



Lagnam Spintex

ANNUAL REPORT 2019-20



LAGNAM SPINTEX LIMITED

FINANCIAL HIGHLIGHTS

S.NO.	DESCRIPTION	(₹ in Lacs)							
		2012- 2013	2013- 2014	2014- 2015	2015- 2016	2016- 2017	2017- 2018	2018- 2019	2019- 2020
1	Turnover	3646	4188	4946	5617	7503	8391	8040	17644
2	Export	-	157	307	556	713	1607	1653	6353
1	PBIDT	490	592	646	899	1169	1119	1177	1585
2	Interest	289	281	333	396	339	285	271	931
3	PBDT	201	311	312	504	829	834	905	654
4	Depreciation	132	137	136	192	260	261	262	594
5	P B T	68	174	176	312	569	573	644	60
6	TAX	21	54	55	77	150	102	166	-52
7	PAT	47	120	121	235	419	471	478	112
1	EPS (IN ₹)	2.87	6.52	5.95	11.51	3.74*	4.17**	3.20®	0.64
2	Equity	164	184	204	204	204	1167	1767	1767
1	Total Capital Employed	3780	4041	5223	6836	6656	7587	17699	21357
2	Net Worth	977	1197	1418	1653	2072	2644	5322	5434
3	Long Term Loans	2065	1950	2885	3676	3257	2741	9682	10762
4	Working Capital Loans	566	683	669	1097	969	1742	2070	4588
5	Other Liability	225	296	365	604	889	1244	1816	3390
6	Total Liability (3+4+5)	2855	2928	3919	5377	5115	5727	13568	18740
7	Fixed Assets (Net)	2676	2529	4077	5076	4870	5290	13233	15806
8	Total Current Assets	1131	1263	1449	1714	2228	3002	5482	8329
9	Total Current Liabilities	782	951	987	1553	1480	2499	3226	7361
1	Operating Profit Margin %	13.43	14.13	13.05	16.01	15.57	13.33	14.64	8.98
2	Return on Capital Employed %	9.46	11.26	9.75	10.34	13.65	11.30	5.17	4.64
3	Return on Sales%	1.29	2.86	2.45	4.18	5.59	5.61	5.94	0.64
4	Return on Net worth %	4.82	10.02	8.55	14.20	20.24	17.81	8.97	2.07
5	Debt Equity Ratio	2.11	1.63	2.03	2.22	1.57	1.04	1.82	1.98
6	TOL/TNW	2.92	2.45	2.76	3.25	2.47	2.17	2.55	3.45
7	Interest Cover Ratio	1.69	2.11	1.94	2.27	3.45	3.93	4.34	1.70
8	Fixed Assets Cover Ratio	1.30	1.30	1.41	1.38	1.50	1.93	1.37	1.47
9	Current Ratio	1.45	1.33	1.47	1.10	1.51	1.20	1.70	1.13

* Considering Issue of 91.71 lacs Bonus shares

** After reissue of 4.60 lacs forfeited 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. Shubh Mangal	: Whole Time Director
Mr. Vijay Singh Bapna	: Independent 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,
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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FROM THE DESK OF THE CHAIRMAN

Dear Stakeholders,

It gives me immense pleasure to present the 10th Annual Report of the Company. The year 2019-2020 was a year of achievements since your Company commissioned its expansion project by putting 25536 ring spindles at the project cost of ₹ 125.40 Crores ahead of the schedule with Most Automated and State of the Art Technology on 31st July 2019 against scheduled COD of 30th September 2019. This has given a big boost to the turnover of company from ₹ 8040 Lacs to ₹ 17644 Lacs and export grew from ₹ 1653 lacs to ₹ 6353 lacs, an increase of about 284%, mostly to the European countries. The company had performed well during the first quarter of the financial year 2019-2020 but due to US-China trade war during July to December 2019 and Coronavirus Pandemic (COVID-19) in the last month of the financial year, performance of the Company has been affected. US-China trade war resulted in global economic slowdown and affected badly the margins of your company, due to instability in raw material & yarn prices in international & domestic market during the financial year. Despite all the hardships, the expansion project has resulted in increase in production from 5323 MT to 11171 MT.

At the same time, the financial year 2019-2020 was a year of extreme economic challenges for the world, a situation aggravated almost beyond measure by the unprecedented US-China trade war and COVID-19 pandemic. The COVID-19 has impacted not only the human but also economy of the whole world. The nationwide lockdown ordered by the Government of India has resulted in significant reduction in business operations of the company. The manufacturing plants & offices of the company were completely shut down from 22nd March, 2020 to 25th April, 2020. Your Company has partially resumed its operation from 26th April, 2020 after strictly taking care of all the safety measures and guidelines issued by the Government and receiving approval from concerned authority. In this critical phase, well-being of employees and workers were utmost priority for the Company and for that Company had adopted work from home policy for the urgent work of the Company.

Although number of cases from pandemic has increased, due to Unlock down of COVID-19 economic activities have started which should improve the operation and performance of the company from second half of the current financial year. I am very hopeful that with the change in global trade preferences between various countries post COVID-19, India will become preferred market for our global partners which will boost the Indian economy and the year 2021-22 will have a great opportunity not only for textile industries and your company but for the whole of India as huge investment already started pouring into our country.

Your Company continued to play on its strengths and posted a good financial performance considering the unprecedented & challenging year. I would like to extend my sincere gratitude to every team member of Lagnam Family for their relentless efforts, who have responded beyond their call of duty during the nationwide lockdown. Our teams have demonstrated a strong sense of responsibility and have ensured that we continue with business as usual, despite the hardship.

Before I conclude, I am thankful to all our Stakeholders, our Bankers, our Investors, our vendors and most importantly our customers for their trust and faith and looking forward to your continued support and best wishes.

With best wishes,

Sincerely,

D. P. Mangal

Chairman

**DIRECTORS' REPORT**

Dear Members,

Your Directors have immense pleasure in presenting the 10th Annual Report together with the Audited Financial Statements of Accounts of the company for the year ended on 31st March 2020:

1. FINANCIAL RESULTS

(₹ in Lacs)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Turnover: a) Domestic	11291.32	6386.96
b) Export	6353.13	1653.14
Total	17644.45	8040.10
Profit before Interest, Depreciation & Tax	1584.52	1176.69
Less: Financial expenses (Net)	930.60	271.38
Profit before Depreciation & Tax	653.92	905.31
Less: Depreciation	593.77	261.79
Profit before Tax	60.15	643.52
Less: Provision for Current Tax (Net)	2.16	133.41
MAT Credit Entitlement	(2.16)	(133.41)
Provision for Deferred Tax	(52.15)	165.96
Tax of Earlier year	-	-
Profit after Tax	112.30	477.55
Add: Opening Balance	1876.85	1399.30
Profit available for appropriation	1989.15	1876.85

2. OPERATIONAL PERFORMANCE:

Your Directors inform the members that the financial year 2019-2020 was an exceptional year and your company faced unprecedented challenges during second & third quarter of the year due to US-China trade war and COVID -19 at the end of last quarter of the year, which has impacted the revenue and

profitability of the company very adversely.

Though the revenue has gone up significantly from ₹ 8040.10 Lakhs to ₹ 17644.45 Lakhs mainly due to expansion undertaken by your company, an increase of 119.46%, however the margins remained under pressures during the year under review. The PBDT of the Company has gone down from ₹ 905.31 Lakhs to ₹ 653.92 Lakhs and Profit before tax from ₹ 643.52 Lakhs to ₹ 60.15 Lakhs with higher provision of depreciation from ₹ 261.79 lakhs to ₹ 593.77 Lakhs. Profit after tax has also gone down from ₹ 477.55 Lakhs to ₹ 112.30 Lakhs compared to previous year. US-China trade war resulted in global economic slowdown and affected badly the margins of your company due to instability in raw material & yarn prices in international & domestic market during the financial year.

Your Directors are pleased to report that with all these exceptional tragedies to global economy your Company with consistent quality and services to our customers, the Export has gone up from ₹ 1653.14 lacs to ₹ 6353.13 lacs an increase of about 284.31% during the year.

3. IMPACT OF COVID-19 PANDEMIC:

The outbreak of COVID-19 had significant impact on the operation of the company. The nationwide lockdown ordered by the Government of India has resulted in significant reduction in business operation of the company. The manufacturing plants & offices of the company were completely shut down from 22nd March, 2020 to 25th April, 2020. The operations have partially started w.e.f. 26th April, 2020 and gradually increasing the capacity utilization levels. Manufacturing & business activities across the world and in domestic market has been affected adversely, planned dispatches held-up.

The demand from Export markets is picking up however demand from domestic markets has not yet revived due to extended lockdown and spread of COVID-19 pandemic affecting retail sale & supply chain is not complete. Due to disruption of recession activities throughout the world and lack of consumer demand in International and domestic markets, will affect demand for company's production, revenues and profitability in FY 2020-21, the exact impact of



which cannot be ascertained presently. However, it is expected that there will be no significant impact on the business operations of the Company on long term basis and there may be good demand of our products once situation across the world market normalize.

4. UPDATE ON EXPANSION PROJECT:

The Expansion Project of 25536 ring spindles at a total cost of ₹ 12540 Lakhs to produce 100% cotton yarn has successfully implemented and commercial production has started w.e.f. 31st July 2019 against commercial operation date of 30th September 2019. The expansion projects have resulted in increase in production from 5323 MT to 11171 MT and turnover from ₹ 8040 Lakhs to ₹ 17644 lakhs.

5. TRANSFER TO RESERVES:

During the year under review the company has not transferred any amount to the general reserves. However, previous year 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 previous year for the purpose of writing off public issue expenses.

6. DIVIDEND:

To conserve the resources for any future requirement & strengthen the financial position of the Company, your Directors do not recommend any dividend for the Financial Year 2019-2020

7. CAPITAL STRUCTURE:

The Capital Structure of the Company as on 31.03.2020 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 not

issued any shares. The Company has not issued any shares with differential voting rights or sweat equity or granted stock options.

8. RECOGNITION:

USTER TECHONOLOGIES AG of Switzerland has renewed its authorization to use the "USTERIZED" trademark 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 was the first to get this authorization in the world.

9. 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.

10. 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.

11. SUBSIDIARY, ASSOCIATES AND JOINT VENTURE COMPANY:

The Company does not have any subsidiary, associate or joint venture during the financial year 2019-20 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 Private Limited 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, 2020.

12. 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>)

13. 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".

14. BOARD OF DIRECTORS, THEIR MEETINGS & KMP(s):

I. Constitution of the Board

The Board of directors are comprising of total 7 (Seven) Directors, which includes 4 (Four) Independent Directors including 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. Vijay Singh Bapna
- (iii) Mr. Anil Shah
- (iv) 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 2019-20.

