



**Lagnam Spintex**

# **2020-21 ANNUAL REPORT**

LAGNAM SPINTEX LIMITED | ANNUAL REPORT 2020-21



**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	2020-2021
1	Turnover	3646	4188	4946	5617	7503	8391	8040	17644	20541
2	Export	-	157	307	556	713	1607	1653	6353	10417
1	PBIDT	490	592	646	899	1169	1119	1177	1585	2616
2	Interest	289	281	333	396	339	285	271	931	1164
3	PBDT	201	311	312	504	829	834	905	654	1452
4	Depreciation	132	137	136	192	260	261	262	594	752
5	P B T	68	174	176	312	569	573	644	60	700
6	TAX	21	54	55	77	150	102	166	-52	247
7	PAT	47	120	121	235	419	471	478	112	453
1	EPS (IN ₹)	2.87	6.52	5.95	11.51	3.74*	4.17**	3.20®	0.64	2.56
2	Equity	164	184	204	204	204	1167	1767	1767	1767
1	Total Capital Employed	3780	4041	5223	6836	6656	7587	17699	21357	21985
2	Net Worth	977	1197	1418	1653	2072	2644	5322	5434	5887
3	Long Term Loans	2065	1950	2885	3676	3257	2741	9682	10762	12324
4	Working Capital Loans	566	683	669	1097	969	1742	2070	4588	2954
5	Other Liability	225	296	365	604	889	1244	1816	3390	3782
6	Total Liability (3+4+5)	2855	2928	3919	5377	5115	5727	13568	18740	19060
7	Fixed Assets ( Net)	2676	2529	4077	5076	4870	5290	13233	15806	15081
8	Total Current Assets	1131	1263	1449	1714	2228	3002	5482	8329	9843
9	Total Current Liabilities	782	951	987	1553	1480	2499	3226	7361	5848
1	Operating Profit Margin %	13.43	14.13	13.05	16.01	15.57	13.33	14.64	8.98	12.74
2	Return on Capital Employed % (PBIT/ Capital Emp.)	9.46	11.26	9.75	10.34	13.65	11.30	5.17	4.64	8.48
3	Return on Sales% (PAT/ Turnover)	1.29	2.86	2.45	4.18	5.59	5.61	5.94	0.64	2.20
4	Return on Net worth %	4.82	10.02	8.55	14.20	20.24	17.81	8.97	2.07	7.69
5	Debt Equity Ratio	2.11	1.63	2.03	2.22	1.57	1.04	1.82	1.98	2.09
6	TOL/TNW	2.92	2.45	2.76	3.25	2.47	2.17	2.55	3.45	3.24
7	Interest Cover Ratio	1.69	2.11	1.94	2.27	3.45	3.93	4.34	1.70	2.25
8	Fixed Assets Cover Ratio	1.30	1.30	1.41	1.38	1.50	1.93	1.37	1.47	1.09
9	Current Ratio	1.45	1.33	1.47	1.10	1.51	1.20	1.70	1.13	1.68

\* 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
Mr. Anand Mangal	: Managing Director
Mr. Shubh Mangal	: Executive 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, 1<sup>st</sup> 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: +91-9116420111  
Email: 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.  
1<sup>st</sup> 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.

### CONTENTS

Directors' Report	3-12
Annexures to the Directors' Report	13-32
Auditor's Report	33-39
Balance Sheet	40
Profit & Loss Account	41
Cash Flow Statement	42-43
Notes on Financial Statements	44-66



## Chairman's Message

Dear Stakeholders,

It gives me immense pleasure to present the 11<sup>th</sup> Annual Report of your Company. I trust your family and you are keeping well in the midst of unprecedented COVID-19 pandemic. The Government and industries are fighting to revive and rebuild the economy in these challenging situations. Despite an economic situation never seen before, during the financial year 2020-21, the Company recorded excellent performance. Revenue for the year stood at ₹ 20,571 Lacs as against ₹ 17,674 Lacs in the previous year recorded an overall growth of 16% even after lockdown from 22<sup>nd</sup> March, 2020 to 25<sup>th</sup> April, 2020. Exports of the Company has increased from ₹ 6,353 Lacs in the previous year to ₹ 10,417 in the current year, an increase of 64%. The Profit After Tax of the Company has increased to ₹ 452.63 Lacs for the current year as against ₹ 112.30 Lacs in the previous year, an impressive growth of 303%.

Notwithstanding the significant logistical challenges in the wake of the lockdown, the employees of your Company sacrificed their personal comfort to maintain the productivity of your Company and we remain confident of fortifying its market standing in the yarn segment leveraging its superior quality, execution excellence and investment in technology. Driven by a strong belief that an organization's strength is in its employees, your company announced that there will be no job losses due to the COVID-19 situation at 'LAGNAM'.

Your Company's philosophy is to achieve long- term value to serve the best interest of all shareholders, customers, employees, Government and the society. We adopted a new "Distant But Connected" moto to convey our solidarity in the global war against COVID-19 as well as our commitment to "Wellness First".

I wish to thank my colleagues on the Board and team for responding positively to an unprecedented challenge and most of all, I thank our shareholders for the confidence and faith reposed by them in the Board and the Management team, which has in my view geared up to take on more challenges. I can say with confidence the Company will improve its performance further in the coming years. This is however only possible through tireless efforts; dedication and commitment of our team who have helped us reach where we are now and look forward to their continued commitment in the journey forward.

With best wishes,

Sincerely,

**D. P. Mangal**

## DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the 11<sup>th</sup> Annual Report on business and operations of your company along with the Audited Financial Statements for the year ended 31<sup>st</sup> March 2021:

### 1. FINANCIAL RESULTS

The Financial Results of the Company's performance for the year under review and those of the previous year are as follows-

Particulars	(₹ in Lacs)	
	Year Ended 31 March, 2021	Year Ended 31 March, 2020
Turnover: a) Domestic	<b>10123.88</b>	11291.32
b) Export	<b>10416.87</b>	6353.13
<b>Total</b>	<b>20540.75</b>	17644.45
Profit before Finance Cost, Depreciation & Tax	<b>2616.35</b>	1584.52
Less: Financial expenses (Net)	<b>1164.43</b>	930.60
Profit before Depreciation & Tax	<b>1451.92</b>	653.92
Less: Depreciation	<b>751.87</b>	593.77
<b>Profit before Tax</b>	<b>700.05</b>	60.15
Less: Current Tax (Net)	<b>116.85</b>	2.16
MAT Credit Entitlement	<b>(116.85)</b>	(2.16)
Deferred Tax	<b>247.42</b>	(52.15)
<b>Profit after Tax</b>	<b>452.63</b>	112.30
Add: Opening Balance	<b>1989.15</b>	1876.85
Profit available for appropriation	<b>2441.78</b>	1989.15

### 2. OPERATIONAL PERFORMANCE:

#### REVENUE FROM OPERATIONS:

Your Directors are pleased to inform that despite the outbreak of Covid-19 which had significant impact on the operations of the company during the year under review, your Company has recorded

highest revenue of ₹ 20540.75 Lacs from operations in current year against ₹ 17644.45 Lacs in the previous year, an increase of 16.41%. The exports of the Company has seen significant increase from ₹ 6353.13 Lacs in the previous year to ₹ 10416.87 in the current year, a jump of 63.96%. Exports constitute 50.71% of the total revenue.

First half of the year was a turbulent period for the whole world due to the COVID-19 and your company was also adversely affected by the pandemic. Finance cost for the current year has increased to ₹ 1164.43 lacs as against ₹ 930.60 Lacs in the previous year and depreciation to ₹ 751.87 Lacs in the current year as against ₹ 593.77 Lacs in the previous year mainly due to full utilization of expanded capacity. Lower capacity utilization during the first few month of the beginning of the year impacted the revenue and profitability adversely.

#### PROFITABILITY:

Despite adverse circumstances due to COVID-19 in the first half of the year, the operating profit (EBIDTA) of the Company has increased from ₹ 1584.52 Lacs in the previous year to ₹ 2616.35 Lacs in the current year an increase of about 65.12%. The Cash Profit (PBDT) for the current year was ₹ 1451.92 Lacs against ₹ 653.92 Lacs in the previous year, an increase of 122.03%. The profit after tax (PAT) of the Company has increased to ₹ 452.63 Lacs for the current year as against ₹ 112.30 Lacs in the previous year, a substantial increase of 303.05%. The sales realization and margin improved during the second half of the current year due to good demand in domestic & export markets. The Company has reported Earnings per Share of ₹ 2.56/- during the current year against ₹ 0.64/- in the previous year.

#### SPECIAL RECOGNITION:

Your Directors are pleased to report that due to consistency in quality and service to our customers the exports have shown an impressive growth year over year and your company was awarded with the Certificate of "**Best Achievement for Highest Growth in Exports**" by the State Government of Rajasthan for the year 2019-20.



**3. DIVIDEND:**

Your Directors are pleased to recommend Dividend of 5% i.e. ₹ 0.50 per Equity Shares on the fully paid up Equity Shares of ₹ 10/- each for the financial year 2020-21 subject to approval of shareholders at the ensuing Annual General Meeting. (previous year NIL)

**4. TRANSFER TO RESERVES:**

During the year under review the company has not transferred any amount to the general reserves.

**5. IMPACT OF COVID-19 PANDEMIC:**

The outbreak of COVID-19 has resulted in a lockdown in many countries, including in India which had significantly impacted the operation and profitability of the company. The manufacturing plants & offices of the company were completely shut down from 22<sup>nd</sup> March, 2020 to 25<sup>th</sup> April, 2020. The operations had partially started w.e.f. 26<sup>th</sup> April, 2020 and gradually increased to full capacity utilization by the end of second quarter of 2020-21. COVID- 19 affected capacity utilization badly during the first half of the year 2020-21.

**6. CAPITAL STRUCTURE:**

The Capital Structure of the Company as on 31<sup>st</sup> March, 2021 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.

**7. ANNUAL RETURN:**

Kindly take note that the Annual Return is available on the Website of the Company after conclusion of the AGM in below link:

(Link: <https://www.lagnamspintex.com/annualreturn>)

**8. MATERIAL CHANGES BETWEEN THE DATE OF THE BOARD REPORT AND END OF FINANCIAL YEAR:**

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

**9. 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.

**10. 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: <https://www.lagnamspintex.com/policies>)

In view of the profits and turnover of the company, your Company was required to undertake CSR projects during the year 2020-21 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 I".

**AUDITORS**

**11. STATUTORY AUDITOR & AUDIT REPORT:**

M/s SSMS & Associates Chartered Accountants, Bhilwara (Firm Registration No. 019351C), were appointed as Statutory Auditors at the 9<sup>th</sup> Annual General Meeting held on 9<sup>th</sup> 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. 2020-21 and shall continue to be Statutory Auditors for the F.Y. 2021-22.

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.

**12. 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 2020-2021 ended 31<sup>st</sup> March, 2021.

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.

