



LOYAL equipments limited.

(Formerly known as Loyal Equipments Private Limited)

Registered Office & Works : Block no. 35/1-2-3-4, Village: Zak,

Ta: Dahegam. Tel.: +91 2718 247236 Fax: +91 2716 269033

E-mail: info@loyalequipments.com , www.loyalequipments.com

CIN NO. U29190G32007PLC050607



Date: September 19, 2017

To,

Compliance Department
BSE 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


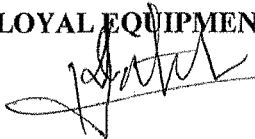
Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Kindly find attached the Annual Report of Loyal Equipments Limited for the year 2016-17 for your record.

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

Thanking you,

Yours Faithfully

FOR LOYAL EQUIPMENTS LIMITED

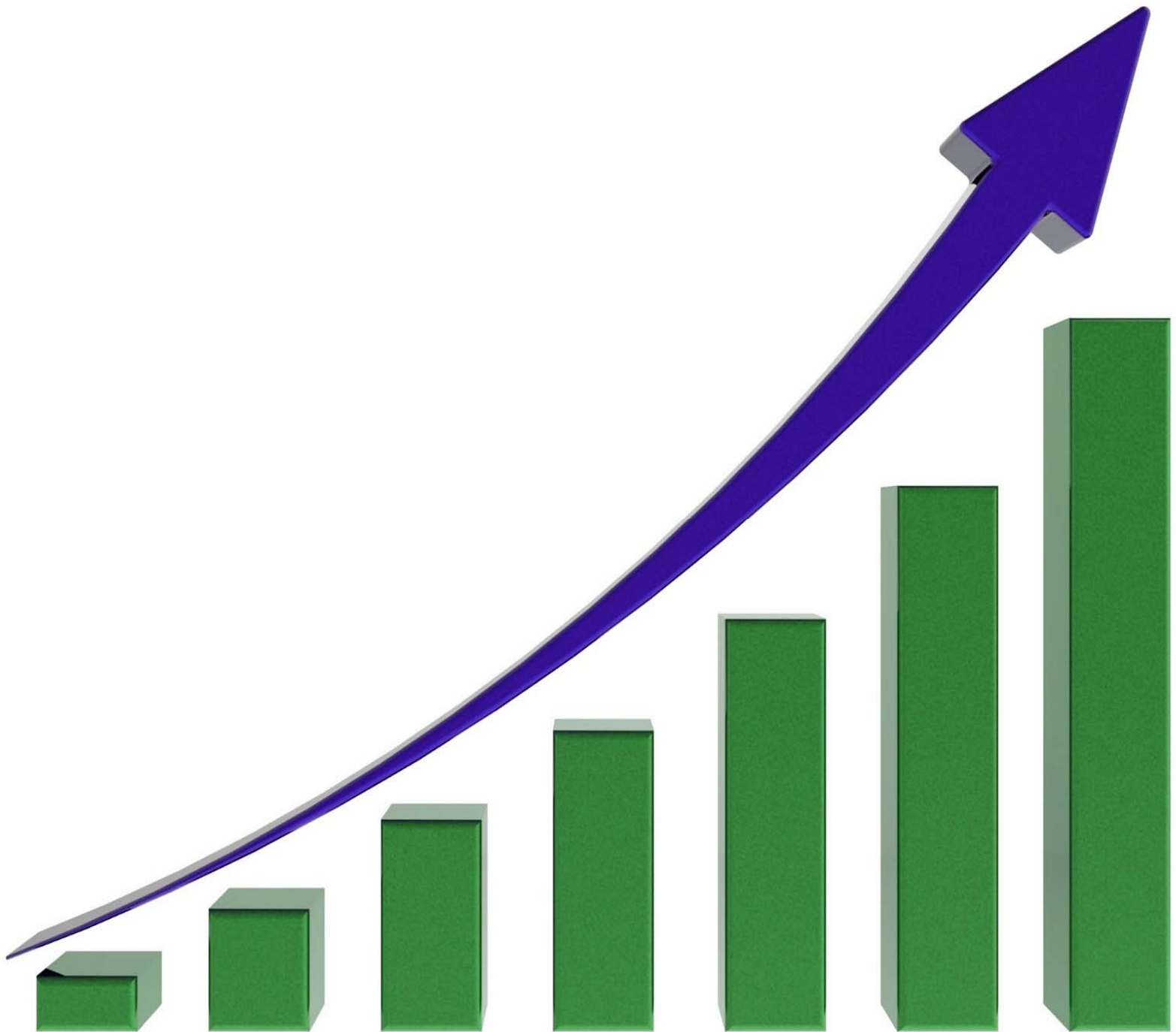


RAMESHCHANDRA NATHLAL PATEL
(WHOLE-TIME DIRECTOR)

DIN: 01307699



LOYAL equipments limited



ANNUAL REPORT

2016-17

TABLE OF CONTENTS.....

| | |
|--|-----------|
| Corporate Information..... | 01 |
| Our Journey over the years..... | 02 |
| Our Successfully Completed Orders..... | 04 |
| Our Global Presence..... | 06 |
| The Board of Directors..... | 07 |
| Letter to the Shareholders..... | 09 |
| Financials Highlights..... | 10 |
| Director’s Report..... | 11 |
| Annexure to Directors Report..... | 16 |
| Management Discussion and Analysis..... | 30 |
| Corporate Governance Report..... | 34 |
| Independent Auditor Compliance Certificate..... | 45 |
| Auditor’s Report..... | 46 |
| Balance Sheet..... | 53 |
| Statement of Profit & Loss..... | 55 |
| Cash Flow Statement..... | 57 |
| CEO & CFO Certification..... | 75 |
| Notice..... | 77 |
| Proxy form..... | 86 |
| Attendance Slip..... | 88 |
| Route Map..... | 89 |



CORPORATE INFORMATION.....

Board of Directors:-

Mr. Rameshchandra Nathalal Patel
Chairman cum Whole Time Director

Mr. Alkesh Rameshchandra Patel
Managing Director

Mrs. Jyotsanaben Rameshchandra Patel
Whole time Director

Mr. Babubhai Patel
Non-Executive Independent Director

Mr. Girish Nathubhai Desai
Non-Executive Independent Director

Mr. Kalpesh Lalitchandra Joshi
Non-Executive Independent Director

Company Secretary & Compliance Officer:-

Ms. Komal Manoharlal Motiani

Chief Financial Officer:-

Mr. Amitkumar Chandubhai Patel

Corporate Identification No.

L29190GJ2007PLC050607

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

Bankers:-

Kotak Mahindra Bank Limited

Statutory Auditor:-

M/S. J.M. Patel & Bros.,
Chartered Accountants
204-205-206, Harsh Avenue,
Second Floor Navjivan Press Road off Ashram Road,
Navijan Post, Ahmedabad-380014 Gujarat
Tel No: +91-079-27541460, 27541560
Email: jmpatelca@yahoo.co.in
Contact Person: CA Jaswant Mannilal Patel

Registrar and Share transfer Agent:-

SHAREX DYNAMIC (INDIA) PVT. LTD
Unit-1, Luthra Industrial Premises,
Safed Pool, Andheri Kurla Road, Andheri (E),
Mumbai – 400072, Maharashtra.
Tel. No.: 91-22 – 28515606/44 Fax No.: 91-22 –
28512885
Website: www.Sharexindia.com
Investor Grievance Email: investor@sharexindia.com
Email: info@sharexindia.com
Contact Person: Mr. K C Ajitkumar
SEBI Regn. No. INR000002102

Contact Person for Investors:-

Ms. Komal Manoharlal Motiani
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

Listed on Stock Exchange:-

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

OUR JOURNEY OVER THE YEARS.....

2007

- Incorporation of our Company and Commencement of Production activities

2008

- Enlistment with Gujarat Narmada Valley Fertilizers Co. Limited for supply of Pressure Vessels.

2010

- Enlistment with Projects & Development India Limited (A Govt. of India Undertaking) for Supply of Pressure Vessels

2012

- Certificate of Registration of ISO 9001:2008 for design, manufacture and supply of pressure vessels and heat exchangers and manufacture and supply of heavy structure work.

2012

- Certificate of Registration of ISO 9001:2008 for design, manufacture and supply of pressure vessels and heat exchangers and manufacture and supply of heavy structure work for NABCB Certificate.

2012

- Become the Member of Heat Transfer Research, Inc. the world's premier source of technology, information, services and softwares in the field of process heat transfer.

2013

- Enlistment with Engineers India Limited (A Govt. of India Undertaking) for Pressure Vessels

2014

- Certificate of Authorization from American Society of Mechanical Engineers (ASME) for manufacturing of ASME Boiler and Pressure Vessel Code under U Stamp.

2014

- Certificate of Authorization from American Society of Mechanical Engineers (ASME) for manufacturing of ASME Boiler and Pressure Vessel Code under U2 Stamp.

2014

- Certificate of Authorization from The National Board of Boiler & Pressure Vessel Inspectors for NB mark.

2014

- Enlistment with Engineers India Limited (A Govt. of India Undertaking) for Heat Exchangers.

2014

- Enlistment Certificate with The National Small Industries Corporation Limited (A Government of India Enterprise)

2014

- Enlistment with Gujarat State Petronet Limited for Supply of Pressure Vessels

2015

- Conversion of our Company from Private Limited to Public Limited Company.

2015

- Listed on BSE SME through Initial Public Offer of the Company.

2016

- New dust free, Epoxy painted floor assembly shop created for auxiliary skid packaging.

2017

- Receive certificate of Appreciation from Burckhardt Compression for Best Supplier of Pressure Vessel & heat Exchanger.

Our Successfully Executed Orders.....



Cooling Water Console Package
 Client - Rapid Petronas Malaysia
 End User- Burckhardt Compression



Cooling Lube Oil Console Package
 Client - ILAM Project, Iran
 End User- Burckhardt Compression



Pressure Vessel
 Client - L&T
 End User- Cairn Energy



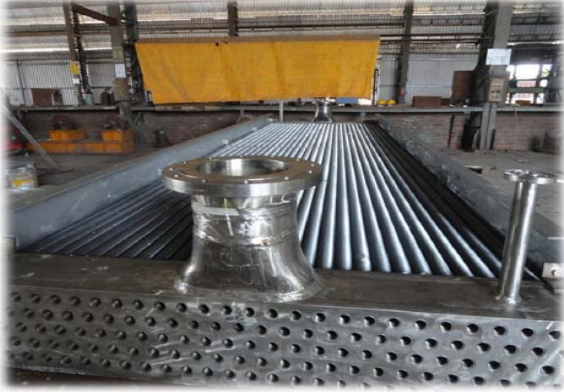
Pressure Vessels
 Client - Dresser Rand
 End User- Petro Bras Brazil



Shell & Tube Heat Exchanger
 Client - Dresser Rand
 End User- Madura Strait BD Field Development



Shell & Tube Heat Exchanger
 Client - Reliance Industries Ltd
 End User- Reliance Industries Ltd



Air Cooled Heat Exchanger
Client - ONGC
End User- ONGC



Air Cooled Heat Exchanger
Client - Dresser Rand
End User- Daleel Petroleum UAE



Air Compressor Package
Client - Ingersoll Rand
End User- Maruti Motors



Air Compressor Package
Client - Ingersoll Rand
End User- Reliance Jamnagar



Aux. Skid packaging -Cooling water console
Client - Dresser rand
End User- Inelectra- Colombia



Aux. Skid packaging -Cooling Water Console
Client - Dresser rand
End User- Samir Morocco

Our Global Presence.....

Loyal Equipments Limited has experienced in both Export and Indigenous job in various countries such as:-

India, U.S.A., Venezuela, Brazil, Taiwan, Iran, Saudi Arabia, Oman, Bangladesh, Chile, Korea, Suriname N.V, AL Jubail, Algeria, , Dominican Republic, Singapore, Jordon , Malaysia, Morocco, Bolivia , Indonesia, Qatar, Columbia



THE BOARD OF DIRECTORS.....

Mr. Rameshchandra Nathalal Patel, Chairman & Whole Time Director

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 42 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 42 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



Mr. Alkesh Rameshchandra Patel is the Managing Director of our Company. He has been on the Board since incorporation. He has more than 24 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

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

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 57 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

Mr. Girish Nathubhai Desai is Non Executive& Independent of the Company and is Graduate in field of Mechanical Engineering from Gujarat University with having 47 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**

Mr. Kalpesh Lalitchandra Joshi is Non Executive& Independent of the Company with having 22 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.

LETTER TO THE SHAREHOLDERS.....



[Alkesh Rameshchandra Patel, Managing Director](#)

Dear Member,

With great pleasure, I welcome you to the 10th Annual General Meeting of Your Company.

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 ten years from the year of Incorporation to successful completion of SME Listing of two years.

Today I am proud to be at the helms of the Company that is run by the team of enthusiastic and dedicated employees who have led the Company to newer heights successfully. In the year 2016-17, your company has crossed the turnover of Rs. 19.30 Crores with appreciation of 73.43% and Profit before tax of Rs. 3.25 Crores with appreciation of 285% compared to previous year. The Earning per share is also increased from Rs. 3.21 as against Rs. 0.84 from the previous financial year. Further the company has received various order from India and Outside India for supply of Vessels and other Equipments. The years 2016-17 is one of great year of your Company with crossing the new target in terms of turnover and profit.

Additionally, road ahead is filled with so many challenges as well as opportunities and we are ready to face all the challenges from Market and to grab the opportunities in the best interest of your Company.

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 others and fulfill the needs of the society. 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 as well.

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.