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. Dwarka Prasad Mangal (DIN: 01205208), Whole-Time Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

V. Changes in Directors and Key Managerial Personnel

There were some changes in the composition of Directors and Key Managerial Personnel during the Financial Year 2019-20 as under:

Mr. Vijay Singh Bapna (DIN: 02599024), Non-executive director, re-designated and appointed as Independent Director of the Company at the meeting of the members held on 09.09.2019 for a term of next consecutive five years.

Mr. Shubh Mangal (DIN: 01287935), appointed as an additional director of the Company and further appointed as Whole-Time Director of the Company at the meeting of the Board of Directors held on 21.02.2020; subject to the approval of shareholders at the ensuing meeting of the members.

Mr. Anand Mangal (DIN: 03113542), re-appointed as Managing Director of the Company at the meeting of the Board of Directors held on 21.02.2020; w.e.f. 01.04.2020 subject to the approval of shareholders at the ensuing meeting of the members.



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. Shubh Mangal (DIN: 01287935)	Whole Time Director
4.	Mr. Vijay Singh Bapna (DIN: 02599024)	Independent Director
5.	Mr. Jagdish Chandra Laddha (DIN: 00118527)	Independent Director
6.	Mr. Anil Shah (DIN: 00145396)	Independent Director
7.	Ms. Dipali Mathur (DIN: 07732611)	Independent Director
8.	Mr. Devi Lal Mundra (PAN: AKUPM7207P)	Chief Financial Officer
9.	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. 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 06 (Six) times in the Financial Year 2019-20 viz. 15th April 2019, 25th July 2019, 31st July 2019, 15th October 2019, 12th November 2019 and 21st February 2020. 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
15.04.2019	Yes	Yes	Yes	Yes	Yes	No
25.07.2019	Yes	Yes	No	Yes	No	No
31.07.2019	Yes	Yes	Yes	Yes	Yes	No
15.10.2019	Yes	Yes	Yes	Yes	No	Yes
12.11.2019	Yes	Yes	Yes	Yes	No	No
21.02.2020	Yes	Yes	Yes	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 21st February 2020 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)

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.

15. 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 has reconstituted during the year on 15.10.2019 and comprises 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. Vijay Singh Bapna*	Independent Director	Member
3	Mr. Anil Shah	Independent Director	Member
4	Mr. D. P. Mangal	Whole-time Director	Member

*Appointed during the year on 15.10.2019 as a member of the Committee

During the financial year 2019-20, the Audit Committee met 5 (Five) times on 15.04.2019, 31.07.2019, 25.10.2019, 12.11.2019 and 21.02.2020.

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	Independent Director	Member

During the financial year 2019-20, the Nomination and Remuneration Committee met 3 (Three) times on 15.04.2019, 31.07.2019 and 21.02.2020.

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 has reconstituted during the year on 31.07.2019 and comprises following Directors of the Company:

S. N.	Name of Director	Nature of Directorship	Designation in Committee
1	Mr. Anil Shah*	Independent Director	Chairman
2	Mr. Vijay Singh Bapna	Independent Director	Member
3	Mr. Anand Mangal	Managing Director	Member

*Appointed during the year on 31.07.2019 as Chairman of the Committee.

During the financial year 2019-20, the Stakeholders' Relationship Committee met on 21.02.2020.



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	Independent Director	Member

During the financial year 2019-20, the Corporate Social Responsibility Committee met on 15.04.2019.

16. 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)

In view of the profits and turnover of the company, your Company was required to undertake CSR projects during the year 2019-20 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".

17. STATUTORY AUDITOR & AUDIT REPORT:

M/s SSMS & Associates Chartered Accountants, Bhilwara (Firm Registration No. 019351C), were appointed as Statutory Auditors at the 9th Annual General Meeting held on 9th September, 2019 for five years till the conclusion of the Annual General Meeting to be held in the calendar year 2024. Accordingly, they have conducted Statutory Audit for the F.Y. 2019-20 and shall continue to be Statutory Auditors for the F.Y. 2020-21.

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.

18. 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 2019-2020.

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 2019-2020 forms part of the Annual Report as "Annexure IV" to the Board's report.

19. 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 2019-2020 ended 31 March, 2020.

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.

20. 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 on the Company during the year, hence your company needs not required to appoint cost auditor for the financial year 2019-20.

However, during the year 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.

21. 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.

22. 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)

23. 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.

24. INDUSTRIAL RELATIONS:

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

25. 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.

26. DEPOSITS:

During the financial year 2019-2020 ended 31 March, 2020 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.

27. 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 have 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)

28. 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)

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 2019-20.

29. 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.

30. MEETINGS OF THE MEMBERS:

During the year under review Annual General Meeting of the Company was held on 09.09.2019 and no any other meeting of the members held during the year.

31. 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, 2020, 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, 2020 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.

32. 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."

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

During the financial year 2019-2020 ended 31 March 2020 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.

34. 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.

35. 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.

36. 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.

37. 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 ₹ One Crore Two Lakhs or more per annum, or ₹ 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.

38. 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)



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

39. INVESTORS EDUCATION AND PROTECTION FUND

During the financial year 2019-2020 ended 31 March, 2020 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.

40. 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.

41. 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.

42. 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 2020, all 17669000 equity shares dematerialized 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 date. The ISIN allotted to your Company is INE548Z01017.

43. 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 2019-2020 ended 31 March, 2020.

44. ACKNOWLEDGEMENT:

The Board of Directors wish to express their grateful appreciation for assistance and co-operation received from various Departments of Central & State Governments and Banks during the year under review. Your Directors also wish to place on record their appreciation for the committed services of all the associates and vendors of the Company.

For and on Behalf of the Board of Directors

Place : Bhilwara

Date : 19.06.2020

D.P. MANGAL

CHAIRMAN
[DIN: 01205208]

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 31.03.2020

I. REGISTRATION AND OTHER DETAILS

i) CIN	L17119RJ2010PLC032089
ii) Registration Date	11.06.2010
iii) Name of the Company	LAGNAM SPINTEX LIMITED
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	BIGSHARE SERVICES PRIVATE LIMITED 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 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 31-March-2019]				No. of Share held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	6664000	-	6664000	37.72	6664000	-	6664000	37.72	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	4994000	-	4994000	28.26	4994000	-	4994000	28.26	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) *	11658000	-	11658000	65.98	11658000	-	11658000	65.98	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others - Alternate Investment Funds	327000	-	327000	1.85	-	-	-	-	-1.85
Sub-total (B)(1):-	327000	-	327000	1.85	-	-	-	-	-1.85
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	986500	-	986500	5.58	893500	-	893500	5.06	-0.52
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	2072434	-	2072434	11.73	1802500	-	1802500	10.20	-1.53
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2390834	-	2390834	13.53	3051000	-	3051000	17.27	3.74
c) Others (specify)									
Non-Resident Indians	111000	-	111000	0.63	114000	-	114000	0.65	0.02
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	123232	-	123232	0.70	150000	-	150000	0.85	0.15
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	5684000	-	5684000	32.17	6011000	-	6011000	34.02	1.85
Total Public Shareholding (B)=(B)(1)+ (B)(2)	6011000	-	6011000	34.02	6011000	-	6011000	34.02	0.00
C. Shares held by Custodian for GDRs & ADRs									
	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	17669000	-	17669000	100	17669000	-	17669000	100	0.00



B) Shareholding of Promoters

SI No.	Shareholder's	Shareholding at the beginning of the year (01.04.2019)			Shareholding at the end of the year (31.03.2020)			% 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	16.674	-	2946250	16.674	-	0.00
2	ANAND MANGAL	1125750	6.371	-	1125750	6.371	-	0.00
3	LAGNAM INFOTECH SOLUTIONS (P) LTD	4994000	28.264	27.896	4994000	28.264	27.896	0.00
4	SHUBH MANGAL	1233000	6.978	-	1233000	6.978	-	0.00
5	DWARKA PRASAD MANGAL (HUF)	170000	0.962	-	170000	0.962	-	0.00
6	KAVITA MANGAL	209000	1.182	-	209000	1.182	-	0.00
7	VEENA MANGAL	980000	5.547	5.094	980000	5.547	5.094	0.00
TOTAL		11658000	65.98	32.99	11658000	65.98	32.99	0.00

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

1). Shareholding of Promoter-

SI	Shareholder's Name	Shareholding at the beginning of the year (01.04.2019)			Shareholding at the end of the year (31.03.2020)			% 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	16.674	-	2946250	16.674	-	0.00
2	Anand Mangal	1125750	6.371	-	1125750	6.371	-	0.00
3	Lagnam Infotech Solutions (P) Ltd	4994000	28.264	27.896	4994000	28.264	27.896	0.00
Total		9066000	51.309	27.896	9066000	51.309	27.896	0.00



2. Shareholding of Promoter Group-

SI	Shareholder's Name	Shareholding at the beginning of the year (01.04.2019)			Shareholding at the end of the year (31.03.2020)			% 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	6.978	-	1233000	6.978	-	0.00
2	Dwarka Prasad Mangal (HUF)	170000	0.962	-	170000	0.962	-	0.00
3	Kavita Mangal	209000	1.182	-	209000	1.182	-	0.00
4	Veena Mangal	980000	5.547	5.094	980000	5.547	5.094	0.00
	Total	2592000	14.669	5.094	2592000	14.669	5.094	0.00

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	16.674	-	-	-	-	2946250	16.674
2	Anand Mangal	1125750	6.371	-	-	-	-	1125750	6.371
3	Lagnam Infotech Solution (P) Ltd	4994000	28.264	-	-	-	-	4994000	28.264
4	Shubh Mangal	1233000	6.978	-	-	-	-	1233000	6.978
5	Dwarka Prasad Mangal (HUF)	170000	0.962	-	-	-	-	170000	0.962
6	Kavita Mangal	209000	1.182	-	-	-	-	209000	1.182
7	Veena Mangal	980000	5.547	-	-	-	-	980000	5.547