**13. 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 2020-2021.

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 2020-2021 forms part of the Annual Report as "Annexure II" to the Board's report.

**14. 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 directors have appointed M/s N. D. Birla & Co., Cost Accountants (FRN: 000028), being eligible, to conduct Cost Audit of the Company for the financial year 2020-21.

**15. 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 III".

**16. RECOGNITION & CERTIFICATIONS:**

Company has following certifications:

- USTERIZED CERTIFICATE

USTER TECHNOLOGIES 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.

- BCI Certificate
- GOTS Certificate
- Oeko-Tex Standard 100 Certificate
- ISO 9001:2015 Certificate
- One Star Export House Certificate

**17. SUBSIDIARY, ASSOCIATES AND JOINT VENTURE COMPANY:**

The Company does not have any subsidiary, associate or joint venture during the financial year 2020-21 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 31<sup>st</sup> March, 2021.

**18. 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) Jagdish Chandra Laddha
- (ii) Vijay Singh Bapna
- (iii) Anil Shah
- (iv) 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 2020-21.

**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. Shubh Mangal (DIN: 01287935), 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 2020-21 as under:

Mr. D. P. Mangal (DIN: 01205208), re-appointed as Whole Time Director of the Company and designated as "Executive Chairman" of the Company at the meeting of the Board of Directors held on 18.01.2021; subject to the approval of shareholders at the ensuing meeting of the members.

Following are the Directors and KMP(s) in the Company:

<b>S. No.</b>	<b>Name of Directors/ KMP(s)</b>	<b>Nature of Directorship</b>
1.	Dwarka Prasad Mangal (DIN: 01205208)	Chairman cum Whole Time Director
2.	Anand Mangal (DIN: 03113542)	Managing Director
3.	Shubh Mangal (DIN: 01287935)	Whole Time Director
4.	Vijay Singh Bapna (DIN: 02599024)	Independent Director
5.	Jagdish Chandra Laddha (DIN: 00118527)	Independent Director
6.	Anil Shah (DIN: 00145396)	Independent Director
7.	Dipali Mathur (DIN: 07732611)	Independent Director
8.	Devi Lal Mundra (PAN: AKUPM7207P)	Chief Financial Officer
9.	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





meeting 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 7 (Seven) times in the Financial Year 2020-21 viz. 04<sup>th</sup> June 2020, 19<sup>th</sup> June 2020, 26<sup>th</sup> September 2020, 6<sup>th</sup> November 2020, 29<sup>th</sup> December 2020, 12<sup>th</sup> January 2021 and 18<sup>th</sup> January 2021. 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						
	D. P. Mangal	Anand Mangal	Shubh Mangal	Vijay Singh Bapna	Jagdish Chandra Laddha	Anil Shah	Dipali Mathur
04.06.2020	Yes	Yes	Yes	Yes	Yes	Yes	Yes
19.06.2020	Yes	Yes	Yes	Yes	Yes	Yes	Yes
26.09.2020	Yes	Yes	Yes	Yes	Yes	Yes	Yes
06.11.2020	Yes	Yes	Yes	Yes	Yes	Yes	No
29.12.2020	Yes	Yes	Yes	Yes	Yes	Yes	No
12.01.2021	Yes	Yes	Yes	Yes	Yes	Yes	No
18.01.2021	Yes	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 12<sup>th</sup> January, 2021 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: <https://www.lagnamspintex.com/policies>)

#### 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.

#### 19. 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.

**20. 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: <https://www.lagnamspintex.com/policies>)

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

**21. INVESTORS EDUCATION AND PROTECTION FUND**

During the financial year 2020-2021 ended 31<sup>st</sup> March, 2021 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.

**22. 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 9<sup>th</sup> 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.

**23. 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.

**24. COMMITTEES OF THE BOARD: -**

The Company has following committees:

**I. Audit Committee:**

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



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

During the financial year 2020-21, the Audit Committee met 4 (four) times on 19.06.2020, 26.09.2020, 06.11.2020 and 12.01.2021.

#### 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	Jagdish Chandra Laddha	Independent Director	Chairman
2	Anil Shah	Independent Director	Member
3	Vijay Singh Bapna	Independent Director	Member

During the financial year 2020-21, the Nomination and Remuneration Committee met 2 (Two) times on 19.06.2020 and 18.01.2021.

#### III. Stakeholders' Relationship Committee:

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

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

During the financial year 2020-21, the Stakeholders' Relationship Committee met on 12.01.2021.

#### 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	Jagdish Chandra Laddha	Independent Director	Chairman
2	D. P. Mangal	Whole-time Director	Member
3	Vijay Singh Bapna	Independent Director	Member

During the financial year 2020-21, the Corporate Social Responsibility Committee met on 19.06.2020.

#### 25. 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: <https://www.lagnamspintex.com/policies>)

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 2020-21.

**26. 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: <https://www.lagnamspintex.com/policies>)

**27. MEETINGS OF THE MEMBERS:**

During the year under review Annual General Meeting of the Company was held on 26<sup>th</sup> September, 2020 and no any other meeting of the members held during the year.

**28. 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 under review is set out in this Annual Report as "Annexure IV."

**29. 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 "1<sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai-400059, Maharashtra.

**30. DEMATERIALIZATION 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<sup>st</sup> March, 2021, 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 that date. The ISIN allotted to your Company is INE548Z01017. Status of the securities as on 31<sup>st</sup> March, 2021 hereunder:

	CDSL	NSDL	TOTAL
Shares in Demat	84,38,000	92,31,000	1,76,69,000
Physical Shares	NIL	NIL	NIL

**31. 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 2020-2021 ended 31<sup>st</sup> March, 2021.

**32. 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.

Your Directors wish to appreciate the unconditional support given by the work force during the Covid-19 Pandemic.

**33. 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 V".

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



information to disclose in terms of the provisions of the Companies Act, 2013.

**34. 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.

**35. INDUSTRIAL RELATIONS:**

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

**36. 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-<https://www.lagnamspintex.com/policies>)

**37. DEPOSITS:**

During the financial year 2020-2021 ended 31<sup>st</sup> March, 2021 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.

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

During the financial year 2020-2021 ended 31<sup>st</sup> March, 2021 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.

**39. 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.

**40. 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.



**41. 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.

**42. DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE IBC 2016:**

During the year under review no application was made further no any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) against the company.

**43. DIFFERENCE IN VALUATION:**

During the year under review there was no case of one time settlement with financial institution so the details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions are not applicable to the company.

**44. 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 31<sup>st</sup> March, 2021, 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 31<sup>st</sup> March, 2021 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.

**45. ACKNOWLEDGEMENT:**

The Company is grateful to its customers, shareholders, suppliers, financial institutions, bankers, Central and State Governments for their constant support to the Company. The Directors also place on record their deep appreciation of the contribution made by employees at all levels, the consistent growth of the Company was made possible by their hard work, loyalty, dedication, coordination and support.

For and on Behalf of the Board of Directors

Place : Bhilwara

Date : 15<sup>th</sup> April 2021

**D.P. MANGAL**

*Chairman*  
[DIN: 01205208]

**ANNEXURE-I**

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

**1. A brief outline of the Company's CSR Policy:**

The CSR activities of the Company are carried out directly and also through contribution/donation made to other organisation/institution for the activities specified under Schedule VII of the Companies Act, 2013. The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same has been placed at the website of the Company i.e. [www.lagnamspintex.com](http://www.lagnamspintex.com) under the link "Investor Desk-----' Policies---' CSR Policy". As per CSR policy the Company endeavors 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:**

S.N.	Name of Director	Nature of Directorship	Number of meetings of CSR Committee held during the year*	Number of meetings of CSR Committee attended during the year
1.	Mr. Jagdish Chandra Laddha	Independent Director-Chairman	1	1
2.	Mr. Vijay Singh Bapna	Independent Director-Member	1	1
3.	Mr. D. P. Mangal	Whole Time Director-Member	1	1

\*During the financial year meeting of the CSR Committee held on 19.06.2020

**3. Details of web-link where composition of CSR committee, CSR Policy and CSR projects approved by the board:**

CSR details are available under the link- <https://www.lagnamspintex.com/csr>

**4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014:**

Not Applicable

**5. Details of the amount available for set off in the pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year:**

During the year, no amount available for set off, hence not applicable for the year.

**6. Average net profits of the Company as per Section 135(5) :**

Financial Year	Profit ( ₹ in Lacs)
2019-2020	60.15
2018-2019	643.52
2017-2018	572.84
Total	1276.51
Average Profit of above said Profit	425.50

7. (a) Two percent of average net profit of the Company as per section 135(5) : ₹ 8.51 Lacs
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : NIL
- (c) Amount required to be set off for the financial year : NIL
- (d) Total CSR obligation for the financial year (7a+7b-7c) : ₹ 8.51 Lacs

**8. (a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (In ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 8.51 Lacs	NIL	NIL	NIL	NIL	NIL

**(b) Details of CSR amount spent against ongoing projects for the financial year\*:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)
S.N.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation- Direct (Yes/No)	Mode of Implementation - Through Implementing Agency
				State	Distt.					Name	CSR Registration No.
N.A.											

\*No CSR amount spent against ongoing projects for the financial year.





(c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the Project		Amount spent for the project (₹ In Lacs)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	Distt.			Name	CSR* regn. no.
1.	Animal Welfare Project	Animal Welfare	No	Rajasthan	Nagaur	1.00	No	Shri Ramanand Gaushala, Ladnu	N.A.
2.	COVID-19 Health Care Project	Eradicating hunger, promoting health care and sanitation	Yes	Rajasthan	Bhilwara	1.00	No	Agarwal Samaj Sampati Trust	N.A.
3.	Project "SHIKSHA"	Promoting Education including special education and employment enhancing vocation skills	NO	Gujarat	Surendra nagar	6.00	NO	Shri Jagat Bharti Education & Charitable Trust	N.A.
4	Animal Welfare Project	Animal Welfare	Yes	Rajasthan	Bhilwara	0.51	No	Keshav Gau Seva Samiti, Banera	N.A.
	TOTAL					8.51**			

\*Not available for the financial year as form CSR-1 made available w.e.f. 01.04.2021.

\*\*Total CSR obligation for the Financial Year 2020-21 is ₹ 8.51 Lacs and the Company has spent ₹ 8.90 Lacs which includes ₹ 0.39 Lacs for previous year (2019-20) towards unspent CSR Liability.

- (d) Amount spent in Administrative Overheads : NIL
- (e) Amount spent on Impact Assessment : N.A.
- (f) Total amount spent for the Financial Year : ₹ 8.51 Lacs  
(8b+8c+8d+8e)



(g) Excess amount for set off:

S.N.	Particular	Amount (₹ In Lacs)
1	Two percent of average net profit of the company as per section 135(5)	8.51
2	Total amount spent for the Financial Year	8.51
3	Excess amount spent for the financial year [(ii)-(i)]	NIL
4	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
5	Amount available for set off in succeeding financial years[(iii)-(iv)]	NIL

9. (a) Details of Unspent CSR amount for the preceding three financial years:

S.N.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
			N.A.				

