



LOYAL Equipments limited.

Regd. Office & Works : Block No.: 33/34/35/1-2-3-4-5, Village : Zak,
Ta.: Dahegam, Dist : Gandhinagar - 382 330, GUJARAT, INDIA
Contact No.: +91 90990 39955
E-mail : Info@loyalequipments.com, www.loyalequipments.com
CIN NO. L29190GJ2007PLC050607

**ISO 9001 : 2015 Certified
ASME - U, U2, R & NB Certified**

Date: December 02, 2020

To,

**The Compliance Department,
B.S.E. Limited,
P. J. Towers, Dalal Street,
Fort, Mumbai – 400 001
Maharashtra, India.**

Dear Sir/Madam,

(Ref – Script Code: 539227, Loyal Equipments Limited)

**Sub: Submission of Annual Report as Regulation 34 of the Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015**


Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Kindly find attached the Annual Report of Loyal Equipments Limited for the year 2019-20 for your record.

Kindly take the above information on record and acknowledge the receipt.

Thanking you,

Yours Faithfully

FOR LOYAL EQUIPMENTS LIMITED


Authorized Signatory



Place – Dahegam

Enclosure – As above



LOYAL equipments limited

LOYAL EQUIPMENTS LIMITED

13TH ANNUAL REPORT

2019-20

CONTENT

Corporate Information.....	01
Board of Directors.....	02
Letter to the shareholders.....	04
Notice.....	05
Board Report.....	21
Extract of Annual Return.....	32
Contracts or Arrangements with Related Parties.....	41
Secretarial Audit Report.....	42
Management Discussion and Analysis Report.....	51
Report on Corporate Governance.....	58
Certificate on Corporate Governance.....	77
Standalone Financial Statements.....	78
Consolidated Financial Statements.....	123
CEO And CFO Certification.....	167

CORPORATE INFORMATION

Board of Directors

Mr. Rameshchandra Nathalal Patel
Mr. Alkesh Rameshchandra Patel
Mrs. Jyotsanaben Rameshchandra Patel
Mr. Babubhai Patel
Mr. Girish Nathubhai Desai
Mr. Kalpesh Lalitchandra Joshi

Chairman cum Whole Time Director
Managing Director
Whole Time Director
Non-Executive Independent Director
Non-Executive Independent Director
Non-Executive Independent Director

Contact Person for Investors

Mrs. Akanksha Aswani
Company Secretary and Compliance Officer

Block No. 35/1-2-3-4, Village Zak,
Dahegam, Gujarat-382330, India
Tel No.: +91-2718-247236,
Fax No.: +91-2716-269033
E-mail: cs@loyalequipments.com
Website: www.loyalequipments.com

Registrar and Share Transfer Agent

Link Intime India Private Limited
C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai
- 400083.

Website: www.linkintime.co.in
Email: rnt.helpdesk@linkintime.co.in
Contact No. – 022-49186060
SEBI Regn. No. INR000004058

Chief Financial Officer

Mr. Amitkumar Chandubhai Patel

Company Secretary & Compliance Officer

Mrs. Akanksha Aswani

Registered Office

Block No. 35/1-2-3-4, Village Zak,
Dahegam, Gujarat-382330, India
Tel No.: +91-2718-247236, +91-2716-269399,
Fax No.: +91-2716-269033
E-mail: cs@loyalequipments.com ;
Website: www.loyalequipments.com
CIN: L29190GJ2007PLC050607

Depositories

National Securities Depository Limited
Central Depository Services (India) Limited

Statutory Auditor

M/S. A Y & Company,
Chartered Accountants
404, Fourth Floor, ARG Corporate Park,
Gopalbari, Ajmer Road,
Jaipur – 302006, Rajasthan, India
Tel No.: +91-9649687300
E-mail: info@aycompany.co.in
Contact Person: CA Arpit Gupta

Secretarial Auditor

M/s Sharma Vivek & Associates,
Practicing Company Secretaries
D-54, Chomu House, C-Scheme,
Jaipur-302001, Rajasthan
Tel No.: +91-9001637075
E-mail: csviveksharma9@gmail.com

Shares Listed at

BSE Limited
P.J. Tower, Dalal Street, Fort,
Mumbai – 400001, Maharashtra, India

Bankers

Kotak Mahindra Bank Limited

BOARD OF DIRECTORS

Mr. Rameshchandra Nathalal Patel, Chairman & Whole Time Director (DIN: 01307699)

Mr. Rameshchandra Nathalal Patel is the Chairman & Whole Time Director of our Company. He has been on the Board since incorporation. He has more than 45 years of experience in the equipments manufacturing sector. He has experience of working in equipments manufacturing Company i.e. Ingersoll Rand India Limited for a period of 20 years at an initial stage. Under his dynamic leadership and vast experience, he is able to deliver constant value to our Company's projects and expansion strategy. He has overall experience of 45 Years in the business activities such as manufacturing of equipment for petro-chemicals and chemical plants, power plants, fertilizers and gas processing plants, petroleum refineries and compressor industries, pharmaceutical plants, dairy plants. Being an early starter he has worked on almost all levels of the organization which helps him understand and handle major functions of our Company. His varied experience and varied helps us work united towards the same goals of the vision set by the management. Under his guidance our Company witnessed continued growth.



Mr. Alkesh Rameshchandra Patel, Managing Director (DIN: 02672297)



Mr. Alkesh Rameshchandra Patel is the Managing Director of our Company. He has been on the Board since incorporation. He has more than 27 years of experience in the equipments manufacturing sector. He started his initial stage in field of technician and got certificate for completing the course in Maintenance Technician from Technical Examination Board, Gujarat. Having active involvement in activities of the Company including manufacturing, designing, and development of customize product and marketing of all equipments manufactured. His dynamism helps us cope with the work pressures efficiently and effectively and in execution of all operations specifically related to production and business activities of our Company.

Mrs. Jyotsanaben Rameshchandra Patel, Whole Time Director (DIN: 01307770)

Mrs. Jyotsanaben Rameshchandra Patel is the Whole Time Director of our Company. She is one of the founder promoters of our Company. She is having sound and rich experience of our Industry and she looks after overall administration and co-ordination of the Company.





Mr. Babubhai Patel, Non-Executive & Independent Director (DIN: 00116495)

Mr. Babubhai Patel is Non-Executive & Independent of the Company with having degree in Economics and Law along with masters in Labour Welfare from Gujarat University and Diploma in Personnel Management from London School of Economics and Political Science. He has experience of 60 years in field of Human Resource Management. He was Secretary General with Gujarat Chamber of Commerce and Industry and was Member on Board of Directors of Ahmedabad Stock Exchange Limited.

Mr. Girish Nathubhai Desai, Non- Executive & Independent Director (DIN: 02824731)

Mr. Girish Nathubhai Desai is Non-Executive & Independent of the Company and is Graduate in field of Mechanical Engineering from Gujarat University with having 50 years of experience in field of designing material management, projects and operation in managerial cadre. He has a vast experience in equipment manufacturing industry.



Mr. Kalpesh Lalitchandra Joshi, Non-Executive & Independent Director (DIN: 07210197)

Mr. Kalpesh Lalitchandra Joshi is Non-Executive & Independent of the Company with having 25 years of experience in field of equipment manufacturing industry. He has vast experience in purchase, supply chain and strategic sourcing and international sourcing function of pressure vessels. Also he has experience of structural fabrication, piping, and storage tanks manufacturing.



Alkesh Rameshchandra Patel, Managing Director

Dear Member(s),

With great pleasure, I welcome you to the 13th Annual General Meeting of Your Company held through virtual mode.

We have come along one more year of moving ahead in emerging opportunities in global and domestic markets. Incorporated in 2007, the Company has come a long way of thirteen years from the year of Incorporation to successful completion of BSE Listing of five years.

Today in the situations where whole of the world is suffering from pandemic crisis, the impact can be seen in every industry including our industry also. The world is going through an unprecedented crisis of Covid-19 pandemic and we are evaluating our company's performance and future at the middle of this biggest crisis. Further the financial impact of the crisis can be seen in the year 2019-20, as your company has reached the turnover of Rs.33.45 Crores which is decrease from previous year.

To proceed, the Board believes that the Company will need to follow a very sharp business strategy so that it will possible for the Company to compete with the crisis and overcome the situations. The endeavour of the Company's management is always striving towards the optimal results and strengthening the relationship with the society. With your support, I am confident of leveraging opportunities and overcoming challenges to report exciting success in the coming times.

At the close, I would like to thank the entire team at Loyal Equipments Limited for an outstanding year which is reflective of their efforts, dedication and commitment to success.

I would like to place on record my sincere appreciation to the Board of Directors for their guidance. I would like to express my gratitude to all our stakeholders for their continuing faith in the Company and I look forward for their support, trust and confidence.

Please do take care of yourself and your family and stay safe.

Wish best wishes
Sincerely

Alkesh Rameshchandra Patel
Managing Director
December 01, 2020

NOTICE

Notice is hereby given that the thirteen Annual General Meeting of the members of Loyal Equipments Limited will be held on Saturday, December 26, 2020 at 11.00 IST through Video Conferencing ('VC') / other Audio-Visual Means ('OAVM') to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt

- a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2020, together with the Reports of the Board of Directors and the Auditors thereon; and
- b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2020, together with the Reports of the Auditors thereon; and

2. To appoint a Director in place of Mr. Rameshchandra Nathalal Patel (DIN-01307699) who retires by rotation and, being eligible, offers himself for re-appointment.

“**RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Rameshchandra Nathalal Patel (DIN-01307699) who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

SPECIAL BUSINESS:

3. Re-appointment of Mr. Rameshchandra Nathalal Patel (DIN-01307699) as the Chairman & Whole-time Director of the Company for a period of five (5) years.

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, as amended from time to time and its rules made thereunder read with Schedule V of the Companies Act 2013, (including any statutory modification(s) or reenactment thereof for the time being in force) and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Rameshchandra Nathalal Patel (DIN-01307699) be and is hereby re-appointed as the Chairman & Whole-time Director of the Company in the board meeting held on June 10, 2020 subject to approval of member in this general meeting for a period of five (5) years with effect from June 11, 2020 to June 10, 2025 on the terms and conditions of appointment as decided by Board. The consent of the members be and is hereby accorded to re-appoint/continue the Directorship of Mr. Rameshchandra Nathalal Patel, who is being re-appointed as the Chairman & Whole-time Director of the Company, for a second term of five consecutive years.

RESOLVED FURTHER THAT all other existing terms and condition of appointment and remuneration shall remain unchanged unless otherwise modified by the Board of Directors of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary for obtaining necessary approvals in relation to the above and to execute all such documents, instruments and writings as may be required in this connection and to delegate all or any of its powers herein conferred to any Director, Company Secretary or any other officer(s) of the Company”.

4. Re-appointment of Mrs. Jyotsana Rameshchandra Patel (DIN-01307770) as the Whole-time Director of the Company for a period of five (5) years.

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, as amended from time to time and its rules made thereunder read with Schedule V of the Companies Act 2013, (including any statutory modification(s) or reenactment thereof for the time being in force) and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mrs. Jyotsana Rameshchandra Patel (DIN-01307770) be and is hereby re-appointed as the Whole-time Director of the Company in the board meeting held on June 10, 2020 subject to approval of member in this general meeting for a period of five (5) years with effect from June 11, 2020 to June 10, 2025 on the terms and conditions of appointment as decided by Board. The consent of the members be and is hereby accorded to re-appoint/continue the Directorship of Mrs. Jyotsana Rameshchandra Patel, who is being re-appointed as the Whole-time Director of the Company, for a second term of five consecutive years.

RESOLVED FURTHER THAT all other existing terms and condition of appointment and remuneration shall remain unchanged unless otherwise modified by the Board of Directors of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary for obtaining necessary approvals in relation to the above and to execute all such documents, instruments and writings as may be required in this connection and to delegate all or any of its powers herein conferred to any Director, Company Secretary or any other officer(s) of the Company”.

5. Re-appointment of Mr. Alkesh Rameshchandra Patel (DIN-02672297) as the Managing Director of the Company for a period of five (5) years.

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, as amended from time to time and its rules made thereunder read with Schedule V of the Companies Act 2013, (including any statutory modification(s) or reenactment thereof for the time being in force) and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Mr. Alkesh Rameshchandra Patel (DIN-02672297) be and is hereby re-appointed as the Managing Director of the Company in the board meeting held on June 10, 2020 subject to approval of member in this general meeting for a period of five (5) years with effect from June 11, 2020 to June 10, 2025 on the terms and conditions of appointment as decided by Board. The consent of the members be and is hereby accorded to re-appoint/continue the Directorship of Mr. Alkesh Rameshchandra Patel, who is being re-appointed as the Managing Director of the Company, for a second term of five consecutive years.

RESOLVED FURTHER THAT all other existing terms and condition of appointment and remuneration shall remain unchanged unless otherwise modified by the Board of Directors of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary for obtaining necessary approvals in relation to the above and to execute all such documents, instruments and writings as may be required in this connection and to delegate all or any of its powers herein conferred to any Director, Company Secretary or any other officer(s) of the Company”.

6. Re-appointment of Mr. Babubhai Bhulabhai Patel as an Independent Director of the Company for a period of five (5) years.

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 as amended from time to time and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modifications(s) or reenactment thereof for the time being in force), the relevant provisions of SEBI (LODR) Regulations, 2015, Mr. Babubhai Bhulabhai Patel (DIN 00116495), who has given his consent for the re-appointment and has submitted a declaration that he meets the criteria for independence under Section 149 of the Act and the applicable regulation of SEBI (LODR) Regulations, 2015 and also declared that he has not been debarred from holding the office of director or continuing as a director of company by SEBI/ MCA or any other authority in India or abroad and is eligible for re-appointment and whose re-appointment has been recommended by the Nomination and Remuneration Committee and by the Board of Directors of the Company in the board meeting held on June 10, 2020 subject to approval of member in this general meeting for a period of five (5) years with effect from June 11, 2020 to June 10, 2025. The consent of the members be and is hereby accorded to re-appoint/continue the Directorship of Mr. Babubhai Bhulabhai Patel, who is being re-appointed as an Independent Director of the Company, for a second term of five consecutive years.

RESOLVED FURTHER THAT the Board of Directors, the Chief Financial Officer or the Company Secretary be and are hereby severally Authorised to take such steps and do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to this Resolution.”

7. Re-appointment of Mr. Girish Nathubhai Desai as an Independent Director of the Company for a period of five (5) years.

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 as amended from time to time and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modifications(s) or reenactment thereof for the time being in force), the relevant provisions of SEBI (LODR) Regulations, 2015, Mr. Babubhai Bhulabhai Patel (DIN 00116495), who has given his consent for the re-appointment and has submitted a declaration that he meets the criteria for independence under Section 149 of the Act and the applicable regulation of SEBI (LODR) Regulations, 2015 and also declared that he has not been debarred from holding the office of director or continuing as a director of company by SEBI/ MCA or any other authority in India or abroad and is eligible for re-appointment and whose re-appointment has been recommended by the Nomination and Remuneration Committee and by the Board of Directors of the Company, in the board meeting held on June 10, 2020 subject to approval of member in this general meeting for a period of five (5) years with effect from June 11, 2020 to June 10, 2025. The consent of the members be and is hereby accorded to re-appoint/continue the Directorship of Mr. Girish Nathubhai Desai, who is being re-appointed as an Independent Director of the Company, for a second term of five consecutive years.

RESOLVED FURTHER THAT the Board of Directors, the Chief Financial Officer or the Company Secretary be and are hereby severally Authorised to take such steps and do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to this Resolution.”

8. Re-appointment of Mr. Kalpesh Lalitchandra Joshi as an Independent Director of the Company for a period of five (5) years.

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 as amended from time to time and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modifications(s) or reenactment thereof for the time being in force), the relevant provisions of SEBI (LODR) Regulations, 2015, Mr. Kalpesh Lalitchandra Joshi (DIN 07210197), who has given his consent for the re-appointment and has submitted a declaration that he meets the criteria for independence under Section 149 of the Act and the applicable regulation of SEBI (LODR) Regulations, 2015 and also declared that he has not been debarred from holding the office of director or continuing as a director of company by SEBI/ MCA or any other authority in India or abroad and is eligible for re-appointment and whose re-appointment has been recommended by the Nomination and Remuneration Committee and by the Board of Directors of the Company in the board meeting held on June 10, 2020 subject to approval of member in this general meeting for a period of five (5) years with effect from June 11, 2020 to June 10, 2025. The consent of the members be and is hereby accorded to re-appoint/continue the Directorship of Mr. Kalpesh Lalitchandra Joshi, who is being re-appointed as an Independent Director of the Company, for a second term of five consecutive years years.

RESOLVED FURTHER THAT the Board of Directors, the Chief Financial Officer or the Company Secretary be and are hereby severally Authorised to take such steps and do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to this Resolution.”

**By order of the Board of Directors
For Loyal Equipments Limited**

Sd/-

**Akanksha Aswani
Company Secretary**

Place – Gandhinagar, Gujarat

Date – December 01, 2020

NOTES:

1. Explanatory Statement pursuant to Section 102 of the Act relating to Items nos. 3, 4, 5, 6, 7 and 8 of the Notice of the 13th AGM, is annexed hereto. Also, relevant details in respect of Directors seeking re-appointment at the AGM, in terms of Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Clause 1.2.5 of Secretarial Standard – 2 on General Meetings are also annexed to this notice.
2. In view of the outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and Ministry of Corporate Affairs (“MCA”) has vide its General Circular No. 20/ 2020 dated 5th May, 2020, read with General Circular No. 14/ 2020 dated 8th April, 2020 and General Circular No. 17/ 2020 dated 13th April, 2020 (collectively referred to as “said Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Shareholders at a common venue. Accordingly, in compliance with the applicable provisions of the Companies Act, 2013 (“Act”) read with the said Circulars and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the Company has decided to convene its ensuing 13th AGM through VC/ OAVM and the Shareholders can attend and participate in the ensuing AGM through VC/ OAVM.
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. However, since this AGM is being held through VC/ OAVM, whereby physical attendance of Shareholders has been dispensed with and in line with the said Circulars read with Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 (“said

SEBI Circular”) issued by the Securities and Exchange Board of India (“SEBI”), THE FACILITY TO APPOINT A PROXY TO ATTEND AND CAST VOTE FOR THE SHAREHOLDER IS NOT MADE AVAILABLE FOR THIS 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 113 of the Act read with the said Circulars, Corporate Members are entitled to appoint their authorized representatives to attend the AGM through VC/ OAVM on their behalf and participate thereat, including cast votes by electronic means (details of which are provided separately, herein below). Such Corporate Members are requested to refer ‘General Guidelines for Shareholders’ provided in the Point No. 8 herein below, for more information.

4. The Shareholders can join the AGM in the VC/ OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned herein below in the Notice. The facility of participation at the AGM through VC/ OAVM will be made available for 1,000 Shareholders on ‘first come first serve’ basis. This will not include large Shareholders (i.e. Shareholders holding 2% or more), 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 serve’ basis.
5. The attendance of the Shareholders attending the AGM through VC/ OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. In view of the outbreak of the COVID-19 pandemic, resultant difficulties involved in dispatching of physical copies of the Annual Report and in line with the said Circulars issued by the MCA and said SEBI Circular, the Annual Report including Notice of the 13th AGM of the Company inter alia indicating the process and manner of e-voting is being sent only by Email, to all the Shareholders whose Email IDs are registered with the Company/ Depository Participant(s) for communication purposes to the Shareholders and to all other persons so entitled. Further, in terms of the applicable provisions of the Act, SEBI Listing Regulations read with the said Circulars issued by MCA and said SEBI Circular, the Annual Report including Notice of the 13th AGM of the Company will also be available on the website of the Company at www.loyalequipments.com. The same can also be accessed from the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com respectively and on the website of CDSL i.e. www.evotingindia.com.
7. Brief Resume of the Director(s) seeking re-appointment, as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 {SEBI (LODR) Regulations, 2015} and Secretarial Standard on General Meeting (SS-2) as amended issued by the Institute of Company Secretaries of India (ICSI) is annexed hereto and forms part of Notice.
8. Members joining the meeting through VC who have not already cast their vote by means of remote e-voting shall be able to exercise their right to vote through e-voting at the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also join the AGM through VC but shall not be entitled to cast their vote again.
9. The Register of Members and Share Transfer Books of the Company will remain closed from Sunday, December 20, 2020 to Saturday, December 26, 2020 (both days will be inclusive).
10. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their depository participant (DP). Changes intimated to the DP will then be automatically reflected in the Company’s records which will help the Company and the Company’s Registrars and Transfer Agents, Link Intime India Private Limited (‘the RTA’) to provide efficient and better services.

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 are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts.

11. Members seeking any information with regard to the accounts, are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the AGM.
12. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified.
13. **DOCUMENTS OPEN FOR INSPECTION**
 - (i) All the documents referred to in the accompanying notice and the statement pursuant to Section 102(1) of the Companies Act, 2013 shall be available for inspection through electronic mode without any fee by the members from the date of circulation of this Notice up to the date of AGM. Members are requested to write to the Company for inspection of said documents; and
 - (ii) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act and relevant documents referred to in this Notice of AGM and explanatory statement, will be available electronically for inspection by the members during the AGM, upon login to <https://instameet.linkintime.co.in>
14. The Company’s Registrar and Transfer Agent for its Share Registry Work (Physical and Electronic) is Link Intime India Private Limited having their office at C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083.
15. There is no record date for the purpose of Dividend as the same is not recommended by the Board of Directors for the financial year 2019-20.
16. **Electronic dispatch of Annual Report and process for registration of email id for obtaining copy of Annual Report:** In compliance with the aforementioned MCA and SEBI Circulars, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Registrar and Share Transfer Agent/Depository Participant. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company’s website www.loyalpequipments.com, websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and on the website of Link Intime India Private Limited <https://www.linkintime.co.in>. Members can attend and participate in the Annual General Meeting through VC/OAVM facility only

VOTING THROUGH ELECTRONIC MEANS:

17. In terms of the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 (as amended from time to time) and Regulation 44 of the SEBI Listing Regulations and the said Circulars, the Company is pleased to provide the facility of “e-voting” to its Shareholders, to enable them to cast their votes on the resolutions proposed to be passed at the AGM, by electronic means. The instructions for e-voting are given herein below. The Company has engaged the services of Central Depository Securities Limited (“CDSL”), who will provide the e-voting facility of casting votes to a Shareholder using remote e-voting system (e-voting from a place other than venue of the AGM) (“remote e-voting”) as well as e-voting during the proceeding of the AGM (“e-voting at the AGM”).

Further, in accordance with Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, the Company has fixed Saturday, December 19, 2020 as the “cut-off date” to determine the eligibility to vote by remote e-voting or e-voting at the AGM.

18. A person whose name is 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. Saturday, December 19, 2020, shall be entitled to avail the facility of remote e-voting or e-voting at the AGM. Only those Shareholders, who will be present at the AGM through VC/ OAVM facility and who would not have cast their vote by remote e-voting prior to the AGM and are otherwise not barred from doing so, shall be eligible to vote through e-voting system at the AGM.

19. **The instructions for shareholders voting electronically are as under:**

(i) The voting period begins on Wednesday, December 23, 2020 from 9.00 A.M and ends on Friday, December 25, 2020 at 5.00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date on Saturday, December 19, 2020, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. The e-voting module shall be disabled by CDSL for voting thereafter.

A. Members whose e-mail address are registered with the Company / Depository Participants will receive an email from CDSL Informing your ID and password:

1. Open e-mail and open PDF file viz., “remote e- voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.

2. Launch internet browser by typing the following: URL: <https://www.evotingindia.com>

3. Click on Shareholders/Member- Login

4. If you are already registered with CDSL for e-voting, then you can use your existing user ID and password for casting your vote.

5. If you are logging in for the first time, please enter the User ID and password provided in the pdf file attached with the e-mail as initial password. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.

6. Now Enter your User ID

For CDSL: 16 digits beneficiary ID,

For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

Members holding shares in Physical Form should enter Folio Number registered with the Company.

7. Next enter the Image Verification as displayed and Click on Login.

8. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

9. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<ul style="list-style-type: none"> • 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 6.

10. After entering these details appropriately, click on “SUBMIT” tab.
11. Members holding shares in physical form will then directly reach the Company selection screen. However, members 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.
12. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
13. Click on the EVSN for Loyal Equipments Limited for voting.
14. 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.
15. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
16. 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.
17. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
18. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
19. If a 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.
20. Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

21. Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - 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.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - 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.
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, under help section or write an email to helpdesk.evoting@cdslindia.com
23. Any person who acquired shares of the company and becomes shareholders of the company after dispatch of the Notice of AGM and holds shares as of the cut-off date i.e. Saturday, December 19, 2020, may obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com of Issuer/RTA.
24. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off dated Saturday, December 19, 2020
25. The board of directors has appointed Mr. Arpit Gupta (Membership No. - 421544), Practicing Chartered Accountants, Partner of M/s A Y & Company (Formerly Known as M/s Arpit R Gupta & Company) (404, Forth Floor, ARG Corporate Park, Ajmer Road, Gopalbari Jaipur-302006, Rajasthan, India) as the Scrutinizer to scrutinize the voting at the meeting and remote e-voting process in a fair and transparent manner.
26. The Scrutinizer shall after the conclusion of voting at the general meeting will first count the votes cast at the meeting and thereafter 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, not later than three days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favor or against, if any to the chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
27. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.loyalpequipments.com and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to Stock Exchange.
28. The entire Annual Report is also available on the Company’s website www.loyalequipments.com.

**By order of the Board of Directors
For Loyal Equipments Limited**

Sd/-

**Akanksha Aswani
Company Secretary**

**Place – Dahegam, Gandhinagar
Date – December 01, 2020**

BRIEF RESUME OF THE DIRECTOR(S) SEEKING RE-APPOINTMENT AT THE 13TH ANNUAL GENERAL MEETING TO BE HELD AT DECEMBER 26, 2020.

Particulars	Mr. Rameshchandra Nathalal Patel	Mr. Alkesh Rameshchandra Patel	Mrs. Jyotsanaben Rameshchandra Patel
Date of Birth	23/10/1946	09/12/1970	18/10/1948
Date of Appointment	13/06/2015	13/06/2015	13/06/2015
Qualifications	Senior Higher Secondary	Senior Higher Secondary & Certification course in Maintenance Technician	9 th Class
Expertise in specific functional areas	Mr. Rameshchandra Nathalal Patel is the Chairman & Whole Time Director of our Company. He is one of the founder promoters of our Company. He has overall experience of 45 Years in the business activities such as manufacturing of equipment.	Mr. Alkesh Rameshchandra Patel is the Managing Director of our Company. He has more than 27 years of experience in the equipments manufacturing sector. Having active involvement in activities of the Company including manufacturing, designing, and development of customize product and marketing of all equipments manufactured.	Mrs. Jyotsanaben Rameshchandra Patel is the Whole Time Director of our Company. She is one of the founder promoters of our Company. She is having sound and rich experience of our Industry.
Directorships held in other listed companies (excluding foreign companies and Section 8 companies)	None	None	None
Memberships/ Chairmanships of committees of other public companies (includes only Audit Committee and Stakeholders' Relationship Committee.)	None	None	None
Number of shares held in the Company	21,00,000	20,99,940	33,00,000
Relationships with other Directors, Manager and other Key Managerial personnel	The appointee and Managing Director related to each other as Father and Son and appointee with other Whole Time Director as Husband and Wife.	The appointee and Whole-time Directors related to each other as Son and Father & Mother	The appointee and Managing Director related to each other as Mother and Son and appointee with other Whole Time Director as wife and husband.
Details of remuneration paid / sought to be paid	Rs. 5,00,000 per month	Rs. 8,00,000 per month	Rs. 1,00,000 per month
Number of meetings of the Board attend during the year	The number of meetings of the Board attended during the year are mentioned in the Corporate Governance	The number of meetings of the Board attended during the year are mentioned in the Corporate Governance	The number of meetings of the Board attended during the year are mentioned in the Corporate Governance

	Report forming part of Annual Report of the Company for the financial year 2019-20.	Report forming part of Annual Report of the Company for the financial year 2019-20.	Report forming part of Annual Report of the Company for the financial year 2019-20.
DIN	01307699	02672297	01307770

Particulars	Mr. Babubhai Bhulabhai Patel	Mr. Girish Nathubhai Desai	Mr. Kalpesh Lalitchandra Joshi
Date of Birth	05/04/1939	15/01/1948	13/10/1967
Date of Appointment	11/06/2015	11/06/2015	13/06/2015
Qualifications	Bachelor Degree in Economics, Masters in Labour Welfare and Diploma in Personnel Management.	Bachelors in Mechanical Engineering	Bachelors in Mechanical Engineering
Expertise in specific functional areas	Mr. Babubhai Bhulabhai Patel is Non-Executive & Independent of the Company with having degree in Economics and Law along with masters in Labour Welfare from Gujarat University and Diploma in Personnel Management from London School of Economics and Political Science. He has experience of 60 years in field of Human Resource Management.	Mr. Girish Nathubhai Desai is Non-Executive & Independent of the Company and is Graduate in field of Mechanical Engineering from Gujarat University with having 50 years of experience in field of designing material management, projects and operation in managerial cadre.	Mr. Kalpesh Lalitchandra Joshi is Non-Executive & Independent of the Company with having 25 years of experience in field of equipment manufacturing industry. He has vast experience in purchase, supply chain and strategic sourcing and international sourcing function of pressure vessels.
Directorships held in other listed companies (excluding foreign companies and Section 8 companies)	None	None	1
Memberships/ Chairmanships of committees of other public companies (includes only Audit Committee and Stakeholders' Relationship Committee.)	None	None	3
Number of shares held in the Company	Nil	Nil	Nil
Relationships with other Directors, Manager and other Key Managerial personnel	Nil	Nil	Nil

Details of remuneration paid / sought to be paid	Nil	Nil	Nil
Number of meetings of the Board attend during the year	The number of meetings of the Board attended during the year are mentioned in the Corporate Governance Report forming part of Annual Report of the Company for the financial year 2019-20.	The number of meetings of the Board attended during the year are mentioned in the Corporate Governance Report forming part of Annual Report of the Company for the financial year 2019-20.	The number of meetings of the Board attended during the year are mentioned in the Corporate Governance Report forming part of Annual Report of the Company for the financial year 2019-20.
DIN	00116495	02824731	07210197

EXPLANATORY STATEMENT
(Pursuant to Section 102 of the Companies Act, 2013)

Item No. 3

Mr. Rameshchandra Nathalal Patel (DIN: 01307699) was appointed as Chairman & Whole-time Director for a period of five years effective from June 13, 2015. His first term therefore comes to an end on June 12, 2020. Mr. Rameshchandra Nathalal Patel was reappointed as Chairman & Whole-time Director in Board meeting held on June 10, 2020 for a further period of 5 (five) years from June 11, 2020 to June 10, 2025 subject to approval of members in ensuring general meeting.