**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	480000	2.72	-	-	-	-	480000	2.72
2	Chirag Bansal	45000	0.25	05-Apr-2019	33000- Buy	78000	0.44	285000	1.61
				12-Apr-2019	12000- Buy	90000	0.51		
				19-Apr-2019	9000- Buy	99000	0.56		
				26-Apr-2019	24000- Buy	123000	0.70		
				10-May-2019	24000- Buy	147000	0.83		
				17-May-2019	18000- Buy	165000	0.93		
				24-May-2019	27000- Buy	192000	1.09		
				31-May-2019	3000- Buy	195000	1.10		
				07-Jun-2019	12000- Buy	207000	1.17		
				14-Jun-2019	9000- Buy	216000	1.22		
				21-Jun-2019	18000- Buy	234000	1.32		
				28-Jun-2019	15000- Buy	249000	1.41		
				05-Jul-2019	3000- Buy	252000	1.43		
				12-Jul-2019	3000- Buy	255000	1.44		
				19-Jul-2019	3000- Buy	258000	1.46		
				26-Jul-2019	30000- Buy	288000	1.63		
				02-Aug-2019	42000- Buy	330000	1.87		
				09-Aug-2019	45000- Buy	375000	2.12		
				16-Aug-2019	9000- Buy	384000	2.17		
				23-Aug-2019	33000- Buy	417000	2.36		
				30-Aug-2019	6000- Buy	423000	2.39		
				31-Mar-2020	138000- Sell	285000	1.61		



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
3	Maverick Share Brokers Private Limited	282000	1.596	19-Apr-2019	-3000- Sell	279000	1.58	273000	1.55
				10-May-2019	-3000- Sell	276000	1.56		
				24-May-2019	9000- Buy	285000	1.61		
				31-May-2019	-12000- Sell	273000	1.54		
				14-Jun-2019	12000- Buy	285000	1.61		
				21-Jun-2019	-12000- Sell	273000	1.54		
				28-Jun-2019	3000- Buy	276000	1.56		
				09-Aug-2019	-3000- Sell	273000	1.54		
				23-Aug-2019	-6000- Sell	267000	1.51		
				30-Aug-2019	3000- Buy	270000	1.53		
				06-Sep-2019	3000- Buy	273000	1.54		
				09-Sep-2019	3000- Buy	276000	1.56		
				20-Sep-2019	-3000- Sell	273000	1.54		
				11-Oct-2019	3000- Buy	276000	1.56		
				18-Oct-2019	-3000- Sell	273000	1.54		
				08-Nov-2019	-3000- Sell	270000	1.53		
				22-Nov-2019	-3000- Sell	267000	1.51		
				13-Dec-2019	3000- Buy	270000	1.53		
				31-Jan-2020	-3000- Sell	267000	1.51		
				14-Feb-2020	-9000- Sell	258000	1.46		
				21-Feb-2020	-3000- Sell	255000	1.44		
				28-Feb-2020	-3000- Sell	252000	1.43		
				13-Mar-2020	6000-Buy	258000	1.46		
				20-Mar-2020	15000-Buy	273000	1.55		



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
4	Rashmi Jain	249000	1.41	-	-	-	-	249000	1.41
5	Umesh Kumar Jain	249000	1.41	-	-	-	-	249000	1.41
6	Ketan V Thakkar HUF	-	-	12-July-2019	192000-Buy	192000	1.09	192000	1.09
7	Kishore Kumar Mehta	171000	0.97	-	-	-	-	171000	0.97
8	Kotak Securities Limited	-	-	20-Sep-2019	3000-Buy	3000	0.02	141000	0.80
27-Sep-2019				-3000- Sell	0	0.00			
31-March-2020				141000-Buy	141000	0.80			
9	Kotyark Distributors Private Limited	132000	0.75	-	-	-	-	132000	0.75
10	CHL Stock Concepts Pvt. Ltd.	81000	0.46	17-Jan-2020	12000-Buy	93000	0.53	132000	0.75
31-Jan-2020				3000-Buy	96000	0.54			
07-Feb-2020				3000-Buy	99000	0.56			
14-Feb-2020				9000-Buy	108000	0.61			
28-Feb-2020				6000-Buy	114000	0.65			
13-Mar-2020				18000-Buy	132000	0.75			
Total		1689000	9.57	-	-	-	-	2304000	13.04

*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	16.674	-	-	-	-	2946250	16.674
2	Mr. Anand Mangal (Managing Director)	1125750	6.371	-	-	-	-	1125750	6.371
3	Mr. Vijay Singh Bapna (Independent Director)	-	-	-	-	-	-	-	-
4	Mr. Jagdish Chandra Laddha (Independent Director)	-	-	-	-	-	-	-	-
5	Mr. Anil Shah (Independent Director)	-	-	-	-	-	-	-	-
6	Ms. Dipali Mathur (Independent Director)	-	-	-	-	-	-	-	-
7	Mr. Shubh Mangal* (Whole-Time Director)	-	-	-	-	-	-	1233000	6.978
8	Mr. Devi Lal Mundra (Chief Financial Officer)	-	-	-	-	-	-	-	-
9	Mr. Rajeev Parashar (Company Secretary)	-	-	-	-	-	-	-	-
	Total	4072000	23.046	-	-	-	-	5305000	30.023

*Appointed as whole-time director w.e.f. 21.02.2020.



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	1217789244	-	-	1217789244
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1217789244	-	-	1217789244
Change in Indebtedness during the financial year				
* Addition	442136586	-	-	442136586
* Reduction	(41964000)	-	-	(41964000)
Net Change	400172586	-	-	400172586
Indebtedness at the end of the financial year				
i) Principal Amount	1617961830	-	-	1617961830
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	9349915	-	-	9349915
Total (i+ii+iii)	1627311745	-	-	1627311745

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)	Mr. Shubh Mangal (Whole-time Director)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	52,35,845	36,06,174	4,43,931	92,85,950
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option/ Sweat Equity/ Commission etc.	-	-	-	-
3	Contribution to PF	-	3,81,600	-	3,81,600
	Total (A)	52,35,845	39,87,774	4,43,931	96,67,550

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:

(In ₹)

SI. No.	Particulars of Remuneration	Name of Director				Total Amount
		Mr. Jagdish Chandra Laddha	Mr. Vijay Singh Bapna	Mr. Anil Shah	Ms. Dipali Mathur	
1	Fee for attending Board and Committee Meetings	88,500	71,500	54,000	10,000	2,24,000
2	Commission	-	-	-	-	-
3	Others, please specify	-	-	-	-	-
	Total B.1	88,500	71,500	54,000	10,000	2,24,000

2. Other Non-executive Directors: NIL

SI. No.	Particulars of Remuneration	Total Amount
1	Fee for attending Board and Committee Meetings	NIL
2	Commission	-
3	Others, please specify	-
	Total B.2	-
	Total Remuneration (B.1+B.2)	NIL

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

(In ₹)

SI. 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	13,36,800	4,20,288	17,57,088
2	Stock Option/ Sweat Equity/ Commission etc.	-	-	-
	Total (A)	13,36,800	4,20,288	17,57,088
	Ceiling as per the Act			N. A.

**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)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on Behalf of the Board of Directors

Place : Bhilwara
Date : 19.06.2020**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 (2019-20)	Previous Year (2018-19)
1. CONSERVATION OF ENERGY		
A: POWER & FUEL CONSUMPTION		
	The Company is continuously putting its efforts to improve energy management by way of monitoring energy related parameters on regular basis.	
1. Electricity		
a. Purchase Units (in Lacs)	193.35	76.80
Total Amount (₹ in Lacs)	1399.82	585.23
Rate/Unit (Amount in ₹)	7.24	7.62
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. Consumption per unit of production		
Electricity Unit per Kg.	1.76	1.45
1. TECHNOLOGY ABSORPTION		
Expenditure incurred on Machineries and 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)	2452.15	-
• Recurring Expenditure (₹ in Lacs)	1.49	0.50
2. FOREIGN EXCHANGE EARNINGS AND OUTGO		
The details of foreign exchange earnings and outgo during the year are as under:		
Earnings (₹ in Lacs)	6242.69	1624.87
Outgo: (₹ in Lacs)		
• Revenue A/c	425.95	69.85
• Capital A/c	-	-

For and on Behalf of the Board of Directors

D.P. MANGAL

CHAIRMAN

[DIN: 01205208]

Place : Bhilwara
Date : 19.06.2020

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 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 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 | : | Independent 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:

Financial Year	Profit (₹ in Lacs)
2018-2019	643.52
2017-2018	572.84
2016-2017	569.09
Total	1785.45
Average Profit of above said Profit	595.15
2% of Average Profit	11.90

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

The Company was required to spend Rs. 11.90 Lacs towards CSR during the Financial Year 2019-20. Your company has spent Rs. 11.51 Lacs towards the CSR activities till 31st March 2020.

5. Details of CSR spent during the financial year:

- | | | |
|--|---|--------------|
| (1) Total amount spent during the financial year | : | ₹ 11.51 Lacs |
| (2) Unspent Amount, if any | : | ₹ 0.39 Lacs |
- (3) Manner in which the amount spent during the financial year is detailed below:



(₹ in Lacs)

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 Outlay (Budget)	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	Wheel Chairs Contribution to the office of District Magistrate (DM)	Development of Disabled community	Local Area-Bhilwara (Rajasthan)	0.80	0.49	0.49	Direct
2	Contribution to Keshav Gau Seva Samiti	Animal Welfare	Banera, Bhilwara (Rajasthan)	2.50	2.51	3.00	Through Implementing Agency
3	Contribution to G. H. Raisonni Educational & Medical Foundation	Promoting Education	Nagpur (Maharashtra)	7.50	7.50	10.50	Through Implementing Agency
4	Contribution to Ramanand Gaushala	Animal Welfare	Ladnu (Nagaur)	1.10	1.01	11.51	Through Implementing Agency
	TOTAL			11.90	11.51		

- The Company has spent ₹ 11.51 Lacs against obligation of ₹ 11.90 Lacs during the year 2019-20. Hence, carrying unspent amount of ₹ 0.39 Lacs towards CSR expenditure which has been spent till the date of the report.
- Reason for unspent amount-
As our company is concerned about CSR activities and wants to spend more amount in the public welfare, therefore Company has identified the suitable project and spent ₹ 0.39 Lacs of unspent amount till the date of the report. Accordingly, the Company is not carrying any unspent amount till the date of the report.
- 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

For and on Behalf of the CSR Committee

D.P. MANGALCHAIRMAN
[DIN: 01205208]

Date : 19.06.2020

Place : Bhilwara

J. C. LADDHACHAIRMAN
CSR Committee

ANNEXURE-IV

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[PURSUANT TO SECTION 204(1) OF THE COMPANIES ACT, 2013 AND RULE 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, 2020 (1st April, 2019 to 31st March, 2020) complied with the statutory provisions, listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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, 2020, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment. 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. (As the Company is listed on Emerge platform of NSE 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 there is not change in the capital of the



Company. Share Capital of the Company is as under:-

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.

We further report that during the audit period no prosecutions initiated against or show cause notice received by the Company for alleged offences under the Companies Act, 2013 and also no fines and

penalties or any other punishment imposed on the Company. However, the Company has received letter from the Registrar of Companies under section 206 of the Companies Act 2013 for furnishing certain information and explanation.