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

S.N.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project Duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed/ Ongoing
				N.A.				

10. Details of creation or acquisition of capital asset created or acquired through CSR spent in the financial year:

*No asset created or acquired through CSR spent in the financial year.*

11. Reason for unspent amount (two per cent of the average net profit as per section 135(5)):

*Company is not carrying any unspent amount for the financial year.*

For and on Behalf of the Board of Directors

For and on Behalf of the CSR Committee

**D.P. MANGAL**

*Chairman*

[DIN: 01205208]

Date : 15<sup>th</sup> April, 2021

Place : Bhilwara

**J. C. LADDHA**

*CHAIRMAN*

CSR Committee

**ANNEXURE-II**

**FORM MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

**[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 31<sup>st</sup> March, 2021 (1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021) 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 31<sup>st</sup> March, 2021, 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. 18<sup>th</sup> 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 no change in the capital of the Company. Share Capital of the Company is as under: -

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.

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.

**For Sanjay Somani & Associates**

**Sanjay Somani**

**Proprietor**

**M. No.: FCS6958**

**COP No.: 5270**

Place: Bhilwara

Date: 15<sup>th</sup> April, 2021

UDIN: F006958C000096707

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



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

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

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

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

- being performed by the independent auditors.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
  5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, guidelines, standards etc., are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
  6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
  7. We do not take any responsibility for any person if taking any commercial, financial or investment decision based on our secretarial audit report as aforesaid and they need to take independent advice or decision as per their own satisfaction.

**For Sanjay Somani & Associates**

Place: Bhilwara  
Date: 15<sup>th</sup> April, 2021  
UDIN: F006958C000096707

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

**ANNEXURE 'III'**

**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 (2020-21)	Previous Year (2019-20)
<b>1. CONSERVATION OF ENERGY</b>		
<b>A: POWER &amp; FUEL CONSUMPTION</b>		
	The Company is continuously putting its efforts to improve energy management by way of monitoring energy related parameters on regular basis.	
<b>1. Electricity</b>		
a. Purchase Units (in Lacs)	226.89	193.35
Total Amount ( ₹ in Lacs)	1512.28	1399.82
Rate/Unit (Amount in ₹)	6.67	7.24
b. Own Generation		
(I) Through Diesel generator	-	-
Unit ( ₹ In Lacs)	-	-
Unit Per ltr. of diesel oil	-	-
Cost / Unit (₹)	-	-
(II) Through HFO Generator	-	-
Unit (₹ In Lacs)	-	-
Unit Per ltr. of diesel oil	-	-
Cost / Unit (₹)	-	-
<b>B. Consumption per unit of production</b>		
Electricity Unit per Kg.	2.23	1.76
<b>1. TECHNOLOGY ABSORPTION</b>		
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
<b>2. FOREIGN EXCHANGE EARNINGS AND OUTGO</b>		
The details of foreign exchange earnings and outgo during the year are as under:		
Earnings (₹ in Lacs)	10233.25	6242.69
Outgo: (₹ in Lacs)		
• Revenue A/c	272.92	425.95
• Capital A/c	-	-

For and on Behalf of the Board of Directors

**D.P. MANGAL**

Chairman

[DIN: 01205208]

Place : Bhilwara  
Date : 15<sup>th</sup> April, 2021



## ANNEXURE-IV

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management discussion and analysis report provide an over view of the financial activities for the fiscal year ended on 31<sup>st</sup> March 2021, gives an overall sight of the spinning industry, opportunities and threats in the business and Company's strategy to deal with that. This report is designed to focus on current years' activities, resulting changes and other known facts in conjunction to the financial and strategic position of the Company.

#### OVERVIEW OF ECONOMY

The textile industry in India is largest industry after agriculture and is also highly labour intensive offering the largest volume of employment. India is among the world's largest producer of textiles and apparels. The domestic textiles and apparel industry contribute 2% to India's GDP, 7% of industry output in value terms and 12% of the country's export earnings. Unlike other major textile-producing countries, India's textile industry is comprised of small-scale, non-integrated spinning, weaving, finishing, and apparel-making enterprises and large-scale mills that integrate spinning, weaving and fabric finishing. The uniqueness of the industry lies in its strength both in the hand-woven, small- scale sector as well as in the capital-intensive large-scale mill sector. (Source: [www.investindia.gov.in](http://www.investindia.gov.in) )

As the result of policy and technological reforms in the textile industry the organized sector i.e. large-scale mill sector started applying modern machinery and techniques which have led to significant gains in technical efficiency and international competitiveness. The organized textile industry is characterized by the use of capital-intensive technology for mass production of textile products and includes spinning, weaving, processing, and apparel manufacturing. However, the industries operating in the organized sector need to comply with numerous government labour and tax regulations, such industries are meeting needs of domestic as well as world market. On the other hand, industries operating in the small-scale "unorganized" sector have less stringent regulations and meeting the needs of India's predominately low-income domestic consumers.

#### INDUSTRY DEVELOPMENTS & STRUCTURE

The Indian Textile Industry has inherent linkage with agriculture and with the culture and traditions of the country making for its versatile spread of products appropriate for both domestic and the export markets. The textile industry is operating under different segments such as Spinning (the process of converting cotton or manmade fiber into yarn), Weaving and Knitting (converting yarn into woven or knitted fabrics), Fabric Finishing/ Processing (dyeing, printing and other cloth preparations) and Clothing (apparel manufacturing). The textiles and apparel industry in India have strengths across the entire value chain from fiber, yarn, fabric to apparel. Presently, spinning is the most consolidated and technically efficient sector in India's textile industry.

The Indian textile industry is the second largest manufacturer and exporter in the world, after China. The industry is of vital importance to the Indian economy. The Industry contributes around 25% share in the world trade of cotton yarn. India is the largest exporter of yarn in the international market and has a share of 25% in world cotton yarn export market. Our country contributes for 12% of the world's production of textile fibres and yarn. Textile & garments industry in India is expected to reach \$223 bn by 2021 from \$140.4 bn in 2018. Cotton production is expected to reach 36.0 million sales in FY21. ([www.ibef.org](http://www.ibef.org) )

The textile sector also has a direct link with the rural economy and performance of major fibre crops and crafts such as cotton, wool, silk, handicrafts and handlooms, which employ millions of farmers and crafts persons in rural and semi-urban areas. It has been estimated that one out of every six households in the country depends directly or indirectly on this sector. India has several advantages in the textile sector, including abundant availability of raw material and labour. It is the second largest player in the world cotton trade. It has the largest cotton acreage, of about nine million hectares and is the third largest producer of cotton fibre in the world. It ranks fourth in terms of staple fibre production and fourth in polyester yarn production. The textile industry is also





labour intensive, thus India has an advantage.

As per policy of FDI in Textile Sector Indian government allows 100% FDI under the automatic route. The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted Foreign Direct Investment (FDI) worth US \$ 3.46 billion from April 2000 to September 2020. According to data available, textile and clothing exports in 2018-2019 were worth \$35.9 billion and from April 2019 to March 2020 it was worth \$ 33.8 billion. The textiles and apparel industry in India is the second-largest employer in the country providing direct employment to 45 million people and 60 million people in allied industries.

Exports in the textiles and apparel industry are expected to reach \$300 bn by 2024-25 resulting in a tripling of Indian market share from 5% to 15%. To double the industry size to \$300 bn by 2025-26, 7 mega textile parks have been planned. Indian technical textiles market is expected to grow at a rapid 7.6% in the Asia Pacific region to reach \$23.3 bn in 2027, up from \$14 bn in 2020. The domestic technical textile market for synthetic polymer was valued at \$7.1 bn in 2020 and is projected to reach \$11.6 bn by 2027, growing at a CAGR of 7.2%, while technical textile market for wovens is expected to grow at a CAGR of 7.4% to \$15.7 bn by 2027, up from \$9.5 bn in 2020. (Source: www.investindia.gov.in)

Major textile and apparel export destinations for India are EU-28 and USA with 43% share in total textile and apparel exports. In keeping with goal of making India's development inclusive and participative, the Government's central focus has been on increasing textile manufacturing by building the best-in-class manufacturing infrastructure, upgradation of technology fostering innovation, enhancing skills and traditional strengths in the textile sector. The future for the Indian textiles industry looks promising, buoyed by strong domestic consumption as well as export demand.

Textile industry has vital importance for Indian economy as-

- It has around 4.5 crore employed workers including 35.22 lakh handloom workers across the country.
- Contributes 2% to India's GDP, 7% of industry output in value terms and 12% of the country's export earnings.

Operating profits of cotton spinners will double next fiscal as revenue spurts 20-25% on higher sales to Asian buyers and appreciation in cotton yarn prices, a study of 102 of them (including 95 rated by CRISIL), which account for 40% of the industry, shows. Consequently, the credit outlook for cotton spinners, which was negative in the first half of this fiscal, will turn positive next fiscal, as accruals improve and inventory reduces.

With global demand for knitted garments and home textiles recovering faster than expected due to extended stay-at-home period, and sharper focus on health and hygiene, exports of yarn to China, Bangladesh and Vietnam (which account for over half of India's exports) rose 22%, 39% and 51%, respectively, on-year in April-December 2020 (see chart 1). What has also helped is the US move to ban use of Xinjiang cotton, which has cranked up Indian yarn exports.



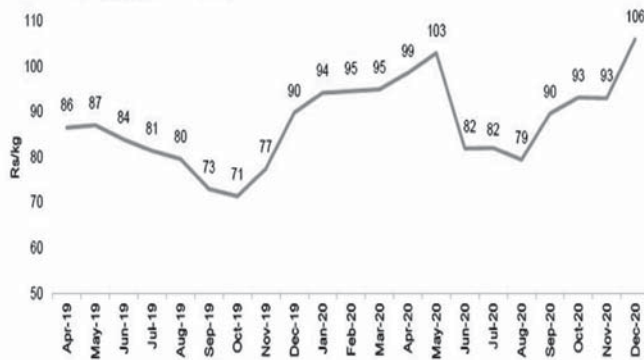
Source: Directorate General of Commercial Intelligence and Statistics

Supplementing exports is the expectation of revival in domestic demand next fiscal owing to recovery in discretionary spending by consumers. Consequently, overall revenues of cotton spinners, which is set to decline 14-16% this fiscal, should rebound next fiscal.

Spreads 1 (difference between cotton and yarn prices), too, have improved as a rebound in global demand lifted prices of yarn higher than cotton (up ~20% over April-December 2020, compared with 13% for cotton). Spreads had narrowed to Rs 80-85 per kg in June-August from as wide as Rs 103 in May, and clawed back to Rs 90-95 in September-December (see chart 2). The trend should continue next fiscal, given improving demand.



