

LGf SERVICES LIMITED

16th ANNUAL REPORT 2019-20



Board of Directors

Paramesh Krishnaier

M. Ramaswamy

G. Sundararajan

Bankers

State Bank of India

ICICI Bank

Auditors

M/s. Brahmaya & Co., Chennai

Chartered Accountants

Registered Office

21, Patullos Road

Chennai 600 002

CIN : U67190TN2004PLC052384

LGF SERVICES LIMITED

A wholly-owned subsidiary of

**SUNDARAM FINANCE LIMITED****Contents**

Board's Report	4
Auditors' Report	13
Balance Sheet	19
Statement of Profit and Loss	20
Statement of Changes in Equity	21
Cash Flow Statement	22
Notes to the Accounts	23

Board's Report

Your Directors present the Fifteenth Annual Report and Audited Accounts for the year ended 31st March, 2020.

FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit after tax	11.34	24.96
Add: Surplus of Previous Year	24.96	71.98
OCI Adjustments	—	—
Amount available for appropriation	36.30	96.94
Dividend	15.00	59.13
Dividend Tax	3.08	12.85
Balance carried over	18.22	24.96

BUSINESS REVIEW

During the year, your Company's revenue from operations was ₹18.83 lakhs as against ₹38 lakhs in the previous year. The profit after tax for the year was at ₹11.34 lakhs as against ₹24.96 lakhs in the previous year.

DIVIDEND

Your directors are happy to recommend a dividend of ₹6/- per share (60% on the face value of ₹10/-) for the financial year 2019-20 on the paid-up capital of 25.00 lakhs, as against ₹6/- per share (60% on the face value of ₹10/-). The dividend together with a dividend tax of ₹3.08 lakhs absorbs a sum of ₹15 lakhs.

DIRECTORS

Sri Paramesh Krishnaier, Director, retires by rotation and being eligible offers himself for re-election. Necessary resolution is submitted for your approval.

NUMBER OF MEETINGS OF THE BOARD

During the year under review, 4 meetings of the Board of Directors were held.

DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
3. Proper and sufficient care has been exercised for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis; and
5. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The Company has invested its surplus in Mutual Funds during the year. The balances of other investments at the end of the financial year under review amounted to ₹1560/- (PY ₹1560/-) The Company has not given any loans or provided any guarantees.

RELATED PARTY TRANSACTIONS

During the year, the Company has entered into materially significant transaction with related parties. All transactions entered into by the Company with the related parties were in the ordinary course of business and on an arm's length basis. Form AOC-2 as required under Section 134 (3) (h) of the Companies Act 2013, read with Rule 8(2) of the Companies (Accounts Rules) 2014, is attached as part of this report vide Annexure A.

EXTRACT OF ANNUAL RETURN

As required under Section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT 9 as on 31st March 2020, is enclosed vide Annexure B.

INFORMATION AS PER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS), RULES, 2014

Your Company has no activity relating to conservation of energy or technology absorption. Your Company did not have any foreign exchange earnings or outgo during the year.

DEPOSITS

Your Company has not accepted any public deposit during the period under review.

AUDITORS

M/s Brahmayya & Co, Chartered Accountants, Chennai, retire and are eligible for reappointment. A certificate from the Auditors that they satisfy the conditions prescribed under the Companies Act, 2013 and the Rules made thereunder (including satisfaction of criteria under Section 141 of the Companies Act, 2013), has been received from them.

ACKNOWLEDGEMENT

Your Directors thank the holding company, Sundaram Finance Ltd for its support.

Paramesh Krishnaier

M Ramaswamy

G Sundararajan

Directors

Chennai 600 002

Date: 19th May, 2020

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act 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

All transactions entered into by the Company during the year with related parties were on an arm's length basis.

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

- (a) Name(s) of the related party and nature of relationship:
- (b) Nature of contracts/arrangements/transactions:
- (c) Duration of the contracts / arrangements/transactions:
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
- (e) Date(s) of approval of Board, if any:
- (f) Amount paid as advances, if any:

Paramesh Krishnaier

M Ramaswamy

G Sundararajan

Directors

Chennai 600 002

Date: 19th May, 2020

FORM NO.MGT-9

**EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March 2020**

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

I. REGISTRATION AND OTHER DETAILS

I.	REGISTRATION AND OTHER DETAILS	
(i)	CIN	U67190TN2004PLC052384
(ii)	Registration Date	23-01-2004
(iii)	Name of the Company	LGF Services Limited
(iv)	Category / Sub-Category of the Company	Limited by Shares, Indian Non-Government Company
(v)	Address of the Registered Office and contact details	No. 21, Patullos Road, Chennai 600002 Sri P Viswanathan 044 28881207 pv@sundaramfinance.in
(vi)	Whether Listed Company Yes / No	No
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

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

Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
Engaged in the distribution and marketing of financial, savings, loan, investment and insurance products	66 - Other Financial Activities	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Sundaram Finance Limited	L65191TN1954PLC002429	Holding	100	2(46)