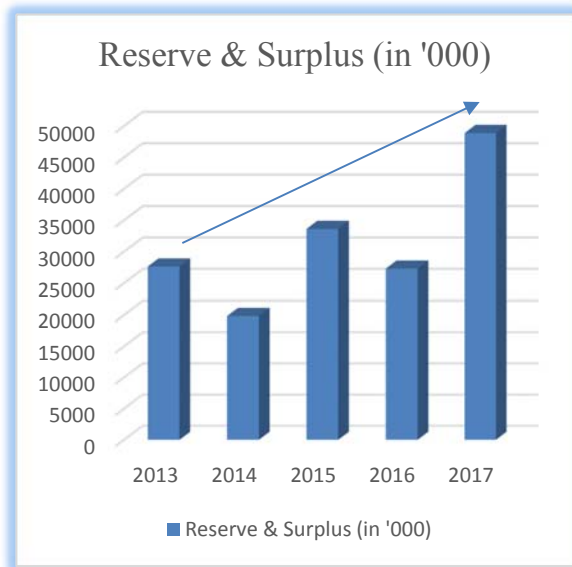
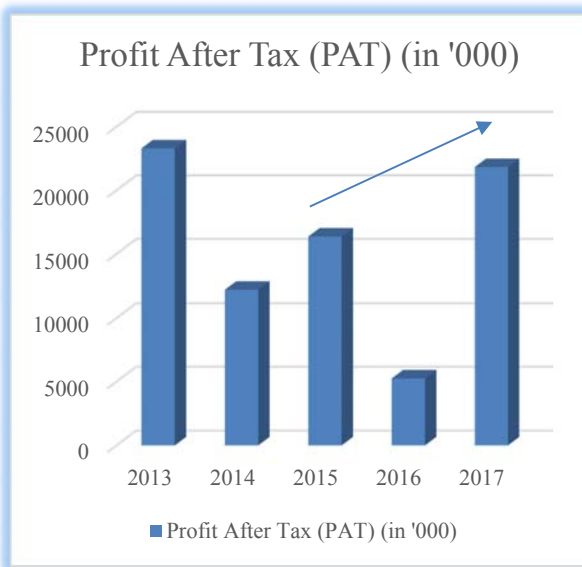
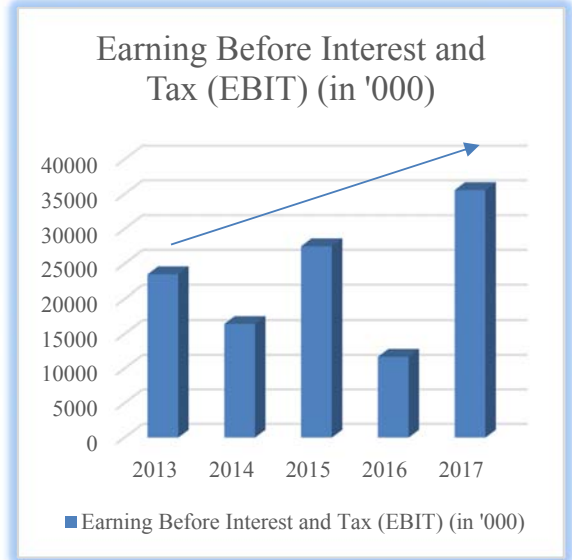
I would like to place on record my sincere appreciation to the Board of Directors for their guidance. I would like to express my gratitude to all our stakeholders for their continuing faith in the Company and I look forward for their support, trust and confidence.

Wish best wishes
Sincerely

Alkesh Rameshchandra Patel
Managing Director
August 01, 2017

FINANCIAL HIGHLIGHTS.....

Over the past five years, we significantly enhanced our size, scale, scope, asset profile and earnings. This has been reflected in our promising financial performance.



DIRECTOR'S REPORT.....

To The Members,

Your Directors have pleasure in presenting the 10th (Tenth) Annual Report of **Loyal Equipments Limited** (the "Company" or "Loyal") along with the audited financial statements for the financial year ended March 31, 2017.

FINANCIAL RESULTS:

The Company's financial performance for the year ended March 31, 2017 is summarized as below:

| Particulars | (Amount in '000) | |
|--|-------------------------|--------------------------|
| | Current Year 2016-17 | Previous Year 2015-16 |
| Revenue from operations | 193041.46 | 111308.75 |
| Other income (net) | 1798.35 | 1215.51 |
| Total Income | 194839.81 | 112524.26 |
| Less: | | |
| Operating & Administrative expenses | 149480.66 | 90702.25 |
| Profit Before Depreciation Interest & Tax | 45359.15 | 21822.01 |
| Less: | | |
| Depreciation and amortization expense | 9766.26 | 10105.23 |
| Finance costs | 3050.97 | 3269.33 |
| Profit before exceptional item and tax | 32541.92 | 8447.45 |
| Exceptional item | - | - |
| Profit before tax (PBT) | 32541.92 | 8447.45 |
| Tax expense | 10707.09 | 3193.37 |
| Profit after tax for the year (PAT) | 21834.83 | 5254.08 |
| EPS (Rs.) | 3.21 | 0.84 |

OPERATION & REVIEW:

Revenue from the operations of your Company for the year 2016-17 was Rs. 19,30,41,463/-, 73.43% higher than Rs. 11,13,08,750/- in the previous year. Profit before Depreciation Interest & Tax for the current year was Rs. 4,53,59,150/- against Rs. 2,18,22,010/- in the previous year. Profit after Tax for the current year at Rs. 2,18,34,830 was higher by 315.58% over Rs. 52,54,080/- 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.

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.

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 2016-17.

SHARE CAPITAL

During the year there was no change in the share capital of the Company. The outstanding, issued, subscribed and paid up capital of the Company was Rs. 680.00 Lacs as on March 31, 2017.

TRANSFER TO RESERVES

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

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.

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.

CHANGE IN NATURE OF THE BUSINESS

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

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.

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 ISO 9001:2008, U-Stamp and U2- Stamp certified by the independent originations.

SUBSIDIARY COMPANIES:

The Company does not have any subsidiary companies hence Your Company is not required to present the consolidated financial statement as per the requirement of the provision of Section 136 of the Companies Act, 2013.

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.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mrs. Jyotsanaben Rameshchandra Patel, whole time Director is retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer herself for re- appointment.

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.

NUMBER OF MEETINGS OF THE BOARD

Four meetings of the board 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.

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.

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.

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 Joshi (Member).

STATUTORY AUDITORS

J. M. Patel & Bros., Chartered Accountants, who are the statutory auditors of the Company, hold office until the conclusion of the ensuing AGM and are eligible for re-appointment. Members of the Company at the AGM held on 30th September, 2014 had approved the appointment of J. M. Patel & Bros. as the Statutory Auditors for a period of five years from the conclusion of the Annual General Meeting held on 30th September, 2014 till the conclusion of Annual General Meeting of the Company to be held in calendar year 2018. As required by the provisions of the Companies Act, 2013, their appointment should be ratified by members each year at the AGM. Accordingly, requisite resolution forms part of the notice convening the AGM. The auditors' report does not contain any qualifications, reservations or adverse remarks.

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 Amit K. Patel, 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”.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

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.

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

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

During the Financial Year 2016-17, the Company has not received any complaints of sexual harassment.

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.

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”.

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 employees 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.

DEPOSITS FROM PUBLIC

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

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, 2017 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.

CORPORATE SOCIAL RESPONSIBILITY

The Company is not falling under the criteria as mentioned in the Section 135 of the Companies Act, 2013 and rules made thereof which specifies the requirement of forming the Corporate Social Responsibility Committee.

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”.

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**

Date: August 01, 2017

Place: Dahegam, Gandhinagar,

Sd/-

Sd/-

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

**Rameshchandra Nathalal Patel
Chairman & Whole-time Director
DIN - 01307699**

ANNEXURE TO DIRECTORS REPORT.....

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. |
| (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: | NIL |
| The Foreign Exchange outgo during the year in terms of actual outflows: | Rs. 1,13,06,746/- |

DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

| | | | |
|--|--|--|--|
| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year | Number of shareholders who approached listed entity for transfer of shares from suspense account during the year | Number of shareholders to whom shares were transferred from suspense account during the year | Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year |
| 16000 Shares | NIL | NIL | 16000 Shares |

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**

Date: August 01, 2017

Place: Dahegam, Gandhinagar,

Sd/-

Sd/-

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

**Rameshchandra Nathalal Patel
Chairman & Whole-time Director
DIN - 01307699**

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

As on the financial year ended on 31st March, 2017
[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 | To carry on the business as manufacturers, manufacturers' representatives, exporters, importers, fabricators, machinists, installers, repairers, factors, agents, dealers and distributors of all classes, kinds, types, nature and description of plants, machineries, tools, jigs, fixtures, dies, patents, instruments, appliances and parts, components and accessories thereof including but without limiting the generality thereof particularly of engineering goods, engineering machineries/Equipments made of whatever metals and substances. | 2911 | 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 |
|-----------------------|---------------------|------------------------|----------|--------------------------------|------------------|--------------------|
| NOT APPLICABLE | | | | | | |

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 01-4-2016) | | | | No. of Shares held at the end of the year (As on 31-03-2017) | | | | % Change during the year |
|---|---|----------|----------------|-------------------|--|----------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A: Promoters | | | | | | | | | |
| (1) Indian: | | | | | | | | | |
| a) Individual/ HUF | 4999990 | - | 4999990 | 73.53 | 4999990 | - | 4999990 | 73.53 | - |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corporate | - | - | - | - | - | - | - | - | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other... | - | - | - | - | - | - | - | - | - |
| Sub - Total (A) (1) | 4999990 | - | 4999990 | 73.53 | 4999990 | - | 4999990 | 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) | 4999990 | - | 4999990 | 73.53 | 4999990 | - | 4999990 | 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 | 928000 | - | 928000 | 13.65 | 144000 | - | 144000 | 2.18 | -11.53 |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| I) Individual shareholders holding | 568010 | - | 568010 | 8.353 | 512010 | - | 512010 | 7.53 | -0.82 |

| | | | | | | | | | |
|---|----------------|----------|----------------|---------------|----------------|----------|----------------|---------------|----------|
| nominal share capital up to Rs. 1 lakh | | | | | | | | | |
| II) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 304000 | - | 304000 | 4.471 | 872000 | - | 872000 | 12.82 | 8.35 |
| c) Others | | | | | | | | | |
| (c-i) NRIs (Repatriation) | - | - | - | - | 120000 | - | 120000 | 1.76 | 1.76 |
| (c-ii) NRIs (Non-repat.) | - | - | - | - | - | - | - | - | - |
| (c-iii) Foreign Companies | - | - | - | - | - | - | - | - | - |
| Clearing member | - | - | - | - | 152000 | - | 152000 | 2.25 | 2.25 |
| HUF | - | - | - | - | - | - | - | - | - |
| Trust | - | - | - | - | - | - | - | - | - |
| Sub - Total (B) (2) | 1800010 | - | 1800010 | 26.47 | 1800010 | - | 1800010 | 26.47 | - |
| Total public shareholding (B) = (B) (1) + (B)(2) | 1800010 | - | 1800010 | 26.47 | 1800010 | - | 1800010 | 26.47 | |
| C: Shares Held By Custodian For GDRS & ADRS | - | - | - | - | - | - | - | - | - |
| GRAND TOTAL (A+B+C) | 6800000 | - | 6800000 | 100.00 | 6800000 | - | 6800000 | 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 | 1399960 | 20.588 | - | 1399960 | 20.588 | - | - |
| 2 | Jyotsanaben Rameshchandra Patel | 2200000 | 32.353 | - | 2200000 | 32.353 | - | - |
| 3 | Rameshchandra Nathalal Patel | 1400000 | 20.588 | - | 1400000 | 20.588 | - | - |
| 4 | Patel Kalpeshbhai H | 10 | 0 | - | 10 | 0 | - | - |
| 5 | Hema Maheshkumar Patel | 10 | 0 | - | 10 | 0 | - | - |
| 6 | Parul Alkeshbhai Patel | 10 | 0 | - | 10 | 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 01.04.2016 | | Date | Reason | Increase/ Decrease in Shareholding | | Cumulative Shareholding during the Year | |
|------|-------------------------|--|------------|------|--------|------------------------------------|------------|---|------------|
| | | No. of Shares | % of Total | | | No. of Shares | % of Total | No. of Shares | % of Total |

| | | | Shares of the Company | | | | Shares of the Company | | Shares of the Company |
|----------------|--|--|-----------------------|--|--|--|-----------------------|--|-----------------------|
| Not Applicable | | | | | | | | | |

