materials	4,483.98	7,543.25
Others *	416.31	527.42
<b>Total</b>	<b>4,900.29</b>	<b>8,070.67</b>

\* Others include Stores and Spares, Loose Tools

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**
**8 FINANCIAL ASSETS: TRADE RECEIVABLES**

Particulars	As at 31.03.2020 Rs. in Lakhs	As at 31.03.2019 Rs. in Lakhs
Unsecured Considered good	2,146.72	2,549.75
Unsecured, considered doubtful	10.74	23.11
Less: Allowance for doubtful debts	(10.74)	(23.11)
<b>Total</b>	<b>2,146.72</b>	<b>2,549.75</b>

Notes:

a) Allowance for ECL

In determining the allowances for doubtful trade receivables, the company uses ECL allowance method. Expected credit losses are accounted after taking into account historical credit loss experiences of the company.

Movement in allowance for ECL	2019-20	2018-19
Opening balance	23.11	68.06
Additions	25.09	36.03
Reversals	(37.46)	(80.98)
Closing balance	10.74	23.11

b) Trade receivables with the above carrying value, pledged as security against borrowings, are stated in Note No 19.

c) Credit period offered to customers varies between 30 to 90 days.

**9 FINANCIAL ASSETS: CASH AND CASH EQUIVALENTS**

Cash on hand	10.26	1.35
Balance with Bank		
-In current accounts	1.14	3.80
<b>Total</b>	<b>11.40</b>	<b>5.15</b>

**10 FINANCIAL ASSETS: BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS**

-In Earmarked balances		
Margin money deposit	16.04	14.99
<b>Total</b>	<b>16.04</b>	<b>14.99</b>

\* Earmarked bank balances are restricted in use in the form of margin money towards Letter of Credit and Bank Guarantee

**11 FINANCIAL ASSETS: LOANS**

Unsecured, considered good		
Loans and advances to Employees	7.89	13.85
<b>Total</b>	<b>7.89</b>	<b>13.85</b>

**12 FINANCIAL ASSETS: OTHERS**

Receivables from Related Parties (Refer Note No. 44)	-	248.29
GST Input tax credit (Net)	70.23	45.07
<b>Total</b>	<b>70.23</b>	<b>293.36</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**
**13 CURRENT TAX ASSETS**

Particulars	As at 31.03.2020 Rs. in Lakhs	As at 31.03.2019 Rs. in Lakhs
Advance taxes (net of provision)	60.31	34.24
Total	60.31	34.24

**14 OTHER CURRENT ASSETS**

Prepaid expenses	23.97	15.43
Balances with statutory authorities	1.35	1.39
Unamortized interest expenses	2.00	1.15
Advances to suppliers	-	86.89
Total	27.32	104.86

**15 EQUITY SHARE CAPITAL**

Particulars	As at 31.03.2020		As at 31.03.2019	
	Number of shares	Rs. in Lakhs	Number of shares	Rs. in Lakhs
Authorized Share Capital				
Equity shares of Rs. 1/- each	25,00,00,000.00	2,500.00	25,00,00,000.00	2,500.00
	25,00,00,000.00	2,500.00	25,00,00,000.00	2,500.00
Issued, Subscribed and paid up capital	23,82,02,463.00	2,382.02	23,82,02,463.00	2,382.02
Total	23,82,02,463.00	2,382.02	23,82,02,463.00	2,382.02

Notes:

15(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/ Rights Issue	Conversion/ Buyback	Closing Balance
Equity shares with voting rights Year ended 31st March, 2020					
Number of shares	23,82,02,463.00	-	-	-	23,82,02,463.00
Amount (Rs. in lakhs)	2,382.02	-	-	-	2,382.02
Year ended 31st March, 2019					
Number of shares	15,00,01,551.00	-	8,82,00,912.00	-	23,82,02,463.00
Amount (Rs. in lakhs)	1,500.02	-	880.00	-	2,380.02

**b. Terms/ Rights attached to the Equity Shares**

i. The Company has only one class of Equity Shares having par value of Re.1/- per share. Each holder of Equity Shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees.

ii. The dividend Proposed is as recommended by the Board of Directors and subject to the approval of the

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

Shareholders in the Annual General Meeting.

iii. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. The Company does not have any holding company or ultimate holding company as on 31.03.2020

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

Name of the shareholder	As at 31.03.2020		As at 31.03.2019	
	No. of shares held	% of holding	No. of shares held	% of holding
<b>Equity shares with voting rights</b>				
L.G. Balakrishnan & Bros Limited	2,90,00,000	12.17	2,90,00,000	12.17
Smt. V. Rajsri	1,50,00,000	6.30	1,50,00,000	6.30
Sri. B. Vijaykumar	1,50,00,000	6.30	1,50,00,000	6.30
Sri. V. Rajvidhan	5,93,25,818	24.91	5,93,25,818	24.91
Elgi Automotive Services P Ltd	3,11,04,616	13.06	3,11,04,616	13.06
LGB Auto Products P Ltd	1,41,58,510	5.94	1,41,58,510	5.94

**16 OTHER EQUITY**

Particulars	As at 31.03.2020 Rs. in Lakhs	As at 31.03.2019 Rs. in Lakhs
(a). Securities Premium	2,639.03	2,639.03
(b). Capital Reserve	2,898.85	2,898.85
(c). Other Comprehensive Income	69.26	4.72
(d). Retained Earnings	(4,803.65)	(4,739.66)
<b>Total</b>	<b>803.49</b>	<b>802.94</b>