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

(i) Category-wise Share Holding

	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(1)	Indian									
(a)	Individual/HUF	–	–	–	–	–	–	–	–	–
(b)	Central Govt	–	–	–	–	–	–	–	–	–
(c)	State Govt(s)	–	–	–	–	–	–	–	–	–
(d)	Bodies Corp - Sundaram Finance Limited *	–	250000	250000	100	0	250000	250000	100	–
(e)	Banks / FI	–	–	–	–	–	–	–	–	–
(f)	Any Other	–	–	–	–	–	–	–	–	–
	Sub-Total (A)(1)	–	250000	250000	100	0	250000	250000	100	–
(2)	Foreign									
(a)	NRIs - Individuals	–	–	–	–	–	–	–	–	–
(b)	Other - Individuals	–	–	–	–	–	–	–	–	–
(c)	Bodies Corp.	–	–	–	–	–	–	–	–	–
(d)	Banks / FI	–	–	–	–	–	–	–	–	–
(e)	Any Other	–	–	–	–	–	–	–	–	–
	Sub-Total (A)(2)	–	–	–	–	–	–	–	–	–
	Total shareholding of Promoter (A)= (A)(1)+(A)(2)	–	250000	250000	100	0	250000	250000	100	–
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)	FII's and FPIS	–	–	–	–	–	–	–	–	–
(h)	Foreign Venture Capital Investors	–	–	–	–	–	–	–	–	–
(i)	Any Other - Foreign Portfolio Investors	–	–	–	–	–	–	–	–	–

	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	Sub- Total (B)(1)	–	–	–	–	–	–	–	–	–
2.	Non- Institutions									
(a)	Bodies Corporate	–	–	–	–	–	–	–	–	–
(i)	Indian	–	–	–	–	–	–	–	–	–
(ii)	Overseas	–	–	–	–	–	–	–	–	–
(b)	Individuals									
i	Individual shareholders holding nominal shares capital up to ` 1 lakh	–	–	–	–	–	–	–	–	–
ii	Individual shareholders holding nominal shares capital in excess of ` 1 lakh	–	–	–	–	–	–	–	–	–
(c)	Others (specify)	–	–	–	–	–	–	–	–	–
	Sub- Total (B)(2)	–	–	–	–	–	–	–	–	–
	Total Public Shareholding (B)= (B)(1)+(B)(2)	–	–	–	–	–	–	–	–	–
(C)	Shares held by Custodian for GDRs and ADRs	–	–	–	–	–	–	–	–	–
	GRAND TOTAL (A) + (B) + (C)	–	250000	250000	100.00	–	250000	250000	100.00	–

* Includes 6 shares held by the nominees of Sundaram Finance Limited.

(ii) Shareholding of promoters

Sl. 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	Sundaram Finance Limited*	250000	100%	–	250000	100%	–	–
	Total	250000	100%	–	250000	100%	–	–

* Includes 6 shares held by the nominees of Sundaram Finance Limited.

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

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Sundaram Finance Limited				
	At the beginning of the year*	250000	100%	250000	100%
	Increase / Decrease in Promoters Share holding during the year	—	—	—	—
	At the end of the Year	250000	100%	250000	100%

* Includes 6 shares held by the nominees of Sundaram Finance Limited.

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	NOT APPLICABLE			
Increase / Decrease in Shareholding during the year				
At the end of the Year (or on the date of separation, if separated during the year)				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sri Paramesh Krishnaier				
	At the beginning of the year	—	—	—	—
	Increase / Decrease in Share holding during the year	—	—	—	—
	At the end of the Year	—	—	—	—
2	Sri M Ramaswamy*				
	At the beginning of the year	1	—	—	—
	Increase / Decrease in Share holding during the year	—	—	—	—
	At the end of the Year	—	—	1	—
3	Sri G Sundararajan*				
	At the beginning of the year	-	—	—	—
	Increase / Decrease in Share holding during the year	—	—	—	—
	Transferred on 1.10.2019	-	—	—	—
	At the end of the Year	—	—	—	—

* held as nominee of Sundaram Finance Limited jointly with others.

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	Nil			
(i) Principal Amount				
(ii) Interest due but not paid				
(iii) Interest accrued but not due				
Total (i + ii + iii)				
Change in Indebtedness during the financial year				
Addition				
Reduction				
Net Change				
Indebtedness at the end of the financial year				
(i) Principal Amount				
(ii) Interest due but not paid				
(iii) Interest accrued but not due				
Total (i + ii + iii)				

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

Sl. No.	Particulars of Remuneration	Name of the MD / WTD / Manager	Total Amount
1	Gross Salary	Not Applicable	
	(a) Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17 (3) of the Income-tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission		
	- as % of profit		
	- others, specify		
5	Others, please specify		
	Total (A)		
	Ceiling as per the Act		

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (CONTD.)**B. Remuneration to other directors:**