Chart 2: Cotton yarn spreads on an uptick



Source: CRISIL Research

Says Gautam Shahi, Director, CRISIL Ratings, "Capacity utilisation of spinners has also risen from 70-80% in the second quarter this fiscal to ~90% in the third, and is likely to remain high next fiscal, too, which supports revenue. That, and widening cotton and yarn spreads would mean operating margins of spinners would increase 200-250 bps on-year to ~11% next fiscal, and operating profits would almost double."

With demand rising, inventory should decline to typical levels of 2-3 months by the end of this fiscal, from around 4 months a year ago. That would reduce dependence on short-term borrowings.

Says Kiran Kavala, Associate Director, CRISIL Ratings, "The credit outlook for cotton spinners is positive as improving cash accrual and lower working capital debt will burnish debt protection metrics next fiscal. This is significant, considering credit ratio (ratio of number of rating upgrades to rating downgrades) for CRISIL-rated cotton spinners had deteriorated to 0.31 (April 2020 - February 2021), after hovering over 1 time in the past three fiscals.

We expect the credit ratio to improve next fiscal driven by improvement in debt protection metrics such as interest coverage and net cash accrual to total debt of cotton spinners estimated to double to over 4 times and 0.25 time, respectively, next fiscal from an estimated ~2 times and 0.12 time, respectively, this fiscal."

Higher exports and yarn realisation have helped spinners recover a chunk of the losses incurred in the first quarter of this fiscal. That said, China's stance on cotton yarn imports and the sustenance of higher spreads remain the monitorables.

### Raw Material (Cotton) Prices

Cotton is one of the most important cash crops and accounts for around 25% of the total global fibre production. In the raw material consumption basket of the Indian textile industry, the proportion of cotton is around 60%. During the year Cotton farmers in the country have taken advantage of higher global price for the natural fibre this season (October 2020-September 2021), resulting in at least 80 per cent of the production being sold.

Cotton prices in New York have gained nearly 11 per cent this year, according to the Trading Economics website. Cotton in New York is quoted at 86.13 cents a pound (₹ 49,600 a candy), while Indian exporters are offering a benchmark Shankar-6 cotton at ₹ 45,900-46,200 a candy. Indian cotton has been offered for exports at a competitive price of between ₹ 44,000 and ₹ 48,000 a candy this season. This helped "kapas" prices to increase in most of the market yards.

(Source: The Hindu, Business Line, Commodities)

### GOVERNMENT SUPPORT

Indian government has come up with several export promotion policies for the textiles sector. As mentioned earlier, 100 per cent FDI is allowed in the Indian textiles sector under the automatic route.

Some of initiatives taken by the government to further promote the industry are as under:

- Defence Research and Development Organisation (DRDO) is helping the Indian textile industry to produce yarns and eliminate dependence on import of Chinese and other foreign clothing for military uniforms.
- In October 2020, the Cabinet Committee on Economic Affairs chaired by Mr. Narendra Modi approved mandatory packaging of 100% food grains and 20% sugar in jute bags. Under the Jute Packaging Materials (Compulsory Use in Packing Commodities) Act, 1987, the government is required to consider and provide for the compulsory use of jute packaging materials for supply.
- Government launched production linked incentive scheme to provide incentives for manufacture and export of specific textile products made of man-made fibre.



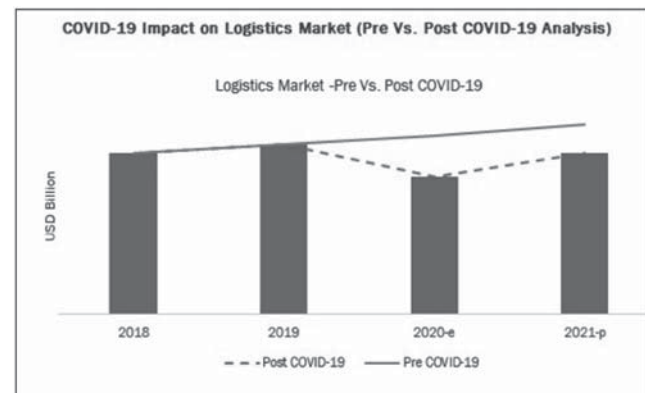
- On September 2, 2020, the Union Cabinet approved signing an MOU between textile committee, India and M/s Nissenken Quality Evaluation Centre, Japan, for improving quality and testing Indian textiles and clothing for the Japanese market. This India-Japan pact on cooperation in textiles will facilitate Indian exporters to meet the requirements of Japanese importers as per the latter's technical regulations.
- Under Union Budget 2020-21, a National Technical Textiles Mission is proposed for a period from 2020-21 to 2023-24 at an estimated outlay of ₹ 1,480 crores (US\$ 211.76 million).
- 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% to 4%.
- Emergency Credit Line Guarantee Scheme (ECLGS), a 100% guaranteed credit scheme launched under "Atmanirbhar Bharat" scheme. The scheme was very useful for the financial year for the sector identified by 'the Kamath Committee'.
- The Government of India has taken several measures including Amended Technology Upgradation Fund Scheme (A-TUFS), estimated to create employment for 35 lakh people and enable investment worth ₹ 95,000 crore (US\$ 14.17 billion) by 2022.
- Integrated Wool Development Programme (IWDP) was approved by Government of India to provide support to the wool sector, starting from wool rearer to end consumer, with an aim to enhance quality and increase production during 2017-18 and 2019-20.

Ministry of Textiles is contemplating a New Textile Policy. At present, New Textile Policy has not been finalized and it is at draft stage. The New Textile Policy inter alia, will give thrust on enhancing export performance and creating better employment opportunities. The New Textile Policy is being formulated by holding widespread consultations with various associations, industry bodies, State Governments and other stakeholders representing

subsectors viz. Cotton, Silk, Jute Wool, Handloom, Handicrafts, Powerloom etc. (Source: www.pib.gov.in)

**Impact of Covid-19 Pandemic and Initiatives and steps taken by Government of India to enhance textile industry -**

In the wake of the ongoing pandemic, all nations have suffered at large across all industries. Textile Industry too has been no exception to the brunt faced due to the impact of the coronavirus. While most economies are still struggling to get up, India surprisingly has sprung back with the ferociousness of a panther from the third quarter onward. Despite the country coming to a standstill for months and finances and supply chains being adversely affected, Indian textile industry too is gradually scaling back to its pre-covid glory. While credit for this does go to our robust organisations, the various initiatives and steps taken by the Government of India to facilitate this positive movement in the textile industry cannot be ignored. The support provided by the government with its ongoing schemes and the launch of new measures have provided the strong framework that domestic textile manufacturers were seeking to setup their products on.



**Atmanirbhar Bharat:** Our generation which depended largely on ordering rather than making anything learnt the importance of not relying on outside world. As part of the Atmanirbhar 3.0 package, a major chunk of ₹ 1.45 lakh crores were allotted to give a boost to manufacturing sectors which included textiles. Finance Minister Nirmala Sitharaman has recently proposed National Technical Textile Mission with an outlay of Rs 1,480 crore over four years to cut down imports. When presenting the budget for FY 20-21, she has also announced Rs



27,300 crores allocations for development and promotion of industry and commerce which includes textiles. This financial boost at the right time is fueling not only the production but also the morale of Indian textile industry.

**GST:** The new proposed law regarding indirect taxes will result in 'Fiber-neutrality effect' on the Indian textiles sector, according to the Ministry of Textiles. This means that all man-made and natural fibers are now treated equally from the tax point of view. This will indirectly encourage product diversification in the industry as manufacturers will consider blending synthetic fibers with cotton fibres.

Despite being the second largest producer of man-made fibers like polyester and viscose, Indian textile industry relies heavily on cotton. A major deterrent for this is the high slab of taxes on man-made fibres. GST on cotton is uniform at 5% whereas MME ranges from 5 % for fabric to 18% for fiber which makes man-made textile production more expensive.

**Scheme for Integrated Textile Parks (SITP):** The setting up of integrated textile parks is one of the flagship schemes of the Ministry of Textiles primarily setup to assist small and medium enterprises in the textile industry to clustered investments in textile parks by providing financial support for world class infrastructure in the parks.

SITP has majorly boosted Indian textile industry. A total of 59 textile parks have been sanctioned under SITP by the Ministry of Textiles out of which 22 textile parks have been finalized and rest are under various stages of construction. While 13 textile parks will receive a grant of ₹ 520 crores from the Government for infrastructure development, they are estimated to bring in private sector investment of about ₹ 3,240 crores. This scheme is a true game changer as the financial aid provided to companies seeking to setup manufacturing units but unable to do so due to the sky high prices of land has caused many new entrants to enter this sector. Furthermore, the easing of the red-tape with the plug and play setup in these parks has made India a hotspot not only for domestic but also international players seeking to enter the domain of textiles and apparel.

**Make in India:** As part of the "Atmanirbharat Bharat" program, "Make in India" slogan has been launched to reboot and revamp the economy post the first

impact of the pandemic. As per data, India has jumped up 79 positions on the ease of doing business ranking after the launch of various schemes under "Make in India" campaign.

The government has decided to continue paying 24% EPF to ease financial burden on manufacturers as part of its Atmanirbhar Bharat Rozgar Yojna launched in November 2020. In order to ensure steady supply of skilled manpower in the labor-intensive textile sector, the Union Cabinet approved a Rs 1,300-crore outlay for skilling and up-skilling an estimated 10 lakh people in the entire value chain of the sector, including spinning and weaving.

The government has proposed to extend 24/7 clearance facility across 14 sea ports and 13 airports to ensure faster clearance of export and import cargo. The Emergency Credit Line Guarantee scheme sanctioned for the textile sectors amongst others aims to clear any financial challenges being faced by existing players as well as provide a platform to new players.

**Production Linked Incentive (PLI):** Aimed at increasing manufacture and export of Indian technical textiles, the newly launched PLI scheme is a much-needed step as it would fuel the V-shaped recovery that had begun in many sectors, including the apparel sector. Globally there is huge demand for technical textiles with U.S alone having a market of approximately Rs 3 lakh crores. By filling up the gaps caused by existing hurdles in man-made fiber production, PLI hopes to capture a large chunk of this market and elevate India's position to the top exporter of technical textiles.

#### INDIA'S MAJOR COMPETITORS IN THE WORLD

India's textile and apparel industry can be labelled as that rocket which zoomed off to the skies but lost its fizz somewhere in between. Despite being the second-largest exporter of textiles and accounting for 5% of the global share of textiles and apparel, India's first runners up crown face stiff chances of being taken away by smaller countries like Vietnam and Bangladesh. Currently, India ranks second only to the manufacturing giant China but whether this position will go up or down vastly depends on certain factors. If we analyze India's productivity in textiles and apparel and compare it with its competition across the world, the following points play a deciding role in establishing India's position globally:



**KEY STRENGTH OF THE INDUSTRY**

- India is the third largest producer of cotton with the largest area under cotton cultivation in the world. It has an edge in low-cost cotton sourcing compared to other countries.
- Average wage rates in India are 50-60 per cent lower than that in developed countries, thus enabling India to benefit from global outsourcing trends in labour intensive businesses such as garments and home textiles.
- Design and fashion capabilities are key strengths that will enable Indian players to strengthen their relationships with global retailers and score over their Chinese competitors.
- Production facilities are available across the textile value chain, from spinning to garments manufacturing. The industry is investing in technology and increasing its capacities which should prove a major asset in the years to come.
- Large Indian players such as Arvind Mills, Raymonds, Vardhman etc have established themselves as 'quality producers' in the global market. This recognition would further enable India to leverage its position among global retailers.
- India has gathered experience in terms of working with global brands and this should benefit Indian vendors.