Particulars	As at 31.03.2020 Rs. in Lakhs	As at 31.03.2019 Rs. in Lakhs
(a). Securities Premium		
Opening Balance	2,639.03	875.01
Add: Additions during the year	-	1,764.02
Less: Deletions during the year	-	-
Closing Balance	2,639.03	2,639.03
(b). Capital Reserve		
Opening Balance	2,898.85	2,898.85
Add: Additions during the year	-	-
Less: Deletions during the year	-	-
Closing Balance	2,898.85	2,898.85

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

Particulars	As at 31.03.2020 Rs. in Lakhs	As at 31.03.2019 Rs. in Lakhs
(c). Other Comprehensive Income		
Opening Balance	4.72	11.77
Add: Additions during the year	-	-
Remeasurement of Actuarial gains / losses (net of tax)	64.54	(7.05)
Less: Deletions during the year	-	-
Closing Balance	69.26	4.72
(d). Retained Earnings		
Opening Balance	(4,739.66)	(4,946.62)
Add: Additions/(Deletions) during the year	-	1.25
Add: Profit During the Year	(63.99)	205.71
Transfer from OCI	-	-
Closing Balance	(4,803.65)	(4,739.66)
<b>TOTAL</b>	<b>803.49</b>	<b>802.94</b>

**Capital Reserves:**

LGB Forge Ltd was demerged from LG Balakrishnan and Bros Ltd in the year 2008. At the time of demerger, on 21.04.2008, reserves on the date of demerger were transferred to Capital Reserves to the extent of the demerged portion.

**NON CURRENT LIABILITIES**
**17 BORROWINGS**

Particulars	As at 31.03.2020 Rs. in Lakhs	As at 31.03.2019 Rs. in Lakhs
Secured at amortised cost		
Term loans from Others- Bajaj Finance Ltd.	143.58	380.00
Less: Unamortised interest	-	(2.43)
<b>Total</b>	<b>143.58</b>	<b>377.57</b>

- 1) The company has not defaulted in the repayment of loans and interest as at the balance sheet date.
- 2) Repayment and interest terms:
  - i) Term Loan from Bajaj Finance Limited is repayable in 20 quarterly instalments of Rs. 50 lakhs each. Interest rate: 'PLR minus 8.75 %', payable on monthly basis.
  - ii) Term Loan from Bajaj Finance Limited repayable in 20 quarterly instalments of Rs. 10 lakhs each. Interest rate : 'PLR minus 7.50 %', payable on monthly basis.
- 3) Security Details

The loan is secured by way of :

  - a) Factory Land and Building at No. 80 & 81, 5th Mile, Matagalli post, KRS Road, Mysore, Karnataka and
  - b) Charge on all Movable Fixed Assets of the Company both present and future.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**
**18 LONG TERM PROVISIONS**

Particulars	As at 31.03.2020 Rs. in Lakhs	As at 31.03.2019 Rs. in Lakhs
Provision for Gratuity (Refer Note No. 45)	39.11	77.70
Provision for Leave encashment	21.03	15.85
Provision for Decommissioning Liability	20.10	20.10
<b>Total</b>	<b>80.24</b>	<b>113.65</b>

**CURRENT LIABILITIES**
**19 BORROWINGS**

Particulars	As at 31.03.2020 Rs. in Lakhs	As at 31.03.2019 Rs. in Lakhs
Secured Loans repayable on demand		
-From banks	300.90	(22.00)
- From others	500.00	500.00
<b>Total</b>	<b>800.90</b>	<b>478.00</b>

Terms and conditions of short term loans taken from banks and financial institutions:

- 1) Cash Credit from Axis Bank carries an interest rate of “3 Months MCLR + 1 %” payable at monthly intervals and are secured by first pari passu charge on entire current assets and second pari passu charge on the entire movable fixed assets of the Company, both present and future.
- 2) Cash Credit from ICICI Bank carries interest rate of “6 Months MCLR + 1 %” payable at monthly intervals and are secured by first charge of the Company’s entire stock of raw materials, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding monies, receivables , both present and future, ranking pari passu with other participating bank.
- 3) Cash Credit from IDBI bank carries interest rate of “11.75 %” payable at monthly intervals and are secured by pari passu first charge over the current assets of the Company, Collateral pari passu second charge over the fixed assets of the company except those that are exclusively charged to term lenders.
- 4) Working Capital Loan from Bajaj Finance Limited carries interest of “PLR minus 9%” and is secured by way of :
  - a) Factory Land and Building at No. 80 & 81, 5th Mile, Matagalli post, KRS road, Mysore Karnataka and
  - b) a charge on all Movable Fixed Assets of the company both present and future.
- 5) The above loans are further secured by Corporate Guarantee by L.G. Balakrishnan & Bros Limited.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**
**20 OTHER FINANCIAL LIABILITIES**

Particulars	As at 31.03.2020 Rs. in Lakhs	As at 31.03.2019 Rs. in Lakhs
Current maturities of long-term debt	240.00	238.52
Interest accrued but not due on borrowings	12.17	12.15
Accrued Employee Benefits	143.82	160.40
Pondy unit acquisition liability	-	48.97
Amount payable to Related Parties (Refer Note No. 44)	-	7.15
Expense payable	166.43	217.80
<b>Total</b>	<b>562.42</b>	<b>684.99</b>