Considering the valuable contribution, commitment, guidance and services being rendered by Mr. Rameshchandra Nathalal Patel for the sustained growth of the Company, it is proposed to seek members' approval for the re-appointment and continuance of Mr. Rameshchandra Nathalal Patel as Chairman & Whole-time Director of the Company on the same remuneration as decided by nomination and remuneration committee.

Mr. Rameshchandra Nathalal Patel, Mr. Alkesh Rameshchandra Patel and Mrs. Jyotsana Rameshchandra Patel are interested in the resolution. The relatives of Mr. Rameshchandra Nathalal Patel may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Director/Key Managerial Personnel of the Company/their relatives are, interested, financially or otherwise, in the resolution.

The Board commends the Special Resolution set out at Item No. 3 of the Notice for approval by the members.

Item No. 4

Mrs. Jyotsanaben Rameshchandra Patel (DIN: 01307700) was appointed as Whole-time Director for a period of five years effective from June 13, 2015. His first term therefore comes to an end on June 12, 2020. Mrs. Jyotsanaben Rameshchandra Patel was reappointed as Whole-time Director in Board meeting held on June 10, 2020 for a further period of 5 (five) years from June 11, 2020 to June 10, 2025 subject to approval of members in ensuring general meeting.

Considering the valuable contribution, commitment, guidance and services being rendered by Mrs. Jyotsanaben Rameshchandra Patel for the sustained growth of the Company, it is proposed to seek members' approval for the re-appointment and continuance of Mrs. Jyotsanaben Rameshchandra Patel as Whole-time Director of the Company on the same remuneration as decided by nomination and remuneration committee.

Mrs. Jyotsana Rameshchandra Patel, Mr. Rameshchandra Nathalal Patel and Mr. Alkesh Rameshchandra Patel are interested in the resolution. The relatives of Mrs. Jyotsanaben Rameshchandra Patel may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Director/Key Managerial Personnel of the Company/their relatives are, interested, financially or otherwise, in the resolution.

The Board commends the Special Resolution set out at Item No. 4 of the Notice for approval by the members.

Item No. 5

Mr. Alkesh Rameshchandra Patel (DIN: 02672297) was appointed as Managing Director for a period of five years effective from June 13, 2015. His first term therefore comes to an end on June 12, 2020. Mr. Alkesh Rameshchandra Patel was reappointed as Managing Director in Board meeting held on June 10, 2020 for a further period of 5 (five) years from June 11, 2020 to June 10, 2025 subject to approval of members in ensuring general meeting.

Considering the valuable contribution, commitment, guidance and services being rendered by Mr. Alkesh Rameshchandra Patel for the sustained growth of the Company, it is proposed to seek members' approval for the re-appointment and continuance of Mr. Alkesh Rameshchandra Patel as Managing Director of the Company on the same remuneration as decided by nomination and remuneration committee.

Mr. Alkesh Rameshchandra Patel, Mr. Rameshchandra Nathalal Patel and Mrs. Jyotsana Rameshchandra Patel are interested in the resolution. The relatives of Mr. Alkesh Rameshchandra Patel may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Director/Key Managerial Personnel of the Company/their relatives are, interested, financially or otherwise, in the resolution.

The Board commends the Special Resolution set out at Item No. 5 of the Notice for approval by the members.

Item No. 6

As per the provisions of Sections 149, 152 & Schedule IV of the Companies Act, 2013 read with the relevant Rules thereunder as amended, the Company had appointed Mr. Babubhai Bhulabhai Patel as an Independent Directors at the EGM of the Company held on June 11, 2015 for a term of 5 years and their term ends at the June 10, 2020.

As the above-named Independent Directors shall be completing their first term of appointment and they are eligible for re-appointment for another term of five consecutive years in the Board Meeting held on June 10, 2020 subject to approval of the Members by Special Resolution in ensuring general meeting. The abovenamed Independent Directors have consented to their re-appointment and confirmed that they are not disqualified from being appointed as an Independent Director in terms of Section 164 of the Act. The Company has also received the declarations from the said Directors stating that they meet all the criteria of Independence, as prescribed under Section 149(6) of the Act and under Regulation 16 (b) of SEBI (LODR) Regulations, 2015 and they are not been debarred from holding the office of director or continuing as a director of company by SEBI/MCA or any other authority in India or abroad.

Based on the performance evaluation of the Independent Directors, the Nomination & Remuneration Committee and the Board of Directors of the Company at their Meeting held on June 10, 2020 have recommended the reappointment of the afore said persons as an Independent Director for a second term of five consecutive years effective from June 11, 2020 to June 10, 2025. During their tenure of appointment, they shall not be liable to retire by rotation as provided under Section 152(6) of the Companies Act, 2013. In the opinion of the Board, they fulfil the conditions for re-appointment as Independent Directors and they are independent of the Management.

Brief resume of above Independent Directors, nature of their expertise in specific function areas and names of companies in which they hold directorship and memberships/ chairmanships of the Board Committees, shareholding and relationships between directors inter-se as stipulated under SEBI (LODR) Regulations, 2015, are provided in the Annexure to this Notice, which is forming part of the Annual Report.

None of the Directors or Key Managerial Personnel of the Company and their relatives other than the concerned Independent Directors are in anyway deemed to be concerned or interested, financially or otherwise, in the Resolutions as set out in Item No. 6 of the Notice.

The Board recommends the Special Resolutions as set out in Item No. 6 of the Notice for approval of the Member.

Item No. 7

As per the provisions of Sections 149, 152 & Schedule IV of the Companies Act, 2013 read with the relevant Rules thereunder as amended, the Company had appointed Mr. Girish Nathubhai Desai as an Independent Directors at the EGM of the Company held on June 11, 2015 for a term of 5 years and their term ends at the June 10, 2020.

As the above-named Independent Directors shall be completing their first term of appointment and they are eligible for re-appointment for another term of five consecutive years in Board Meeting held on June 10, 2020 subject to approval of the Members by Special Resolution in ensuring general meeting. The abovenamed Independent Directors have consented to their re-appointment and confirmed that they are not disqualified from being appointed as an Independent Director in terms of Section 164 of the Act. The Company has also received the declarations from the said Directors stating that they meet all the criteria of Independence, as prescribed under Section 149(6) of the Act and under Regulation 16 (b) of SEBI (LODR) Regulations, 2015 and they are not been debarred from holding the office of director or continuing as a director of company by SEBI/MCA or any other authority in India or abroad.

Based on the performance evaluation of the Independent Directors, the Nomination & Remuneration Committee and the Board of Directors of the Company at their Meeting held on June 10, 2020 have recommended the reappointment of the afore said persons as an Independent Director for a second term of five consecutive years effective from June 11, 2020 to June 10, 2025. During their tenure of appointment, they shall not be liable to retire by rotation as provided under Section 152(6) of the Companies Act, 2013. In the opinion of the Board, they fulfil the conditions for re-appointment as Independent Directors and they are independent of the Management.

Brief resume of above Independent Directors, nature of their expertise in specific function areas and names of companies in which they hold directorship and memberships/ chairmanships of the Board Committees, shareholding and relationships between directors inter-se as stipulated under SEBI (LODR) Regulations, 2015, are provided in the Annexure to this Notice, which is forming part of the Annual Report.

None of the Directors or Key Managerial Personnel of the Company and their relatives other than the concerned Independent Directors are in anyway deemed to be concerned or interested, financially or otherwise, in the Resolutions as set out in Item No. 7 of the Notice.

The Board recommends the Special Resolutions as set out in Item No. 7 of the Notice for approval of the Member.

Item No. 8

As per the provisions of Sections 149, 152 & Schedule IV of the Companies Act, 2013 read with the relevant Rules thereunder as amended, the Company had appointed Mr. Kalpesh Lalitchandra Joshi as an Independent Directors at the EGM of the Company held on June 13, 2015 for a term of 5 years and their term ends at the June 12, 2020.

As the above-named Independent Directors shall be completing their first term of appointment and they are eligible for re-appointment for another term of five consecutive years in the Board Meeting held on June 10, 2020 subject to approval of the Members by Special Resolution in ensuring general meeting. The abovenamed Independent Directors have consented to their re-appointment and confirmed that they are not disqualified from being appointed as an Independent Director in terms of Section 164 of the Act. The Company has also received the declarations from the said Directors stating that they meet all the criteria of Independence, as prescribed under Section 149(6) of the Act and under Regulation 16 (b) of SEBI (LODR) Regulations, 2015 and they are not been debarred from holding the office of director or continuing as a director of company by SEBI/MCA or any other authority in India or abroad.

Based on the performance evaluation of the Independent Directors, the Nomination & Remuneration Committee and the Board of Directors of the Company at their Meeting held on June 10, 2020 have recommended the reappointment of the afore said persons as an Independent Director for a second term of five consecutive years effective from June 11, 2020 to

June 10, 2025. During their tenure of appointment, they shall not be liable to retire by rotation as provided under Section 152(6) of the Companies Act, 2013. In the opinion of the Board, they fulfil the conditions for re-appointment as Independent Directors and they are independent of the Management.

Brief resume of above Independent Directors, nature of their expertise in specific function areas and names of companies in which they hold directorship and memberships/ chairmanships of the Board Committees, shareholding and relationships between directors inter-se as stipulated under SEBI (LODR) Regulations, 2015, are provided in the Annexure to this Notice, which is forming part of the Annual Report.

None of the Directors or Key Managerial Personnel of the Company and their relatives other than the concerned Independent Directors are in anyway deemed to be concerned or interested, financially or otherwise, in the Resolutions as set out in Item No. 8 of the Notice.

The Board recommends the Special Resolutions as set out in Item No. 8 of the Notice for approval of the Member.

**By order of the Board of Directors
For Loyal Equipments Limited**

Sd/-

**Akanksha Aswani
Company Secretary**

Place – Dahegam, Gandhinagar

Date – December 01, 2020

BOARD'S REPORT

To

The Shareholders,

Your Directors have pleasure in presenting the 13th (thirteen) Annual Report together with the Audited Financial Statements of your Company for the financial year ended March 31, 2020.

1. FINANCIAL RESULTS:

The Company's financial performance for the year ended March 31, 2020 is summarized as below:

Based on Consolidated Financial Statement:-

(Amount in '000)

Particulars	Current Year (2019-20)	Previous Year (2018-19)
Revenue from operations	340006.98	414425.21
Other income (net)	1652.72	4369.77
Total Income	341659.70	418794.98
Less:		
Operating & Administrative expenses	282080.21	340600.25
Profit Before Depreciation Interest & Tax	59579.49	78194.73
Less:		
Depreciation and amortization expense	11460.70	10266.03
Finance costs	9926.08	5580.06
Profit before exceptional item and tax	38192.71	62348.64
Exceptional item	--	--
Profit before tax (PBT)	38192.71	62348.64
Tax expense	9401.35	17305.49
Profit after tax for the year (PAT)	28791.36	45043.15
Other Comprehensive Income (Net of Tax)	(146.60)	103.08
Total Comprehensive Income	28644.77	45146.23

Based on Standalone Financial Statement:-

(Amount in '000)

Particulars	Current Year (2019-20)	Previous Year (2018-19)
Revenue from operations	334512.16	414425.21
Other income (net)	1984.82	4369.77
Total Income	336496.98	418794.98
Less:		
Operating & Administrative expenses	276917.50	340600.25
Profit Before Depreciation Interest & Tax	59579.48	78194.73
Less:		
Depreciation and amortization expense	11460.70	10266.03
Finance costs	9926.08	5580.06
Profit before exceptional item and tax	38192.70	62348.64
Exceptional item	--	--
Profit before tax (PBT)	38192.70	62348.64

Tax expense	9401.34	17305.49
Profit after tax for the year (PAT)	28791.36	45043.15
Other Comprehensive Income (Net of Tax)	(146.60)	103.08
Total Comprehensive Income	28644.76	45146.23

2. OPERATION & REVIEW:

Consolidated Revenue from the operations of your Company for the year 2019-20 was Rs 3400.07, which is 17.95.% lower than Rs. 4144.25 Lakhs in the previous year. Profit before Depreciation Interest & Tax for the current year was Rs 595.79 Lakhs against Rs. 781.94 Lakhs in the previous year. Total Comprehensive Income after tax for the current year at Rs. 286.45 Lakhs was decrease by 36.55% over Rs. 451.46 Lakhs in the previous year. Detailed report on operations of and structure of Business of the Company has been included in Management Discussion and Analysis Report, which forms part of this Annual Report.

Standalone Revenue from the operations of your Company for the year 2019-20 was Rs 3345.12 Lakhs which is 19.28% lower than Rs. 4144.25 Lakhs in the previous year. Profit before Depreciation Interest & Tax for the current year was Rs 595.79 Lakhs against Rs. 781.94 Lakhs in the previous year. Total Comprehensive Income after tax for the current year at Rs. 286.45 Lakhs was decrease by 36.55% over Rs. 451.46 Lakhs in the previous year. Detailed report on operations of and structure of Business of the Company has been included in Management Discussion and Analysis Report, which forms part of this Annual Report.

3. COVID-19 IMPACT

In the last month of FY 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees.

As of March 22, 2020, the government of India declared nation-wide lockdown which impact the normal business operation of the Company. The company has later resumed its operations in factory, in line with guideline issued by Government of India. The Company does not anticipate any challenges in its ability to continue as going concern or meeting its financial obligation.

4. RISK MANAGEMENT AND INTERNAL CONTROL

Your Company recognizes that risk is an integral part of business and is committed to managing the risks in a proactive and efficient manner. The Company at regular intervals monitors the financial, operational, legal risk to the Company through procedures like audit, inspections etc.

There is no risk, which in the opinion of the Board may threaten the existence of the Company. The internal financial controls are adequate and are monitored at regular intervals.

5. DIVIDEND

The Board thinks that the profits should be retained for the expansion of the Company, which is in pipeline for more growth and value addition to the company and forming a strong business base so that revenue flows from many channels and hence the Directors of your Company do not recommend any dividend for FY 2019-20

6. SHARE CAPITAL

As on March 31, 2020, The Authorised share capital of the Company was Rs. 1500 Lacs consisting of 150 Lacs equity shares of Rs. 10 each and the Issued and Paid up Share Capital of the Company is Rs. 1020 Lacs consisting of 1,02,00,000 equity shares of Rs. 10/- each.

7. TRANSFER TO RESERVES

The Company has not transferred any amount to the General Reserve account during the reporting period.

8. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the period under review, there is no unpaid/unclaimed dividend which is required to transfer in IEPF (Investor Education and Protection Fund) as per the provisions of the Companies Act, 2013.

9. MANAGEMENT AND DISCUSSION ANALYSIS REPORT:

A Separate report on Management Discussion and Analysis Report as required under clause 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been presented in a separate section forming part of this Annual Report.

10. CHANGE IN NATURE OF THE BUSINESS

There was no change in the nature of business of the Company during the year under review.

11. HUMAN RESOURCE DEVELOPMENT

The Company sees its employees as critical to the future and believes that every employee needs to possess apart from competence, capacity and capabilities, sustainable values, current and contemporary which would make them useful and relevant and competitive in managing the change constructively for overall growth of the organization. To this end the company's approach and efforts are directed towards creating a congenial work atmosphere for individual growth, creativity and greater dedicated participation in organizational development. The Company believes that the success of an organization largely depends on the quality of its workforce. Employee relations remained cordial and peaceful throughout the year.

12. QUALITY INITIATIVES:

The Company is committed to the highest level of quality and continuous improvement programme are organized at all the level. The manufacturing operation of the Company is SMERA MSE 2, U-Stamp and U2- Stamp certified by the independent originations.

13. SUBSIDIARY COMPANIES:

Our Company has wholly owned Subsidiary i.e. Loyal Equipments Inc. incorporated in Texas, USA hence Company is presenting the Standalone and Consolidated financial statement as per the requirement of the provision of Section 136 of the Companies Act, 2013.

14. MATERIAL CHANGES AND COMMITMENTS

There is no material change and commitments affecting the Financial Position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relates and the date of the report.

15. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Rameshchandra Nathalal Patel, Whole Time Director is liable to retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer herself for re- appointment.

Also Mr. Rameshchandra Nathalal Patel, Mrs. Jyotsanaben Rameshchandra Patel, Mr. Alkesh Rameshchandra Patel, Mr. Babubhai Bhulabhai Patel, Mr. Girish Nathubhai Desai and Mr. Kalpesh Lalitchandra Joshi, directors of the company whose term is expired on this year are appointed for next term of five years.

A Statement on declaration given by Independent Directors under section 149 sub-section (6) is given by Independent Director of the Company

There was no change in any Key Managerial Personnel of the Company during the year.

16. NUMBER OF MEETINGS OF THE BOARD

Eight (08) meetings of the board and one (01) meeting of Independent Director were held during the year. For details of the meetings of the board, please refer to the Corporate Governance Report, which forms part of this report.

17. BOARD EVALUATION

The Board evaluated the effectiveness of its functioning and that of the Committees and of individual directors by seeking their inputs on various aspects of Board/Committee Governance. The evaluation covered functioning and composition of the Board and its committees, understanding of the roles and responsibilities, experience, competencies, participation at the Board and Committee meetings, corporate governance practices etc.

Evaluation of the Board and its compositions was carried out through a defined process covering the areas of the Boards functioning viz. composition of the Board and Committees, understanding of roles and responsibilities, experience and competencies, contribution at the meetings etc.

18. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

Pursuant to the requirement of Section 134(3)(e) and Section 178(3) of the Companies Act, 2013, the Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy on appointment of Directors including criteria for determining qualifications, positive attributes, independence of a Director and the policy on remuneration of Directors, KMP and other senior management has been disclosed in the corporate governance report, which forms part of this report.

19. AUDIT COMMITTEE

During the year under review, the Company constituted the Audit Committee and the primary objective is to monitor and supervise the financial reporting, to ensure accurate and timely disclosures, transparency, integrity and quality of financial reporting. As of the date of this report, the audit committee is comprised of Mr. Babubhai Patel (Chairman), Mr. Rameshchandra Nathalal Patel (Member) and Mr. Kalpesh Lalitchandra Joshi (Member). The meeting of Audit committee are detailed in Corporate Governance Report annexed with this Report.

20. STAKEHOLDER'S RELATIONSHIP COMMITTEE

Stakeholder's Relationship Committee has been constituted by the Board in accordance with Section 178 of the Companies Act, 2013. The details regarding composition, terms of references, powers, functions, scope, meetings,

attendance of members and the status of complaints received during the year are included in Corporate Governance Report which forms part of the Annual Report. The meeting of Audit committee are detailed in Corporate Governance Report annexed with this Report.

21. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee has been constituted by the Board in accordance with section 178 of Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the members of the committee are Independent Directors. The details regarding composition, terms of references, powers, functions, scope, meetings and attendance of members are included in Corporate Governance Report which forms part of the Annual Report. The meeting of Audit committee are detailed in Corporate Governance Report annexed with this Report.

22. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee (the “CSR Committee”) has been constituted by the Board in accordance with section 135 of Companies Act, 2013. The details regarding composition, terms of references, powers, functions, scope, meetings and attendance of members are included in Corporate Governance Report which forms part of the Annual Report.

23. STATUTORY AUDITORS

M/s A Y and Company, Chartered Accountants, Jaipur (Registration no. 020829C are Statutory Auditor of the Company for a period of five years i.e. from the conclusion of the 12th Annual General Meeting till the conclusion of 17th Annual General Meeting of the Company at such remuneration as may be fixed by the Board of Directors of the Company on the recommendation of the Audit Committee.

24. SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Vivek Sharma, Proprietor of M/s Sharma Vivek & Associates, Company Secretary in practice to undertake the Secretarial Audit of the Company for the year under review. The Board has duly reviewed the Secretarial Auditor’s Report and the comments, appearing in the report are self-explanatory and do not call for any further explanation by the Board of Directors as provided under section 134 of the Act. The Secretarial Audit Report is annexed herewith as “Annexure–IV”.

25. INTERNAL AUDITORS

Your Company has appointed J.M Patel & Bros, Chartered Accountant as Internal Auditor. During the year the company continued to implement their suggestion and recommendations to improve the control environment. Their scope of work includes review of process for safeguarding of assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditor’s findings are discussed with the process owners and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

26. DISCLOSURE WITH RESPECT TO MAINTENANCE OF COST RECORDS

Your Company doesn’t fall within the scope of Section 148(1) of the Companies Act, 2013 and hence does not require to maintain cost records as specified by the Central Government.

27. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

28. VIGIL MECHANISM /WHISTLE BLOWER POLICY

As per the provisions of Section 177 (9) & (10) of the Companies Act, 2013 read with Regulation 22 of Securities and Exchange Board Of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has a Whistle Blower Policy with a view to provide vigil mechanism to Directors, employees and other stakeholders to disclose instances of wrong doing in the workplace and report instances of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Whistle Blower Policy also states that this mechanism should also provide for adequate safeguards against victimization of Director(s)/ Employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The Policy is available on the Company's website at <https://www.loyalequipments.com>

29. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has zero tolerance towards any action on the part of any of its officials, which may fall under the ambit of "Sexual Harassment" at workplace. Pursuant to the provisions of Section 21 of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition, Redressal) Act, 2013, the Company formulated an Policy on Prevention of Sexual Harassment at Workplace. All employees (permanent, contractual, temporary, trainees, etc) are covered under this policy. An Internal Complaints Committee (ICC) was constituted which is responsible for redressal of complaints related to sexual harassment at the workplace.

Pursuant to the requirements of Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013 read with Rules thereunder, the Internal Complaints Committee of the Company has not received any complaint of Sexual Harassment during the year under review and no complaint was pending as of 31st March, 2020.

The following is a summary of Sexual Harassment complaints received and disposed off during the financial year 2019-20:

No. of Complaints received: NIL

No. of Complaints disposed off: NIL

30. TRANSACTIONS WITH RELATED PARTIES

Pursuant to the provisions of Section 134 (3) read with Section 188 (2) of the Companies Act, 2013, details of transaction for the year under review are given in Form AOC-2 as Annexure-III to this report and in the section on Related Party Transactions in Corporate Governance Report.

31. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT 9 as per provisions of Companies Act, 2013 and rules there to be annexed to this report as "Annexure – II".

In accordance with the provisions of Section 134(3) read with Section 92 (3) of the Companies Act, 2013, the extract of the Annual Return is available on website of the Company at <http://www.loyalequipments.com>

32. CORPORATE GOVERNANCE

Our corporate governance practices are a reflection of our value system encompassing our culture, policies and relationships with our stakeholders. Our board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures seek to attain the best practices in Corporate Governance. Also endeavour to enhance long term shareholder value and respect minority rights in all our business decisions. The Report on Corporate Governance as per the requirement of SEBI LODR 2015 forms part of this Annual Report.

A Certificate from the MD and CFO of the Company in terms of SEBI LODR 2015, inter alia, confirming the correctness of the Financial Statements and Cash Flow Statements, adequacy of the internal control for financial reporting, and reporting of matters to the Audit Committee, is also forming part of this Annual Report.

33. PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 in respect of employees of the Company will be provide upon request. In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto excluding the information on employee's particulars which is available for inspection by members at the registered office of the Company during the business hours on all working days of the Company up to the date of ensuing Annual General Meeting of the Company. If any member is interested in inspection the same, the member may write to the Company Secretary in advance.

34. DEPOSITS FROM PUBLIC

Your Company has not accepted any Deposits as defined under Section 73 of the Companies Act, 2013 and rules framed thereunder.

35. DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 134 (5) of the Companies Act, 2013, the Directors hereby confirm:

- (i) in the preparation of the annual financial statements, applicable accounting standards have been followed and there are no material departures from the said standards;
- (ii) such accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2020 and of the profit of the company for the year ended on that date;
- (iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for prevention and detection of fraud and other irregularities;
- (iv) the annual financial statements have been prepared on a going concern basis;
- (v) proper internal financial controls are in place and are adequate and are operating effectively; and
- (vi) the systems to ensure compliance with the provisions of all applicable laws are in place and are adequate and operating effectively.

36. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO CONSERVATION OF ENERGY:

Details of the energy conservation, technology absorption and foreign exchange earnings and outgo are annexed to this report as “Annexure – I”.

37. REPORTING OF FRAUDS

During the year under review, neither the Statutory Auditors nor the Secretarial Auditor has reported to the Audit Committee under Section 143(12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in boards report.

38. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE COMPANY:

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status and the Company’ future operations

39. MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENT RELATED AND THE DATE OF REPORT

There are no Material changes and commitments in the business operations of the Company from the financial year ended March 31, 2020 to the date of signing of the Boards Report.

40. AFFIRMATION ON COMPLIANCE OF SECRETARIAL STANDARDS

The Company hereby affirms that during the year under review the Company has complied with all the applicable mandatory secretarial standards (including any modifications or amendments thereto) issued by the Institute of Company Secretaries of India. The Company has complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India on Board and General Meetings

41. PREVENTION OF INSIDER TRADING

The Board has Insider Trading Policy for regulating, monitoring and reporting of Trading of Shares by Insiders. The Code lays down guidelines, procedures to be followed and disclosures to be made while dealing with shares of the Company. The copy of the same is available on the website of the Company at the www.loyalequipments.com

42. ‘THINK GREEN, GO GREEN’ INITIATIVE

The Companies Act, 2013 permits companies to send documents like Notice of Annual General Meeting, Annual Report and other documents through electronic means to its members at their registered email addresses, besides sending the same in physical form.

As a responsible Corporate Citizen, the Company has actively supported the implementation of ‘Green Initiative’ of Ministry of Corporate Affairs (MCA) and effected electronic delivery of Notices and Annual Reports to those shareholders whose email ids were already registered with the respective Depository Participants (DPs) and who have not opted for receiving such documents in physical form.

Members, who have not registered their e-mail addresses so far, are requested to register their e-mail address with the Registrar and Share Transfer agent (R&TA) of the Company/Depository participant (DP) of respective

member and take part in the Green Initiative of the Company, for receiving electronic communications and support the “THINK GREEN, GO GREEN” initiative.

Further, pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing e-voting facility to all members to enable them to cast their votes electronically in respect of resolutions set forth in the Notice of Annual General Meeting (AGM). The detailed instructions for e-voting are provided in the Notice of AGM.

43. CAUTIONARY NOTE

Statements in this Board’s Report and Management Discussion and Analysis describing the Company’s objectives, projections, estimates, expectations or predictions may be “forward-looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Company’s operations include raw material availability and its prices, cyclical demand and pricing in the Company’s principle markets, changes in Government regulations, Tax regimes, economic developments in the Country and other ancillary factors.

44. ACKNOWLEDGEMENT

We thank our customers, vendors, dealers, investors, business associates and bankers for their continued support during the year. We place on record our appreciation of the contribution made by employees at all levels.

**For and on behalf of the Board
Loyal Equipments Limited**

Sd/-

**Alkesh Rameshchandra Patel
Managing Director
DIN – 02672297**

Sd/-

**Rameshchandra Nathalal Patel
Chairman & Whole Time Director
DIN –01307699**

Date: December 01, 2020

Place: Dahegam, Gandhinagar.

ANNEXURE –I

DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

A. CONSERVATION OF ENERGY

(i)	The steps taken or impact on conservation of energy;	The Company has adopted the system of shutting down the electrical machineries and appliances when not in use to avoid unnecessary waste of energy. New investment in machines is being considered with an idea to have reduction of consumption of energy. The impacts of measures taken are not precisely ascertainable. Also the Plant continues to run completely on Solar Power thus reduces nation's natural resources like coal, water etc.
(ii)	The steps taken by the company for utilizing alternate sources of energy;	NIL
(iii)	The capital investment on energy conservation equipment;	NIL

B. TECHNOLOGY, ABSORPTION, ADOPTION & INNOVATION:

(i)	The efforts made towards technology absorption;	The activities of the Company at present do not involve technology absorption and research and development
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution;	NIL
(iii)	in case of 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; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	NIL
(iv)	The expenditure incurred on Research and Development.	NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Foreign Exchange earned in terms of actual inflows during the year:	Rs. 541.96 Lakhs
The Foreign Exchange outgo during the year in terms of actual outflows:	Rs. 219.48 Lakhs

DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

Aggregate number of shareholders and the outstanding shares in the	Number of shareholders who approached listed entity for transfer of	Number of shareholders to whom shares were transferred from	Aggregate number of shareholders and the outstanding shares in the
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suspense account lying at the beginning of the year	shares from suspense account during the year	suspense account during the year	suspense account lying at the end of the year
NIL	NIL	NIL	NIL

We hereby declare that the voting rights on shares in the suspense account shall remain frozen till the rightful owner of such shares claims the shares.

**For and on behalf of the Board
Loyal Equipments Limited**

Sd/-

**Alkesh Rameshchandra Patel
Managing Director
DIN – 02672297**

Sd/-

**Rameshchandra Nathalal Patel
Chairman & Whole Time Director
DIN –01307699**

Date: December 01, 2020

Place: Dahegam, Gandhinagar.

