

# ANNUAL REPORT 2018-19

LAGNAM SPINTEX LIMITED



**Lagnam Spintex**



# FINANCIAL HIGHLIGHTS

		₹ in Lacs						
S.NO.	DESCRIPTION	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	Turnover	3646	4188	4946	5617	7503	8391	8032
2	Export	-	157	307	556	713	1607	1645
1	PBIDT	490	592	646	899	1169	1119	1160
2	Interest	289	281	333	396	339	285	255
3	PBDT	201	311	312	504	829	834	905
4	Depreciation	132	137	136	192	260	261	262
5	P B T	68	174	176	312	569	573	644
6	TAX	21	54	55	77	150	102	166
7	PAT	47	120	121	235	419	471	478
1	EPS (IN ₹)	2.87	6.52	5.95	11.51	3.74*	4.17**	3.20®
2	Equity	164	184	204	204	204	1167	1767
1	Total Capital Employed	3780	4041	5223	6836	6656	7587	17699
2	Net Worth	977	1197	1418	1653	2072	2644	5322
3	Long Term Loans	2065	1950	2885	3676	3257	2741	9682
4	Working Capital Loans	566	683	669	1097	969	1742	2070
5	Other Liability	225	296	365	604	889	1244	1816
6	Total Liability (3+4+5)	2855	2928	3919	5377	5115	5727	13568
7	Fixed Assets ( Net)	2676	2529	4077	5076	4870	5290	13233
8	Total Current Assets	1131	1263	1449	1714	2228	3002	5341
9	Total Current Liabilities	782	951	987	1553	1480	2499	3226
1	Operating Profit Margin %	13.43	14.13	13.05	16.01	15.57	13.33	14.44
2	Return on Capital Employed % (PBIT/ Capital Emp.)	9.46	11.26	9.75	10.34	13.65	11.30	5.07
3	Return on Sales% (PAT/Turnover)	1.29	2.86	2.45	4.18	5.59	5.61	5.95
4	Return on Net worth %	4.82	10.02	8.55	14.20	20.24	17.81	8.97
5	Debt Equity Ratio	2.11	1.63	2.03	2.22	1.57	1.04	1.82
6	TOL/TNW	2.92	2.45	2.76	3.25	2.47	2.17	2.55
7	Interest Cover Ratio	1.69	2.11	1.94	2.27	3.45	3.93	4.55
8	Fixed Assets Cover Ratio	1.30	1.30	1.41	1.38	1.50	1.93	1.37

\* Considering Issue of 91.71 lacs Bonus shares

\*\* After reissue of 4.60 lacs Bonus shares ®After Public issue of 60 lacs Equity shares





## Lagnam Spintex

### BOARD OF DIRECTORS

Mr. D. P. Mangal	: Chairman & Whole Time Director
Mr. Anand Mangal	: Managing Director
Mr. Vijay Singh Bapna	: Non-Executive Director
Mr. Jagdish Chandra Laddha	: Independent Director
Mr. Anil Shah	: Independent Director
Ms. Dipali Mathur	: Independent Director

### CHIEF FINANCIAL OFFICER

Mr. Devi Lal Mundra

### COMPANY SECRETARY

Mr. Rajeev Parashar

### STATUTORY AUDITORS

M/S SSMS & Associates  
(Chartered Accountants)  
16, Heera Panna Market, Bhilwara- 311001.

### SECRETARIAL AUDITORS

M/s Sanjay Somani & Associates  
(Company Secretaries)  
29, 1st Floor, Badal Textile Market,  
Pur Road, Bhilwara- 311001.

### INTERNAL AUDITORS

M/s A. L. Chechani & Co.  
(Chartered Accountants)  
17, Heera Panna Market, Bhilwara- 311001.

### PLANT & REGISTERED OFFICE

Lagnam Spintex Limited  
(CIN: L17119RJ2010PLC032089)  
A 51-53, RIICO Growth Centre  
Hamirgarh, Bhilwara- 311001.  
Contact: +91-99290-91010, 01482-289210  
Email: anand@lagnam.com, rparashar@lagnam.com  
Website: www.lagnamspintex.com

### NAME OF THE STOCK EXCHANGE

NATIONAL STOCK EXCHANGE OF INDIA LTD.  
"EMERGE PLATFORM"

### REGISTRAR & SHARE TRANSFER AGENT

BIGSHARE SERVICES PVT. LTD.  
1st Floor, Bharat Tin Works Building,  
Opp. Vasant Oasis, Makwana Road,  
Hamirgarh, Bhilwara- 311001.  
Marol, Andheri East, Mumbai 400059.  
Tel : + 91-22-6263 8200  
Fax: + 91-22-6263 8299  
Email: investor@bigshareonline.com  
Website: www.bigshareonline.com

### BANKERS

State Bank of India  
Punjab National Bank  
Bank of Baroda  
HDFC Bank Ltd.

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## *Chairman's Message*

Dear Shareholders,

It gives me immense pleasure to present the first Annual Report after listing of the security at "EMERGE" Platform of National Stock Exchange of India Limited. It is good to be addressing you as a chairman because it gives me a chance to say thanks to everyone for their role in making our venture a success. On behalf of the Board of Directors, I express my gratitude for faith, confidence and conviction kept towards us by the stake holders. The expansion project undertaken by the Company during the year is going ahead of the schedule. This could be possible with the support of all of you, being the new investor in the company, State Bank of India and Punjab National Bank, who granted Term Loan of Rs. 94 Crores and most sincere and dedicated efforts put in to implement the project ahead of schedule by all the members of Lagnam Team. The overwhelming response of our Initial Public Offer proves the confidence of stake holder in our company.

There is series of important events in financial year ended on 31st March 2019. The company has come with the Initial Public Offer by way of issue of New Equity Shares. The overwhelming response of Initial Public Offer is displaying the trust and faith towards the company by the stake holders. The Company strives to bring best human skill for making the growth in a best possible way.

The Indian economy is running towards exception growth and rapid development. The Leadership of our Prime Minister is taking the economy at higher level. "Make in India" concept is getting prodigious response form the public. The Management of the company is very much impressed with various new concept of development floated by the Government. The Management is trying to improve the quality of product by doing research from available source. The company tried to increase the brand value of India by giving best quality in its products which are exported out of India. With great endeavour of whole team, the company is stepping towards the progress in quality as far as in profitability. Nonetheless the progress is not achieved overnight and will definitely call for dedication and commitment.

The way ahead is filled with numerous opportunities. We are committed to exceptional standards of productivity, corporate governance, willingness to embrace new ideas and learn continuously. Your company's most automated and state of the art technology, quality and wide range of products, building trusted relationships with customers, adequate production capacity, diversified manufacturing facilities and various strategic initiatives will surely help us to achieve excellent performance and sustainable growth in years ahead.

At the end, I would like to thank entire team of the LAGNAM for an outstanding year which is reflective of their hard work, 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 also like to place on record my heartfelt thanks to all the customers, business associates, suppliers, bankers, Lead Manager, Underwriter, Market Maker, the Central – State – Local Government and authorities of the NSE, SEBI, NSDL, CDSL and RTA for their support. Lastly, I would like to extend my gratitude towards all our Shareholders for their continuing faith and confidence in the management of the Company; we aim to earn your trust every day and will work towards achieving the greater heights of success in coming years.

With best wishes,

Sincerely,

**D. P. Mangal**

Chairman



**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the 9th Annual Report together with the Audited Financial Statements of Accounts of the company for the year ended on 31st March 2019:

**1. FINANCIAL RESULTS**

(₹ in Lacs)

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
Turnover: a) Domestic	<b>6386.96</b>	6783.71
b) Export	<b>1644.72</b>	1606.90
<b>Total</b>	<b>8031.68</b>	8390.61
Profit before Interest, Depreciation & Tax	<b>1160.02</b>	1118.61
Less: Financial expenses (Net)	<b>254.71</b>	284.52
Profit before Depreciation & Tax	<b>905.31</b>	834.09
Less: Depreciation	<b>261.79</b>	261.25
<b>Profit before Tax</b>	<b>643.52</b>	572.84
Less: Provision for		
Current Tax (Net)	<b>133.41</b>	117.28
MAT Credit Entitlement	<b>(133.41)</b>	(117.28)
Deferred Tax	<b>165.96</b>	101.97
Tax of Earlier year	-	-
<b>Profit after Tax</b>	<b>477.55</b>	470.88
Add: Opening Balance	<b>1399.30</b>	942.32
Less: Utilization in Bonus Issue of Shares	-	(13.90)
Profit available for appropriation	<b>1876.85</b>	1399.30

**2. OPERATIONAL PERFORMANCE:**

Your Directors are pleased to inform the members that during the year under review, your company reported encouraging performance. Despite marginal decrease in revenue from ₹ 8390.61 Lakhs to ₹ 8031.68 Lakhs. The PBDT of the Company has gone

up from ₹ 834.09 Lakhs to ₹ 905.31 Lakhs, an increase of about 8.53%. Profit before tax has also gone up from ₹ 572.84 Lakhs to ₹ 643.52 Lakhs. However, due to higher provision of tax from ₹ 101.97 Lakhs to ₹ 165.96 Lakhs the profit after tax remained at ₹ 477.55 Lakhs as compared to ₹ 470.88 Lakhs during the previous year. This was all possible by taking pro-active steps by management to neutralize the effect of higher demand for fine counts, which has resulted into lower production from 5942 MT to 5324 MT during the year under review. Operations and efficiency of the plant during the year has been at optimum level.

Your Directors are pleased to report further that interest cost during the year has been marginally lower at ₹ 254.71 Lakhs against ₹ 284.52 Lakhs mainly due to better working capital management and eligibility of interest subsidy for the full year under the "Rajasthan Investment Promotion Scheme". Your Directors are taking necessary steps to rationalize the rate of interest for working capital and term loan with our various banks in order to contain the interest cost due to hardening of interest rates. This is a continuous process being followed by your company to remain competitive in the market.

Your Directors are pleased to report that with consistency in quality and services to our customers, company's export during the year under review has gone up marginally from ₹ 1606.90 lacs to ₹ 1644.72 lacs only. The lower growth in export was mainly due to disturbances with the neighboring countries. Your directors are exploring alternative market and with the commissioning of new ring spinning project the export during the current year should improve substantially due to better product basket available with your company.

**3. UPDATE ON EXPANSION PLAN:**

The expansion of 25536 ring spindles at a total cost of ₹ 12540 Lakhs to produce 100% cotton yarn is under implementation as per schedule. The company has started trial production ahead of schedule and spent ₹ 9881 Lakhs on the project by availing term loan of ₹ 7514 Lakhs and balance out of internal accruals and issue of equity Shares during the year. The total term loan sanctioned by State Bank of India and Punjab National Bank was amounting to ₹ 9400





Lakhs, out of which ₹ 7514 Lakhs have already been disbursed by the banks representing 80% of the total term loan sanctioned by them. The project Implementation is going on expeditiously and in addition to catering the domestic market the company has started getting export orders from some of the European customers.

With trial runs going ahead of the schedule, your company is confident to achieve COD before the scheduled date of 30th September 2019.

#### 4. INITIAL PUBLIC OFFER (IPO):

The Company, pursuant to the provisions of Section 26 and 32 of the Companies Act, 2013 read with rules made there under, including the SEBI (ICDR) Regulations, 2009 (as amended), and in terms of Prospectus Dated 18th August 2018, offered 60,00,000 (Sixty lakh) equity shares of face value of ₹ 10/- each, at a premium of ₹ 31/- per equity share, through Fixed Price process, in the Initial Public Offer (IPO) for setting up of its expansion project for manufacturing of Ring Spun Carded and Combed Yarn with installed capacity of 25536 spindles.

The IPO Issue opened on Tuesday, the 4th September 2018 and closed on Friday, the 7th September 2018.

The issue and allotment of equity shares in the capital of the Company was made on Friday, the 14th September 2018. The designated Stock Exchange - National Stock Exchange of India Limited, has approved, the listing and trading of equity shares in the capital of the Company, on its SME Platform namely NSE EMERGE, effective Tuesday, the 18th September 2018.

Your Directors place their sincere thanks to all the investors and the NSE, SEBI, Merchant Bankers and all the agencies for their guidance and support. The Company's equity shares are regularly being traded at the floor of the NSE EMERGE Platform.

#### 5. TRANSFER TO RESERVES:

During the year under review the company has not transferred any amount to the general reserves. However, the Company has received security premium amount of ₹ 1860.00 Lakhs in the public issue of 60.00 Lakhs equity shares of ₹ 10/- each at a premium of ₹ 31/- per share allotted on 14th September, 2018 and transferred the same to Securities Premium Reserves. Further that the Company has utilized the amount of Securities

Premium Reserves to the extent of 260.00 Lakhs for the purpose of writing off public issue expenses.

#### 6. DIVIDEND:

To strengthen the financial position and funding to the ongoing projects of the Company, no dividend is recommended by the Board for the Financial Year 2018-19. (Previous year Nil)

#### 7. CAPITAL STRUCTURE:

The Capital Structure of the Company as on 31.03.2019 are as follows: -

The Authorized Share Capital of the Company is ₹ 22,50,00,000 (Rupees Twenty-Two Crore Fifty Lakh) divided into 2,25,00,000 (Two Crore Twenty-Five Lakh) Equity Shares of ₹ 10/- each.

The Issued, subscribed and Paid up Share Capital of the Company is ₹ 17,66,90,000 (Rupees Seventeen Crore Sixty-Six Lakh Ninety Thousand) divided into 1,76,69,000 (One Crore Seventy-Six Lakh Sixty-Nine Thousand) Equity Shares of ₹ 10/- each.

During the year under review the Company has issued and allotted 60,00,000 fully paid-up Equity Shares of face value of ₹ 10/- each, at a premium of ₹ 31/- per equity share, to successful applicants under its Initial Public Offer as per Prospectus dated 18th August, 2018. The Company has not issued any shares with differential voting rights or sweat equity or granted stock options.

#### 8. CREDIT RATING:

The ICRA Limited in their recent review for total bank facilities of ₹ 151.59 Crores availed by the Company, vide their letter number 2018-19/AHM/368 dated 19 November 2018, has revised the Credit Rating of the Company. The details of new Credit Rating assigned to the Company vis-à-vis existing Credit Rating are given below: -

	Existing Credit Rating (Total bank facilities of ₹ 57.59 Crores)	Revised Credit Rating (Total bank facilities of ₹ 151.59 Crores)
Long-Term Rating	<b>ICRA BBB-/ Stable</b>	<b>ICRA BBB- Stable</b>
Short-Term Rating	<b>ICRA A3</b>	<b>ICRA A3</b>

"The aforesaid ratings will be due for surveillance anytime by ICRA Ltd. before August 31, 2019."





#### 9. RECOGNITION:

USTER TECHNOLOGIES AG of Switzerland has renewed its authorization to use the "USTERIZED" trade mark to your company, "A mark of quality & trust", which is a prestigious quality authorization granted to only about 70 textiles mill in the world. In the standalone Open-end spinning segment, LAGNAM is the first to get this authorization in the world.

#### 10. MATERIAL CHANGES BETWEEN THE DATE OF THE BOARD REPORT AND END OF FINANCIAL YEAR:

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

#### 11. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

During the year under review there has been no such significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

#### 12. SUBSIDIARY, ASSOCIATES AND JOINT VENTURE COMPANY:

The Company does not have any subsidiary, associate or joint venture during the financial year 2018-19 as well as at the beginning or closing of the financial year therefore the financial statement is prepared on standalone basis and the requirement for disclosure in the Form AOC-1 is not applicable. Further that the Company is an associate of Lagnam Infotech Solutions Pvt. Ltd. which is holding 49,94,000 equity shares representing 28.26% of total paid up equity share capital of the Company as on 31st March, 2019. Due to increase in the paid-up capital of the Company, holding of Lagnam Infotech Solutions Pvt. Ltd reduced from 42.79% to 28.26%.

#### 13. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form MGT-9 as required under section 92(3) of the Companies Act, 2013 read with the Companies (Management and

Administration Rules), 2014 is enclosed as "Annexure-I".

Kindly Take Note that the Annual Return is available on the Website of the Company after Conclusion of the AGM in below link:

(Link: <http://www.lagnamspintex.com/Annual-return.html>)

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

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

#### 15. BOARD OF DIRECTORS, THEIR MEETINGS & KMP(S):

##### I. Constitution of the Board

The Board of directors are comprising of total 6 (Six) Directors, which includes 3 (Three) Independent and 1 (One) Women director. The Chairman of the Board is Promoter and Whole-Time Director. The Board members are highly qualified with the varied experience in the relevant field of the business activities of the Company, which plays significant roles for the business policy and decision-making process and provide guidance to the executive management to discharge their functions effectively.