For Sanjay Somani & Associates

Place: Bhilwara

Date: 19.06.2020

UDIN: F006958B000631846

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: 19.06.2020
UDIN: F006958B000631846

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



ANNEXURE-V

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management discussion and analysis present the industry Overview, opportunities, Threats, Initiatives taken by the Company and overall strategy of Lagnam Spintex Limited becoming a market driven producer/exporter of various ranges of Cotton Yarn. The company is optimistic of capturing a substantial share of Export market as well as Domestic Market in the midst of the threats faced due to the liberalization, COVID-19 and increased competition from well established companies.

OVERVIEW OF ECONOMY

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 11 per cent of total exports. The textiles industry is also labour intensive and is one of the largest employers. The textile industry has two broad segments. First, the unorganised sector consists of handloom, handicrafts, and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organized sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale.

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital-intensive sophisticated mills sector at the other end of the spectrum. The decentralized power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

INDUSTRY STRUCTURE & DEVELOPMENTS

The textile and apparel industry can be broadly divided into two segments - yarn and fibre, and

processed fabrics and apparel. India accounts for 14 per cent 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 per cent of the world's market share. The domestic textile industry in India is estimated to reach US \$ 250 billion by 2019 from US \$ 150 billion in July 2017, while cotton production in India is estimated to reach 37.7 million bales in FY18.

The Indian Textile Industry is one of the largest in the world in terms of raw material base and manufacturing strength across the value chain. The uniqueness of the industry lies in its strength both in the hand-woven sector as well as in the Capital-intensive mill sector. The mill sector, with 3,400 textile mills having installed capacity of more than 50 million spindles and 8,42,000 rotors is the second largest in the world. Traditional sectors like handloom, handicrafts and small-scale power-loom units are the biggest source of employment for millions of people in rural and semi urban area. The Indian textile industry has inherent linkage with agriculture, culture and traditions of the country making for its versatile spread of products appropriate for both domestic and the export markets. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. India's overall textile exports during FY 2017-18 stood at US\$ 39.2 billion in FY18-19 and US\$ 31.65 billion are expected to increase to US\$ 82.00 billion by 2021.

India enjoys the position of the second largest textile exporter and fifth largest in apparel exports globally, with a 6% and 4% share respectively. India's textile and apparel exports were pegged at US\$ 38 billion in FY19, growing at a CAGR of 6% since 2005. Apparel is the largest exported category, accounting for 46% of the total textiles and apparel exports. Apart from



apparels, growth is also expected in categories including home textile products and made-ups, which account for 14% of the overall export. Fibre and filament category registered the highest growth in Indian exports growing at a CAGR of 11% over the last decade. EU and USA are the largest markets for Indian textile and apparel exports accounting for a 19% and 18% share respectively, followed by UAE, China and Bangladesh accounting for 9%, 8% and 5% respectively. Easy availability of raw materials, skilled manpower and favourable Central and State Government schemes could catalyse the growth of the Indian textile and apparel exports. Indian textile and apparel exports are expected to expand to US\$ 80 billion by 2025, growing at a CAGR of 10%. (Source: Wazir, IBEF)

The Indian home textile industry was estimated at Rs. 16,000 crores in 2017 and is projected to grow at a CAGR of ~8% during 2017-2021. Share of Bed linens and bath textiles is ~ 69% of Indian home textile market home textile market. Curtains comprises of ~10% of India's home textile market as against ~16% globally. Living room textiles contribute ~13% of India's home textile market as against ~10% globally.

Indicating total relevant Indian market size ~ 23% at Rs. ~3680 crore. India exports ~23K crore of home textiles globally, out of that 84% exports are to North America and Europe. Curtains and Blinds comprise of Rs. 855 crores. The global home textiles market of ~Rs. 780K crore is estimated to grow at ~3% in the period 2017-2022

The Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two subsectors of Textiles Industry - Readymade garments and Made ups - from 2 per cent to 4 per cent. The government is also planning to conduct road shows to promote the country's textiles in non-traditional markets like South America, Russia and select countries in West Asia.

- 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.

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.

During the year trade war between US and China also affected prices of the cotton very badly resulting to high losses to many Indian and global companies.

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)

GOVERNMENT INITIATIVES

The Indian government has come up with several export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route. Some of initiatives taken by the government to further promote the industry are as under:

GST: The Goods and Services Tax Council doubled the threshold limit for textile players from Rs. 2 million to Rs. 4 million from April 2019. It also raised the composition scheme turnover threshold from Rs. 1 crore to Rs. 1.5 crore for FY 2020.

Technology Upgradation Fund Scheme: Concessional credit was provided to promote modernization and upgradation of the textile industry. Under the Union Budget 2018-19, Rs. 2,300 crores (US\$ 355.27 million) was allocated for this scheme. The Amended Technology Upgradation Fund Scheme is expected to create employment for 3.5 million people and enable investments worth Rs. 950 billion (US\$ 14.17 billion) by 2022.

National Textile Policy 2000: A new draft for this policy expects to employ 35 million by attracting foreign Investments. It also focuses on establishing a modern apparel garment manufacturing Centre in every North Eastern state for which the Central Government invested US\$ 3.27 million. FDI: 100%



FDI was allowed in the textile sector through the automatic route.

SAATHI: The Union Ministry of Textiles and Energy Efficiency Services Limited, launched a technology upgradation scheme called SAATHI (Sustainable and Accelerated Adoption of Efficient Textile Technologies to Help Small Industries) for reviving the power loom sector of India.

Merchandise exports from India Scheme: The Directorate General of Foreign Trade revised rates for incentives under the Merchandise Exports from India Scheme for two sub-sectors - readymade garments and made ups - from 2% to 4%.

Capacity building: The Cabinet Committee on Economic Affairs approved Scheme for Capacity Building in Textile Sector with an outlay of Rs. 1,300 crore from 2017-18 to 2019-20 comprising placement-oriented skilling programmes. Under SAMARTH, Rs. 1,300 crore was approved for providing employment-oriented training to 10 lakhs individuals by March 2020.

Textile incentives: The Textile Ministry earmarked Rs. 690 crore for setting up 21 readymade garment manufacturing units in seven states for the development and modernisation of the Indian textile sector. Exports: The Government of India announced a special package to boost exports by US\$ 31 billion, create one crore job opportunities and attract investments worth Rs. 800 billion (US\$ 11.93 billion) between 2018 and 2020. (Source: IBEF, Business Standard).

INDIA'S MAJOR COMPETITORS IN THE WORLD

To understand India's position among other textile producing the industry contributes 9% of GDP and 35% of foreign exchange earnings, India's share in global exports is only 3% compared to China's 13.75% percent. In addition to China, other developing countries are emerging as serious competitive threats to India. Looking at export shares, Korea 6% and

Taiwan 5.5% are ahead of India, while Turkey 2.9% has already caught up and others like Thailand 2.3% and Indonesia 2% are not much further behind.

Key Strength of the Industry

- Strong and flexible production base of wide range (count) of yarns
- Management team's vast knowledge in the textile industry, which makes the company produce products that are required in the market.
- 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
- Investment in cutting edge technological machinery ensures that the products supplied to customers meet the desired international standards.

MARKETING APPROACH AND MARKETING SET UP

Our team including Directors through their relevant experience and good rapport with our customers due to the timely delivery of quality products has played an instrumental role in creating and expanding a work platform for our Company. We have a dedicated team of Marketing Personnel in our Ring Spinning and Open-End Division. The Marketing division has well trained team. The marketing division is headed by our executive Directors. The sales and marketing of Yarn and fabric is based on factors such as quality, easy availability, and competitive pricing of the products. Our client base includes reputed corporate houses in the India textile industry and in the global markets we export our products to several countries as well.



Strategies



- Process Optimization
- Technology Upgradation
- Cost effective system and processes
- Power Saving Steps
- Focus on Information and Technology
- Skill Development programmes
- Practices for waste reduction
- Material substitution
- Equipment Modification

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, COVID-19 and similar pandemics, foreign exchange fluctuation, volatility in input cost, cotton crop, interest rates and power cost among others, comprise the key threats.

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

Global cotton production declined in Financial Year 2018-19 and 2019-20 owing to a low acreage and adverse weather conditions in key cotton-growing nations. India's textile exporters also faced difficulties to get benefit from improved cost competitiveness due to US and China Trade War. The sector is likely to continue deleveraging gradually in FY21 in view of strong annual growth generation and some moderation in the debt level and improvement in operational cash generation. India's textile sector as well as globally textile sector has also severely affected due to COVID-19 and will take some time to be on track again.

Liquidity in the sector may be affected due to higher raw material costs (lower operating margins) and net of repayments (debt rising for capacity expansion) in the near term.

The Company has implemented massive expansion project for manufacturing of Ring spun Carded and combed yarn with installed capacity of 25,536 spindles 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 in open-end segment and 25536 spindles in ring spinning segment for cotton yarn having capacity to produce 35 MT 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 can ensure quality yarn.

The expansion of 25536 ring spindles at a total cost of ₹ 12540 Lakhs to produce 100% cotton yarn has successfully implemented and commercial production has started w.e.f. 31st July 2019 against commercial operation date of 30th September 2019. The expansion projects have resulted in increase in production from 5323 MT to 11171 MT and turnover from ₹ 8040 Lakhs to ₹ 17644 lakhs.

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 2019-20 of ₹ 17644.45 Lacs against the total revenue of ₹ 8040.10 Lacs in the previous financial year 2018-19.
- The Total expenses of the Company during the financial year 2019-20 is ₹ 17617.53 Lacs against the expenses of ₹ 7435.93 Lacs in the previous financial year 2018-19.
- The Profit after tax is ₹ 112.30 Lacs for the financial year 2019-20 as compare to ₹ 477.55 Lacs in the previous financial year 2018-19.

IMPACT OF COVID-19 PANDEMIC:

The outbreak of COVID-19 had significant impact on the operation of the company. The nationwide lockdown ordered by the Government of India has resulted in significant reduction in business operation of the company. The manufacturing plants & offices

of the company were completely shut down from 22nd March, 2020 to 25th April, 2020. The operations have partially started w.e.f. 26th April 2020 and gradually increasing the capacity utilization levels. Manufacturing & business activities across the world and in domestic market has been affected adversely, planned shipments/dispatches held-up.

Impact on Operations

Production & sales was disrupted from 22nd March 2020. The estimated loss of production for domestic & export market was for about 350 MT from 22nd to 31st March 2020, which continued till 25th April 2020.

As submitted above the manufacturing activities have partially started w.e.f. 26th April 2020. The Company is gradually increasing the utilization levels as per market situation and demand. The demand from Export markets is picking up however demand from domestic markets has not yet revived due to extended lockdown and spread of COVID-19 pandemic affecting retail sale & supply chain is not complete. During the period till full operation starts, there will be production and revenue losses and correspondingly loss of operating margins and fixed expenses including Employee costs.