ANNEXURE –II
FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2020
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i. CIN: L29190GJ2007PLC050607
- ii. Registration Date: 20th April, 2007
- iii. Name of the Company: Loyal Equipments Limited
- iv. Category / Sub-Category of the Company: Company Limited by Shares / Indian Non-Government Company.
- v. Address of the registered office and contact details: Block No. 35/1-2-3-4, Village Zak, Dahegam, Gandhinagar – 382 330.
- vi. Whether Listed company: Yes
- vii. Name, Address and Contact details of Registrar and Transfer Agent, if any: Sharex Dynamic (India) Private Limited, Unit –I, Luthra Industrial Premises, Safeed Pool, Andheri- Kurla Road, Andheri (East), Mumbai – 400 072

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: -

Sr. No.	Name and Description of main Products/ Services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacture of special-purpose machinery	282	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name of the Company	Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Loyal Equipments Inc.	2800 Sage Rd, STE A-200, Houston, Texas, USA	803214 247	Wholly owned Subsidiary	100%	2(87)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY):

i. Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-4-2019)				No. of Shares held at the end of the year (As on 31-03-2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A: Promoters									
(1) Indian:									
a) Individual/ HUF	7499985	-	7499985	73.53	7499985	-	7499985	73.53	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other...	-	-	-	-	-	-	-	-	-
Sub - Total (A) (1)	7499985	-	7499985	73.53	7499985	-	7499985	73.53	-
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other- Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any other...	-	-	-	-	-	-	-	-	-
Sub - Total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of promoter (A) = (A)(1) + (A)(2)	7499985	-	7499985	73.53	7499985	-	7499985	73.53	-
B: Public Shareholding									
1 Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others	-	-	-	-	-	-	-	-	-
Sub - Total (B) (1)	-	-	-	-	-	-	-	-	-
2 Non-institutions									
a) Bodies Corporate	-	-	-	-	-	-	-	-	-
i) Indian	75335	-	75335	0.739	66265	-	66265	0.650	-0.089
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
I) Individual shareholders holding nominal share capital up to Rs. 1 lakh	560279	-	560279	5.493	590554	-	590554	5.790	0.297

II) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1713816	-	1713816	16.802	1842033	-	1842033	18.059	1.257
c) Others									
(c-i) NRIs (Repatriation)	181613	-	181613	1.781	185221	-	185221	1.816	0.035
(c-ii) NRIs (Non-repat.)	-	-	-	-	-	-	-	-	-
(c-iii) Foreign Companies	-	-	-	-	-	-	-	-	-
Clearing member	168972	-	168972	1.657	15942	-	15942	0.156	-1.501
Trust	-	-	-	-	-	-	-	-	-
Foreign Bodies – D R	-	-	-	-	-	-	-	-	-
Sub - Total (B) (2)	2700015	-	2700015	26.472	2700015	-	2700015	26.472	-
Total public shareholding (B) = (B) (1) + (B)(2)	2700015	-	2700015	26.472	2700015	-	2700015	26.472	
C: Shares Held By Custodian For GDRS & ADRS	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B+C)	10200000	-	10200000	100.00	10200000	-	10200000	100.00	-

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Alkesh Rameshchandra Patel	2099940	20.588	-	2099940	20.588	-	-
2	Jyotsanaben Rameshchandra Patel	3300000	32.353	-	3300000	32.353	-	-
3	Rameshchandra Nathalal Patel	2100000	20.588	-	2100000	20.588	-	-
4	Patel Kalpeshbhai H	15	0	-	15	0	-	-
5	Hema Maheshkumar Patel	15	0	-	15	0	-	-
6	Parul Alkeshbhai Patel	15	0	-	15	0	-	-

iii. Change in Promoters' Shareholding (please specify, if there is no change):

S. No	Name of the Shareholder	Shareholding at the beginning of the year as on 01.04.2019		Date	Reason	Increase/ Decrease in Shareholding		Cumulative Shareholding during the Year	
		No. of Shares	% of Total Shares of the			No. of Shares	% of Total Shares of the	No. of Shares	% of Total

			Company				Company		Shares of the Company
1	Alkesh Rameshchandra Patel	2099940	20.588	--	--	--	--	2099940	20.588
2	Jyotsanaben Rameshchandra Patel	3300000	32.353	--	--	--	--	3300000	32.353
3	Rameshchandra Nathalal Patel	2100000	20.588	--	--	--	--	2100000	20.588
4	Patel Kalpeshbhai H	15	0	--	--	--	--	15	0
5	Hema Maheshkumar Patel	15	0	--	--	--	--	15	0
6	Parul Alkeshbhai Patel	15	0	--	--	--	--	15	0

iv. Shareholding Pattern of top ten Shareholders (other than Directors, promoters and Holders of GDRs and ADRs):-

Sr. No.	Name	Shareholding at the beginning of the year (01/04/2019)		Date	Increase/Decreases shareholding	Reason	Cumulative Shareholding during the year (01-04-19 to 31-03-20)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares
1	Ghanshyam Kalwani	180000	1.765	01-04-2019				
	-Closing Balance			31-03-2020		No Change	180000	1.765
2	Nareshkumar Saraf	176000	1.725	01-04-2019				
	-Closing Balance			31-03-2020		No Change	176000	1.725
3	Sunita Sarwankumar Saraf	168000	1.647	01-04-2019				
	-Closing Balance			31-03-2020		No Change	168000	1.647
4	Nisha Jignesh Mehta	0.00	0.00	01-04-2019				
				29-06-2019	83028	Buy	83028	0.814
				05-07-2019	3679	Buy	86707	0.85

				30-09-2019	12179	Buy	98886	0.969
				22-11-2019	8335	Buy	107221	1.051
				27-12-2019	3565	Buy	110786	1.086
				28-02-2020	-1834	Sold	108952	1.068
	Closing Balance			31-03-2020			108952	1.068
5	Inderaben B Shah	66000	0.647	01-04-2019				
	-Closing Balance			31-03-2020		No Change	66000	0.647
6	Girishbhai Amratlal Patel	0.00	0.00	01-04-2019				
				12-07-2019	58233	Buy	58233	0.571
	Closing Balance			31-03-2020			58233	0.571
7	Kamini Bhavesh Shah	57000	0.559	01-04-2019				
	-Closing Balance			31-03-2020		No Change	57000	0.559
8	Patel Dipakbhai Mafatbhai Huf	15106	0.148	01-04-2019				
				29-06-2019	5740	Buy	20846	0.204
				19-07-2019	1627	Buy	22473	0.22
				26-07-2019	4916	Buy	27389	0.269
				02-08-2019	4000	Buy	31389	0.308
				30-09-2019	1050	Buy	32439	0.318
				18-10-2019	1614	Buy	34053	0.334
				25-10-2019	6300	Buy	40353	0.396
				01-11-2019	5949	Buy	46302	0.454
				08-11-2019	500	Buy	46802	0.459
				29-11-2019	2000	Buy	48802	0.478
				20-12-2019	300	Buy	49102	0.481
				27-12-2019	50	Buy	49152	0.482
				31-12-2019	50	Buy	49202	0.482
				07-02-2020	50	Buy	49252	0.483
				14-02-2020	150	Buy	49402	0.484
	Closing Balance			31-03-2020			49402	0.484
9	Sarwankumar Devidutt Saraf Huf	48000	0.471	01-04-2019				
	-Closing Balance			31-03-2020		No Change	48000	0.471
10	Patel Kunalbhai	45919	0.45	01-04-2019				
	Closing Balance			31-03-2020		No Change	45919	0.45

11	Bma Wealth Creators Ltd.	124728	1.223	01-04-2019				
				19-04-2019	126	Buy	124854	1.224
				14-06-2019	-2000	Sold	122854	1.204
				29-06-2019	2060	Buy	124914	1.225
				05-07-2019	-1235	Sold	123679	1.213
				12-07-2019	-81800	Sold	41879	0.411
				19-07-2019	-1713	Sold	40166	0.394
				30-09-2019	-29813	Sold	10353	0.102
				18-10-2019	-3000	Sold	7353	0.072
	-Closing Balance			31-03-2020			7353	0.072
12	Savjibhai Manjibhai Menpara .	74096	0.726	01-04-2019				
				31-05-2019	-101	Sold	73995	0.725
				07-06-2019	-116	Sold	73879	0.724
				14-06-2019	-1190	Sold	72689	0.713
				21-06-2019	-65556	Sold	7133	0.07
				26-07-2019	10867	Buy	18000	0.176
				02-08-2019	-6099	Sold	11901	0.117
	-Closing Balance			09-08-2019	-11901	Sold	0	0
13	Pravinaben Savjibhai Menpara .	71744	0.703	01-04-2019				
				19-04-2019	-318	Sold	71426	0.7
	-Closing Balance			29-06-2019	-71426	Sold	0	0

v. Shareholding of Directors and Key Managerial Personnel: -

Sr. No.	Name	Shareholding at the beginning of the year (01/04/2019)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares
1	Alkesh Rameshchandra Patel	2099940	20.588	--	--	--	2099940	20.588
2	Jyotsanaben Rameshchandra Patel	3300000	32.353	--	--	--	3300000	32.353
3	Rameshchandra Nathalal Patel	2100000	20.588	--	--	--	2100000	20.588
4.	Amit Chandulal Patel	30015	0.29	--	--	--	30015	0.29

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2019):				
i) Principal Amount	77055040.00	0.00	0.00	77055040.00
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	77055040.00	0.00	0.00	77055040.00
Change in Indebtedness during the financial year:				
* Addition	18236964.00	0.00	0.00	18236964.00
* Reduction	2210484.00	0.00	0.00	2210484.00
Net Change	16026480.00	0.00	0.00	16026480.00
Indebtedness at the end of the financial year (31.03.2020):				
i) Principal Amount	93081520.00	0.00	0.00	93081520.00
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	93081520.00	0.00	0.00	93081520.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

S. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Rameshchandra Nathalal Patel	Jyotsanaben Rameshchandra Patel	Alkesh Rameshchandra Patel	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4450000.00	0.00	3350000.00	7800000.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	--	--	--	--
2	Stock Option	--	--	--	--
3	Sweat Equity	--	--	--	--
4	Commission - as % of profit	--	--	--	--
5	Others, please specify	--	--	--	--
	Total (A)	4450000.00	0.00	3350000.00	7800000.00
Ceiling as per the Companies Act, 2013		Total Managerial Remuneration is within the overall limit as per Companies Act, 2013			

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Director			Total Amount
		Babubhai Patel	Girish Nathubhai Desai	Kalpesh Lalitchandra Joshi	
1	Independent Directors:				
	Fee for attending board /committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others	-	-	-	-
	TOTAL (1)	-	-	-	-
2	Other Non-Executive Directors:	-	-	-	-
	Fee for attending board /committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others	-	-	-	-
	TOTAL (2)	-	-	-	-
	TOTAL B = (1+2)	-	-	-	-
	TOTAL MANAGERIAL REMUNERATION	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-

C. Remuneration to Key Managerial Personnel other than MD/Manager/Whole Time Director

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Amit Patel (CFO)	Akanksha Aswani (Company Secretary)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	843250.00	117200.00	960450
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--
2	Stock Option	--	--	--
3	Sweat Equity	--	--	--
4	Commission - as % of profit - others, specify	--	--	--
5	Others, please specify	--	--	--
	Total	843250.00	117200.00	960450

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NA

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

**For and on behalf of the Board
Loyal Equipments Limited**

Sd/-

**Alkesh Rameshchandra Patel
Managing Director
DIN – 02672297**

Sd/-

**Rameshchandra Nathalal Patel
Chairman & Whole Time Director
DIN –01307699**

Date: December 01, 2020

Place: Dahegam, Gandhinagar.

ANNEXURE –III

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. **Details of contracts or arrangements or transactions not at arm's length basis:** Loyal Equipments Limited has not entered into any contract/arrangement/transaction with its related parties which are not in ordinary course of business or at arm's length during FY 2019-20.

2. **Details of material contracts or arrangement or transactions at arm's length basis:**

Name of Related Party	Nature of Relationship	Nature of Contract/ Arrangement/ Transactions	Duration of Contract/ Arrangement/ Transactions	Salient Terms of the Contract or Arrangement or Transactions including the value, if any	Amount received/ paid as advance, if any (Rs)
Loyal Engineers	Proprietorship of Director /Promoter	Rent Agreement	Rent Agreement effective from 1 st January, 2009.	Rent Agreement	18,00,000.00
Jyotsanaben R Patel	Director	Rent Agreement	Rent Agreement effective 1 st January, 2016	Rent Agreement	24,00,000.00

Note: The above mentioned transactions were entered into by the Company in its ordinary course of business. The above disclosures on material transactions are based on threshold of 10 percent of annual consolidated turnover of the Company and as prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014.

**For and on behalf of the Board
Loyal Equipments Limited**

Sd/-

**Alkesh Rameshchandra Patel
Managing Director
DIN – 02672297**

Sd/-

**Rameshchandra Nathalal Patel
Chairman & Whole Time Director
DIN –01307699**

Date: December 01, 2020

Place: Dahegam, Gandhinagar.

ANNEXURE - IV

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 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
LOYAL EQUIPMENTS LIMITED
Block No. 35/1-2-3-4, Village Zak
Dahegam, Gandhinagar – 382 330

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Loyal Equipments Limited (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and there presentations made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 generally 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:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company as per Annexure A for the Financial Year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made 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’): -
 - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - iii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - iv. The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the period)
 - v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;(Not applicable to the Company during the period)
 - vi. 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;
 - vii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;(Not applicable to the Company during the period) and

- viii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;(Not applicable to the Company during the period)
 - ix. The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015;
- (vi) We further report that having regard to the compliance system prevailing in the company and on examination of relevant documents and records in pursuance thereof, on test check basis, the company has generally complied with other laws identified by the management as applicable specifically to the company broadly covering Laws relating to engineering Industries.

We 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 the BSE Ltd. read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

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

We further report that

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

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

All decision of Board and committee meeting were carried with requisite majority.

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

We further report that during the audit period no major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc

Place: Jaipur

Date: October 29, 2020

For Sharma Vivek & Associates
Company Secretaries
ICSI Unique Code: **I2015RJ1295000**

Name of Company Secretary: Vivek Sharma
Partner

FCS No. 10663 CP. No. 14773
UDIN: F010663B001103931

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

ANNEXURE - A

To,

The Members
LOYAL EQUIPMENTS LIMITED
Block No. 35/1-2-3-4, Village Zak
Dahegam, Gandhinagar – 382 330

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on 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: Jaipur

Date: October 29, 2020

For Sharma Vivek & Associates
Company Secretaries
ICSI Unique Code: **I2015RJ1295000**

Name of Company Secretary: Vivek Sharma
Partner

FCS No. 10663 CP. No. 14773

UDIN: F010663B001103931

ANNEXURE V

NOMINATION AND REMUNERATION POLICY

Objectives of the Committee:

The Committee shall:

1. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
2. Formulation of criteria for evaluation of the Independent Director and to carry out evaluation of every Director's performance and to provide necessary report to the Board for further evaluation.
3. Devising a policy on Board diversity.
4. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
5. To provide to Key Managerial Personal and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
6. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
7. Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
8. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
9. To perform such other functions as may be necessary or appropriate for the performance of its duties.
10. To develop a succession plan for the Board and to regularly review the plan.

Definitions:

- "Act":- Act means the Companies Act, 2013 and Rules framed there under, as amended from time to time.
- "Board":-Board means Board of Directors of the Company.
- "Director":-Directors means Directors of the Company.
- "Committee":-Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- "Company": - Company means Loyal Equipments Limited.
- "Independent Director":- As provided under the Companies Act, 2013, 'Independent director' shall mean a non-executive director, other than a nominee director of the Company:
 - a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
 - b. (i) who is or was not a promoter of the Company or its holding, subsidiary or associate company;
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
 - c. apart from receiving director's remuneration, has or had no pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
 - d. none of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, amounting to two percent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
 - e. who, neither himself nor any of his relatives —
 - i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed; of-

- (A). a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate Company; or
 - (B). any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to ten per cent or more of the gross turnover of such firm;
 - iii. holds together with his relatives two per cent or more of the total voting power of the Company; or
 - iv. is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate Company or that holds two per cent or more of the total voting power of the Company; or
 - f. who possesses such other qualification as may be prescribed under the applicable statutory provisions/ regulations
 - g. is a material supplier, service provider or customer or a lessor or lessee of the Company; h. who is not less than 21 years of age.
- “Key Managerial Personnel”:- Key Managerial Personnel (KMP) means- (i) the Chief Executive Officer or the managing director or the manager; (ii) the Whole-Time Director; (iii) the Company Secretary; 3 (iv) the Chief Financial Officer; and (v) such other officer as may be prescribed under the applicable statutory provisions/ regulations.
 - “Senior Management”:- The expression “senior management” means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.
 - “Nomination and Remuneration Committee” shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.
 - “Policy or This Policy” means, “Nomination and Remuneration Policy”.
 - “Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein. Guiding Principles

The Policy ensures that

- i. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- ii. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- iii. Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

Applicability:

The Policy is applicable to:

- i. Directors (Executive and Non-Executive)
- ii. Key Managerial Personnel
- iii. Senior Management Personnel
- iv. Employees

Constitution of the Nomination and Remuneration Committee:

The Board has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company’s policy and applicable statutory requirement. At present, the Nomination and Remuneration Committee comprises of following Directors:

1. Mr. Girish Nathubhai Desai, Chairman Non-Executive Independent Director;
2. Mr. Kalpesh Lalitchandra Joshi, Member Non-Executive Independent Director;
3. Mr. Babubhai Bhulabhai Patel, Member Non-Executive Independent Director.

Membership:

- a. The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- b. Minimum two (2) members shall constitute a quorum for the Committee meeting.
- c. Membership of the Committee shall be disclosed in the Annual Report.
- d. Term of the Committee shall be continued unless terminated by the Board of Directors.

Chairman:

- a. Chairman of the Committee shall be an Independent Director.
- b. Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d. Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

Frequency of Meetings:

The Committee shall meet at such regular intervals as may be required.

Committee Members' Interests:

- a. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

Secretary:

- a. The Company Secretary of the Company shall act as Secretary of the Committee.

Voting:

- a. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b. In the case of equality of votes, the Chairman of the meeting will have a casting vote.

General Appointment Criteria:

- i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
- ii. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made there under or any other enactment for the time being in force.
- iii. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, or any other enactment for the time being in force.
- iv. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution

based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Term / Tenure:

The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made there under as amended from time to time.

1. **Managing Director/Whole-time Director/Manager (Managerial Person):-** The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No reappointment shall be made earlier than one year before the expiry of term.
2. **Independent Director:** - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves as an Independent Director.

Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular interval (yearly).

Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

Retirement:

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

Criteria for Evaluation of the Board:

Following are the Criteria for evaluation of performance of the Board:

1. **Executive Directors:**

The Executive Directors shall be evaluated on the basis of targets/Criteria given to executive Directors by the Board from time to time

2. **Non-Executive Director:**

The Non-Executive Directors shall be evaluated on the basis of the following criteria i.e. whether they:

- (a) act objectively and constructively while exercising their duties;
- (b) exercise their responsibilities in a bona fide manner in the interest of the Company;
- (c) devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- (d) do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (e) refrain from any action that would lead to loss of his independence
- (f) inform the Board immediately when they lose their independence,
- (g) assist the Company in implementing the best corporate governance practices.
- (h) strive to attend all meetings of the Board of Directors and the Committees;
- (i) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (j) strive to attend the general meetings of the Company;
- (k) keep themselves well informed about the Company and the external environment in which it operates;
- (l) do not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (m) moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.
- (n) abide by Company's Memorandum and Articles of Association, Company's policies and procedures including code of conduct, insider trading etc.

Policy on Board diversity:

The Board of Directors shall have the optimum combination of Directors from the different areas/fields like production, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain, Research and Development , Human Resources etc or as may be considered appropriate. The Board shall have at least one Board member who has accounting or related financial management expertise and financially literate.

Remuneration:

The Committee will recommend the remuneration to be paid to the Managing Director, Whole Time Director, KMP and Senior Management Personnel to the Board for their approval. The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals:

General:

1. The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person. Increments will be effective from the date of reappointment in respect of Managerial Person and 1st April in respect of other employees of the Company.
4. Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Remuneration to Managerial Person, KMP and Senior Management:

1. Fixed pay: Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
2. Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.
3. Provisions for excess remuneration: If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration to Non-Executive / Independent Director:

1. Remuneration / Commission: The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
2. Sitting Fees: The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
3. Limit of Remuneration /Commission: Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

The Management of the Company is pleased to present its report on the Industry Scenario including on the Company's performance during the financial year 2019-20.

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

Global Economic Outlook

The COVID-19 pandemic has spread with astonishing speed to every part of the world and infected millions. The health and human toll is already large and continues to grow, with hundreds of thousands of deaths and many more suffering from diminished prospects and disrupted livelihoods. The pandemic represents the largest economic shock the world economy has witnessed in decades, causing a collapse in global activity. Various mitigation measures—such as lockdowns, closure of schools and non-essential business, and travel restrictions—have been imposed by most countries to limit the spread of COVID-19 and ease the strain on health care systems. The pandemic and associated mitigation measures have sharply curbed consumption and investment, as well as restricted labor supply and production. The cross-border spillovers have disrupted financial and commodity markets, global trade, supply chains, travel, and tourism.

Financial markets have been extremely volatile, reflecting exceptionally high uncertainty and the worsening outlook. Flight to safety led to a sharp tightening of global and EMDE financial conditions. Equity markets around the world plunged, spreads on riskier categories of debt widened considerably, and EMDEs experienced large capital outflows in much of March and April that bottomed out only recently. Commodity prices have declined sharply as a result of falling global demand, with oil particularly affected.

Many countries have provided large-scale macroeconomic support to alleviate the economic blow, which has contributed to a recent stabilization in financial markets. Central banks in advanced economies have cut policy rates and taken other far-reaching steps to provide liquidity and to maintain investor confidence. In many EMDEs, central banks have also eased monetary policy. The fiscal policy support that has been announced already far exceeds that enacted during the 2008-09 global financial crisis.

In all, the pandemic is expected to plunge a majority of countries into recession this year, with per capita output contracting in the largest fraction of countries since 1870. Advanced economies are projected to shrink by 7 percent in 2020, as widespread social-distancing measures, a sharp tightening of financial conditions, and a collapse in external demand depress activity. Assuming that the outbreak remains under control and activity recovers later this year, China is projected to slow to 1 percent in 2020—by far the lowest growth it has registered in more than four decades.

Due to the negative spillovers from weakness in major economies, alongside the disruptions associated with their own domestic outbreaks, EMDE GDP is forecast to contract by 2.5 percent in 2020. This would be well below the previous trough in EMDE growth of 0.9 percent in 1982, and the lowest rate since at least 1960, the earliest year with available aggregate data. EMDEs with large domestic COVID-19 outbreaks and limited health care capacity; that are deeply integrated in global value chains; that are heavily dependent on foreign financing; and that rely extensively on international trade, commodity exports, and tourism will suffer disproportionately. Commodity-exporting EMDEs will be hard hit by adverse spillovers from sharply weaker growth in China, and by the collapse in global commodity demand, especially for oil. With more than 90 percent of EMDEs expected to experience contractions in per capita incomes this year, many millions are likely to fall back into poverty.

With advanced economies contracting, China experiencing record-low growth, and EMDE growth savaged by external and domestic headwinds, the global economy is expected to shrink by 5.2 percent this year in a baseline forecast. This would be the deepest global recession since World War II, and almost three times as steep as the 2009 global recession. The forecast assumes that the pandemic recedes in such a way that domestic mitigation measures can be lifted by mid-

year, adverse global spillovers ease during the second half of the year, and dislocations in financial markets are not longlasting. Although a moderate recovery is envisioned in 2021, with global growth reaching 4.2 percent, output is not expected to return to its previously expected levels.

Since uncertainty around the outlook remains exceptionally high, alternative scenarios help illustrate the range of plausible global growth outcomes in the near term. In particular, the baseline forecast for 2020 could prove optimistic. If COVID-19 outbreaks persist longer than expected, restrictions on movement and interactions may have to be maintained or reintroduced, prolonging the disruptions to domestic activity and further setting back confidence. Disruptions to activity would weaken businesses' ability to remain in operation and service their debt, while the increase in risk aversion could raise interest rates for higher-risk borrowers. With debt levels already at historic highs, this could lead to cascading defaults and financial crises across many economies. Under this downside scenario, global growth would shrink almost 8 percent in 2020. The recovery that follows would be markedly sluggish, hampered by severely impaired balance sheets, heightened financial market stress and widespread bankruptcies in EMDEs. In 2021, global growth would barely begin to recover, increasing to just over 1 percent.

In contrast, in an upside scenario, a sharp economic rebound would begin promptly if pandemic-control measures could be largely lifted in the near term, and fiscal and monetary policy responses succeed in supporting consumer and investor confidence, leading to a prompt normalization of financial conditions and the unleashing of pent-up demand. However, even with these positive developments, the near-term contraction in global activity of more than 3 percent in 2020 would still be much larger than during the global recession of 2009, and EMDE growth would also be negative. Once pandemic control measures are fully lifted, global growth would rebound markedly in 2021, to above 5 percent.

Policymakers face formidable challenges as they seek to contain the devastating health, macroeconomic, and social effects of the pandemic. During the last global recession, in 2009, many EMDEs were able to implement large -scale fiscal and monetary responses. Today, however, many EMDEs are less prepared to weather a global downturn and must simultaneously grapple with a severe public health crisis with heavy human costs. Particularly vulnerable EMDEs include those that have weak health systems; those that rely heavily on global trade, tourism, and remittances; those that are prone to financial market disruptions; and those that depend on oil and other commodity exports. EMDEs where poverty and informality are widespread, including many low-income countries, are also vulnerable, since their poor have limited access to proper sanitation and adequate social safety nets, and often suffer greater food insecurity.

An arsenal of macro prudential support policies has been deployed in EMDEs to maintain financial sector resilience and promote lending during the crisis. These include relaxing capital and liquidity coverage requirements, allowing banks to draw down capital and liquidity buffers, and encouraging banks to offer temporary loan repayment holidays to distressed borrowers. Further, many countries have initiated debt moratoria and government guarantees on bank loans to strengthen bank balance sheets and support distressed borrowers. Policymakers would, however, need to carefully balance some of these actions against jeopardizing the future stability of the financial sector. Once economic activity begins to normalize, they will also need to prudently withdraw the large-scale policy stimulus provided during the crisis without endangering the recovery.

Meanwhile, many EMDEs have introduced fiscal measures to expand social safety nets and protect those most vulnerable, including wage support to preserve jobs, increased access to unemployment benefits, and targeted cash transfers to low-income households. In EMDEs with wider fiscal space, the policy response has been markedly greater than in those more constrained by higher debt levels (Figure 1.2.D). For many energy-exporting EMDEs, fiscal balances are deteriorating as oil prices have fallen below fiscal break-even prices. Elevated debt burdens in some low- and middle income countries also underscore the need for temporary debt relief. In this context, global coordination and cooperation—of the measures needed to slow the spread of the pandemic, and of the economic actions needed to alleviate the economic damage, including international support—provide the greatest chance of achieving public health goals and enabling a robust global recovery.

In the near term, COVID-19 has underscored the need for governments to prioritize the timely and transparent dissemination of accurate information in order to stem the spread of the disease, and to build public trust. In the long term, the pandemic has laid bare the weaknesses of national health care and social safety nets in many countries. It has also exposed the severe consequences of widespread informality and financing constraints for small and medium enterprises (SMEs) in many EMDEs. There is a critical need to invest in resilient health care systems that prioritize national health security, in order to prevent and mitigate similar crises.

It is also necessary to put in place social benefit systems that can provide an effective, flexible, and efficient safety net during disasters. Such systems can be augmented by measures to deliver income support and emergency financing to vulnerable groups such as the poor, urban slum dwellers, migrants, and informal firms. In particular, digital technologies can enhance the provision of cash transfers and other critical support measures, as well as facilitate the flow of remittances.

In many countries, deep recessions triggered by COVID-19 will likely weigh on potential output for years to come. Governments can take steps to alleviate the adverse impact of the crisis on potential output by placing a renewed emphasis on reforms that can boost long-term growth prospects.

SUMMARY OF OUR BUSINESS

Loyal Equipments limited is SMERA certified, ASME “U” & “U2” Stamp holder, one of the known reputed company in India for design, manufacturing, supply and erection/commissioning of process equipments like Pressure vessels, Air cooled heat exchanger, Shell & tube heat exchanger, Storage tanks, Pressure receivers, Chimney, Heavy structural items, Skids, Base plates and other items for Oil/Gas, petroleum, chemical, sugar, steel, fertilizers and power plant sector.

Loyal Equipment follow Quality Management Systems for the entire business process right from the beginning to manufacturing/fabrication and installation at the site. Loyal Equipment is having continuously long experience with EIL, GSPC, GAIL, ONGC, Ingersoll Rand, Linde, Dresser Rand, L&T, Reliance, ALSTOM, Kirlosker, Texas Southpiller-USA and others govt. & private organization.

SALIENT FEATURES OF OUR PRODUCTS:

- Produced from the toughest materials like steel, nonferrous materials.
- Compliance to customer Requirements
- Adherence to the Quality standards as required by monitoring agencies
- Timely Delivery
- Customization
- Consignment packaging as per specification of customer.

Our production facility is currently located in the state of Gujarat, India. Our manufactured products have presences across major states of India as well as outside India Our Major customers such as:-

- Engineers India Limited
- Dresser-Rand India Pvt. Ltd.
- Ingersoll Rand India Limited
- Kirloskar Pneumatic Co. Limited
- Larsen & Turbo Limited
- Reliance Industries Limited
- Alstom Projects India Limited
- Linde Engineering (India) Limited

- Bharat Pumps & Compressors Limited
- Texas Southpiller Limited-USA
- Voirth
- Dresser Rand, USA
- Oil & Natural Gas Corporation.
- Gujarat State Petroleum Corporation Limited.
- Hindustan Petroleum Company Limited.
- Bharat Petroleum Company Limited.
- Indian Oil Corporation Limited.
- Essar Oil
- Nirma Limited.

OUR COMPETITIVE STRENGTHS

We believe that the following are our primary competitive strength:

Customized Product Offering

Our Company offers customization facilities to the customers, so that they can avail the products as per their specifications. The companies which require the products as per their specification approach us. We design the products as per the specifications and requirements of the clients. This provides a complete satisfaction to our clients and enables us to expand our business from existing customers, as well as address a larger base of potential new customers.

Quality Assurance and Standards

We believe in providing our customers the best possible quality products. We have developed quality policies of the Company to provide our client the best possible quality product. We adopt quality check to ensure the adherence to desired specifications, quality and standards. Since, our Company is dedicated towards quality products, processes and inputs; we get repetitive orders from our clients, as we are capable of meeting their quality standards.

Existing Customer Relationship

We believe that we constantly try to address customer needs around a variety of products. Our existing customer relationships help us to get repeat business from our customers. This has helped us maintain a long term working relationship with our customers and improve our customer retention strategy. We believe that our existing relationship with our customers represents a competitive advantage in gaining new customers and increasing our business.

Existing Relationship with Suppliers

We have acquired raw materials from several suppliers and have contacts with them for a long time. We believe that our strong relationships with suppliers will enable us to continue to grow our business. Due to our relationships with our suppliers, we get quality and timely supplies of raw materials. This enables us to manage our inventories and supply quality products on timely basis to our customers. This in turn has enabled us to generate repeat business.

OUR BUSINESS STRATEGY

Meeting Customer Requirements

Our Company intends is to provide the customer with 100% satisfaction. We clearly understand the requirement and specification of the products required by the clients. Based on these requirements and specification products are

designed and developed, customization is done wherever required. The products are manufactured using good quality material procured from reliable sources so that the customers receive the products with the best possible quality standards within the stipulated time frame.

Adopting Automation in Production Process

We possess sound manufacturing facility which is assisted by our production team. The manufacturing unit is outfitted with the requisite machines, tools and equipments. The production process are designed and carried out as per the industry standards.

To build-up a Professional Organization

As an organization, we believe in transparency and commitment in our work and with our suppliers, customers, government authorities, banks, financial institutions etc. We have an experienced and technically sound team for taking care of our day to day operations. We also consult with external agencies on a case to case basis on technical and financial aspects of our business.

Optimal Utilization of Resources

Our Company constantly endeavors to improve our production process, skill up-gradation of workers, modernization of machineries to optimize the utilization of resources. We regularly analyze our existing raw material procurement policy and manufacturing processes to identify the areas of bottlenecks and correct the same. This helps us in improving efficiency and putting resources to optimal use.

2. OPPORTUNITIES AND THREATS

Our Products are widely used in the industries like Petro-chemicals, Compressor Industries, Power Plants, Fertilizers, Refinery, Pharmaceuticals and Dairy Industry. We manufacture and design the products as per the needs of the customer, so that they can avail the products as per their specifications and customizations. We have enlisted with governments undertaking and other parties such as Engineers India Limited, and Gujarat State Petronet Ltd., as registered supplier for supply of Pressure Vessels and Heat Exchangers. Also our Company is a member of Heat Transfer Research Inc, the world's premier source of technology information, services and software in field of process heat transfer.