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 (01/04/2016) | | Date | Increase/Decreases shareholding | Reason | Cumulative Shareholding during the year (01-04-16 to 31-03-17) | |
|---------|-------------------------------|--|----------------------------------|------------|---------------------------------|-----------|--|-------------------|
| | | No. of shares | % of total shares of the company | | | | No. of shares | % of total shares |
| 1 | Ghanshyam Kalwani | 64000 | 0.941 | 10.03.2017 | | | | |
| | | | | 17.03.2017 | 24000 | Buy | 88000 | 1.294 |
| | | | | 24.03.2017 | 16000 | Buy | 104000 | 1.529 |
| | | | | 31.03.2017 | 16000 | Buy | 120000 | 1.765 |
| 2 | Choice Equity Broking Pvt Ltd | 160000 | 2.353 | 23.12.2016 | | | | |
| | | | | 06.01.2017 | -64000 | Sold | 96000 | 1.412 |
| | | | | 20.01.2017 | 8000 | Buy | 104000 | 1.529 |
| | | | | 31.03.2017 | | | 104000 | 1.529 |
| 3 | Kamini Bhavesh Shah | 48000 | 0.706 | 03.06.2016 | | | | |
| | | | | 22.07.2016 | 32000 | Buy | 80000 | 1.176 |
| | | | | 31.03.2017 | | | 80000 | 1.176 |
| 4 | Mitesh Trambaklal Sheth | 24000 | 0.353 | 21.10.2016 | | | | |
| | | | | 28.10.2016 | 32000 | Buy | 56000 | 0.824 |
| | | | | 31.03.2017 | | | 56000 | 0.824 |
| 5 | Sharekhan Limited | 16000 | 0.235 | 17.06.2016 | | | | |
| | | | | 29.07.2016 | -8000 | Sold | 8000 | 0.118 |
| | | | | 17.02.2017 | 32000 | Buy | 40000 | 0.588 |
| | | | | 24.02.2017 | -24000 | Sold | 16000 | 0.235 |
| | | | | 17.03.2017 | 8000 | Buy | 24000 | 0.353 |
| | | | | 24.03.2017 | 8000 | Buy | 32000 | 0.471 |
| | | | | 31.03.2017 | 8000 | Buy | 40000 | 0.588 |
| 6 | Savjibhai M Menpara | 24000 | 0.353 | 24.02.2017 | | | | |
| | | | | 03.03.2017 | 160000 | Buy | 40000 | 0.588 |
| | | | | 31.03.2017 | | | 40000 | 0.588 |
| 7 | Nikhil R Jain | 40000 | 0.588 | 17.03.2017 | | | | |
| | | | | 31.03.2017 | | No Change | 40000 | 0.588 |

| | | | | | | | | |
|----|-----------------------------------|-------|-------|------------|-------|-----------|-------|-------|
| 8 | Kowshik B M | 32000 | 0.471 | 01.04.2016 | | | | |
| | | | | 17.06.2016 | 8000 | Buy | 40000 | 0.588 |
| | | | | 11.11.2016 | -8000 | Sold | 32000 | 0.471 |
| | | | | 31.03.2017 | | | 32000 | 0.471 |
| 9 | Menpara Savjibhai Manjibhai (HUF) | 32000 | 0.471 | 24.06.2016 | | | | |
| | | | | 31.03.2017 | | No Change | 32000 | 0.471 |
| 10 | Alkesh Chimanlal Patel HUF | 16000 | 0.235 | 23.12.2016 | | | | |
| | | | | 06.01.2017 | 8000 | Buy | 24000 | 0.353 |
| | | | | 13.01.2017 | 8000 | Buy | 32000 | 0.471 |
| | | | | 31.03.2017 | | | 32000 | 0.471 |

v. **Shareholding of Directors and Key Managerial Personnel: -**

| Sr. No. | Name | Shareholding at the beginning of the year (01/04/2016) | | Date | Increase/ Decrease in shareholding | Reason | Cumulative Shareholding during the year (01-04-2016 to 31-03-2017) | |
|---------|---------------------------------|--|----------------------------------|------|------------------------------------|--------|--|-------------------|
| | | No. of shares | % of total shares of the company | | | | No. of shares | % of total shares |
| 1 | Alkesh Rameshchandra Patel | 1399960 | 28.00 | -- | -- | -- | 1399960 | 28.00 |
| 2 | Jyotsanaben Rameshchandra Patel | 2200000 | 44.00 | -- | -- | -- | 2200000 | 44.00 |
| 3 | Rameshchandra Nathalal Patel | 1400000 | 28.00 | -- | -- | -- | 1400000 | 28.00 |
| 4 | Amit Chandulal Patel | 10 | - | -- | -- | -- | 10 | - |

V. INDEBTEDNESS

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

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year (01.04.2017): | | | | |
| i) Principal Amount | 40575620.00 | | | 40575620.00 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 96960 | - | - | 96960.00 |

| | | | | |
|--|--------------------|---|---|--------------------|
| Total (i+ii+iii) | | | | |
| Change in Indebtedness during the financial year: | | | | |
| * Addition | 4843934.00 | - | - | 4843934.00 |
| * Reduction | 4996244.00 | - | - | 4996244.00 |
| Net Change | (152310.00) | - | - | (152310.00) |
| Indebtedness at the end of the financial year (31.03.2017): | 40423310.00 | - | - | 40423310.00 |
| i) Principal Amount | 40423310.00 | - | - | 40423310.00 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 99008.00 | - | - | 99008.00 |
| Total (i+ii+iii) | 40522318.00 | - | - | 40522318.00 |

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 | Jyotsnaben Rameshchandra Patel | Alkesh Rameshchandra Patel | |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 30,00,000 | - | 42,00,000 | 72,00,000 |
| | (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 (A) | 30,00,000 | - | 42,00,000 | 72,00,000 |

B. Remuneration to other directors:

| SI. No | Particulars of Remuneration | Name of Director | | | Total Amount |
|--------|---|------------------|--------------|---------------|--------------|
| | | Babubhai Patel | Girish Desai | Kalpesh 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) | Komal Motiani (Company Secretary) | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 5,22,000 | 1,20,000 | 6,42,000 |
| | (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 | 5,22,000 | 1,20,000 | 6,42,000 |

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

Date: August 01, 2017

Place: Dahegam, Gandhinagar,

Sd/-

Sd/-

Alkesh Rameshchandra Patel
Managing Director
DIN – 02672297

Rameshchandra Nathalal Patel
Chairman & Whole-time Director
DIN - 01307699

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 2016-17.
- i. Name(s) of the related party and nature of relationship: Not Applicable
 - ii. Nature of contracts/arrangements/transactions: Not Applicable
 - iii. Duration of the contracts / arrangements/transactions: Not Applicable
 - iv. Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
 - v. Justification for entering into such contracts or arrangements or transactions: Not Applicable
 - vi. Date(s) of approval by the Board: Not Applicable
 - vii. Amount paid as advances, if any: Not Applicable
 - viii. Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Not Applicable

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

| Name of Related Party | Nature of Relationship | Duration of Contract | Salient Terms | Amount (Rs) |
|------------------------------|--------------------------------------|--|----------------------|--------------------|
| Loyal Engineers | Proprietorship of Director /Promoter | Rent Agreement effective from 1 st January, 2009. | Rent Agreement | 18,00,000.00 |
| Jyotsanaben R Patel | Director | Rent Agreement effective 1 st January, 2016 | Rent Agreement | 24,00,000.00 |

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

Date: August 01, 2017

Place: Dahegam, Gandhinagar,

Sd/-

Sd/-

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

**Rameshchandra Nathalal Patel
Chairman & Whole-time Director
DIN - 01307699**

ANNEXURE - IV**FORM NO. MR-3
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017
*[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

I 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 the representations 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, 2017 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:

I 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, 2017 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, 1992 and 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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; [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;(Not applicable to the Company during the period)

- 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)
- (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.

However, it has been found that there were no instances requiring compliance with the provisions of the laws indicated at point (d) to (h) of para (v) mentioned hereinabove during the period under review.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with 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 generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, mentioned hereinabove and are adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. I have relied on the representations made by the Company and its officers for systems and mechanisms formed by the Company for compliances under the laws and regulations applicable to the Company as referred hereinabove and verification of documents and records on test check basis.

I further report that the compliance by the company of the direct and indirect tax laws has not been reviewed during this audit as the same had been subject to review by the statutory financial audit and other designated professionals.

We further report that

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

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

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

Place: Ahmedabad

Date: August 01, 2017

Name of Company Secretary: Amit Patel
Company Secretary
FCS No. 8291 CP. No. 15068

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

ANNEXURE - A

List of documents verified

1. Memorandum & Articles of Association of the Company.
2. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee held during the period under report.
3. Minutes of General Body Meetings held during the period under report.
4. Statutory Registers/Records under the Companies Act and rules made there under viz.
 - Register of Directors & KMP
 - Register of Directors' Shareholding
 - Register of loans, guarantees and security and acquisition made by the Company
 - Register of Members
 - Periodical BENPOS, Registers of Demat/Remat and records made available from RTA
5. Agenda papers relating to the Board Meetings and Committee Meetings.
6. Declarations received from the Directors of the Company pursuant to the provisions of Section 299 of the Companies Act, 1956 and 184 of the Companies Act, 2013.
7. E-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 1956 and Companies Act, 2013 and attachments thereof during the period under report.
8. Intimations/ documents/ reports/ returns filed with the Stock Exchanges pursuant to the provisions of Listing Agreement during the period under report.
9. Communications/ Letters issued to and acknowledgements received from the Independent directors for their appointment
10. Various policies framed by the company from time to time as required under the Companies Act as well as listing agreement/SEBI Regulations.

ANNEXURE - B

To,

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

Sir,

Sub: Secretarial Audit Report for the Financial Year ended on 31st March, 2017

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

Date: August 01, 2017

Name of Company Secretary: Amit Patel
Company Secretary
FCS No. 8291 CP. No. 15068

MANAGEMENT DISCUSSION AND ANALYSIS.....

SUMMARY OF OUR INDUSTRY

Global Economic Outlook

Global growth is estimated to have fallen to 2.3 percent in 2016—the weakest performance since the global financial crisis. Anemic global investment was accompanied by a further weakening of global trade. Mitigating these headwinds for emerging market and developing economies (EMDEs), commodity prices strengthened. However, the rapid rise in U.S. bond yields and appreciation of U.S. dollar towards the end of the year led to a notable tightening of financing conditions for EMDEs, and in some cases significant portfolio outflows. In 2017, global growth should pick up to 2.7 percent, with the recovery mainly driven by receding obstacles to activity in commodity-exporting EMDEs.

Advanced economies: heightened policy uncertainty. Advanced economies continue to be afflicted by weak underlying growth and low inflation, while uncertainty about future policy direction increased. Growth is projected to recover modestly to 1.8 percent in 2017 (from 1.6 percent in 2016), although the range of possible outcomes has markedly widened after the electoral outcome in the United States and the United Kingdom's decision to leave the European Union. In particular, current forecasts do not incorporate the potential effects of policy proposals suggested by the new U.S. administration, as their scope is still highly uncertain. Fiscal stimulus, if implemented, could result in stronger U.S. growth than currently predicted. However, some other policy changes, or persistent policy uncertainty, could dampen U.S. and international growth prospects.

Capital Goods & Engineering equipment Industry

India has a strong engineering and capital goods base. The engineering sector is the largest segment of Indian Industry. The important groups within the engineering industry include machinery & instruments, castings, forgings, fasteners, electronic goods and project exports. The engineering sector employs over 4 million skilled and semi-skilled workers (direct and indirect). For the quarter ended June 2007, the total engineering production was about US\$ 5 billion.

The sector can be categorised into Heavy Engineering and Light Engineering segments. Heavy engineering constitutes over 80 per cent of the total industry, while light engineering contributes the rest. The heavy engineering industry includes capital goods/machinery and equipment, and transport equipment. The light engineering industry includes items like castings, forgings and fasteners and sophisticated microprocessor-based process control equipment and diagnostic medical instruments.

Growth in India's manufacturing sector has provided a stimulus for the engineering industry to develop capabilities in product development and advanced manufacturing technology. India manufactures the entire range of industrial machinery. Apart from demand from user industries, the availability of technical education infrastructure that provides an increased number of technically trained human resources, each year has been another key factor aiding the engineering industry in India.

The bulk of capital goods required for power projects, fertilizer, cement, steel and petrochemical plants and mining equipment are made in India. The country also makes construction machinery, equipment for irrigation projects, diesel engines, tractors, transport vehicles, cotton textile and sugar mill machinery. The recent spurt in the domestic construction and infrastructure industry has accelerated the demand for most of the products. India also exports a range of heavy and light engineering goods.

Future Outlook

The Engineering sector's future outlook is promising. Drivers like power projects, other infrastructure development activities, industrial growth and favorable policy regulations will drive growth in manufacturing. The Indian

engineering industry has been witnessing significant level of capability enhancement over the years. As export markets open up, this will help India develop a strong presence in global engineering exports.

SUMMARY OF OUR BUSINESS

Loyal Equipments limited is ISO 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 an ISO 9001-2008 certified company and 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, Kirloskar, Texas Southpiller-USA and others govt. & private organization.

SALIENT FEATURES OF OUR PRODUCTS:

- Produced from the toughest materials like steel, non ferrous 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
- Linde
- Nirma Limited.
- GE

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.

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

Date: August 01, 2017

Place: Dahegam, Gandhinagar,

Sd/-

Sd/-

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

**Rameshchandra Nathalal Patel
Chairman & Whole-time Director
DIN - 01307699**

CORPORATE GOVERNANCE REPORT.....

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.

Board of Directors:

- i. As on March 31, 2017, the Company has six Directors. Of the six Directors, three are Non-Executive Directors and three are Independent Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013.
- ii. 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, 2017 have been made by the Directors.
- iii. 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.
- iv. The names and categories of the Directors on the Board, 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, 2017 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.

| Name of the Director | Category of Directorship | Number of board meetings during the year 2016-17 | | Whether attended last AGM held on August 27, 2016 | Number of Directorships in other Public companies | | Number of Committee positions held in other Public Companies | |
|---------------------------------|-----------------------------------|--|----------|---|---|--------|--|--------|
| | | Held | Attended | | Chairman | Member | Chairman | Member |
| Alkesh Rameshchandra Patel | Managing Director | Four | Four | Yes | None | None | None | None |
| Jyotsanaben Rameshchandra Patel | Whole Time Director | Four | Four | Yes | None | None | None | None |
| Rameshchandra Nathalal Patel | Chairman & Whole Time Director | Four | Four | Yes | None | None | None | None |
| Babubhai Patel | Independent , Non-Executive | Four | Four | Yes | None | None | None | None |
| Girish Desai | Independent , Non-Executive | Four | Four | Yes | None | None | None | None |
| Kalpesh Joshi | Independent , Non-Executive | Four | Four | Yes | None | None | None | None |

Note:

- (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.

- v. Four Board Meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held:

Date of Board Meeting: May 28, 2016, August 02, 2016, November 12, 2016, and February 25, 2017.

The necessary quorum was present for all the meetings.

- vi. During the year 2016-17, information as mentioned in Schedule II Part A of the SEBI Listing Regulations, has been placed before the Board for its consideration.