**MARKETING APPROACH AND MARKETING SET UP**

A successful organisation is one where every member of the management works individually towards its designated roles and responsibilities and works collectively with other members to attain company goals. Therefore, Our Directors with the dedicated team of marketing personnel through their relevant experience and good relationship with our customers has played a vital role in creating and expanding a work platform for our Company. We believe in operational excellence. Marketing department is headed by our executive directors. Our long-standing relationship with our major customers has been one of the most significant factors contributing to our growth. Our commitments to quality and customer service practices have been strong contributing factors to our robust customer relations. Over the

years, we have steadily developed a robust base of international customers for our products.

**Strategies:**

- Organisational Alignment- clear assignment of duties towards every management personnel for smooth and efficient operations
- Assets Reliability- adopting smart machineries and incorporate data driven decisions
- Regulations- adhering to safety and environmental regulations.
- Lean Manufacturing- to minimise waste and create more value-oriented products
- Energy- sustainable manufacturing and use of energy efficient machinery



**OPPORTUNITIES AND THREATS**



**Opportunities-**

- Growth rate of Domestic Textile Industry is 6-8% per annum.
- Large, Potential Domestic and International Market.



- Product development and Diversification to cater global needs.
- Increased Disposable Income and Purchasing Power of Indian Customer opens New Market Development.
- Greater Investment and FDI opportunities are available.

**Threats-**

- Competition from other REMOVE IT countries, especially China.
- Continuous Quality Improvement is need of the hour as there are different demand patterns all over the world.
- International labor and Environmental Laws.
- To balance the demand and supply.
- To make balance between price and quality.

**SEGMENT REVIEW AND ANALYSIS**

Yarn is the core of all fabrics- be it garments or home furnishings. The Company Produces Cotton Yarn using Cotton as raw material. We can call it a 'Sustainable Yarn' production because it has been manufactured keeping environment, humans and the economy in balance. Our yarns do not deplete the earth's resources or cause carbon footprints. They are organically grown or manufactured by recycling.

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

**OUTLOOK**

The global trade forecast increased 610,000 bales to 44.5 million. If realized, this ranks as the fourth-highest on record and would be the greatest trade volume since 2012/13. The largest changes to export forecasts were for Australia (-100,000 bales to 1.4 million) and India (+700,000 bales to 5.7 million). Despite COVID lingering over the global economy, four-week rolling averages for new weekly sales had been consistently higher than year-ago levels since September. In early February, that changed, and sales have been below last year's levels for several weeks. Currently, cotton in New York is quoted at 86.13 cents a pound (₹ 49,600 a candy), while Indian exporters are offering a benchmark Shankar-6 cotton at ₹ 45,900-46,200 a candy. Market sources said that the cotton market is witnessing correction due to fears

over the impact of the second wave of Covid-19 and investors are booking profits.

**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 35.10 tons 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 optimized productivity of machines and labour, which in turn, enhances the production, operating cost and profitability of The Company. Our technical team in spinning is process oriented and well equipped with modern spinning technology which ensures good and consistent quality of yarn.

Lagnam Spintex is presently exporting cotton yarns to countries like Portugal, Bangladesh, Poland, China, Peru, Germany, Mauritius, Malaysia, Korea, Turkey, Taiwan, Hong Kong 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 2020-21 of ₹ 20,540.75 Lacs against the total revenue of ₹ 17644.45 Lacs in the previous financial year 2019-20.
- The Total expenses of the Company during the financial year 2020-21 is ₹ 19,870.66 Lacs against the expenses of ₹ 17613.63 Lacs in the previous financial year 2019-20.
- The Profit after tax is ₹ 452.63 Lacs for the financial year 2020-21 as compare to ₹ 112.30 Lacs in the previous financial year 2019-20.

**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 which translates into higher working capital requirements and hence increase in borrowings, which will translate into weaker credit metrics. The cotton prices of Indian cotton during the COVID-19 were very badly affected resulting in losses to many cotton spinning companies.

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. A detailed exercise is being carried out to identify,

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.

**INFORMATION TECHNOLOGY**

In todays global marketplace change is inevitable and to keep ahead of this any organization must use Information Technology to drive Innovation which is



evaluate, monitor and manage both business and non-business risks. Some of the key risks identified include:

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has implemented proper system for



the path to quick business decisions. Lagnam is a firm believer that without IT no organization can function, therefore our end-to-end Business Process Management tool based on Infor LX ERP platform went live along with our COD in 2019. After making significant investment in its IT infrastructure and solutions, Lagnam would be one of the very few manufacturing companies that has significant budget allocated for IT upgradation to adopt to ever evolving technological solutions.



As our systems are maturing, we are immensely proud to use the full potential of technology in various day to day activities:

- We have a centralized single network infrastructure secured by a robust Firewall monitored and managed by our team on regular basis. On this network all our manufacturing machines as well as user computers are connected for ease of access

- All our end user machines and servers are protected by McAfee Enterprise level End Point Security system to safeguard any virus attacks on our network
- The management and operational team have easy access to all the operational data of various machines on the tip of their fingers at all the time for a quick proactive action.
- We have a complete HRMS and Payroll system to fully utilize our human resource potential.
- We recently invested in a customized Cotton Bale Management system to keep our product quality consistent.
- We have developed in house Open source email server to support our BPM system to send out reports by department to everyone at the end of the day to take corrective actions as and when required.
- Use of collaborative tools for easy information sharing across various departments.

**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-V****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**

(in ₹)

S.N.	Name	Designation	Remuneration For the year 2020-21	Remuneration For the year 2019-20	% Increase in Remuneration	Ratio Between Director or KMP and Median Employee
1	Mr. D. P. Mangal	Chairman & WTD	38,16,128	52,35,845	-27.12	27.93:1
2	Mr. Anand Mangal	Managing Director	26,14,500	39,87,774	-34.44	19.13:1
3	Mr. Shubh Mangal	Whole-Time Director	24,44,760	4,43,931*	-37.90	17.89:1
4^	Mr. Vijay Singh Bapna	Independent Director	90,000	71,500	N.A.	N.A.
5^	Mr. Jagdish Chandra Laddha	Independent Director	87,500	88,500	N.A.	N.A.
6^	Mr. Anil Shah	Independent Director	87,500	54,000	N.A.	N.A.
7^	Ms. Dipali Mathur	Independent Director	30,000	10,000	N.A.	N.A.
8	Mr. Devi Lal Mundra	Chief Financial Officer	10,86,150	13,36,800	-18.75	7.95:1
9	Mr. Rajeev Parashar	Company Secretary	3,88,758	4,20,288	-7.50	2.84:1

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

^ Remuneration in the form of sitting fees to attend meetings as an Independent Director

**B. Percentage increase/decrease 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 :-**

During the year, median remuneration of the employees was decreased by 8%, to mitigate the effects of COVID-19 and to re-arrange the human resource. The remuneration of Median employees was ₹ 1,36,656 during the year 2020-21 as compared to ₹ 1,48,548 in the previous year.



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

As on 31<sup>st</sup> March, 2021 the total number of employees on the roll was 450.

**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:**

There was no increment made in the salary of the employees of the Company as well as in the managerial remuneration to mitigate the effects of COVID-19. This is in line with the Remuneration Policy of the Company, in consideration with the external market competitiveness and internal relativities.

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

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

For and on Behalf of the Board of Directors

**D.P. MANGAL**

*Chairman*

[DIN: 01205208]

Place : Bhilwara

Date : 15<sup>th</sup> April, 2021



## 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 31<sup>st</sup> March 2021, 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 31<sup>st</sup> March, 2021, and the profit and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Responsibility of Management for Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

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

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

#### **Emphasis of Matters**

The Company has provided depreciation on Plant and Machinery considering the same as 'Continuous Process Plant' based on technical expert's advice. This being a technical matter, no opinion is expressed thereon. Refer note no.11 to the accompanying financial statements.

Our opinion is not qualified in respect of this matter.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-I a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.



- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2021 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 33 to the standalone financial statements;
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Place: Bhilwara  
Date: 15<sup>th</sup> April, 2021  
UDIN : 21076241AAAABA2196

**(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 31<sup>st</sup> March, 2021. We report that:

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) These fixed assets have been physically verified by the management at reasonable intervals, no any material discrepancies were noticed on such verification;
- (c) The title deeds of immovable properties are held in the name of the company.
- (ii) Physical verification of inventory has been conducted at reasonable intervals by the management; no any material discrepancies were noticed on physical verification.
- (iii) The company has not granted any loan, secured or unsecured to companies, firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013.
- (iv) The company has not entered any transaction in respect of loan, investments, guarantee and security covered under section 185 and 186 of the Companies act, 2013.
- (v) The company has not accepted deposits under provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- (vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (vii) (a) The company is regular in depositing undisputed statutory dues including provident fund, employees' state

insurance, income-tax, duty of customs, GST, cess and any other statutory dues with the appropriate authorities.