**21 OTHER CURRENT LIABILITIES**

Particulars	As at 31.03.2020 Rs. in Lakhs	As at 31.03.2019 Rs. in Lakhs
Statutory Remittances	7.24	6.41
Advance and deposits from Customers etc.,	-	8.52
<b>Total</b>	<b>7.24</b>	<b>14.93</b>

**22 SHORT TERM PROVISIONS**

Particulars	As at 31.03.2020 Rs. in Lakhs	As at 31.03.2019 Rs. in Lakhs
Provision for Gratuity (Refer Note No. 45)	9.05	15.70
Provision for leave encashment (Refer Note No.45)	1.21	3.02
<b>Total</b>	<b>10.26</b>	<b>18.72</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**
**23 REVENUE FROM OPERATIONS**

Particulars	For the Year ended 31.03.2020 Rs. in Lakhs	For the Year ended 31.03.2019 Rs. in Lakhs
A. Sale of products		
Domestic	8,431.03	10,712.25
Exports	1,220.22	1,498.87
B. Other Operating Revenue.		
Scrap Sales	402.14	877.89
Other Operating Revenue	60.71	74.89
Revenue from operations	10,114.10	13,163.90

**24 OTHER INCOME**

Particulars	For the Year ended 31.03.2020 Rs. in Lakhs	For the Year ended 31.03.2019 Rs. in Lakhs
Interest Income	7.02	7.09
Profit on sale of assets (Net)	2.57	0.91
Foreign Exchange Gain (Net)	50.12	52.03
Export incentive	19.47	84.86
Miscellaneous Receipts	2.88	-
Total	82.06	144.89

**25 COST OF MATERIALS CONSUMED**

Particulars	For the Year ended 31.03.2020 Rs. in Lakhs	For the Year ended 31.03.2019 Rs. in Lakhs
Raw Materials Consumption		
Opening Stock	1,003.05	709.77
Add: Purchases	4,320.71	7,836.53
Less : Closing Stock	839.78	1,003.05
Total	4,483.98	7,543.25
Details of Raw Materials and components consumed		
Rods, Coils and bars:		
Imported	18.06	1.54
Indigenous	4,465.92	7,541.71
Total	4,483.98	7,543.25

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**
**26 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE**

Particulars	For the Year ended 31.03.2020 Rs. in Lakhs	For the Year ended 31.03.2019 Rs. in Lakhs
Inventory at the end of the year		
Finished Goods	283.16	744.89
Work in Progress	591.23	565.96
Total Inventory at the end of the year	874.39	1,310.85
Inventory at the beginning of the year		
Finished Goods	744.89	209.61
Work in Progress	565.96	253.39
Total Inventory at the beginning of the year	1,310.85	463.00
Total (increase)/Decrease in inventories	436.46	(847.85)

**27 EMPLOYEE BENEFIT EXPENSES**

Particulars	For the Year ended 31.03.2020 Rs. in Lakhs	For the Year ended 31.03.2019 Rs. in Lakhs
Salaries, Wages and Bonus	1,530.64	1,788.02
Contributions to Provident fund and other funds	136.87	147.50
Staff welfare expenses	141.20	105.44
Total	1,808.71	2,040.96

**28 FINANCE COST**

Particulars	For the Year ended 31.03.2020 Rs. in Lakhs	For the Year ended 31.03.2019 Rs. in Lakhs
Interest	220.69	489.21
Lease liability	32.65	-
Total	253.34	489.21

**29 DEPRECIATION AND AMORTISATION EXPENSE**

Particulars	For the Year ended 31.03.2020 Rs. in Lakhs	For the Year ended 31.03.2019 Rs. in Lakhs
Depreciation (Refer Note No. 2)	413.25	296.59
Amortization (Refer Note No. 3)	28.77	23.88
Total	442.02	320.47

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**
**30 OTHER EXPENSES**

Particulars	For the Year ended 31.03.2020 Rs. in Lakhs	For the Year ended 31.03.2019 Rs. in Lakhs
Consumptions of Store and Spare Parts	416.30	527.42
Processing Charges	674.00	806.64
Power and Fuel	819.82	1,059.52
Rent	21.19	104.69
Repairs and Maintenance		
Buildings	76.28	69.57
Machinery	118.17	124.74
Others	67.04	52.48
Insurance	6.72	12.34
Rates and Taxes	17.63	18.20
Travelling and Conveyance	54.22	59.82
Printing and Stationery	11.30	14.50
Postage, Telegram and telephone	7.82	10.94
Freight, packing and forwarding	318.59	473.39
Advertisement, publicity and selling expenses	27.00	70.02
Bank charges	28.42	8.49
Legal and Professional charges	69.72	40.35
Audit fees (Refer Note No. 30A )	5.61	5.35
Assets Condemned & written off	0.19	-
Sitting fees	1.02	1.51
Watch and Ward	72.55	75.17
Loss on sale of assets	0.02	-
Miscellaneous Expenses	22.03	21.90
<b>Total</b>	<b>2,835.64</b>	<b>3,557.04</b>

**30 A AUDITORS' REMUNERATION**

Particulars	For the Year ended 31.03.2020 Rs. in Lakhs	For the Year ended 31.03.2019 Rs. in Lakhs
Statutory audit	5.25	5.20
Other certification charges	0.36	0.15
<b>Total</b>	<b>5.61</b>	<b>5.35</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**
**31 EARNINGS PER SHARE**