Further, Our Company is authorized under The American Society of Mechanical Engineers (ASME) for "U" and "U2" Stamp on Manufacture of pressure vessels and also authorized by The National Board of Boiler & Pressure Vessel Inspectors for "NB" Mark in Pressure Vessels and other pressure retaining items.

Increased Competition from Local & Big Players and Change in Government Policies are major threats to the Company.

3. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

Loyal equipments limited is SMERA certified, ASME "U" & "U2" Stamp holder, one of the known reputed company in India for design, manufacturing, supply and erection/commissioning of process equipments like Pressure vessels, Air cooled heat exchanger, Shell & tube heat exchanger, Storage tanks, Pressure receivers, Chimney, Heavy structural items, Skids, Base plates and other items for Oil/Gas, petroleum, chemical, sugar, steel, fertilizers and power plant sector.

Loyal Equipment is having kind of latest machineries, tools, skilled man power, handling equipment and various in house facilities for smooth operation and quality product. We have developed a sound infrastructure base that is subject

to regular upgradation based on technology and working systems. Our company having 28500 sq. meters of land, In which infrastructure is setup over 3526 sq. meters with well-furnished office spread over an area of 136 sq. meters.

4. OUTLOOK

India's engineering sector has witnessed a remarkable growth over the last few years driven by increased investment in infrastructure and industrial production. The engineering sector, being closely associated with the manufacturing and infrastructure sectors, is of strategic importance to India's economy.

India, on its quest to become a global superpower, has made significant stride towards developing its engineering sector. The Government has appointed Engineering Export Promotion Council (EEPC) as the apex body in charge of promotion of engineering goods, products, and services from India. India export transport equipment, capital goods, other machinery/equipment, and light engineering products such as castings, forgings, and fasteners to various countries of the world. The Indian semiconductor industry offers a high growth potential area as industries which source semiconductors as inputs are themselves witnessing high demand.

India became a permanent member of the Washington Accord (WA) in June 2014. The country is now a part of an exclusive group of 17 countries who are permanent signatories of the WA, an elite international agreement on engineering studies and mobility of engineers.

5. THREATS, RISK AND CONCERNS

The Company is concerned about prevailing exposure norms, financial position, entry of new players in the market, rising competition from banks & multilateral agencies, uncertain business environment, fluctuation in rupee, likely increase in cost of capital due to volatile market conditions. Further, the state of business and policy environment in the country also has a cascading effect on the interest-rate regime, cost and availability of raw materials and gestation period & capital outlays required for raw material. General economic conditions may also affect the capacity and production of the manufacturing of the products.

6. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company maintains an adequate system of Internal Controls including suitable monitoring procedures to ensure accurate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory laws, regulations and Company policies. Suitable delegation of powers and guidelines for accounting have been issued for uniform compliance. In order to ensure that adequate checks and balances are in place and internal control systems are in order, regular and exhaustive Internal Audit of Office/plant are conducted by the in-house Internal Audit Division and external professional audit firm. The Internal Audit covers all major areas of operations, including identified critical/risk areas, as per the Annual Internal Audit Programme. The Audit Committee of Directors periodically reviews the significant findings of different Audits, as prescribed in the Companies Act, 2013 and in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

7. FINANCIAL AND OPERATIONAL PERFORMANCE

Revenue from the operations of your Company for the year 2019-20 was Rs 3345.12 Lakhs, which is 19.28.% lower than Rs. 4144.25 Lakhs in the previous year. Profit before Depreciation Interest & Tax for the current year was Rs 595.79 Lakhs against Rs. 781.94 Lakhs in the previous year. Total Comprehensive Income after tax for the current year at Rs. 286.45 Lakhs was decrease by 36.55% over Rs. 451.46 Lakhs in the previous year

8. HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company gives utmost importance to the capacity-building and well-being of its employees. The Industrial Relations in the Company continued to be on a cordial note. There are regular interactions between the management and the representative-associations on issues pertaining to employee welfare. The Company has an atmosphere of trust and cooperation, which results in a motivated work force and consistent growth in the performance.

9. ANALYSIS OF SIGNIFICANT CHANGES IN FINANCIAL RATIOS

As per the recent amendments to the SEBI Listing Obligations & Disclosure Requirements (LODR), we give below additional information in respect of financial parameters that are applicable to our company:

Detail of Significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanation therefore as under:

- a) **Debtor Turnover Ratio:** The Debtor Turnover ratio as on March 31, 2020 is 5.11 times as compared to previous year ended on March 31, 2019 is 8.27 times. The change in the ratio is 38.21% as compared to Previous Year
- b) **Inventory Turnover Ratio:** The Inventory Turnover Ratio as on March 31, 2020 is 2.19 times as compared to previous year ended on March 31, 2019 is 1.74 times. The change in the ratio is 25.86% as compared to Previous Year due to changes in Inventory level & Inventory holding Period.
- c) **Interest Coverage Ratio:** The Interest Coverage Ratio as on March 31, 2020 is 5.99 times as compared to previous year ended on March 31, 2019 is 12.17 times. The change in the ratio is 50.78% as compared to Previous Year.
- d) **Current Ratio:** The Current Ratio as on March 31, 2020 is 1.77 times as compared to previous year ended on March 31, 2019 is 1.85 times. The change in the ratio is 4.32% as compared to Previous Year.
- e) **Debt Equity Ratio:** The Debt Equity Ratio as on March 31, 2020 is 0.78 times as compared to previous year ended on March 31, 2019 is 0.72 times. The change in the ratio is 8.33% as compared to Previous Year.
- f) **Operating Profit Margin:** The Operating Profit Margin Ratio as on March 31, 2020 is 14.38% as compared to previous year ended on March 31, 2019 is 16.39%. The change in the ratio is 12.26% as compared to Previous Year.
- g) **Net Profit Margin:** The Net Profit Margin Ratio as on March 31, 2020 is 8.56% as compared to previous year ended on March 31, 2019 is 10.89%. The change in the ratio is 21.40% as compared to Previous Year.

Cautionary Note

Certain statements in “Management Discussion and Analysis” section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Management envisages in terms of future performance and outlook.

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is a systematic continuous process by which companies are directed and controlled to enhance their wealth generating capacity and long term success. It is a key element to carry on business operations based on the underlying principles of integrity, ethics, transparency and accountability. Over the last few decades, corporate governance is getting ever increasing importance across the globe. Systems and policies are required to be upgraded regularly, to meet the challenges of rapid growth in a dynamic business environment.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance revolves around principles of ethical governance and is aimed at conducting of business in an efficient and transparent manner and in meeting its obligations to stakeholders. Your Company beholds Corporate Governance measures as an integral part of business strategy which adds to considerable internal and external values and contributes to the business growth in ethical perspective. Your Company believes that any meaningful policy on Corporate Governance must empower the executive management of the Company. At the same time, Governance must create a mechanism of checks and balances to ensure that the decision-making powers vested in the executive management are used with care and responsibility to meet stakeholders' aspirations and societal expectations.

Our Corporate governance framework has helped us be aligned with the new guidelines of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). We believe that an active, well-informed and independent board is necessary to ensure the highest standards of Corporate Governance. Our Corporate Governance framework ensures that we make timely disclosures and share accurate information regarding our financial performance and governance of the Company. Your Company has complied with the requirements of Corporate Governance as laid down under regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI Listing Regulations, as applicable, with regard to corporate governance.

2. BOARD OF DIRECTORS

The Board of Directors provides leadership and guidance, objective judgment and at the same time monitors the strategic direction of the Company. The Company is headed by an Executive Chairman.

(A) Composition of the Board

The composition of the Board of the Company as on March 31, 2020 as mentioned below, was in compliance of Listing Regulations, Companies Act, 2013 read with Rules made thereunder:

S. No.	Name of Director	Director Identification Number (DIN)	Position
Promoter & Executive Directors:-			
1.	Rameshchandra Nathalal Patel	01307699	Chairman & Whole Time Director
2.	Alkesh Rameshchandra Patel	02672297	Managing Director
3.	Jyotsanaben Rameshchandra Patel	01307770	Whole Time Director
Independent & Non-Executive Directors:-			
1.	Girish Nathubhai Desai	02824731	Independent Director
2.	Kalpesh Lalitchandra Joshi	07210197	Independent Director
3.	Babubhai Patel	00116495	Independent Director

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.

(B) Relationship Between Directors:

Sr. No.	Name of Director	Relationship with Directors
1.	Mr. Rameshchandra Nathalal Patel	Husband of Mrs. Jyotsanaben Rameshchandra Patel Father of Mr. Alkesh Rameshchandra Patel
2.	Mr. Alkesh Rameshchandra Patel	Son of Mr. Rameshchandra Nathalal Patel & Mrs. Jyotsanaben Rameshchandra Patel.
3.	Mrs. Jyotsanaben Rameshchandra Patel	Wife of Mr. Rameshchandra Nathalal Patel Mother of Mr. Alkesh Rameshchandra Patel

(C) Other provisions as to Board and its Committees

(i) Details of Board Meetings held during the financial year 2019-20

The Company follows a methodized process of decision-making by the Board and its Committees. The meeting dates are usually finalized in consultation with all Directors, in order to ensure presence of all Board Members in its Meetings. All the Agenda and Explanatory Notes are normally sent to the Directors well in advance for the Meetings of the Board and Committees thereof. To address specific urgent business needs, sometimes meetings are also called at shorter notice, in compliance of the applicable statutory provisions and utmost efforts are made to adhere to the minimum notice period.

During the financial year 2019-20, Eight (08) Meetings of Board of Directors of the Company were held on (i) May 28, 2019, (ii) June 08, 2019, (iii) July 09, 2019, (iv) August 13, 2019, (v) November 13, 2019, (vi) December 27, 2019 (vii) February 13, 2020, (viii) March 06, 2020.

The gap between any two Board Meetings did not exceed one hundred and twenty days. The necessary quorum was present for all the meetings.

(ii) Information placed before the Board of Directors

The Board has complete access to all the information available within the Company. During the year 2019-20, information as mentioned in Schedule II Part A of the SEBI Listing Regulations, has been placed before the Board for its consideration. The information regularly provided to the Board inter-alia includes:

- (a) Annual operating plans and budgets and any updates.
- (b) Quarterly, Half Yearly and Annual Financial Results and Board's Report, etc.
- (c) All Related Party transactions.
- (d) Minutes of Meetings of Audit Committee and other committees of the Board.
- (e) The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and Company Secretary.
- (f) Show cause, demand, prosecution notices and penalty notices, if any, which are materially important.
- (g) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any.
- (h) Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.

- (i) Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- (j) Details of any joint venture or collaboration agreement.
- (k) Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- (l) Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- (m) Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- (n) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- (o) Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- (p) Quarterly Report on Reconciliation of Share Capital Audit and status of Investor Grievances.
- (q) Any other information required to be presented to the Board for information or approval.

(iii) Details of Directors' attendance at Board Meetings and AGM held during the financial year 2019-20, number of other Directorships/Committee Memberships:

The names and their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other public companies as on March 31, 2020 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act. Chairmanships / Memberships of Board Committees shall only include Audit Committee and Stakeholders' Relationship Committee.

S. No	Name of the Director	Board Meetings			Whether attended last AGM held on August 10, 2019	As on March 31, 2020		
		Held during the year	Attended	% of Attendance		No. of other Directorships	No. of other Committee Memberships	
							As Chairman	As Member
1.	Mr. Alkesh Rameshchandra Patel	8	8	100	Yes	Nil	Nil	Nil
2.	Mrs. Jyotsanaben Rameshchandra Patel	8	8	100	Yes	Nil	Nil	Nil
3.	Mr. Rameshchandra Nathalal Patel	8	8	100	Yes	Nil	Nil	Nil
4.	Mr. Babubhai Patel	8	8	100	Yes	Nil	Nil	Nil
5.	Mr. Girish Nathubhai Desai	8	8	100	Yes	Nil	Nil	Nil
6.	Mr. Kalpesh Lalitchandra Joshi	8	8	100	Yes	1*	1	2

Notes:

- (1) The number of other directorships excludes directorships held in Private Limited Companies, Foreign Companies and that of the Company.
- (2) This includes the Chairmanship/Membership only in the Audit Committee and Stakeholders Relationship Committee of all listed and unlisted public limited companies.

⁽³⁾ None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2019 have been made by the Directors.

⁽⁴⁾ None of Non-executive Director are holding any shares and debentures in our Company.

⁽⁵⁾ The familiarisation programmes imparted to independent directors is disclosed in website of our company i.e. www.loyalequipments.com

* Mr. Kalpesh Lalitchandra Joshi is Non-Executive Independent Director in Listed Company i.e. Zodiac Energy Ltd.

3. BOARD SKILLS/EXPERTISE/COMPETENCE MATRIX:

The Board of Directors have identified the following parameters with respect to the skill/expertise/competence that are available with the Board in the context of the business and sector for it function effectively:

Industry Knowledge/Experience	Technical Skill/Experience	Behavioural Competencies
Engineering Expertise	Accounting & Finance	Leadership & Mentoring Skills
Understanding of Corporate Law, international laws and other rules, regulations and other policies	Risk Management	Interpersonal Relations
International Experience	Strategic Management	
	Legal & Compliance	
	Governance	

4. COMMITTEES OF THE BOARD OF DIRECTORS

The Board functions either as full Board or through various Committees constituted to oversee specific operational areas. Each Committee of the Board is guided by its terms of reference, which defines the composition, scope and powers of the Committee. The Committees meet at regular intervals and focus on specific areas and make informed decisions within the authority delegated to them. As on March 31, 2020, the Board had the following committees:

1. Audit Committee;
2. Nomination and Remuneration Committee; and
3. Stakeholders Relationship Committee.

4.1 AUDIT COMMITTEE

The audit committee of the Company is constituted during the year under review, in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Act. Committee lays emphasis on adequate disclosures and compliance with all relevant statutes. During the financial year 2019-20, the composition and attendance of members of the Audit Committee was as under:

S. No.	Name of Committee Members	Position in the Committee	Number of Meetings			Attendance at last AGM held on August 10, 2019
			Held during the year	attended	percentage of attendance	
1.	Mr. Babubhai Patel	Chairman	4	4	100	Yes
2.	Mr. Kalpesh Lalitchandra Joshi	Member	4	4	100	Yes
3.	Mr. Rameshchandra Nathalal Patel	Member	4	4	100	Yes

The quorum for Audit Committee meeting shall either be two members or one third of the members of the Audit Committee, whichever is greater, with at least two Independent Directors. The Secretary of the Company acts as a Secretary to the Committee

Role of the Audit Committee:

- (i). Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii). Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (iii). Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (iv). Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Act.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
- (v). Reviewing, with the management, the quarterly & half yearly financial statements before submission to the board for approval;
- (vi). Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (vii). Review and monitor the auditors' independence and performance, and effectiveness of audit process;
- (viii). Approval or any subsequent modification of transactions of the Company with related parties;
- (ix). Scrutiny of inter-corporate loans and investments;
- (x). Examination of the financial statement and the auditors' report thereon;
- (xi). Evaluation of internal financial controls and risk management systems;

- (xii). Establish a vigil mechanism for directors and employees to report genuine concerns in
- (xiii). Such manner as may be prescribed;
- (xiv). The audit committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Company;
- (xv). The audit committee shall review the information required as per SEBI Listing Regulations.
- (xvi). The audit committee invites such of the executives, as it considers appropriate (particularly the head of the finance function), representatives of the statutory auditors and representatives of the internal auditors to be present at its meetings.

During the financial year 2019-20, four (4) meetings of the Audit Committee were held on (i) May 28, 2019, (ii) August 13, 2019, (iii) November 13, 2019, and (iv) February 13, 2020. The time gap between any two meetings was less than four months.

4.2 NOMINATION AND REMUNERATION COMMITTEE

The nomination and remuneration of the Company is constituted during the year under review, in line with the provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Act.

As on March 31, 2020, the composition of the Nomination and Remuneration Committee was as under:

S.No.	Name of Committee Members	Position in the Committee	Number of Meetings			Attendance at last AGM held on August 10, 2019
			Held during the year	attended	percentage of attendance	
1.	Mr. Girish Nathubhai Desai	Chairman	4	4	100	Yes
2.	Mr. Babubhai Patel	Member	4	4	100	Yes
3.	Mr. Kalpesh Lalitchandra Joshi	Member	4	4	100	Yes

Quorum of the Nomination and Remuneration Committee Meeting is two members including Chairman of the Committee. During the financial year 2019-20, four (4) meetings of the Audit Committee were held on (i) May 28, 2019, (ii) August 13, 2019, (iii) November 13, 2019, and (iv) February 13, 2020. The time gap between any two meetings was less than four months.

The roles and responsibilities of the Committee include the following:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board for their appointment and removal.

- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
- To devise a policy on Board diversity.
- To ensure that remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- Considering, approving and recommending to the Board changes in designation and increase in salary of the Directors, KMP and other employees.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable;
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

Remuneration Policy:

Pursuant to the requirement of Section 134(3)(e) and Section 178(3) of the Companies Act, 2013, the Board has on the recommendation of the Nomination and Remuneration Committee, framed a policy on appointment of Directors including criteria for determining qualifications, positive attributes, independence of a Director and the policy on remuneration of Directors, KMP and other senior management. Remuneration policy in the Company is designed to create a high performance culture. It enables the Company to attract, retain and motivate employees to achieve results. Our Business Model promotes customer centricity and requires employee mobility to address project needs. The remuneration policy supports such mobility through pay models that are compliant to applicable rules and regulation.

The Company pays remuneration by way of salary, benefits, perquisites and allowances and commission, if approved by the Board to its Managing Director and the Whole Time Directors. Annual increments are decided by the Nomination and Remuneration Committee within the salary scale approved by the members and are effective April 1, each year. The Nomination and Remuneration Committee decides on the commission payable to the Managing Director and the Whole Time Directors out of the profits for the financial year and within the ceilings prescribed under the Act based on the performance of the Company as well as that of the Managing Director and each Whole Time Director.

Managerial Remuneration:

a. Remuneration of Chairman & Managing Director and Whole Time Director

The details of remuneration paid to Chairman & Whole Time Director, Managing Director and Whole Time Directors of the Company for the financial year 2019-20 are as under:

Particulars	Amount in Rs.		
	Rameshchandra Nathalal Patel	Alkesh Rameshchandra Patel	Jyotsanaben Rameshchandra Patel
Salary	44,26,000	33,26,000	-
Contribution to PF & Other Funds	21,600	21,600	-
Professional Tax	2,400	2,400	-
Total	44,50,000	33,50,000	-

b. Non-Executive Independent Directors (NEIDs):

During the year, the NEIDs were neither paid any remuneration nor granted any loans or advances. A Non-Executive Director will be eligible for sitting fees for each meeting of the Board attended by him/her, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Act and the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014. A Non-Executive Director is also eligible for reimbursement the expenses incurred by him for attending the Board and / or Committee of Board meetings, there are no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors except those disclosed in the financial statements for the year ended on 31st March, 2020.

The details of sitting fees paid to the Non-Executive Directors during the financial year 2019-20 are given below:

Sr. No.	Name of Non-Executive Director	Sitting Fees (in Rs.)
1	Babubhai Patel	0.00
2	Girish Nathubhai Desai	0.00
3	Kalpesh Lalitchandra Joshi	0.00

c. Familiarization Program:

The Independent Directors are familiarized with their roles, rights, responsibilities etc. in relation to the nature of Engineering Manufacturing sector and the business model of the Company. Please refer to the website of the company at: <http://www.loyalequipments.com/images/policies/familiarization-programmes-for-independent-directors.pdf>.

d. Details of shares of the Company held by the Directors as on March 31, 2020 are given below:

Sr. No.	Name of the Director	No. of Equity Shares held
1	Rameshchandra Nathalal Patel	21,00,000
2	Alkesh Rameshchandra Patel	20,99,940
3	Jyotsnaben Rameshchandra Patel	33,00,000
4	Babubhai Patel	Nil
5	Girish Nathubhai Desai	Nil
6	Kalpesh Lalitchandra Joshi	Nil

4.3 STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The Company has constituted a Stakeholders Relationship Committee in terms of the provisions of the Companies Act, 2013, Listing Regulations and other applicable laws. This Committee specifically looks into the redressal of complaints from various security holders such as shareholders such as non-receipt of dividend credit/ warrants, annual report, transfer of shares, issue of duplicate share, matters connected with transfer, transmission, rematerialization, dematerialization, splitting and consolidation of securities issued by the Company.

As on March 31, 2020, the composition of the Stakeholders Relationship Committee was as under:

S. No.	Name of Committee Members	Position in the Committee	Number of Meetings			Attendance at last AGM held on August 10, 2019
			Held during the year	attended	percentage of attendance	
1.	Mr. Babubhai Patel	Chairman	4	4	100	Yes

2.	Mr. Kalpesh Lalitchandra Joshi	Member	4	4	100	Yes
3.	Mr. Alkesh Rameshchandra Patel	Member	4	4	100	Yes

The quorum of meeting of the Stakeholders Relationship Committee is two members including the Chairman of the Committee. During the financial year 2019-20, four (4) meetings of the Audit Committee were held on (i) May 28, 2019, (ii) August 13, 2019, (iii) November 13, 2019, and (iv) February 13, 2020. The time gap between any two meetings was less than four months.

Status of Shareholders/Investors Grievances

The Company has been attending to all investor grievances/complaints expeditiously and promptly to the satisfaction of stakeholder(s). The status of Shareholders/ Investors Grievances pursuant to Regulation 13(3) of Listing Regulations for the financial year 2019-20, is as follows:

Particulars	Number of Complaints
Pending at the beginning of the financial year	Nil
Received during the financial year	Nil
Disposed during the financial year	Nil
Remaining unresolved as on March 31, 2020	Nil

Name, designation and address of Compliance Officer:

Mrs. Akanksha Aswani, Company Secretary
Loyal Equipments Limited
Block No. 35/1-2-3-4, Village Zak,
Ta: Dahegam, Gandhinagar – 382 330
Tel No: +91-2718-247236, +91-2716-269399
Fax No.: +91-2716-269033,
E-mail: cs@loyalequipments.com
Website: www.loyalequipments.com

5. GENERAL BODY MEETING:

(a) Annual General Meetings (AGM):

The date and time of Annual General Meetings held during last three years, and the special resolution(s) passed thereat, are given below:

Meeting No.	Financial Year	Date	Time	Venue	Whether any Special Resolutions passed
10 th	2016-17	Tuesday, August 29, 2017	11.00 AM	Block No. 35/1-2-3-4, Village Zak, Ta: Dahegam, Gandhinagar – 382330	Yes
11 th	2017-18	Friday, July 27, 2018	11.00 AM	Block No. 35/1-2-3-4, Village Zak, Ta: Dahegam, Gandhinagar – 382330	NIL
12 th	2019-20	Saturday, August 10, 2020	11.00 AM	Block No. 35/1-2-3-4, Village Zak, Ta: Dahegam, Gandhinagar – 382330	Yes

(b) Extra ordinary General Meetings (EGM):

No Extra-Ordinary Meeting was conducted in current year i.e. 2019-20

(c) Resolutions Passed Though Postal Ballot:

During the financial year ended March 31, 2020, No Special Resolution was passed through postal ballot and as on the date of this Report there is no special resolution proposed to be conducted through postal ballot.

6. SERVICE OF DOCUMENTS THROUGH ELECTRONIC MEANS

The Companies Act, 2013 permits companies to send documents like Notice of Annual General Meeting, Annual Report and other documents through electronic means to its members at their registered email addresses, besides sending the same in physical form.

As a responsible Corporate Citizen, your Company has actively supported the paper less initiative and digitalization move and effected electronic delivery of Notice and Annual Report and other documents to those shareholders whose email ids were registered with the respective Depository Participants (DPs). The intimation of Interim/ Final Dividend paid are also being sent electronically to those shareholders whose email ids were registered.

Members, who have not registered their e-mail addresses so far, are requested to register their e-mail address with their Depository Participant (DP) or with the Registrar and Share Transfer Agent (R&TA) of the Company, for receiving communications in electronic form.

Further, the Agenda and Explanatory Notes of all the Meetings of the Board and Committees thereof of Company are being sent to Directors through electronic means under a secured platform, to enable them to access the Agenda papers without any hassle.

7. SECRETARIAL AUDIT

Mr. Vivek Sharma, Proprietor of M/s Sharma Vivek & Associates, Practicing Company Secretaries, Jaipur has conducted Secretarial Audit for the financial year 2019-20 and have submitted their report to the Company. A copy of Secretarial Audit Report is set out elsewhere in this Annual Report for information of the shareholders.

8. RELATED PARTY TRANSACTION:

The Company has formulated a Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions as per provisions of Listing Regulations and the same is available on the website of the Company on the following link: http://www.loyalequipments.com/data/policy/policy_related_party_transactions.pdf.

In line with the said Policy, all the Related Party Transactions were approved by the Audit Committee and/ or by the Board of Directors, as the case may be. The transactions with related parties are included in the Notes to the Accounts as per Accounting Standard-18 and other applicable provisions of Companies Act, 2013. Further, a status report on Related Party transactions is put up for information of Audit Committee and Board of Directors on quarterly basis. The particulars of Related Party Transactions are given in form AOC-2 annexed to the Board's Report.

9. RECONCILIATION OF SHARE CAPITAL AUDIT:

A qualified practicing Company Secretary or Chartered Accountant carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (“NSDL”) and the Central Depository Services (India) Limited (“CDSL”) and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

10. DISCLOSURES

- i. The company did not enter into any materially significant related party transactions having a potential conflict with the interests of the company. Transactions with related party are disclosed in the audited financial statements.
- ii. The financial statements (both standalone & consolidated) have been prepared in accordance with the applicable accounting standards, the Indian Accounting Standards (Ind-AS).
- iii. There is no instance of non-compliance by the company on any matter related to the capital markets, resulting in disciplinary action against the company by the stock exchanges or Securities & Exchange Board of India (SEBI) or any other statutory authority during last three years.
- iv. The policy for determining Material subsidiaries and the Policy on Related party transactions are available at www.loyalequipments.com.
- v. Part E of Schedule II:
 - a. The company has an Executive chairman
 - b. The results of the company are uploaded on website, besides publication in Newspaper.
 - c. The company’s financial statements of 2019-20 do not contain any audit qualifications.
- vi. To The company has complied with mandatory requirements of corporate governance as prescribed in Regulation 17 to 27, 46(2)(b) to (i), and Schedule V of Chapter IV of the Listing Regulations.
- vii. Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
 - a. Number of complaints filed during the financial year : Nil
 - b. Number of Complaints disposed of during the financial year: Nil
 - c. Number of complaints pending as on end of the financial year: Nil
- viii. The Company has complied with all the requirements of Listing Regulations, the Companies Act, 2013, Secretarial Standards.
- ix. The Company has not entered into any material, financial or commercial transactions with the Director(s) or the Management or their relatives or the companies and firms, etc., in which they are either directly or through their relatives interested as Directors and/ or Partners.
- x. The Company affirms that a Whistle Blower Policy/ Vigil Mechanism is in place and no person has been denied access to the Competent Authority.
- xi. A separate meeting of Independent Directors was held on March 06, 2020, in compliance of Companies Act, 2013, Listing Regulations.

11. CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT

The Board of Directors of the Company had approved and adopted “Code of Business Conduct and Ethics for Board Members and Senior Management”, in line with Companies Act, 2013 and Listing Regulations and adopted in supersession of the earlier Code of Conduct.

The Code of Business Conduct and Ethics for the Board Members and Senior Management is a comprehensive code applicable to all Directors, Key Managerial Personnel and Members of Senior management of the Company. It has been laid down in alignment with Company’s mission and objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company. A copy of the Code of Business Conduct and Ethics is available on the website of the Company at

http://www.loyalequipments.com/data/code_of_conduct/code_of_buisness_conduct_and_ethics_for_director_and_senior_management_executives.pdf.

12. CODE FOR PREVENTION OF INSIDER TRADING IN EQUITY SHARES/SECURITIES

In terms of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated a comprehensive Code for Prevention of Insider Trading in Loyal Equity Shares/ Securities (“Code”) to preserve the confidentiality and to prevent misuse of unpublished price sensitive information. The main objective of the Code is to restrain an insider of the Company to derive any benefit or assist others to derive any benefit, from the access and possession of unpublished price sensitive information about the Company, which is not in the public domain.

The Code lays down guidelines and procedures to be followed and disclosures to be made while dealing with the shares/ securities of the Company and the consequences of non-compliance. The Company Secretary has been appointed as the Compliance Officer and is responsible for adherence of the said Code. A copy of the Code has been posted on the Company’s website at http://www.loyalequipments.com/data/code_of_conduct/code_of_conduct_for_prevention_of_insider_trading.pdf.

In line with the requirement of the said Code, whenever some unpublished price sensitive information is submitted to the Board for consideration and approval, the trading window is being closed from time to time. Notice of the closure of trading window is issued to designated employees and concerned persons well in advance and proper announcements are also made on the website of the Company as well as to Stock Exchanges where the shares of the Company are listed, restraining them from dealing in securities of the Company when the window is closed.

13. MEANS OF COMMUNICATION:

The Company recognizes the rights of shareholders & communications as key elements of the overall Corporate Governance framework and therefore emphasizes on continuous, efficient and relevant communication with shareholders and other stakeholders.

A dedicated Investor Relations Cell has been set up in the Company for interaction with the analysts and providing timely information and to hold analyst meetings in order to keep the investors updated about the matters related to the Company and to develop an appropriate feedback system that directs the information flow and communication between the management and investors. The Company communicates with its shareholders through its Annual Reports, General Meetings and disclosures on its website and through Stock Exchanges.

The Company’s website (www.loyalequipments.com) contains a separate dedicated section ‘Investor Relations’ where shareholders’ information is available. The Company’s Annual Report is also available in a user-friendly and downloadable form.

The Annual Report containing, inter alia, Audited Financial Statement, Board’s Report, Auditors’ Report and other important information is circulated to members and others entitled thereto. The Management’s Discussion and Analysis (MD&A) Report forms part of the Annual Report and is displayed on the Company’s website. The main channel of communication to the shareholders is through Annual Report.

The Annual General Meeting is a platform for face-to-face communication with the shareholders, where the Chairman, Managing/Whole Time Director makes presentation on the performance, operating and financial results of the Company. The Chairman, Managing/Whole Time Director and other Key Managerial Personnel also respond to the specific queries of the shareholders.

As mandated by the Ministry of Corporate Affairs (MCA) documents like Notices, Annual Report, ECS advices for dividends, etc. were sent to the shareholders at their email address, as registered with their Depository Participants/

Company/ RTA. This helped in prompt delivery of document, reduce paper consumption, save trees and avoid loss of documents in transit.

The Company also intimates to the Stock Exchanges all price sensitive matters which in its opinion are material and of relevance to the shareholders and subsequently issues a Press Release on such matters, wherever necessary.

BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, media releases, among others are also filed electronically on the Listing Centre.