Name of Directors	Particulars of Remuneration			Total Amount
	Fee for attending board / committee meetings	Commission	Others, please specify	
Independent Directors	Not Applicable			
Total (1)				
Other Non-Executive Directors				
Sri Paramesh Krishnaier	Nil			
Sri M Ramaswamy				
Sri G Sundararajan				
Total (2)				
Total Managerial Remuneration	Nil			
Overall Ceiling as per the Act	Not Applicable			

C. Remuneration to Key Managerial Personnel other than MD/ Manager / WTD

Sl. No.	Particulars of Remuneration	CEO	Company Secretary	CFO	Total Amount
1	Gross Salary	Not Applicable			
	(a) Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17 (2) of the Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17 (3) of the Income-tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
	- others, specify				
5	Others, please specify				
	Total (A)				

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences against the Company, Directors and other Officers in Default during the year ended 31st March 2020.

INDEPENDENT AUDITOR'S REPORT

To the Members of LGF Services Limited

Report on the Audit of the Standalone Financial Statements

1. Opinion

We have audited the Ind AS financial statements of LGF Services Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the statement of Profit and Loss, statement of changes in Equity and statement of Cash Flows for the year then ended, and notes to the Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and Profit, changes in Equity and its Cash Flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report and Shareholder's Information, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

4. Responsibility of Management for Standalone Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and 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. 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

5. Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- a) Identify and assess the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying

transactions and events in a manner that achieves fair presentation.

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

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

6. Report on Other Legal and Regulatory Requirements

- i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" to this report a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- ii) 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31st March, 2020 taken

on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, this clause is not applicable, as the company has not incurred any expenditure towards managerial remuneration.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 16.3 to the financial statements.
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
 - iii) There are no amounts which are required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Brahmayya & Co.**
Chartered Accountants
Firm Regn No. 000511S

L. Ravi Sankar
Partner

Place: Chennai
Date: 19th May, 2020

Membership No. 025929
UDIN: 20025929AAAAA11726

“Annexure A” to the Auditors’ Report

Referred to in Paragraph 6 of Our Report of Even Date

1. In our opinion and according to the information and explanations given to us, 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. Therefore, clauses (iii) (a), (b) and (c) of paragraph 3 of the Order are not applicable to the Company for the year.
 2. In our opinion and according to the information and explanations given to us, the company has not granted any loan to its directors and has not made any investment, provided any guarantee or security as envisaged in section 185 and 186 of the Act, 2013 respectively.
 3. The Company has not accepted any deposits from the public.
 4. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.
 5. i) In our opinion and according to the information and explanations given to us, undisputed statutory dues, including Provident Fund, Income tax, Goods and Service tax, cess and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March 2020 for a period of more than six months from the date they became payable
ii) In our opinion and according to the information and explanations given to us, there are no dues of Goods and Service tax which have not been deposited on account of any dispute. The dues in respect of Income tax which have not been deposited on account of dispute are as follows:
6. The Company does not have any borrowings from banks, financial institutions, government or by issue of debentures.
 7. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) or by way of term loans.
 8. To the best of our knowledge and belief and according to the information and explanations given to us, during the year, no fraud by the Company and no fraud on the Company by its officers or employees were noticed or reported during the course of our audit.
 9. The Company has not incurred any expenditure towards managerial remuneration.
 10. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Section 177 and Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
 11. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
 12. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.
 13. In our opinion and according to the information and explanations given to us, the nature of the Company’s business/ activities during the year has been such that clause (i), clause (ii), clause (xii) and clause (xvi) of paragraph 3 of the Companies (Auditor’s Report) Order, 2016 is not applicable to the Company for the year.

Nature of Dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
Income Tax	₹ 7,58,040/-	Assessment Year 2011-12	CIT (A)

For **Brahmayya & Co.**
Chartered Accountants
Firm Regn No. 000511S

L. Ravi Sankar
Partner

Place: Chennai
Date: 19th May, 2020

Membership No. 025929
UDIN: 20025929AAAAA11726

“Annexure B” to the Auditors’ Report Referred to in Paragraph 6 of Our Report of Even Date

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

We have audited the internal financial controls over financial reporting of LGF Services Limited (“the Company”) as of 31 March 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s 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 Controls over Financial Reporting (“the Guidance Note”) issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 (“the Act”).

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 judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that,

in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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

For **Brahmayya & Co.**
Chartered Accountants
Firm Regn No. 000511S

L. Ravi Sankar
Partner

Place: Chennai
Date: 19th May, 2020

Membership No. 025929
UDIN: 20025929AAAAAI1726



Balance Sheet

as at 31st March, 2020

in (₹)