Particulars	For the Year ended 31.03.2020 Rs. in Lakhs	For the Year ended 31.03.2019 Rs. in Lakhs
Profit/(Loss) for the year attributable to owners of the Company (Rs. in Lakhs)	(63.99)	205.71
Weighted Average Number of Equity Shares outstanding during the year for the purpose of Basic Earnings/Diluted Earnings per Share (Nos. in Lakhs)	2,382.02	2,382.02
Basic & Diluted Earnings Per Share in Rs.	(0.03)	0.09

**32 DEFERRED TAX ASSET**

Deferred tax asset has not been recognised in respect of the following items because it is not probable that future taxable profits will be available against which the company can use the benefits thereon.

Particulars	For the Year ended 31.03.2020 Rs. in Lakhs	For the Year ended 31.03.2019 Rs. in Lakhs
<b>Losses that shall expire</b>		
Business Loss	99.64	99.64
<b>Losses that shall not expire</b>		
Depreciation Loss	2,696.42	2,515.19
Total	2,796.06	2,614.83

a) The above figures are based on the last published balance sheet

**33 EARNINGS IN FOREIGN CURRENCY**

Particulars	For the Year ended 31.03.2020 Rs. in Lakhs	For the Year ended 31.03.2019 Rs. in Lakhs
- FOB Value of Exports	1,220.22	1,481.43
Total	1,220.22	1,481.43

**34 EXPENDITURE IN FOREIGN CURRENCY**

Particulars	For the Year ended 31.03.2020 Rs. in Lakhs	For the Year ended 31.03.2019 Rs. in Lakhs
Others	4.87	2.71
Total	4.87	2.71

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**
**35 DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS DEFINED UNDER THE MSME ACT, 2006**

Particulars	For the Year ended 31.03.2020 Rs. in Lakhs	For the Year ended 31.03.2019 Rs. in Lakhs
a) Principal amount remaining unpaid to any supplier as at the end of each accounting year	90.54	179.54
b) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	NIL	NIL
c) 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.	NIL	NIL
d) 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
e) The amount of interest accrued and remaining unpaid at the end of each accounting year.	NIL	NIL
f) 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

\* This information has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the Auditors.

**36 COMMITMENTS AND CONTINGENT LIABILITIES**

Particulars	For the Year ended 31.03.2020 Rs. in Lakhs	For the Year ended 31.03.2019 Rs. in Lakhs
Bank Guarantees	40.00	40.00
Claims anticipated towards termination of Employee challenged by appeal	9.30	9.30
Letter of credits	503.60	888.11

**37 OPERATING SEGMENTS**

The Company is engaged in the business of "Manufacture of Forged and Machined Components" and therefore, has only one reportable segment in accordance with IND AS 108 'Operating Segments'

a) Revenue from External customers		
Within India	8,431.03	10,712.25
Outside India	1,220.22	1,498.87
Total	9,651.25	12,211.12
b) Non Current Assets		
All the noncurrent assets of the Company are located in India	-	-

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

c) Information about major customers		
Number of external customers each contributing more than 10% of Total Revenue	<b>2 Nos</b>	2 Nos
Total Revenue from the above customers	<b>4,221.32</b>	4,732.06

**38 LEASES**

The Company has adopted Ind AS 116 “Leases” with the date of initial application being April 1, 2019. The Company has applied Ind AS 116 using the modified retrospective approach. On transition, the Company has recognized a lease liability measured at the present value of the remaining lease payments. Right of use (ROU) assets for leases were recognized and measured at an amount equal to the lease liability. As a result, the comparative information has not been restated. Accordingly, on transition to Ind AS 116, the Company recognized ROU assets and lease liabilities amounting to Rs.347.73 lakhs. The company has adopted incremental borrowing rate at 12% for discounting the future lease payment to recognize lease liability at the date of initial recognition.

The changes in carrying value ROU assets and Lease liabilities for the year ended March 31, 2020 are as follows:

Particulars	ROU Assets As at March 31,2020 Rs. in Lakhs	Lease Liabilities As at March 31,2020 Rs. in Lakhs
Opening balance	-	-
Add : Additions during the year	<b>347.73</b>	347.73
Add : Interest cost during the year	-	32.64
Less : Deletions during the year	-	-
Less : Depreciation during the year	<b>68.07</b>	-
Less : Payment of Lease Liabilities	-	88.31
Closing Balance	<b>279.66</b>	292.06

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the ROU asset, and finance cost for interest accrued on lease liability.

Lease payments of Rs.6.75 lakhs relating to leases with a term of 12 months or less and low value leases are charged to statement of profit and loss

**39 GOVERNMENT GRANTS**

Particulars	For the Year ended 31.03.2020 Rs. in Lakhs	For the Year ended 31.03.2019 Rs. in Lakhs
Duty Drawback on Exports	19.47	31.32
Export Incentives	-	53.54
Total	19.47	84.86

**40 CORPORATE SOCIAL RESPONSIBILITY**

The average net profit of the immediately preceding three financial years is negative, accordingly, the company is not mandated to spend any amount towards CSR activities for the financial year 2019-20.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**
**41 Disclosure as required under Regulation 34(3) and 53(f) of SEBI (LODR) Regulations, 2015**

Loans and advances to firms / companies in which directors are interested - Rs. NIL (previous year Rs. NIL)

**42 DISCLOSURE IN RELATION TO SECTION 186(4) OF THE COMPANIES ACT, 2013**

Rs. NIL ( Previous year Rs.NIL)

**43 FINANCIAL INSTRUMENTS**
**A. 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, Long term and Short term borrowings.