##### II. Board Independence

Our definition of 'Independence' of Directors is derived from Regulation 16 of SEBI (LODR) Regulations, 2015 and Section 149(6) of the Companies Act, 2013. The Company is having following independent directors:

- (i) Mr. Jagdish Chandra Laddha
- (ii) Mr. Anil Shah
- (iii) Ms. Dipali Mathur

As per provisions of the Companies Act, 2013, Independent Directors were appointed for a term of 5 (five) consecutive years and shall not be liable to retire by rotation.



**III. Declaration by the Independent Directors**

All the Independent Directors have given their declaration of Independence stating that they meet the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013. Further that the Board is of the opinion that all the independent directors fulfill the criteria as laid down under the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 during the year 2018-19.

**IV. Directors liable to retire by rotation**

In accordance with the provisions of the Companies Act, 2013 and in terms of the Articles of Association of the Company, Mr. Vijay Singh Bapna (DIN: 02599024), Non-executive Director of the Company is liable to retire by rotation at ensuing Annual General Meeting and being eligible offers himself for re-appointment.

**V. Changes in Directors and Key Managerial Personnel**

There was no change in the composition of Directors and Key Managerial Personnel during the Financial Year 2018-19 except:

Mr. Dwarka Prasad Mangal, Whole time Director, who is liable to retire by rotation reappointed at the meeting of the members held on 08.06.2018. Following are the Directors and KMP(s) in the Company:

1.	Mr. Dwarka Prasad Mangal (DIN: 01205208)	Chairman cum Whole Time Director
2.	Mr. Anand Mangal (DIN: 03113542)	Managing Director
3.	Mr. Vijay Singh Bapna (DIN: 02599024)	Non-Executive Director
4.	Mr. Jagdish Chandra Laddha (DIN: 00118527)	Independent Director
5.	Mr. Anil Shah (DIN: 00145396)	Independent Director
6.	Ms. Dipali Mathur (DIN: 07732611)	Independent Director
7.	Mr. Devi Lal Mundra (PAN: AKUPM7207P)	Chief Financial Officer
8.	Mr. Rajeev Parashar (PAN: BLSPP2313P)	Company Secretary & Compliance Officer

**VI. Meetings and Attendance of the Board**

The Board meets at regular intervals to discuss and decide on company/business policy and strategy apart from other Board business. The notice of Board meeting is given well in advance to all the Directors. Meetings of the Board are held in Bhilwara, at the Registered Office. The Agenda of the Board meetings is circulated at least a week prior to the date of the meeting. The Agenda for the Board and Committee meetings includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision.

The Board met 10 (Ten) times in the Financial Year 2018-19 viz., 23rd April 2018, 16th May 2018, 23rd June 2018, 12th July 2018, 18th August 2018, 8th September 2018, 14th September 2018, 22nd October 2018, 18th February 2019 and 11th March 2019. The maximum interval between any two meetings did not exceed 120 days. Attendance of each director in board meeting as follows:

Date of Meeting	Name of the Directors					
	Mr. D.P. Mangal	Mr. Anand Mangal	Mr. Vijay Singh Bapna	Mr. Jagdish Chandra Laddha	Mr. Anil Shah	Ms. Dipali Mathur
23.04.2018	YES	YES	YES	YES	YES	NO
16.05.2018	YES	YES	NO	YES	NO	NO
23.06.2018	YES	YES	YES	YES	YES	YES
12.07.2018	YES	YES	NO	YES	YES	NO
18.08.2018	YES	YES	NO	YES	NO	NO
08.09.2018	YES	YES	NO	YES	NO	NO
14.09.2018	YES	YES	NO	YES	NO	NO
22.10.2018	YES	YES	YES	YES	YES	YES
18.02.2019	YES	YES	YES	YES	YES	NO
11.03.2019	YES	YES	NO	YES	YES	NO

**VII. Separate Meeting of Independent Directors:**

As stipulated by the Code of Independent Directors under the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was held on 18th February



2019 to review the performance of Non-Independent Directors (including the Chairman) and the entire Board. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.

#### **VIII. Company's Policy on Directors' Appointment And Remuneration**

The Policy of the Company on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under section 178(3), uploaded on company's website. (Link -[http://www.lagnamspintex.com/policies/policies\\_pdf/Nomination\\_&Remuneration\\_Policy.pdf](http://www.lagnamspintex.com/policies/policies_pdf/Nomination_&Remuneration_Policy.pdf))

#### **IX. Annual Evaluation by the Board:**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 (10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee has laid down the criteria for evaluation of the performance of individual Directors and the Board as a whole. Based on the criteria the exercise of evaluation was carried out through a structured process covering various aspects of the Board functioning such as composition of the Board and committees, experience & expertise, performance of specific duties & obligations, attendance, contribution at meetings & Strategic perspectives or inputs regarding future growth of company, etc. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Director. The performance of the Independent Directors was carried out by the entire Board (excluding the Director being evaluated). The Directors expressed their satisfaction with the evaluation process.

#### **16. COMMITTEES OF THE BOARD:**

The Company has following committees:

##### **I. Audit Committee:**

The Company has constituted Audit Committee

as per requirement of section 177 of the Companies Act 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015. The terms of reference of Audit Committee are broadly in accordance with the provisions of SEBI (LODR) Regulations, 2015 and Companies Act, 2013. The Audit Committee comprises of the following Directors of the Company:

S. N.	Name of Director	Nature of Directorship	Designation in Committee
1	Mr. Jagdish Chandra Laddha	Independent Director	Chairman
2	Mr. Anil Shah	Independent Director	Member
3	Mr. D. P. Mangal	Whole-time Director	Member

##### **II. Nomination and Remuneration Committee:**

The Company has constituted a Nomination and Remuneration Committee in accordance with section 178 of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. The Nomination and Remuneration Committee comprises of the following Directors of the Company:

S. N.	Name of Director	Nature of Directorship	Designation in Committee
1	Mr. Jagdish Chandra Laddha	Independent Director	Chairman
2	Mr. Anil Shah	Independent Director	Member
3	Mr. Vijay Singh Bapna	Non-executive Director	Member

##### **III. Stakeholders' Relationship Committee:**

The Company has constituted a Stakeholders' Relationship Committee in accordance with section 178 of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. The Committee considers and approves various requests regarding annual report and to redress complaints of the shareholders. The Stakeholders' Relationship Committee comprises the following Directors:





S. N.	Name of Director	Nature of Directorship	Designation in Committee
1	Mr. Vijay Singh Bapna	Non-executive Director	Chairman
2	Mr. D. P. Mangal	Whole-time Director	Member
3	Mr. Anand Mangal	Managing Director	Member

#### IV. Corporate Social Responsibility (CSR) Committee:

The Company has constituted a CSR Committee in accordance with the provisions of section 135 of the Companies Act, 2013. The CSR Committee comprises the following Directors:

S. N.	Name of Director	Nature of Directorship	Designation in Committee
1	Mr. Jagdish Chandra Laddha	Independent Director	Chairman
2	Mr. D. P. Mangal	Whole-time Director	Member
3	Mr. Vijay Singh Bapna	Non-executive Director	Member

#### 17. CORPORATE SOCIAL RESPONSIBILITY:

In pursuant to Section 135 of the Companies Act, 2013 read with rules framed there under a CSR Policy to ensure Social Responsibilities has been adopted. The CSR Policy has been uploaded on the website of the Company at following link:

(Link: [http://www.lagnamspintex.com/policies/policies\\_pdf/CSR\\_Policy.pdf](http://www.lagnamspintex.com/policies/policies_pdf/CSR_Policy.pdf))

In view of the profits and turnover of the company, your Company was required to undertake CSR projects during the year 2018-19 under the provisions of section 135 of the Companies Act, 2013 and the rules made their under. As part of its initiatives under "Corporate Social Responsibility (CSR)", the Company has undertaken various activities, which are in accordance with CSR Policy of the Company and Schedule VII of the Companies Act, 2013. The Annual Report on CSR activities is annexed herewith as "Annexure III".

#### 18. STATUTORY AUDITOR & AUDIT REPORT:

M/s SSMS & Associates Chartered Accountants, Bhilwara (Firm Registration No. 019351C), Bhilwara,

retire at ensuing Annual General Meeting and showed their willingness to accept their reappointment pursuant to sec 139 of the Companies Act 2013, 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 year 2024. Further they have confirmed their eligibility to the effect that their reappointment, if made would be within the prescribed limits under the Act and that they are not disqualified. The board has approved the proposed resolution and recommended to the share holder for approval of the same in ensuing AGM.

As required under Regulation 33(d) of the SEBI (LODR) Regulation, 2015, the auditor has confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

Board is pleased to inform that there is no such observation made by the Auditors in their report which needs any explanation by the Board.

#### 19. SECRETARIAL AUDITORS:

The Board of Directors, on the recommendations of the Audit Committee, of the Company, has appointed M/s Sanjay Somani & Associates, Company Secretaries, Bhilwara, [ICSI Membership No. FCS-6958 & Certificate of Practice No. 5270], as the Secretarial Auditors of the Company for the financial year 2018-2019.

The Secretarial Audit Report in Form No. **MR-3** submitted by the said Secretarial Auditors, do not contain any adverse remarks and qualifications, hence do not call for any further explanation/s by the Company. The Secretarial Audit Report in Form No. **MR-3** submitted by the said Secretarial Auditors, for the financial year 2018-2019 forms part of the Annual Report as "Annexure IV" to the Board's report.

#### 20. INTERNAL AUDITORS:

Pursuant to Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 (as amended), the Board of Directors, on the recommendations of the Audit Committee, of the Company, has appointed M/s A. L. Chechani & Co., Chartered Accountants, Bhilwara, [ICAI Firm Registration No.- 005341C], as the Internal Auditors of the Company for the financial year 2018-2019 ended 31 March 2019.



The Internal Audit Finding/s and Report/s submitted by the said Internal Auditors, during the financial year, to the Audit Committee and Board of Directors of the Company, do not contain any adverse remarks and qualifications hence do not call for any further explanation/s by the Company.

**21. COST AUDITORS:**

As per the requirement of the Central Government and pursuant to section 148 of the Companies Act, 2013, read with Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your company hereby confirms that the provisions of this section are not applicable, hence your company needs not required to appoint cost auditor for the financial year 2018-19.

However, our Company is required to maintain the cost record as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and the company has made and maintained the cost record as prescribed.

**22. DISCLOSURE FOR FRAUD AGAINST THE COMPANY:**

In terms of provision of section 134(3)(ca) of the Companies Act, 2013, There were no instances of fraud which are reported by Auditors of the Company under section 143(12) of the Companies Act, 2013 to the Audit Committee.

**23. CODE OF CONDUCT:**

Regulation 17(5) of the SEBI (LODR) Regulations, 2015 requires listed companies to lay down a Code of Conduct for its directors and senior management, incorporating duties of directors as laid down in the Companies Act, 2013. The Company has adopted a Code of Conduct for all Directors and Senior Management of the Company and same is hosted on the website of the company at following link:

(Link-[http://www.lagnamspintex.com/policies/policies\\_pdf/Code\\_of\\_Conduct\\_for\\_Directors.pdf](http://www.lagnamspintex.com/policies/policies_pdf/Code_of_Conduct_for_Directors.pdf))

**24. CORPORATE GOVERNANCE:**

The Company being listed on the EMERGE Platform of National Stock Exchange of India Limited, therefore pursuant to Regulation 15(2)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Part C of Schedule V relating

to compliance of Corporate Governance shall not applicable to the Company. Further, The Company need not require complying with requirements as specified in Part E of Schedule II pursuant to Regulation 27(1) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and submitting Compliance Report on Corporate Governance on quarterly basis pursuant to Regulation 27(2) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Hence no Corporate Governance Report is required to be disclosed with Annual Report. It is pertinent to mention that the Company follows majority of the provisions of the corporate governance voluntarily as a part of Good Corporate Governance.

**25. INDUSTRIAL RELATIONS:**

During the year under review your Company enjoyed cordial relationship with workers and employees at all levels.

**26. CHANGE IN THE NATURE OF BUSINESS:**

During the year under review there is no change in the nature of the business and commercial activities of the company.

**27. DEPOSITS:**

During the financial year 2018-2019 ended 31 March 2019 under review, the Company has neither invited nor accepted any public deposits within the meaning of Section 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (as amended).

As such, no specific details prescribed in Rule 8(1) of the Companies (Accounts) Rules, 2014 (as amended) are required to be given or provided.

**28. VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors have formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177 (9) of the Companies Act, 2013 and the regulation 22 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, The Company has adopted a Whistle-Blower Policy for Directors and employees to report genuine concerns and to provide for adequate safeguards against victimization of persons who may use such





mechanism. The details of the Vigil Mechanism Policy has posted on the website of the Company at following link:

(Link:[http://www.lagnamspintex.com/policies/policies\\_pdf/WHISTLE\\_BLOWER\\_POLICY\\_VIGIL\\_MECHANISM\\_OF\\_THE\\_COMPANY.pdf](http://www.lagnamspintex.com/policies/policies_pdf/WHISTLE_BLOWER_POLICY_VIGIL_MECHANISM_OF_THE_COMPANY.pdf))

**29. PREVENTION OF INSIDER TRADING:**

In view of the SEBI (Prohibition of Insider Trading) Regulation, 2015 the Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The details of the Insider Trading Policy has posted on the website of the Company at following link:

(Link: [http://www.lagnamspintex.com/policies/policies\\_pdf/Insider\\_trading\\_POLICY.pdf](http://www.lagnamspintex.com/policies/policies_pdf/Insider_trading_POLICY.pdf))

The Code requires Trading Plan, pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. However, there were no such instances in the Company during the year 2018-19.

**30. RISK MANAGEMENT:**

A well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process is in place. The objective of the mechanism is to minimize the impact of risks identified and taking advance actions to mitigate it. The mechanism works on the principles of probability of occurrence and impact, if triggered. A detailed exercise is being carried out to identify, evaluate, monitor and manage both business and non-business risks.

The Board of Directors of the Company and the Audit Committee shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network. Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and Audit Committee.

The Company has not made Risk Management Committee, but the Board of Directors and Audit

Committee is looking after the Risk Management of the Company.

**31. MEETINGS OF THE MEMBERS:**

During the year under review Annual General Meeting of the Company was held on 08.06.2018 and no any other meeting of the members held during the year.

**32. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under section 134(3)(C) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) In the preparation of the annual accounts for the financial year ended 31st March, 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) The directors had 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 as at March 31, 2019 and of the profit and loss of the company for that period;
- (iii) The directors had taken proper and sufficient care 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;
- (iv) The directors had prepared the annual accounts on a going concern basis; and
- (v) The Directors had laid down Internal Financial Controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (vi) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**33. MANAGEMENT DISCUSSION AND ANALYSIS REPORTS:**

As per Regulation 34 (e) read with schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the management Discussion and Analysis Report of the



Company for the year ended is set out in this Annual Report as "Annexure V."

**34. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:**

During the financial year 2018-2019 ended 31 March 2019 under review, the Company has neither granted loan/s (secured or unsecured), provided guarantees or securities in connection with any loan/s availed by others nor made any investments pursuant to the provisions of Section 186 the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended). As such, no specific details are required to be given or provided.

**35. INTERNAL CONTROL SYSTEMS:**

The Company's internal control systems are adequate and commensurate with the nature and size of the Company and it ensures:

- Timely and accurate financial reporting in accordance with applicable accounting standards.
- Optimum utilization, efficient monitoring, timely maintenance and safety of its assets.
- Compliance with applicable laws, regulations and management policies.

**36. INTERNAL FINANCIAL CONTROL FOR FINANCIAL STATEMENTS**

The Company has adequate system of internal controls commensuration with the size of its operation and business, to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, and to ensure that all the business transactions are authorized, recorded and reported correctly and adequately.

The Company has appointed Internal Auditors and the scope and authority of the Internal Audit (IA) function is defined in the procedure and appointment letter. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board. Based on the report of internal audit and process the company undertakes corrective action in their respective areas and thereby strengthens the controls. Significant audit observations and corrective actions thereon, if any, are presented to the Audit Committee of the Board.

The Company works in a dynamic business environment and adopts the appropriate internal financial controls, to establish reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with the generally accepted accounting principles. It includes inducting and maintaining such business policies and procedures as may be required to successfully conduct the business of the company and maintain such records as to correctly record the business transaction, assets and liabilities of the company in such a way that they help in prevention & detection of frauds & errors and timely completion of the financial statements.

**37. HUMAN RESOURCES:**

The Company treats its "Human Resources" as one of its most important assets.

Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. The Company thrust is on the promotion of talent internally through job rotation and job enlargement.

**38. RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN EMPLOYEE'S REMUNERATION AND PARTICULARS OF EMPLOYEES:**

Pursuant to provision of section 197 of Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of employees given in the "Annexure VI".

During the year, none of the employees received remuneration in excess of Rs. One Crore Two Lakhs or more per annum, or Rs. Eight Lakhs Fifty Thousand per month for the part of the year, in accordance with the provisions of Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Therefore, there is no information to disclose in terms of the provisions of the Companies Act, 2013.

**39. RELATED PARTY TRANSACTIONS:**

All related party transactions that were entered during the financial year, were on the arm's length basis and were in the ordinary course of business and do not attract the provisions of section 188 of the Companies Act, 2013. Thus, disclosure in form





AOC-2 is not required.

All Related Party Transactions were placed before the Audit Committee for approval. A policy on the related party Transactions was framed & approved by the Board and posted on the Company's website at below link:

(Link: [http://www.lagnamspintex.com/policies/policies\\_pdf/POLICY\\_ON\\_RPT.pdf](http://www.lagnamspintex.com/policies/policies_pdf/POLICY_ON_RPT.pdf))

However, you may refer to Related Party transactions, as per the Accounting Standards, in the Notes forming part of financial statements.

#### **40. INVESTORS EDUCATION AND PROTECTION FUND**

During the financial year 2018-2019 ended 31 March 2019 under review, there were no amount/s which is required to be transferred to the Investor Education and Protection Fund by the Company. As such, no specific details are required to be given or provided.

#### **41. DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:**

To prevent sexual harassment of women at work place, The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9th December 2013. The Company has zero tolerance for sexual harassment at workplace in line with provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules there under for prevention and redressal of complaints of sexual harassment at workplace.

During the year under review, no complaints were received by the Company relating to sexual harassment at workplace. The Management of the Company endeavors to provide safe environment for the female employees of the Company.

#### **42. REGISTRAR AND SHARE TRANSFER AGENT:**

The Company has appointed Bigshare Services Private Limited as its Registrar and Share Transfer Agent. The Corporate Office of Bigshare Services Pvt. Ltd. situated at "1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai-400059, Maharashtra.

#### **43. DEMATERIALISATION OF SECURITIES:**

The Company's Equity Shares are admitted in the

system of Dematerialization by both the Depositories namely NSDL and CDSL. As on 31 March 2019, all 17669000 equity shares dematerialised through depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited, which represents whole 100% of the total issued, subscribed and paid-up capital of the Company as on that date. The ISIN allotted to your Company is INE548Z01017.

#### **44. COMPLIANCES OF SECRETARIAL STANDARDS:**

The Board of Directors confirms that the Company, has duly complied and is in compliance, with the applicable Secretarial Standard/s, namely Secretarial Standard-1 ('SS-1') on Meetings of the Board of Directors and Secretarial Standard -2 ('SS-2') on General Meetings, during the financial year 2018-2019 ended 31 March 2019.

#### **45. ACKNOWLEDGEMENT:**

The Board of Directors acknowledges with gratitude for the co-operation and assistance received from National Stock Exchange of India Limited (NSE), Securities Exchange Board of India (SEBI), Merchant Banker, Lead Manager, Underwriter and Market Maker, Auditors, Advisors & Consultants, other Intermediary service provider/s for successful accomplishment of the Company's maiden IPO. The Board of Directors also take this opportunity to extend its sincere thanks for co-operation and assistance received by the Company from the Central - State - Local Government and other regulatory authorities, Bankers, Members, Customers, Suppliers.

The Directors also record their appreciation of the dedication of all the employees at all levels for their support and commitment to ensure that the Company continues to grow.

For and on Behalf of the Board of Directors

**D.P. MANGAL**

CHAIRMAN  
[DIN: 01205208]

Place : Bhilwara  
Date : 15.04.2019

## ANNEXURE I

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

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

**As on financial year ended on 31.03.2019**

### I. REGISTRATION AND OTHER DETAILS

i) CIN	L17119RJ2010PLC032089
ii) Registration Date	11.06.2010
iii) Name of the Company	<b>LAGNAM SPINTEX LIMITED</b>
iv) Category of the Company	COMPANY LIMITED BY SHARES
v) Sub-Category of the Company	INDIAN NON GOVERNMENT COMPANY
vi) Address of the Registered office and Contact details	A-51-53, RIICO Growth Centre, Hamirgarh Bhilwara - 311001 (Raj) Contact No. : 99290-91010 W: www.lagnamspintex.com E: anand@lagnam.com
vii) Whether listed company	Yes (Listed on NSE- EMERGE)
viii) Name, Address and Contract detail of the Registrar and Transfer Agent, if any	<b>BIGSHARE SERVICES PRIVATE LIMITED</b> 1st Floor, Bharat Tin Works Buildings Opposite Vasant Oasis, Makawana Road Marol, Andheri (East), Mumbai - 400059 (MH) Board No. : 022 62638200 Fax No : 022 62638299 Email Id : investor@bigshareonline.com Website : www.bigshareonline.com
ix) PAN	AABCL8061A

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% of total turnover of the company
1	SPINNING OF COTTON YARN	13114	100%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATES COMPANIES

Sl. No.	Name and Address of the Company	CIN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
-----NIL-----					





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

**i) Category-wise Share Holding**

Category of the Shareholders	No. of Share held at the beginning of the year [As on 1-April-2018]				No. of Share held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	6664000	-	6664000	57.109	6664000	-	6664000	37.716	-19.393
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	4994000	4994000	42.797	4994000	-	4994000	28.264	-14.533
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) *</b>	<b>6664000</b>	<b>4994000</b>	<b>11658000</b>	<b>99.906</b>	<b>11658000</b>	-	<b>11658000</b>	<b>65.98</b>	<b>-33.926</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
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 - Alternate Investment Funds	-	-	-	-	327000	-	327000	1.850	1.850
Sub-total (B)(1):-	-	-	-	-	327000	-	327000	1.850	1.850
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	5500	-	5500	0.047	986500	-	986500	5.583	5.536
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	5500	-	5500	0.047	2072434	-	2072434	11.729	11.682
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	2390834	-	2390834	13.531	13.531
c) Others (specify)									
Non-Resident Indians	-	-	-	-	111000	-	111000	0.628	0.628
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	123232	-	123232	0.697	0.697
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	11000	-	11000	0.094	5684000	-	5684000	32.169	32.075
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>11000</b>	<b>-</b>	<b>11000</b>	<b>0.094</b>	<b>6011000</b>	<b>-</b>	<b>6011000</b>	<b>34.020</b>	<b>33.926</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>6675000</b>	<b>4994000</b>	<b>11669000</b>	<b>100</b>	<b>17669000</b>	<b>-</b>	<b>17669000</b>	<b>100</b>	<b>-</b>

The Company has allotted 60,00,000 Equity Shares of Face Value of Rs. 10/- each at an issue price of Rs.41/- per share under Initial Public Offer on 14th September, 2018.



**B) Shareholding of Promoters**

SI No.	Shareholder's	Shareholding at the beginning of the year (01.04.2018)			Shareholding at the end of the year (31.03.2019)			% 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	DWARKA PRASAD MANGAL	2946250	25.249	-	2946250	16.674	-	-8.575
2	ANAND MANGAL	1125750	9.647	-	1125750	6.371	-	-3.276
3	LAGNAM INFOTECH SOLUTIONS (P) LTD	4994000	42.797	-	4994000	28.264	27.896	-14.533
4	SHUBH MANGAL	1233000	10.566	-	1233000	6.978	-	-3.588
5	DWARKA PRASAD MANGAL (HUF)	170000	1.457	-	170000	0.962	-	-0.495
6	KAVITA MANGAL	209000	1.791	-	209000	1.182	-	-0.609
7	VEENA MANGAL	980000	8.398	-	980000	5.547	5.094	-2.851
<b>TOTAL</b>		<b>11658000</b>	<b>99.906</b>		<b>11658000</b>	<b>65.98</b>	<b>32.99</b>	<b>-33.926</b>

\*Change in % of Shareholding of Promoter Group is due to increase in total paid up equity capital as the Company has allotted 60,00,000 Equity Shares of Face Value of Rs. 10/- each at an issue price of Rs. 41/- per share under Initial Public Offer on 14th September, 2018.

**\* DETAIL OF PROMOTER SHARE HOLDING:-**

**1). Shareholding of Promoter-**

SI	Shareholder's Name	Shareholding at the beginning of the year (01.04.2018)			Shareholding at the end of the year (31.03.2019)			% change in share holding during the year
		No. of Share	% of total Shares of the company	%of Shares Pledged / encumbered to total share	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total share	
1	Dwarka Prasad Mangal	2946250	25.249	-	2946250	16.674	-	-8.575
2	Anand Mangal	1125750	9.647	-	1125750	6.371	-	-3.276
3	Lagnam Infotech Solutions (P) Ltd	4994000	42.797	-	4994000	28.264	27.896	-14.533
<b>Total</b>		<b>9066000</b>	<b>77.693</b>		<b>9066000</b>	<b>51.309</b>	<b>27.896</b>	<b>-26.384</b>





**2. Shareholding of Promoter Group-**

SI	Shareholder's Name	Shareholding at the beginning of the year (01.04.2018)			Shareholding at the end of the year (31.03.2019)			% change in share holding during the year
		No. of Share	% of total Shares of the company	%of Shares Pledged / encumbered to total share	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total share	
1	Shubh Mangal	1233000	10.566	-	1233000	6.978	-	-3.588
2	Dwarka Prasad Mangal (HUF)	170000	1.457	-	170000	0.962	-	-0.495
3	Kavita Mangal	209000	1.791	-	209000	1.182	-	-0.609
4	Veena Mangal	980000	8.398	-	980000	5.547	5.094	-2.851
	<b>Total</b>	<b>2592000</b>	<b>22.212</b>	<b>0</b>	<b>2592000</b>	<b>14.669</b>	<b>5.094</b>	<b>-7.543</b>

**C). Change in Promoters' Shareholding:**

SI No.	Name of Promoter	Shareholding at the beginning of the year		Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)		Cumulative Shareholding during the year		Shareholding at the end of the year	
		No. of Shares	% of total shares	Date	Addition/ deduction*	No. of share	% of total Share	No. of share	% of total Share
1	Dwarka Prasad Mangal	2946250	25.25	-	-	-	-	2946250	16.674
2	Anand Mangal	1125750	9.65	-	-	-	-	1125750	6.371
3	Lagnam Infotech Solutions (P) Ltd	4994000	42.80	-	-	-	-	4994000	28.264
4	Shubh Mangal	1233000	10.57	-	-	-	-	1233000	6.978
5	Dwarka Prasad Mangal (HUF)	170000	1.46	-	-	-	-	170000	0.962
6	Kavita Mangal	209000	1.79	-	-	-	-	209000	1.182
7	Veena Mangal	980000	8.40	-	-	-	-	980000	5.547

\*During the year there are no change in the Promoter Group shareholding. Deductions in the percentage are due to increase in total paid share capital of the Company.



**D) Shareholding Pattern of top ten Shareholders:  
(Other than Directors, Promoters, promoter group and Holders of GDRs and ADRs):**

SI No.	Name of Top Ten Shareholders	Shareholding at the beginning of the year		Increase/ Decrease in Top Ten Shareholding during the year specifying the reasons for increase / decrease		Cumulative Shareholding during the year		Shareholding at the end of the year	
		No. of Share	% of total share	Date	Addition/ deduction	No. of share	% of total Share	No. of share	% of total Share
1	Suman Bora	-	-	21.09.2018 28.09.2018 29.09.2018 05.10.2018	15000 - Acquired 12000 - Acquired 3000 - Acquired 450000 - Acquired	15000 27000 30000 480000	0.085 0.153 0.169 2.716	480000	2.716
2	EW Clover Scheme	-	-	14.09.2018	327000 - Allotment	327000	1.850	327000	1.850
3	Maverick Share Brokers Private Limited	-	-	14.09.2018 25.01.2019 01.02.2019 08.02.2019	300000 - Allotment (6000) -Disposed off (6000) - Disposed off (6000) - Disposed off	300000 294000 288000 282000	1.697 1.663 1.629 1.596	282000	1.596
4	Rashmi Jain	-	-	05.10.2018 12.10.2018	201000 - Acquired 48000 - Acquired	201000 249000	1.137 1.409	249000	1.409
5	Umesh Kumar Jain	-	-	05.10.2018 12.10.2018	198000 - Acquired 51000 - Acquired	198000 249000	1.120 1.409	249000	1.409
6	Professional Arbitrage Concepts Private Limited	-	-	21.09.2018 12.10.2018 19.10.2018 22.03.2019 29.03.2019	99000 - Acquired 54000 - Acquired 18000 - Acquired 3000 - Acquired 18000 - Acquired	99000 153000 171000 174000 192000	0.560 0.865 0.967 0.984 1.086	192000	1.086
7	Kishore Kumar Mehta	-	-	28.09.2018 05.10.2018 12.10.2018 26.10.2018	91633 - Acquired 17308 - Acquired 24000 - Acquired 38059 - Acquired	91633 108941 132941 171000	0.518 0.616 0.752 0.968	171000	0.968
8	Kotyark Distributors Private Limited	-	-	14.09.2018	132000 - Allotment	132000	0.747	132000	0.747
9	Anaya	-	-	28.09.2018 05.10.2018 28.12.2018	27000 - Acquired 42000 - Acquired 51000 - Acquired	27000 69000 120000	0.152 0.390 0.679	120000	0.679
10	Ranjeet Singh Sibia	-	-	26.10.2018 09.11.2018 16.11.2018	45000 - Acquired 54000 - Acquired 9000 - Acquired	45000 99000 108000	0.254 0.560 0.611	108000	0.611
	Total	-	-					2310000	13.07

\*The dates of change in shareholding and number of shares have been taken as per information made available by the share transfer agent based on the benpos.





**E) Shareholding of Directors and Key Managerial Personnel:**

SI No.	Name of Director/KMP	Shareholding at the beginning of the year		Increase/ Decrease in Director / KMP Shareholding during the year specifying the reasons for increase / decrease		Cumulative Shareholding during the year		Shareholding at the end of the year	
		No. of Share	% of total share	Date	Addition/ deduction	No. of share	% of total Share	No. of share	% of total Share
1	Mr. Dwarka Prasad Mangal (Chairman & Whole Time Director)	2946250	25.25	-	-	-	-	2946250	16.674
2	Mr. Anand Mangal (Managing Director)	1125750	9.65	-	-	-	-	1125750	6.371
3	Mr. Vijay Singh Bapna (Non-Executive Director)	-	-	-	-	-	-	-	-
4	Mr. Jagdish Chandra Laddha (Independent Director)	-	-	-	-	-	-	-	-
5	Mr. Anil Shah (Independent Director)	-	-	-	-	-	-	-	-
6	Ms. Dipali Mathur (Independent Director)	-	-	-	-	-	-	-	-
7	Mr. Devi Lal Mundra (Chief Financial Officer)	-	-	-	-	-	-	-	-
8	Mr. Rajeev Parashar (Company Secretary)	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>4072000</b>	<b>34.90</b>	<b>-</b>				<b>4072000</b>	<b>23.046</b>

\*During the year there are no change in the Directors and KMPs shareholding. Deductions in the percentage are due to increase in total paid share capital of the Company.