COMMITTEES OF BOARD:

A. 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.

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. The Company Secretary acts as the Secretary to the Audit Committee.
- (xvii). The Secretary of the Company acts as a Secretary to the Committee.
- (xviii). The previous Annual General Meeting was held before the constitution of the Audit Committee hence the Chairman of the Committee was not present
- (xix). The Committee comprises of three directors and all the members of the Audit Committee have accounting and financial management expertise. In the financial year 2016-17, four meetings were held on May 28, 2016, August 02, 2016, November 12, 2016, and February 25, 2017. The time gap between any two meetings was less than four months. Composition of committee as on 31st March 2017 and member's attendance at the meetings during the year are as under:

| Name of Director/ Member | Chairman/ Member | Category of Directorship | No. of Meetings Attended |
|---------------------------------|---------------------|------------------------------------|-----------------------------|
| Babubhai Patel | Chairman | Non-Executive Independent | Four |
| Kalpesh Joshi | Member | Non-Executive Independent | Four |
| Rameshchandra Nathalal Patel | Member | Executive – Whole Time Director | Four |

B. 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.

Composition, Meeting and Attendance during the year

As on March 31, 2017, the Nomination and Remuneration Committee comprises of the three Directors, all the members of the Committee are Non-Executive (Independent) Directors as mentioned in the following table. The composition of the Committee and details of attendance of the Committee members at the meetings are given in the following table. During the financial year under review, four meeting of the Committee was held on May 28, 2016, August 02, 2016, November 12, 2016, and February 25, 2017.

| Name of Directors | Chairman / Member | Category | No. of Meeting | |
|-------------------|----------------------|-----------------------------|----------------|----------|
| | | | Held | Attended |
| Girish Desai | Chairman | Non-Executive (Independent) | Four | Four |
| Babubhai Patel | Member | Non-Executive (Independent) | Four | Four |
| Kalpesh Joshi | Member | Non-Executive (Independent) | Four | Four |

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 & Director, Managing Director and Whole Time Director of the Company for the financial year 2016-17 are as under:

| Particulars | Amount in Rs. | | |
|-------------|-----------------------------|----------------------------|--------------------------------|
| | Rmeshchandra Nathalal Patel | Alkesh Rameshchandra Patel | Jyotsnaben Rameshchandra Patel |
| Salary | 29,54,400 | 41,54,400 | - |

| | | | |
|----------------------------------|------------------|------------------|---|
| Contribution to PF & Other Funds | 21,600 | 21,600 | - |
| Professional Tax | 24,000 | 24,000 | - |
| Total | 30,00,000 | 42,00,000 | - |

b. Independent Non-Executive Directors (INEDs):

During the year, the INEDs 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, 2017.

The details of sitting fees paid to the Non-Executive Directors during the financial year 2016-17 are given below:

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

c. Details of shares of the Company held by the Directors as on March 31, 2017 are given below:

| Sr. No. | Name of the Director | No. of Equity Shares held |
|---------|--------------------------------|---------------------------|
| 1 | Rameshchandra Nathalal Patel | 1400000 |
| 2 | Alkesh Rameshchandra Patel | 1399960 |
| 3 | Jyotsnaben Rameshchandra Patel | 2200000 |
| 4 | Babubhai Patel | Nil |
| 5 | Girish Desai | Nil |
| 6 | Kalpesh Joshi | Nil |

C. Stakeholders' Relationship Committee:

- (i). The stakeholders' relationship committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with section 178 of the Act.
- (ii). The Committee to consider and resolve the grievances of security holders of the Company including redressal of investor complaints such as transfer or credit of securities, non-receipt of dividend / notice / annual reports, etc. and all other securities-holders related matters.
- (iii). The Committee to consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities, etc.
- (iv). Four meetings of the stakeholders' relationship committee were held during the year on May 28, 2016, August 02, 2016, November 12, 2016, and February 25, 2017.
- (v). The composition of the Stakeholders' Relationship Committee and meetings attended by the members of the committee are given below:

| Name of Director | Chairman / Member | Category | No. of Meeting | |
|----------------------------|-------------------|-----------------------------|----------------|----------|
| | | | Held | Attended |
| Babubhai Patel | Chairman | Non-Executive (Independent) | Four | Four |
| Kalpesh Joshi | Member | Non-Executive (Independent) | Four | Four |
| Alkesh Rameshchandra Patel | Member | Non-Executive (Independent) | Four | Four |

(vi). Name, designation and address of Compliance Officer:

Ms. Komal Motiani, 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

GENERAL BODY MEETING:

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:

| Day, Date and Time of AGM | Venue | Special Resolutions passed |
|---|--|---|
| Saturday, 27 th August, 2016 at 9.30 AM | Block No. 35/1-2-3-4, Village Zak, Ta: Dahegam, Gandhinagar – 382330 | NIL |
| Thursday, 11 th June, 2015 at 11.00 a.m. | Block No. 35/1-2-3-4, Village Zak, Ta: Dahegam, Gandhinagar – 382330 | 1. Regularisation of appointment of Babubhai Patel as an independent Director. 2. Regularisation of appointment of Girish Desai as an independent Director |
| Tuesday, 30 th September, 2014 at 11.00 a.m. | 6, Chitrakoot Bungalows, Nr. Surdhara Society, Dahegam Road, Naroda - 382330 | NIL |

Extra ordinary General Meetings (EGM):

| Day, Date and Time of EGM | Venue | Special Resolutions passed |
|--|--|---|
| 28 th April, 2015 at 11.00 a.m. | 6, Chitrakoot Bungalows, Nr. Surdhara Society, Dahegam Road, Naroda - 382330 | 1. Increase in Authorised Share Capital 2. To issue Bonus Shares 3. Shifting of Registered Office |
| 2 nd May, 2015 at 11.00 a.m. | Block No. 35/1-2-3-4, Village Zak, Ta: Dahegam, Gandhinagar – 382330 | 1. Conversion of Company from Private Limited to Public Limited 2. Alteration of Articles of Association 3. Alteration of Memorandum of Association |

| | | |
|---|---|---|
| 19 th May, 2015 at 11.00 a.m. | Block No. 35/1-2-3-4, Village Zak, Ta: Dahegam, Gandhnagar – 382330 | 1. Approval of Initial Public Offer |
| 13 th June, 2015 at 11.00 a.m. | Block No. 35/1-2-3-4, Village Zak, Ta: Dahegam, Gandhnagar – 382330 | 1. Change in Designation of Alkesh Rameshchandra Patel 2. Change in Designation of Rameshchandra Nathalal Patel 3. Change in Designation of Jyotsnaben Rameshchandra Patel 4. Regularisation of Appointment of Kalpesh Joshi |

Resolutions Passed Though Postal Ballot:

‘No Special Resolution requiring a postal ballot was passed during the year under review. No Special Resolution requiring a postal ballot is being proposed in the ensuing Annual General Meeting.

DISCLOSURES:

- i. **Related Party Transaction:**
All material transactions entered into with related parties as defined under the Act and Regulation 23 of SEBI Listing Regulations during the financial year were in the ordinary course of business.
- ii. **Details of Legal Compliances:**
Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or the SEBI or any statutory authority, on any matter related to capital markets, during the last three years 2014-15, 2015-16 and 2016-17 respectively: Nil
- iii. **Code of Conduct:**
The members of the board and senior management personnel have affirmed the compliance with Code applicable to them during the year ended March 31, 2017. The annual report of the Company contains a certificate by the Managing Director in terms of SEBI Listing Regulations on the compliance declarations received from Independent Directors, Non-executive Directors and Senior Management.
- iv. **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.

MEANS OF COMMUNICATION:

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, Directors’ 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.

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 | Tuesday, 29 th August, 2017 at 11.00 a.m. |
| Venue | Loyal Equipments Limited, Block No. 35/1-2-3-4, Village Zak, Ta: Dahegam, Gandhinagar – 382330 |

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 29th August, 2017.

iii. Financial Calendar:

| | |
|------------------|----------|
| Year ending | March 31 |
| AGM in | August |
| Dividend Payment | NA |

iv. Date of Book Closure/ Record Date: As mentioned in the Notice dated August 01, 2017 of the AGM to be held on 29th August, 2017

v. **Listing on Stock Exchanges:** The Company got listed on 16th July, 2015 on the SME Platform of BSE Limited. The Securities of the Company is listed on the SME Platform of BSE Limited, P.J. Towers, Dalal Street, Mumbai and the Security code of the Company is 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, 2017 (last trading day of the year) was Rs. 48.55 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, 2016 | 15.00 | 12.95 | 88,000 |
| May, 2016 | 16.00 | 12.85 | 56,000 |
| June, 2016 | 18.25 | 15.50 | 1,04,000 |
| July, 2016 | 18.25 | 17.50 | 96,000 |
| August, 2016 | 18.00 | 15.00 | 40,000 |
| September, 2016 | 18.25 | 16.90 | 2,72,000 |
| October, 2016 | 18.00 | 17.75 | 72,000 |
| November, 2016 | 19.00 | 17.55 | 96,000 |
| December, 2016 | 29.25 | 18.00 | 8,56,000 |
| January, 2017 | 39.90 | 32.15 | 5,12,000 |
| February, 2017 | 54.50 | 36.95 | 8,16,000 |
| March, 2017 | 51.95 | 41.25 | 3,92,000 |

- viii. **Registrars and Transfer Agents:** Name and Address are as under:
Sharex Dynamic (India) Private Limited - Unit-1, Luthra Ind Premises, 1st Floor, 44 E, M Vasanti Marg, Andheri Kurla Road, Safeed Pool, Andheri East, Mumbai, Maharashtra 400072
- 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, 2017:**

Distribution of equity shareholding as on March 31, 2017:

| No. of equity shares held | No. of shareholders | % of shareholders | Total Amount | % of Amount |
|---------------------------|---------------------|-------------------|-----------------|---------------|
| 1-500 | 3 | 2.56 | 300.00 | 0.00 |
| 501-1000 | - | - | - | - |
| 1001-2000 | - | - | - | - |
| 2001-3000 | - | - | - | - |
| 3001-4000 | - | - | - | - |
| 4001-5000 | - | - | - | - |
| 5001-10000 | 69 | 58.97 | 5520100 | 8.12 |
| 10001 -100000 | 40 | 34.19 | 10240000 | 15.06 |
| 100001 and Above | 5 | 4.28 | 52239600 | 76.82 |
| TOTAL | 117 | 100.00 | 68000000 | 100.00 |

By category of shareholders:

| Category | No. of Shares held | % of Shareholding |
|---------------------------------|--------------------|-------------------|
| Promoters | 4999990 | 73.53% |
| Banks, FIs, Insurance companies | - | - |
| Private Bodies Corporate | 144000 | 2.12% |
| Non-Resident Indians | 120000 | 1.77% |
| Indian Public | 1384010 | 20.35% |
| Other (Clearing Member) | 152000 | 2.23% |
| Total | 6800000 | 100.00% |

Top ten equity shareholders of the Company as on March 31, 2017:

| Sr. No. | Name of the shareholder | Number of equity shares held | Percentage of holding |
|---------|---------------------------------|------------------------------|-----------------------|
| 1 | Jyotsanaben Rameshchandra Patel | 2200000 | 32.353 |
| 2 | Rameshchandra Nathalal Patel | 1400000 | 20.588 |
| 3 | Alkesh Rameshchandra Patel | 1399960 | 20.588 |
| 4 | Ghanshyam Kalwani | 120000 | 1.765 |
| 5 | Choice Equity Broking Pvt. Ltd. | 104000 | 1.529 |
| 6 | Kamini Bhavesh Shah | 80000 | 1.176 |
| 7 | Mitesh Trambaklal Sheth | 56000 | 0.824 |
| 8 | Sharekhan Limited | 40000 | 0.588 |
| 9 | Savjibhai M Menpara | 40000 | 0.588 |
| 10 | Nikhil R Jain | 40000 | 0.588 |

- 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, 2017. 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. Address for correspondence:**
Loyal Equipments Limited
Block No. 35/1-2-3-4, Village Zak,
Dahegam, Gandhinagar – 382 330

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

Date: August 01, 2017

Place: Dahegam, Gandhinagar,

Sd/-

Sd/-

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

**Rameshchandra Nathalal Patel
Chairman & Whole-time Director
DIN - 01307699**

CERTIFICATE OF CORPORATE GOVERNANCE.....

TO THE MEMBERS OF

LOYAL EQUIPMENTS LIMITED

I have examined the compliance of conditions of Corporate Governance by Loyal Equipments Limited (“the Company”), for the year ended on 31st March 2017, as stipulated in Regulations 17 to 27 (excluding regulation 23 (4)) and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations.

1. The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
2. I have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
3. Based on my examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2017.
4. I 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.

Sd/-

Amit Patel
Company Secretary
Membership No. F8291, COP No. 15068

Date: August 01, 2017
Place: Dahegam, Gandhinagar

AUDITOR'S REPORT.....

**TO THE MEMBERS OF
LOYAL EQUIPMENTS LIMITED**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Loyal Equipments Limited** (“the Company”), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, for the year ended on March 31, 2017, the Cash flow statement for the year ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE 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 financial statements to give a true and fair view of the financial position, financial performance & cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, and the Rules made thereunder including the accounting & auditing standards and matters which are required to be included in the audit report.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- a) In the case of the Balance sheet, of the state of affairs of the Company as at March 31, 2017,
- b) In the case of Statement of Profit & Loss, profit for the year ended on that date; and
- c) In the case of Cash Flow Statement for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. 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 "A" a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss & Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) On the basis of the written representations received from the directors as on March 31, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 "B" and;
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - (i) The Company does not have any pending litigations as at March 31, 2017.
 - (ii) The Company has made provision, as at March 31, 2017 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, 2017.
 - (iv) The Company has provided requisite disclosure in the Financial Statements as to holding as well as dealing in specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and

these are in accordance with the books of accounts maintained by the company. Refer to Notes to the financial statements.