Particulars	Note	March 31, 2020	March 31,2019
ASSETS			
Non Current Assets			
(a) Property, plant and equipment		-	-
(b) Other intangible assets		-	-
(c) Financial Assets			
(i) Investment in Equity Instruments(Unquoted)	2	1,560	1,560
(ii) Other Financial Assets		-	-
(d) Other Non Current Assets		-	-
Current Assets			
(a) Financial Assets			
(i) Investments (Unquoted)	3	2,10,85,726	1,95,20,406
(ii) Trade Receivables		-	-
(iii) Cash and Cash equivalents	4	84,869	1,06,903
(iv) Other Financial Assets		-	-
(b) Current tax assets (Net)	5	1,52,27,167	1,67,77,881
(c) Other Current Assets	6	91,079	8,59,471
Total Assets		<u>3,64,90,401</u>	<u>3,72,66,221</u>
<u>EQUITY AND LIABILITIES</u>			
EQUITY			
(a) Equity share capital	7	25,00,000	25,00,000
(b) Other equity	8	3,35,71,065	3,42,45,706
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities		-	-
(b) Provisions		-	-
(c) Deferred tax Liability(Net)	9	1,19,261	1,66,432
(d) Other Non Current Liabilities		-	-
Current Liabilities			
(a) Financial liabilities			
(i)Trade Payables	10	3,00,000	3,54,008
(ii)Other financial liabilities		-	-
(b) Provisions		-	-
(c) Other Current Liabilities	11	75	75
Total Equity and Liabilities		<u>3,64,90,401</u>	<u>3,72,66,221</u>

Significant Accounting Policies and Notes to the Accounts - 1 to 16

As Per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration Number 000511S

L Ravi Sankar
Partner
Membership No.25929

Chennai
Date:19th May 2020

Paramesh Krishnaier

M Ramaswamy

G Sundararajan

Directors

Annual Report
2019-20

Statement of Profit and Loss

for the Year Ended 31st March, 2020

in (₹)

Particulars	Note	2019-2020	2018-2019
Revenue from operations			
Sale of services	12	2,99,978	4,15,750
Total Revenue from operations		2,99,978	4,15,750
Other Income	13	15,82,770	33,84,107
Total Income		18,82,748	37,99,857
Expenses			
Employee benefit expenses	14	-	69,272
Other expenses	15	3,71,220	3,56,333
Total expenses		3,71,220	4,25,605
Profit/(loss) before exceptional items and tax		15,11,528	33,74,252
Exceptional items		-	-
Profit/(loss) before tax		15,11,528	33,74,252
Tax expense			
1. Current tax		4,25,000	7,16,000
2. Deferred tax		(47,171)	1,61,667
Total tax		3,77,829	8,77,667
Profit/(loss) for the period from continuing operations		11,33,699	24,96,585
Profit/(loss) after tax		11,33,699	24,96,585
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		-	-
A (ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
Sub-total (A) = (i)+(ii)		-	-
B (i) Items that will be reclassified to profit or loss		-	-
B (ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Sub-total (B) = (i)+(ii)		-	-
Other Comprehensive Income (A + B)		-	-
Total Comprehensive Income for the period		11,33,699	24,96,585
Earnings per equity share (on PAT)			
Basic		4.53	9.99
Diluted		4.53	9.99

As Per our report of even date attached
For **Brahmayya & Co.,**
Chartered Accountants
Registration Number 000511S

L Ravi Sankar
Partner
Membership No.25929

Chennai
Date: 19th May 2020

Paramesh Krishnaier

M Ramaswamy

G Sundararajan

Directors

LGF SERVICES LIMITED



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2020

(A) Equity share capital

(In ₹)

Particulars	Amount
Balance as at 31st March 2018	25,00,000
Changes in equity share capital during the period	—
Balance as at 31st March 2019	25,00,000
Changes in equity share capital during the period	—
Balance as at 31st March 2020	25,00,000

(B) Other equity

(In ₹)

Particulars	Reserves and Surplus		Total
	General Reserve	Retained Earnings	
Balance as at 31st March, 2018	3,20,85,629	71,98,222	3,92,83,851
Profit After tax for the year	—	24,96,585	24,96,585
Dividend (Including dividend distribution tax)	(3,36,508)	(71,98,222)	(75,34,730)
Balance as at 31st March 2019	3,17,49,121	24,96,585	3,42,45,706
Profit after tax for the year	—	11,33,699	11,33,699
Dividends (Including dividend distribution tax)	—	(18,08,340)	(18,08,340)
Balance as at 31st March 2020	3,17,49,121	18,21,944	3,35,71,065

As Per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration Number 000511S

L Ravi Sankar
Partner
Membership No.25929

Chennai
Date:19th May 2020

Paramesh Krishnaier

M Ramaswamy

G Sundararajan

Directors

Cash Flow Statement

for the Year Ended 31st March, 2020

in (₹)