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders. Debt includes Long term loans and Short term loans.

The following table summarizes the capital of the Company:

Particulars	As at 31.03.2020 Rs. in Lakhs	As at 31.03.2019 Rs. in Lakhs
Debts	1,196.65	1,110.15
Less: Cash and Bank Balances	11.40	5.15
Net Debt	1,185.25	1,105.00
Total Equity	3,185.51	3,184.96
Gearing Ratio	37.21%	34.69%

**B. Categories of Financial Instruments**

Particulars	Note No.	As at 31.03.2020 Rs. in Lakhs		As at 31.03.2019 Rs. in Lakhs	
		Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets</b>					
a. Measured at amortised cost					
Non current Loans	5	80.95	80.95	107.40	107.40
Trade receivables	8	2,146.72	2,146.72	2,549.75	2,549.75
Cash and cash equivalents	9	11.40	11.40	5.15	5.15
Bank balances other than above	10	16.04	16.04	14.99	14.99
Loans	11	7.89	7.89	13.85	13.85
Other Financial Assets	12	70.23	70.23	293.36	293.36

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

Particulars	Note No.	As at 31.03.2020 Rs. in Lakhs		As at 31.03.2019 Rs. in Lakhs	
		Carrying Value	Fair Value	Carrying Value	Fair Value
b. Measured at fair value through P&L		-	-	-	-
c. Measured at fair value through OCI		-	-	-	-
<b>Financial Liabilities</b>					
a. Measured at amortised cost					
Long term borrowings	17	143.58	143.58	377.57	377.57
Short term borrowings	19	800.90	800.90	478.00	478.00
Trade Payables		2,025.76	2,025.76	3,349.49	3,349.49
Other Financial Liabilities	20	562.42	562.42	684.99	684.99
b. Measured at fair value through P&L		-	-	-	-
c. Measured at fair value through OCI		-	-	-	-

**C. Financial risk management objectives**

The Company's businesses are subject to several risks and uncertainties including financial risks.

The Company's activities expose it to credit risk, liquidity risk, market risk - interest rate risk and foreign currency risk. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis, Credit ratings
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts
Market risk -Interest rate risk	Long-term borrowings at variable rates	"Cash flow forecasting, Sensitivity analysis"
Foreign Currency risk	Recognised financial assets and liabilities not denominated in functional currency	"Cash flow forecasting, Sensitivity analysis"

**i. Credit Risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The company's credit risk generally arises from Cash and cash equivalents, trade receivables, and other financial assets.

**Credit Risk Management**

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk

B: Moderate credit risk

C: High credit risk

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

Assets Group	Description of category	Particulars	Provision for expected credit loss *
Low credit risk	Assets where the counter- party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets.	12 month expected credit loss/life time expected credit loss.
Moderate credit risk	Assets where the probability of default is considered moderate, counter-party where the capacity to meet the obligations is not strong.	Nil	12 month expected credit loss/life time expected credit loss.
High credit risk	Assets where there is a high probability of default.	Nil	12 month expected credit loss/life time expected credit loss.

\*Life time expected credit loss/fully provided for trade receivables

Based on business environment in which the Company operates, a default on a financial asset is considered when the counterparty fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions. Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognized in statement of profit and loss.

**Classification of financial assets among risk categories:**

Credit rating	Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
Low Credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables and other financial assets.	2,290.32	2,796.00
Moderate Credit risk	Nil	-	-
High Credit risk	Nil	-	-

The loss allowances for trade receivables using expected credit lossess for different ageing periods as at 31st March 2020 are as follows :

Particulars	Rs. in Lakhs		
	Less than 6 months	More than 6 months	Total
Gross carrying amount	1,836.66	320.80	2,157.46
Loss allowance provision	-	(10.74)	(10.74)
Net	1,836.66	310.06	2,146.72

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

The loss allowances for trade receivables using expected credit losses for different ageing periods as at 31st March 2019 are as follows :

Rs. in Lakhs

Particulars	Less than 6 months	More than 6 months	Total
Gross carrying amount	2,488.09	84.77	2,572.86
Loss allowance provision	-	(23.11)	(23.11)
Net	2,488.09	61.66	2,549.75

Exposure to customers having more than 5% of outstanding in respect of Trade Receivables

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
Denso india P Ltd	318.00	454.00
Lucas TVS Limited	208.00	-
Poclain Hydraulics Pvt. Ltd.	186.00	-
Danfoss Power Solutions India Pvt. Ltd.	123.00	-
GKN Drive Line India Limited	108.00	-
Borgwarner Power Drive Systems Inc	342.00	535.00
L.G.Balakrishnan & Bros Ltd	-	235.00
Elgi Equipments Ltd	-	246.00
Total	1,285.00	1,471.00

As per simplified approach, the Company makes provision of expected credit losses on trade receivables based on past experiences to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

**ii. Liquidity risk**

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 Risk Management**

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.