For, J. M. PATEL & BROS.
Chartered Accountants
F.R.No. 107707W

Sd/-

(J. M. Patel)
Proprietor
M.No. - 30161

Place: Ahmedabad
Date: 30.05.2017

ANNEXURE “A” TO THE AUDITOR’S REPORT

REFERRED TO IN PARAGRAPH 10 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.
- 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, 2017 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 excluding debt instruments and term Loans during the year.
- 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, J. M. PATEL & BROS.
Chartered Accountants
F.R.No. 107707W

Sd/-

(J. M. Patel)
Proprietor
M.No. - 30161

Place: Ahmedabad
Date: 30.05.2017

ANNEXURE “B” TO THE AUDITOR’S REPORT

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, 2017 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”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the 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, 2017, 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, J. M. PATEL & BROS.
Chartered Accountants
F.R.No. 107707W

Sd/-

(J. M. Patel)
Proprietor
M.No. - 30161

Place: Ahmedabad
Date: 30.05.2017

BALANCE SHEET FOR THE YEAR ENDED AS AT 31ST MARCH 2017.....

| Particulars | Note No. | Amount (In '000) | |
|---|--------------|----------------------|----------------------|
| | | As at March 31, 2017 | As at March 31, 2016 |
| I. EQUITY AND LIABILITIES | | | |
| 1) Shareholder's Funds | | | |
| a) Share Capital | 2 | 68000.00 | 68000.00 |
| b) Reserve & Surplus | 3 | 48899.69 | 27314.77 |
| C) Money received against share warrants | | 0.00 | 0.00 |
| 2) Share Application Money Pending Allotment | | | |
| 3) Non-Current Liabilities | | | |
| a) Long-Term Borrowings | 4 | 8739.79 | 9500.00 |
| b) Deferred Tax Liabilities (Net) | 5 | 295.73 | 731.83 |
| c) Other Long-Term Liabilities | | 0.00 | 0.00 |
| d) Long-Term Provisions | 6 | 2127.31 | 1877.40 |
| 4) Current Liabilities | | | |
| a) Short-Term Borrowings | 7 | 31683.52 | 31075.62 |
| b) Trade Payables | 8 | 16094.53 | 13137.28 |
| c) Other Current Liabilities | 9 | 11734.88 | 32869.77 |
| d) Short-Term Provisions | 10 | 10491.68 | 7413.53 |
| | TOTAL | 198067.13 | 191920.20 |
| II. ASSETS | | | |
| 1) Non-Current Assets | | | |
| a) Fixed Assets | | | |
| i) Tangible Assets | 11 | 49287.41 | 47708.43 |
| ii) Intangible Assets | 11 | 1982.79 | 3060.78 |
| iii) Capital Work-in-Progress | 11 | 1120.17 | 0.00 |
| iv) Intangible Assets under Development | | | |
| b) Non-Current Investments | 12 | 1409.19 | 400.00 |
| c) Deferred Tax Assets | | 0.00 | 0.00 |
| d) Long-Term Loans & Advances | 13 | 687.52 | 987.52 |
| e) Other Non-Current Assets | 14 | 2074.01 | 2765.36 |
| 2) Current Assets | | | |
| a) Current Investments | 15 | 14406.50 | 15920.38 |
| b) Inventories | 16 | 62650.69 | 61560.94 |



| | | | |
|--|--------------|------------------|------------------|
| c) Trade Receivables | 17 | 28185.74 | 17981.60 |
| d) Cash and Cash Equivalent | 18 | 19499.03 | 32585.16 |
| e) Short-Term Loans and Advances | 19 | 415.31 | 2805.02 |
| f) Other Current Assets | 20 | 16348.77 | 6145.02 |
| | | | |
| | TOTAL | 198067.13 | 191920.20 |
| Significant Accounting Policies The Accompanying Notes are an Integral Part of these Financial Statements. | 1 | | |

For and On behalf of the Board of Loyal Equipments Limited

As per Our Report of Even Date Attached

Sd/-

Sd/-

Rameshchandra Nathalal Patel
Chairman & Whole-time Director
DIN – 01307699

Alkesh Rameshchandra Patel
Managing Director
DIN – 02672297

For **JM Patel & Bros**
Chartered Accountant
F.R.No. 107707W

Sd/-

Sd/-

Sd/-

Amitkumar Chandubhai Patel
Chief Financial Officer

Komal Manoharlal Motiani
Company Secretary

CA. J.M. Patel
PROPRIETOR
M.No. 30161

Place : Ahmedabad

Date : 30/05/2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31 MARCH 2017.....

| Particulars | Note No. | Amount (In '000) | Amount (In '000) |
|--|----------|----------------------|----------------------|
| | | As at March 31, 2017 | As at March 31, 2016 |
| I. INCOME | | | |
| a) Revenue from Operations | 21 | 193041.46 | 111308.75 |
| b) Other Income | 22 | 1798.35 | 1215.51 |
| TOTAL REVENUE | | 194839.81 | 112524.26 |
| II. EXPENDITURE | | | |
| a) Cost of Raw Material Consumed | 23 | 94382.72 | 50369.84 |
| b) Purchases of Stock in Trade | | 0.00 | 0.00 |
| c) Changes in Inventory of Finished Goods, Work In Progress & Stock In Trade | 24 | 6910.25 | 3074.66 |
| d) Employee Benefit Expenses | 25 | 22828.03 | 19262.69 |
| e) Finance Costs | 26 | 3050.97 | 3269.33 |
| f) Depreciation and Amortization Expenses | 27 | 9766.25 | 10105.23 |
| g) Other Expenses | 28 | 25359.67 | 17995.06 |
| TOTAL EXPENSES (a to g) | | 162297.89 | 104076.81 |
| Profit Before exceptional and extraordinary items and Tax | | 32541.92 | 8447.45 |
| Less: Exceptional items | | 0.00 | 0.00 |
| Profit Before extraordinary items and Tax | | 32541.92 | 8447.45 |
| Less: Extraordinary items | | 0.00 | 0.00 |
| Profit Before Tax | | 32541.92 | 8447.45 |
| Less : Tax Expenses | | | |
| a) Current year Tax | | 10491.68 | 3321.37 |
| b) Income Tax related to Previous Year | | 651.50 | 583.10 |
| c) Deferred Tax | | (436.10) | (711.10) |
| Profit/(Loss) for the Year | | 21834.83 | 5254.08 |



| | | | |
|---|---|------|------|
| | | | |
| Earning per equity share of face value of Rs. 10 each Basic and Diluted | | 3.21 | 0.84 |
| | | | |
| Significant Accounting Policies Notes on Financial Statements | 1 | | |

For and On behalf of the Board of Loyal Equipments Limited

As per Our Report of Even Date Attached

Sd/-

Sd/-

Rameshchandra Nathalal Patel
Chairman & Whole-time Director
DIN – 01307699

Alkesh Rameshchandra Patel
Managing Director
DIN – 02672297

For **JM Patel & Bros**
Chartered Accountant
F.R.No. 107707W

Sd/-

Sd/-

Sd/-

Amitkumar Chandubhai Patel
Chief Financial Officer

Komal Manoharlal Motiani
Company Secretary

CA. J.M. Patel
PROPRIETOR
M.No. 30161

Place : Ahmedabad

Date : 30/05/2017

CASH FLOW STATEMENT FOR THE YEAR ENDED AS ON MARCH 31, 2017.....

| Particulars | Amount (In '000) | Amount (In '000) |
|--|-------------------------|-------------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| Cash flows from operating activities | | |
| Profit before taxation & Extraordinary items | 32541.92 | 8,447.45 |
| <i>Adjustments for:</i> | | |
| Depreciation | 9,766.25 | 10,105.23 |
| IPO Expenses Written Off | 691.35 | 691.35 |
| Investment income | (1,302.01) | (1,039.23) |
| Finance Cost | 3,050.97 | 2,918.51 |
| <i>Working capital changes:</i> | | |
| (Increase) / Decrease in trade and other receivables | (10,204.14) | (3,835.37) |
| (Increase) / Decrease in other current assets | (7,814.04) | 4,048.89 |
| (Increase) / Decrease in inventories | (1,089.75) | (16,472.00) |
| Increase / (Decrease) in trade payables | 2,957.25 | (1,676.07) |
| Increase / (Decrease) in other current liabilities | (21,134.90) | 31,075.79 |
| Cash generated from operations | 7,462.89 | 34,264.54 |
| Income taxes paid | (3,972.87) | (6,874.81) |
| Payment of Dividend & Dividend Distribution Tax | (4,092.16) | (3,509.85) |
| Net cash from operating activities | (602.14) | 23,879.88 |
| Cash flows from investing activities | | |
| Purchase of Fixed Assets | (11,387.41) | (6,877.41) |
| Purchase/Sales of Investments | 504.69 | (15,920) |
| Long terms loans & Advances Granted/Received | 300.00 | (3,709) |
| Interest received | 1,251.40 | 999.13 |
| Dividend received | 40.10 | 40.10 |
| Income from Share Trading | 10.51 | - |
| Net cash used in investing activities | (9,280.71) | (25,467.91) |
| Cash flows from financing activities | | |
| Proceeds from issue of share capital | - | 18,000.00 |
| Proceeds from Securities Premium | - | 14,400.00 |
| Payment/Proceeds of Long Term Borrowings | (760.21) | (7,978.43) |
| Proceeds from Short Term Borrowings | 607.90 | 11,564.33 |
| Payment of Finance Cost | (3,050.97) | (2,918.51) |
| Net cash used in financing activities | (3,203.28) | 33,067.39 |



| | | |
|---|--------------------|------------------|
| Net increase in cash and cash equivalents | (13,086.13) | 31,479.36 |
| | | |
| Cash and cash equivalents at beginning of period | 32,585.16 | 1,105.80 |
| | | |
| Cash and cash equivalents at end of period | 19,499.03 | 32,585.16 |

For and On behalf of the Board of Loyal Equipments Limited

As per Our Report of Even Date Attached

Sd/-

Sd/-

Rameshchandra Nathalal Patel
Chairman & Whole-time Director
DIN – 01307699

Alkesh Rameshchandra Patel
Managing Director
DIN – 02672297

For JM Patel & Bros
Chartered Accountant
F.R.No. 107707W

Sd/-

Sd/-

Sd/-

Amitkumar Chandubhai Patel
Chief Financial Officer

Komal Manoharlal Motiani
Company Secretary

CA. J.M. Patel
PROPRIETOR
M.No. 30161

Place : Ahmedabad

Date : 30/05/2017

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2017

COMPANY OVERVIEW

Loyal Equipments Limited ('the Company') was incorporated on April 20, 2007 and is engaged in the business of 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. The company was converted into limited Company in the year 2015 from private limited company.

NOTE NO. 1 - SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India under the historical cost convention on accrual basis. GAAP comprises mandatory accounting standard as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the provision of the Act (to the extent notified) and guideline issued by the Securities and Exchange Board of India (SEBI).

B. USE OF ESTIMATES:

The preparation of the financial statements in conformity with generally accepted accounting principles, Accounting Standards notified under Section 133 of the Companies Act, 2013 and the relevant provisions thereof requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of liabilities as at the date of financial statements and reported amounts of income and expenditure during the period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

C. DEPRECIATION:

The Company has applied the estimated useful lives as specified in Schedule II and depreciation has been charged in the books of accounts as per "WDV Method" specified under Companies Act, 2013. Accordingly the unamortized carrying value is being depreciated over the remaining useful lives.

D. INVESTMENTS:

Current investments are stated at lower of cost and fair value. Long-term investments are stated at cost after deducting provisions made, if any, for diminution in the value which is other than temporary.

E. BORROWING COST AND FINANCE CHARGES:

Interest and other borrowing costs attributable to qualifying assets have been capitalized. Other interest and borrowing costs are charged to the revenue. Other Finance cost incurred for raising long term borrowing is amortized over the tenure of the borrowing.

F. INVENTORIES:

Inventories are valued at Cost or Market Value whichever is less as certified by the management. Cost of inventories is computed on a First-in-First-Out basis.

G. REVENUE RECOGNITION:

Revenue from sales is recognised when significant risks and rewards of ownership have been transferred to the buyer which is normally on delivery of goods and is net of sales tax/ value added tax.

H. CASH FLOW STATEMENT:

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of 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. Cash flows from operating, investing and financing activities of the Company are segregated, accordingly.

I. EMPLOYEE BENEFITS:

Defined-contribution plans: A defined contribution plan is a post-employment benefit plan under which the company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund. The Company's contributions to Employees Provident Fund are charged to statement of profit and loss every year.

The company has no policy of encashment and accumulation of Leave. Therefore, no provision of Leave Encashment is being made. Employee Gratuity Fund Scheme is the Defined Benefit Plan. Provision for gratuity has been made in the accounts, in case of those employees who are eligible for the retirement benefits. Gratuity is paid at the time of retirement of employees. Provision for gratuity liability is provided based on Actuary Valuation.

Short Term Employee Benefits like leave benefit, if any, are paid along with salary and wages on a month to month basis, bonus to employees are charged to profit and loss account on the basis of actual payment on year to year basis.

J. FOREIGN CURRENCY TRANSACTIONS:

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss. Foreign currency denominated monetary assets and liabilities at the year-end are translated at the year-end exchange rates, and the resultant exchange difference is recognized in the Statement of Profit and Loss. Non-Monetary foreign currency items are carried at cost.

K. ACCOUNTING FOR TAXES ON INCOME:

Tax expense comprises of current tax, tax related to previous year & deferred tax of Rs. 4,36,096/- and same have been identified as Deferred Tax Assets.

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income tax Act, 1961.

The deferred tax for timing differences between the book income and tax income for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the Balance Sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realized in future.

Deferred tax assets where there are unabsorbed losses and unabsorbed depreciation, are recognised only if there is virtual certainty that such deferred tax assets will be realized against future taxable income.

Deferred tax assets and liabilities are measured using the tax rates and tax law that have been enacted or substantively enacted by the Balance Sheet date.

L. PROVISIONS, CONTINGENT LIABILITIES AND ASSETS:

Provisions are recognised when the Company has a present obligation as a result of past events and it is more

likely that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not discounted to present value and are determined based on best estimate of the expenditure required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent Liabilities are disclosed by way of notes to the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

M. IMPAIRMENT OF ASSETS:

The carrying amounts of the assets are reviewed at each balance sheet date if there is any indication of impairment based on the internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognised in the prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

N. EARNINGS PER SHARE:

In determining the Earnings Per share, the company considers the net profit after tax which does not include any post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issued.

O. LEASES:

Finance Lease - Leases which effectively transfer to the Company all risks and benefits incidental to ownership of the leased item are classified as Finance Lease. Lease rentals are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return.