	2019-2020		2018-2019	
A) Cash flow from operating activities				
Profit before tax from continuing operations	15,11,528		33,74,252	
Profit/(loss) before tax from discontinued operations	-		-	
Profit before tax	15,11,528		33,74,252	
Adjustments to reconcile profit before tax to net cash used in operating activities				
(Gain)/Loss on Fair valuation of Investments	1,66,268		(6,26,328)	
(Gain)/loss on sale of Investment	<u>(15,81,588)</u>		<u>(6,81,049)</u>	
Operating Profit Before Working Capital Changes		96,208		20,66,875
Working capital adjustments				
(Increase)/ Decrease in Trade and other receivables	-		1,64,253	
(Increase)/ Decrease in Loans and Advances	-		4,35,096	
(Increase)/ Decrease in Other assets	24,34,106		52,75,529	
Increase/ (Decrease) in Trade and other payables	(54,008)		(1,15,482)	
Increase/(Decrease) in Provisions and Other liabilities	<u>-</u>		<u>(7,92,123)</u>	
Cash generated from operations		23,80,098		49,67,273
Income Tax paid		<u>(5,40,000)</u>		<u>(8,75,000)</u>
Net cash flows from operating activities (A)		<u>19,36,306</u>		<u>61,59,148</u>
B) Cash flow from investing activities				
Purchase of Current Investments		(2,30,37,050)		(2,80,90,000)
Sale of Current Investments		<u>2,28,87,050</u>		<u>2,92,06,869</u>
Net cash flows from investing activities (B)		<u>(1,50,000)</u>		<u>11,16,869</u>
C) Cash flow from financing activities				
Dividend Paid (Including Dividend Distribution Tax)		<u>(18,08,340)</u>		<u>(75,34,730)</u>
Net cash flows from financing activities (C)		<u>(18,08,340)</u>		<u>(75,34,730)</u>
Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)		<u>(22,034)</u>		<u>(2,58,713)</u>
Cash and cash equivalents at the beginning of the year		1,06,903		3,65,616
Cash and cash equivalents at the end of the year		84,869		1,06,903
Components of Cash and cash equivalents at the end of the year				
Current Account with Banks		84,869		1,06,903
Cash, Stamps and Stamp Papers on Hand		-		-

As Per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration Number 000511S

I Ravi Sankar
Partner
Membership No.25929

Chennai
Date:19th May 2020

LGF SERVICES LIMITED

Paramesh Krishnaier

M Ramaswamy

G Sundararajan

Directors

NOTES TO THE ACCOUNTS

Corporate information

LGF Services Limited ('the Company') is a Public Limited Company incorporated and domiciled in India with its registered office located at No.21, Patullos Road, Chennai – 600002. The Company is primarily engaged in distribution business.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Accounting Convention

The Financial Statements have been prepared under the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period.

1.2 Operating Cycle

The assets and liabilities have been classified as current and non-current based on 12 month operating cycle.

1.3 Revenue Recognition

Revenue is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company is entitled in exchange for those goods or services, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Income in respect of services rendered and brokerage is accounted on accrual basis.

Other income:

For all debt instruments measured at amortized cost, interest income is recognized on time proportion basis, taking into account the amount outstanding and effective interest rate.

1.4 Cash and cash equivalents

Cash and cash equivalents are short-term highly liquid investments that are readily convertible into cash with original maturities of three months or less. Cash and cash equivalents consist of deposits with banks.

1.5 Measurement of fair values

The Company's accounting policies and disclosures require the measurement of financial and non-financial assets and liabilities at fair values. The Company has established policies and procedures with respect to measurement of fair values.

Fair value measurements are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- **Level 2:** Inputs other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly.
- **Level 3:** Inputs for the asset and liability that are not based on observable market data.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

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

Financial assets

Classification

The Company classifies its financial assets as subsequently measured at either amortized cost or fair value depending on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

At Amortized Cost

A financial asset is measured at amortized cost only if both of the following conditions are met:

- (i) The asset is held within a business model whose objective is to hold them in order to collect contractual cash flows and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

Such Financial assets are subsequently measured at amortized cost using the Effective Interest method.

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The interest income, foreign exchange gains and losses are recognized in the profit or loss. The losses arising from impairment are recognized in the profit or loss and the amortized cost is reduced by impairment losses.

At Fair Value through Profit and Loss (FVTPL)

Any financial instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to classify a debt instrument, which otherwise meets amortized

cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Equity Investments

Equity investments (i.e. other than equity investments in subsidiaries / associates / joint ventures) are designated at Fair Value Through OCI. The fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss on sale of investment.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest rate method except for financial liabilities at FVTPL. A financial liability is classified as FVTPL if it is held-for-trading or it is a derivative or it is designated as FVTPL on initial recognition.

1.7 Income Taxes

Tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted at the reporting date. Current tax assets and liabilities are offset only if, the Company:

- a) has a legally enforceable right to set off the recognized amounts; and
- b) Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized.

Deferred tax assets are reviewed at each reporting date and based on management's judgment, are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current and Deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

1.8 Dividend

The Dividend on shares is recorded as a liability on the date of approval by the Shareholders.

1.9 Provisions

Provisions are recognized when the Company, as a result of a past event, has a present obligation and it is probable that the Company will be required to settle the obligation for which a reliable estimate can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

1.10 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

1.11 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts and payments. The cash flows from operating, investing and financing activities of the Company are segregated.

NOTES TO THE ACCOUNTS (Contd.)