The quarterly/annual financial results are regularly submitted to the stock exchange in accordance with the Listing Regulations and published in the Financial Express an English & Gujarati Edition. The quarterly/annual results are also uploaded on the website of the company www.loyalequipments.com

14. CEO/CFO CERTIFICATION

In terms of Regulation 17 (8) of the Listing Regulations, a Certificate on financial reporting and internal controls to the Board, duly signed by Managing Director and CFO was placed before the Board of Directors in its Board Meeting held on December 01, 2020 while considering the Annual Audited Financial Statements of the Company for the financial year ended on March 31, 2020

15. CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

Mr. Vivek Sharma of M/s Sharma Vivek & Associates, Practicing Company Secretaries, has issued a certificate as required under the Listing Regulations, confirming that none of the directors on board of the company has been debarred or disqualified from being appointed or continuing as director of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority. The certificate is enclosed with this section as Annexure A

16. GENERAL SHAREHOLDER INFORMATION:

i. Company Registration Details:

The Company is registered in the State of Gujarat, India. The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L29190GJ2007PLC50607.

ii. Annual General Meeting:

Date & Time	Saturday, December 26, 2020
Venue	Through VC/OEVC

As required under Regulation 36(3) of the SEBI Listing Regulations, particulars of Director seeking re-appointment at the forthcoming AGM are given herein and in the Annexure to the Notice of the AGM to be held on December 26, 2020

iii. Financial Calendar:

Year ending	March 31, 2020
AGM in	December
Dividend Payment	NA

iv. Date of Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from Sunday December 20, 2020 to Saturday, December 26, 2020 (Both days inclusive).

v. Listing on Stock Exchanges: Loyal shares is listed on the following Stock Exchange:

Name & Address	Telephone / Fax / E-mail ID / Website	Scrip Code
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.	Telephone: (022) 22721233/4 Fax: (022) 22721919 E-mail ID: corp.relations@bseindia.com Website: www.bseindia.com	539227

vi. Dividend Policy: Dividends, other than interim dividend(s), are to be declared at the Annual General Meetings of shareholders based on the recommendation of the Board of Directors. Generally, the factors that may be considered by the Board of Directors before making any recommendations for dividend include, without limitation, the Company's future expansion plans and capital requirements, profits earned during the fiscal year, cost of raising funds from alternate sources, liquidity position, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and general market conditions.

vii. Market Price Data: The closing market price of equity shares on 31st March, 2020 (last trading day of the year) was Rs.37.05 on BSE. The monthly movement of equity share prices for the last year at BSE is summarized as herein below:

Month	High Price	Low Price	No. of Equity Shares Traded
April, 2019	37.00	34.80	2067
May, 2019	39.90	35.00	3263
June, 2019	39.75	30.50	113729
July, 2019	37.50	30.85	99678
August, 2019	37.50	30.60	31210
September, 2019	40.05	32.30	6727
October, 2019	36.40	24.35	33006
November, 2019	29.50	24.85	5080
December, 2019	35.35	26.70	1079
January, 2020	35.60	29.80	8431
February, 2020	46.30	33.85	68384
March, 2020	43.45	37.05	1388

viii. Registrars and Transfer Agents: Name and Address are as under:

Link Intime India Private Limited

C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083.

ix. Share Transfer System: 100.00% of the equity shares of the Company are in electronic form. Transfer of these shares is done through the depositories with no involvement of the Company.

x. Shareholding as on March 31, 2020:

Distribution of equity shareholding as on March 31, 2020:

No. of equity shares held	No. of shareholders	% of shareholders	Total Amount	% of Amount
1-5000	247	50.10	225580	0.221
5001-10000	39	7.91	333200	0.327
10001-20000	14	2.84	217510	0.213
20001-30000	58	11.77	1726890	1.693
30001-40000	12	2.43	416960	0.409
40001-50000	5	1.01	226040	0.222
50001-100000	43	8.72	3034400	2.975
100001 and Above	75	15.21	95819420	93.941
TOTAL	493	100.00	102000000	100.00

By category of shareholders:

S. No.	Category	No. of Shareholders	No. of Shares held	% of Shareholding
1.	Promoters	6	7499985	73.53%
2.	Central Government/ State Government(s)/ President of India		-	-
3.	Non-Institutions			
	[a(i)] Individuals- (i) Individual shareholder shareholding nominal share capital up to Rs. 2 lakhs	412	1068984	10.48%
	[a(ii)] Individuals- (ii) Individual shareholder shareholding nominal share capital in excess of Rs. 2 lakhs	23	1151579	11.29%
	(b) NBFCs registered with SEBI			
	(c) Employee Trusts			
	(d) Overseas Depository (holding DRs) (balancing figure)			
	(e) Any Other Specify	52	479452	4.70%
	-Bodies Corporate	11	66265	0.65%
	-Clearing Member	3	15942	0.16%
	-Non-Resident Indian (NRI)	3	185221	1.82%
	HUF	35	212024	2.08%
	Total	493	102000000	100.00%

Top Ten Equity Shareholders of the Company as on March 31, 2020:

Sr. No.	Name of the shareholder	Number of equity shares held	Percentage of holding
1	Jyotsanaben Rameshchandra Patel	3300000	32.353
2	Rameshchandra Nathalal Patel	2100000	20.588
3	Alkesh Rameshchandra Patel	2099940	20.588
4	Ghanshyam Kalwani	180000	1.765
5	Naresh Kumar Saraf	176000	1.725
6	Sunita Sarwankumar Saraf	168000	1.647
7	Nisha Jignesh Mehta	108952	1.068

8	Inderaben B Shah	66000	0.647
9	Girishbhai Amritlal Patel	58233	0.571
10	Kamini Bhavesh Shah	57000	0.559

- xi. Dematerialisation of shares and liquidity:** The Company's shares are compulsorily traded in dematerialised form on BSE. 100.00 % of the Equity share capital is dematerialised as on March 31, 2020. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE876S01017.
- xii. Outstanding GDRs / ADRs / Warrants / any other convertible instruments:** As on date, the Company does not have any outstanding instruments of the captioned type.
- xiii. Transfer of unclaimed / unpaid amounts to the Investor Education and Protection Fund ("IEPF"):** No amount pursuant to Sections 205A and 205C of the Companies Act, 1956 and other applicable provisions, if any, of the Act, all unclaimed / unpaid dividend, application money, debenture interest and interest on deposits as well as the principal amount of debentures and deposits, as applicable, remaining unclaimed / unpaid for a period of seven years from the date they became due for payment.
- xiv. Annual Listing Fee to Stock Exchange**
- The Company has paid Annual Listing Fee for the Financial Year 2020-21 to BSE Limited in relation to its listed securities.
- xv. Annual Custodial Fee to Depositories**
- The Company has timely paid the annual custodian fee for financial year 2020-21 to National Securities Depository Limited and Central Depository Services (India) Limited.
- xvi. Plant Locations**
- As the Company is engaged in the manufacturing process and the plant of company is situated at Block No. 35/1-2-3-4, Village Zak, Dahegam, Gandhinagar – 382 330.
- xvii. Address for correspondence:**
- Loyal Equipments Limited**
Block No. 35/1-2-3-4, Village Zak,
Dahegam, Gandhinagar – 382 330, Gujarat, India.
- xviii. Credit Rating:**
- The Company has taken SMERA-SME 2 from SMERA-D&B SME Rating.
- xix. Corporate Identification Number (CIN)**
- L29190GJ2007PLC050607
- xx. Compliance Officer and Public Spokesperson**
- Mrs. Akanksha Aswani**
Company Secretary

Loyal Equipments Limited
Block No. 35/1-2-3-4, Village Zak,
Dahegam, Gandhinagar – 382 330, Gujarat, India.
E-mail: cs@loyalequipments.com

AFFIRMATIONS AND DISCLOSURES

a) Compliances with Governance Framework

The Company follows all mandatory requirements under the SEBI (LODR) Regulations, 2015, and compliance of non-mandatory requirements of the SEBI (LODR) Regulations, 2015, is being reviewed by the Board from time-to-time.

b) Disclosure of Transactions with Related Parties

All transactions entered with the Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015, during the financial year were in the ordinary course of business and on arm's length basis. During the Financial Year 2019-20, there were no materially significant transactions or arrangements entered between the Company and its Promoters, Directors or their Relatives or the Management etc. that may have potential conflict with the interests of the Company at large. As required under Regulation 23(1) of the SEBI (LODR) Regulations, 2015, the Company has formulated a policy on dealing with Related Party Transactions.

c) No Penalty or Strictures

No penalties have been levied or strictures have been passed by the Securities and Exchange Board of India or Stock Exchange(s) or any other statutory authority during last 3 years.

d) Whistle Blower Policy / Vigil Mechanism

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 of the SEBI (LODR) Regulations, 2015, the Company has formulated Vigil Mechanism Policy for vigil mechanism of Directors and employees to report to the management about the unethical behavior, fraud, or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee.

e) Commodity Price Risk and commodity hedging activities

The Company is not dealing in commodities and commodity hedging activities.

f) Dematerialization of Shares and Liquidity

The Company's shares are compulsorily traded in dematerialized form except one share which is in physical form. Equity shares of the Company representing 100% of the Company's share capital are dematerialized as on 31st March 2020. The Company's shares are traded on the 'BSE Limited (Main Board)'. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is- INE876S01017

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

As on 31st March 2020, the Company has no American Depository Receipts / Global Depository Receipts /Warrants or any such convertible instruments outstanding and there is no likely impact on the Company's Equity Shares in the financial year 2019-20.

i) Plant Locations

The Plant of our Company is situated at Dahegam, Gujarat,

j) Certificate on Director's disqualification

All the Directors of the Company have submitted a declaration stating that they are not debarred or disqualified by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority from being appointed or continuing as Directors of Companies. A compliance certificate from M/s. Sharma Vivek & Associates, Company Secretaries pursuant to the requirements of Schedule V to the Listing Regulations regarding compliance of conditions of Corporate Governance is attached. Both this certificates are attached to this report.

k) During the financial year 2019-20, the Board has accepted all the recommendations of its Committees.

**For and on behalf of the Board
Loyal Equipments Limited**

Sd/-

**Alkesh Rameshchandra Patel
Managing Director
DIN – 02672297**

Sd/-

**Rameshchandra Nathalal Patel
Chairman & Whole Time Director
DIN –01307699**

Date: December 01, 2020

Place: Dahegam, Gandhinagar.

ANNEXURE A

C E R T I F I C A T E

(Pursuant to Clause 10 of Part C of Schedule V of LODR)

In Pursuance of sub clause (i) of clause 10 of Part C of schedule V of The Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirement) regulations, 2015; (LODR) in respect of **LOYAL EQUIPMENTS LIMITED (CIN: L29190GJ2007PLC050607)** I hereby certify that:

On the basis of the written representation/declaration received from the directors and taken on record by Board of directors, as on March 31, 2020, none of the directors on the board of the company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/ Ministry of Corporate Affairs or any statutory authority.

**FOR SHARMA VIVEK & ASSOCIATES
COMPANY SECRETARIES
ICSI Unique Code – I2015RJ1295000**

Sd/-

**VIVEK SHARMA
PROPRIETOR
FCS No. 10663
COP No. 14773
UDIN – F010663B001352729**

**PLACE: JAIPUR
DATE: November 30, 2020**

CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members

LOYAL EQUIPMENTS LIMITED

Block No. 35/1-2-3-4, Village Zak

Dahegam, Gandhinagar – 382 330

We have examined the compliance of the conditions of Corporate Governance by LOYAL EQUIPMENTS LIMITED (“**the Company**”) for the year ended on March 31, 2020, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2020.

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

**FOR SHARMA VIVEK & ASSOCIATES
COMPANY SECRETARIES
ICSI Unique Code – I2015RJ1295000**

Sd/-

**VIVEK SHARMA
PROPRIETOR
FCS No. 10663
COP No. 14773
UDIN – F010663B001359648**

PLACE: JAIPUR

DATE: November 30, 2020

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS

TO THE MEMBERS OF LOYAL EQUIPMENTS LIMITED

OPINION

We have audited the accompanying Standalone financial statements of **Loyal Equipments Limited** (“the Company”), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), for the year ended on March 31, 2020, the Statement of Changes in Equity for the year ended on March 31st, 2020, the Cash flow statement for the year ended & and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards 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 the Company as at March 31, 2020, and its Profit and total Comprehensive Income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provision of the Act, and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Inventories:

Inventory consisting of Stock of Raw Materials, Work in Progress & Finished Goods form a significant portion of the Assets. This year due to the COVID-19 Pandemic the Auditors could not be physically present to inspect at the time of stock taking. Inventory is valued by the company at lower of cost or Net realizable value as given in Notes to the financial statements.

Auditors' Response to the Key Audit Matter:

Principal Audit Procedure:

Our audit procedures relating to the carrying value of inventories included the following:

- We understood and tested the design and operating effectiveness of controls as established by the management in determination and valuation of the inventory;
- We have verified the subsequent sale of inventory on test check basis to confirm the existence and valuation of inventory and performed rollback procedures to confirm the existence of inventory as at March 31, 2020.;
- Assessed the appropriateness of Company's accounting policy for valuation of inventory and compliance of the policy with the requirements of the prevailing accounting standard Ind AS 2 and the actual cost determination was done correctly and considered various factors including the actual selling price prevailing around and subsequent to the year-end to ensure that the Realizable value was estimated correctly.
- Compared the cost of the finished goods with the estimated net realizable value and checked if the finished goods were recorded at net realizable value where the cost was higher than the net realizable value the inventory was written down.

2. Assessing the impact of Pandemic COVID 19 on the financial statements:

The pandemic has created huge uncertainties on the operations of many established businesses and exposed them to several new risks. Due to this, organizations have had to make significant changes to their normal processes to adapt to this sudden and unexpected turn of situation. These changes could impact the measurement of assets and liabilities on varying degree.

Due to COVID-19, the Company is also exposed to various risks such as assessment of counter parties' risks for receivables, operational controls, compliance and several other risks.

Auditors' Response to the Key Audit Matter:

Principal Audit Procedure:

Our audit procedures relating to the impact of pandemic COVID-19, operational controls, and compliance and several other risks included the following:

- Looked at the company's exhaustive risk identification and mitigation analysis using its well established enterprise risk management framework to understand the implications, assessment process and the company's current mitigation plans.
- assessment of risks of counter party defaults by examining external credit rating movements, if any and the process of identification of risky receivables and making suitable provisions in the financial statements.
- Assessment of the temporary changes made to the internal control framework over financial reporting and carrying suitable tests for the effectiveness of key controls on the balance sheet date.
- Evaluating the overall presentation of the financial statements and ensuring the appropriateness and adequacy of the disclosures.

Checking the compliance against the various regulatory prescriptions applicable to the company to the extent those are relevant in the preparation of financial statement.

3. Carrying value of property, plant and equipment including intangible assets and capital work-in- progress:

As disclosed in Note 2 Property, plant and equipment totaling Rs.. 90825.48 Thousand, capital work-in-progress Rs.203.84 thousand and intangible assets totaling Rs. 265.24 crore represent significant balances recorded in the statement of financial position.

The Company describes the significant accounting policies in respect of property, plant and equipment, capital work-in progress and intangible assets in Notes to financial statements

The evaluation of the recoverable amount of these assets requires significant judgement in determining the key assumptions supporting the expected future cash flows of the business and the utilization of the relevant assets.

There are a number of areas where management judgement impacts the carrying value of property, plant and equipment, intangible assets and their respective depreciation profiles. These include the decision to capitalize or expense costs; the asset life review including the impact of changes in the Company's strategy; and the timeliness of the transfer from assets in the course of construction.

Auditors' Response to the Key Audit Matter:

Principal Audit Procedure:

Our audit procedures relating to the carrying value of property, plant and equipments including intangible assets and capital work-in-progress included the following:

- We evaluated the assumptions made by management in the determination of residual values and useful lives to ensure that these are consistent with the principles of Indian Accounting Standards (Ind AS) 16 Property, Plant and Equipment and Ind AS 38 Intangible Assets.
- We assessed whether useful lives and residual values were reasonable by challenging management's judgements through comparing the useful lives and residual values prescribed in Schedule II to the Companies Act 2013 and the useful lives of certain assets as per the technical assessment of the management
- We compared the useful lives of each class of asset in the current year to the prior year to determine whether there were any significant changes in the useful lives of assets, and considered the reasonableness of changes based on our knowledge of the business and the industry.
- We assessed whether indicators of impairment existed as at 31 March 2020 based on our knowledge of the business and the industry.
- We tested the controls in place over the property, plant and equipment and intangible assets, evaluated the appropriateness of capitalization policies, performed tests of details on costs capitalized and assessed the timeliness of the transfer of assets in the course of construction and the application of the asset life.
- In performing these substantive procedures, we assessed the judgements made by management including the nature of underlying costs capitalized; the appropriateness of asset lives applied in the calculation of depreciation and amortization; and in assessing the need for accelerated depreciation/amortization, if required, in the context of impairment.

MATTER OF EMPHASIS:

The management accounting estimates based on its assessment and assumptions underlying the accounting estimates may have been affected due to covid-19 conditions and uncertainty as on the closing date. However, we have not noted any material issue involving significant risk.

It has been informed by the management that the operational disruption has not resulted in any significant changes to the business model, arising from significant drop in demand, reduced customer base, disruption in supply chain, employee's absence or work from home, geographical & public lock down etc. during the reporting period. Based upon representation by the company, the financial impact arising out of the COVID-19 outbreak are not significant requiring to be accounted or reported or disclosed as per the prescribed Accounting Standards, in the financial statements. As the company's operations were in lockdown, the management has in accordance with SA 501, not carried out physical verification of inventory as on 31st March 2020, and has considered the stock taking done earlier as a base, for valuation of the inventory of the stock in books as on year closing.

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The company's board is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's information, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 no material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone financial statements to give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity & cash flows of the Company in accordance with the Ind AS & 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone 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 decision of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatements of the standalone 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 management.
- Conclude on the appropriateness of management's use of 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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonable knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. 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 change in Equity & Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid Standalone financial statements comply with the Ind AS 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 internal financial control over financial reporting of the company & the operating effectiveness of such controls, refer to our separate report in Annexure “A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company’s internal financial controls over financial reporting.
 - 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 explanation given to us, the remuneration paid by the company to its directors during the year is in accordance with the provision of Section 197 of the Act.
 - h) With respect to 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 explanation given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - (ii) The Company has made provision, as at March 31, 2020 as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - (iii) The Company is not liable to transfer any amounts, to the Investor Education and Protection Fund during the year ended March 31, 2020.
2. As required by ‘the Companies (Auditors Report) Order, 2016’, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the “Order”), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, we give in the Annexure “B” a statement on the matters specified in paragraph 3 and 4 of the Order.

For A Y & Company

Chartered Accountants

Firm Registration No. : 020829C

CA Arpit Gupta

Partner

M.No. 421544

UDIN: 20421544AAAABQ8107

Place : Dahegam

Date: 31.07.2020

ANNEXURE “A” TO THE AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on other Legal and Regulatory Requirements section of our report to the Members of Loyal Equipments Limited of even date)

Report on the Internal Financial Control under clause (i) of sub section 3 of Section 143 of companies Act , 2013 (‘The Act’)

We have audited the internal financial control over financial reporting of Loyal Equipments Limited (‘the company’) as of 31st March, 2020 in conjunction with our audit of the standalone financial statement of the company for the year ended on that date.

Management Responsibility for Internal Financial Controls

The Company’s management 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 Control over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by 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 judgement, 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the 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, 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 Control Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For A Y & Company

Chartered Accountants

Firm Registration No. : 020829C

CA Arpit Gupta

Partner

M.No. 421544

UDIN: 20421544AAAABQ8107

Place : Dahegam

Date: 31.07.2020

ANNEXURE “B” TO THE AUDITOR’S REPORT

Referred to In Paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of Our Report of Even Date

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- 1)
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
 - (c) The title deeds of immovable properties are held in the name of the company.
- 2)
 - (a) The management has conducted the physical verification of inventory at reasonable intervals.
 - b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
 - c) Due to government-imposed shutdowns and unavailability of the client's personnel, it is not practicable to conduct physical verification of inventory as on the date of the financial statements i.e. 31st March, 2020. Accordingly, we have relied upon the inventory count done prior to the year-end. We have performed suitable audit procedures to obtain audit evidence regarding changes in inventory between the count date and the date of the financial statements to ascertain them to be properly recorded and considered.
- 3) 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, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2016 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2020 for a period of more than six months from the date on when they become payable.

- b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer money raised by way of term loans have been applied for the purpose for which they were raised.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For A Y & Company

Chartered Accountants

Firm Registration No. : 020829C

CA Arpit Gupta

Partner

M.No. 421544

UDIN: 20421544AAAABQ8107

Place : Dahegam

Date: 31.07.2020

STANDALONE BALANCE SHEET AS AT 31ST MARCH 2020

Particulars	Note No.	Amount (In '000)	Amount (In '000)
		31.03.2020	31.03.2019
ASSETS			
A. Non-Current Assets			
(i) Fixed Assets			
(a) Plant, Property and Equipment	2	90825.48	48447.18
(b) Capital Work-in-Progress	2	203.84	31930.39
(c) Investment Properties		0.00	0.00
(d) Goodwill		0.00	0.00
(e) Other Intangible Assets	2	265.24	332.33
(f) Intangible Assets under Development		0.00	0.00
(g) Biological Assets other than bearer Plants		0.00	0.00
(ii) Financial Assets			
(a) Investments	3	1703.05	1326.94
(b) Trade Receivables		0.00	0.00
(c) Loans & Advances	4	2073.95	893.57
(iii) Deferred Tax Assets (Net)		0.00	0.00
(iv) Other Non Current Assets		0.00	0.00
B. Current Assets			
(i) Inventories	5	178580.65	126699.43
(ii) Financial Assets			
(a) Current Investments		0.00	0.00
(b) Trade Recievables	6	64830.51	66163.25
(c) Cash & Cash Equivalent	7	12972.72	21671.36
(d) Short Term Loans & Advances	8	7922.50	2892.23
(iv) Current Tax Assets (Net)	9	813.21	0.00
(v) Other Current Assets	10	9259.08	8996.52
TOTAL ASSETS		369450.22	309353.20
EQUITY AND LIABILITIES			
A. Equity			
(i) Equity Share Capital	11	102000.00	102000.00
(ii) Other Equity	12	106099.80	77455.04
Total Equity		208099.80	179455.04
B. Liabilities			
Non-Current Liabilities			
(i) Financial Liabilities			
(a) Long Term Borrowings	13	3121.56	5413.67
(b) Trade Payables		0.00	0.00

(c) Other Long Term Liabilities		0.00	0.00
(ii) Long Term Provisions	14	1836.68	1234.80
(iii) Deferred Tax Liabilities	15	1226.35	1071.95
(iv) Other Long Term Liabilities		0.00	0.00
Current Liabilities			
(i) Financial Liabilities			
(a) Short Term Borrowings	16	87667.85	69430.88
(b) Trade Payables	17		
Due to Micro, Small & Medium Enterprises		9445.11	2288.59
Due to Creditors Other than Micro, Small & Medium Enterprises		41023.47	28777.08
(c) Other Current Liabilities	18	17029.41	18141.85
(ii) Short Term Provisions		0.00	0.00
(iii) Current Tax Liabilities (Net)	19	0.00	3539.33
TOTAL EQUITY AND LIABILITIES		369450.22	309353.20

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31 MARCH 2020

Particulars	Note No.	Amount (In '000)	Amount (In '000)
		31.03.2020	31.03.2019
<u>A. INCOME</u>			
I) Revenue from Operations	20	334512.16	414425.21
II) Other Income	21	1984.82	4369.77
III TOTAL INCOME (I+II)		336496.98	418794.98
<u>IV. EXPENDITURE</u>			
a) Cost of Raw Material Consumed	22	191226.54	174108.82
b) Purchases of Stock in Trade		0.00	0.00
c) Changes in Inventory of Finished Goods, Work In Progress & Stock In Trade	23	-53881.17	45435.81
d) Employee Benefit Expenses	24	39878.22	34954.19
e) Finance Costs	25	9926.08	5580.06
f) Depreciation and Amortisation Expenses	26	11460.70	10266.03
g) Other Expenses	27	99693.91	86101.43
TOTAL EXPENSES (IV)		298304.28	356446.34
(V) Profit/(loss) before exceptional items and tax (III-IV)		38192.70	62348.64
(VI) Exceptional items		0.00	0.00
(VII) Profit/(loss) before tax from Continuing Operations (V-VI)		38192.70	62348.64
(VIII) Tax Expenses			
a) Current year Tax		9246.95	17698.76
b) Deferred Tax		154.40	(393.27)
(IX) Profit/(Loss) for the period from continuing operations (VII-VIII)		28791.36	45043.15
X Profit/(Loss) from discontinued operations		0.00	0.00
XI Tax Expenses of discontinued operations		0.00	0.00
XII Profit/(loss) from Discontinued operations (after tax) (X-XI)		0.00	0.00
XIII Profit/(loss) for the period (IX+XII)		28791.36	45043.15
XIV Other Comprehensive Income			
A (i) Items that will be reclassified to Profit or loss		0.00	0.00
(ii) Income tax relating to items that will be reclassified to profit or loss		0.00	0.00
B (i) Items that will not be reclassified to profit or loss		117.12	-142.28
(ii) Income tax relating to items that will not be reclassified to profit or loss		29.48	39.20
XV Total Comprehensive Income for the period (XIII+XIV)(Comprising profit (Loss) and other comprehensive income for the period)		28644.76	45146.23

XVI Earnings per equity share (for continuing operation) :			
(1) Basic		2.81	4.43
(2) Diluted		2.81	4.43
XVII Earnings per equity share (for discontinued operation) :			
(1) Basic		0.00	0.00
(2) Diluted		0.00	0.00
XVIII Earnings per equity share (for discontinued & Continuing operation) :			
(1) Basic		2.81	4.43
(2) Diluted		2.81	4.43

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Amount (In '000)	Amount (In '000)
	31.03.2020	31.03.2019
Cash flows from operating activities		
Profit before taxation & Extraordinary items	38192.70	62,348.64
<i>Adjustments for:</i>		
Depreciation	11,460.70	10,266.03
Adjustment on Account of Non-Cash Items	190.24	750.85
Investment income	(467.88)	(538.05)
Finance Cost	9,926.08	5,580.06
<i>Working capital changes:</i>		
(Increase) / Decrease in trade and other receivables	1,332.74	(32,143.14)
(Increase) / Decrease in other current assets	(262.55)	2,566.32
(Increase) / Decrease in Short Term Loans & Advances	(5,030.27)	3,996.99
(Increase) / Decrease in inventories	(51,881.22)	(964.03)
Increase / (Decrease) in trade payables	19,402.91	(18,827.82)
Increase / (Decrease) in other current liabilities	(1,194.03)	(25,691.99)
Cash generated from operations	21,669.42	7,343.85
Income taxes paid	(13,628.98)	(14,159.43)
Net cash from operating activities	8,040.44	(6,815.58)
Cash flows from investing activities		
Purchase of Fixed Assets	(22,045.35)	(27,758.19)
Purchase/Sales of Investments	-	(659.63)
Long terms loans & Advances Granted/Received	(1,180.39)	1,028.01
Interest received	424.58	490.67
Dividend received	43.30	47.38
Net cash used in investing activities	(22,757.86)	(26,851.75)
Cash flows from financing activities		
Payment of Long Term Borrowings	(2,292.11)	(210.48)
Proceeds from Short Term Borrowings	18,236.96	58,188.58
Payment of Finance Cost	(9,926.08)	(5,580.06)
Net cash used in financing activities	6,018.77	52,398.05
Net increase in cash and cash equivalents	(8,698.64)	18,730.72
Cash and cash equivalents at beginning of period	21,671.36	2,940.64
Cash and cash equivalents at end of period	12,972.72	21,671.36
Cash and cash equivalents comprises of		
Cash in Hand	1,972.09	2,004.04
Balance with Scheduled Banks	11,000.64	19,667.32

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON MARCH 31, 2020

A) EQUITY SHARE CAPITAL

Particulars	Amount (In '000)
Equity Shares of Rs. 10 each issued, subscribed & Paid	
As at 01 April, 2018	102000.00
changes in Equity share Capital during the year	0.00
As at 31st March, 2019	102000.00
changes in Equity share Capital during the year	0.00
As at 31st March, 2020	102000.00

B) OTHER EQUITY

(Amount In ' 000)

Particulars	Other Equity			Amount
	Reserves & Surplus			
	General Reserve	Securities Premium	Retained Earnings	
As at 31st March, 2018	0.00	0.00	32308.81	32308.81
Profit/(Loss) for the period	0.00	0.00	45043.15	45043.15
Other Comprehensive Income	0.00	0.00	103.08	103.08
Total Comprehensive Income	0.00	0.00	45146.23	45146.23
Transfer to General Reserve	0.00	0.00	0.00	0.00
Utilization of Reserves	0.00	0.00	0.00	0.00
Balance As at 31st March, 2019	0.00	0.00	77455.04	77455.04
Profit/(Loss) for the period	0.00	0.00	28791.36	28791.36
Other Comprehensive Income	0.00	0.00	(146.60)	(146.60)
Total Comprehensive Income	0.00	0.00	28644.76	28644.76
Transfer to General Reserve	0.00	0.00	0.00	0.00
Utilization of Reserves	0.00	0.00	0.00	0.00
As at 31st March, 2020	0.00	0.00	106099.80	106099.80

NOTE NO. 1

Notes Forming Part of Financial Statements for the year ended on March 31st, 2020

A. GENERAL INFORMATION

Loyal Equipments Limited ('the Company') was incorporated on April 20, 2007 and is engaged in the business of manufacturing of Industrial & Engineering Equipments.

B. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the companies Act, 2013 ("the Act") read with the companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act, as applicable.

C. ROUNDING OF AMOUNTS:

The financial statements including notes thereon are presented in Indian ₹ which is the Company's functional currency. All amounts disclosed in the financial statements including notes thereon have been rounded off to the nearest thousand, unless stated otherwise.

D. SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPERATION:

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015, read with section 133 of the Companies Act, 2013.

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies stated out below.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Current & Non-Current Classifications

All the assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Act. The Company has ascertained its operating cycle to be 12 months for the purpose of current and non-current classification of assets and liabilities.

b) PROPERTY, PLANT & EQUIPMENTS:

On transition to Ind AS, the Company has adopted optional exemption under Ind AS 101 to use the carrying value of Property, Plant and Equipment as the deemed cost. Subsequently Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Costs directly attributable to acquisition are capitalized until the Property, Plant and Equipment are ready for use, as intended by management.

c) CAPITAL WORK IN PROGRESS:

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

d) INTANGIBLE ASSETS UNDER DEVELOPMENT:

Intangible Asset under Development includes all cost incurred for the development of Intangible Assets including cost of employee benefits and other directly attributable expenses.

e) INTANGIBLE ASSETS:

Intangible assets acquired are measured on initial recognition at cost and stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs capitalized include the costs of material, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Acquired Intangible Assets are amortised under straight-line method, as per the useful life prescribed in Schedule II to the Companies Act, 2013.

f) DEPRECIATION/AMORTIZATION ON PROPERTY PLANT AND EQUIPMENTS:

Depreciable amount for Property, Plant and Equipment is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on Property, Plant and Equipment is provided on Written Down Value method, as per the useful life prescribed in Schedule II to the Companies Act, 2013. The estimated useful lives of the assets are as follow:

Assets	Useful Life (in Years)
Building	30
Plant & Equipments (Electric Installations)	10
Plant & Equipments (Machinery)	15
Furniture & Fixtures	10
Vehicles	6
Office Equipments	5
Computers	3

Depreciation on additions during the year is provided on pro-rata basis with reference to date of addition/installation. Depreciation on assets disposed /discarded is charged up to the date on which such asset is sold.