Impact on Liquidity

The company is facing liquidity crunch due to slow movement of finished products and delay in receivable from the domestic debtors. However due to vast experience of textiles and higher exports we are able to keep the partial operation running.

Estimation of future impact

Due to disruption of recession activities throughout the world and lack of consumer demand in International and domestic markets, will affect demand for company's production in FY 2020-21, the exact impact of which cannot be ascertained presently. It is expected that there will be good demand for textile products once situation across the globe normalizes, the company is equipped to capitalize on that on the strength of its state of art technology, large scale of operations, and widespread customer base across geographies and focus on quality.



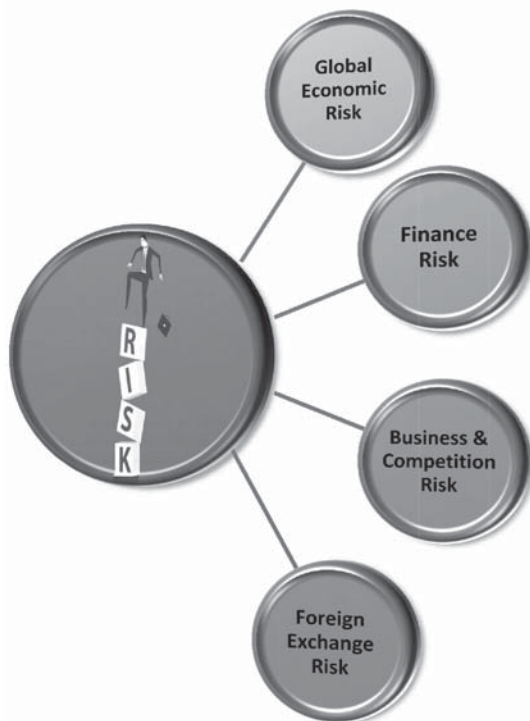
ENVIRONMENT AND SAFETY

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:



During the year trade war between US and China very severely affected the world cotton & yarn prices resulting in huge losses in second & third quarter and COVID-19 pandemic further aggravated the situation in the last quarter. Hence, 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 statue 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. At present company has employed man power of around 450 peoples including technical,

non-technical, managerial and non- managerial, casual and contract labour.

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 2019-20 (₹)	Remuneration For the year 2018-19 (₹)	% Increase in Remuneration	Ratio Between Director or KMP and Median Employee
1	Mr. D. P. Mangal	Chairman & WTD	52,35,845	53,36,125	-1.88	35.25:1
2	Mr. Anand Mangal	Managing Director	39,87,774	38,36,071	3.95	26.84:1
3	Mr. Shubh Mangal*	Whole-Time Director	4,43,931	-	N.A.	26.90:1
4 [^]	Mr. Vijay Singh Bapna	Independent Director	71,500	58,000	N.A.	N.A.
5 [^]	Mr. Jagdish Chandra Laddha	Independent Director	88,500	1,04,000	N.A.	N.A.
6 [^]	Mr. Anil Shah	Independent Director	54,000	89,500	N.A.	N.A.
7 [^]	Ms. Dipali Mathur	Independent Director	10,000	24,000	N.A.	N.A.
8	Mr. Devi Lal Mundra	Chief Financial Officer	13,36,800	12,21,384	9.45	8.99:1
9	Mr. Rajeev Parashar	Company Secretary	4,20,288	3,84,540	9.30	2.83:1

*Appointed as whole-time director w.e.f. 21.02.2020.

[^] Remuneration in the form of Sitting Fees to attend meetings as an Independent Directors.

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 median remuneration of the employees in current financial year decreased by 10.45% over the previous financial year majorly due to appointments of new employees for the expansion project and re-arrangement of the human resources during the financial year. The remuneration of Median employee was ₹ 1,48,548 during the year 2019-20 as compared to Rs. 1,65,876 in the previous year.



D. Number of permanent employees on the rolls of company

As on 31st March, 2020 the total number of employees on the roll was 439.

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 9.20% on an average and managerial remuneration was increased 5.40%, 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 : 19.06.2020

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 2020, 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, 2020, 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.

The company has assessed the recoverability of its assets including receivables and inventories considering the internal and external information upto the date of approval of these financial statements and based on the current indicators of future economic conditions, the company expects to recover the carrying amount of these assets. Refer note no. 30 to the accompanying financial statements.

Physical verification of inventories are done on other than balance sheet date due to nation wise lockdown on balance sheet date. Refer note no. 31 to the accompanying financial statements. We have obtained sufficient audit evidence for physical verification of inventories.

Our opinion is not qualified in respect of these matters.

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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure-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: 19.06.2020
UDIN : 20076241AAAAAV6765

**(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, 2020. 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. However due to nation wise lockdown, year end physical verification is done after resumption on plant from 26th April, 2020. Inventory as on balance sheet date is calculated by roll back procedures;
- (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, Subject to following tax due:-

Sr. No.	Name of Statue	Nature of Due	Amount (Rs. In Lac)	Forum where dispute is pending
1.	Income Tax, 1961	Tax Interest	37.31 34.59	Commi-ssioner Appeals, Ajmer

- (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 previous financial year for its expansion project of 25536 spindles Ring Spinning Project. The project is completed during this financial year. 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.
- (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: 19.06.2020

**(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")

Opinion

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

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the 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.

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 unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal

financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Place: Bhilwara
Date: 19.06.2020

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

**BALANCE SHEET AS AT 31ST MARCH, 2020**

Particulars	Note No.	As at March 31, 2020 (₹ in Lacs)	As at March 31, 2019 (₹ in Lacs)
I. EQUITY & LIABILITIES			
(i) Shareholders' Funds			
(a) Share Capital	2	1766.90	1766.90
(b) Reserves and Surplus	3	3667.35	3555.05
		5434.25	5321.95
(2) Non-current Liabilities			
(a) Long-term borrowings	4	10761.99	9682.46
(b) Deferred tax liabilities (Net)	5	573.10	625.25
(c) Long-term provisions	6	43.79	34.27
		11378.87	10341.98
(3) Current Liabilities			
(a) Short-term borrowings	7	4587.67	2069.55
(b) Trade payables	8	1113.98	401.59
(c) Other current liabilities	9	1648.96	744.26
(d) Short-term provisions	10	10.16	10.86
		7360.76	3226.26
TOTAL		24173.88	18890.19
II. ASSETS			
(1) Non - current assets			
(a) Fixed Assets	11		
(i) Tangible Assets		15796.33	4939.22
(ii) Intangible Assets		9.23	13.98
(iii) Capital work-in-progress		-	8280.16
		15805.56	13233.37
(b) Non-current Investments	12	34.20	37.20
(c) Long Term Loans & Advances	13	-	127.30
(c) Other non-current assets	14	5.28	9.97
		39.48	174.47
(2) Current Assets			
(a) Current Investments	15	5.00	5.00
(b) Inventories	16	3940.13	1296.18
(c) Trade Receivables	17	2670.06	1928.27
(d) Cash and Cash Equivalents	18	48.80	694.00
(e) Short-term loans and advances	19	1660.16	1554.21
(f) Other current assets	20	4.69	4.69
		8328.84	5482.35
TOTAL		24173.88	18890.19

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

For and on behalf of the Board

Satish Somani

(Partner)

Membership No.076241

D. P. Mangal

(Chairman)

(DIN 01205208)

Anand Mangal

(Managing Director)

(DIN 03113542)

Place : Bhilwara

Date : 19.06.2020

Rajeev Parashar
(Company Secretary)

D. L. Mundra
(Chief Financial Officer)

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2020**

Particulars	Note No.	Year ended March 31, 2020 (₹ in Lacs)	Year ended March 31, 2019 (₹ in Lacs)
I. Revenue from operations	21	17644.45	8040.10
II. Other Income	22	33.23	39.35
III. Total Revenue (I+II)		17677.67	8079.45
IV. Expenses:			
Cost of material consumed	23	13510.05	5583.36
Change in inventories of finished goods, work-in-progress and stock- in- trade	24	(649.60)	(55.41)
Employee benefits expense	25	770.24	225.21
Finance costs	26	930.60	271.38
Depreciation and amortization expense	27	593.77	261.79
Other expenses	28	2462.47	1152.60
Total Expenses		17617.53	7435.93
V. Profit before tax (III-IV)		60.15	643.52
VI. Tax expense:			
(1) Current Tax		2.16	133.41
(2) Mat Credit Entitlement		(2.16)	(133.41)
(3) Deferred Tax		(52.15)	165.96
VII. Profit (Loss) for the period (V-VI)		112.30	477.55
VIII. Earnings per equity share: Annualized: (Basic & Diluted)		0.64	3.20

See accompanying notes 1 to 42 forming part of financial statements

For SSMS & Associates

Chartered Accountants

Firm Reg. No. 019351C

For and on behalf of the Board

Satish Somani

(Partner)

Membership No.076241

Place : Bhilwara

Date : 19.06.2020

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, 2020**

Particulars	Year Ended March 31, 2020 (₹ in Lacs)	Year Ended March 31, 2019 (₹ in Lacs)
A) Cash Flow from operating activities		
Net profit before tax	60.15	643.52
Adjustments for :		
Depreciation and amortisation	593.77	261.79
Interest Income	(27.20)	(29.42)
Interest Expenses	930.60	271.38
(Profit) / Loss on sale of fixed assets	(0.61)	-
Provision for employees Benefit	8.81	11.65
Miscellaneous expenses written off	4.69	4.77
Operating Profit before working capital changes	1570.21	1163.69
Adjustments for :		
Increase/(Decrease) in Inventories	(2643.95)	37.24
Increase/(Decrease) in Trade receivables	(741.79)	(1053.72)
Increase/(Decrease) in Other Assets (Current and Non Current)	-	(686.72)
Increase/(Decrease) in loans and advance (Short and Long Term)	78.06	(61.10)
Increase/(Decrease) in Trade payables	712.39	167.95
Increase/(Decrease) in Other Liability (Current and Non current)	430.34	180.64
Cash generated from operation	(594.74)	(255.02)
Less: Direct taxes paid	79.93	124.88
Net cash from operating activities	(674.68)	379.90
B) Cash flow from investing activities		
Acquisition of fixed assets	(3166.61)	(8205.07)
Sale of fixed assests	1.26	-
Net Purchases and Sale of Investments	3.00	(16.50)
Interest Income	27.20	29.42
Net cash used in investing activities	(3135.15)	(8192.16)