BALANCE SHEET

Note 2: Investments in Equity Instruments

(In ₹)

	31.03.2020	31.03.2019
Investment in Equity Instruments(Unquoted) *	1,560	1,560
UMW Industries Ltd (78,000 equity shares of ₹10/- each)		
Total	1,560	1,560

* The Company designated the Equity Investments through FVTOCI because the Company intends to hold these investments for long term strategic purposes. As per IND AS 109, Cost has been considered as the best estimate of the fair value.

There were no disposal of investment during the period ended 31st March 2020 and 31st March 2019 respectively. No dividend received during the period April - March 2020.

Note 3: Current Investments

(In ₹)

	31.03.2020	31.03.2019
Investments in Mutual Funds (Unquoted)		
Sundaram Money Fund-Direct - Growth Opening Units - 2750.605 Closing Units - 29481.453	12,34,385	1,08,405
Sundaram Banking and PSU Debt Fund-Direct -Growth Opening Units - Nil Closing Units - 619448.469	1,98,51,341	-
Sundaram Low Duration Fund-Direct -Growth Opening Units - 63167.684 Closing Units - Nil	-	16,62,150
Sundaram Money Market Fund-Direct-Growth Opening Units - 1700796.341 Closing Units - Nil	-	1,77,49,851
TOTAL	2,10,85,726	1,95,20,406

NOTES TO THE ACCOUNTS (Contd.)
Note 4: Cash and cash equivalents

(In ₹)

	31.03.2020	31.03.2019
Balances with Banks in Current Accounts	84,869	1,06,903
TOTAL	84,869	1,06,903

Note 5: Current tax assets (Net)

(In ₹)

	31.03.2020	31.03.2019
Tax Payable	(7,58,039)	(7,58,039)
Tax paid under Dispute	57,17,881	57,17,881
Provision for Income Tax	(12,45,160)	(27,35,800)
Advance Income Tax, Tax Refund Due and Tax deducted at Source	1,15,12,486	1,45,53,839
TOTAL	1,52,27,167	1,67,77,881

Note 6: Other Current Assets

(In ₹)

	31.03.2020	31.03.2019
Prepaid expenses	–	–
Balances with Government authorities	91,079	8,59,471
TOTAL	91,079	8,59,471

NOTES TO THE ACCOUNTS (Contd.)

Note 7: Equity Share capital

(In ₹)

	31.03.2020	31.03.2019
Authorised capital		
2,50,000 Equity shares of face value of ₹10/- each	25,00,000	25,00,000
Issued, Subscribed and fully paid-up		
2,50,000 Equity shares of face value of ₹10/- each	25,00,000	25,00,000

(In ₹)

Reconciliation of number of shares

	31.03.2020	31.03.2019
Shares outstanding at the beginning of the year	2,50,000	2,50,000
Add: Shares issued during the year	—	—
Less: Shares bought back during the year	—	—
Shares outstanding at the end of the year	2,50,000	2,50,000

Details of number of shares held by shareholders holding more than 5% shares are set out below:

Name of the Shareholder	Status	No. of Shares	% held as at 31.03.2020	No. of Shares	% held as at 31.03.2019
Sundaram Finance Limited	Holding Company	2,50,000	100	2,50,000	100



NOTES TO THE ACCOUNTS (Contd.)

Note 8: Other Equity

(In ₹)

	31.03.2020	31.03.2019
a. General Reserve		
Opening balance	3,17,49,121	3,20,85,629
Add : Transfer from Surplus in the Statement of Profit and Loss	-	-
Less : Appropriations		
Dividend		
Final	-	3,36,508
At the end of the year	<u>3,17,49,121</u>	<u>3,17,49,121</u>
b. Surplus in the Statement of Profit and Loss		
Opening balance	24,96,585	71,98,222
Add: Profit for the year/period	11,33,699	24,96,585
Less : Appropriations		
Statutory Reserve	-	-
General Reserve	-	-
Dividend		
Interim	-	-
Final	15,00,000	59,13,492
Dividend Tax	3,08,340	12,84,730
At the end of the year	<u>18,21,944</u>	<u>24,96,585</u>
TOTAL	<u>3,35,71,065</u>	<u>3,42,45,706</u>

NOTES TO THE ACCOUNTS (Contd.)

Note 9: Deferred Tax Liability (Net)

(In ₹)

	31.03.2020	31.03.2019
Fair Valuation of Mutual Funds	1,19,261	1,66,432
TOTAL	1,19,261	1,66,432

Analysis:

(In ₹)

Particulars	Balance Sheet	Profit and Loss	Balance Sheet
	31 March 2019	2019-20	31 March 2020
Difference in carrying Value and Tax base of investment measured at FVTPL	1,66,432	(47,172)	1,19,260
Difference in carrying Value and Tax base of employee loans measured at Amortized cost	—	—	—
TOTAL	1,66,432	(47,172)	1,19,260

Note 10: Trade Payables

(In ₹)