Land is not depreciated.

g) IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT/INTANGIBLE ASSETS.

An asset is considered as impaired when at the date of Balance Sheet there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs exceeds its recoverable amount (i.e. the higher of the net asset selling price and value in use).

The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss. The impairment loss recognized in the prior accounting period is reversed if there has been a change in the estimate of recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the impaired asset over its remaining useful life.

h) DERECOGNITION OF PROPERTY, PLANT AND EQUIPMENT/INTANGIBLE ASSETS:

The carrying amount of an item of Property, Plant and Equipment / Intangible Assets is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Property, Plant and Equipment / Intangible Assets is measured as the difference between the net disposal in proceeds and the carrying amount of the item and is recognised in the statement of profit and loss when the item is derecognised.

i) CASH & CASH EQUIVALENTS:

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above are considered an integral part of the Company's cash management.

j) CASH FLOW STATEMENTS:

Cash flows are reported using the indirect method, where by profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated

k) INVENTORIES:

Inventories of raw materials and work in progress and finished goods, are valued at lower of cost and net realisable value. Cost of raw materials comprises cost of purchases. Cost of Work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Cost of inventories also include all other costs incurred in bringing the inventories to their present location and conditions. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

l) FINANCIAL INSTRUMENTS:

Financial instruments are any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1. Initial Recognition

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are

directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

2. Subsequent Measurement:

Financial assets are classified into the following specified categories: Amortised cost, Financial Assets at Fair Value Through Profit and Loss (FVTPL), Fair Value Through Other Comprehensive Income (FVTOCI). The classification depends on the Company's business model for managing the financial assets and the contractual terms of cash flows.

Financial Assets:

Amortised Cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This category generally applies to trade and other receivables.

Fair value through other comprehensive income (FVTOCI)

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

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

Financial Assets 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). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Fair value through Profit and Loss (FVTPL)

FVTPL is a residual category for financial assets. Any financial assets, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a financial assets, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is considered only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

3. Derecognition of financial assets

A financial asset is derecognised only when:

- a) The Company has transferred the rights to receive cash flows from the asset or the rights have expired or
- b) The Company retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

4. Impairment of financial assets:

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Financial liabilities and equity instruments:

Debt or equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the value of proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

Subsequent Measurement

Financial liabilities measured at amortised cost Financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of profit and loss.

Financial liabilities measured at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities at fair value through profit or loss are carried in the financial statements at fair value with changes in fair value recognized in other income or finance costs in the statement of profit and loss.

Derecognition of financial liabilities:

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

Determination of fair value:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

m) FAIR VALUE MEASUREMENT:

The fair values of the financial assets and liabilities are included at the amount 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 — inputs that are unobservable for the asset or liability.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

n) LEASE:

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings if any, on the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

The Company as lessee:

The Company’s lease asset classes primarily consist of leases for land. The Company assesses whether a contract

contains a lease, at inception of a contract. 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 the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

On the basis of terms and conditions specified in the lease contract & procedures performed by the management the management is of the opinion that the lease contract currently being in force as on March 31, 2020 not fulfilling the conditions for recognizing the contract as lease contract on the basis of conditions specified in para (ii) above since company does not have all the substantial economic benefits from use of the underlying assets.

o) BORROWINGS AND BORROWING COSTS:

Borrowings are initially recognised at net of transaction costs incurred and measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss over the period of the borrowings using the Effective Interest Rate (EIR). Further the management has not found any material difference between EIR & Actual Rate of Interest, so that the Actual rate of interest is taken for amortisation purpose.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

p) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions are recognised when there is a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized, but its existence is disclosed in the financial statements.

q) REVENUE RECOGNITION:

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated

customer returns, rebates and other similar allowances.

1. Sale of services

The Company recognizes revenue on accrual basis when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method of recognizing the revenues and costs depends on the nature of the services rendered. Revenue is recognized when no significant uncertainty exists as to its realization or collection.

2. Sale of goods:

Revenue from the sale of goods is recognised when the goods are delivered, titles have passed and all the following conditions are satisfied:

- a) the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) the amount of revenue can be measured reliably;
- d) it is probable that the economic benefits associated with the transaction will flow to the company; and
- e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The amount recognised as revenue in its Statement of Profit and Loss is exclusive of Goods and Service Tax, Service Tax and Value Added Taxes (VAT).

3. Other Income:

Interest income from a financial asset is recognized when it is probable that the economic benefit will flow to the company and the amount of income can be measured reliably.

r) EMPLOYEE BENEFITS:

1. Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability after deducting any amount already paid.

2. Long Term Employment benefits:

Defined Contribution Plan

The Company makes contributions to Provident Fund, etc. for eligible employees and these contributions are charged to The Statement of Profit and Loss on accrual basis.

Defined Benefit Plan

The Company have a defined benefit plan for its employees, which requires contribution to be made to a separately Administrated Fund.

Liability for defined benefit plans i.e. Gratuity is determined based on the actuarial valuation carried out by an independent actuary at the year end. As these liabilities are relatively long term in nature, the actuarial assumptions take in account the requirements of the relevant Ind AS coupled with a long term view of the underlying variables / trends, wherever required.

Service cost and net interest cost on the defined benefit liabilities/assets are recognized in the statement of profit and loss as employee benefit expense. Gains and losses on re measurement of defined benefits liabilities/plan assets arising from changes in actuarial assumptions and experience adjustments are

recognised in the other comprehensive income and are included in retained earnings in the balance sheet.

s) FOREIGN CURRENCY TRANSLATION:

The functional Currency of the Company is Indian Rupee.

Transactions and translations:

All transactions in foreign currency are recorded at the rates of the exchange prevailing on the dates when the relevant transactions took place. Any gain/ loss on account of the fluctuations in the rate of exchange is recognized in the Statement of Profit and Loss.

Monetary items in the form of loans, current assets and current liabilities in foreign currencies at the close of the year are converted in the Indian currency at the appropriate rate of exchange prevailing on the dates of the Balance Sheet. Resultant gain or loss on account of fluctuation in the rate of exchange is recognized in the Statement of Profit and Loss.

t) INCOME TAX:

1. Current and deferred tax for the year

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2. Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'Profit Before Tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current tax is determined on the basis of taxable income in accordance with the applicable tax rates and the provisions of applicable tax laws.

3. Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

u) Earnings per Equity Share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the

company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

v) CRITICAL ACCOUNTING JUDGMENT AND ESTIMATES:

The preparation of financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the applicability of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statement and reported amounts of revenue and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these statements have been disclosed. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in the estimates are made as the Management become aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made and, if material. Their effects are disclosed in the notes to the financial statement.

COVID-19 is expected to have a significant impact on business operations of the Company. Further, there is substantial changes in business circumstances accompanied with unprecedented demand destruction. The Company has not carried out the assessment or determined the impact of such exceptional circumstances on its financial statements.

w) INVESTMENT IN SUBSIDIARIES:

A subsidiary is an entity controlled by the company. Control exists when the company has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its powers over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns.

Investment in subsidiary are carried at Fair Value. Since subsidiary company is unlisted so that the book value of Subsidiary company are taken as fair value. The difference between fair value at the end of reporting period and previous reporting period are recognized in the profit & loss account as income or expenses as the case may be.

NON CURRENT ASSETS

NOTE NO. : 2

PROPERTY, PLANT & EQUIPMENTS

(In '000)

	Fixed Assets	Gross Carrying Amount					Accumulated Depreciation					Net Carrying Amount	
		Balance as at 01/04/2019	Additions/ (Disposals)	Acquired through business combinations	Disposals/ Transfers	Balance as at 31/03/2020	Balance as at 01/04/2019	Depreciation charge for the year	Adjusted	Eliminated On disposals	Balance as at 31/03/2020	As at 31/03/2020	As at 31/03/2019
(a)	Tangible Assets												
	Land /Shed	1395.31	0.00	0.00	0.00	1395.31	0.00	0.00	0.00	0.00	0.00	1395.31	1395.31
	Buildings	18198.91	46475.57	0.00	0.00	64674.48	7601.78	3294.23	0.00	0.00	10896.01	53778.47	10597.13
	Plant and Equipment	66195.64	5769.79	0.00	0.00	71965.43	35267.93	5700.26	0.00	0.00	40968.19	30997.24	30927.71
	Furniture and Fixtures	704.00	1100.00	0.00	0.00	1804.00	698.17	156.56	0.00	0.00	854.73	949.27	5.83
	Vehicles	11464.43	0.00	0.00	0.00	11464.43	7068.58	1664.44	0.00	0.00	8733.02	2731.41	4395.85

	Office equipment	6535.07	426.54	0.00	0.00	6961.61	5409.72	578.11	0.00	0.00	5987.82	973.79	1125.35
	Total	104493.35	53771.90	0.00	0.00	158265.25	56046.17	11393.60	0.00	0.00	67439.77	90825.48	48447.18
(b)	Intangible Assets												
	Software	9013.42	0.00	0.00	0.00	9013.42	8681.08	67.09	0.00	0.00	8748.18	265.24	332.33
	Total	9013.42	0.00	0.00	0.00	9013.42	8681.08	67.09	0.00	0.00	8748.18	265.24	332.33
C	Capital Work in Progress												
	Corporate Office New building	31930.39	20035.20	0.00	51761.75	203.84	0.00	0.00	0.00	0.00	0.00	203.84	31930.39
	Total	31930.39	20035.20	0.00	51761.75	203.84	0.00	0.00	0.00	0.00	0.00	203.84	31930.39
	Grand Total	145437.16	73807.10	0.00	51761.75	167482.51	64727.26	11460.69	0.00	0.00	76187.95	91294.56	80709.90

FINANCIAL ASSETS - NON CURRENT

NOTE NO. 3

INVESTMENTS

(In '000)

Particulars	31.03.2020	31.03.2019
Investment in Wholly owned Subsidiary (Loyal Equipments Inc.)	984.42	525.00
Investment in Equity Shares of NNCB Limited	400.00	400.00
Investment in Equity Shares of Lupin Ltd.	183.66	152.72
Investment in Equity Shares of BEML Ltd.	60.21	97.38
Investment in Equity Shares of Bharat Forge Limited	70.67	95.50
Investment in Equity Shares of Reliance Capital Ltd.	3.20	54.77
Investment in Equity Shares of IOCL	0.88	1.56
TOTAL	1703.05	1326.94

NOTE NO. 4

LOANS & ADVANCES

(In '000)

Particulars	31.03.2020	31.03.2019
Loan to Wholly Owned Subsidiary	1129.88	0.00
Security Deposits	944.07	893.57
TOTAL	2073.95	893.57

CURRENT ASSETS

NOTE NO. 5

INVENORIES

(In '000)

Particulars	31.03.2020	31.03.2019
Raw Material	86689.65	88689.60
WIP	32407.24	27873.88
Finished Goods	59483.76	10135.95
TOTAL	178580.65	126699.43

NOTE NO. 6

TRADE RECEIVABLES

(In '000)

Particulars	31.03.2020	31.03.2019
Less than Six Months	59612.30	64806.52
More than Six Months	5218.22	1356.73
TOTAL	64830.51	66163.25

Trade Receivables are non-interest bearing and credit period extended to them is as per normal operating cycle.

NOTE NO. 7

CASH & CASH EQUIVALENTS

(In '000)

Particulars	31.03.2020	31.03.2019
Balance with Scheduled Banks	11000.64	19667.32
Cash in Hand	1972.09	2004.04
TOTAL	12972.72	21671.36

NOTE NO. 8

SHORT TERM LOANS & ADVANCES

(In '000)

Particulars	31.03.2020	31.03.2019
<i>(Unsecured and Considered Good)</i>		
Advance Against Order	7457.12	972.10
Other Advances	465.38	1920.13
TOTAL	7922.50	2892.23

NOTE NO. 9

CURRENT TAX ASSETS

(In '000)

Particulars	31.03.2020	31.03.2019
Advance Income Tax (Net of Provisions)	813.21	0.00
TOTAL	813.21	0.00

NOTE NO. 10**OTHER CURRENT ASSETS****(In '000)**

Particulars	31.03.2020	31.03.2019
Bank Guarantees	5437.79	6970.04
Bank Gurantee Amendment Charges Receivables	149.54	106.86
GST Receivable	1835.20	0.00
Staff Advance	485.40	79.00
Prepaid Expenses	832.41	1119.75
Income Tax Refundable	476.99	679.12
Kotak Mahindra Bank Dividend Account	41.75	41.75
TOTAL	9259.08	8996.52

EQUITY**NOTE NO. 11****EQUITY SHARE CAPITAL****(In '000)**

Particulars	31.03.2020	31.03.2019
Authorised Capital	150000.00	150000.00
(1,50,00,000.00 Equity shares of Rs. 10 Each Fully Paid-Up) (Previous Year 150,00,000.00 Equity shares of Rs. 10 Each Fully Paid-Up)		
Issued, Subscribed and Paid Up Capital	102000.00	102000.00
(1,02,00,000.00 Equity shares of Rs. 10 Each Fully Paid-Up) (Previous Year 102,00,000.00 Equity shares of Rs. 10 Each Fully Paid-Up)		
TOTAL	102000.00	102000.00

11.1) The reconciliation of the number of shares outstanding is set out below: -

Particulars	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	10200000	10200000
Add : Bonus Shares issued during the year	0.00	0.00
Equity Shares at the end of the year	10200000	10200000

11.2) The details of Shareholders holding more than 5% shares:-

Name of the Shareholder (% of Holding)	No. of Shares	No. of Shares

	(% of holding)	(% of holding)
Alkesh R Patel	2099940 (20.59%)	2099940 (20.59%)
Jyotsnaben R Patel	3300000 (32.35%)	3300000 (32.35%)
Rameshchandra N Patel	2100000 (20.59%)	2100000 (20.59%)

11.3) Terms/rights attached to equity Shares:

The company has only one class of equity shares referred to as equity shares having a par value of Rs. 10. Each holder of equity shares is entitled to one vote per share and dividend as and when declared by the company.

NOTE NO. 12

OTHER EQUITY

Particulars	(In '000)	
	31.03.2020	31.03.2019
A) Securities Premium		
As per Balance sheet of Previous Financial Year	0.00	0.00
Add : Addition in Current Year	0.00	0.00
Less : Utilized in Current Year	0.00	0.00
	0.00	0.00
B) Retained Earnings		
As per Balance sheet of Previous Financial Year	77455.04	32308.81
Add : Transfer from Profit of the Current Year	28644.76	45146.23
TOTAL	106099.80	77455.04

LIABILITIES

NON CURRENT LIABILITIES

FINANCIAL LIABILITIES

NOTE NO. 13

LONG TERM BORROWING

Particulars	(In '000)	
	31.03.2020	31.03.2019
A) Secured		
ICICI Bank Car Loan	686.66	1781.25
HDFC Bank Limited Car Loan	606.81	802.24

ICICI Bank Machinery Loan	662.35	1271.15
Kotak Mahindra Bank Prime Limited Car Loan	1165.74	1559.03
TOTAL (A)	3121.56	5413.67
B) Unsecured	0.00	0.00
TOTAL (B)	0.00	0.00
TOTAL (A+B)	3121.56	5413.67

Note 13.1) Terms of Loans:

- ICICI Bank Machinery Loan is secured by way of hypothecation of Plant & Machinery @ 9.24% payable in equal 48 EMI's of Rs. 58410.00
- Car Loans taken from Bank of financial institution are secured by way of hypothecation of the Vehicle purchased from the Amount of Loan.
- There are no defaults in repayment of loans and interest during the year.

NOTE NO. 14

LONG TERM PROVISIONS

Particulars	(In '000)	
	31.03.2020	31.03.2019
Provision for Gratuity	1836.68	1234.80
TOTAL	1836.68	1234.80

NOTE NO. 15

DEFERRED TAX LIABILITIES (NET)

Particulars	(In '000)	
	31.03.2020	31.03.2019
Deferred Tax Liabilities as of Previous Year	1071.95	1426.04
Add/Less : Adjustments in Current Year	154.40	(354.09)
TOTAL	1226.35	1071.95

CURRENT LIABILITIES

FINANCIAL LIABILITIES

NOTE NO. 16

SHORT TERM BORROWINGS

Particulars	(In '000)	
	31.03.2020	31.03.2019
A) Secured		
Kotak Mahindra Bank O/D	87667.85	69430.88

TOTAL (A)	87667.85	69430.88
B) Unsecured	0.00	0.00
TOTAL (B)	0.00	0.00
TOTAL (A+B)	87667.85	69430.88

16.1) Terms of Loan:

- a) Kotak Mahindra Overdraft facility has is secured by way of equitable mortgage/hypothecation of Factory Shed & land which is subject to renewal on March, 2021.
- b) Further there is no default in repayment of loan & Interest.

NOTE NO. 17

TRADE PAYABLES

Particulars	(In '000)	
	31.03.2020	31.03.2019
Trade Payable Due to Micro, Small & Medium Enterprises	9445.11	2288.59
Trade Payable Due to Other than Micro, Small & Medium Enterprises	41023.47	28777.08
TOTAL	50468.58	31065.67

Trade Payables are non-interest bearing and credit period extended to them is as per normal operating cycle.

NOTE NO. 18

OTHER CURRENT LIABILITIES

Particulars	(In '000)	
	31.03.2020	31.03.2019
Current Maturities of Long Term Debt	2292.11	2210.49
GST Payable	0.00	10260.26
Unpaid Electricity bill	0.00	46.40
Unpaid Prof. Tax	17.36	482.47
Provident Fund Payable	249.84	195.08
Unpaid Salary	7574.21	3043.45
Travelling Exp. Payable	0.00	43.49
Advance Received from Customers	4133.79	0.00
Audit Fees Payable	225.00	45.00
T.D.S Payable	1244.36	1036.17
Kotak Securities Demat Account	0.75	0.00
Demat Account with Kotak Securities	0.00	1.35
Provision for Gratuity	81.58	0.00
Retention	752.06	319.35
Unclaimed Dividend	16.00	16.00
Unclaimed Investor Fund	442.33	442.34
TOTAL	17029.41	18141.85

NOTE NO. 19

CURRENT TAX LIABILITIES

(In '000)

Particulars	31.03.2020	31.03.2019
Provision for Income Tax (Net)	0.00	3539.33
TOTAL	0.00	3539.33

NOTE NO. 20

REVENUE FROM OPERATIONS

(In '000)

Particulars	31.03.2020	31.03.2019
Sales		
- Domestic	280315.81	409023.95
- Export	54196.35	5401.26
TOTAL	334512.16	414425.21

NOTE NO. 21

OTHER INCOMES

(In '000)

Particulars	31.03.2020	31.03.2019
Adjustment on Account of FVTPL of Investments	332.10	0.00
Interest Income	424.58	490.67
Dividend Income	43.30	47.38
Discount Received	0.24	289.34
Income from Various Subsidies	758.74	2115.39
Other Incomes	425.86	1426.99
TOTAL	1984.82	4369.77

NOTE NO. 22

COST OF RAW MATERIAL CONSUMED

(In '000)

Particulars	31.03.2020	31.03.2019
Opening stock of Raw Material	88689.60	42289.76
Add : Purchases During the Year	189226.59	220508.66
Less : Closing Stock of Raw Material	86689.65	88689.60
TOTAL	191226.54	174108.82

NOTE NO. 23

CHANGE IN INVENTORY OF FINISHED GOODS, WIP & STOCK IN TRADE

(In '000)

Particulars	31.03.2020	31.03.2019
Inventories at the beginning of the Year		
- Work In Progress	27873.88	70277.54
- Finished Goods	10135.95	13168.10
Inventories at the end of the Year		
- Work In Progress	32407.24	27873.88
- Finished Goods	59483.76	10135.95
Net Change in the Inventory of Finished Goods	-53881.17	45435.81

NOTE NO. 24

EMPLOYEE BENEFIT EXPENSES

(In '000)

Particulars	31.03.2020	31.03.2019
Bonus	1826.84	1393.28
Staff Welfare Expenses	1231.91	1904.50
Salary to Staff	27637.37	22917.79
Directors Remuneration	7200.00	7100.00
Directors Sitting Fees	0.00	75.00
Provident Fund Exp.	1288.19	1145.41
Provision for Gratuity (Current Service Cost & Interest Cost)	566.35	418.22
Staff Medical Expenses	127.56	0.00
TOTAL	39878.22	34954.19

NOTE NO. 25

FINANCE COST

(In '000)

Particulars	31.03.2020	31.03.2019
Interest expenses	7466.08	3909.06
Other borrowing costs	2460.00	1671.00
TOTAL	9926.08	5580.06

NOTE NO. 26**DEPRECIATION & AMORTISATION EXPENSES****(In '000)**

Particulars	31.03.2020	31.03.2019
Depreciation	11460.70	10266.03
TOTAL	11460.70	10266.03

NOTE NO. 27**OTHER EXPENSES****(In '000)**

Particulars	31.03.2020	31.03.2019
DIRECT EXPENSES		
Power & fuel	2151.89	1740.56
Testing & Inspection	9741.92	9888.27
Job Work	47239.27	39489.77
Labour charges	0.00	5.40
Workers Salary	5462.88	4502.86
Transportation Exp.	4211.51	5686.37
Import Material Clearing Charges	4723.79	3291.05
Engineering Design & Consultancy Exps.	490.89	1175.25
Factory Rent	1950.00	1440.00
Repair of Plant & Machinery	838.28	752.21
Other Direct Exp.	5139.37	2579.11
Total (A)	81949.79	70550.85
INDIRECT EXPENSES		
Adjustment on Account of FVTPL	0.00	332.63
Audit Fees	450.00	50.00
Advertisement Exp.	159.90	112.84
AMC Charges	1144.19	1348.29
Annual Listing Fees	357.50	0.00
Annual Event Expenses	3355.50	0.00
Bank Charges	833.08	961.38
Demat Charges	1.39	0.91
Freight Exp.	0.00	259.16
Forex Gain/Loss	1206.20	288.76
Petrol Exp.	422.72	0.00
Repairs & Maintenance	108.09	277.06
Insurance	608.26	203.94
Marketing & Sales Consulting Exp.	2335.42	1270.15

Professional & Legal Fees	465.24	3561.86
Rates & Taxes	130.04	934.00
Rent	1800.00	1800.00
Late Delivery Charges	373.50	792.58
Travelling & Conveyance Expenses	871.18	1590.38
Foreign Travelling Exp.	203.51	0.00
Office Miscellaneous Expenses	956.11	574.37
Donation	0.00	11.00
Software Expenses	458.92	0.00
Packing And Forwarding Charges	0.00	31.50
Postage & Courier	58.50	108.58
Telephone Exps.	405.30	324.95
Printing & Stationary Expenses	412.02	461.29
Website Exp.	30.00	24.17
Vehicle Running & Maintenance	434.60	0.00
Other Misc. Exp.	73.61	167.29
ZAK Panchayat Tax	89.36	63.51
Total (B)	17744.11	15550.58
TOTAL (A+B)	99693.91	86101.43

28. EARNINGS PER SHARE:

(Amount In '000)

Particulars	2019-20	2018-19
Total Comprehensive Income after tax as per Statement of Profit & loss available to equity shareholders (In Thousands) (a)	28644.76	45146.23
Number of equity shareholder at the end of the year (In Nos)	10200000	10200000
Weighted average no of Equity shareholder at the end of the year (In Nos) (b)	10200000	10200000
Basic/Diluted Earnings Per Share (a/b)	2.81	4.43

29. EMPLOYEE BENEFITS:

a) Contribution to Employee Provident Fund:

(Amount In '000)

Particulars	2019-20	2018-19
Contribution to employee provident Fund	1288.19	1145.41

b) Gratuity:

The following table summarizes the components of expense recognized in the Statement of Profit & Loss and the amount recognized in the Balance sheet according to Actuarial Report:

(Amount In '000)

Particulars	2019-20	2018-19
1. Amount Recognized in statement of Profit & loss		
a. Current Service Cost	479.91	343.91
b. Interest on defined benefit obligations	86.43	74.31
c. Past Service Cost	0.00	0.00
Total Amount Included in Employee Benefit Expenses	566.34	418.22
2. Amount Recognized in Other comprehensive Income		
Net Actuarial (Gain)/Loss recognized during the year	117.12	(142.28)
3. Amount Recognized in the Balance Sheet		
Present Value of Obligation as on the balance Sheet Date	1918.26	1234.80
4. Reconciliation of Present Value of defined Benefit Obligations :		
Present value of obligations at the beginning of the period	1234.80	958.85
Interest cost	86.43	74.31
Current service cost	479.91	343.91
Actuarial (gain)/loss	117.12	(142.27)
Present value of the obligation at the end of the period	1918.26	1234.80
5. Actuarial Assumption on the defined benefit obligations		
Discount Rate Per Annum	7.00%	7.75%
Salary Growth Rate per Annum	5.00%	5.00%

30. CIF Value of Imports:

(Amount In '000)

Particulars	2019-20	2018-19
Raw Material	19149.16	20935.80

31. Contingent Liabilities not provided for:

In respect of Bank Guarantees 54.38 Lacs (Previous year: 69.70 Lacs).

32. Segment Reporting:

The Company is primarily engaged in the equipments Manufacturing, which in the context of Ind AS 108 on "Operating Segments" constitutes a single reporting segment. Further, there are no reportable geographical segments.

33. Disclosure of Related Party Transactions as on March 31st, 2020 :-

Related Party Transactions are being reported as per Ind AS 24 'Related Party Disclosures' for the year ended March 31, 2020.

- Key Managerial Personnel/Related Parties:**

S.No.	Name	Designation
1.	Mr. Rameshchandra Nathalal Patel	Whole time Director
2.	Mr. Alkesh Rameshchandra Patel	Managing Director
3.	Mrs. Jyotsanaben Rameshchandra Patel	Whole time Director

4.	Mr. Amitkumar Chandubhai Patel	Chief Financial Officer
5.	Mrs. Akanksha Aswani	Company Secretary & Compliance officer
6.	Mr. Babubhai Bhulabhai Patel	Non-Executive Independent Director*
7.	Mr. Girish Nathubhai Desai	Non-Executive Independent Director*
8.	Mr. Kalpesh Lalitchandra Joshi	Non-Executive Independent Director*
9.	M/s Loyal Equipments Inc	Wholly owned Subsidiary

* Non-Executive Independent Director are included only for the purpose of compliance with definition of key managerial personnel given under Ind AS 24.

- **Entities where key managerial Personnel and their relatives having control/Significance Influence:**

S.No.	Name	KMP	Nature of Influence
1	Loyal Engineers	Mrs. Jyotsanaben Rameshcnadra Patel	Proprietor

- **Particulars of Transactions with Related Parties:**

(In '000)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Remuneration to Key Managerial Personnel of holding Company*		
Mr. Rameshchandra Nathalal Patel	4450.00	3250.00
Mr. Alkesh Rameshchandra Patel	3350.00	3850.00
Mr. Amitkumar Chandubhai Patel	843.25	727.00
Ms Komal Manoharlal Motiani	--	130.00
Mrs. Akanksha Aswani	117.20	--
Rent Paid		
Loyal Engineers	1800.00	1800.00
Mrs. Jyotsanaben Rameshchandra Patel	2400.00	2400.00
Machinery Purchase		
Loyal Engineers	--	973.55
Sitting Fees Paid		
Mr. Babubhai Bhulabhai Patel	--	25.00
Mr. Girish Nathubhai Desai	--	25.00
Mr. Kalpesh Lalitchandra Joshi	--	25.00

*The above remuneration to KMP does not include Provision for Gratuity as it is provided in the books on the basis of actuarial valuation for the company as a whole and hence individual figures cannot be identified.

- **Outstanding Balance of Related Parties:**

S.NO.	Name	Balance as on March 31, 2020	Balance as on March 31, 2019
1.	Mr. Rameshchandra Nathalal Patel	2489.80	892.00
2.	Mr. Alkesh Rameshchandra Patel	1146.95	--
3	Mrs. Jyotsanaben Rameshchandra Patel	1188.00	--

4.	M/s Loyal Engineers	1296.00	1271.55
5.	Mr. Amitkumar Chandubhai Patel	63.56	54.10
6.	Ms Komal Manoharlal Motiani	--	9.13
7.	Mrs. Akanksha Aswani	11.22	--

34. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Disclosure under Micro, Small and Medium Enterprises Act, 2006 are provided as under for the year 2019-20, to the extent the Company has received intimation from the “Suppliers” regarding their status under the Act:

(In ‘000)

S.No.	Particulars	March 31, 2020	March 31, 2019
a)	Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)		
	Principal amount due to micro and small enterprise	9445.11	2288.59
	Interest due on above	0.00	0.00
b)	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, alongwith the amount of the payment made to the supplier beyond the appointed day during the period	0.00	0.00
c)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	0.00	0.00
d)	The amount of interest accrued and remaining unpaid at the end of each accounting year	0.00	0.00
e)	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	0.00	0.00

35. FINANCIAL INSTRUMENTS

a. Financial Risk Management objects and policies

In its ordinary operations, the company’s activities expose it to the various types of risks, which are associated with the financial instruments and markets in which it operates. The Company has a risk management policy which covers the foreign exchanges risks and other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the board of directors. The following is the summary of the main risks.

- **Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates (currency risk) and interest rates (interest rate risk), will affect the Company’s income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

- i. **Interest Rate Risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value

interest rate risk is the risk of changes in fair value of fixed interest-bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest-bearing investments will fluctuate because of fluctuations in the interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations.

ii. Foreign Currency Risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD related to the imports of its raw material and capital assets. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency (INR).

• **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.

The company's revenue combination is of government and private parties, the company is having majority of receivables from Government undertakings and hence they are secured from credit losses in the future. In case of private customers, the Company considers factors such as credit track record in the market and past dealings for extension of credit to customers. The Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Credit Risk Exposure

The impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each balance sheet date.

Financial assets are written off when there is no reasonable expectation of recovery, however, the Company continues to attempt to recover the receivables. Where recoveries are made, these are recognised in the Statement of Profit and Loss.

The ageing analysis of the receivables has been considered from the date the invoice falls due –

(In '000)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Receivables		
More than Six Months	5218.22	1356.73
Less Than Six Months	59612.30	64806.52

• **Liquidity Risk**

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Expected contractual maturity for Financial Liabilities:

(In '000)

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total

As at March 31, 2020				
Borrowings	89959.96	3121.56	0.00	93081.52
Trade & Other Payables	50468.58	0.00	0.00	50468.58
Other financial Liabilities	14737.30	0.00	0.00	14737.30
As at March 31, 2019				
Borrowings	71641.37	5413.67	0.00	77055.04
Trade & Other Payables	31065.67	0.00	0.00	31065.67
Other financial Liabilities	15931.36	0.00	0.00	15931.36

b) Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders of the Company. The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and other stakeholders.