Particulars	Year Ended March 31, 2020 (₹ in Lacs)	Year Ended March 31, 2019 (₹ in Lacs)
C) Cash flow from financing activities		
Proceeds from shares	-	600.00
Proceeds from premium (Net of IPO Expenses)	-	1600.00
Repayment of long term borrowings	(410.86)	(530.00)
Proceeds from long term borrowings	1987.97	7509.56
Increase / Decrease in Short term borrowings	2518.12	327.59
Interest cost	(930.60)	(271.38)
Net cash from financing activities	3164.63	9235.78
Net increase in cash and cash equivalents (A+B+C)	(645.20)	663.72
Opening cash and cash equivalents	694.00	30.28
Closing cash and cash equivalents	48.80	694.00

As per our report of even date

For SSMS & Associates

Chartered Accountants

Firm Reg. No. 019351C

For and on behalf of the Board

Satish Somani

(Partner)

Membership No.076241

Place : Bhilwara

Date : 19.06.2020

D. P. Mangal

(Chairman)

(DIN 01205208)

Rajeev Parashar

(Company Secretary)

Anand Mangal

(Managing Director)

(DIN 03113542)

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	As at 31.03.2020 (₹ in Lacs)	As at 31.03.2019 (₹ in Lacs)
AUTHORISED :		
2,25,00,000 Equity Shares of ₹ 10/- each (Previous Year 2,25,00,000 Equity Share)	2250.00	2250.00
	2250.00	2250.00
ISSUED		
1,76,69,000 Equity Shares of ₹ 10/- each (Previous Year 1,76,69,000 Equity Share of ₹ 10/- each)	1766.90	1766.90
SUBSCRIBED & FULLY PAID UP		
1,76,69,000 Equity Shares of ₹ 10/- each (Previous year : 1,76,69,000 Equity Shares of ₹ 10/- each)	1766.90	1766.90
	1766.90	1766.90

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, if any, 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 31.03.2020		As on 31.03.2019	
	Number of Shares	%	Number of Shares	%
Shri D P Mangal	2946250	16.67%	2946250	16.67%
Shri Shubh Mangal	1233000	6.98%	1233000	6.98%
Lagnam Infotech Solutions Pvt. Ltd	4994000	28.26%	4994000	28.26%
Anand Mangal	1125750	6.37%	1125750	6.37%
Veena Mangal	980000	5.55%	980000	5.55%

**3. Reconciliation of shares nos.**

Particulars	As at 31.03.2020	As at 31.03.2019
Shares at begning	17669000	11669000
Add: Public Issue	–	6000000
Shares at closing	17669000	17669000

4. 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 31.03.2020 (₹ in Lacs)	As at 31.03.2019 (₹ in Lacs)
(a) Securities Premium Reserve		
Balance at the beginning of the year	1655.20	55.20
Add: Share Issued on Premium	–	1860.00
Less : IPO Expenses	–	260.00
Balance at the end of the year	1655.20	1655.20
(b) Capital Reserves		
Balance at the beginning of the year	23.00	23.00
Balance at the end of the year	23.00	23.00
(c) Surplus in Statement of Profit & Loss		
Balance at the beginning of the year	1876.85	1399.30
Add : Profit during the year	112.30	477.55
Balance at the end of the year	1989.15	1876.85
Total Reserves & Surplus	3667.35	3555.05

**NOTE 4 : LONG TERM BORROWINGS**

Particulars	As at 31.03.2020 (₹ in Lacs)	As at 31.03.2019 (₹ in Lacs)
SECURED		
(a) Term Loans		
Term Loan	10646.50	9672.83
Vehicle Loan	21.99	9.63
Interest Accrued but Not Due on TL	93.50	-
	10761.99	9682.46

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 Residential House of D.P.Mangal , Land of Anand Mangal & Shubh Mangal and corporate guarantee of M/s Lagnam Infotech Solutions Private Limited. Vehicle loan are secured against respective vehicle.

Terms of Repayment of Secured Borrowing

2. Secured term loans from bank are repayable in quartely installment and having floating interest rate ranging from MCLR+ spread ranging from 1.45% to 1.60% as on 31.03.2020 (P.Y. 0.85% to 2.50% as on 31.03.2019) and vehicle loans are repayable in monthly installments and having fixed interest rates 9.40%.(P.Y. 9.40 %) Period of maturity and installments outstanding are as under-

Current Year

Date of Maturity	Outstanding as on 31.03.2020			Number of Installments due after 31.03.2020
	Total Outstanding	Long Term Maturity	Current* Maturity	
01.07.2022	403.81	304.31	99.50	8
01.07.2022	286.20	215.70	70.50	8
01.04.2024	865.16	794.52	70.64	15
01.04.2024	604.08	554.72	49.36	15
31.12.2027	4450.00	4155.19	294.81	30
31.12.2027	4950.00	4622.06	327.94	30

Term Loans



Date of Maturity	Outstanding as on 31.03.2020			Number of Installments due after 31.03.2020
	Total Outstanding	Long Term Maturity	Current* Maturity	
Vehicle Loans				
05.03.2022	9.66	5.05	4.61	24
25.04.2022	17.81	13.98	3.82	25
05.05.2022	5.23	2.95	2.28	26
Total	11591.95	10668.49	923.46	

* Current maturity has been determined considering the deferment of Term Loan installment upto August 2020 as per RBI guideline dated 22.05.2020, since option has been opted by Company.

Previous 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	
Term Loans				
01.01.2022	546.19	405.73	140.46	11
01.01.2022	385.74	286.20	99.54	11
01.10.2023	970.88	864.92	105.96	18
01.10.2023	678.12	604.08	74.04	18
31.12.2027	3299.86	3299.07	0.79	30
31.12.2027	4213.68	4212.83	0.85	30
Vehicle Loan				
05.03.2022	13.87	9.63	4.24	36
Total	10108.34	9682.46	425.88	

**NOTE 5 : DEFERRED TAX LIABILITY**

Particulars	As at 31.03.2020 (₹ in Lacs)	As at 31.03.2019 (₹ 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:		
(A) Deferred Tax Liability		
Depreciation on fixed assets	1659.02	736.12
(B) Deferred Tax Assets		
Unabsorbed Depreciation	1066.54	102.73
43B Disallowance	19.39	8.14
Net Deferred Tax Liability (A-B)	573.10	625.25

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 31.03.2020 (₹ in Lacs)	As at 31.03.2019 (₹ in Lacs)
Provison for Employees benefits	43.79	34.27
	43.79	34.27

NOTE 7 : SHORT-TERM BORROWINGS

Particulars	As at 31.03.2020 (₹ in Lacs)	As at 31.03.2019 (₹ in Lacs)
SECURED		
Working Capital loan from banks repayable on demand	4587.67	2069.55
	4587.67	2069.55

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 Residential House of D.P.Mangal, Land of Anand Mangal & Shubh Mangal and corporate guarantee of M/s Lagnam Infotech Solutions Private Limited is given.

Floating Rate - Carrying floating interest rate of MCLR + 0.90 % to 1.25% as on 31.03.2020.(P.Y. 0.45 to 2.50%)

**NOTE 8 : TRADE PAYABLES**

Particulars	As at 31.03.2020 (₹ in Lacs)	As at 31.03.2019 (₹ in Lacs)
Trade Payable Others	1113.98	401.59
	1113.98	401.59

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, 2020. 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	As at 31.03.2020 (₹ in Lacs)	As at 31.03.2019 (₹ in Lacs)
(a) Current Maturities of long-term debt (Refer Note no. 4)	923.46	425.88
(b) Advance from customers	73.51	2.64
(c) Liability towards staff and worker	146.54	68.30
(d) Government dues	26.61	17.63
(e) Income Tax Payable	-	23.22
(f) Other Payables	478.85	206.59
	1648.96	744.26

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	As at 31.03.2020 (₹ in Lacs)	As at 31.03.2019 (₹ in Lacs)
(a) Provisions for employees benefits	10.16	10.86
TOTAL	10.16	10.86



(₹ in Lacs)

NOTE 11 : FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION & AMORTISATION				Net Carrying Value	
	As at 31.03.2019	Additions	Deductions	As at 31.03.2020	Up to 31.03.2019	Deductions	For the year	Total up to 31.03.2020	As at 31.03.2020	As at 31.03.2019
1	2	3	4	5=(2+3-4)	6	7	8	9=(6-7+8)	10=(5-9)	11=(2-6)
A) Tangible Assets										
Land & Site development	639.83	59.19	-	699.02	-	-	-	-	699.02	639.83
Buildings (including Roads)	739.63	1,772.72	-	2512.36	141.37	-	65.48	206.85	2305.51	598.26
Plant and Equipments	4,500.98	9,173.88	8.89	13665.96	1,010.49	8.24	453.08	1,455.32	12210.64	3490.49
Furniture and Fixture	94.93	-	-	94.93	37.39	-	9.09	46.48	48.45	57.53
Vehicles	52.94	33.76	-	86.70	25.23	-	10.00	35.23	51.47	27.71
Office Equipments	21.61	3.75	-	25.36	14.99	-	2.36	17.35	8.01	6.62
Electric Fitting and Water Supply Installation	216.38	396.87	-	613.25	91.99	-	48.03	140.02	473.23	124.39
Total (A)	6,266.30	11,440.17	8.89	17697.57	1,321.46	8.24	588.03	1,901.24	15796.33	4944.84
B) Intangible Assets (Acquired)										
Computer Software	60.27	0.98	-	61.25	46.29	-	5.74	52.02	9.23	13.98
Non-competition Rights	-	-	-	-	-	-	-	-	-	-
Enabling Assets	-	-	-	-	-	-	-	-	-	-
Total (B)	60.27	0.98	-	61.25	46.29	-	5.74	52.02	9.23	13.98
Total (A + B)	6326.57	11441.15	8.89	17758.82	1367.74	8.24	593.77	1953.27	15,805.56	4958.82
C) Capital Work in Progress:										
Plant & Machinery Under Erection/Commissioning	6,241.65	2,600.50	8,842.16	-	-	-	-	-	-	6241.65
Building Under Construction	1,420.36	278.64	1,699.00	-	-	-	-	-	-	1420.36
Preoperative Expenses & Other Directly Allocable Exp.	320.26	-	320.26	-	-	-	-	-	-	320.26
Interest During Construction/Errction on Project	292.27	184.91	477.18	-	-	-	-	-	-	292.27
Total (C)	8274.54	3,064.05	11338.60	-	-	-	-	-	-	8274.54
Grand Total (A+B+C)	14,601.11	14,505.20	11,338.60	17758.82	1,367.74	8.24	593.77	1,953.27	15805.56	13233.37
Previous Year	6,396.04	8,205.07	-	14601.11	1,105.95	-	261.79	1,367.74	13233.37	5290.09