Rs. in Lakhs

Particulars	Less than 1 Year	1 - 5 years	More than 5 years	Carrying amount
<b>31st March 2020</b>				
Financial Liabilities				
Trade Payables	2,025.74	-	-	2,025.74
Borrowings	240.00	143.58	-	383.58
	<b>2,265.74</b>	<b>143.58</b>	-	<b>2,409.32</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

Rs. in Lakhs

	Less than 1 Year	1 - 5 years	More than 5 years	Carrying amount
<b>31st March 2019</b>				
Financial Liabilities				
Trade Payables	3,349.49	-	-	3,349.49
Borrowings	240.00	380.00	-	620.00
	<b>3,589.49</b>	<b>380.00</b>	-	<b>3,969.49</b>

**iii. 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.

**Interest Rate risk**

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.

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
Floating rate loans	1,196.65	1,110.15
Fixed rate loans	-	-
Total Borrowings	1,196.65	1,110.15

**Interest rate sensitivity analysis**

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended 31 March 2020 would decrease / increase by Rs.3.01 Lakhs (for the year ended 31 March 2019: decrease / increase by Rs. 2.51 Lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

**iv. 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:

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

As on 31st March 2020 (all amounts are in equivalent INR Lakhs)

Particulars	Liability exposure on the Currency	Asset exposure on the Currency	Net asset / (liability) exposure on the currency
USD	0.14	6.13	5.99
SGD	-	-	-
In INR	4.87	453.43	448.56
As on 31st March 2019 (all amounts are in equivalent INR Lakhs)			
USD	0.01	5.76	5.75
SGD	-	-	-
In INR	0.53	399.74	399.21

**Foreign currency sensitivity analysis**

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency rates, with all other variables held constant.

Particulars	Impact on Profit before tax			
	31.03.2020		31.03.2019	
	+0.50%	-0.50%	+0.47%	-0.47%
USD	2.24	-2.24	1.90	-1.90
SGD	-	-	-	-

**Fair Value Hierarchy**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. The three levels are explained as follows:

Level 1 - Inputs are quoted prices in active markets for identical assets or liabilities that the company can access at the measurement date. These quoted prices are unadjusted.

Level 2 - Inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly.”

Level 3 - Inputs are unobservable inputs for the asset or liability.

The table below categorises financial instruments and analyses those measured at fair value by the level into which the fair value measurement is categorised.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

Rs. in Lakhs

Categories of Financial Instruments	Level	As at 31.03.2020	As at 31.03.2019
Financial Liabilities			
a. Measured at amortised cost			
Long term borrowings	2	143.58	377.57
Short term borrowings	2	800.90	478.00

**44 Related Party Disclosure**

## a) Name of related parties and nature of relationship

Holding Company	The Company does not have any holding Company
Subsidiaries and Associates	The Company does not have any Subsidiaries, associates and joint ventures
Other Related Companies	Enterprises over which the directors are interested
	L.G. Balakrishnan & Bros Limited
	Super Transports Private Limited
	BCW V Tech India Private Limited
	South Western Engineering India Private Limited
	BV Medical Foundation
	L G Farm Products Private Limited
	L G B Auto Products Private Limited
	Silent Chain India Private Limited
	Super Speeds Private Limited
	ELGI Automotive Services Private Limited
Key Management Personnel	Sri.V.Rajviridhan - Managing Director (from 29.01.2018)
	Mr.R.Vinothkumar - Chief Financial Officer (from 01.06.2019)
	Mr.R. Ravi - Company Secretary (From 16.08.2019)
	Mr.R. Ponmanikandan - Company Secretary (upto 30.07.2019)
Relatives of Key Management Personnel	Sri.B.Vijayakumar
	Smt. V. Rajsri
	Smt. D. Sasikala

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**
**b) Transactions during the year**
**Rs. in Lakhs**

S.No	Nature of Transactions	Name of the Payee	Description of Relationship	2019-20	2018-19
1	Managerial Remuneration	V.Rajvirdhan	Key Management Personnel	33.00	-
		R. Ravi		7.00	-
		R.Vinothkumar		3.52	-
		R.Ramakrishnan		-	7.60
		R.Ponmanikandan		1.60	7.34
2	Rent Payment	L.G. Balakrishnan & Bros. Limited	Companies in which directors are interested	49.69	42.86
3	DEPB Licence Sold	L.G. Balakrishnan & Bros. Limited	Companies in which directors are interested	-	53.54
4	Purchase of Power, Spares, Processing, Conversion, Service Charges Payments	L.G. Balakrishnan & Bros. Limited	Companies in which directors are interested	297.98	329.81
		Super Transports Private Limited		0.82	0.84
		ELGI Automative Services Private Limited		-	0.06
		South Western Engineering India Private Limited		-	0.70
5	Sales of Power, Stores, Materials and Service Charges	L.G. Balakrishnan & Bros. Limited	Companies in which directors are interested	288.34	1,238.91
		BCW V Tech India Private Limited			1.93
6	Sale of Assets	L.G. Balakrishnan & Bros. Limited	Companies in which directors are interested	5.95	0.06
7	Lease Payments	ELGI Automative Services Private Limited	Companies in which directors are interested	23.44	22.04

\*Managerial remuneration does not include contribution made by the company towards Gratuity and Leave Encashment as the incremental liability has been accounted by the company as a whole and separate details for individual employee is not available.