**V) INDEBTEDNESS -**

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

(In ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	487074396	-	-	487074396
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>487074396</b>	<b>-</b>	<b>-</b>	<b>487074396</b>



	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
* Addition	784113424	-	-	784113424
* Reduction	(53398576)	-	-	(53398576)
Net Change	730714848	-	-	730714848
Indebtedness at the end of the financial year				
i) Principal Amount	1217789244	-	-	1217789244
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>1217789244</b>	<b>-</b>	<b>-</b>	<b>1217789244</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

(In ₹)

SI. No.	Particulars of Remuneration	Name of MD/WTD/Director/Manager		Total Amount
		Mr. D. P. Mangal (Chairman & WTD)	Mr. Anand Mangal (Managing Director)	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (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	53,36,125	34,90,471	88,26,596
2	Stock Option/ Sweat Equity/ Commission etc.	-	-	-
3	Contribution to PF	-	3,45,600	3,45,600
	<b>Total (A)</b>	<b>53,36,125</b>	<b>38,36,071</b>	<b>91,72,196</b>

Ceiling as per the Act- As per Schedule V and section 197 of the Companies Act, 2013

B. Remuneration to other directors

1. Independent Directors:

SI. No.	Particulars of Remuneration	Name of Director			Total Amount
		Mr. Jagdish Chandra Laddha	Mr. Anil Shah	Ms. Dipali Mathur	
1	Fee for attending Board and Committee Meetings	1,04,000	89,500	24,000	2,17,500
2	Commission	-	-	-	-
3	Others, please specify	-	-	-	-
	<b>Total B.1</b>	<b>1,04,000</b>	<b>89,500</b>	<b>24,000</b>	<b>2,17,500</b>





## 2. Other Non-executive Directors:

Sl. No.	Particulars of Remuneration	Mr. Vijay Singh Bapna	Total Amount
1	Fee for attending Board and Committee Meetings	58,000	58,000
2	Commission	-	-
3	Others, please specify	-	-
	<b>Total B.2</b>	<b>58,000</b>	<b>58,000</b>
	<b>Total Remuneration (B.1+B.2)</b>		<b>2,75,500</b>

Ceiling as per the Act - ₹ 1 Lakh Per Meeting of Board or Committee thereof

## C. Remuneration to KMP other than MD / Manager / WTD / Director:

(In ₹)

Sl. No.	Particulars of Remuneration	Name of KMP		Total Amount
		Mr. Devi Lal Mundra [Chief Financial Officer]	Mr. Rajeev Parashar [Company Secretary]	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (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	12,21,384	3,84,540	16,05,924
2	Stock Option/ Sweat Equity/ Commission etc.	-	-	-
	<b>Total (A)</b>	<b>12,21,384</b>	<b>3,84,540</b>	<b>16,05,924</b>
	<b>Ceiling as per the Act</b>			<b>N. A.</b>

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

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Place : Bhilwara

Date : 15.04.2019

For and on Behalf of the Board of Directors

**D. P. Mangal**  
CHAIRMAN  
(DIN 01205208)

**ANNEXURE 'II'**

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

In pursuant of section 134(3)(m) of the Companies Act, 2013 read together with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 2014, the relevant information is provided herein below:-

Particulars	Current Year (2018-19)	Previous Year (2017-18)
<b>1. CONSERVATION OF ENERGY</b>		
<b>A: POWER &amp; FUEL CONSUMPTION</b>		
	The Company is continuously putting its efforts to improve energy management by way of monitoring energy related parameters on regular basis.	
<b>1. Electricity</b>		
a. Purchase Units (in Lacs)	76.80	78.50
Total Amount ( ₹ in Lacs)	585.23	587.60
Rate/Unit (Amount in ₹)	7.62	7.49
b. Own Generation		
(I) Through Diesel generator	-	-
Unit ( In Lacs)	-	-
Unit Per ltr. of diesel oil	-	-
Cost / Unit (₹)	-	-
(II) Through HFO Generator	-	-
Unit (In Lacs)	-	-
Unit Per ltr. of diesel oil	-	-
Cost / Unit (₹)	-	-
<b>B. Consumption per unit of production</b>		
Electricity Unit per Kg.	1.45	1.32
<b>1. TECHNOLOGY ABSORPTION</b>		
Expenditure incurred on R&D during the year is as Follows:	Company is regularly investing and importing newer processing machinery to upgrade the technology and give value added products.	
• Capital Expenditure (₹ in Lacs)	-	-
• Recurring Expenditure (₹ in Lacs)	0.50	1.19
<b>2. FOREIGN EXCHANGE EARNINGS AND OUTGO</b>		
The details of foreign exchange earnings and outgo during the year are as under:		
Earnings (₹ in Lacs)	1624.87	1586.18
Outgo: (₹ in Lacs)		
• Revenue A/c	69.85	1317.61
• Capital A/c	-	-

For and on Behalf of the Board of Directors

**D.P. MANGAL**

CHAIRMAN

[DIN: 01205208]

Place : Bhilwara  
Date : 15.04.2019

**ANNEXURE-III**

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

**1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken:**

The CSR activities of the Company are carried out directly and also through contribution/donation made to other organisation/institution for the activities specified under Schedule VII of the Companies Act, 2013. The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same has been placed at the website of the Company i.e. [www.lagnamspintex.com](http://www.lagnamspintex.com) under the link "Investor Desk-----' Policies---' CSR Policy". As per CSR policy the Company endeavours to make CSR a key business process for sustainable development and continuously enhance shareholders wealth; it is also committed to its other stakeholders to conduct its business in an accountable manner that creates a sustained positive impact on society. Our Company's CSR Committee believes that it is important for the organization to focus on philanthropic activities in terms of animal welfare, prevention from hunger & poverty, promotion of educational activities, empowering women, making available safe drinking water, setting up old age homes, environment protection, health care etc.

**2. Composition of the CSR Committee:**

- |                               |   |                                |
|-------------------------------|---|--------------------------------|
| 1. Mr. Jagdish Chandra Laddha | : | Independent Director- Chairman |
| 2. Mr. Vijay Singh Bapna      | : | Non-Executive Director- Member |
| 3. Mr. D. P. Mangal           | : | Whole Time Director- Member    |

**3. Average net profits of the Company for the last three financial years, under Section 198 of the Companies Act, 2013:**

<b>Financial Year</b>	<b>Profit ( ₹ in Lacs)</b>
2017-2018	572.84
2016-2017	569.09
2015-2016	311.61
Total	1453.54
Average Profit of above said Profit	484.51
2% of Average Profit	<b>9.69</b>

**4. Prescribed CSR Expenditure (2% of the amount as in item 3 above):**

The Company was required to spend ₹ 9.69 Lacs towards CSR during the Financial Year 2018-19 and the Company is carrying the unspent amount of ₹ 5.82 Lacs for the previous financial year (Out of ₹ 5.82 Lacs, ₹ 1.01 Lacs has been spent till the date of signing of previous year's board report). Thus, the Company was required to spend total amount of ₹ 15.51 Lacs up to 31st March, 2019. Your company has spent ₹ 15.53 Lacs towards the CSR activities till 31st March, 2019.

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

- |   |   |              |
|---|---|--------------|
| (1) Total amount spent during the financial year                                  | : | ₹ 15.51 Lacs |
| (2) Unspent Amount, if any  | : | NIL          |
| (3) Manner in which the amount spent during the financial year is detailed below: |   |              |





Sr. No.	CSR project or activity identified	Sector in which project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects / programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Contribution to Gram Panchayat	Rural Development	Local Area- Hamirgarh, Bhilwara (Raj.)	0.21	0.21	Through Implementing Agency
2	Contribution to Mahaveer International	Women Empowerment	Jaipur (Rajasthan)	0.51	0.72	Through Implementing Agency
3	Contribution to G. H. Raisoni Educational & Medical Foundation	Promoting Education	Pune (Maharashtra)	13.80	14.52	Through Implementing Agency
4	Contribution to Ramanand Gaushala	Animal Welfare	Ladnu, Nagaur (Raj.)	1.01	15.53	Through Implementing Agency
	TOTAL			15.53		

6. The Company has spent ₹ 15.53 Lacs against obligation of ₹ 15.51 Lacs during the year 2018-19. Hence, there is No shortfall in spending of CSR expenditure.
7. We hereby confirm that implementation and monitoring is fully in accordance with the CSR Policy of the Company. The amount spent under CSR activities was fully complied with CSR objective and Policy of the Company. The said contribution does not violate any provision of the Companies Act, 2013 and Rules made there under.

For and on Behalf of the Board of Directors

Place : Bhilwara  
Date : 15.04.2019

**D.P. MANGAL**  
CHAIRMAN  
[DIN: 01205208]

**ANNEXURE-IV**

**FORM MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**

**[PURSUANT TO SECTION 204(1) OF THE COMPANIES ACT, 2013 AND RULE 9 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014]**

To,  
The Members,  
**Lagnam Spintex Limited**  
A 51-53, RIICO Growth Centre Hamirgarh,  
Bhilwara (Raj.)- 311001.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practice by Lagnam Spintex 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 our 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 and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, and we hereby report that in our opinion, the Company has, during the audit period for the Financial Year ended on 31st March, 2019 (1st April, 2018 to 31st March, 2019) complied with the statutory provisions, listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Lagnam Spintex Limited ("the Company") for the financial year ended on 31st March, 2019, 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. However, the provisions related to Overseas Direct Investment and External Commercial Borrowings was not applicable;
- (v) (i) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
  - (a) The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011;
  - (b) The SEBI (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (d) The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (ii) Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company under the financial year under report:-
  - (a) The SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (b) The SEBI (Issue and Listing of Debt Securities) Regulations, 2008;
  - (c) The SEBI (Delisting of Equity



Shares) Regulations, 2009; and

- (d) The SEBI (Buyback of Securities) Regulations, 1998

We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major head/groups of Acts, Laws and Regulations as applicable to the Company is given below:

1. The Minimum Wages Act, 1948, and rules made there under;
2. The Employees' State Insurance Act, 1948, and rules made there under;
3. The Employees' Provident Fund and Misc. Provisions Act, 1952, and rules made there under;
4. The Payment of Bonus Act, 1965, and rules made there under;
5. The Payment of Gratuity Act, 1972, and rules made there under;
6. The Factories Act, 1948 and allied State Laws;
7. The Payment of wages Act, 1936;
8. The Air (Prevention and Control of Pollution) Act, 1981;
9. The Environment (Protection) Act, 1986;
10. Equal Remuneration Act, 1976;
11. Legal Metrology Act, 2009;
12. The Water (Prevention and Control of Pollution) Act, 1974;
13. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company is having business of manufacturing of cotton yarn therefore, as such no specific law relating to its manufacturing and business activities are applicable to the Company.

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India under the provisions of Companies Act, 2013; and
- (ii) The SEBI (LODR) Regulations, 2015 as applicable on Small Company listed with the

SME platform w.e.f. 18th September, 2018.

During the financial year under report, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that**

The Board of directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors 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 notices were given to all directors and the committee members to schedule the Board and Committee Meetings and agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

Based on the records and process explained to us for compliances under the provisions of other specific acts applicable to the Company, we further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that the compliance by the Company for the applicable taxation Laws like Direct Taxes, Indirect Taxes and the compliance of the Accounting Standards, disclosure of the financial results under Regulation 33 of the SEBI (LODR) Regulations, 2015 and the annual financial statements along with notes attached therewith has not been reviewed by us, since the same have been subject to the statutory financial auditor or by other designated professionals.

We further report that during the audit period of the Company has certain specific events which have bearing on company's affairs which are as follows: -

- 1) The company had filed prospectus with the Registrar of Companies, Jaipur, on 18th





August, 2018 and the public issue was open from 4th September, 2018 to 7th September, 2018 for 60,00,000 equity shares of Rs 10 each at a premium of Rs. 31/- per share. The company made allotment of such shares on 14th September, 2018 and got the status of Listed company w.e.f 18th September, 2018 by listing of its shares at the EMERGE Platform of National Stock Exchange of India Limited and complied with the SEBI (ICDR) Regulations, 2009 as applicable on issuance of securities for listing on SME Platform.

- 2) Post completion of IPO, the Company had entered into listing agreement with National Stock Exchange of India Limited as per the requirement of SEBI (LODR) Regulations, 2015.
- 3) The changes in the issued, subscribed and paid-up share capital, reserves and surplus, accounting of IPO proceeds and utilisation thereof, due to IPO, shall reflect in the financial statements pertaining to the financial year 2018-2019 ended 31 March 2019.
- 4) The Authorized Share Capital of the Company is Rs. 22,50,00,000 (Rupees Twenty-Two Crore Fifty Lakh) divided into 2,25,00,000 (Two Crore Twenty-Five Lakh) Equity Shares of Rs.10/- each.

The Issued, subscribed and Paid up Share Capital of the Company is Rs. 17,66,90,000 (Rupees Seventeen Crore Sixty-Six Lakh Ninety Thousand) divided into 1,76,69,000 (One Crore

Seventy-Six Lakh Sixty-Nine Thousand) Equity Shares of Rs.10/- each.

(Increased from Rs. 11,66,90000 divided in to 1,16,69,000 Equity Shares of Rs. 10/- each.)

- 5) The ICRA Limited in their recent review for total bank facilities of Rs. 151.59 Crores availed by the Company, vide their letter number 2018-19/AHM/368 dated 19 November 2018, has revised the Credit Rating of the Company. The details of new Credit Rating assigned to the Company vis-à-vis existing Credit Rating are given below: -

	Existing Credit Rating (Total bank facilities of Rs. 57.59 Crores)	Revised Credit Rating (Total bank facilities of Rs. 151.59 Crores)
Long-Term Rating	<b>ICRA BBB-/ Stable</b>	<b>ICRA BBB-/ Stable</b>
Short-Term Rating	<b>ICRA A3</b>	<b>ICRA A3</b>

The aforesaid ratings will be due for surveillance anytime by ICRA Ltd. before Aug 31, 2019.

**For Sanjay Somani & Associates**

Place: Bhilwara  
Date: 15.04.2019

**Sanjay Somani**  
**Proprietor**  
**M. No.: FCS6958**  
**COP No.: 5270**

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



**ANNEXURE - A TO THE SECRETARIAL AUDIT REPORT**

To,  
The Members,  
**Lagnam Spintex Limited**  
A 51-53, RIICO Growth Centre Hamirgarh,  
Bhilwara (Raj.)- 311001.

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of treatment of various tax liabilities and payment thereof, compliance of the applicable accounting standards, financial records and Books of Accounts of the company as the same is subject to the statutory audit

- being performed by the independent auditors.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
  5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, guidelines, standards etc., are 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.
  7. We do not take any responsibility for any person if taking any commercial, financial or investment decision based on our secretarial audit report as aforesaid and they need to take independent advice or decision as per their own satisfaction.

**For Sanjay Somani & Associates**

Place: Bhilwara  
Date: 15.04.2019

**Sanjay Somani**  
**Proprietor**  
**M. No.: FCS6958**  
**COP No.: 5270**

**ANNEXURE-V**

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**INDUSTRY STRUCTURE & DEVELOPMENTS**

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's exports with approximately 13% of total exports. The textiles industry is also labour intensive and is one of the largest employers. Textile industry has two broad segments. First, the unorganized sector consisting of handloom, handicrafts and sericulture and the second is the organized sector consisting of the spinning, weaving, knitting, apparel and garments segment.

The textile and apparel industry can be broadly divided into two segments - yarn and fibre, and processed fabrics and apparel. India accounts for 14% of the world's production of textile fibres and yarns (largest producer of jute, second largest producer of silk and cotton, and third largest in cellulosic fibre). India has the highest loom capacity (including hand looms) with 63% of the world's market share.

- Textile industry plays a very crucial role in the Indian economy
  - It continues to be the second largest employer in the economy, employing over 45 Million people.
  - It contributes 4% to the country's GDP and 21% to the industrial production.
  - Textile exports jumped by 9 per cent to Rs 108.53 billion for November 2018 from Rs 99.87 billion for the same month last year. Apparel exports also followed suit and jumped by 21 per cent to Rs 81.12 billion in November 2018 from Rs 67.20 billion in the same month last year.
  - The size of India's textile market as of July 2017 was around US \$ 150 billion, which is expected to touch US \$ 250 billion market by 2019, growing at a CAGR of 13.58 per cent between 2009-19.
  - In the current year (April to September 2018), export of cotton textiles have grown raise by 26.8 per cent in 2018-19 (April

to September 2018). During this period, exports of cotton textiles (raw cotton, yarn, fabrics, and made-ups) touched USD 6235 million as compared to USD 4917 million in 2017-18.

(Source: The Economic Times, Business Line, The Business Today, The Business Standard, KPMG research report.)

**Cotton Prices**

Cotton is the basic raw material for the textile industries. Its prices are influenced by both domestic and international factors. Rising cotton prices following the pink bollworm infestation in the cotton crops, higher Minimum Support Price (MSP) and unfavourable exchange rate fluctuation are the key concern to the industry.

India is one of the largest producers as well as exporters of cotton yarn. The textile industry is also expected to reach US \$ 223 billion by the year 2021. (Source: IIFL Research report, The Economic Times, Ind-Ra research report)

**Key Strength of the Industry**

- Strong and flexible production base of wide range (count) of yarns
- Low cost and skilled manpower results in competitive advantage
- Vertical and horizontal integrated textile value chain from raw material to finished goods
- Globally competitive spinning industry with diverse design base
- Cost effective manufacturing facilities with lowest cotton yarn spinning cost
- Growing economy with high potential domestic and international market

**Opportunities and Threats**

The textile industry as well as Company will be driven by increasing urbanisation and higher awareness of fashion trends. The future of the industry looks promising backed by consumerism, increasing population, affordability and rising disposable income.