Operating Lease - Lease where the lessor effectively retains substantially all risks and benefits of the asset are classified as Operating lease. Operating lease payments are recognized as an expense in the Profit & Loss account on a Straight Line Basis over the Lease term.

P. CHANGES IN ACCOUNTING POLICIES IN THE YEARS/PERIODS COVERED IN THE FINANCIAL STATEMENTS:

There is no change in significant accounting policies

NOTE NO. 2 – SHARE CAPITAL

| Particulars | Amount (In '000) | Amount (In '000) |
|---|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| Authorised Capital | 80000.00 | 80000.00 |
| (80,00,000.00 Equity shares of Rs. 10 Each Fully Paid-Up) | | |
| (Previous Year 80,00,000.00 Equity shares of Rs. 10 Each Fully Paid-Up) | | |
| | | |

| | | |
|---|-----------------|-----------------|
| | | |
| Issued, Subscribed and Paid Up Capital | 68000.00 | 68000.00 |
| (68,00,000 Equity shares of Rs. 10 Each Fully Paid-Up) | | |
| (Previous Year 68,00,000.00 Equity shares of Rs. 10 Each Fully Paid-Up) | | |
| | | |
| TOTAL | 68000.00 | 68000.00 |

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

| Name of the Shareholder (% of Holding) | As at March 31, 2017 | As at March 31, 2016 |
|--|----------------------|----------------------|
| | No. of Shares | No. of Shares |
| Alkesh Rameshchandra Patel | 1399960 | 1399960 |
| (% of holding) | (20.59%) | (20.59%) |
| Jyotsnaben Rameshchandra Patel | 2200000 | 2200000 |
| (% of holding) | (32.35%) | (32.35%) |
| Rameshchandra Nathalal Patel | 1400000 | 1400000 |
| (% of holding) | (20.59%) | (20.59%) |

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

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|--|----------------------|----------------------|
| | No. of Shares | No. of Shares |
| Equity Shares at the beginning of the year | 6800000 | 3000000 |
| Add : Shares issued during the year | NIL | 3800000 |
| Equity Shares at the end of the year | 6800000 | 6800000 |

2.3 Aggregate No. of Shares Allotted as Fully Paid up by way of Bonus Shares (During Five Years Immediately Preceding March 31, 2017):

| Particulars | March 31, 2017 | March 31, 2016 | March 31, 2015 | March 31, 2014 | March 31, 2013 |
|--|----------------|----------------|----------------|----------------|----------------|
| Equity Shares Allotted As Fully Paid Up Bonus Shares | -- | 20,00,000 | -- | 10,00,000 | -- |

NOTE NO. 3 – RESERVE AND SURPLUS

| Particulars | Amount (In '000) | Amount (In '000) |
|---|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| (a) Capital Reserves | | |
| Opening Balance | 0.00 | 5951.01 |
| Add: Transfer from Reserves in Current Year | 0.00 | 14048.99 |
| Less : Utilized for Issue of Bonus Shares | 0.00 | 20000.00 |

| | | |
|--|-----------------|-----------------|
| Closing Balance | 0.00 | 0.00 |
| | | |
| (b) Surplus | | |
| Opening balance | 12914.77 | 27679.24 |
| (+) Net Profit/(Net Loss) For the current year | 21834.83 | 5254.08 |
| (-) Proposed Dividends | 0.00 | 3400.00 |
| (-) Provision for Tax on Proposed Dividend | 0.00 | 692.16 |
| (-) Transfer to Reserves | 0.00 | 14048.99 |
| (-) Provision for Gratuity | 249.91 | 1877.40 |
| Closing Balance | 34499.69 | 12914.77 |
| | | |
| (C) Securities Premium | | |
| Opening Balance | 14400.00 | 0.00 |
| Add : Addition in Current Year | 0.00 | 14400.00 |
| Less : Utilized in Current Year | 0.00 | 0.00 |
| Closing Balance | 14400.00 | 14400.00 |
| | | |
| TOTAL | 48899.69 | 27314.77 |

NOTE NO. 4 - LONG-TERM BORROWINGS

| Particulars | Amount (In '000) | Amount (In '000) |
|--|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| SECURED LOANS | | |
| ICICI Bank Car Loan | 3689.79 | 0.00 |
| Small Industrial Development Bank of India | 5050.00 | 9500.00 |
| | | |
| TOTAL | 8739.79 | 9500.00 |

NOTE NO. 5 – DEFERRED TAX LIABILITY

| Particulars | Amount (In '000) | Amount (In '000) |
|--------------------------------|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| Deferred Tax | 731.83 | 1442.93 |
| Add : Addition to Current Year | -436.10 | -711.10 |
| | | |
| TOTAL | 295.73 | 731.83 |

NOTE NO. 6 - LONG TERM PROVISIONS

| Particulars | Amount (In '000) | Amount (In '000) |
|-------------|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| | | |

| | | |
|------------------------|----------------|----------------|
| Provision for Gratuity | 2127.31 | 1877.40 |
| TOTAL | 2127.31 | 1877.40 |

NOTE NO. 7 - SHORT-TERM BORROWINGS
(Current Maturity repayable within one year)

| Particulars | Amount (In '000) | Amount (In '000) |
|--|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| SECURED LOANS | | |
| ICICI Bank Car Loan | 830.19 | 0.00 |
| Kotak Mahindra Bank O/D | 26653.33 | 27390.50 |
| Kotak Mahindra Bank Limited Car Loan | 0.00 | 85.12 |
| Small Industrial Development Bank of India | 4200.00 | 3600.00 |
| TOTAL | 31683.52 | 31075.62 |

NOTE NO. 8 - TRADE PAYABLES

| Particulars | Amount (In '000) | Amount (In '000) |
|-------------------------------|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| Sundry Creditors for Expenses | 3954.67 | 3014.11 |
| Sundry Creditors for Goods | 12139.86 | 10123.17 |
| TOTAL | 16094.53 | 13137.28 |

NOTE NO. 9 - OTHER CURRENT LIABILITIES

| Particulars | Amount (In '000) | Amount (In '000) |
|-------------------------------|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| Unpaid Electricity bill | 163.94 | 136.16 |
| Unpaid Prof. Tax | 178.39 | 83.61 |
| Unpaid Prov. Fund | 123.28 | 102.49 |
| Unpaid Salary | 1014.55 | 736.79 |
| Unpaid Interest | 99.00 | 96.96 |
| Audit Fees Payable | 25.00 | 0.00 |
| T.D.S Payable | 50.32 | 6.69 |
| Unpaid Sales Tax | 357.37 | 144.17 |
| Unpaid Travelling Allowance | 0.00 | 27.22 |
| Advance Received from Debtors | 9331.68 | 31535.68 |
| Retention | 375.35 | 0.00 |
| Unclaimed Dividend | 16.00 | 0.00 |

| | | |
|--------------|-----------------|-----------------|
| | | |
| TOTAL | 11734.88 | 32869.77 |

NOTE NO. 10 - SHORT TERM PROVISIONS

| Particulars | Amount (In '000) | Amount (In '000) |
|-------------------------------------|-----------------------------|-----------------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| Equity dividend Provision | 0.00 | 3400.00 |
| Dividend distribution tax provision | 0.00 | 692.16 |
| Income Tax Provision | 10491.68 | 3321.37 |
| | | |
| TOTAL | 10491.68 | 7413.53 |

NOTE NO. 11 – FIXED ASSETS

| S. No | Fixed Assets | Gross Block | | | | Accumulated Depreciation | | | | | Net Block | |
|-------|---------------------------------|--------------------------|------------------------|-----------------------------|--------------------------|--------------------------|----------------------------------|--------------------------------|--------------|--------------------------|--------------------------|--------------------------|
| | | Balance as at 01/04/2016 | Additions/ (Disposals) | Revaluations/ (Impairments) | Balance as at 31/03/2017 | Balance as at 01/04/2016 | Depreciation charge for the year | Adjustment due to revaluations | On disposals | Balance as at 31/03/2017 | Balance as at 31/03/2017 | Balance as at 31/03/2016 |
| (a) | Tangible Assets | | | | | | | | | | | |
| | Land/Shed | 1395.31 | 0 | 0.00 | 1395.31 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1395.31 | 1395.31 |
| | Buildings | 14672.12 | 3457.6 | 0.00 | 18129.72 | 3983.47 | 1258.00 | 0.00 | 0.00 | 5241.47 | 12888.25 | 10688.65 |
| | Plant and Equipment | 52319.37 | 821.27 | 0.00 | 53140.64 | 18384.48 | 5516.91 | 0.00 | 0.00 | 23901.39 | 29239.24 | 33934.88 |
| | Furniture and Fixtures | 662.10 | | 0.00 | 662.10 | 518.65 | 95.25 | 0.00 | 0.00 | 613.90 | 48.20 | 143.45 |
| | Vehicles | 3529.58 | 5588.77 | 0.00 | 9118.35 | 3216.12 | 1191.53 | 0.00 | 0.00 | 4407.65 | 4710.70 | 313.46 |
| | Office equipment | 3755.29 | 399.60 | 0.00 | 4154.89 | 2522.61 | 626.57 | 0.00 | 0.00 | 3149.18 | 1005.71 | 1232.68 |
| | Total | 76333.76 | 10267.24 | 0.00 | 86601.00 | 28625.33 | 8688.26 | 0.00 | 0.00 | 37313.59 | 49287.41 | 47708.43 |
| (b) | Intangible Assets | | | | | | | | | | | |
| | Software | 8836.93 | 0.00 | 0.00 | 8836.93 | 5776.15 | 1077.99 | 0.00 | 0.00 | 6854.14 | 1982.79 | 3060.78 |
| | Total | 8836.93 | 0.00 | 0.00 | 8836.93 | 5776.15 | 1077.99 | 0.00 | 0.00 | 6854.14 | 1982.79 | 3060.78 |
| C | Capital Work in Progress | | | | | | | | | | | |
| | Corporate Office New building | 0.00 | 1120.17 | 0.00 | 1120.17 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1120.17 | 0.00 |
| | Total | 0.00 | 1120.17 | 0.00 | 1120.17 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1120.17 | 0.00 |
| | Grand Total | 85170.69 | 11387.41 | 0.00 | 96558.10 | 34401.48 | 9766.25 | 0.00 | 0.00 | 44167.73 | 52390.36 | 50769.21 |

**NOTE NO. 12 - NON CURRENT INVESTMENTS**

| Particulars | Amount (In '000) | Amount (In '000) |
|---|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| Investment in Equity Shares of NNCB Limited | 400.00 | 400.00 |
| Investment in Equity Shares of Aurobindo Pharma | 276.60 | 0.00 |
| Investment in Equity Shares of Divi's Lab | 586.19 | 0.00 |
| Investment in Equity Shares of Lupin Ltd. | 146.40 | 0.00 |
| | | |
| TOTAL | 1409.19 | 400.00 |

NOTE NO. 13 - LONG TERM LOANS AND ADVANCES

| Particulars | Amount (In '000) | Amount (In '000) |
|--|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| Security Deposit with BSNL | 0.70 | 1.70 |
| Security Deposit with BSE | 0.00 | 324.00 |
| Rent Deposit | 600.00 | 600.00 |
| Sales Tax New Registration Deposit | 20.00 | 20.00 |
| Security Deposit with UGVCI | 40.32 | 40.32 |
| Deposit with Vijay Gas & Domestic Appliances | 1.50 | 1.50 |
| Petrotech Caution Money | 25.00 | 0.00 |
| | | |
| TOTAL | 687.52 | 987.52 |

NOTE NO. 14 - OTHER NON CURRENT ASSETS

| Particulars | Amount (In '000) | Amount (In '000) |
|--|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| Miscellaneous Expenditure | | |
| <i>(To the extent not written off)</i> | | |
| IPO Expenses | 2074.01 | 2765.36 |
| | | |
| TOTAL | 2074.01 | 2765.36 |

NOTE NO. 15 - CURRENT INVESTMENTS

| Particulars | Amount (In '000) | Amount (In '000) |
|---|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| Fixed Deposits with Kotak Mahindra Bank Limited | 14406.50 | 15920.38 |
| TOTAL | 14406.50 | 15920.38 |

NOTE NO. 16 - INVENTORIES

| Particulars | Amount (In '000) | Amount (In '000) |
|----------------|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| Raw Material | 27546.65 | 19546.65 |
| WIP | 35104.04 | 27423.31 |
| Finished Goods | 0.00 | 14590.98 |
| | | |
| TOTAL | 62650.69 | 61560.94 |

NOTE NO. 17 - TRADE RECEIVABLE

| Particulars | Amount (In '000) | Amount (In '000) |
|----------------------|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| Less than Six Months | 27861.64 | 17736.65 |
| More than Six Months | 324.10 | 244.95 |
| | | |
| TOTAL | 28185.74 | 17981.60 |

NOTE NO. 18 - CASH AND CASH EQUIVALENTS

| Particulars | Amount (In '000) | Amount (In '000) |
|---------------------------------|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| Balance with Scheduled Banks | 18835.20 | 31930.80 |
| Cash in Hand | 175.36 | 654.36 |
| Demat A/c with Kotak Securities | 488.47 | 0.00 |
| | | |
| TOTAL | 19499.03 | 32585.16 |

NOTE NO. 19 - SHORT-TERM LOANS AND ADVANCES

| Particulars | Amount (In '000) | Amount (In '000) |
|--|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| <i>(Unsecured and Considered Good)</i> | | |
| Advance Against Order | 348.88 | 2778.09 |
| Other Advances | 66.43 | 26.93 |
| | | |
| TOTAL | 415.31 | 2805.02 |

NOTE NO. 20 - OTHER CURRENT ASSETS

| Particulars | Amount (In '000) | Amount (In '000) |
|--------------------------------------|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| Bank Guarantees | 2177.41 | 1680.18 |
| CENVAT Credit Balance | 523.87 | 185.98 |
| CENVAT Credit Balance (Service Tax) | 984.82 | 242.36 |
| T.D.S | 210.61 | 182.77 |
| Capital Goods Cenvat | 17.71 | 147.20 |
| Advance Income Tax 2015-16 | 0.00 | 2000.00 |
| Advance Income Tax 2016-17 | 10500.00 | 0.00 |
| Subhash Panchal | 0.00 | 6.00 |
| Staff Advance | 90.31 | 192.02 |
| Prepaid Expenses | 652.94 | 333.24 |
| Income Tax Refundable | 1149.29 | 1149.29 |
| Kotak Mahindra Bank Dividend Account | 41.81 | 25.98 |
| | | |
| TOTAL | 16348.77 | 6145.02 |