- (b) According to the records of company, no dues of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, GST,cess and any other statutory dues with the appropriate authorities, which has not been deposited on account of dispute, Subject to following tax due:-

Sr. No.	Name of Statue	Nature of Due	Amount (₹ In Lac)	Forum where dispute is pending
1.	Income Tax, 1961	Tax Interest	37.31 34.59	Commissioner 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) In our opinion, and according to the information and explanation given to us, the company has not raised money by way of initial public offer or further public offer ( including Dept instruments ).
- (x) In our opinion and according to the information and explanations given to us, there is no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.
- (xii) The provision specified in Nidhi Rule 2014 is not applicable on Company.
- (xiii) Company has complied the provision of sections 177 and 188 of Companies Act 2013 on all



transactions with the related parties where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

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

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

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

Place: Bhilwara

Date: 15<sup>th</sup> April, 2021

UDIN : 21076241AAAABA2196

**(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 31<sup>st</sup> March, 2021 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 31<sup>st</sup> March, 2021, 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: 15<sup>th</sup> April, 2021

UDIN: 21076241AAAABA2196

**(Satish Somani)**

**Partner**

**M.No. 076241**

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2021**

Particulars	Note No.	As at 31 <sup>st</sup> March, 2021 (₹ in Lacs)	As at 31 <sup>st</sup> March, 2020 (₹ in Lacs)
<b>1. EQUITY &amp; LIABILITIES</b>			
<b>(i) Shareholders' Funds</b>			
(a) Share Capital	2	1766.90	1766.90
(b) Reserves and Surplus	3	4119.98	3667.35
		<u>5886.88</u>	<u>5434.25</u>
<b>(2) Non-current Liabilities</b>			
(a) Long-term borrowings	4	12323.84	10761.99
(b) Deferred tax liabilities (Net)	5	820.52	573.10
(c) Long-term provisions	6	67.40	43.78
		<u>13211.76</u>	<u>11378.87</u>
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	7	2954.29	4587.67
(b) Trade payables	8	494.14	1113.98
(c) Other current liabilities	9	2391.20	1648.59
(d) Short-term provisions	10	8.55	10.16
		<u>5848.18</u>	<u>7360.40</u>
<b>TOTAL</b>		<u>24946.82</u>	<u>24173.52</u>
<b>II. ASSETS</b>			
<b>(1) Non - current assets</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		15070.38	15796.33
(ii) Intangible Assets		10.72	9.23
		<u>15081.10</u>	<u>15805.56</u>
(b) Non-current Investments	12	22.16	34.20
(c) Other non-current assets	13	0.59	5.28
		<u>22.75</u>	<u>39.48</u>
<b>(2) Current Assets</b>			
(a) Current Investments	14	5.00	5.00
(b) Inventories	15	3977.95	3940.13
(c) Trade Receivables	16	3498.20	2670.06
(d) Cash and Cash Equivalents	17	45.16	48.80
(e) Short-term loans and advances	18	2311.97	1659.80
(f) Other current assets	19	4.69	4.69
		<u>9842.97</u>	<u>8328.48</u>
<b>TOTAL</b>		<u>24946.82</u>	<u>24173.52</u>

See accompanying notes 1 to 39 forming part of financial statements

As per our report of even date

**For SSMS & Associates**

Chartered Accountants

Firm Reg. No. 019351C

**Satish Somani**

(Partner)

Membership No.076241

Place : Bhilwara

Date : 15<sup>th</sup> April, 2021

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)

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

Particulars	Note No.	Year ended 31 <sup>st</sup> March, 2021 (₹ in Lacs)	Year ended 31 <sup>st</sup> March, 2020 (₹ in Lacs)
<b>I. Revenue from operations</b>	20	<b>20540.75</b>	17644.45
<b>II. Other Income</b>	21	<b>29.96</b>	29.33
<b>III. Total Revenue (I+II)</b>		<b>20570.71</b>	17673.78
<b>IV. Expenses:</b>			
Cost of material consumed	22	<b>12785.98</b>	13506.78
Change in inventories of finished goods, work-in-progress and stock- in- trade	23	<b>1165.73</b>	(649.60)
Employee benefits expense	24	<b>890.51</b>	770.24
Finance costs	25	<b>1164.43</b>	930.60
Depreciation and amortisation expense	26	<b>751.87</b>	593.77
Other expenses	27	<b>3112.14</b>	2461.84
<b>Total Expenses</b>		<b>19870.66</b>	17613.63
<b>V. Profit before tax (III-IV)</b>		<b>700.05</b>	60.15
<b>VI. Tax expense:</b>			
(1) Current Tax		<b>116.85</b>	2.16
(2) Mat Credit Entitlement		<b>(116.85)</b>	(2.16)
(3) Deferred Tax		<b>247.42</b>	(52.15)
<b>VII. Profit (Loss) for the period (V-VI)</b>		<b>452.63</b>	112.30
<b>VIII. Earnings per equity share: Annualized: (Basic &amp; Diluted)</b>		<b>2.56</b>	0.64

See accompanying notes 1 to 39 forming part of financial statements

**For SSMS & Associates**

Chartered Accountants  
Firm Reg. No. 019351C

**Satish Somani**

(Partner)  
Membership No.076241

Place : Bhilwara

Date : 15<sup>th</sup> April, 2021

For and on behalf of the Board

**D. P. Mangal**

(Chairman)  
(DIN: 01205208)

**Rajeev Parashar**  
(Company Secretary)

**Anand Mangal**

(Managing Director)  
(DIN: 03113542)

**D. L. Mundra**  
(Chief Financial Officer)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

Particulars	Year Ended 31 <sup>st</sup> March, 2021 (₹ in Lacs)	Year Ended 31 <sup>st</sup> March, 2020 (₹ in Lacs)
<b>A) Cash Flow from operating activities</b>		
Net profit before tax	<b>700.05</b>	60.15
<b>Adjustments for :</b>		
Depreciation and amortisation	<b>751.87</b>	593.77
Interest Income	<b>(26.85)</b>	(27.20)
Interest Expenses	<b>1164.43</b>	930.60
(Profit) / Loss on sale of fixed assets	<b>4.12</b>	(0.61)
Provision for employees Benefit	<b>22.01</b>	8.81
Miscellaneous expenses written off	<b>4.69</b>	4.69
<b>Operating Profit before working capital changes</b>	<b>2620.32</b>	1570.21
<b>Adjustments for :</b>		
(Increase)/Decrease in Inventories	<b>(37.82)</b>	(2643.95)
(Increase)/Decrease in Trade receivables	<b>(828.14)</b>	(741.79)
(Increase)/Decrease in loans and advance (Short and Long Term)	<b>(535.32)</b>	78.06
Increase/(Decrease) in Trade payables	<b>(619.84)</b>	712.38
Increase/(Decrease) in Other Liability (Current and Non-current)	<b>91.30</b>	430.34
<b>Cash generated from operation</b>	<b>690.50</b>	(594.75)
Direct taxes paid	<b>(100.98)</b>	(79.93)
<b>Net cash from operating activities</b>	<b>589.52</b>	(674.68)
<b>B) Cash flow from investing activities</b>		
Acquisition of fixed assets	<b>(31.53)</b>	(3166.61)
Sale of fixed assets	-	1.26
Net Purchases and Sale of Investments	<b>12.04</b>	3.00
Interest Income	<b>26.85</b>	27.20
<b>Net cash used in investing activities</b>	<b>7.36</b>	(3135.15)



Particulars	Year Ended 31 <sup>st</sup> March, 2021 (₹ in Lacs)	Year Ended 31 <sup>st</sup> March, 2020 (₹ in Lacs)
<b>C) Cash flow from financing activities</b>		
Repayment of long term borrowings	<b>(1116.58)</b>	(410.86)
Proceeds from long term borrowings	<b>3313.87</b>	1987.97
Increase / (Decrease) in Short term borrowings (net)	<b>(1633.38)</b>	2518.12
Interest cost	<b>(1164.43)</b>	(930.60)
<b>Net cash from financing activities</b>	<b>(600.52)</b>	3164.63
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(3.64)</b>	(645.20)
Opening cash and cash equivalents	<b>48.80</b>	694.00
Closing cash and cash equivalents	<b>45.16</b>	48.80

As per our report of even date

**For SSMS & Associates**

*Chartered Accountants*

Firm Reg. No. 019351C

**Satish Somani**

(Partner)

Membership No.076241

Place : Bhilwara

Date : 15<sup>th</sup> April, 2021

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)



## 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 expense 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.
- (e) 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. Earnings 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 the year 2018-19 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****2 : Share Capital**

Particulars	As at 31 <sup>st</sup> March, 2021 (₹ in Lacs)	As at 31 <sup>st</sup> March, 2020 (₹ in Lacs)
<b>Authorised :</b>		
2,25,00,000 Equity Shares of ₹ 10/- each (Previous Year 2,25,00,000 Equity Share)	<b>2250.00</b>	2250.00
	<b>2250.00</b>	2250.00
<b>Issued</b>		
1,76,69,000 Equity Shares of ₹ 10/- each (Previous Year 1,76,69,000 Equity Share of ₹ 10/- each)	<b>1766.90</b>	1766.90
<b>Subscribed &amp; Fully Paid-Up</b>		
1,76,69,000 Equity Shares of ₹ 10/- each (Previous year : 1,76,69,000 Equity Shares of ₹ 10/- each)	<b>1766.90</b>	1766.90
	<b>1766.90</b>	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 at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
	Number of Shares	%	Number of Shares	%
Mr. D. P. Mangal	2946250	16.67%	2946250	16.67%
Mr. Shubh Mangal	1233000	6.98%	1233000	6.98%
M/s Lagnam Infotech Solutions Pvt. Ltd	4994000	28.26%	4994000	28.26%
Mr. Anand Mangal	1125750	6.37%	1125750	6.37%
Mrs. Veena Mangal*	980000	5.55%	980000	5.55%

\* Shares under transmission

**3. Reconciliation of shares nos.**

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Shares at beginning	17669000	17669000
Add: Issued during the year	-	-
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.

**3 : Reserves and Surplus**

Particulars	As at 31 <sup>st</sup> March, 2021 (₹ in Lacs)	As at 31 <sup>st</sup> March, 2020 (₹ in Lacs)
<b>(a) Securities Premium Reserve</b>		
Balance at the beginning of the year	1655.20	1655.20
<b>Balance at the end of the year</b>	<b>1655.20</b>	1655.20
<b>(b) Capital Reserves</b>		
Balance at the beginning of the year	23.00	23.00
<b>Balance at the end of the year</b>	<b>23.00</b>	23.00
<b>(c) Surplus in Statement of Profit and Loss</b>		
Balance at the beginning of the year	1989.15	1876.85
Add : Profit during the year	452.63	112.30
<b>Balance at the end of the year</b>	<b>2441.78</b>	1989.15
<b>Total Reserves and Surplus</b>	<b>4119.98</b>	3667.35

**4 : Long Term Borrowings**

Particulars	<b>As at 31<sup>st</sup> March, 2021 (₹ in Lacs)</b>	As at 31 <sup>st</sup> March, 2020 (₹ in Lacs)
<b>SECURED</b>		
(a) Term Loans		
a) Term Loan	<b>10547.12</b>	11559.25
b) Vehicle Loan	<b>21.75</b>	32.70
c) Interest Accrued but Not Due on TL	-	93.50
	<b>10568.87</b>	11685.45
d) ECLGS 2.0	<b>3313.87</b>	-
	<b>13882.74</b>	11685.45
Less: Payable within one year	<b>1558.90</b>	923.46
	<b>12323.84</b>	10761.99

**Secured****Conditions of Term Loans are summarised below:****Nature of Security**

- 1 a. Term Loan of ₹ 10568.87 Lacs (₹ 11685.45 Lacs as at 31<sup>st</sup> March, 2020) are secured by 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.
- b. Term Loan of ₹ 3313.87 Lacs (₹ Nil Lacs as at 31<sup>st</sup> March, 2020) are secured by second charge on all fixed and current assets (present & future). The loans are further secured by equitable mortgage of Residential House of D.P. Mangal, Land of Anand Mangal & Shubh Mangal.