The threats for the industry and the Company comprises of competition from emerging countries, especially China. Pricing pressures on finished goods, inflation, foreign exchange fluctuation, volatility in input cost, cotton crop, interest rates and power cost among others, comprise the key threats.



**GOVERNMENT INITIATIVES**

Government policies have a significant impact on the Textile industry. The National Textiles Policy aims to ensure that the industry is internationally competitive in terms of manufacturing practices and exports. The government launched textile packages such as the Technology Upgradation Fund Scheme (TUFS) - introduced in 1999 - to improve productivity and make the industry cost-competitive. Similarly, the EXIM Policy contains export promotion measures such as the Duty Entitlement Pass Book Scheme (DEPB) and duty drawback schemes.

Government has made huge investments in initiatives like Schemes for Integrated Textile Parks (SITP) and Technology Upgradation Fund Scheme (TUFS) to encourage more private equity and to train workforce. Under Union Budget 2018-19, government has invested around ₹ 7,148 Crores (US\$ 1.1 Billion) for the textile industry and ₹ 30 Crores (US\$ 4.63 Million) for the Scheme for Integrated Textile Parks.

Besides, the Union Budget 2018-19 also announced to increase MSP prices of Kharif crops to 1.5 times the cost of production. However, any significant

impact of the rise in cotton MSP on the textile industry is not expected as current cotton prices are at the same level.

**SEGMENT REVIEW AND ANALYSIS**

The Company is engaged into production of cotton yarns. Yarn is the end product of spinning. It is the primary component for any Cotton woven or knitted fabric. Cotton yarn is used to make different type of fabrics. In some cases, the cotton yarn is blended with some other yarn in different ratios to provide different effects like shining or to lend more elasticity to the yarn. It is the yarn count and the twisting mode of the yarn that actually determines the overall strength and look of the manufactured fabric.

As the Company is manufacturing only the one product i.e. Cotton Yarn, Therefore, segment/product-wise details are not applicable.

**OUTLOOK**

On the global front, China is reporting positive activity and demand is picking up in the US and the European Union. The global textile mills market is forecast to reach US\$ 842.6 Billion in value in 2020, an increase of 26.20% since 2015. The compound annual growth rate of the market in the period 2015-20 is predicted to be 4.80%.

The future of textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. High economic growth has resulted in higher disposable income. This has led to rise in demand for products creating a huge domestic market. The Indian textile industry is set for immense growth, buoyed by both huge domestic consumption as well as export demand. The industry is expected to reach US\$ 226 Billion by 2022-23.

The Company has undertaken massive expansion project for manufacturing of Ring spun Carded and combed yarn with installed capacity of 25,536 spindles. The expanded capacity shall be partially operational in the financial year 2019-20 and therefore Company expects better results in the coming years.

**COMPANY REVIEW**

The manufacturing facility of The Company (LSL) is situated at A 51-53, RIICO Growth Centre, Hamirgarh of Bhilwara District in Rajasthan State and spreads over 48,263 square meters. The Company has at present an installed capacity of 1,920 rotors for cotton



yarn having capacity to produce 16.5 tonnes per day of high-quality yarn. We have continuously expanded and modernized our facilities in line with the industry trend. The plant is equipped with modern and automatic plant and machinery. The level of advancement determines the productivity of machines and labour, which in turn, determines the production, operating cost and profitability of The Company. Our technical team in spinning is well equipped with modern spinning technology and processing techniques by virtue of which we are able to ensure quality yarn.

The expansion of 25536 ring spindles at a total cost of ₹ 12540 Lakhs to produce 100% cotton yarn is under implementation as per schedule.

Lagnam Spintex is presently exporting cotton yarns to countries like Portugal, Italy, Germany, Belgium, South Africa, Slovenia, Columbia, China, Pakistan, Bangladesh and others. The products are widely used in apparel and garment industry, industrial fabrics, towels, Denims etc.

**OPERATIONAL PERFORMANCE**

- The Company has recorded total revenue from operations during the Financial year 2018-19 of ₹ 8031.68 Lacs against the total revenue of ₹ 8390.61 Lacs in the previous financial year 2017-18.
- The Total expenses of the Company during the financial year 2018-19 is ₹ 7435.93 Lacs against the expenses of ₹ 7881.63 Lacs in the previous financial year 2017-18.
- The Profit after tax is ₹ 477.55 Lacs for the financial year 2018-19 as compare to ₹ 470.88 Lacs in the previous financial year 2017-18.

**ENVIRONMENT AND SAFETY**

The need for environmentally clean and safe operations is company’s key priority. The Company policy requires the conduct of all operations in such a manner so as to ensure the safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

**RISK AND AREAS OF CONCERN**

Indian spinning industry apart from profitability pressure, high cotton prices will translate into higher working capital requirements and hence borrowings,

and will translate into weaker credit metrics.

As far as Indian Spinning Industries is concerned, the domestic cotton shortage, subsequent to weak production and higher export, has resulted in a steep increase in domestic prices, to a level higher than abroad. This has adversely impacted the competitiveness of spinners in the export market. Given the warmish rise in domestic consumption and weak prospects of textile export, yarn demand is unlikely to get any support. Thus, spinners will need to sacrifice profitability to maintain capacity utilization. Some of the key risks identified include:



The Company believes that an effective, consistent and sustainable risk management framework is essential part of the work culture. Risk management must be fully integrated into the organisation’s governance policies. A well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process is in place. The objective of the mechanism is to minimize the impact of risks identified and taking advance actions to mitigate it. The mechanism works on the principles of probability of occurrence and impact, if triggered. A detailed exercise is being carried out to identify, evaluate, monitor and manage both business and non-business risks.



**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has implemented proper system for safeguarding the operations/ business of the Company, through which the assets are verified and frauds, errors are reduced and accounts, information connected to it are maintained such, so as to timely completion of the statements. The Company has adequate systems of Internal Controls commensurate with its size and operations to ensure orderly and efficient conduct of business. These controls ensure safeguarding of assets, reduction and detection of fraud and error, adequacy and completeness of the accounting records and timely preparation of reliable financial information.

The Audit Committee of Board of Directors reviews the efficiency and effectiveness of internal control systems and suggests the solution to improve and strengthen. The Internal control system were tested during the year and no material weakness in design or operation were observed.

The requirement of having internal auditor compulsory by statute in case of listed and other classes of companies as prescribed shall further strengthen the internal control measures of Company.

**HUMAN RESOURCES AND INDUSTRIAL RELATION**

The Company had cordial and harmonious industrial relations at all levels of organizations. The company believes that the industry has the tremendous

potential to impact the society, nation and the world positively. Its employees are major stakeholders and their efforts have direct stake in the business prospectus of the organization. The employees have extended a very productive cooperation in the efforts of the management to carry the company to greater heights. The Company considers employees as their biggest competitive advantages. The Company takes initiative like training and development for its people to increase the performance. The Company has taken various steps to improve and enhance skill of its people. The industrial relations remained cordial in our plant. The Company has continued to give special attention to human resources and overall development.

**CAUTIONARY STATEMENT**

Certain statement made in this report describing Company's Objective, Projects, estimates and expectations may be forward looking statement within the applicable laws and Regulations. Actual results may differ from such expectations and forward-looking statement due to various risk and uncertainties. Several factors affecting company's operation like economic condition affecting demand and supply, Government regulations and Tax Laws, Competitions prevailing at the relevant time, natural calamities etc. The Company assumes no responsibility to publicly amend, modify or revise any of these statements on the basis of any subsequent developments, information or events.



**ANNEXURE-VI**

**PARTICULARS OF EMPLOYEES**

**[AS PER SECTION 197(12) READ WITH THE RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014]**

**A. Ratio and remuneration of Directors & KMPs**

S.N.	Name	Designation	Remuneration For the year 2018-19 (₹)	Remuneration For the year 2017-18 (₹)	% Increase in Remuneration	Ratio Between Director or KMP and Median Employee
1	Mr. D. P. Mangal	Chairman & WTD	53,36,125	45,69,962	16.77	32.17:1
2	Mr. Anand Mangal	Managing Director	38,36,071	34,90,071	9.91	23.13:1
3	Mr. Vijay Singh Bapna	Non-executive Director	58,000	N.A.	N.A.	N.A.
4	Mr. Jagdish Chandra Laddha	Independent Director	1,04,000	N.A.	N.A.	N.A.
5	Mr. Anil Shah	Independent Director	89,500	N.A.	N.A.	N.A.
6	Ms. Dipali Mathur	Independent Director	24,000	N.A.	N.A.	N.A.
7	Mr. Devi Lal Mundra	Chief Financial Officer	12,21,384	1,78,854*	13.82	7.36:1
8	Mr. Rajeev Parashar	Company Secretary	3,84,540	54,000*	18.68	2.32:1

\*Mr. Devi Mundra (CFO) and Mr. Rajeev Parashar (CS) appointed w.e.f. 03.02.2018

**B. Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year**

As stated above in item no. (A).

**C. Percentage increase in the median remuneration of employees in the financial year**

The remuneration of Median employee was ₹ 1,65,876 during the year 2018-19 as compared to ₹ 1,17,312 in the previous year as the on-roll employees was 56 in the financial year 2017-2018. The increase in the remuneration of Median Employee was 9 % during financial year under review. During the year the Company has employed 235 new employees accordingly salary of the median employee has been increased as compared to the previous year.

**D. Number of permanent employees on the rolls of company**

As on 31st March, 2019 the total number of employees on the roll was 291.



- E. Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

Based on Remuneration Policy of the Company, salary of the employees was increased around 12% on an average and managerial remuneration was increased 13.34%, this is based on Remuneration Policy of the Company that rewards people based on their contribution to the success of the company and also ensures that external market competitiveness and internal relativities are taken care of.

- F. Affirmation that the remuneration is as per the Remuneration Policy of the Company:**

The Company affirms that remuneration is as per the remuneration policy of the Company

For and on Behalf of the Board of Directors

**D.P. MANGAL**

CHAIRMAN

[DIN: 01205208]

Place : Bhilwara  
Date : 15.04.2019

## INDEPENDENT AUDITOR'S REPORT

To,  
The Members,  
Lagnam Spintex Limited,

### Opinion

We have audited the accompanying standalone financial statements of **LAGNAM SPINTEX LIMITED ("the Company")**, which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss and Statement of Cash Flows for the year then ended, and notes to the 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 standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and the profit and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Responsibility of Management for Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates



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

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.

**Emphasis of Matters**

The Company has provided depreciation on Plant and Machinery considering the same as 'Continuous Process Plant' based on technical expert's advice. This being a technical matter, no opinion is expressed thereon. Refer note no.11 to the accompanying financial statements. Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-I a statement on the matters specified in paragraphs 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 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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-II on this matter.
  - 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:
 

According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid or provided for the managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the companies Act, 2013.
  - 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 standalone financial statements - Refer Note 34 to the standalone financial statements;
    - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For SSMS & Associates  
Chartered Accountants  
Firm Reg. No.19351C**

Place: Bhilwara  
Date: 15.04.2019

**(Satish Somani)  
Partner  
M.No. 076241**



**ANNEXURE I TO AUDITOR'S REPORT**

The Annexure referred to in our report of even date to the members of Lagnam Spintex Limited on the accounts of the company for the year ended 31st March, 2019. We report that:

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) These fixed assets have been physically verified by the management at reasonable intervals, no any material discrepancies were noticed on such verification;
- (c) The title deeds of immovable properties are held in the name of the company.
- (ii) Physical verification of inventory has been conducted at reasonable intervals by the management; no any material discrepancies were noticed on physical verification;
- (iii) The company has not granted any loan, secured or unsecured to companies, firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013.
- (iv) The company has not entered any transaction in respect of loan, investments, guarantee and security covered under section 185 and 186 of the Companies act, 2013.
- (v) The company has not accepted deposits under provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- (vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (vii) (a) The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, GST, Cess and any other statutory dues with the appropriate authorities.
- (b) According to the records of company, no dues of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, GST, cess and any other statutory dues with the appropriate authorities, which has not been deposited on account of dispute.
- (viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of loan and borrowing to financial Institutions, banks, Government, or dues to debenture holders.
- (ix) The Company has raised money by way of Initial Public Offering (IPO) and term loans during the year for its expansion project of 25636 spindles Ring Spinning Project. In our opinion, and according to the information given to us, the money raised by way of IPO and term loans have been applied for the purposes for which it was raised. The project is going on as per schedule. There is also unutilized IPO money as at the year end and the same has been kept in the current account with the scheduled commercial banks.
- (x) In our opinion and according to the information and explanations given to us, there is no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.
- (xii) The provision specified in Nidhi Rule 2014 is not applicable on Company.
- (xiii) Company has complied the provision of sections 177 and 188 of Companies Act 2013 on all transactions with the related parties where



applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) The company has not entered into any non-cash transactions with directors or persons connected with him under the provisions of section 192 of Companies Act, 2013.

- (xvi) The Company has not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For SSMS & Associates  
Chartered Accountants  
Firm Reg. No.19351C**

Place: Bhilwara  
Date: 15.04.2019

**(Satish Somani)  
Partner  
M.No. 076241**

## ANNEXURE II TO AUDITOR'S REPORT

### 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 Lagnam Spintex Limited, Bhilwara ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone 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 criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such

controls operated effectively in all material respects.

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

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

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

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

- 1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and the 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, 2019, based on the 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 SSMS & Associates  
Chartered Accountants  
Firm Reg. No.19351C**

Place: Bhilwara

**(Satish Somani)**

Date: 15.04.2019

**Partner**

**M.No. 076241**



**BALANCE SHEET AS AT 31ST MARCH, 2019**

Particulars	Note No.	As at March 31, 2019 (₹ in Lacs)	As at March 31, 2018 (₹ in Lacs)
<b>1. EQUITY &amp; LIABILITIES</b>			
<b>(i) Shareholders' Funds</b>			
(a) Share Capital	2	1766.90	1166.90
(b) Reserves and Surplus	3	3555.05	1477.50
		<u>5321.95</u>	<u>2644.40</u>
<b>(2) Non-current Liabilities</b>			
(a) Long-term borrowings	4	9682.46	2741.15
(b) Deferred tax liabilities (Net)	5	625.25	459.28
(c) Long-term provisions	6	34.27	27.09
		<u>10341.98</u>	<u>3227.52</u>
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	7	2069.55	1741.97
(b) Trade payables	8	401.59	233.64
(c) Other current liabilities	9	744.26	517.19
(d) Short-term provisions	10	10.86	6.39
		<u>3226.26</u>	<u>2499.18</u>
<b>TOTAL</b>		<b><u>18890.19</u></b>	<b><u>8371.10</u></b>
<b>II. ASSETS</b>			
<b>(1) Non - current assets</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		4944.84	5188.90
(ii) Intangible Assets		13.98	21.20
(iii) Capital work-in-progress		8274.54	79.99
		<u>13233.37</u>	<u>5290.09</u>
(b) Non-current Investments	12	37.20	25.70
(c) Long Term Loans & Advances	13	127.30	-
(c) Other non-current assets	14	151.79	53.12
		<u>316.29</u>	<u>78.82</u>
<b>(2) Current Assets</b>			
(a) Current Investments	15	5.00	-
(b) Inventories	16	1296.18	1330.42
(c) Trade Receivables	17	1928.27	874.55
(d) Cash & Bank balances	18	672.71	8.99
(e) Short-term loans and advances	19	714.41	647.54
(f) Other current assets	20	723.97	140.70
		<u>5340.54</u>	<u>3002.19</u>
<b>TOTAL</b>		<b><u>18890.19</u></b>	<b><u>8371.10</u></b>

See accompanying notes 1 to 39 forming part of financial statements

As per our report of even date

**For SSMS & Associates**

Chartered Accountants

Firm Reg. No. 019351C

**Satish Somani**

(Partner)

Membership No.076241

Place : Bhilwara

Date : 15.04.2019

For and on behalf of the Board

**D. P. Mangal**

(Chairman)

(DIN 01205208)

**Anand Mangal**

(Managing Director)

(DIN 03113542)

**Rajeev Parashar**

(Company Secretary)

**D. L. Mundra**

(Chief Financial Officer)