	31.03.2020	31.03.2019
Trade payables		
(i) Total outstanding due to micro and small enterprises	—	—
(ii) Total outstanding due to creditors other than micro and small enterprises	3,00,000	3,54,008
TOTAL	3,00,000	3,54,008

Note 11: Other Current Liabilities

(In ₹)

	31.03.2020	31.03.2019
Other Liabilities	75	75
TOTAL	75	75

NOTES TO THE ACCOUNTS (Contd.)
Note 12: Sale of Services

(In ₹)

	2019-2020	2018-2019
Brokerage	2,99,978	4,15,750
TOTAL	2,99,978	4,15,750

Note 13: Other Income

(In ₹)

	2019-2020	2018-2019
Interest Receipts	1,11,188	19,36,902
Profit on sale of Mutual funds	15,81,588	6,81,049
Excess provision written back	-	1,39,828
Fair Value change in Mutual Fund	(1,66,268)	6,26,328
Other Miscellaneous Income	56,262	-
TOTAL	15,82,770	33,84,107

Note 14: Employee Benefit Expense

(In ₹)

	2019-2020	2018-2019
Salaries, bonus and commission	-	65,770
Contribution to Provident and Other Funds	-	2,982
Staff welfare expenses	-	520
TOTAL	-	69,272

Note 15: Other Expenses

(In ₹)

	2019-2020	2018-2019
Rates and taxes	4,500	4,500
Audit fees	3,00,000	2,86,500
Miscellaneous expenses	66,720	65,333
TOTAL	3,71,220	3,56,333

NOTES TO THE ACCOUNTS (Contd.)

16 GENERAL

- 16.1 The company provided business support services for Housing development Finance Corporation (HDFC) for mobilisation of fixed deposits during the year . There are no separate reportable segments as per Indian Accounting Standard (IND AS) 108 'Segment Reporting'.
- 16.2 Related Party disclosures: In accordance with the Indian Accounting Standard (IND AS) 24 on 'Related Party disclosures', the details of related parties and the transactions with related parties are given below:

Related Parties:

Holding Company:

Sundaram Finance Limited

Fellow Subsidiaries:

Sundaram Asset Management Company Limited

Sundaram Trustee Company Limited

Sundaram Asset Management Singapore Pte Limited

Sundaram Alternate Assets Limited

Sundaram Finance Holdings Limited

Sundaram Business Services Limited

Sundaram Finance Employees Welfare Trust

Sundaram Home Finance Ltd

Sundaram Fund Services Ltd

NOTES TO THE ACCOUNTS (Contd.)
Related Party Transactions

The nature and volume of transactions of the company during the period, with the above related parties are as follows:

Nature of Transactions	Holding Company	Fellow Subsidiaries	April - March 2020	2018-19
Income				
Sundaram Finance Ltd	—	—	—	—
Support Services	—	—	—	—
Expenses				
Royal Sundaram General Insurance Co. Limited	—	—	—	—
Insurance	—	—	—	520
Assets				
Prepaid Expenses	—	—	—	—
Sundaram Finance Ltd.	—	—	—	—
Royal Sundaram General Insurance Co. Limited	—	—	—	—
Income receivable	—	—	—	—
Sundaram Finance Ltd.	—	—	—	—
Liabilities				
Sundaram Finance Ltd.	—	—	—	—
- Equity Share Holdings	25,00,000	—	25,00,000	25,00,000
Dividend paid	15,00,000	—	15,00,000	62,50,000

No amount has been written off/written back during the period.

16.3 The pending litigations as on 31st Mar 2020, have been complied by the company and reviewed by the Statutory Auditors. The effect of the current position of the litigations have been evaluated and appropriately considered and disclosed in the financial statements.

16.4 Dividend of ₹15 lakhs (₹6/- per share) has been recommended by the Board for the year ended 31st March 2020.

16.5 Earnings Per Share (Basic and diluted)

		2019-20	2018-19
A.	Profit for the year after taxation (in ₹)	11,33,699	24,96,585
B.	Weighted average no. of equity shares	2,50,000	2,50,000
C.	Basic and diluted earnings per share (A/B) (in ₹)	4.53	9.99

NOTES TO THE ACCOUNTS (Contd.)

16.6 Disclosure under MSME Development Act, 2006

There is no amount due to small scale industries in terms of “The Micro, Small and Medium Enterprises Development Act, 2006”

Particulars	31st March 2020	31st March 2019
a) Principal amount and the interest due to Suppliers under the Act	—	—
b) Interest paid to Suppliers in terms of Section 16 of the Act, along with payment made beyond the appointed day	—	—
c) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	—	—
d) Interest accrued and remaining unpaid at the end of the year	-	-
e) Further interest remaining due and payable even in the succeeding years, until such date, when interest dues above are actually paid in the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Act	-	-

16.7 The Company has exercised the option given under section 115BAA of the Income Tax Act 1961 as per the Taxation Laws (Amendment) Act, 2019. Tax provision for the year ended has been recognized accordingly and deferred tax assets and liabilities has been remeasured at the rate prescribed in that section.