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 31.03.2020 (₹ in Lacs)	As at 31.03.2019 (₹ in Lacs)
Other Investment - Unquoted Non-Trade		
(a) National Saving Certificates	0.20	0.20
(b) SBI Life Insurance Co.	30.00	35.00
(c) BOB Unit Link Insurance Co	2.00	-
(d) PNB Metlife India Insurance Co. Ltd.	2.00	2.00
	34.20	37.20

NOTE 13 : LONG TERM LOAN & ADVANCES

Particulars	As at 31.03.2020 (₹ in Lacs)	As at 31.03.2019 (₹ in Lacs)
Unsecured, Considered Good		
(a) Capital Advance	-	127.30
	-	127.30

NOTE 14 : OTHER NON CURRENT ASSETS

Particulars	As at 31.03.2020 (₹ in Lacs)	As at 31.03.2019 (₹ in Lacs)
(d) Misc. Expenses to be Written Off	5.28	9.97
	5.28	9.97

NOTE 15 : CURRENT INVESTMENT (AT COST)

Particulars	As at 31.03.2020 (₹ in Lacs)	As at 31.03.2019 (₹ in Lacs)
Other Investment - Unsecured Non-Trade		
(a) SBI Life Insurance Co.	5.00	5.00
	5.00	5.00

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

Particulars	As at 31.03.2020 (₹ in Lacs)	As at 31.03.2019 (₹ in Lacs)
Raw Material		
— Cotton	1712.35	801.80
Work in Prograss		
— Cotton	260.66	127.40
— Yarn	104.54	23.94
Finished Goods		
— Yarn	1682.86	234.48
Stores & Spares & Packing Material	134.06	100.58
Others - Waste	45.65	7.98
	3940.13	1296.18

NOTE 17 : TRADE RECEIVABLES (CURRENT)

Particulars	As at 31.03.2020 (₹ in Lacs)	As at 31.03.2019 (₹ in Lacs)
(Unsecured considered good)		
Trade Receivable		
— Outstanding exceeding six month	7.29	-
— Others	2662.77	1928.27
	2670.06	1928.27

NOTE 18 : CASH AND CASH EQUIVALENTS

Particulars	As at 31.03.2020 (₹ in Lacs)	As at 31.03.2019 (₹ in Lacs)
(a) Balance with bank		
(i) Current accounts	3.83	672.10
(b) Cash-in-hand	10.22	0.60
(c) FDR with Banks	34.76	21.29
	48.80	694.00

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

Particulars	As at 31.03.2020 (₹ in Lacs)	As at 31.03.2019 (₹ in Lacs)
Others (Unsecured considered good)		
(a) MAT Recoverable	468.07	470.05
(b) Advance Tax / Income Tax Refundable	88.81	30.12
(c) Prepaid Expenses	68.81	40.58
(d) Advance recoverable in cash or kind	-	51.54
(e) Security Deposit	133.71	120.52
(f) Duties, Claims and balances with Govt. Authorities	354.69	719.28
(g) Subsidies Receivable	509.76	98.65
(h) Interest receivable on bank fixed deposits	4.64	-
(i) Others	31.67	23.48
	1660.16	1554.21

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 31.03.2020 (₹ in Lacs)	As at 31.03.2019 (₹ in Lacs)
(e) Misc. Expenses to be Written Off	4.69	4.69
	4.69	4.69

NOTE 21 : REVENUE FORM OPERATIONS

Particulars	Year Ended 31.03.2020 (₹ in Lacs)	Year Ended 31.03.2019 (₹ in Lacs)
(a) Sales of Products		
1. Manufactured Cotton Yarn		
— Domestic Sales	10681.76	6204.46
— Export Sales	6242.69	1632.21
2. Waste Sales	609.56	182.50
(b) Other Operating Revenue		
— Export Incentive	110.44	20.93
	17644.45	8040.10

**NOTE 22 : OTHER INCOME**

Particulars	Year Ended 31.03.2020 (₹ in Lacs)	Year Ended 31.03.2019 (₹ in Lacs)
(a) Interest Income	27.20	29.42
(b) Cash Discount Received	3.90	9.43
(c) Profit on Sales of Fixed Assets	0.61	-
(d) Insurance and other claims received	1.52	0.50
	33.23	39.35

NOTE 23 : COST OF MATERIAL CONSUMED

Particulars	Year Ended 31.03.2020 (₹ in Lacs)	Year Ended 31.03.2019 (₹ in Lacs)
Opening Inventory	801.80	886.97
Add: Purchases	14934.24	5676.33
Trial Run stock Transfer	2084.96	-
	17821.00	6563.29
Less: Sales, Returns and Adjustments	2598.60	178.14
	15222.40	6385.16
Less: Inventory at the year end	1712.35	801.80
Total	13510.05	5583.36
Raw Material Consumption under broad heads:		
Natural Fibre		
Cotton	13510.05	5583.36
Total	13510.05	5583.36

**NOTE 24 : CHANGE IN INVENTORY**

Particulars	Year Ended 31.03.2020 (₹ in Lacs)	Year Ended 31.03.2019 (₹ in Lacs)
CLOSING INVENTORY		
Finished Goods	1682.86	234.48
Waste	45.65	7.98
Stock in Process	365.20	151.34
	2093.72	393.79
OPENING INVENTORY		
Finished Goods	234.48	277.21
Waste	7.98	9.68
Stock in Process	151.34	48.49
	393.79	335.38
Add Trialrun Inventory	1050.32	-
	1444.11	335.38
(Increase)/Decrease in Inventory	(649.60)	(58.41)

NOTE 25 : EMPLOYEES BENEFITS EXPENSES

Particulars	Year Ended 31.03.2020 (₹ in Lacs)	Year Ended 31.03.2019 (₹ in Lacs)
(a) Salaries, Wages and Bonus	690.98	204.64
(b) Contribution to Provident, Gratuity and Other Funds	61.19	18.15
(c) Workmen and Staff Welfare	18.07	2.42
	770.24	225.21

NOTE 26 : FINANCE COST

Particulars	Year Ended 31.03.2020 (₹ in Lacs)	Year Ended 31.03.2019 (₹ in Lacs)
(a) Interest Expenses	841.10	228.94
(b) Bank charges	89.50	42.43
	930.60	271.38

**NOTE 27 : DEPRECIATION AND AMORTISATION EXPENSES**

Particulars	Year Ended 31.03.2020 (₹ in Lacs)	Year Ended 31.03.2019 (₹ in Lacs)
Tangible Assets	588.03	254.57
Intangible Assets	5.74	7.22
TOTAL	593.77	261.79

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 31.03.2020 (₹ in Lacs)	Year Ended 31.03.2019 (₹ in Lacs)
A. Manufacturing Expenses		
(a) Stores and Spare parts Consumed	65.22	50.96
(b) Power and Fuel	1399.82	584.05
(c) Packing Expenses	250.17	116.16
(e) Repairs to Building	0.22	0.21
(f) Repairs to Machinery	57.62	33.72
(f) House Keeping Expenses	26.75	-
	1799.80	785.10
B. Administrative Expenses		
(a) Rent	12.00	12.00
(b) Insurance Expenses	32.89	15.23
(d) Directors Sitting Fees	2.24	2.76
(e) Directors' Travelling	13.77	13.19
(e) Chairty & Donation	0.86	0.65
(f) CSR Expenses	11.90	9.70
(g) Payment to Auditor as		
- Auditor	0.75	0.75
- IPO Audit fee & Certification	-	2.00
- Other Capacity	0.43	0.04
- Reimbrushment of expenses	0.08	0.05
(h) Other miscellenous expenses	78.01	50.77
	152.94	107.14



Particulars	Year Ended 31.03.2020 (₹ in Lacs)	Year Ended 31.03.2019 (₹ in Lacs)
C. Selling Expenses		
(a) Commission	96.84	59.27
(b) Incentives and Discounts	24.15	6.31
(c) Freight, Forwarding and Octroi	83.71	56.57
(d) Other selling expenses	NIL	NIL
(e) Expenses on Export Sales:		
Ocean Freight	60.86	45.12
Commission	126.50	40.04
Inland Freight & Other expenses	112.99	48.28
	505.04	255.59
D. Other expenses		
(b) Misc. expenses written off	4.69	4.77
	4.69	4.77
	2462.47	1152.60

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			
	31/03/2020		31/03/2019	
	Gratuity	Earned Leave	Gratuity	Earned Leave
(i) Reconciliation of opening and closing balance of defined benefit obligation				
a) At the beginning of the year	23.53	21.60	16.95	16.53
b) Interest cost	1.80	1.65	1.32	1.29
c) Past service cost	-	-	-	-
d) Current service cost	9.18	6.07	6.71	6.53
e) Benefits paid	(0.80)	(0.55)	(0.31)	(0.08)
f) Actuarial (gain)/loss	(2.11)	(6.43)	(1.14)	(2.67)
g) Defined benefits obligation at the year end	31.60	22.34	23.53	21.60



Particulars	For the year ended			
	31/03/2020		31/03/2019	
	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	31.60	22.34	23.53	21.60
b) Fair value of plan assets at year end	-	-	-	-
c) Amount Recognized in balance sheet	31.60	22.34	23.53	21.60
(iv) Expenses recognized during the year:				
a) Current service cost	9.18	6.07	6.71	6.53
b) Past service cost	-	-	-	-
c) Interest cost	1.80	1.65	1.32	1.29
d) Expected return on plan assets	-	-	-	-
e) Actuarial (gain)/ loss	(2.11)	(6.43)	(1.14)	(2.67)
f) Net cost (a+b+c+d)	8.87	1.29	6.89	5.15
(v) Investment details of plan assets				
Nil	-	-	-	-

Principal actuarial assumptions at the balance sheet date

Discount Rate	6.76% per annum	7.66% per annum
Future Salary Increase	2.00% 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. The actual return on plan assets for the year and estimate of contribution for the next year as per actuarial valuation is as under:-



(₹ in Lacs)

S.No	Particulars	Actual Return	Estimate of Contribution for next year
a)	Gratuity	-	15.42
b)	Leave Encashment	-	3.25

(₹ in Lacs)

Particulars	For the year ended			
	31/03/2020		31/03/2019	
	Gratuity	Earned Leave	Gratuity	Earned Leave
Experience Adjustment				
a) Defined Benefit Obligation	31.60	22.34	23.53	21.60
b) Plan Assets	-	-	-	-
c) Surplus/(deficits)	(31.60)	(22.34)	(23.53)	(21.60)
d) Experience Adjustment on Plan Liabilities (loss)/gain	(7.44)	0.99	1.51	2.91
e) Experience Adjustment on Plan Assets (loss)/gain	-	-	-	-

(B) Defined Contribution Plans

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

(₹ in Lacs)

Particulars	For the Year Ended	
	31.03.2020	31.03.2019
Employers Contribution to Provident Fund	45.15	14.45

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. **COVID- 19-** The Plant Operations of the Company were under shutdown due to lockdown imposed by Government from 22nd March, 2020 to 25th April, 2020. In view of the unprecedented COVID-19 pandemic and economic forecast, the Management has assessed the recoverability of its assets including receivables & inventories. In such assessment, the Company has considered internal and external information up to the date of approval of these financial statements including economic forecasts. The Company has performed analysis on the assumptions used and based on current indicators of future economic conditions; the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the company will continue to closely monitor any material changes to future economic



conditions. Management continues to monitor the impact that the COVID-19 pandemic is having on the Textile Industry & Company and the economies in which the Company operates.