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2019**

Particulars	Note No.	Year ended 31.03.2019 (₹ in Lacs)	Year ended 31.03.2018 (₹ in Lacs)
<b>I. Revenue from operations</b>	21	<b>8031.68</b>	8390.61
<b>II. Other Income</b>	22	<b>47.77</b>	63.86
<b>III. Total Revenue (I+II)</b>		<b>8079.45</b>	8454.47
<b>IV. Expenses:</b>			
Cost of material consumed	23	<b>5582.67</b>	6161.59
Change in inventories of finished goods, work-in-progress and stock- in- trade	24	<b>(57.72)</b>	(214.59)
Employee benefits expense	25	<b>133.49</b>	151.53
Finance costs	26	<b>254.71</b>	284.52
Depreciation and amortization expense	27	<b>261.79</b>	261.25
Other expenses	28	<b>1260.99</b>	1237.33
<b>Total Expenses</b>		<b>7435.93</b>	7881.63
<b>V. Profit before tax (III-IV)</b>		<b>643.52</b>	572.84
<b>VI. Tax expense:</b>			
(1) Current Tax		<b>133.41</b>	117.28
(2) Mat Credit Entitlement		<b>(133.41)</b>	(117.28)
(3) Deferred Tax		<b>165.96</b>	101.97
<b>VII. Profit (Loss) for the period (V-VI)</b>		<b>477.55</b>	470.88
<b>VIII. Earnings per equity share: Annualized: (Basic &amp; Diluted)</b>		<b>3.20</b>	4.17

See accompanying notes 1 to 39 forming part of financial statements

As per our report of even date

**For SSMS & Associates**

Chartered Accountants

Firm Reg. No. 019351C

**Satish Somani**

(Partner)

Membership No.076241

Place : Bhilwara

Date : 15.04.2019

For and on behalf of the Board

**D. P. Mangal**

(Chairman)

(DIN 01205208)

**Rajeev Parashar**

(Company Secretary)

**Anand Mangal**

(Managing Director)

(DIN 03113542)

**D. L. Mundra**

(Chief Financial Officer)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019**

Particulars	Year Ended 31.03.2019 (₹ in Lacs)	Year Ended 31.03.2018 (₹ in Lacs)
<b>A) Cash Flow from operating activities</b>		
Net profit before tax	643.52	572.84
<b>Adjustments for :</b>		
Depreciation and amortisation	261.79	261.25
Interest Income	(29.42)	(26.09)
Interest Expenses	228.94	255.94
(Profit) / Loss on sale of fixed assets	-	1.37
Provision for employees Benefit	11.65	9.77
Exchange Fluctuation	(8.42)	(15.79)
Miscellaneous expenses written off	4.77	4.18
<b>Operating Profit before working capital changes</b>	<b>1112.84</b>	<b>1063.47</b>
<b>Adjustments for :</b>		
Increase/(Decrease) in Inventories	37.24	(581.91)
Increase/(Decrease) in Trade receivables	(1053.72)	24.79
Increase/(Decrease) in Other Assets (Current and Non Current)	(686.72)	(102.08)
Increase/(Decrease) in loans and advance (Short and Long Term)	(61.10)	(9.93)
Increase/(Decrease) in Trade payables	167.95	156.32
Increase/(Decrease) in Other Liability (Current and Non current)	180.64	20.22
<b>Cash generated from operation</b>	<b>(305.87)</b>	<b>570.89</b>
Less: Direct taxes paid	124.88	100.13
<b>Net cash from operating activities</b>	<b>(430.75)</b>	<b>470.76</b>
<b>B) Cash flow from investing activities</b>		
Acquisition of fixed assets	(8205.07)	(688.69)
Sale of fixed assests	-	6.00
Net Purchases and Sale of Investments	(16.50)	7.50
Interest Income	29.42	26.09
<b>Net cash used in investing activities</b>	<b>(8192.16)</b>	<b>-649.09</b>



Particulars	Year Ended 31.03.2019 (₹ in Lacs)	Year Ended 31.03.2018 (₹ in Lacs)
<b>C) Cash flow from financing activities</b>		
Proceeds form shares	600.00	46.00
Proceeds form premium (Net of IPO Expenses)	1600.00	55.20
Repayment of long term borrowings	(530.00)	(448.80)
Proceeds from long term borrowings	7509.56	-
Increase / Decrease in Short term borrowings	327.59	772.65
Exchange Fluctuation	8.42	15.79
Interest cost	(228.94)	-255.94
<b>Net cash from financing activities</b>	<b>9286.63</b>	<b>184.90</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>663.72</b>	<b>6.56</b>
Opening cash and cash equivalents	8.99	2.42
Closing cash and cash equivalents	672.71	8.99

As per our report of even date

**For SSMS & Associates**

*Chartered Accountants*

Firm Reg. No. 019351C

**Satish Somani**

(Partner)

Membership No.076241

Place : Bhilwara

Date : 15.04.2019

For and on behalf of the Board

**D. P. Mangal**

(Chairman)

(DIN 01205208)

**Anand Mangal**

(Managing Director)

(DIN 03113542)

**Rajeev Parashar**

(Company Secretary)

**D. L. Mundra**

(Chief Financial Officer)





## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

### A. Accounting Conventions

The financial statements are prepared on historical cost convention and on the accounting principles of going concern, in accordance with Generally Accepted Accounting Principles ('GAAP'), comprising of the mandatory Accounting Standards, Guidance Notes, etc. issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 2013, on accrual basis, as adopted consistently by the company.

### B. Use of Estimate

In preparation of the financial statement in conformity with Generally Accepted Accounting Principle in India, management is required to make estimate & assumptions that affect the reported amount of assets & liability and the disclosure of contingent liabilities as at the financial reporting date. The amount of revenue & expenditure during the reported period and that of actual result could be different from those estimates. Any revision to such estimate is recognized in the period in which the same is determined.

### C. Revenue Recognition

- a. Sales revenue is recognized when property in the goods with all significant risk and rewards as well as the effective control of goods usually associated with ownership are transferred to the buyer.
- b. Promotional benefits, export incentives and export growth incentives are accounted for on accrual basis when virtual certainty and their probable use within reasonable time in the normal course of business, is established.
- c. Claims and refunds due from government authorities and parties, though receivable / refundable are not recognized in the accounts, if the amount thereof is not ascertainable. These are accounted for as and when ascertained or admitted by the concerned authorities / parties in favour of the company.
- d. Claims lodged with insurance companies are recognized as Income on acceptance by the Insurance company. the excess / shortfall of claims passed are adjusted in the year of receipt.

### D. Government Grant

Government grant/subsidies are recognized on the reasonable assurance of receipt of subsidy and completion of all conditions attached. If the grant/subsidies are related to subvention a particular expenses than in that case, it deducted from those expenses in the year of recognition government grant/subsidies.

### E. Inventory Valuation

- (a) Inventories are valued at cost and net realizable value whichever is lower.
- (b) Cost is determined on FIFO/Weighted average method.
- (c) Cost of raw materials is net of GST Inputs / cenvat claims, wherever applicable.
- (d) The cost of inventories comprises all cost of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition.

### F. Fixed Assets

- a. Fixed assets are stated at their original cost of acquisition including freight, incidental expenses and other non refundable taxes or levies related to acquisition and installation of the concerned assets, interest on borrowed funds attributable to acquisition/construction of fixed assets and related pre-operative expenses up to the date of commencement of commercial production are



also capitalized wherever appropriate. GST Input / Cenvat Claim has been deducted from the cost of respective assets.

- b. Expenditure incurred on acquisition of intangibles are accounted for as intangible assets on completion, being identifiable non-monetary assets without physical substance, at the acquisition cost, in accordance with AS-26 on intangible assets.

**G. Investments**

Long term investments are carried at cost less provision for diminution other than temporary, if any, in value of such investments.

**H. Pre-operative Expenses**

Trial run costs and other pre-operative expenses incurred during construction / implementation period, including interest on borrowings (Net of subsidy) to finance qualifying assets as per AS-16, are capitalized upto the date of commissioning of the respective asset.

**I. Depreciation & Amortisation**

- a. Depreciation has been provided as per straight line method at the rates and in the manner prescribed under schedule II of the companies Act, 2013.
- b. Depreciation on plant & Machinery is charged considering the same 'Continuous Process Plant' based on technical expert's advice.
- c. Residual value of the assets are determined at the rate of 5% of original cost.
- d. Acquired intangible assets are amortised over their estimated useful life as determined by the management at following rates on straight-line basis.

Computer Software - 6 Year.

**J. Impairment of Fixed Assets**

Impairment of assets is being measured on factors giving rise to any indication of impairment, by comparing the recoverable amount, higher of value in use and net selling price of an asset, with carrying amount of an asset as per the Accounting Standard 28 "Impairment of Assets" issued by ICAI.

**K. Foreign Exchange Transaction /Translation**

- a. Foreign currency transactions arising during the year are recorded at the exchange rates prevailing on the dates of transactions.
- b. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.
- c. All foreign exchange assets/Liabilities on the closing day are converted at closing exchange rate.
- d. Exchange loss on outstanding derivatives transaction are computed on mark to market basis on the closing date and accounted for as expenses of period. However gain is not recognized as income of the period, following conservative approach.

**L. Taxes on Income**

- a. **Current Tax** : Provision for taxation is ascertained after considering MAT credit entitlement, exemptions and deductions available in accordance with the provision of Income Tax Act, 1961. MAT Credit entitlement is shown as loan and advances till its adjustment against current tax liability.
- b. **Deferred Tax** : Deferred tax is recognized, as the tax effect of timing difference between the taxable income and accounting income computed for the current accounting years' timing differences, subject to the consideration of prudence.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable



certainty, except arising from unabsorbed depreciation and carry forward losses which are recognized to the extent that there is deferred tax liabilities or there is virtual certainty, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**M. Share Issue Expenditure**

- a. Expenses incurred on increase in share capital are amortized over a period of five years.

**N. Provisions, Contingent Liability & Contingent Assets**

- a. Provisions involving substantial degree of estimation in measurement, are recognized when the present obligation of or past events gives rise to a probable outflow embodying economic benefits on settlement and the amount of obligation can be reliably estimated.
- b. Contingent liabilities are disclosed after a careful evaluation of facts and legal aspects of the matter involved.
- c. Contingent assets are neither recognized nor disclosed in financial statements.
- d. Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**O. Earning per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders, among the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**P. Cash and Cash Equivalents**

Cash and Cash equivalents for the purpose of cash flow statement comprise cash at bank, Cash in hand, cheques in hand and other permissible instruments as per AS 3.

**Q. Employee Benefit Expenses**

- a) **Defined Contribution Plan:** The company makes defined contribution to provided fund which are accounted on accrual basis.
- b) **Defined Benefit Plan:** The company's Liability on account of Gratuity of employee is determine at the end of each financial year on the basis of actuarial valuation certificate obtained from Registered Actuary in accordance with the measurement procedure as per revised accounting standard (AS) - 15 "Employee Benefit". The liability is funded on year to year basis by contribution to respective fund. The cost of providing benefit under this plan also determine on the basis of actuarial valuation at each year end. Actuarial gain and loss for defined benefit plan are recognized in full in the period in which they occur in statement of profit & loss.

**R. Pre IPO Expenses**

Pre IPO Expenses comprise of expenses related to public issue of Equity Shares of the Company. The same are amortized against Security Premium during current year on allotment of the securities under the said public issue.

**S. Segment Reporting**

The dominant source of income of the company is from the manufacturing of Yarn of various quality which do not materially differ in respect of risk perception and the return realized/to be realized. Even the geographical environment in which the company operates does not materially differ considering the political and economic environment, the type of customers, assets employed and the risk and return associated in respect of each of the geographical area. So, the disclosure requirements pursuant to AS-17 -Segment Reporting issued by the ICAI are not applicable to the company.

**Notes annexed to and forming part of the accounts****NOTE 2 : SHARE CAPITAL**

Particulars	<b>As at 31.03.2019 (₹ in Lacs)</b>	As at 31.03.2018 (₹ in Lacs)
<b>AUTHORISED :</b>		
2,25,00,000 Equity Shares of ₹ 10/- each (Previous Year 2,25,00,000 Equity Share)	<b>2250.00</b>	2250.00
	<b>2250.00</b>	2250.00
<b>ISSUED</b>		
1,76,69,000 Equity Shares of ₹ 10/- each (Previous Year 1,16,69,000 Equity Share of ₹ 10/- each)	<b>1766.90</b>	1166.90
<b>SUBSCRIBED &amp; FULLY PAID UP</b>		
1,76,69,000 Equity Shares of ₹ 10/- each (Previous year : 1,16,69,000 Equity Shares of ₹ 10/- each)	<b>1766.90</b>	1166.90
	<b>1766.90</b>	1166.90

**1. Term/Right attached to the Equity share**

The company has only one class of Equity Share having a par value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

**2. Details of Shares held by Shareholders holding more than 5 % shares of the company**

Name of Share Holder	As on 31.03.2019		As on 31.03.2018	
	Number of Shares	%	Number of Shares	%
Shri D P Mangal	2946250	16.67%	2946250	25.25%
Shri Shubh Mangal	1233000	6.98%	1233000	10.57%
Lagnam Infotech Solutions Pvt. Ltd	4994000	28.26%	4994000	42.80%
Anand Mangal	1125750	6.37%	1125750	9.65%
Veena Mangal	980000	5.55%	980000	8.40%



**3. Reconciliation of shares nos.**

Particulars	As at 31.03.2019	As at 31.03.2018
Shares at begning	11669000	2038000
Add: Bonus share issued	-	9171000
Add: Public Issue	6000000	-
Add: Reissue of forfeited shares	-	460000
Shares at closing	17669000	11669000

**4. Public Issue**

During the year Company has publicially issued 60.0 lac equity share at the premium of ₹ 31/- Per share

**5. Bonus Share**

During F Y 2017-2018 the company has issued 91,71,000 fully paid up Equity Shares of face value ₹ 10/- each as bonus shares by capitalisation of reserves in ratio of 9:2 shares.

**NOTE 3 : RESERVES AND SURPLUS**

Particulars	As at 31.03.2019 (₹ in Lacs)	As at 31.03.2018 (₹ in Lacs)
<b>(a) Securities Premium Reserve</b>		
Balance at the beginning of the year	55.20	903.20
Add: Share Issued on Premium	1860.00	55.20
Less : Bonus share issue	-	903.20
Less : IPO Expenses	260.00	-
<b>Balance at the end of the year</b>	<b>1655.20</b>	<b>55.20</b>
<b>(b) Capital Reserves</b>		
Balance at the beginning of the year	23.00	-
Add: Share forfeited reissued	-	23.00
<b>Balance at the end of the year</b>	<b>23.00</b>	<b>23.00</b>
<b>(c) Surplus in Statement of Profit &amp; Loss</b>		
Balance at the beginning of the year	1399.30	942.32
Add : Profit during the year	477.55	470.88
Less : Bouns share issue	-	13.90
<b>Balance at the end of the year</b>	<b>1876.85</b>	<b>1399.30</b>
<b>Total Reserves &amp; Surplus</b>	<b>3555.05</b>	<b>1477.50</b>

**NOTE 4 : LONG TERM BORROWINGS**

Particulars	<b>As at 31.03.2019 (₹ in Lacs)</b>	As at 31.03.2018 (₹ in Lacs)
<b>SECURED</b>		
(a) Term Loans		
From Banks	<b>9682.46</b>	2741.15
	<b>9682.46</b>	2741.15

**Secured**

**Conditions of Term Loans are summarised below:**

**Nature of Security**

1. Security - First pari passu charge on all fixed assets (present & future) including equitable mortgage of factory land and building of the company. Second parri passu charge on all the current assets of company both present & future. The loans are further secured by personal guarantee and equitable mortgage of personal assets of D.P.Mangal and Anand Mangal. Vehicle loan are secured against respective vechile.
2. Term loans are further secured by personal guarantee & equitable mortgage of personal assets of Shubh Mangal and corporate guarntee of M/s Lagnam Infotech Soluations Private Limited.