**c) Balances at the end of the Year**
**Rs. in Lakhs**

S.No	Particulars	2019-20	2018-19
1	Other Related Companies		
	Amount Payable as on 31.03.2020 / 31.03.2019	244.68	7.15
	Amount Receivable as on 31.03.2020 / 31.03.2019	146.76	248.29



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**
**45 RETIREMENT BENEFIT PLANS**
**Defined contribution Plans**

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the Provident fund as well as Employee State Insurance Fund.

The expense recognised during the period towards this defined contribution plan is 111.57 Lakhs (March 31, 2019 - 107.90 Lakhs).

**Defined benefit plans**
**(a) Gratuity**

Gratuity is payable as per Payment of Gratuity Act, 1972. In terms of the same, gratuity is computed by multiplying last drawn salary (basic salary including dearness Allowance if any) by completed years of continuous service with part thereof in excess of six months and again by 15/26. The Act provides for a vesting period of 5 years for withdrawal and retirement and a monetary ceiling on gratuity payable to an employee on separation, as may be prescribed under the Payment of Gratuity Act, 1972, from time to time. However, in cases where an enterprise has more favourable terms in this regard the same has been adopted.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The principal assumptions used for the purposes of the actuarial valuations of all divisions (other than Pondicherry division) were as follows:

Particulars	March 31, 2020	March 31, 2019
Mortality Table	Indian Assured Lives Mortality (2012-14) Ultimate	
Attrition Rate	5.00% p.a.	5.29% p.a.
Discount Rate	6.86% p.a.	7.77% p.a.
Rate of increase in compensation level	13.00% p.a. F5Y & 7.00% p.a. TA	13.00% p.a.
Rate of Return on Plan Assets	6.86% p.a.	7.77% p.a.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

The principal assumptions used for the purposes of the actuarial valuations of Pondicherry division were as follows:

Particulars	March 31, 2020	March 31, 2019
Mortality Table	Indian Assured Lives Mortality (2012-14) Ultimate	
Attrition Rate	10.00% p.a.	10.00% p.a.
Discount Rate	6.88% p.a.	7.77% p.a.
Rate of increase in compensation level	10.00% p.a.	10.00% p.a.
Rate of Return on Plan Assets	0.00% p.a.	0.00% p.a.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts recognised in profit and loss in respect of these defined benefit plans are as follows:

Particulars	March 31, 2020 Rs. Lakhs	March 31, 2019 Rs. Lakhs
Current service cost	11.64	6.71
Net interest expense on defined benefit obligations	6.41	5.13
Return on plan assets (excluding amounts included in net interest expense)	-	-
Components of defined benefit costs recognised in profit or loss	18.05	11.84
Remeasurement on the net defined benefit liability comprising:		
Return on plan assets (excluding amounts included in net interest expense)	(17.51)	1.90
Actuarial gains/losses arising from Demographic assumption changes	0.41	17.51
Actuarial gains/losses arising from changes in financial assumptions	13.76	(2.03)
Actuarial gains/losses arising from experience adjustments	(59.96)	(1.79)
Immediate recognition in Profit and Loss	-	-
Components of defined benefit costs recognised in other comprehensive income	(63.30)	15.58
<b>Total Defined Benefit Cost</b>	<b>(45.25)</b>	<b>27.42</b>

The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in profit or loss.

Net Asset/Liability recognised in Balance sheet in respect of Defined benefit plans are as follows:

Particulars	March 31, 2020 Rs. Lakhs	March 31, 2019 Rs. Lakhs
Present value of defined benefit obligation	128.30	158.22
Fair value of plan assets	(80.14)	(64.82)
Net liability/ (asset) arising from defined benefit obligation	48.16	93.40
Funded	48.16	93.40
Unfunded	-	-
	48.16	93.40

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

The above provisions are reflected under 'Provision for employee benefits- gratuity' (long-term provisions) [Refer note 18] and 'Provision for employee benefits- gratuity' (short-term provisions) [Refer note 22].

Movements in the present value of the defined benefit obligation in the current year were as follows:

Particulars	March 31, 2020 Rs. Lakhs	March 31, 2019 Rs. Lakhs
Defined benefit obligation as at the beginning of the year (Other than Pondicherry)	140.57	110.51
Defined benefit obligation as at the beginning of the year (Pondicherry)	17.65	17.36
Current service cost	11.64	6.71
Interest on Defined benefit Obligation	10.64	9.94
Actuarial (gains)/losses on plan obligation	(45.78)	13.69
Benefits paid	(6.41)	-
Defined benefit obligation as at the end of the year	128.31	158.21

Movements in the fair value of the plan assets in the current year were as follows:

Particulars	March 31, 2020 Rs. Lakhs	March 31, 2019 Rs. Lakhs
Fair value of plan assets as at the beginning of the year	64.82	61.91
Difference in opening Value	16.57	-
Interest Income	4.23	4.81
Return on plan assets	-	-
Contributions	-	-
Benefits paid	(6.41)	-
Actuarial gains/(loss)	0.94	(1.90)
Fair value of plan assets as at the end of the year.	80.14	64.82

**Sensitivity analysis**

Assumptions	Change	Impact on Liability
Discount rate	+100 basic points	115.04
	-100 basic points	143.96
Salary growth	+100 basic points	143.28
	-100 basic points	115.37
Attrition rate	+100 basic points	125.97
	-100 basic points	130.92
Mortality rate	+ 10 percentage	128.23

**b) Compensated absences**

The leave scheme is a final salary defined benefit plan, that provides for a lumpsum payment at the time of separation; based on scheme rules the benefits are calculated on the basis of last drawn salary and the leave count at the time of separation and paid as leave encashment.