- 32.** Due to nationwide lockdown, plant was under complete shutdown during 22nd March, 2020 to 25th April, 2020, hence physical verification of stocks could not be carried out on balance sheet date. The same was carried out on resumption of plant operations and stock as on balance sheet date is calculated by roll back procedures.
- 33.** During the year, the company has completed its Ring Spinning Project and commenced commercial production from 31.07.2019. During trial run period, the company has incurred loss of Rs. 22.24 Lacs. The same is transferred and adjusted against pre-operative expenses. Profit & loss account of trial run period is as below:

Particulars	(₹ in Lacs)
Particulars	Total
Raw Material	2601.54
Payment to and Provision for Employees	138.31
Power Cost	261.17
Finance Cost	28.41
Insurance & Overhead	73.36
Packing Cost	54.73
Less: Stock Transfer	2084.96
Less: Closing Stock	1050.32
Loss on Trial Run (Transferred in Pre-operative expenses)	22.24

- 34.** 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 31.03.2020.
- 35.** 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, on 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

- a. Mr. D. P. Mangal
- b. Mr. Anand Mangal
- c. Mr. Shubh Mangal
- d. Mr. V. S. Bapna
- e. Mr. J. C. Laddha
- f. Mr. Anil Shah
- g. Ms. Dipali Mathur

Relatives of KMP

- h. 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	Key managerial 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	
	31.03.2020	31.03.2019
a) Remuneration and Other Perquisites	96.68	91.72
b) Rent Paid	12.00	12.00
c) Directors Sitting Fees	2.24	2.76

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

(₹ in Lacs)

Particulars	For the Year Ended	
	31.03.2020	31.03.2019
Personal guarantee of the director and corporate guarantee of M/s Lagnam Infotech Solutions Private Limited against term Loan.	16146.92	12164.02

**36. 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	
	31.03.2020	31.03.2019
Net Profit after tax	112.30	477.55
Net Profit available to equity shareholders	112.30	477.55
Average No. of Equity Share outstanding during the year (Nos.)	17669000	14923795
Basic and Dilutive earning per share (In Rupees)	0.64	3.20

37. Contingent Liabilities not provided for in respect of :

(₹ in Lacs)

Particulars	For the Year Ended	
	31.03.2020	31.03.2019
Bank guarantees given by Company's Bankers.	312.54	152.73
Export Bills Discounted/Collection	935.84	205.21
Income Tax Demand	71.90	-
Capital commitments remaining to be executed	-	2659.00

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

39. Details of Installed Capacity:

Particulars	For the Year Ended	
	31.03.2020	31.03.2019
Rotors*	1920	1920
Ring Spindles	25536	-

*As Certified by the Management

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

(₹ in Lacs)

Particulars	31.03.2020		31.03.2019	
	Quantity in Kg.	Value in ₹	Quantity in Kg.	Value in ₹
Opening Stock	152229	234.48	187962	277.21
Production	11171165	16025.74	5323387	6746.72
Sales / Adjustments	10343448	17644.45	5359120	8040.10
Closing Stock	980406	1682.46	152229	234.48

41. Raw material consumed

Particulars	Current Year		Previous Year	
	MT	(₹ in Lacs)	MT	(₹ in Lacs)
Cotton Indigenous	13478.14	13510.05	6093.77	5582.67

42. 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	256.33	1.90%	-	-
– Indigenous	13253.72	98.10%	5583.36	100%
(ii) Stores & spares				
– Imported	-	-	6.86	13.46
– Indigenous	65.22	100%	44.10	86.54



(b) FOB Value of Export

(₹ in Lacs)

Particulars	For the Year Ended	
	31.03.2020	31.03.2019
Cotton Yarn	6085.66	1590.19

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

(₹ in Lacs)

Particulars	For the Year Ended	
	31.03.2020	31.03.2019
- Spare parts	-	6.86
- Raw Material	256.33	-
- Machinery	2452.15	-

(d) Expenditure in foreign Currency:

(₹ in Lacs)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Commission/Claims/Ocean Freight		
a) Commission	108.76	17.87
b) Ocean Freight	60.86	45.12
Total	169.62	62.99

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 : 19.06.2020

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)



Eye Camp in association with Lions Club, Bhilwara

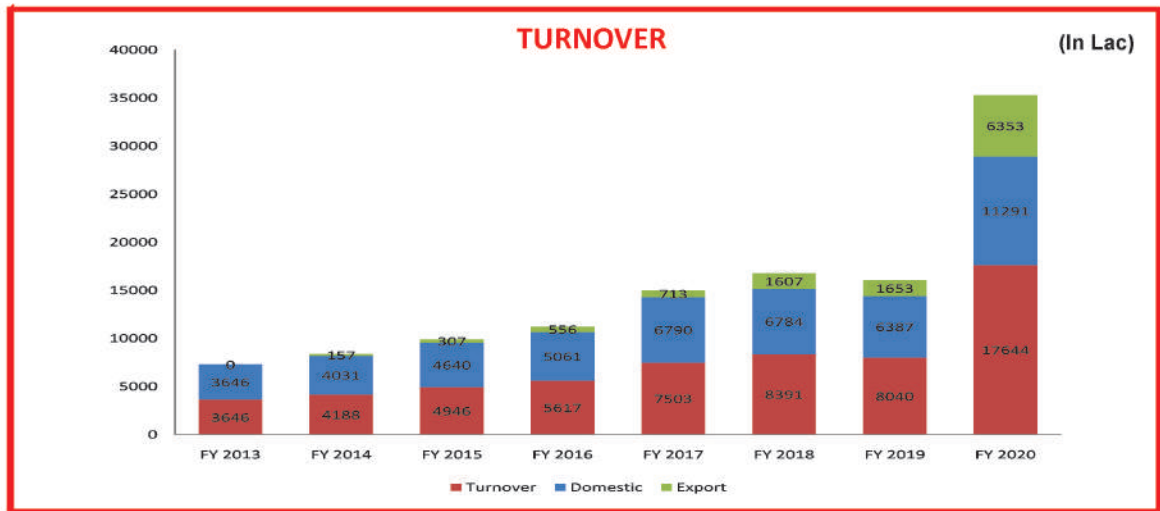


Plantation by Global Associates

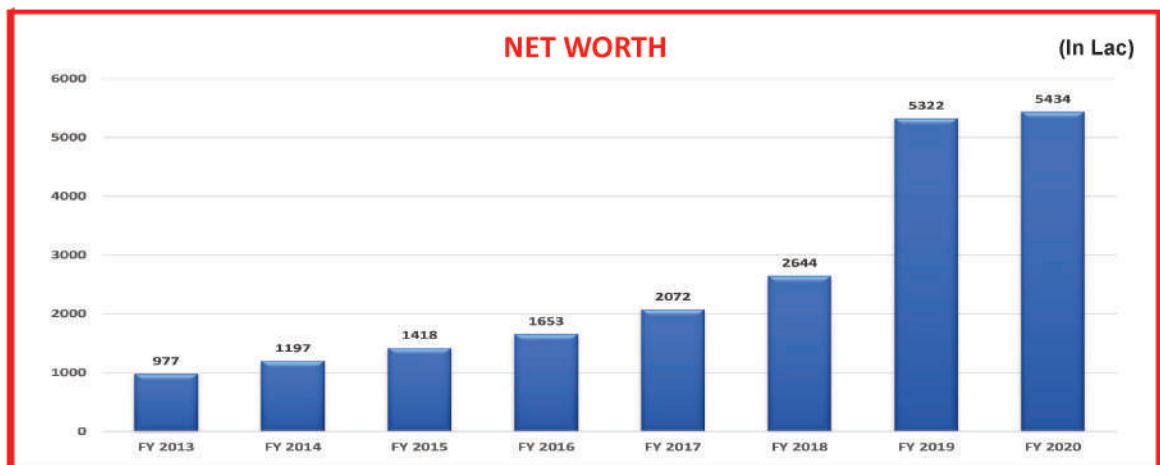
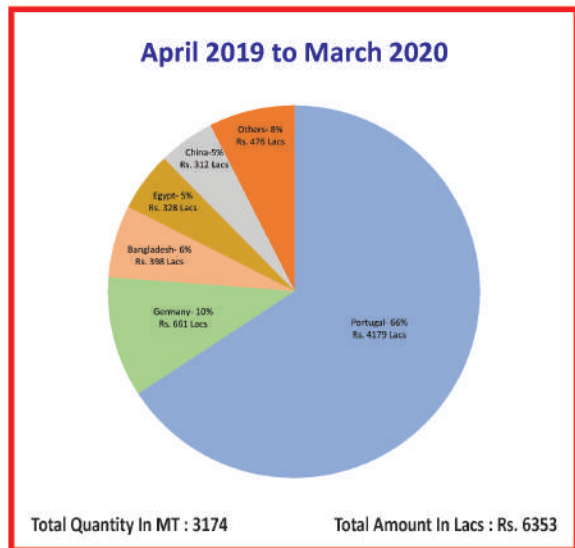
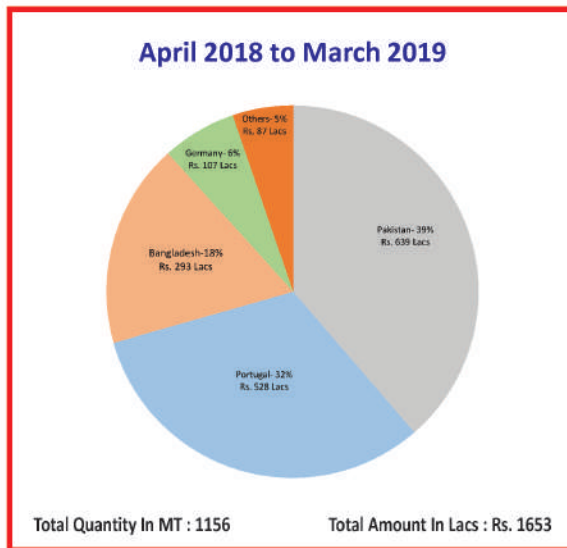


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