**Terms of Repayment of Secured Borrowing**

3. Secured term loans from bank are repayable in quartely installment and having floating interest rate ranging from Base Rate/MCLR+ spread ranging from 0.85% to 2.50% as on 31.03.2019 (P.Y. 0.85% to 1.70% as on 31.03.2018) and vehclie loans are repayable in monthly installments and having fixed interest rates 9.40%. Period of maturity and installments outstanding are as under-

**Current Year**

Date of Maturity	Outstanding as on 31.03.2019			Number of Installments due after 31.03.2019
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>Term Loans</b>				
01.01.2022	546.19	405.73	140.46	11
01.01.2022	385.74	286.20	99.54	11
01.01.2024	970.88	864.92	105.96	18
01.01.2024	678.12	604.08	74.04	18
30.06.2027	3299.86	3299.07	0.79	30
30.06.2027	4213.68	4212.83	0.85	30
<b>Total</b>	<b>10094.47</b>	<b>9672.83</b>	<b>421.64</b>	



Date of Maturity	Outstanding as on 31.03.2019			Number Installments due after 31.03.2019
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>Vehicle Loans</b>				
05.03.2022	13.87	9.63	4.24	36
<b>Total</b>	<b>13.87</b>	<b>9.63</b>	<b>4.24</b>	

**Previous Year**

Date of Maturity	Outstanding as on 31.03.2018			Number Installments due after 31.03.2018
	Total Outstanding	Long Term Maturity	Current Maturity	
<b>Term Loans</b>				
01.01.2022	733.61	599.36	134.25	15
01.01.2022	518.46	418.92	99.54	15
01.01.2024	1094.58	1006.20	88.38	22
01.01.2024	764.42	702.80	61.62	22
<b>Total</b>	<b>3111.07</b>	<b>2727.28</b>	<b>383.79</b>	

**Vehicle Loan**

05.03.2022	17.70	13.87	3.84	48
<b>Total</b>	<b>17.70</b>	<b>13.87</b>	<b>3.84</b>	

**NOTE 5 : DEFERRED TAX LIABILITY**

Particulars	As at 31.03.2019 (₹ in Lacs)	As at 31.03.2018 (₹ in Lacs)
Deferred tax liability has been calculated as per Accounting Standard 22 "Accounting for Taxes on Income" of ICAI.		
Major components are as under:		
<b>(A) Deferred Tax Liability</b>		
Depreciation on fixed assets	736.12	608.00
<b>(B) Deferred Tax Assets</b>		
Unabsorbed Depreciation	102.73	140.60
43B Disallowance	8.14	8.12
<b>Net Deferred Tax Liability (A-B)</b>	<b>625.25</b>	<b>459.28</b>

Note : Deferred tax assets and deferred tax liability have been offset as they relate to the same governing taxation laws.

**NOTE 6 : LONG-TERM PROVISION**

Particulars	As at 31.03.2019 (₹ in Lacs)	As at 31.03.2018 (₹ in Lacs)
Provison for Employees benefits	34.27	27.09
	<b>34.27</b>	27.09

**NOTE 7 : SHORT-TERM BORROWINGS**

Particulars	As at 31.03.2019 (₹ in Lacs)	As at 31.03.2018 (₹ in Lacs)
<b>SECURED</b>		
Working Capital loan from banks repayable on demand	2069.55	1741.97
	<b>2069.55</b>	1741.97

**Conditions of Working Capital Loan are summarised below:**

Security - Hypothecation of stocks, book debts and other current assets of the company and second charge on fixed assets of the company on pari passu basis. Further Personal Guarantee and collateral security of equitable mortgage of land of D.P.Mangal, Anand Mangal and Shubh Mangal and corporate guarantee of M/s Lagnam Infotech Solutions Private Limited is given.

Floating Rate - Carrying floating interest rate of Base rate/ MCLR +0.45 to 2.50% as on 31.03.2019. (P.Y. 0.45 to 0.50%)

**NOTE 8 : TRADE PAYABLES**

Particulars	<b>As at 31.03.2019 (₹ in Lacs)</b>	As at 31.03.2018 (₹ in Lacs)
Trade Payable Others	<b>401.59</b>	233.64
	<b>401.59</b>	233.64

There are no Micro, small and medium enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2018. This information as required to be disclosed under the Micro-small and medium enterprises development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

**NOTE 9 : OTHER CURRENT LIABILITIES**

Particulars	<b>As at 31.03.2019 (₹ in Lacs)</b>	As at 31.03.2018 (₹ in Lacs)
(a) Current Maturities of long-term debt (Refer Note no. 4)	<b>425.88</b>	387.63
(b) Advance from customers	<b>2.64</b>	0.35
(c) Liability towards staff and worker	<b>51.13</b>	16.64
(d) Government dues	<b>17.63</b>	17.25
(e) Income Tax Payable	<b>23.22</b>	15.04
(f) Other Payables	<b>223.76</b>	80.28
	<b>744.26</b>	517.19

There is no amount of Un-paid dividend, due for payment to the Investor education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.

**NOTE 10 : SHORT TERM PROVISIONS**

Particulars	<b>As at 31.03.2019 (₹ in Lacs)</b>	As at 31.03.2018 (₹ in Lacs)
(a) Provisions for employees benefits	<b>10.86</b>	6.39
<b>TOTAL</b>	<b>10.86</b>	6.39





(₹ in Lacs)

**NOTE 11 : FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION & AMORTISATION				Net Carrying Value		
	As at 01-04-18	Additions	Deductions	As at 31-03-19	Up to 31-03-18	Deductions	For the year	Total up to 31-03-19	As at 31-03-19	As at 31-03-18
	2	3	4	5=(2+3-4)	6	7	8	9=(6-7+8)	10=(5-9)	11=(2-6)
<b>A) Tangible Assets</b>										
Land & Site development	637.78	2.05	-	639.83	-	-	-	-	639.83	637.78
Buildings (including Roads)	739.63	-	-	739.63	116.28	-	25.09	141.37	598.26	623.35
Plant and Equipments	4,492.90	8.08	-	4500.98	821.53	-	188.95	1,010.49	3490.49	3671.36
Furniture and Fixture	94.93	-	-	94.93	28.30	-	9.09	37.39	57.53	66.62
Vehicles	52.94	-	-	52.94	18.83	-	6.40	25.23	27.71	34.12
Office Equipments	21.22	0.39	-	21.61	12.28	-	2.71	14.99	6.62	8.94
Electric Fitting and Water Supply Installation	216.38	-	-	216.38	69.66	-	22.32	91.99	124.39	146.72
<b>Total (A)</b>	<b>6,255.78</b>	<b>10.52</b>	<b>-</b>	<b>6266.30</b>	<b>1,066.89</b>	<b>-</b>	<b>254.57</b>	<b>1,321.46</b>	<b>4944.84</b>	<b>5188.90</b>
<b>B) Intangible Assets (Acquired)</b>										
Computer Software	60.27	-	-	60.27	39.07	-	7.22	46.29	13.98	21.20
Non-competition Rights	-	-	-	0.00	-	-	-	-	-	-
Enabling Assets	-	-	-	0.00	-	-	-	-	-	-
<b>Total (B)</b>	<b>60.27</b>	<b>-</b>	<b>-</b>	<b>60.27</b>	<b>39.07</b>	<b>-</b>	<b>7.22</b>	<b>46.29</b>	<b>13.98</b>	<b>21.20</b>
<b>Total (A + B)</b>	<b>6316.05</b>	<b>10.52</b>	<b>-</b>	<b>6326.57</b>	<b>1105.95</b>	<b>-</b>	<b>261.79</b>	<b>1367.74</b>	<b>4,958.82</b>	<b>5210.10</b>
<b>C) Capital Work in Progress:</b>										
Building Under Construction	-	1,420.36	-	1420.36	-	-	-	-	1420.36	-
Plant & Machinery Under Erection/Commissioning	-	6241.65	-	6254.61	-	-	-	-	6241.65	-
Financial Expenses	79.99	292.27	-	292.27	-	-	-	-	292.27	-
Preoperative Expenses	-	240.27	-	320.26	-	-	-	-	320.26	79.99
<b>Total (C)</b>	<b>79.99</b>	<b>8194.56</b>	<b>-</b>	<b>8274.54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8274.54</b>	<b>79.99</b>
<b>Grand Total (A+B+C)</b>	<b>6,396.04</b>	<b>8205.07</b>	<b>-</b>	<b>14601.11</b>	<b>1,105.95</b>	<b>-</b>	<b>261.79</b>	<b>1,367.74</b>	<b>13233.37</b>	<b>5290.09</b>
<b>Previous Year</b>										

i) No provision is required for impairment of assets according to AS-28 "Impairment of Assets" as the value in use as estimated by the management, is higher than the carrying amount of the assets as on Balance Sheet date. In order to arrive at the value in use, the company has reviewed the future earnings of the remaining useful life of all its cash generating units as at the Balance Sheet date which has been discounted at the average long term lending rate of the Company.

ii) Deduction in Gross block and Depreciation, if any, is on account of sales / transfer/discard of Fixed Assets.

iii) Depreciation on plant & Machinery is charged considering the same 'Continuous Process Plant' based on technical expert's advice.

**NOTE 12 : NON CURRENT INVESTMENT (AT COST)**

Particulars	As at 31.03.2019 (₹ in Lacs)	As at 31.03.2018 (₹ in Lacs)
<b>Other Investment - Unquoted Non-Trade</b>		
(a) National Saving Certificates	0.20	0.20
(b) SBI Life Insurance Co.	35.00	25.50
(c) PNB Metlife India Insurance Co. Ltd.	2.00	-
	<b>37.20</b>	<b>25.70</b>

**NOTE 13 : LONG TERM LOAN & ADVANCES**

Particulars	As at 31.03.2019 (₹ in Lacs)	As at 31.03.2018 (₹ in Lacs)
<b>Unsecured, Considered Good</b>		
(a) Capital Advance	127.30	-
	<b>127.30</b>	<b>-</b>

**NOTE 14 : OTHER NON CURRENT ASSETS**

Particulars	As at 31.03.2019 (₹ in Lacs)	As at 31.03.2018 (₹ in Lacs)
(a) Bank deposits with more than 12 months maturity	13.80	13.80
(b) Interest receivable on bank fixed deposits	7.49	5.41
(c) Security Deposits with AVVNL, RIICO & etc.	120.52	21.61
(d) Misc. Expenses to be Written Off	9.97	12.30
	<b>151.79</b>	<b>53.12</b>

**NOTE 15 : CURRENT INVESTMENT (AT COST)**

Particulars	As at 31.03.2019 (₹ in Lacs)	As at 31.03.2018 (₹ in Lacs)
<b>Other Investment - Unsecured Non-Trade</b>		
(a) SBI Life Insurance Co.	5.00	-
	<b>5.00</b>	<b>-</b>

**NOTE 16 : INVENTORIES****(AT LOWER OF THE COST OR REALISABLE VALUE - REFER ACCOUNTING POLICY - NOTE 1)**

Particulars	As at 31.03.2019 (₹ in Lacs)	As at 31.03.2018 (₹ in Lacs)
Raw Material		
— Cotton ( In Tranist ₹ 0.00 Lac Previous Year ₹ 9.36 Lac)	<b>801.80</b>	886.97
Work in Prograss		
— Cotton	<b>127.40</b>	42.09
— Yarn	<b>23.94</b>	6.40
Finished Goods		
— Yarn	<b>234.48</b>	277.21
Stores & Spares & Packing Material	<b>100.58</b>	108.07
Others - Waste	<b>7.98</b>	9.68
	<b>1296.18</b>	1330.42

**NOTE 17 : TRADE RECEIVABLES (CURRENT)**

Particulars	As at 31.03.2019 (₹ in Lacs)	As at 31.03.2018 (₹ in Lacs)
(Unsecured considered good)		
Trade Receivable	<b>1928.27</b>	874.55
	<b>1928.27</b>	874.55

Aggregate trade receivable included due oversix month ₹ Nil (Previous year ₹ Nil)

**NOTE 18 : CASH AND CASH EQUIVALENTS**

Particulars	As at 31.03.2019 (₹ in Lacs)	As at 31.03.2018 (₹ in Lacs)
(a) Balance with bank		
(i) Current accounts	<b>672.10</b>	2.24
(b) Cash-in-hand	<b>0.60</b>	6.75
	<b>672.71</b>	8.99

**NOTE 19 : SHORT- TERM LOANS & ADVANCES**

Particulars	As at 31.03.2019 (₹ in Lacs)	As at 31.03.2018 (₹ in Lacs)
Others (Unsecured considered good)		
(a) MAT Recoverable	470.05	337.43
(b) Income Tax Refundable	30.12	29.68
(c) Prepaid Expenses	40.58	39.54
(d) Advance recoverable in cash or kind	51.54	96.54
(e) Subsidies Receivable	98.65	131.18
(f) Others	23.48	13.19
	<b>714.41</b>	<b>647.54</b>

Short term loan & advances from related party and Director/Officers of the company is ₹ Nil (Previous year ₹ Nil)

**NOTE 20 : OTHER CURRENT ASSETS**

Particulars	As at 31.03.2019 (₹ in Lacs)	As at 31.03.2018 (₹ in Lacs)
(a) Sundry Claims and Other Receivables	719.28	123.44
(b) Pre IPO Expenses	—	13.08
(b) Misc. Expenses to be Written Off	4.69	4.18
	<b>723.97</b>	<b>140.70</b>

**NOTE 21 : REVENUE FORM OPERATIONS**

Particulars	Year Ended 31.03.2019 (₹ in Lacs)	Year Ended 31.03.2018 (₹ in Lacs)
<b>(a) Sales of Products</b>		
1. Manufactured Cotton Yarn		
— Domestic	6204.46	6584.00
— Export Sales	1623.78	1586.18
2. Waste Sales	182.50	199.71
<b>(b) Other Operating Revenue</b>		
— Export Incentive	20.93	20.71
	<b>8031.68</b>	<b>8390.61</b>

**NOTE 22 : OTHER INCOME**

Particulars	Year Ended 31.03.2019 (₹ in Lacs)	Year Ended 31.03.2018 (₹ in Lacs)
(a) Interest Income	29.42	26.09
(b) Cash Discount Received	9.43	15.28
(c) Foreign exchange Gain	8.42	15.79
(d) Insurance and other claims received	0.50	6.70
	<b>47.77</b>	<b>63.86</b>

**NOTE 23 : COST OF MATERIAL CONSUMED**

Particulars	Year Ended 31.03.2019 (₹ in Lacs)	Year Ended 31.03.2018 (₹ in Lacs)
Opening Inventory	886.97	555.85
Add: Purchases	5676.33	6521.47
	<b>6563.29</b>	<b>7077.32</b>
Less: Sales, Returns and Adjustments	178.83	28.76
	<b>6384.47</b>	<b>7048.56</b>
Less: Inventory at the year end	801.80	886.97
<b>Total</b>	<b>5582.67</b>	<b>6161.59</b>
<b>Raw Material Consumption under broad heads:</b>		
<b>Natural Fibre</b>		
Cotton	5582.67	6161.59
<b>Total</b>	<b>5582.67</b>	<b>6161.59</b>



**NOTE 24 : CHANGE IN INVENTORY**

Particulars	Year Ended 31.03.2019 (₹ in Lacs)	Year Ended 31.03.2018 (₹ in Lacs)
<b>CLOSING INVENTORY</b>		
Finished Goods	234.48	277.21
Waste	7.98	9.68
Stock in Process	150.65	48.49
	<b>393.10</b>	<b>335.38</b>
<b>OPENING INVENTORY</b>		
Finished Goods	277.21	63.74
Waste	9.68	4.92
Stock in Process	48.49	52.13
	<b>335.38</b>	<b>120.79</b>
<b>(Increase)/Decrease in Inventory</b>	<b>(57.72)</b>	<b>(214.59)</b>

**NOTE 25 : EMPLOYEES BENEFITS EXPENSES**

Particulars	Year Ended 31.03.2019 (₹ in Lacs)	Year Ended 31.03.2018 (₹ in Lacs)
(a) Salaries, Wages and Bonus	112.92	132.33
(b) Contribution to Provident, Gratuity and Other Funds	18.15	16.94
(c) Workmen and Staff Welfare	2.42	2.26
	<b>133.49</b>	<b>151.53</b>

**NOTE 26 : FINANCE COST**

Particulars	Year Ended 31.03.2019 (₹ in Lacs)	Year Ended 31.03.2018 (₹ in Lacs)
(a) Interest Expenses	228.94	255.94
(b) Bank charges	25.77	28.58
	<b>254.71</b>	<b>284.52</b>

**NOTE 27 : DEPRECIATION AND AMORTISATION EXPENSES**

Particulars	Year Ended 31.03.2019 (₹ in Lacs)	Year Ended 31.03.2018 (₹ in Lacs)
Tangible Assets	254.57	251.95
Intangible Assets	7.22	9.30
<b>TOTAL</b>	<b>261.79</b>	<b>261.25</b>

Depreciation has been provided on the basis of Continuous Process Plant as per Expert Technical Advice, Refer Note no.11.