16.8 Reconciliation of Tax Expense

(In ₹)

	31st March 2020	31st March 2019
Profit Before tax	15,11,528	33,74,252
Tax using Company's Domestic Tax Rate	3,80,422	8,77,306
Effect of		
Rate Difference	(5,326)	—
Rounding Off	589	361
Expenses Disallowance	2,144	—
Tax Expense Recognized	3,77,829	8,77,667

NOTES TO THE ACCOUNTS (Contd.)
16.9 Accounting Classifications, Fair value and Fair Value Hierarchy

Accounting Classifications and fair values

The following table shows the carrying amount and fair value of financial assets and financial liabilities.

(In ₹)

As at 31 March 2020	Carrying amount (Cost)				Fair value
	Mandatorily at FVTPL:Others	Other financial assets: amortized cost	Other financial assets: recognized through OCI	Total carrying amount: Cost	
Financial Assets					
Equity Investments	–	–	1,560	1,560	1,560
Mutual fund investments	2,06,11,870	–	–	2,06,11,870	2,10,85,727
Trade receivables	–	–	–	–	–
Cash and cash equivalents	–	84,869	–	84,869	84,869
Financial Liabilities					
Trade payables	–	3,00,000	–	3,00,000	3,00,000

(In ₹)

As at 31 March 2019	Carrying amount (Cost)				Fair value
	Mandatorily at FVTPL: Others	Other financial assets: amortized cost	Other financial assets: recognized through OCI	Total carrying amount: Cost	
Financial assets					
Equity Investments	–	–	1,560	1,560	1,560
Mutual fund investments	1,88,80,282	–	–	1,88,80,282	1,95,20,406
Trade receivables	–	–	–	–	–
Cash and cash equivalents	–	1,06,903	–	1,06,903	1,06,903
Financial Liabilities					
Trade payables	–	3,54,007	–	3,54,007	3,54,007

NOTES TO THE ACCOUNTS (Contd.)

Fair Value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 hierarchy - Includes Financial Instruments measured using quoted prices in the active market.

Level 2 hierarchy - The Fair value of Financial Instruments that are not traded in an active market, is determined using valuation techniques which maximize the use of observable market data.

Level 3 hierarchy - includes Financial Instruments for which one or more of the significant inputs are not based on observable market data. This is applicable for unlisted securities.

(In ₹)

	Level 1	Level 2	Level 3
As at 31 March 2020			
Financial Assets:			
Employee Loans measured at Amortized cost	—	—	—
Mutual fund investments at FVTPL	2,10,85,727	—	—
As at 31 March 2019			
Financial Assets:			
Employee Loans measured at Amortized cost	—	—	—
Mutual fund investments at FVTPL	1,95,20,406	—	—

16.10 Financial Risk Management

The Company's business activities are exposed to liquidity risk and credit risk. The Risk management policies have been established to identify and analyze the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review and reflect the changes in the policy accordingly.

(a) Management of Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

NOTES TO THE ACCOUNTS (Contd.)
Maturity profile of Financial Liabilities

The following are the contractual maturities of financial liabilities at the reporting date.

(In ₹)

Contractual Cash Flows							
31st March 2020	Upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 Years	Total
Trade payables	3,00,000	–	–	–	–	–	3,00,000

(In ₹)

Contractual Cash Flows							
31st March 2019	Upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 Years	Total
Trade payables	3,54,007	–	–	–	–	–	3,54,007

Maturity profile of Financial Assets

The following are the contractual maturities of financial assets at the reporting date.

(In ₹)

Contractual Cash Flows							
31st March 2020	Upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 Years	Total
Investments	2,10,85,726	–	–	–	–	–	2,10,85,726

(In ₹)

Contractual Cash Flows							
31st March 2019	Upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 Years	Total
Investments	1,95,20,406	–	–	–	–	–	1,95,20,406

NOTES TO THE ACCOUNTS (Contd.)

(b) Management of Credit Risk

Credit risk is the risk of financial loss to the Company if the other party to the financial assets fails to meet its contractual obligations.

(i) Trade receivables:

Concentration of credit risk with respect to trade receivables are limited as the customers are reviewed, assessed and monitored regularly on a monthly basis with pre-determined credit limits assessed based on their payment capacity. Our historical experience of collecting receivables demonstrates that credit risk is low. Hence, trade receivables are considered to be a single class of financial assets.

(ii) Other Financial Assets:

The Company has exposure in Cash and cash equivalents. The Company's maximum exposure to credit risk as at 31st March, 2020 is the carrying value of each class of financial assets as on that date.

16.11 Previous year figures have been regrouped / reclassified wherever necessary to confirm to the current year's presentation.

Signatures to Schedules 1 to 16

As Per our report of even date attached
For **Brahmayya & Co.**,
Chartered Accountants
Registration Number 000511S

L Ravi Sankar
Partner
Membership No.25929

Chennai
Date:19th May 2020

Paramesh Krishnaier

M Ramaswamy

G Sundararajan

Directors