The Company manages its capital structure and makes adjustments in light of changes in the financial condition and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders (buy back its shares) or issue new shares.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. The Company has complied with these covenants and there have been no breaches in the financial covenants of any interest-bearing loans and borrowings. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020 and March 31, 2019.

Gearing Ratio:

(In '000)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Borrowings	93081.52	77055.04
Less: Cash & Cash Equivalents	12972.72	21671.35
Net Debts	80108.80	55383.69
Total Equity	208099.80	179455.04
Gearing Ratio	0.38	0.31

c) Category of Financial Instruments:

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

(In '000)

Particulars	Carrying Value		Fair Value	
	As at March 31st, 2020	As at March 31st, 2019	As at March 31st, 2020	As at March 31st, 2019
Financial Assets				
FVTPL Financial Instruments – Investments	1703.05	1659.57	1703.05	1326.94
Trade Receivables	64830.51	66163.25	64830.51	66163.25
Cash & Cash Equivalents	12972.72	21671.35	12972.72	21671.35
Other financial Assets	9996.45	3785.80	9996.45	3785.80

Total	89502.73	93279.97	89502.73	92947.34
Financial Liabilities				
Borrowings	93081.52	77055.04	93081.52	77055.04
Trade Payables	50468.58	31065.67	50468.58	31065.67
Other Financial Liabilities	14737.30	15931.36	14737.30	15931.36
Total	158287.40	124052.07	158287.40	124052.07

The management assessed that cash and cash equivalents, trade receivables, trade payables, other bank balances, other current asset and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

36. Global Health Pandemic COVID-19 and Impact on Business:

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

COVID19 is significantly impacting business operation of the companies, by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lockdown of production facilities etc.

On 24th March, 2020, the Government of India ordered a nationwide lockdown for 21 days which further got extended till 3rd May, 2020 to prevent community spread of COVID-19 in India resulting in significant reduction in economic activities.

Further, during last week of March 2020/April 2020, there had been a cease on the manufacturing activity due to lockdown. Thereafter, the gradual resumption of economic activity has also impacted the business.

In assessing the recoverability of Company's assets such as Investments, Loans, intangible assets, Goodwill, Trade receivable etc. the Company has considered internal and external information. Though the Company has not performed sensitivity analysis in respect of impact on various aspects of the business/indicators of future economic conditions, still the Company expects to recover the carrying amount of the assets. It is estimated that in respect of inventory measurement, impairment of Non-Financial Assets, Leases, requirement of postponing Revenue for reporting period, borrowing costs, impairment of Property, Plant & Equipment or need of downward asset valuation, there is no material loss foreseeable/ascertainable based on internal/external information, due to impact of Covid-19. The company does not expect any major disruption of business activity affecting its Going Concern status. No material modification or termination of contracts or arrangements has taken place. The company also does not foresee liquidity and working capital issues given the reduced/ impaired ability to service debt or replenish working capital requirements due to possible lower cash flows. Therefore, the company has not ascertained any Contingent Liability or created any provisions in respect of onerous executory or other contracts, unavoidable costs, exceptional items and business restructuring costs etc. based upon the events occurring due to impact of Covid-19 pandemic. The company or the transacting parties have not carried out any modification or termination of contracts or arrangements, which have material impact upon financial or operational performance of the company.

37. Previous Year Figures:

The financial statements have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable. The previous year's figures have been regrouped / reclassified wherever necessary, to make them comparable.

**As per Our Separate Report of Even Date
For A Y & Company
Chartered Accountants**

**CA Arpit Gupta
Partner
M.No. 421544
UDIN: 20421544AAAABQ8107**

**Place : Dahegam
Date: 31.07.2020**

**For and On behalf of the Board
For Loyal Equipments Limited**

Alkesh R Patel Managing Director DIN: 02672297	Rameshchandra N Patel Director DIN: 01307699
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Amit C Patel Chief financial Officer	Akanksha Aswani Company Secretary
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INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS

TO THE MEMBERS OF LOYAL EQUIPMENTS LIMITED

OPINION

We have audited the accompanying consolidated financial statements of **Loyal Equipments Limited** (“the Company”), & its subsidiary (Loyal Equipments Inc.) (the Company and its subsidiaries together referred to as the “Group”) which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), for the year ended on March 31, 2020, the Statement of Changes in Equity for the year ended on March 31st, 2020, the Cash flow statement for the year ended & and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards 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 the Group as at March 31, 2020, and its Profit and total Comprehensive Income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the Consolidated financial statements in accordance with the standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Consolidated financial statements under the provision of the Act, and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Inventories:

Inventory consisting of Stock of Raw Materials, Work in Progress & Finished Goods form a significant portion of the Assets. This year due to the COVID-19 Pandemic the Auditors could not be physically present to inspect at the time of stock taking. Inventory is valued by the company at lower of cost or Net realisable value as given in Notes to the financial statements.

Auditors' Response to the Key Audit Matter:

Principal Audit Procedure:

Our audit procedures relating to the carrying value inventories included the following:

- We understood and tested the design and operating effectiveness of controls as established by the management in determination and valuation of the inventory;
- We have verified the subsequent sale of inventory on test check basis to confirm the existence and valuation of inventory and performed rollback procedures to confirm the existence of inventory as at March 31, 2020.;
- Assessed the appropriateness of Company's accounting policy for valuation of inventory and compliance of the policy with the requirements of the prevailing accounting standard Ind AS 2 and the actual cost determination was done correctly and considered various factors including the actual selling price prevailing around and subsequent to the year-end to ensure that the Realisable value was estimated correctly.
- Compared the cost of the finished goods with the estimated net realizable value and checked if the finished goods were recorded at net realizable value where the cost was higher than the net realizable value the inventory was written down.

2. Assessing the impact of Pandemic COVID 19 on the financial statements:

The pandemic has created huge uncertainties on the operations of many established businesses and exposed them to several new risks. Due to this, organizations have had to make significant changes to their normal processes to adapt to this sudden and unexpected turn of situation. These changes could impact the measurement of assets and liabilities on varying degree.

Due to COVID-19, the Company is also exposed to various risks such as assessment of counter parties' risks for receivables, operational controls, compliance and several other risks.

Auditors' Response to the Key Audit Matter:

Principal Audit Procedure:

Our audit procedures relating to the impact of pandemic COVID-19, operational controls, compliance and several other risks included the following:

- Looked at the company's exhaustive risk identification and mitigation analysis using its well established enterprise risk management framework to understand the implications, assessment process and the company's current mitigation plans.
- assessment of risks of counter party defaults by examining external credit rating movements, if any and the process of identification of risky receivables and making suitable provisions in the financial statements.
- Assessment of the temporary changes made to the internal control framework over financial reporting and carrying suitable tests for the effectiveness of key controls on the balance sheet date.
- Evaluating the overall presentation of the financial statements and ensuring the appropriateness and adequacy of the disclosures.
- Checking the compliance against the various regulatory prescriptions applicable to the company to the extent those are relevant in the preparation of financial statement.

3. Carrying value of property, plant and equipment including intangible assets and capital work-in-progress:

As disclosed in Note 2 Property, plant and equipment totaling Rs.. 90825.48 Thousand, capital work-in-progress Rs.203.84 thousand and intangible assets totaling Rs. 265.24 crore represent significant balances recorded in the statement of financial position.

The Company describes the significant accounting policies in respect of property, plant and equipment, capital work-in-progress and intangible assets in Notes to financial statements

The evaluation of the recoverable amount of these assets requires significant judgement in determining the key assumptions supporting the expected future cash flows of the business and the utilization of the relevant assets.

There are a number of areas where management judgement impacts the carrying value of property, plant and equipment, intangible assets and their respective depreciation profiles. These include the decision to capitalize or expense costs; the asset life review including the impact of changes in the Company's strategy; and the timeliness of the transfer from assets in the course of construction.

Auditors' Response to the Key Audit Matter:

Principal Audit Procedure:

Our audit procedures relating to the carrying value of property, plant and equipments including intangible assets and capital work-in-progress included the following:

- We evaluated the assumptions made by management in the determination of residual values and useful lives to ensure that these are consistent with the principles of Indian Accounting Standards (Ind AS) 16 Property, Plant and Equipment and Ind AS 38 Intangible Assets.
- We assessed whether useful lives and residual values were reasonable by challenging management's judgements through comparing the useful lives and residual values prescribed in Schedule II to the Companies Act 2013 and the useful lives of certain assets as per the technical assessment of the management
- We compared the useful lives of each class of asset in the current year to the prior year to determine whether there were any significant changes in the useful lives of assets, and considered the reasonableness of changes based on our knowledge of the business and the industry.
- We assessed whether indicators of impairment existed as at 31 March 2020 based on our knowledge of the business and the industry.
- We tested the controls in place over the property, plant and equipment and intangible assets, evaluated the appropriateness of capitalization policies, performed tests of details on costs capitalized and assessed the timeliness of the transfer of assets in the course of construction and the application of the asset life.
- In performing these substantive procedures, we assessed the judgements made by management including the nature of underlying costs capitalized; the appropriateness of asset lives applied in the calculation of depreciation and amortization; and in assessing the need for accelerated depreciation/amortization, if required, in the context of impairment.

MATTER OF EMPHASIS:

The management accounting estimates based on its assessment and assumptions underlying the accounting estimates may have been affected due to Covid-19 conditions and uncertainty as on the closing date. However, we have not noted any material issue involving significant risk.

It has been informed by the management that the operational disruption has not resulted in any significant changes to the business model, arising from significant drop in demand, reduced customer base, disruption in supply chain, employee's absence or work from home, geographical & public lock down etc. during the reporting period. Based upon representation by the company, the financial impact arising out of the COVID-19 outbreak are not significant requiring to be accounted or reported or disclosed as per the prescribed Accounting Standards, in the financial statements. As the company's operations were in lockdown, the management has in accordance with SA 501, not carried out physical verification of inventory as on 31st March 2020, and has considered the stock taking done earlier as a base, for valuation of the inventory of the stock in books as on year closing.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The board of directors of respective companies are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's information, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 no material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors of respective companies are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated financial statements to give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity & cash flows of the group in accordance with the Ind AS & 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 of the assets of the group and for preventing and detecting frauds and 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 Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated financial statements, the respective board of directors of the companies included in the group are responsible for assessing the group'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 of the respective companies are responsible for overseeing the company's financial reporting process of the group

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 decision of users taken on the basis of these Consolidated financial statements.

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

- Identify and assess the risks of material misstatements of the Consolidated 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 Group 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 management.
- Conclude on the appropriateness of management's use of 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 Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the Consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonable knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 Consolidated 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 reasonable be expected to outweigh the public interest benefits of such communications.

OTHER MATTERS

The Consolidated Financial Results includes financial results of foreign subsidiary whose financial statements/results reflects total assets of Rs. 103.98 Lakhs as at March 31, 2020, total Revenue of Rs. 326.91 Lakhs, total net profit after tax 4.15 Lakhs, total comprehensive income 4.15 Lakhs for year ended on March 31, 2020 respectively which have not been subject to any statutory audit according to the laws and regulation of the respective country in which the same has been incorporated. The management's report on Financial Results/financial information of subsidiary company has been furnished to us and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of subsidiary company is based solely on the report issued by management of holding company.

Our report on the consolidated financial results is not modified in respect of the above matters with respect to our reliance on the work done and the report & financial certified by the management of holding company

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. 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 change in Equity & Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid Consolidated financial statements comply with the Ind AS 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 internal financial control over financial reporting of the company & the operating effectiveness of such controls, refer to our separate report in Annexure "A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting.
 - 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 explanation given to us, the remuneration paid by the company to its directors during the year is in accordance with the provision of Section 197 of the Act.

- h) With respect to 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 explanation given to us:
- (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - (ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary company.

For A Y & Company

Chartered Accountants

Firm Registration No. : 020829C

CA Arpit Gupta

Partner

M.No. 421544

UDIN: 20421544AAAABS9203

Place : Dahegam

Date: 31.07.2020

ANNEXURE “A” TO THE AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on other Legal and Regulatory Requirements section of our report to the Members of Loyal Equipments Limited of even date)

Report on the Internal Financial Control under clause (i) of sub section 3 of Section 143 of companies Act , 2013 (‘The Act’)

We have audited the internal financial control over financial reporting of Loyal Equipments Limited (‘the company’) & its subsidiary (Loyal Equipments Inc.) as of 31st March, 2020 in conjunction with our audit of the consolidated financial statement of the company for the year ended on that date.

Management Responsibility for Internal Financial Controls

The Board of Directors of the Company & its subsidiary company are 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 Control over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by 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 judgement, 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the 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, 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 Control Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial control over financial reporting with reference to these consolidated financial statements of the holding company, in so far as it relates to separate financial statements of its subsidiary company incorporated outside India, is based on the corresponding report of the management of such subsidiary company.

For A Y & Company

Chartered Accountants

Firm Registration No. : 020829C

CA Arpit Gupta

Partner

M.No. 421544

UDIN: 20421544AAAABS9203

Place : Dahegam

Date: 31.07.2020

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2020

Particulars	Note No.	Amount (In '000)	Amount (In '000)
		31.03.2020	31.03.2019
ASSETS			
A. Non-Current Assets			
(i) Fixed Assets			
(a) Plant, Property and Equipment	2	90825.48	48447.18
(b) Capital Work-in-Progress	2	203.84	31930.39
(c) Investment Properties		0.00	0.00
(d) Goodwill		0.00	0.00
(e) Other Intangible Assets	2	265.24	332.33
(f) Intangible Assets under Development		0.00	0.00
(g) Biological Assets other than bearer Plants		0.00	0.00
(ii) Financial Assets			
(a) Investments	3	718.62	801.94
(b) Trade Receivables		0.00	0.00
(c) Loans & Advances	4	944.07	893.57
(iii) Deferred Tax Assets (Net)			
		0.00	0.00
(iv) Other Non Current Assets			
		0.00	0.00
B. Current Assets			
(i) Inventories	5	178580.65	126699.43
(ii) Financial Assets			
(a) Current Investments		0.00	0.00
(b) Trade Recievables	6	63402.35	66163.25
(c) Cash & Cash Equivalents	7	22335.10	22301.10
(d) Short Term Loans & Advances	8	8957.69	2892.23
(iv) Current Tax Assets (Net)	9	813.21	0.00
(v) Other Current Assets	10	9259.08	8996.52
TOTAL ASSETS		376305.34	309457.94
EQUITY AND LIABILITIES			
A. Equity			
(i) Equity Share Capital	11	102000.00	102000.00
(ii) Other Equity	12	106099.80	77455.04
Total Equity		208099.80	179455.04
B. Liabilities			
Non-Current Liabilities			
(i) Financial Liabilities			
(a) Long Term Borrowings	13	3121.56	5413.67
(b) Trade Payables		0.00	0.00

(c) Other Long Term Liabilities		0.00	0.00
(ii) Long Term Provisions	14	1836.68	1234.80
(iii) Deferred Tax Liabilities	15	1226.35	1071.95
(iv) Other Long Term Liabilities		0.00	0.00
Current Liabilities			
(i) Financial Liabilities			
(a) Short Term Borrowings	16	87667.85	69518.24
(b) Trade Payables	17		
Due to Micro, Small & Medium Enterprises		9445.11	2288.59
Due to Creditors Other than Micro, Small & Medium Enterprises		41023.47	28777.08
(c) Other Current Liabilities	18	23884.51	18159.23
(ii) Short Term Provisions		0.00	0.00
(iii) Current Tax Liabilities (Net)	19	0.00	3539.33
TOTAL EQUITY AND LIABILITIES		376305.34	309457.94

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31 MARCH 2020

Particulars	Note No.	Amount (In '000)	Amount (In '000)
		31.03.2020	31.03.2019
<u>A. INCOME</u>			
I) Revenue from Operations	20	340006.98	414425.21
II) Other Income	21	1652.72	4369.77
III TOTAL INCOME (I+II)		341659.70	418794.98
<u>IV. EXPENDITURE</u>			
a) Cost of Raw Material Consumed	22	191226.54	174108.82
b) Purchases of Stock in Trade		0.00	0.00
c) Changes in Inventory of Finished Goods, Work In Progress & Stock In Trade	23	-53881.17	45435.81
d) Employee Benefit Expenses	24	42524.01	34954.18
e) Finance Costs	25	9926.08	5580.06
f) Depreciation and Amortisation Expenses	26	11460.70	10266.03
g) Other Expenses	27	102210.83	86101.43
TOTAL EXPENSES (IV)		303466.99	356446.34
(V) Profit/(loss) before exceptional items and tax (III-IV)		38192.71	62348.64
(VI) Exceptional items		0.00	0.00
(VII) Profit/(loss) before tax from Continuing Operations (V-VI)		38192.71	62348.64
(VIII) Tax Expenses			
a) Current year Tax		9246.95	17698.76
b) Deferred Tax		154.40	(393.27)
(IX) Profit/(Loss) for the period from continuing operations (VII-VIII)		28791.37	45043.15
X Profit/(Loss) from discontinued operations		0.00	0.00
XI Tax Expenses of discontinued operations		0.00	0.00
XII Profit/(loss) from Discontinued operations (after tax) (X-XI)		0.00	0.00
XIII Profit/(loss) for the period (IX+XII)		28791.36	45043.15
XIV Other Comprehensive Income			
A (i) Items that will be reclassified to Profit or loss		0.00	0.00
(ii) Income tax relating to items that will be reclassified to profit or loss		0.00	0.00
B (i) Items that will not be reclassified to profit or loss		117.12	-142.28
(ii) Income tax relating to items that will be not reclassified to profit or loss		29.48	39.20
XV Total Comprehensive Income for the period (XIII+XIV)(Comprising profit (Loss) and other comprehensive income for the period)		28644.76	45146.23

XVI Earnings per equity share (for continuing operation) :			
(1) Basic		2.81	4.43
(2) Diluted		2.81	4.43
XVII Earnings per equity share (for discontinued operation) :			
(1) Basic		0.00	0.00
(2) Diluted		0.00	0.00
XVIII Earnings per equity share (for discontinued & Continuing operation) :			
(1) Basic		2.81	4.43
(2) Diluted		2.81	4.43

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Amount (Rs. In '000)	Amount (Rs. In '000)
	31.03.2020	31.03.2019
Cash flows from operating activities		
Profit before taxation & Extraordinary items	38192.71	62,348.64
<i>Adjustments for:</i>		
Depreciation	11,460.70	10,266.03
Adjustment on Account of Non Cash Items	649.65	580.86
Investment income	(467.88)	(538.05)
Finance Cost	9,926.08	5,580.06
<i>Working capital changes:</i>		
(Increase) / Decrease in trade and other receivables	2,760.90	(32,143.14)
(Increase) / Decrease in other current assets	(262.55)	2,566.32
(Increase) / Decrease in Short Term Loans & Advances	(6,065.46)	3,996.99
(Increase) / Decrease in inventories	(51,881.22)	(964.03)
Increase / (Decrease) in trade payables	19,402.91	(18,827.82)
Increase / (Decrease) in other current liabilities	5,643.69	(25,674.61)
Cash generated from operations	29,359.53	7,191.25
Income taxes paid	(13,628.97)	(14,159.44)
Net cash from operating activities	15,730.56	(6,968.19)
Cash flows from investing activities		
Purchase of Fixed Assets	(22,045.35)	(27,758.19)
Purchase/Sales of Investments	-	35.37
Long terms loans & Advances Granted/Received	(50.51)	1,028.01
Interest received	424.58	490.67
Dividend received	43.30	47.38
Net cash used in investing activities	(21,627.98)	(26,156.75)
Cash flows from financing activities		
Payment of Long Term Borrowings	(2,292.10)	(210.48)
Proceeds from Short Term Borrowings	18,149.60	58,275.94
Payment of Finance Cost	(9,926.08)	(5,580.06)
Net cash used in financing activities	5,931.42	52,485.41
Net increase in cash and cash equivalents	34.00	19,360.46
Cash and cash equivalents at beginning of period	22,301.10	2,940.64
Cash and cash equivalents at end of period	22,335.10	22,301.10
Cash and cash equivalents comprises of		
Cash in Hand	2,085.08	2,004.04
Balance with Scheduled Banks	20,250.02	20,297.06

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON MARCH 31, 2020

A) EQUITY SHARE CAPITAL

Particulars	Amount (In '000)
Equity Shares of Rs. 10 each issued, subscribed & Paid	
As at 01 April, 2018	102000.00
changes in Equity share Capital during the year	0.00
As at 31st March, 2019	102000.00
changes in Equity share Capital during the year	0.00
As at 31st March, 2020	102000.00

B) OTHER EQUITY

(Amount In ' 000)

Particulars	Other Equity			Amount
	Reserves & Surplus			
	General Reserve	Securities Premium	Retained Earnings	
As at 31st March, 2018	0.00	0.00	32308.81	32308.81
Profit/(Loss) for the period	0.00	0.00	45043.15	45043.15
Other Comprehensive Income	0.00	0.00	103.08	103.08
Total Comprehensive Income	0.00	0.00	45146.23	45146.23
Transfer to General Reserve	0.00	0.00	0.00	0.00
Utilization of Reserves	0.00	0.00	0.00	0.00
Balance As at 31st March, 2019	0.00	0.00	77455.04	77455.04
Profit/(Loss) for the period	0.00	0.00	28791.36	28791.36
Other Comprehensive Income	0.00	0.00	(146.60)	(146.60)
Total Comprehensive Income	0.00	0.00	28644.76	28644.76
Transfer to General Reserve	0.00	0.00	0.00	0.00
Utilization of Reserves	0.00	0.00	0.00	0.00
As at 31st March, 2020	0.00	0.00	106099.81	106099.81

NOTE NO. 1

Notes Forming Part of Financial Statements for the year ended on March 31st, 2020

A. GENERAL INFORMATION

The consolidated financial Statement comprises financial statements of Loyal Equipments Limited ('the Holding Company') & its wholly owned subsidiary Loyal Equipments Inc (Incorporated in Texas USA) for the year ended 31st March, 2020. The principal activity of both Holding Company is manufacturing of Industrial & Engineering Equipments & of Subsidiary is Trading of Industrial & Engineering Equipments..

Since the reporting currency of Loyal equipment Inc. (Subsidiary Company) is United States Dollar & of Loyal Equipments Limited (Holding company) is INR & consolidated financial statements of subsidiary company i.e. Loyal equipments Inc is prepared in USD so that the translation into INR is done on the basis of closing exchange rate i.e. the exchange rate prevailing in the market as on March 31st, 2020 while doing consolidation.

B. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the companies Act, 2013 ("the Act") read with the companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act, as applicable.

C. ROUNDING OF AMOUNTS:

The financial statements including notes thereon are presented in Indian ₹ which is the Company's functional currency. All amounts disclosed in the financial statements including notes thereon have been rounded off to the nearest thousand, unless stated otherwise.

D. SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPERATION:

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015, read with section 133 of the Companies Act, 2013.

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies stated out below.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b) PRINCIPALS OF CONSOLIDATION:

- The financial statements of the Holding Company and its subsidiary are combined on a line by line basis by adding together like items of assets, liabilities, equities, incomes and cashflows, after fully eliminating intragroup balances and intra – group transactions.
- Profits & losses resulting from intra group transaction that are recognized in assets, such as inventory and property, plant and equipments are eliminated in full.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.
- The carrying amount of parent's investments in subsidiary is offset against the parent's portion of equity in subsidiary.
- Since it is wholly owned subsidiary so that there are minorities or non-controlling interest.

Current & Non-Current Classifications

All the assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Act. The Company has ascertained its operating cycle to be 12 months for the purpose of current and non-current classification of assets and liabilities.

c) PROPERTY, PLANT & EQUIPMENTS:

On transition to Ind AS, the Company has adopted optional exemption under Ind AS 101 to use the carrying value of Property, Plant and Equipment as the deemed cost. Subsequently Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Costs directly attributable to acquisition are capitalized until the Property, Plant and Equipment are ready for use, as intended by management.

d) CAPITAL WORK IN PROGRESS:

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

e) INTANGIBLE ASSETS UNDER DEVELOPMENT:

Intangible Asset under Development includes all cost incurred for the development of Intangible Assets including cost of employee benefits and other directly attributable expenses.

f) INTANGIBLE ASSETS:

Intangible assets acquired are measured on initial recognition at cost and stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs capitalized include the costs of material, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Acquired Intangible Assets are amortised under straight-line method, as per the useful life prescribed in Schedule II to the Companies Act, 2013.

g) DEPRECIATION/AMORTIZATION ON PROPERTY PLANT AND EQUIPMENTS:

Depreciable amount for Property, Plant and Equipment is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on Property, Plant and Equipment is provided on Written Down Value method, as per the useful life prescribed in Schedule II to the Companies Act, 2013. The estimated useful lives of the assets are as follow:

Assets	Useful Life (in Years)
Building	30
Plant & Equipments (Electric Installations)	10
Plant & Equipments (Machinery)	15
Furniture & Fixtures	10
Vehicles	6
Office Equipments	5
Computers	3

Depreciation on additions during the year is provided on pro-rata basis with reference to date of addition/installation. Depreciation on assets disposed /discarded is charged up to the date on which such asset is sold.

Land is not depreciated.

h) IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT/INTANGIBLE ASSETS.

An asset is considered as impaired when at the date of Balance Sheet there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs exceeds its recoverable amount (i.e. the higher of the net asset selling price and value in use).

The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss. The impairment loss recognized in the prior accounting period is reversed if there has been a change in the estimate of recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the impaired asset over its remaining useful life.

i) DERECOGNITION OF PROPERTY, PLANT AND EQUIPMENT/INTANGIBLE ASSETS:

The carrying amount of an item of Property, Plant and Equipment / Intangible Assets is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Property, Plant and Equipment / Intangible Assets is measured as the difference between the net disposal in proceeds and the carrying amount of the item and is recognised in the statement of profit and loss when the item is derecognised.

j) CASH & CASH EQUIVALENTS:

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above are considered an integral part of the Company's cash management.

k) CASH FLOW STATEMENTS:

Cash flows are reported using the indirect method, where by profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated

l) INVENTORIES:

Inventories of raw materials and work in progress and finished goods, are valued at lower of cost and net realisable value. Cost of raw materials comprises cost of purchases. Cost of Work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Cost of inventories also include all other costs incurred in bringing the inventories to their present location and conditions. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

m) FINANCIAL INSTRUMENTS:

Financial instruments are any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1. Initial Recognition

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

2. Subsequent Measurement:

Financial assets are classified into the following specified categories: Amortised cost, Financial Assets at Fair Value Through Profit and Loss (FVTPL), Fair Value Through Other Comprehensive Income (FVTOCI). The classification depends on the Company's business model for managing the financial assets and the contractual terms of cash flows.

Financial Assets:

Amortised Cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This category generally applies to trade and other receivables.

Fair value through other comprehensive income (FVTOCI)

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

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

- b) The asset's contractual cash flows represent solely payments of principal and interest.

Financial Assets 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). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Fair value through Profit and Loss (FVTPL)

FVTPL is a residual category for financial assets. Any financial assets, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a financial assets, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is considered only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

3. Derecognition of financial assets

A financial asset is derecognised only when:

- a) The Company has transferred the rights to receive cash flows from the asset or the rights have expired or
- b) The Company retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

4. Impairment of financial assets:

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Financial liabilities and equity instruments:

Debt or equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the value of proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

Subsequent Measurement

Financial liabilities measured at amortised cost Financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of profit and loss.

Financial liabilities measured at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities at fair value through profit or loss are carried in the financial statements at fair value with changes in fair value recognized in other income or finance costs in the statement of profit and loss.

Derecognition of financial liabilities:

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

Determination of fair value:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

n) FAIR VALUE MEASUREMENT:

The fair values of the financial assets and liabilities are included at the amount 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 —inputs that are unobservable for the asset or liability.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

o) LEASE:

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings if any, on the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

The Company as lessee:

The Company’s lease asset classes primarily consist of leases for land. The Company assesses whether a contract contains a lease, at inception of a contract. 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 the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

On the basis of terms and conditions specified in lease contract & procedures performed by the management the management is of the opinion that the lease contract currently being in force as on March 31, 2020 not fulfilling the conditions for recognizing the contract as lease contract on the basis of conditions specified in para (ii) above since company does not have all the substantial economic benefits from use of the underlying assets.

p) BORROWINGS AND BORROWING COSTS:

Borrowings are initially recognised at net of transaction costs incurred and measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss over the period of the borrowings using the Effective Interest Rate (EIR). Further the management has not found any material difference between EIR & Actual Rate of Interest, so that the Actual rate of interest is taken for amortisation purpose.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

q) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions are recognised when there is a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a

pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized, but its existence is disclosed in the financial statements.

r) REVENUE RECOGNITION:

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

1. Sale of services

The Company recognizes revenue on accrual basis when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. The method of recognizing the revenues and costs depends on the nature of the services rendered. Revenue is recognized when no significant uncertainty exists as to its realization or collection.

2. Sale of goods:

Revenue from the sale of goods is recognised when the goods are delivered, titles have passed and all the following conditions are satisfied:

- a) the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) the amount of revenue can be measured reliably;
- d) it is probable that the economic benefits associated with the transaction will flow to the company; and
- e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The amount recognised as revenue in its Statement of Profit and Loss is exclusive of Goods and Service Tax, Service Tax and Value Added Taxes (VAT).

3. Other Income:

Interest income from a financial asset is recognized when it is probable that the economic benefit will flow to the company and the amount of income can be measured reliably.

s) EMPLOYEE BENEFITS:

1. Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability after deducting any amount already paid.

2. Long Term Employment benefits:

Defined Contribution Plan

The Company makes contributions to Provident Fund, etc. for eligible employees and these contributions are charged to The Statement of Profit and Loss on accrual basis.

Defined Benefit Plan

The Company have a defined benefit plan for its employees, which requires contribution to be made to a separately Administrated Fund.

Liability for defined benefit plans i.e. Gratuity is determined based on the actuarial valuation carried out by an independent actuary at the year end. As these liabilities are relatively long term in nature, the actuarial assumptions take in account the requirements of the relevant Ind AS coupled with a long term view of the underlying variables / trends, wherever required.

Service cost and net interest cost on the defined benefit liabilities/assets are recognized in the statement of profit and loss as employee benefit expense. Gains and losses on re measurement of defined benefits liabilities/plan assets arising from changes in actuarial assumptions and experience adjustments are recognised in the other comprehensive income and are included in retained earnings in the balance sheet.

t) **FOREIGN CURRENCY TRANSLATION:**

The functional Currency of the Company is Indian Rupee.

Transactions and translations:

All transactions in foreign currency are recorded at the rates of the exchange prevailing on the dates when the relevant transactions took place. Any gain/ loss on account of the fluctuations in the rate of exchange is recognized in the Statement of Profit and Loss.