**NOTE 28 : OTHER EXPENSES**

Particulars	Year Ended 31.03.2019 (₹ in Lacs)	Year Ended 31.03.2018 (₹ in Lacs)
<b>A. Manufacturing Expenses</b>		
(a) Stores and Spare parts Consumed (Net of scrap sales ₹ 6.77 Lacs (Previous year ₹ 3.06 Lacs))	50.96	59.11
(b) Power and Fuel	584.05	586.83
(c) Packing Expenses	116.16	131.96
(d) Testing Charges	0.50	1.19
(e) Repairs to Building	0.21	1.06
(f) Repairs to Machinery	33.72	39.50
	<b>785.60</b>	<b>819.66</b>
<b>B. Administrative Expenses</b>		
(a) Rent	12.00	12.00
(b) Insurance Expenses	15.23	8.28
(c) Directors' Remuneration	91.72	80.60
(d) Directors Sitting Fees	2.76	-
(e) Directors' Travelling	13.19	12.89
(f) CSR Expenses	9.70	7.04
(g) Payment to Auditor as		
- Auditor	0.75	0.75
- IPO Audit fee & Certification	2.00	-
- Other Capacity	0.04	-
- Reimbursement of expenses	0.05	0.03
(h) Other miscellaneous expenses	50.93	53.55
	<b>198.36</b>	<b>175.14</b>



Particulars	Year Ended 31.03.2019 (₹ in Lacs)	Year Ended 31.03.2018 (₹ in Lacs)
<b>C. Selling Expenses</b>		
(a) Commission	59.27	66.25
(b) Incentives and Discounts	6.31	9.88
(c) Freight, Forwarding and Octroi	84.46	75.90
(d) Expenses on Export Sales:		
Ocean Freight	65.50	37.27
Commission	40.04	37.26
(e) Other Selling Expenses	16.67	10.40
	<b>272.26</b>	<b>236.96</b>
<b>D. Other expenses</b>		
(a) Loss on sale/discarding of Fixed Assets	-	1.37
(b) Misc. expenses written off	4.77	4.18
	<b>4.77</b>	<b>5.56</b>
	<b>1260.99</b>	<b>1237.33</b>

**29. EMPLOYEMENT BENEFIT PLANS**

The company has complied with accounting standard 15 (Revised 2005) and the required disclosures are given here under:

**A) Defined Benefits Plans** (₹ in Lacs)

Particulars	For the year ended			
	31/03/2019		31/03/2018	
	Gratuity	Earned Leave	Gratuity	Earned Leave
(i) Reconciliation of opening and closing balance of defined benefit obligation				
a) At the beginning of the year	16.95	16.53	11.73	11.98
b) Interest cost	1.32	1.29	0.86	0.88
c) Past service cost	-	-	-	-
d) Current service cost	6.71	6.53	4.99	5.09
e) Benefits paid	(0.31)	(0.08)	(1.23)	(1.97)
f) Actuarial (gain)/loss	(1.14)	(2.67)	0.59	0.54
g) Defined benefits obligation at the year end	23.53	21.60	16.95	16.53



Particulars	For the year ended			
	31/03/2019		31/03/2018	
	Gratuity	Earned Leave	Gratuity	Earned Leave
(ii) Reconciliation of opening and closing balance of fair value of plan assets				
a) At the beginning of the year	-	-	-	-
b) Expected return on plan assets	-	-	-	-
c) Actuarial (gain)/loss	-	-	-	-
d) Employer Contribution	-	-	-	-
e) Benefits paid	-	-	-	-
f) Fair value of the plan assets at the year ended	-	-	-	-
(iii) Reconciliation of fair value of Obligation and Assets				
a) Present value of obligation at year end	<b>23.53</b>	<b>21.60</b>	16.95	16.53
b) Fair value of plan assets at year end	-	-	-	-
c) Amount Recognized in balance sheet	<b>23.53</b>	<b>21.60</b>	16.95	16.53
(iv) Expenses recognized during the year:				
a) Current service cost	<b>6.71</b>	<b>6.53</b>	4.99	5.09
b) Past service cost	-	-	-	-
c) Interest cost	<b>1.32</b>	<b>1.29</b>	0.86	0.88
d) Expected return on plan assets	-	-	-	-
e) Actuarial (gain)/ loss	<b>(1.14)</b>	<b>(2.67)</b>	0.59	0.54
f) Net cost (a+b+c+d)	<b>6.89</b>	<b>5.15</b>	6.44	6.51
(v) Investment details of plan assets				
Nil	-	-	-	-

## Principal actuarial assumptions at the balance sheet date

Discount Rate	7.66% per annum	7.80% per annum
Future Salary Increase	6.00% per annum	6.00% per annum

The estimation of future salary increase considered in actuarial valuation, take account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employment market etc. The above information is certified by the Actuary.



## (B) Defined Contribution Plans

Amount recognized in expenses and also include in Note No. 25.

(₹ in Lacs)

Particulars	For the Year Ended	
	31.03.2019	31.03.2018
Employers Contribution to Provident Fund	14.45	10.62

30. In the opinion of the management, the value in realization of current assets, loans & advances in the ordinary course of business would not be less than the amount at which they are stated in the balance sheet and provision for all known liabilities have been made.

31. The company hedges its export realization through foreign exchange derivative & hedge contract in the normal course of business so as to reduce the risk of exchange fluctuations. No foreign exchange derivatives & hedge contract are taken/used for trading or speculation purpose. No unhedge forward contract are outstanding as on 31.03.2019.

32. Related party disclosure in accordance with the accounting standard 18 issued by the ICAI is given below :

i. Enterprises that directly or indirectly through one or more intermediaries, control or are controlled by or are under common control with the reporting enterprises (this includes holding companies, subsidiaries and fellow subsidiaries).

None

ii. Associate & Joint Venture - None

iii. Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprises that gives them control or significant influence over the enterprise, and relatives of any such individual.

None

iv. Key management personnel and their relatives

**Key Managerial Personnel**

- Mr. D. P. Mangal
- Mr. Anand Mangal
- Mr. V S Bapna
- Mr. J C Laddha
- Mr. Anil Shah
- Ms. Dipali Mathur

**Relatives of KMP**

- Mr. Shubh Mangal
- Mrs. Veena Mangal
- Mrs. Kavita Mangal





- v. Enterprises over which any person described in (i) or (iv) is also to exercise significant influence

Name of Company	Nature of Interest
Lagnam Infotech Solutions Private Limited	Relatives of management personal is director in company

Transaction with related parties: The following transactions were carried out with the related parties in the ordinary course of business:

For the parties referred to in item (iv) above (₹ in Lacs)

Particulars	For the Year Ended	
	31.03.2019	31.03.2018
a) Remuneration and Other Perquisites	91.72	80.60
b) Rent Paid	12.00	12.00
c) Directors Sitting Fees	2.76	-

For the parties referred to in item (iv) & (v) above (₹ in Lacs)

Particulars	For the Year Ended	
	31.03.2019	31.03.2018
Personal guarantee of the director and corporate guarantee of M/s Lagnam Infotech Solutions Private Limited against term Loan.	12150.07	4853.04

### 33. Earning Per Share

The basic and diluted earnings per share have been calculated as per AS-20 by dividing net profit for the year attributable to equity shareholder by the weighted average number of equity share as under:

(₹ in Lacs)

Particulars	For the Year Ended	
	31.03.2019	31.03.2018
Net Profit after tax	477.55	470.88
Net Profit available to equity shareholders	477.55	470.88
Average No. of Equity Share outstanding during the year (Nos.)	14923795	11290918
Basic and Dilutive earning per share (In Rupees)	3.20	4.17

**34. Contingent Liabilities not provided for in respect of : (₹ in Lacs)**

Particulars	For the Year Ended	
	31.03.2019	31.03.2018
Bank guarantees given by Company's Bankers.	<b>152.73</b>	152.73
Export Bills Discounted/Collection	<b>205.21</b>	67.83
Capital commitments remaining to be executed	<b>2659</b>	-
Excise Demand under Appeal	-	24.24

35. Previous year figures regrouped and rearranged wherever found necessary to make those comparable the same with current year.

**36. Details of Installed Capacity:**

Particulars	For the Year Ended	
	31.03.2019	31.03.2018
Rotors*	<b>1920</b>	1920

\*As Certified by the Management

**37. Details of Production, Purchases, Turnover and Stocks-**

(₹ in Lacs)

Particulars	31.03.2019		31.03.2018	
	Quantity in Kg.	Value in ₹	Quantity in Kg.	Value in ₹
Opening Stock	<b>187962</b>	<b>277.21</b>	46512	63.74
Production	<b>5323387</b>	<b>6748.97</b>	5942008	7180.15
Sales / Adjustments	<b>5359120</b>	<b>8032.76</b>	5800558	8390.61
Closing Stock	<b>152229</b>	<b>151.98</b>	187962	277.21

**38. Raw material consumed**

Particulars	Current Year		Previous Year	
	MT	(₹ in Lacs)	MT	(₹ in Lacs )
Cotton	<b>6093.77</b>	<b>5582.67</b>	6443	6161.59



39. Additional information pursuant to Part II of Schedule III of the Companies Act, 2013, to the extent applicable:

(a) **Details of Imported & Indigenous Raw Material and Store & Spare components consumed:**

	Current Year		Previous Year	
	(₹ in Lacs)	Value%	(₹ in Lacs)	Value%
(i) Raw Material				
– Imported	-	-	1273.98	20.68%
– Indigenous	<b>5583.67</b>	<b>100%</b>	4887.61	79.32%
(ii) Stores & spares				
– Imported	<b>6.86</b>	<b>13.46</b>	23.54	39.82%
– Indigenous	<b>44.10</b>	<b>86.54</b>	35.57	60.18%

(b) FOB Value of Export (₹ in Lacs)

Particulars	For the Year Ended	
	31.03.2019	31.03.2018
Cotton Yarn	<b>1590.19</b>	1564.51

(c) Value of imports in CIF value in respect of: (₹ in Lacs)

Particulars	For the Year Ended	
	31.03.2019	31.03.2018
- Spare parts	<b>6.86</b>	23.54
- Raw Material	-	1273.98



(d) Other expenditure in foreign currency:

(₹ in Lacs)

Particulars	Current Year 31.03.2019	Previous Year 31.03.2018
Traveling Expenses	-	0.94
Commission/Claims/Ocean Freight		
a) Commission	17.87	5.46
b) Ocean Freight	45.12	13.69
Sub total	62.99	19.15
Total	62.99	20.09

As per our report of even date

**For SSMS & Associates**

Chartered Accountants

Firm Reg. No. 019351C

**Satish Somani**

(Partner)

Membership No.076241

Place : Bhilwara

Date : 15.04.2019

For and on behalf of the Board

**D. P. Mangal**

(Chairman)

(DIN 01205208)

**Rajeev Parashar**

(Company Secretary)

**Anand Mangal**

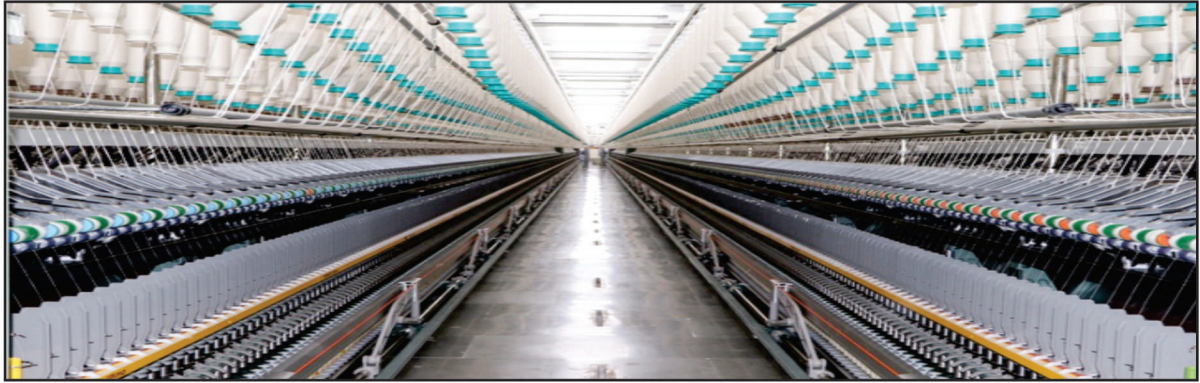
(Managing Director)

(DIN 03113542)

**D. L. Mundra**

(Chief Financial Officer)





**"Expansion project trial production started"**

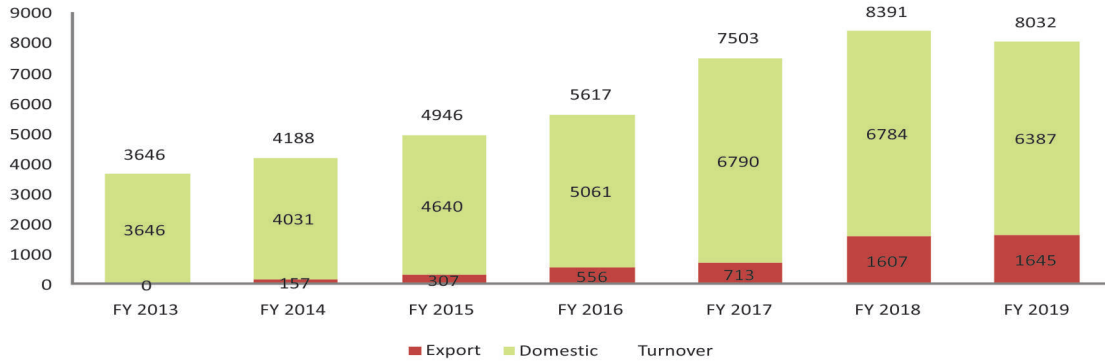




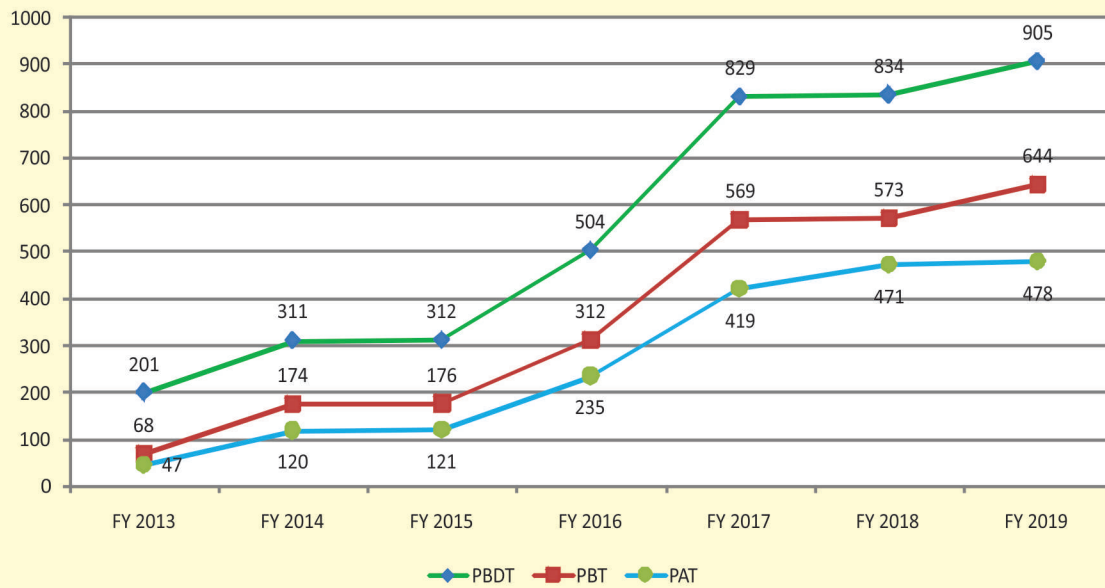
**"Expansion project trial production started"**

# PERFORMANCE

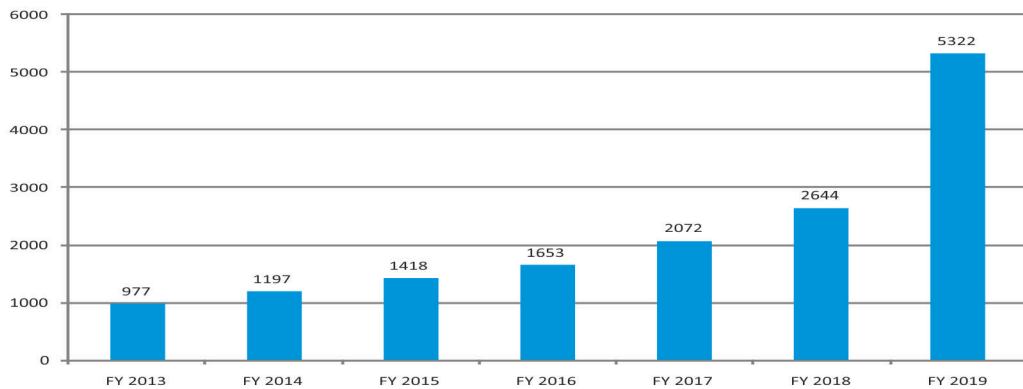
## TURNOVER



## Growth in Profitability



## Net Worth





# **LAGNAM SPINTEX LIMITED**

**(CIN: L17119RJ2010PLC032089)**

## **Registered Office**

**A 51-53, RIICO Growth Centre Hamirgarh,  
Bhilwara-311001 (Rajasthan)**