NOTE NO. 21 - REVENUE FROM OPERATIONS

| Particulars | Amount (In '000) | Amount (In '000) |
|--------------------|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| Sales | 216786.41 | 125874.31 |
| Less : Excise Duty | 25602.81 | 14565.56 |
| Net Sales | 191183.60 | 111308.75 |
| Labour Work | 1857.86 | 0.00 |
| | | |
| TOTAL | 193041.46 | 111308.75 |

NOTE NO. 22 - OTHER INCOME

| Particulars | Amount (In '000) | Amount (In '000) |
|--------------------------------|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| Interest Income | 1251.40 | 999.13 |
| Dividend Income | 40.10 | 40.10 |
| Discount Received | 8.00 | 45.68 |
| Interest Subsidy on SIDBI Loan | 488.34 | 0.00 |
| Net Gain from Share Trading | 10.51 | 0.00 |
| Other Incomes | 0.00 | 130.60 |
| TOTAL | 1798.35 | 1215.51 |

NOTE NO. 23 - COST OF RAW MATERIAL CONSUMED

| Particulars | Amount (In '000) | Amount (In '000) |
|--------------------------------------|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| Opening stock of Raw Material | 19546.65 | 0.00 |
| Add : Purchases During the Year | 102382.72 | 69916.49 |
| Less : Closing Stock of Raw Material | 27546.65 | 19546.65 |
| TOTAL | 94382.72 | 50369.84 |

NOTE NO. 24 - CHANGES IN INVENTORY OF FINISHED GOODS WORK IN PROGRESS & STOCK IN TRADE

| Particulars | Amount (In '000) | Amount (In '000) |
|--|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| Inventories at the beginning of the Year | | |
| - Work In Progress | 27423.31 | 45088.95 |
| - Finished Goods | 14590.98 | 0.00 |
| - Stock in Trade | 0.00 | 0.00 |
| Inventories at the end of the Year | | |
| - Work In Progress | 35104.04 | 27423.31 |
| - Finished Goods | 0.00 | 14590.98 |
| - Stock in Trade | | 0.00 |
| Net Change in the Inventory of Finished Goods Work in Progress & Stock in Trade | 6910.25 | 3074.66 |

NOTE NO. 25 - EMPLOYEE BENEFIT EXPENSES

| Particulars | Amount (In '000) | Amount (In '000) |
|------------------------|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| Bonus | 1342.09 | 811.00 |
| Staff Welfare Expenses | 968.14 | 50.93 |
| Salary to Staff | 12662.71 | 10846.20 |
| Directors Remuneration | 7200.00 | 6977.00 |
| Provident Fund Exp. | 655.09 | 577.56 |
| TOTAL | 22828.03 | 19262.69 |

NOTE NO. 26 - FINANCE COST

| Particulars | Amount (In '000) | Amount (In '000) |
|-----------------------|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| Bank Charges | 557.59 | 350.82 |
| Demat A/c Charges | 5.76 | 0.00 |
| Interest expenses | 2384.12 | 2815.46 |
| Other borrowing costs | 103.50 | 103.05 |
| | | |
| TOTAL | 3050.97 | 3269.33 |

NOTE NO. – 27 - DEPRECIATION & AMORTISATION EXPENSES

| Particulars | Amount (In '000) | Amount (In '000) |
|--------------|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| Depreciation | 9766.25 | 10105.23 |
| | | |
| TOTAL | 9766.25 | 10105.23 |

NOTE NO. 28 - OTHER EXPENSES

| Particulars | Amount (In '000) | Amount (In '000) |
|---|----------------------|----------------------|
| | As at March 31, 2017 | As at March 31, 2016 |
| <u>DIRECT EXPENSES</u> | | |
| Power & fuel | 1851.86 | 1382.37 |
| Testing & Inspection | 2923.44 | 1082.05 |
| Labour charges | 1082.86 | 2667.95 |
| Transportation Expenses | 4029.08 | 1238.03 |
| Import Material Clearing Charges | 918.76 | 220.48 |
| Engineering Design & Consultancy Expenses | 813.42 | 2089.52 |
| Factory Shed Repairing Exp. | 374.68 | 724.18 |
| Factory Rent | 2400.00 | 600.00 |
| Repair of Plant & Machinery | 1111.91 | 411.29 |
| Other Direct Exp. | 2562.24 | 642.13 |
| | | |
| Total (A) | 18068.25 | 11058.00 |
| | | |
| <u>INDIRECT EXPENSES</u> | | |
| | | |
| Audit Fees | 25.00 | 0.00 |
| Advertisement Exp. | 342.50 | 0.00 |
| AMC Charges | 204.78 | 43.45 |
| Commission Exp. | 484.48 | 0.00 |



| | | |
|----------------------------------|-----------------|-----------------|
| Petrol Exp. | 249.14 | 214.78 |
| Repairs & Maintenance | 93.06 | 394.72 |
| Insurance | 154.97 | 76.25 |
| Professional & Legal Fees | 802.58 | 1617.22 |
| Rates & Taxes | 0.00 | 113.89 |
| Kasar Expenses | 66.76 | 60.33 |
| Rent | 1800.00 | 1800.00 |
| Travelling & Conveyance Expenses | 891.97 | 294.16 |
| Foreign Travelling Exp. | 0.00 | 148.68 |
| Office Miscellaneous Expenses | 405.82 | 794.03 |
| IPO Expenses | 691.34 | 691.33 |
| Donation | 5.00 | 0.00 |
| Diwali Exp. | 44.02 | 38.64 |
| Packing And Forwarding Charges | 11.12 | 16.45 |
| Postage & Courier | 48.58 | 41.15 |
| Telephone Expenses | 190.64 | 187.30 |
| Stationery / Xerox Expenses | 318.81 | 237.09 |
| Website Exp. | 44.29 | 13.04 |
| Security Exp. | 244.70 | 154.55 |
| Other Exp. | 113.95 | 0.00 |
| ZAK Panchayat Tax | 57.91 | 0.00 |
| | | |
| Total (B) | 7291.42 | 6937.06 |
| | | |
| TOTAL (A+B) | 25359.67 | 17995.06 |

NOTE NO. 29 – STATEMENT OF LONG -TERM BORROWINGS**Term Loans from Financial Institutions:**

During the financial year 2016-17 the following loan was outstanding from Financial Institutions:-

(₹ in Lacs)

| Name of Financial Institutions/Body Corporate | 31 March 2017 | 31 March 2016 | Interest rate as on 31 st March 2017 | Repayment terms |
|--|---------------|---------------|---|---|
| Kotak Mahindra Bank -Cash Credit- Working Capital Facility | 266.53 | 273.91 | BR Plus 1.50% i.e. 11.50% p.a.; BR - 10% | Tenure - 12 Months, Subject to renewal on 15/03/2018; Modified for adding Collateral Security for Charge Creating |
| SIDBI | 92.50 | 131.00 | PLR + 0.5% i.e 13.25% | Loan taken for Fintube Machine; 60 Installments consists of first 30 monthly installment of Rs. 3 Lacs each, next 20 months of Rs.3.5 Lacs and last 10 months by repayment schedule |
| Kotak Mahindra Bank – Vehicle Loan | 0.00 | 42.56 | 12.55% | 59 Installments of Rs. 8785 started from Oct 2011 |

| | | | | |
|------------------------------------|-------|-------|--------|---|
| Kotak Mahindra Bank – Vehicle Loan | 0.00 | 42.56 | 12.55% | 59 Installments of Rs. 8785 started from Oct 2011 |
| ICICI Bank Limited- Vehicle Loan | 45.20 | 0.00 | 9.25% | 60 Installments of Rs. 101145 started from November, 2016 |

NOTE NO. 30 – STATEMENT OF INVESTMENT IN EQUITY SHARES

Investment in Equity Shares: Company has Investment in Equity Shares of following Companies as on 31st March 2017:

| | | |
|-----------------------------------|----|-------------|
| • Naroda Nagrik Co-operative Bank | :- | 4,00,000.00 |
| • Aurobindo Pharma Limited | :- | 2,76,598.96 |
| • Divis Laboratories | :- | 5,86,194.87 |
| • Lupin Limited | :- | 1,46,396.60 |

NOTE NO. 31 – EARNINGS PER SHARE (EPS) (AS – 20)

| Particulars | 31 March 2017 | 31 March 2016 |
|--|---------------|---------------|
| Profit after Tax (Rs. in Thousands) | 21834.83 | 5254.08 |
| Number of Equity Shares outstanding | 68,00,000 | 68,00,000 |
| Weighted average number of Equity Shares outstanding | 6800 | 6292 |
| Earnings Per Share (Rs.) – Basic and Diluted | 3.21 | 0.84 |
| (Face Value of Rs. 10/- per share) | | |

NOTE NO. 32 – RELATED PARTY DISCLOSURES (AS – 18)

The Management has identified the following companies and individuals as Related Parties of the Company for the year ended March 31, 2017 for the purpose of reporting of Related Party disclosure as required in terms of Accounting Standard-18 issued by the Institute of Chartered Accountants of India:

A) List of Related Parties:

| Name of Related Party | Nature of Relationship |
|---------------------------------|-------------------------------------|
| Loyal Engineers | Proprietorship of Director/Promoter |
| Alkesh Rameshchandra Patel | Director/ Promoter |
| Rameshchandra Nathalal Patel | Director/ Promoter |
| Jyotsanaben Rameshchandra Patel | Director/ Promoter |

B) Transactions with related parties:

| Transactions | (Rs. in Lacs) |
|---|---------------|
| Rent (Loyal Engineers) | 18.00 |
| Directors Remuneration | 72.00 |
| Rent to Jyotsanaben Rameshchandra Patel | 24.00 |

The Company confirms that none of the transactions, if any, with the related parties was in material conflict with the interest of the Company.

NOTE NO. 33 – CONTINGENT LIABILITIES

In respect of Bank Guarantees 21.77 Lacs (Previous year: 16.81 Lacs).

NOTE NO. 34 – SEGMENT REPORTING (AS -17)

The Company is primarily engaged in the equipments manufacturing, which in the context of Accounting Standard 17 on “Segment Reporting” constitutes a single reporting segment. Further, there are no geographical segments.

NOTE NO. 35 – DISCLOSURE ON SPECIFIED BANK NOTES

During the year, the company had specified bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R. 308(E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notifications are as follows:

| (In Rs.) | | | |
|--|---------------------|--------------------------|-----------|
| Particulars | SBNs ⁽¹⁾ | Other denomination Notes | Total |
| Closing Cash in hand as on November 8, 2016 | 29,80,500 | 35,543 | 30,16,043 |
| Add : Permitted Receipts | 0.00 | 5,86,000 | 5,86,000 |
| Less : Permitted Payments | 0.00 | 4,07,778 | 4,07,778 |
| Less : Amount deposited in Banks | 29,80,500 | 0.00 | 29,80,500 |
| Closing Cash in hand as on December 30, 2016 | 0.00 | 2,13,765 | 2,13,765 |

For the purpose of this clause, the term “Specified Bank Notes” shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economics Affairs number S.O. 3407(E), dated November 8, 2016.

36. In the opinion of the Board of Directors, the current assets, loans and advances would realize not less than the value stated if realized in the ordinary course of business. The provision for all known liabilities is adequate and reasonably estimated.
37. All other contractual liabilities connected with business operations of the Company have been appropriately provided for.
38. The Company has not received any memorandum (as required to be filled by the suppliers with the notified authority under Micro, Small and Medium Enterprise Development Act, 2006) claiming their status during the year as micro, small or medium enterprises. Consequently there are no amounts paid/ payable to such parties during the year.
39. The financial statements including financial information have been prepared after making such regroupings and adjustments, considered appropriate to comply with the same. As a result of these regroupings and adjustments, the amount reported in the financial statements/information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years. Further, amounts in the financial statements are rounded off to nearest rupee. Figures in brackets indicate negative values.

For and On behalf of the Board of Loyal Equipments Limited

Sd/-

Rameshchandra Nathalal Patel
Chairman & Whole-time Director
DIN – 01307699

Sd/-

Amitkumar Chandubhai Patel
Chief Financial Officer

Sd/-

Alkesh Rameshchandra Patel
Managing Director
DIN – 02672297

Sd/-

Komal Manoharlal Motiani
Company Secretary

As per Our Report of Even Date Attached

For **JM Patel & Bros**
Chartered Accountant
F.R.No. 107707W

Sd/-
CA. J.M. Patel
PROPRIETOR
M.No. 30161

Place : Ahmedabad
Date : 30/05/2017

CEO AND CFO CERTIFICATION.....

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.
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 whistleblowers 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/-

Sd/-

Alkesh Rameshchandra Patel
Managing Director
DIN - 02672297

Amitkumar Chandubhai Patel
Chief Financial Officer

Place : Dahegam, Gnadhinagar

Date : August 01, 2017

NOTICE.....

Notice is hereby given that the Tenth Annual General Meeting of Loyal Equipments Limited will be held on Tuesday, 29th August, 2017 at 11.00 A.M. at the registered office situated at Block No. 35/1-2-3-4 Village – Zak, Dahegam, Gandhinagar - 382330 Gujarat, India to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2017, together with the Reports of the Board of Directors and the Auditors thereon; and
2. To appoint a Director in place of Mrs. Jyotsanaben Rameshchandra Patel (DIN: 01307770) who retires by rotation and, being eligible, offers herself for re-appointment and in this regard pass the following resolution as an Ordinary resolution:

“RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mrs. Jyotsanaben Rameshchandra Patel (DIN: 01307770) who retires by rotation at this meeting and being eligible has offered herself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

3. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the appointment of M/s J. M. Patel & Bros., Chartered Accountants (Firm Registration No. 107707W), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the AGM of the Company to be held in the calendar year 2018 subject to the ratification of the appointment by the members in AGM to examine and audit the accounts of the Company at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS:

4. To Increase Authorized Capital of the Company and amend the Capital Clause in the Memorandum of Association of the Company.