Monetary items in the form of loans, current assets and current liabilities in foreign currencies at the close of the year are converted in the Indian currency at the appropriate rate of exchange prevailing on the dates of the Balance Sheet. Resultant gain or loss on account of fluctuation in the rate of exchange is recognized in the Statement of Profit and Loss.

u) **INCOME TAX:**

1. **Current and deferred tax for the year**

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2. **Current Tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'Profit Before Tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current tax is determined on the basis of taxable income in accordance with the applicable tax rates and the provisions of applicable tax laws.

3. **Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets

are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

v) Earnings per Equity Share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

w) CRITICAL ACCOUNTING JUDGMENT AND ESTIMATES:

The preparation of financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the applicability of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statement and reported amounts of revenue and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these statements have been disclosed. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in the estimates are made as the Management become aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which the changes are made and, if material. Their effects are disclosed in the notes to the financial statement.

COVID-19 is expected to have a significant impact on business operations of the Company. Further, there is substantial changes in business circumstances accompanied with unprecedented demand destruction. The Company has not carried out the assessment or determined the impact of such exceptional circumstances on its financial statements.

NON CURRENT ASSETS

NOTE NO. : 2

PROPERTY, PLANT & EQUIPMENTS

(In '000)

	Fixed Assets	Gross Carrying Amount					Accumulated Depreciation					Net Carrying Amount	
		Balance as at 01/04/2019	Additions/ (Disposals)	Acquired through business combinations	Disposals/ Transfers	Balance as at 31/03/2020	Balance as at 01/04/2019	Depreciation charge for the year	Adjustment	Eliminated On disposals	Balance as at 31/03/2020	As at 31/03/2020	As at 31/03/2019
(a)	Tangible Assets												
	Land/Shed	1395.31	0.00	0.00	0.00	1395.31	0.00	0.00	0.00	0.00	0.00	1395.31	1395.31
	Buildings	18198.91	46475.57	0.00	0.00	64674.48	7601.78	3294.23	0.00	0.00	10896.01	53778.47	10597.13
	Plant and Equipment	66195.64	5769.79	0.00	0.00	71965.43	35267.93	5700.26	0.00	0.00	40968.19	30997.24	30927.71
	Furniture and Fixtures	704.00	1100.00	0.00	0.00	1804.00	698.17	156.56	0.00	0.00	854.73	949.27	5.83
	Vehicles	11464.43	0.00	0.00	0.00	11464.43	7068.58	1664.44	0.00	0.00	8733.02	2731.41	4395.85
	Office equipment	6535.07	426.54	0.00	0.00	6961.61	5409.72	578.11	0.00	0.00	5987.82	973.79	1125.35

(b)	Total	104493.35	53771.90	0.00	0.00	158265.25	56046.17	11393.60	0.00	0.00	67439.77	90825.48	48447.18
	Intangible Assets												
	Softwares	9013.42	0.00	0.00	0.00	9013.42	8681.08	67.09	0.00	0.00	8748.18	265.24	332.33
	Total	9013.42	0.00	0.00	0.00	9013.42	8681.08	67.09	0.00	0.00	8748.18	265.24	332.33
C	Capital Work in Progress												
	Corporate Office New building	31930.39	20035.20	0.00	51761.75	203.84	0.00	0.00	0.00	0.00	0.00	203.84	31930.39
	Total	31930.39	20035.20	0.00	51761.75	203.84	0.00	0.00	0.00	0.00	0.00	203.84	31930.39
	Grand Total	145437.16	73807.10	0.00	51761.75	167482.51	64727.26	11460.69	0.00	0.00	76187.95	91294.56	80709.90

FINANCIAL ASSETS - NON CURRENT

NOTE NO. 3

INVESTMENTS

(In '000)

Particulars	31.03.2020	31.03.2019
Investment in Equity Shares of NNCB Limited	400.00	400.00
Investment in Equity Shares of Lupin Ltd.	183.66	152.72
Investment in Equity Shares of BEML Ltd.	60.21	97.38
Investment in Equity Shares of Bharat Forge Limited	70.67	95.50
Investment in Equity Shares of Reliance Capital Ltd.	3.20	54.77
Investment in Equity Shares of IOCL	0.88	1.56
TOTAL	718.62	801.94

NOTE NO. 4

LOANS & ADVANCES - LONG TERM

(In '000)

Particulars	31.03.2020	31.03.2019
Security Deposits	944.07	893.57
TOTAL	944.07	893.57

CURRENT ASSETS

NOTE NO. 5

INVENORIES

(In '000)

Particulars	31.03.2020	31.03.2019
Raw Material	86689.65	88689.60
WIP	32407.24	27873.88
Finished Goods	59483.76	10135.95
TOTAL	178580.65	126699.43

NOTE NO. 6

TRADE RECIEVABLES

(In '000)

Particulars	31.03.2020	31.03.2019
Less than Six Months	58184.14	64806.52
More than Six Months	5218.22	1356.73
TOTAL	63402.35	66163.25

Trade Receivables are non-interest bearing and credit period extended to them is as per normal operating cycle.

NOTE NO. 7

CASH & CASH EQUIVALENTS

(In '000)

Particulars	31.03.2020	31.03.2019
Balance with Scheduled Banks	20250.02	20297.06
Cash in Hand	2085.08	2004.04
TOTAL	22335.10	22301.10

NOTE NO. 8

SHORT TERM LOANS & ADVANCES

(In '000)

Particulars	31.03.2020	31.03.2019
<i>(Unsecured and Considered Good)</i>		
Advance Against Order	7457.12	972.10
Other Advances	1500.57	1920.13
TOTAL	8957.69	2892.23

NOTE NO. 9

CURRENT TAX ASSETS

(In '000)

Particulars	31.03.2020	31.03.2019
Advance Income Tax (Net)	813.21	0.00
TOTAL	813.21	0.00

NOTE NO. 10

OTHER CURRENT ASSETS

(In '000)

Particulars	31.03.2020	31.03.2019
Bank Guarantees	5437.79	6970.04
Bank Guarantee Amendment Charges Receivables	149.54	106.86
GST Receivable	1835.20	0.00
Staff Advance	485.40	79.00
Prepaid Expenses	832.41	1119.75
Income Tax Refundable	476.99	679.12
Kotak Mahindra Bank Dividend Account	41.75	41.75
TOTAL	9259.08	8996.52

EQUITY
NOTE NO. 11
EQUITY SHARE CAPITAL

(In '000)

Particulars	31.03.2020	31.03.2019
Authorised Capital	150000.00	150000.00
(1,50,00,000.00 Equity shares of Rs. 10 Each Fully Paid-Up) (Previous Year 150,00,000.00 Equity shares of Rs. 10 Each Fully Paid-Up)		
Issued, Subscribed and Paid Up Capital	102000.00	102000.00
(1,02,00,000.00 Equity shares of Rs. 10 Each Fully Paid-Up) (Previous Year 102,00,000.00 Equity shares of Rs. 10 Each Fully Paid-Up)		
TOTAL	102000.00	102000.00

11.1) The reconciliation of the number of shares outstanding is set out below :-

Particulars	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	10200000	10200000
Add : Bonus Shares issued during the year	0.00	0.00
Equity Shares at the end of the year	10200000	10200000

11.2) The details of Shareholders holding more than 5% shares :-

Name of the Shareholder (% of Holding)	No. of Shares	No. of Shares
	(% of holding)	(% of holding)
Alkesh R Patel	2099940 (20.59%)	2099940 (20.59%)
Jyotsnaben R Patel	3300000 (32.35%)	3300000 (32.35%)
Rameshchandra N Patel	2100000 (20.59%)	2100000 (20.59%)

11.3) Terms/rights attached to equity Shares:

The company has only one class of equity shares referred to as equity shares having a par value of Rs. 10. Each holder of equity shares is entitled to one vote per share and dividend as and when declared by the company.

NOTE NO. 12
OTHER EQUITY

(In '000)

Particulars	31.03.2020	31.03.2019
A) Securities Premium		
As per Balance sheet of Previous Financial Year	0.00	0.00
Add : Addition in Current Year	0.00	0.00
Less : Utilized in Current Year	0.00	0.00
	0.00	0.00
B) Retained Earnings		
As per Balance sheet of Previous Financial Year	77455.04	32308.81
Add : Transfer from Profit of the Current Year	28644.77	45146.23
TOTAL	106099.81	77455.04

LIABILITIES

NON CURRENT LIABILITIES

FINANCIAL LIABILITIES

NOTE NO. 13

LONG TERM BORROWING

(In '000)

Particulars	31.03.2020	31.03.2019
A) Secured		
ICICI Bank Car Loan	686.66	1781.25
HDFC Bank Limited Car Loan	606.81	802.24
ICICI Bank Machinery Loan	662.35	1271.15
Kotak Mahindra Bank Prime Limited Car Loan	1165.74	1559.03
TOTAL (A)	3121.56	5413.67
B) Unsecured	0.00	0.00
TOTAL (B)	0.00	0.00
TOTAL (A+B)	3121.56	5413.67

Note 13.1) Terms of Loans:

- d) ICICI Bank Machinery Loan is secured by way of hypothecation of Plant & Machinery @ 9.24% payable in equal 48 EMI's of Rs. 58410.00
- e) Car Loans taken from Bank of financial institution are secured by way of hypothecation of the Vehicle purchased from the Amount of Loan.
- f) There are no defaults in repayment of loans and interest during the year.

NOTE NO. 14
LONG TERM PROVISIONS

(In '000)

Particulars	31.03.2020	31.03.2019
Provision for Gratuity	1836.68	1234.80
TOTAL	1836.68	1234.80

NOTE NO. 15
DEFERRED TAX LIABILITIES (NET)

(In '000)

Particulars	31.03.2020	31.03.2019
Deferred Tax Liabilities as of Previous Year	1071.95	1426.04
Add/Less : Adjustments in Current Year	154.40	(354.09)
TOTAL	1226.35	1071.95

CURRENT LIABILITIES

FINANCIAL LIABILITIES

NOTE NO. 16
SHORT TERM BORROWINGS

(In '000)

Particulars	31.03.2020	31.03.2019
A) Secured		
Kotak Mahindra Bank O/D	87667.85	69430.88
TOTAL (A)	87667.85	69430.88
B) Unsecured		
Loan from Director in Subsidiary	0.00	87.36
TOTAL (B)	0.00	87.36
TOTAL (A+B)	87667.85	69518.24

16.1) Terms of Loan:

- a) Kotak Mahindra Overdraft facility has is secured by way of equitable mortgage/hypothecation of Factory Shed & land which is subject to renewal on March, 2021.
- b) Further there is no default in repayment of loan & Interest.

NOTE NO. 17

TRADE PAYABLES

(In '000)

Particulars	31.03.2020	31.03.2019
Trade Payable Due Micro, Small & Medium Enterprises	9445.11	2288.59
Trade Payable Due to Other than Micro, Small & Medium Enterprises	41023.47	28777.08
TOTAL	50468.58	31065.67

Trade Payables are non-interest bearing and credit period extended to them is as per normal operating cycle.

NOTE NO. 18

OTHER CURRENT LIABILITIES

(In '000)

Particulars	31.03.2020	31.03.2019
Current Maturities of Long Term Debt	2292.11	2210.49
GST Payable	0.00	10260.26
Unpaid Electricity bill	0.00	46.40
Unpaid Prof. Tax	17.36	482.47
Provident Fund Payable	249.84	195.08
Unpaid Salary	7913.18	3043.45
Payroll Taxes Payable	166.24	0.00
Travelling Exp. Payable	0.00	43.49
Advance Received from Customers	10483.69	0.00
Audit Fees Payable	225.00	45.00
T.D.S Payable	1244.36	1036.17
Kotak Securities Demat Account	0.75	0.00
Demat Account with Kotak Securities	0.00	1.35
Provision for Gratuity	81.58	0.00
Retention	752.06	319.35
Unclaimed Dividend	16.00	16.00
Unclaimed Investor Fund	442.33	442.34
Unpaid Expenses of Subsidiary	0.00	17.38
	23884.51	18159.23

NOTE NO. 19

CURRENT TAX LIABILITIES

(In '000)

Particulars	31.03.2020	31.03.2019
Provision for Income Tax (Net)	0.00	3539.33
TOTAL	0.00	3539.33

NOTE NO. 20

REVENUE FROM OPERATIONS

(In '000)

Particulars	31.03.2020	31.03.2019
Sales		
- Domestic	280315.81	409023.95
- Export	86887.40	5401.26
Inter Company Elimination	(27196.22)	0.00
TOTAL	340006.98	414425.21

NOTE NO. 21

OTHER INCOMES

(In '000)

Particulars	31.03.2020	31.03.2019
Interest Income	424.58	490.67
Dividend Income	43.30	47.38
Discount Received	0.24	289.34
Income from Various Subsidies	758.74	2115.39
Other Incomes	425.86	1426.99
TOTAL	1652.72	4369.77

NOTE NO. 22

COST OF RAW MATERIAL CONSUMED

(In '000)

Particulars	31.03.2020	31.03.2019
Opening stock of Raw Material	88689.60	42289.76
Add : Purchases During the Year	189226.59	220508.66
Less : Closing Stock of Raw Material	86689.65	88689.60
TOTAL	191226.54	174108.82

NOTE NO. 23

CHANGE IN INVENTORY OF FINISHED GOODS, WIP & STOCK IN TRADE

(In '000)

Particulars	31.03.2020	31.03.2019
Inventories at the beginning of the Year		
- Work In Progress	27873.88	70277.54

- Finished Goods	10135.95	13168.10
Inventories at the end of the Year		
- Work In Progress	32407.24	27873.88
- Finished Goods	59483.76	10135.95
Net Change in the Inventory of Finished Goods	-53881.17	45435.81

NOTE NO. 24

EMPLOYEE BENEFIT EXPENSES

(In '000)

Particulars	31.03.2020	31.03.2019
Bonus	1826.84	1993.28
Staff Welfare Expenses	1256.39	1904.50
Salary to Staff	30258.68	22917.78
Directors Remuneration	7200.00	6500.00
Directors Sitting Fees	0.00	75.00
Provident Fund Exp.	1288.19	1145.41
Provision for Gratuity (Current Service Cost & Interest Cost)	566.35	418.22
Staff Medical Expenses	127.56	0.00
TOTAL	42524.01	34954.18

NOTE NO. 25

FINANCE COST

(In '000)

Particulars	31.03.2020	31.03.2019
Interest expenses	7466.08	3909.06
Other borrowing costs	2460.00	1671.00
TOTAL	9926.08	5580.06

NOTE NO. 26

DEPRECIATION & AMORTISATION EXPENSES

(In '000)

Particulars	31.03.2020	31.03.2019
Depreciation	11460.70	10266.03
TOTAL	11460.70	10266.03

NOTE NO. 27
OTHER EXPENSES

(In '000)

Particulars	31.03.2020	31.03.2019
DIRECT EXPENSES		
Power & fuel	2151.89	1740.56
Testing & Inspection	9741.92	9888.27
Job Work	47239.27	39489.77
Labour charges	0.00	5.40
Workers Salary	5462.88	4502.86
Transportation Exp.	4211.51	5686.37
Import Material Clearing Charges	4723.79	3291.05
Engineering Design & Consultancy Exps.	490.89	1175.25
Factory Rent	1950.00	1440.00
Repair of Plant & Machinery	838.28	752.21
Other Direct Exp.	5139.37	2579.11
Total (A)	81949.79	70550.85
INDIRECT EXPENSES		
Adjustment on Account of FVTPL	83.30	162.63
Audit Fees	450.00	50.00
Advertisement Exp.	159.90	112.84
AMC Charges	1144.19	1348.29
Annual Listing Fees	357.50	0.00
Annual Event Expenses	3355.50	0.00
Bank Charges	853.72	961.38
Demat Charges	1.39	0.91
Freight Exp.	0.00	259.16
Forex Gain/Loss	2573.22	288.76
Petrol Exp.	422.72	0.00
Repairs & Maintenance	330.60	277.06
Insurance	608.26	203.94
Marketing & Sales Consulting Exp.	2335.42	1270.15
Professional & Legal Fees	578.23	3561.86
Rates & Taxes	400.38	934.00
Rent	1800.00	1800.00
Late Delivery Charges	373.50	792.58
Travelling & Conveyance Expenses	1138.96	1590.38
Foreign Travelling Exp.	203.51	0.00
Office Miscellaneous Expenses	962.21	574.37

Donation	0.00	11.00
Software Expenses	458.92	0.00
Packing And Forwarding Charges	0.00	31.50
Postage & Courier	58.50	108.58
Telephone Exps.	459.00	324.95
Printing & Stationary Expenses	412.02	461.29
Website Exp.	30.00	24.17
Vehicle Running & Maintenance	547.14	0.00
Other Misc. Exp.	73.61	167.29
ZAK Panchayat Tax	89.36	63.51
Operating Expenses of Subsidiary	0.00	170.00
Total (B)	20261.03	15550.58
Total (A+B)	102210.83	86101.43

28. EARNINGS PER SHARE:

(Amount In '000)

Particulars	2019-20	2018-19
Total Comprehensive Income after tax as per Statement of Profit & loss available to equity shareholders (In Thousands) (a)	28644.77	45146.23
Number of equity shareholder at the end of the year (In Nos)	10200000	10200000
Weighted average no of Equity shareholder at the end of the year (In Nos) (b)	10200000	10200000
Basic/Diluted Earnings Per Share (a/b)	2.81	4.43

29. EMPLOYEE BENEFITS:

a) Contribution to Employee Provident Fund:

(Amount In '000)

Particulars	2019-20	2018-19
Contribution to employee provident Fund	1288.19	1145.41

a) Gratuity:

The following table summarizes the components of expense recognized in the Statement of Profit & Loss and the amount recognized in the Balance sheet according to Actuarial Report:

(Amount In '000)

Particulars	2019-20	2018-19
1. Amount Recognized in statement of Profit & loss		
a. Current Service Cost	479.91	343.91
b. Interest on defined benefit obligations	86.43	74.31
c. Past Service Cost	0.00	0.00
Total Amount Included in Employee Benefit Expenses	566.34	418.22
2. Amount Recognized in Other comprehensive Income		
Net Acturial (Gain)/Loss recognized during the year	117.12	(142.28)
3. Amount Recognized in the Balance Sheet		
Present Value of Obligation as on the balance Sheet Date	1918.26	1234.80
4. Reconciliation of Present Value of defined Benefit Obligations :		

Present value of obligations at the beginning of the period	1234.80	958.85
Interest cost	86.43	74.31
Current service cost	479.91	343.91
Actuarial (gain)/loss	117.12	(142.27)
Present value of the obligation at the end of the period	1918.26	1234.80
5. Actuarial Assumption on the defined benefit obligations		
Discount Rate Per Annum	7.00%	7.75%
Salary Growth Rate per Annum	5.00%	5.00%

30. CIF Value of Imports:

(Amount In '000)

Particulars	2019-20	2018-19
Raw Material	19149.16	20935.80

31. Contingent Liabilities not provided for:

In respect of Bank Guarantees 54.38 Lacs (Previous year: 69.70 Lacs).

32. Segment Reporting:

The Company is primarily engaged in the equipments Manufacturing, which in the context of Ind AS 108 on "Operating Segments" constitutes a single reporting segment. Further, there are no reportable geographical segments.

33. Disclosure of Related Party Transactions as on March 31st, 2020 :-

Related Party Transactions are being reported as per Ind AS 24 'Related Party Disclosures' for the year ended March 31, 2020.

- Key Managerial Personnel/Related Parties:**

S.No.	Name	Designation
1.	Mr. Rameshchandra Nathalal Patel	Whole time Director
2.	Mr. Alkesh Rameshchandra Patel	Managing Director
3.	Mrs. Jyotsanaben Rameshchandra Patel	Whole time Director
4.	Mr. Amitkumar Chandubhai Patel	Chief Financial Officer
5.	Mrs. Akanksha Aswani	Company Secretary & Compliance officer
6.	Mr. Babubhai Bhulabhai Patel	Non-Executive Independent Director*
7.	Mr. Girish Nathubhai Desai	Non-Executive Independent Director*
8.	Mr. Kalpesh Lalitchandra Joshi	Non-Executive Independent Director*
9.	Mr. Alkesh Rameshchandra Patel	President in Loyal Equipments Inc.
10.	Mrs. Parul Alkeshkumar Patel	Employee in Loyal Equipments Inc.

* Non-Executive Independent Director are included only for the purpose of compliance with definition of key managerial personnel given under Ind AS 24.

- Entities where key managerial Personnel and their relatives having control/Significance Influence:**

S.No.	Name	KMP	Nature of Influence
1	Loyal Engineers	Mrs. Jyotsanaben Rameshcnadra Patel	Proprietor

- Particulars of Transactions with Related Parties:**

(In '000)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Remuneration to Key Managerial Personnel of holding Company*		
Mr. Rameshchandra Nathalal Patel	4450.00	3250.00
Mr. Alkesh Rameshchandra Patel	3350.00	3850.00
Mr. Amitkumar Chandubhai Patel	843.25	727.00
Ms Komal Manoharlal Motiani	--	130.00
Mrs. Akanksha Aswani	117.20	--
Remuneration to Key Managerial Personnel of Subsidiary Company		
Mr. Alkesh Rameshchandra Patel	1807.80	--
Mrs. Parul Alkeshkumar Patel	813.51	--
Rent Paid		
Loyal Engineers	1800.00	1800.00
Mrs. Jyotsanaben Rameshchandra Patel	2400.00	2400.00
Machinery Purchase		
Loyal Engineers	--	973.55
Sitting Fees Paid		
Mr. Babubhai Bhulabhai Patel	--	25.00
Mr. Girish Nathubhai Desai	--	25.00
Mr. Kalpesh Lalitchandra Joshi	--	25.00

*The above remuneration to KMP does not include Provision for Gratuity as it is provided in the books on the basis of actuarial valuation for the company as a whole and hence individual figures cannot be identified.

- Outstanding Balance of Related Parties:**

(In '000)

S.NO.	Name	Balance as on March 31, 2020	Balance as on March 31, 2019
1.	Mr. Rameshchandra Nathalal Patel	2489.80	892.00
2.	Mr. Alkesh Rameshchandra Patel	337.73	--
3	Mrs. Jyotsanaben Rameshchandra Patel	1188.00	--
4.	M/s Loyal Engineers	1296.00	1271.55
5.	Mr. Amitkumar Chandubhai Patel	63.56	54.10
6.	Ms Komal Manoharlal Motiani	--	9.13
7.	Mrs. Akanksha Aswani	11.22	--
8.	Mrs. Parul Alkeshkumar Patel	112.99	

34. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Disclosure under Micro, Small and Medium Enterprises Act, 2006 are provided as under for the year 2019-20, to the extent the Company has received intimation from the “Suppliers” regarding their status under the Act:

(In ‘000)

S.No.	Particulars	March 31, 2020	March 31, 2019
a)	Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)		
	Principal amount due to micro and small enterprise	9445.11	2288.59
	Interest due on above	0.00	0.00
b)	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, alongwith the amount of the payment made to the supplier beyond the appointed day during the period	0.00	0.00
c)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	0.00	0.00
d)	The amount of interest accrued and remaining unpaid at the end of each accounting year	0.00	0.00
e)	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	0.00	0.00

35. FINANCIAL INSTRUMENTS

a. Financial Risk Management objects and policies

In its ordinary operations, the company’s activities expose it to the various types of risks, which are associated with the financial instruments and markets in which it operates. The Company has a risk management policy which covers the foreign exchanges risks and other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the board of directors. The following is the summary of the main risks.

- **Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates (currency risk) and interest rates (interest rate risk), will affect the Company’s income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

- i. **Interest Rate Risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair value of fixed interest-bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest-bearing investments will fluctuate because of fluctuations in the interest rates. The Company’s exposure to the risk of changes in market interest rates relates primarily to the Company’s long-term debt obligations.

ii. Foreign Currency Risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD related to the imports of its raw material and capital assets. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency (INR).

• 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.

The company's revenue combination is of government and private parties, the company is having majority of receivables from Government undertakings and hence they are secured from credit losses in the future. In case of private customers, the Company considers factors such as credit track record in the market and past dealings for extension of credit to customers. The Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

CREDIT RISK EXPOSURE

The impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each balance sheet date.

Financial assets are written off when there is no reasonable expectation of recovery, however, the Company continues to attempt to recover the receivables. Where recoveries are made, these are recognised in the Statement of Profit and Loss.

The ageing analysis of the receivables has been considered from the date the invoice falls due –

(In '000)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Receivables		
More than Six Months	5218.22	1356.73
Less Than Six Months	58184.14	64806.52

• Liquidity Risk

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Expected contractual maturity for Financial Liabilities:

(In '000)

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
As at March 31, 2020				
Borrowings	89959.96	3121.56	0.00	93081.52
Trade & Other Payables	50468.58	0.00	0.00	50468.58
Other financial Liabilities	21592.40	0.00	0.00	21592.40
As at March 31, 2019				
Borrowings	71728.73	5413.67	0.00	77142.40

Trade & Other Payables	31065.67	0.00	0.00	31065.67
Other financial Liabilities	15948.74	0.00	0.00	15948.74

b) Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders of the Company. The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and other stakeholders.

The Company manages its capital structure and makes adjustments in light of changes in the financial condition and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders (buy back its shares) or issue new shares.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. The Company has complied with these covenants and there have been no breaches in the financial covenants of any interest-bearing loans and borrowings. No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020 and March 31, 2019.

Gearing Ratio:

Particulars	(In '000)	
	As at March 31, 2020	As at March 31, 2019
Total Borrowings	93081.52	77142.40
Less: Cash & Cash Equivalents	22335.10	22301.09
Net Debts	70746.42	54841.31
Total Equity	208099.81	179455.04
Gearing Ratio	0.34	0.31

c) Category of Financial Instruments:

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

Particulars	(In '000)			
	Carrying Value		Fair Value	
	As at March 31 st , 2020	As at March 31 st , 2019	As at March 31 st , 2020	As at March 31 st , 2019
Financial Assets				
FVTPL Financial Instruments – Investments	718.62	801.94	718.62	801.94
Trade Receivables	63402.35	66163.25	63402.35	66163.25
Cash & Cash Equivalents	22335.10	22301.09	22335.10	22301.09
Other financial Assets	9901.76	3785.80	9901.76	3785.80
Total	175958.80	93214.71	175958.80	93214.71
Financial Liabilities				
Borrowings	93081.52	77142.40	93081.52	77142.40
Trade Payables	50468.58	31065.67	50468.58	31065.67
Other Financial Liabilities	21592.40	15948.74	21592.40	15948.74

Total	165142.50	124156.81	165142.50	124156.81
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The management assessed that cash and cash equivalents, trade receivables, trade payables, other bank balances, other current asset and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

36. Global Health Pandemic COVID-19 and Impact on Business:

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

COVID19 is significantly impacting business operation of the companies, by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lockdown of production facilities etc.

On 24th March, 2020, the Government of India ordered a nationwide lockdown for 21 days which further got extended till 3rd May, 2020 to prevent community spread of COVID-19 in India resulting in significant reduction in economic activities.

Further, during last week of March 2020/April 2020, there had been a cease on the manufacturing activity due to lockdown. Thereafter, the gradual resumption of economic activity has also impacted the business.

In assessing the recoverability of Company's assets such as Investments, Loans, intangible assets, Goodwill, Trade receivable etc. the Company has considered internal and external information. Though the Company has not performed sensitivity analysis in respect of impact on various aspects of the business/indicators of future economic conditions, still the Company expects to recover the carrying amount of the assets. It is estimated that in respect of inventory measurement, impairment of Non-Financial Assets, Leases, requirement of postponing Revenue for reporting period, borrowing costs, impairment of Property, Plant & Equipment or need of downward asset valuation, there is no material loss foreseeable/ascertainable based on internal/external information, due to impact of Covid-19. The company does not expect any major disruption of business activity affecting its Going Concern status. No material modification or termination of contracts or arrangements has taken place. The company also does not foresee liquidity and working capital issues given the reduced/ impaired ability to service debt or replenish working capital requirements due to possible lower cash flows. Therefore, the company has not ascertained any Contingent Liability or created any provisions in respect of onerous executory or other contracts, unavoidable costs, exceptional items and business restructuring costs etc. based upon the events occurring due to impact of Covid-19 pandemic. The company or the transacting parties have not carried out any modification or termination of contracts or arrangements, which have material impact upon financial or operational performance of the company.

37. Previous Year Figures:

The financial statements have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable. The previous year's figures have been regrouped / reclassified wherever necessary, to make them comparable.

**As per Our Separate Report of Even Date
For A Y & Company
Chartered Accountants**

**CA Arpit Gupta
Partner
M.No. 421544
UDIN: 20421544AAAABS9203**

**Place : Dahegam
Date: 31.07.2020**

**For and On behalf of the Board
For Loyal Equipments Limited**

Alkesh R Patel Managing Director DIN: 02672297	Rameshchandra N Patel Director DIN: 01307699
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Amit C Patel Chief financial Officer	Akanksha Aswani Company Secretary
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To,

**The Board of Directors
Loyal Equipments Limited**

We, Managing Director and Chief Financial Officer of Loyal Equipments Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the Balance Sheet, Statement of Profit and Loss and Cash Flow of the Company and all the notes on accounts and the Board's report for the year ended March 31, 2020.
2. These statements do not contain any materially untrue statement or omit to state a material fact necessary to make the statement made, in light of the circumstances under which such statement was made, not misleading with respect to the period covered by this report.
3. The financial statements, and other financial information included in this report, present in all material respects a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as at, and for, the periods presented in this report, and with the existing accounting standards and/or applicable laws and regulations.
4. There are no transactions entered into by the company during the year that are fraudulent, illegal or violate the Company's Code of Conduct and Ethics, except as disclosed to the Company's audit committee of Board of Director's.
5. We are responsible for establishing and maintaining disclosure controls over financial reporting for the Company, and we have:
 - a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the Company is made known to us by others within those entities, particularly during the period in which this report is being prepared.
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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 (GAAP) in India.
 - c. Evaluated the effectiveness of the Company's disclosure, controls and procedures.
 - d. Disclosed in this report, changes, if any, in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected or is reasonably likely to materially affect, the Company's internal control over financial reporting.
6. We have displayed, based on our most recent evaluation of the Company's internal control over financial reporting, wherever applicable, to the Company's auditors and the audit committee of the Company's Board (and persons performing the equivalent functions):
 - a. Any deficiencies in the design or operation of internal controls, that could adversely affect the Company's ability to record, process, summarize and report financial data, and have confirmed that there have been no material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.
 - b. Any significant changes in internal controls during the year covered by this report.

- c. All significant changes in internal controls during the year covered by this report.
 - d. Any Instances of significant fraud of which we are aware, that involve the management or other employees who have a significant role in the Company's internal control system
7. We affirm that we have not denied any personnel access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to whistle-blowers from unfair termination and other unfair or prejudicial employment practices.
8. We further declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct and Ethics for the year covered by this report.

Sd/-

Alkesh Rameshchandra Patel
Managing Director
DIN - 02672297

Sd/-

Amitkumar Chandubhai Patel
Chief Financial Officer

Place : Dahegam, Gandhinagar
Date : December 01, 2020