**Terms of Repayment of Secured Borrowing**

2. Secured term loans from bank are repayable in quarterly installment and having floating interest rate ranging from MCLR+ spread ranging from 0.80% to 2.40% as at 31<sup>st</sup> March 2021 (Previous Year 1.45% to 1.60%) and vehicle loans are repayable in monthly installments and having fixed interest rates 9.45%. (Previous Year 9.45%) Period of maturity and installments outstanding are as under-



**Current Year**

Date of Maturity	Outstanding as at 31 <sup>st</sup> March, 2021			Number of Installments due after 31 <sup>st</sup> March, 2021
	Total Outstanding	Long Term Borrowings	Current* Maturity	
<b>A. Term Loans</b>				
01.07.2022	177.00	69.15	107.85	5
01.08.2022	303.80	101.90	201.90	6
01.04.2024	1,289.07	1,109.04	180.03	12
31.12.2027	4,155.19	3,671.25	483.94	27
01.01.2028	4,622.06	4,232.25	389.81	27
	<b>10,547.12</b>	<b>9,183.59</b>	<b>1,363.53</b>	
<b>B. Vehicle Loan</b>				
05.03.2022	5.05	-	5.05	12
25.04.2024	13.75	9.57	4.18	37
05.05.2022	2.95	0.44	2.51	14
	<b>21.75</b>	<b>10.01</b>	<b>11.74</b>	
	<b>10,568.87</b>	<b>9,193.60</b>	<b>1,375.27</b>	
<b>C. ECLGS 2.0</b>				
31.12.2025	889.87	815.70	74.17	48
06.01.2026	406.00	380.62	25.38	48
01.02.2026	1,513.00	1,449.96	63.04	48
02.02.2026	505.00	483.96	21.04	48
	<b>3,313.87</b>	<b>3,130.24</b>	<b>183.63</b>	
<b>Total</b>	<b>13,882.74</b>	<b>12,323.84</b>	<b>1,558.90</b>	

**Previous Year**

Date of Maturity	Outstanding as at 31 <sup>st</sup> March, 2020			Number of Installments due after 31 <sup>st</sup> March, 2020
	Total Outstanding	Long Term Borrowings	Current Maturity	
<b>A. Term Loan</b>				
01.07.2022	690.01	520.01	170.00	8
01.04.2024	1,469.24	1,349.24	120.00	15
31.12.2027	9,400.00	8,777.25	622.75	30
<b>B. Vehicle Loan</b>				
05.03.2022	9.66	5.05	4.61	24
25.04.2024	17.81	13.99	3.82	49
05.05.2022	5.23	2.95	2.28	26
<b>Total</b>	<b>11,591.95</b>	<b>10,668.49</b>	<b>923.46</b>	

**5 : Deferred Tax Liability**

Particulars	As at 31 <sup>st</sup> March, 2021 (₹ in Lacs)	As at 31 <sup>st</sup> March, 2020 (₹ in Lacs)
Deferred tax liability has been calculated as per Accounting Standard 22 "Accounting for Taxes on Income" of ICAI.		
Major components are as under:		
<b>(a) Deferred Tax Liability</b>		
Depreciation on fixed assets	1902.79	1659.02
<b>(b) Deferred Tax Assets</b>		
Unabsorbed Depreciation	1050.31	1066.53
43B Disallowance	31.96	19.39
<b>Net Deferred Tax Liability (a-b)</b>	<b>820.52</b>	<b>573.10</b>

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

**6 : Long-Term Provision**

Particulars	As at 31 <sup>st</sup> March, 2021 (₹ in Lacs)	As at 31 <sup>st</sup> March, 2020 (₹ in Lacs)
Provision for Employees benefits	67.40	43.78
	<b>67.40</b>	<b>43.78</b>

**7 : Short-Term Borrowings**

Particulars	As at 31 <sup>st</sup> March, 2021 (₹ in Lacs)	As at 31 <sup>st</sup> March, 2020 (₹ in Lacs)
<b>Secured</b>		
Working Capital loan from banks repayable on demand	2954.29	4587.67
	<b>2954.29</b>	<b>4587.67</b>

**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 2.40% as at 31<sup>st</sup> March 2021 (Previous Year 0.90% to 1.25%)

**8 : Trade Payables**

Particulars	<b>As at 31<sup>st</sup> March, 2021 (₹ in Lacs)</b>	As at 31 <sup>st</sup> March, 2020 (₹ in Lacs)
Trade Payable Others	<b>494.14</b>	1113.98
	<b>494.14</b>	1113.98

There are no Micro, small and medium enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> March, 2021. 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.

**9 : Other Current Liabilities**

Particulars	<b>As at 31<sup>st</sup> March, 2021 (₹ in Lacs)</b>	As at 31 <sup>st</sup> March, 2020 (₹ in Lacs)
(a) Current Maturities of long-term debt (Refer Note no. 4)	<b>1558.90</b>	923.46
(b) Advance from customers	<b>118.51</b>	73.51
(c) Liability towards staff and worker	<b>112.37</b>	146.54
(d) Government dues	<b>28.90</b>	26.34
(e) Income Tax Payable	<b>15.87</b>	-
(f) Other Payables	<b>556.65</b>	478.74
	<b>2391.20</b>	1648.59

**10 : Short Term Provisions**

Particulars	<b>As at 31<sup>st</sup> March, 2021 (₹ in Lacs)</b>	As at 31 <sup>st</sup> March, 2020 (₹ in Lacs)
(a) Provisions for employees benefits	<b>8.55</b>	10.16
	<b>8.55</b>	10.16



(₹ in Lacs)

## 11 : Non-Current Assets Fixed Assets

PARTICULARS	GROSS BLOCK				DEPRECIATION & AMORTISATION				NET CARRYING VALUE	
	As at 31 <sup>st</sup> March, 2020	Additions	Deductions	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	Deductions	For the year	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2021
1	2	3	4	5=(2+3-4)	6	7	8	9=(6-7+8)	10=(5-9)	11=(2-6)
<b>A) Tangible Assets</b>										
Land & Site development	699.02	-	-	699.02	-	-	-	-	699.02	699.02
Buildings (Including Roads)	2,512.36	0.53	-	2512.89	206.85	-	85.25	292.10	2220.79	2305.51
Plant and Equipments	13,665.96	13.34	4.02	13675.28	1,455.32	1.99	581.37	2034.70	11640.58	12210.64
Furniture and Fixture	94.93	5.14	-	100.07	46.48	-	9.42	55.90	44.17	48.45
Vehicles	86.70	-	-	86.70	35.23	-	8.66	43.89	42.81	51.47
Office Equipments	26.34	5.26	14.09	17.51	17.35	12.05	1.79	7.09	10.42	8.99
Electric Fitting and Water Supply Installation	613.25	0.39	0.10	613.54	140.02	0.05	60.98	200.95	412.59	473.23
<b>Total (A)</b>	<b>17698.56</b>	<b>24.66</b>	<b>18.21</b>	<b>17705.01</b>	<b>1901.25</b>	<b>14.09</b>	<b>747.47</b>	<b>2634.63</b>	<b>15070.38</b>	<b>15797.31</b>
<b>B) Intangible Assets (Acquired)</b>										
Computer Software	60.27	6.87	-	67.14	52.02	-	4.40	56.42	10.72	8.25
<b>Total (B)</b>	<b>60.27</b>	<b>6.87</b>	<b>-</b>	<b>67.14</b>	<b>52.02</b>	<b>-</b>	<b>4.40</b>	<b>56.42</b>	<b>10.72</b>	<b>8.25</b>
<b>Grand Total (A+B)</b>	<b>17758.83</b>	<b>31.53</b>	<b>18.21</b>	<b>17772.15</b>	<b>1953.27</b>	<b>14.09</b>	<b>751.87</b>	<b>2691.05</b>	<b>15081.10</b>	<b>15805.56</b>
<b>Previous Year</b>	14601.11	14505.20	11347.49	17758.82	1367.74	8.25	593.77	1953.26	15805.56	13233.37

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.

**12 : Non-current Investment (At Cost)**

Particulars	As at 31 <sup>st</sup> March, 2021 (₹ in Lacs)	As at 31 <sup>st</sup> March, 2020 (₹ in Lacs)
<b>Other Investment - Unquoted Non-Trade</b>		
(a) National Saving Certificates	0.20	0.20
(b) SBI Life Insurance Co.	16.00	30.00
(c) BOB Unit Link Insurance Co	3.96	2.00
(d) PNB Metlife India Insurance Co. Ltd.	2.00	2.00
	<u>22.16</u>	<u>34.20</u>

**13 : Other Non-Current Assets**

Particulars	As at 31 <sup>st</sup> March, 2021 (₹ in Lacs)	As at 31 <sup>st</sup> March, 2020 (₹ in Lacs)
(a) Misc. Expenses to be Written Off	0.59	5.28
	<u>0.59</u>	<u>5.28</u>

**14 : Current Investment (At Cost)**

Particulars	As at 31 <sup>st</sup> March, 2021 (₹ in Lacs)	As at 31 <sup>st</sup> March, 2020 (₹ in Lacs)
<b>Other Investment - Unsecured Non-Trade</b>		
(a) SBI Life Insurance Co.	5.00	5.00
	<u>5.00</u>	<u>5.00</u>



**15 : Inventories****(At Lower of the Cost or Realisable Value - Refer Accounting Policy - Note 1)**

Particulars	As at 31 <sup>st</sup> March, 2021 (₹ in Lacs)	As at 31 <sup>st</sup> March, 2020 (₹ in Lacs)
Raw Material		
— Cotton	<b>2947.10</b>	1712.35
Work in Progress		
— Cotton	<b>210.65</b>	260.67
— Yarn	<b>101.51</b>	104.54
Finished Goods		
— Yarn	<b>577.54</b>	1682.86
Stores, Spares & Packing Material	<b>102.86</b>	134.06
Others - Waste	<b>38.29</b>	45.65
	<b>3977.95</b>	3940.13

**16 : Trade Receivables (Current)**

Particulars	As at 31 <sup>st</sup> March, 2021 (₹ in Lacs)	As at 31 <sup>st</sup> March, 2020 (₹ in Lacs)
(Unsecured considered good)		
Trade Receivable		
(a) Outstanding exceeding six month	—	7.29
(b) Others	<b>3498.20</b>	2662.77
	<b>3498.20</b>	2670.06

**17 : Cash and Cash Equivalents**

Particulars	As at 31 <sup>st</sup> March, 2021 (₹ in Lacs)	As at 31 <sup>st</sup> March, 2020 (₹ in Lacs)
(a) Balance with bank		
(i) Current accounts	<b>8.67</b>	3.83
(b) Cash-in-hand	<b>1.58</b>	10.22
(c) FDR with Banks	<b>34.91</b>	34.75
	<b>45.16</b>	48.80