The design entitles the following risk

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

Interest rate risk	The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Salary inflation risk	Higher than expected increases in salary will increase the defined benefit obligation.
Demographic risk	This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depend upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.

Amounts recognised in Profit and loss in respect of these defined benefit plans are as follows:

Particulars	March 31, 2020 Rs. Lakhs	March 31, 2019 Rs. Lakhs
Current service cost	12.73	5.55
Net interest expense	0.68	0.75
Return on plan assets (excluding amounts included in net interest expense)	-	-
Actuarial (gains)/losses recognised during the period	(1.32)	(5.86)
Components of defined benefit costs recognised in profit or loss	12.09	0.45
Remeasurement on the net defined benefit liability comprising:		
Return on plan assets (excluding amounts included in net interest expense)	-	-
Actuarial gains/losses arising from Demographic assumption changes	0.07	0.01
Actuarial gains/losses arising from changes in financial assumptions	3.03	(0.06)
Actuarial gains/losses arising from experience adjustments	(4.42)	(5.81)
Immediate recognition in Profit and Loss	1.32	5.86
Components of defined benefit costs recognised in other comprehensive income	-	-
<b>Total Defined Benefit Cost</b>	<b>12.09</b>	<b>0.45</b>

The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in profit or loss.

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

Particulars	March 31, 2020 Rs. Lakhs	March 31, 2019 Rs. Lakhs
Present value of defined benefit obligation	22.24	10.15
Fair value of plan assets	-	-
Net liability/ (asset) arising from defined benefit obligation	22.24	10.15
Funded	-	-
Unfunded	22.24	10.15
<b>Total</b>	<b>22.24</b>	<b>10.15</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

The above provisions are reflected under 'Provision for employee benefits- leave encashment' (long-term provisions) [Refer note 18] and 'Provision for employee benefits - leave encashment' (short-term provisions) [Refer note 22].

Movements in the present value of the Defined Benefit Obligation in the current year were as follows:

Particulars	March 31, 2020 Rs. Lakhs	March 31, 2019 Rs. Lakhs
Opening defined benefit obligation (Other than Pondicherry)	9.97	1.81
Opening defined benefit obligation (Pondicherry)	0.17	7.89
Current service cost	12.73	5.55
Interest cost	0.68	0.75
Actuarial (gains)/losses	(1.32)	(5.86)
Benefits paid	-	-
Closing defined benefit obligation	22.23	10.15

Movements in the fair value of the plan assets in the current year were as follows:

Opening fair value of plan assets	-	-
Acquisition Adjustment	-	-
Interest Income	-	-
Return on plan assets	-	-
Contributions	-	-
Benefits paid	-	-
Actuarial gains/(loss)	-	-
Others	-	-
Closing fair value of plan assets	-	-

Sensitivity analysis- Leave salary

Assumptions	Change	Impact on Liability
Discount rate	+100 basic points	19.92
	-100 basic points	25.16
Salary growth	+100 basic points	24.99
	-100 basic points	20.01
Attrition rate	+100 basic points	21.80
	-100 basic points	22.74
Mortality rate	+ 10 percentage	22.23

**46 Covid-19 Impact**

Nationwide lockdown, consequent to spread of Covid-19 pandemic had temporarily disrupted the operations of the Company. The manufacturing facilities and site executions during the period (March 23rd to March 31st, 2020) were inoperative, which alongwith the Covid impact globally (before the lockdown in India) impacted the revenues for the year. Estimated revenue impact during the period of 23.03.2020 to 31.03.2020 is Rs.500 lakhs (Approximately). Based on the internal and external informations up to the date approval of this financial statements, the company expects to recover the carrying amounts of its assets, trade receivables, contract assets and inventories. The Company will continue to monitor the future economic conditions and assess its impact on its financial statements.

47 Figures have been rounded of to the nearest Lakh and two decimals thereof.

48 The amounts and disclosures included in the financial statements of the previous year have been reclassified/ regrouped wherever necessary to conform to current year's classification.

Significant Accounting Policies 1

Notes on Financial Statements 2-48

The significant accounting policies and the accompanying notes form an integral part of the financial statements.

‘As per our Report of even date’

For **N.R.Doraiswami & Co.,**

Chartered Accountants

Firm Registration No.: 000771S

**SUGUNA RAVICHANDRAN**

Partner

Membership No.: 207893

For and on behalf of the Board of Directors

**V.RAJVIRDHAN**

Managing Director

DIN : 00156787

**R. VINOTH KUMAR**

Chief Financial Officer

**P.SHANMUGASUNDARAM**

Director

DIN : 00119411

**R. RAVI**

Company Secretary

Membership No. 23125

If Undelivered Please Return to :



## **LGB FORGE LIMITED**

Registered Office : 6/16/13, Krishnarayapuram Road,  
Ganapathy, Coimbatore - 641 006, India.

Tel : 0422 - 2532325, Fax : 0422 - 2532333

CIN : L27310TZ2006PLC012830

E-Mail : [info@lgb.co.in](mailto:info@lgb.co.in) Web site : [www.lgbforge.com](http://www.lgbforge.com)