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

Resolved that pursuant to the provisions of Section 13,14 and 61 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and in terms of applicable provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactment thereof for the time being in force), and provisions of the Articles of Association, the approval of the Company, be and is hereby accorded to increase the authorized share capital of the Company from Rs. 8,00,00,000 (Rupees Eight Crores) divided into 80,00,000 (Eighty Lacs only) Equity Shares of Rs. 10 (Rupees Ten Only) each aggregating to Rs.8,00,00,000 (Rupees Eight Crore only) to Rs 15,00,00,000 (Rupees Fifteen Crore Only) divided into 1,50,00,000 (One Crores fifty Lakhs only) Equity Shares of Rs.10 (Rupees Ten Only) each

Consequently first paragraph of the Clause No V of the Memorandum of Association of the Company be and is hereby substituted by the following:

V. The Authorized Share Capital of the Company is Rs. 15,00,00,000 (Rupees Fifteen Crores only) divided into 1,50,00,000 (One Crores Fifty Lakhs only) Equity Shares of Rs. 10 (Rupees Ten Only) each.

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company (hereinafter referred to as "Board" which term shall include a Committee thereof authorized for the purpose) be and is hereby authorized to take all such steps and actions and give such directions as may be in absolute discretion deemed necessary and to settle any question that may arise in this regard, without being required to seek any further consent or approval of the Shareholders or otherwise and that the shareholders shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

5. To capitalize Reserves of the Company and to issue Bonus Shares

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

“RESOLVED THAT, in accordance with Section 63 and other applicable provisions of the Companies Act, 2013, read with Rule 14 of the Companies (Share Capital & Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the relevant provisions of the Memorandum and Articles of Association of the Company and the recommendation of the Board of Directors (hereinafter referred to as 'The Board', which expression shall be deemed to include a committee of directors duly authorised in this behalf) of the Company and subject to the regulations and guidelines issued by the Securities and Exchange Board of India (SEBI), including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended from time to time) and applicable Regulatory Authorities, and such permissions, sanctions and approvals as may be required in this regard, consent of the Members be and is hereby accorded to the Board for capitalization a sum of Rs. 3,40,00,000 (Rupees three crores and forty lakhs) standing to the credit of securities premium / free reserves of the Company or such other Reserve Account as on year ended March 31, 2017, subject to adoption of Financial Statement for the period ended March 31, 2017 by members, for the purpose of issuance of bonus shares of Rs.10/- (Rupee Ten only) each, credited as fully paid-up shares to the holders of the existing equity shares of the Company, whose names appear in the Register of Members maintained by the Company's Registrars and Transfer Agents/ List of Beneficial Owners, as received from the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), on such date ('record date') as may be fixed in this regard by the Board, in the proportion of 1 (one) equity share for every 2 (two) existing equity share held by the Members /Beneficial Owners and that the Bonus Shares so distributed shall, for all purpose, rank pari passu with the existing Equity Shares and shall be treated as increase in the paid up share capital of the Company held by each member.

RESOLVED FURTHER THAT no letter of allotment shall be issued to the allottees of the new equity bonus shares and the share certificate(s) in respect of the new equity bonus shares shall be issued and dispatched to the allottees thereof within the period prescribed or that may be prescribed in this behalf, from time to time, except that the new equity bonus shares will be credited to the demat account of the allottees, who are holding the existing equity shares in electronic form.

RESOLVED FURTHER THAT the issue and allotment of the said bonus shares to the extent that they relate to Non-Resident Indians (NRIs), Persons of Indian Origin / Overseas Corporate Bodies and other foreign investors of the company, will be subject to the approval of the Reserve Bank of India and any other regulatory authority, as may be required.



RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolutions, the Board / Committee of the Board be and is hereby authorized to do all such acts, deeds, matters and things whatsoever including settling any question, doubt or difficulties that may arise with regard to the issue or allotment of the bonus shares and to accept on behalf of the Company, any conditions, modifications, alterations, changes, variations in this regard as prescribed by the statutory authority(ies) and which the Board / Committee of the Board in its discretion thinks fit and proper.”

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

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

**Place – Gandhinagar, Gujarat
Date – August 01, 2017**

Notes:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“Act”) setting out material facts concerning the business under Item Nos. 4 and 5 of the Notice, is annexed hereto.
2. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. The instrument appointing the proxy, in order to be effective, must be deposited at the Company’s Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the commencement of the AGM. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions / authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. If a Person is appointed as Proxy for more than 50 Members, he shall choose any 50 Members and confirm the same to the Company 24 hours before the commencement of the Meeting. In case, the Proxy fails to do so, the Company shall consider only the first 50 proxies received in respect of such person as valid.
4. Corporate members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
5. The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, 23rd August, 2017 to Tuesday, 29th August, 2017 (both days will be inclusive).
6. Members, Proxies and Authorised Representatives are requested to bring to the meeting, the Attendance Slip enclosed herewith, duly completed and signed, mentioning therein details of their DP ID and Client ID / Folio No. They are also requested to bring their copy of the Annual report to the Annual General Meeting.
7. The route map and prominent landmark of the venue of the Annual General Meeting as required under Secretarial Standards on the General Meeting is annexed herewith as with this Report.
8. 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, Sharex Dynamic India private Limited (“the RTA”) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to the RTA.

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. Members holding shares in physical form can submit their PAN details to Sharex Dynamic India Private Limited (RTA).
9. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or RTA for assistance in this regard.
10. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or RTA, the details of such folios together with the share certificates for

consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.

11. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting and number of shares held by them.
12. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
13. 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.
14. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13.
15. 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.
16. The Notice of the AGM along with the Annual Report 2016-17 along with the Attendance Slip and Proxy Form is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. Members may note that this Notice and the Annual Report 2016-17 will also be available on the Company's website viz. www.loyalequipments.com
17. To support the 'Green Initiative', Members who have not registered their e-mail addresses are requested to register the same with DPs. The registered e-mail address will be used for sending future communications.

VOTING THROUGH ELECTRONIC MEANS:

18. In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below. Resolution(s) passed by Members through e-voting is/are deemed to have been passed as if they have been passed at the AGM.
19. The facility for voting, either through electronic voting system or polling paper shall also be made available at the AGM and the Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the AGM.
20. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
21. The instructions for shareholders voting electronically are as under:
 - (i) The voting period begins on Saturday, 26th August, 2017 from 9.00 A.M and ends on Monday, 28th August, 2017 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 Tuesday 22nd August, 2017 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) | <p>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.</p> <ul style="list-style-type: none"> • 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 the relevant <Company Name> on which you choose to vote.

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. 22nd August, 2017, 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 22nd August, 2017.
25. The board of directors has appointed Mr. Arpit Gupta Practicing Chartered Accountant, Proprietor of M/s Arpit R Gupta & Company (25A/1 Pratap Nagar, Khatipura Road, Jaipur – 302021, Rajasthan, India) (Membership No. - 421544) 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.loyapequipments.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.



EXPLANATORY STATEMENT FOR RESOLUTIONS MENTIONED UNDER PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (HEREINAFTER REFERRED TO AS THE “ACT”)

Item No. 4

The Company, in order to meet its growth objectives and to strengthen its financial position deem appropriate to increase the Authorized Share Capital of the Company from Rs. 8,00,00,000 (Rupees Eight Crores only) divided into 80,00,000 (Eighty Lacs) Equity Shares of Rs. 10/- each to Rs. 15,00,00,000 (Rupees Fifteen Crore only) divided into 1,50,00,000 (One Crore Fifty Lakhs) Equity Shares of Rs. 10/- each ranking pari-passu in all respects with the existing Equity Shares. The propose increase of authorize shares requires the approval of members in General Meeting. Consequent upon the increase of Authorized Share Capital the company's Memorandum of Association will require alteration so as to reflect the increase in the share capital. The Board recommends that the resolution be passed.

None of the directors and key managerial personnel and their relatives is concerned or interested in the above referred resolution except as holders of shares in general.

Item No. 5

The present paid up capital of the Company is Rs. 6,80,00,000 (Rupees Six Crore Eighty Lakhs) divided into 68,00,000 (Sixty Eight Lakhs) Equity Shares of Rs.10/- each.

In order to bring the paid up capital of the Company more in line with the capital employed, the Board of Directors of the Company at its meeting held on August 01, 2017 has recommended for approval of the shareholders subject to adoption of Financial Statement for the year ended March 31, 2017, issue of Bonus Equity Share to the holders of equity shares of the company in the proportion of 1 (One) new equity share of the Company of Rs. 10/- (Ten) each for every 2 (Two) existing equity shares of Rs. 10/- (Ten) each held by the Members as on the record date to be determined by the Board of Directors, by capitalizing a sum not exceeding Rs 3,40,00,000/- (Rupees three crores and forty lacs Only) standing to the credit of the Security Premium/Free Reserves of the Company.

No allotment letter will be issued by the Company for Shares held in demat mode, the credit for the Bonus Share will be given directly to the demat account of the member. It is also necessary/expedient to authorize the Board of Directors of the Company or any committee thereof, to complete all regulatory formalities in connection with the issue of Bonus Shares that may be prescribed by the Stock Exchange on which the Company's securities are listed or any other regulatory authority.

The Bonus Shares so allotted shall rank pari-passu in all respects with the fully paid-up Equity Shares of the Company as existing on the Record Date fixed for the purpose of issue of such Bonus shares, save and except that they shall not participate in any dividend that may be declared before the 'Record Date'.

None of the directors and key managerial personnel and their relatives is concerned or interested in the above referred resolution except to the entitlement of Bonus Shares and the Shareholding in the Company

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

Sd/-

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

Place – Gandhinagar, Gujarat
Date – August 01, 2017

Details of Director Seeking Re-appointment at the Annual General Meeting

| | |
|--|--|
| Particulars | Mrs. Jyotsanaben Rameshchandra Patel |
| Date of Birth | 18/10/1948 |
| Date of Appointment | 20/04/2007 |
| Qualifications | 9 th Class |
| Expertise in specific functional areas | 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. |
| Directorships held in other public companies (excluding foreign companies and Section 8 companies) | None |
| Memberships/ Chairmanships of committees of other public companies (includes only Audit Committee and Stakeholders' Relationship Committee.) | None |
| Number of shares held in the Company | 22,00,000 |
| DIN | 01307770 |

For other details such as number of meetings of the board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel please refer Corporate Governance Report attached to the Board Report.

Proxy Form.....

Form No. MGT-11

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L29190GJ2007PLC050607
 Name of the Company : Loyal Equipments Limited
 Registered Office : BLOCK NO.35/1-2-3-4 Village – Zak, Dahegam, Gandhinagar Gujarat- 382330 India

| | | |
|-------------------------|---------------------|--------|
| Name of the Member(s) : | | |
| Registered Address : | | |
| E-mail Id: | Folio No/Client ID: | DP ID: |

I/We, being the member(s) of _____ shares of the above named company hereby appoint:

| | |
|---------------------------|------------|
| Name:- | E-mail Id: |
| Address:- | |
| Signature, or failing him | |

| | |
|---------------------------|------------|
| Name:- | E-mail Id: |
| Address:- | |
| Signature, or failing him | |

| | |
|---------------------------|------------|
| Name:- | E-mail Id: |
| Address:- | |
| Signature, or failing him | |

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 10th Annual General Meeting of the company, to be held on the Tuesday 29th day of August 2017, at 11.00 AM at Block No. 35/1-2-3-4 Village – Zak, Dahegam, Gandhinagar - 382330 Gujarat, India and/or at any adjournment thereof in respect of such resolutions as are indicated below:

| Sl. No. | Resolution(s) | Vote | |
|---------|---|------|---------|
| | | For | Against |
| | Ordinary Business | | |
| 1 | To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2017, together with the Reports of the Board of Directors and the Auditors thereon; and | | |
| 2 | To appoint a Director in place of Mrs. Jyotsanaben Rameshchandra Patel (DIN: 01307770) who retires by rotation and, being eligible, offers herself for re-appointment | | |
| 3 | To appoint the auditors of the company and to fix their remuneration | | |
| | Special Business | | |
| 4 | To increase Authorized Capital of the Company and amend the Capital Clause in the Memorandum of Association of the Company. | | |
| 5 | To capitalize Reserves of the Company and to issue Bonus Shares | | |

Signed this _____ day of _____, 2017

Affix Revenue
stamp here

Signature of Shareholder Signature of Proxy holder

Notes:

1. A Proxy need not be a member of the Company.
2. This form of Proxy must be deposited at the Registered Office of the Company at Block No. 35/1-2-3-4 Village – Zak, Dahegam, Gandhinagar - 382330 Gujarat, India, not less than 48 hours before the commencement of the Meeting.
3. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.

ATTENDANCE SLIP.....

(To be handed over at the entrance of the meeting hall)

Full Name of the members attending.....
(In Block Capitals)

Ledger Folio No. / DP ID No. Client ID No.....

Name of Proxy Holder.....
(To be filed in, if the proxy attends instead of the members)

I certify that I am a member/ proxy for the members of the Company

I hereby record my presence at the Tenth Annual General Meeting of the Company held on Tuesday 29th day of August 2017 at 11.00 AM at Block No. 35/1-2-3-4 Village – Zak, Dahegam, Gandhinagar - 382330 Gujarat, India.

(Member's/ Proxy's Signature)

Note:

1. Only Members/Proxy holders can attend the Meeting
2. Members are requested to bring their copies of the Annual report for reference at the meeting
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by Proxy shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.

ROUTE MAP.....

Route Map to the AGM Venue

Venue: Loyal Equipments Limited, Block No. 35/1-2-3-4, Village Zak, Ta: Dahegam, Gandhinagar – 382 330