**18 : Short - Term Loans and Advances**

Particulars	As at 31 <sup>st</sup> March, 2021 (₹ in Lacs)	As at 31 <sup>st</sup> March, 2020 (₹ in Lacs)
Others (Unsecured considered good)		
(a) MAT Recoverable	452.96	468.07
(b) Advance Tax / Income Tax Refundable	222.45	88.81
(c) Prepaid Expenses	77.79	68.72
(d) Advance to Raw Material supplier	272.61	-
(e) Security Deposit	166.07	133.71
(f) Duties, Claims and balances with Govt. Authorities	291.87	354.42
(g) Subsidies Receivable	772.43	509.76
(h) Interest receivable on bank fixed deposits	6.35	4.64
(i) Others	49.44	31.67
	<b>2311.97</b>	<b>1659.80</b>

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

**19 : Other Current Assets**

Particulars	As at 31 <sup>st</sup> March, 2021 (₹ in Lacs)	As at 31 <sup>st</sup> March, 2020 (₹ in Lacs)
Misc. Expenses to be Written Off	4.69	4.69
	<b>4.69</b>	<b>4.69</b>

**20 : Revenue From Operations**

Particulars	Year ended 31 <sup>st</sup> March, 2021 (₹ in Lacs)	Year ended 31 <sup>st</sup> March, 2020 (₹ in Lacs)
<b>(a) Sales of Products</b>		
(i) Manufactured Cotton Yarn		
— Domestic Sales	9521.60	10681.76
— Export Sales	10233.25	6242.69
(ii) Waste Sales	602.28	609.56
<b>(b) Other Operating Revenue</b>		
Export Incentives	183.62	110.44
	<b>20540.75</b>	<b>17644.45</b>

**21 : Other Income**

Particulars	Year Ended 31 <sup>st</sup> March, 2021 (₹ in Lacs)	Year Ended 31 <sup>st</sup> March, 2020 (₹ in Lacs)
(a) Interest Income	26.85	27.20
(b) Profit on Sales of Fixed Assets	-	0.61
(c) Insurance and other claims received	3.11	1.52
	<b>29.96</b>	<b>29.33</b>

**22 : Cost of Material Consumed**

Particulars	Year Ended 31 <sup>st</sup> March, 2021 (₹ in Lacs)	Year Ended 31 <sup>st</sup> March, 2020 (₹ in Lacs)
Opening Inventory	1712.35	801.80
Add: Purchases	14990.29	14930.97
Add: Trial Run stock Transfer	-	2084.96
	<b>16702.64</b>	<b>17817.73</b>
Less: Sales, Returns and Adjustments	969.56	2598.60
	<b>15733.08</b>	<b>15219.13</b>
Less: Inventory at the year end	2947.10	1712.35
	<b>12785.98</b>	<b>13506.78</b>
<b>Raw Material Consumption under broad heads:</b>		
<b>Natural Fibre</b>		
(a) Cotton	12785.98	13506.78
	<b>12785.98</b>	<b>13506.78</b>

**23 : Change in Inventories of Finished Goods and Stock in Process**

Particulars	Year Ended 31 <sup>st</sup> March, 2021 (₹ in Lacs)	Year Ended 31 <sup>st</sup> March, 2020 (₹ in Lacs)
Closing Inventory		
(a) Finished Goods	577.54	1682.86
(b) Waste	38.29	45.65
(c) Stock in Process	312.16	365.21
	<u>927.99</u>	<u>2093.72</u>
Opening Inventory		
(a) Finished Goods	1682.86	234.48
(b) Waste	45.65	7.98
(c) Stock in Process	365.21	151.34
	<u>2093.72</u>	<u>393.80</u>
Add Trial Run Inventory	-	1050.32
	<u>2093.72</u>	<u>1444.12</u>
<b>(Increase)/Decrease in Inventory</b>	<b>1165.73</b>	<b>(649.60)</b>

**24 : Employees Benefits Expenses**

Particulars	Year Ended 31 <sup>st</sup> March, 2021 (₹ in Lacs)	Year Ended 31 <sup>st</sup> March, 2020 (₹ in Lacs)
(a) Salaries, Wages and Bonus	798.04	690.98
(b) Contribution to Provident, Gratuity and Other Funds	81.38	61.19
(c) Workmen and Staff Welfare	11.09	18.07
	<u>890.51</u>	<u>770.24</u>

**25 : Finance Cost**

Particulars	Year Ended 31 <sup>st</sup> March, 2021 (₹ in Lacs)	Year Ended 31 <sup>st</sup> March, 2020 (₹ in Lacs)
(a) Interest Expenses	1038.61	841.10
(b) Bank charges	125.82	89.50
	<u>1164.43</u>	<u>930.60</u>

**26 : Depreciation and Amortisation Expenses**

Particulars	Year Ended 31 <sup>st</sup> March, 2021 (₹ in Lacs)	Year Ended 31 <sup>st</sup> March, 2020 (₹ in Lacs)
Tangible Assets	747.47	588.03
Intangible Assets	4.40	5.74
	<b>751.87</b>	<b>593.77</b>

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

**27 : Other Expenses**

Particulars	Year Ended 31 <sup>st</sup> March, 2021 (₹ in Lacs)	Year Ended 31 <sup>st</sup> March, 2020 (₹ in Lacs)
<b>A. Manufacturing Expenses</b>		
(a) Stores and Spare parts Consumed	165.71	64.59
(b) Power and Fuel	1512.28	1399.82
(c) Packing Expenses	297.43	250.17
(d) Repairs to Building	0.91	0.22
(e) Repairs to Machinery	57.56	57.62
(f) House Keeping Expenses	24.71	26.75
	<b>2058.60</b>	<b>1799.17</b>
<b>B. Administrative Expenses</b>		
(a) Rent	12.00	12.00
(b) Insurance Expenses	40.70	32.89
(c) Directors Sitting Fees	2.95	2.24
(d) Directors' Travelling	3.43	13.77
(e) Charity & Donation	6.15	0.86
(f) CSR Expenses	8.90	11.90
(g) Payment to Auditor as		
- Auditor	1.00	0.75
- Other Capacity	0.79	0.43
- Reimbursement of expenses	0.15	0.08
(h) Other miscellaneous expenses	104.60	78.01
	<b>180.67</b>	<b>152.93</b>



Particulars	Year Ended 31 <sup>st</sup> March, 2021 (₹ in Lacs)	Year Ended 31 <sup>st</sup> March, 2020 (₹ in Lacs)
<b>C. Selling Expenses</b>		
(a) Commission	86.84	96.84
(b) Incentives and Discounts	43.93	24.15
(c) Freight, Forwarding and Octroi	101.44	83.71
(d) Expenses on Export Sales:		
(i) Ocean Freight	227.34	60.86
(ii) Commission	190.41	126.50
(ii) Inland Freight & Other expenses	212.06	112.99
	<b>862.02</b>	<b>505.05</b>
<b>D. Other expenses</b>		
(a) Loss on Foreign Currency Transaction	2.04	-
(b) Loss on discard of Fixed Assets	4.12	-
(c) Misc. expenses written off	4.69	4.69
	<b>10.85</b>	<b>4.69</b>
	<b>3112.14</b>	<b>2461.84</b>

**28. Employment Benefit Plans**

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

**A) Defined Benefits Plans**

Particulars	Year Ended 31 <sup>st</sup> March, 2021 (₹ in Lacs)		Year Ended 31 <sup>st</sup> March, 2020 (₹ in Lacs)	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
(i) Reconciliation of opening and closing balance of defined benefit obligation				
a) At the beginning of the year	31.60	22.34	23.53	21.60
b) Interest cost	2.14	1.51	1.80	1.65
c) Past service cost	-	-	-	-
d) Current service cost	19.84	5.45	9.18	6.07
e) Benefits paid	(0.77)	(4.10)	(0.80)	(0.55)
f) Actuarial (gain)/loss	8.45	(10.51)	(2.11)	(6.43)
g) Defined benefits obligation at the year end	61.26	14.69	31.60	22.34



Particulars	Year Ended 31 <sup>st</sup> March, 2021 (₹ in Lacs)		Year Ended 31 <sup>st</sup> March, 2020 (₹ in Lacs)	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
(ii) Reconciliation of opening and closing balance of fair value of plan assets				
a) At the beginning of the year	-	-	-	-
b) Expected return on plan assets	-	-	-	-
c) Actuarial (gain)/loss	-	-	-	-
d) Employer Contribution	-	-	-	-
e) Benefits paid	-	-	-	-
f) Fair value of the plan assets at the year ended	-	-	-	-
(iii) Reconciliation of fair value of Obligation and Assets				
a) Present value of obligation at year end	<b>61.26</b>	<b>14.69</b>	31.60	22.34
b) Fair value of plan assets at year end	-	-	-	-
c) Amount Recognized in balance sheet	<b>61.26</b>	<b>14.69</b>	31.60	22.34
(iv) Expenses recognized during the year:				
a) Current service cost	<b>19.84</b>	<b>5.45</b>	9.18	6.07
b) Past service cost	-	-	-	-
c) Interest cost	<b>2.14</b>	<b>1.51</b>	1.80	1.65
d) Expected return on plan assets	-	-	-	-
e) Actuarial (gain)/ loss	<b>8.45</b>	<b>(10.51)</b>	(2.11)	(6.43)
f) Net cost (a+b+c+d)	<b>30.43</b>	<b>(3.55)</b>	8.87	1.29
(v) Investment details of plan assets				
Nil	-	-	-	-

## Principal actuarial assumptions at the balance sheet date

Discount Rate	6.74% per annum	6.76% per annum
Future Salary Increase	6.00% per annum	2.00% 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:-



Particulars	Actual Return (₹ in Lacs)	Estimate of Contribution for next year (₹ in Lacs)
a) Gratuity	-	36.46
b) Leave Encashment	-	5.69

Particulars	Year Ended 31 <sup>st</sup> March, 2021 (₹ in Lacs)		Year Ended 31 <sup>st</sup> March, 2020 (₹ in Lacs)	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>Experience Adjustment</b>				
a) Defined Benefit Obligation	<b>61.26</b>	<b>14.69</b>	31.60	22.34
b) Plan Assets	-	-	-	-
c) Surplus/(deficits)	<b>(61.26)</b>	<b>(14.69)</b>	(31.60)	(22.34)
d) Experience Adjustment on Plan Liabilities (loss)/gain	<b>12.00</b>	<b>14.99</b>	(7.44)	0.99
e) Experience Adjustment on Plan Assets (loss)/gain	-	-	-	-

## (B) Defined Contribution Plans

Amount recognized in expenses and also include in Note No. 24.

Particulars	Year Ended 31 <sup>st</sup> March, 2021 (₹ in Lacs)	Year Ended 31 <sup>st</sup> March, 2020 (₹ in Lacs)
Employers Contribution to Provident Fund	<b>42.68</b>	45.15

29. 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.
30. The company hedges its export realizations through forward contract in the normal course of business so as to reduce the risk of exchange fluctuations. No forward contracts are taken/used for trading or speculation purpose. However as per the announcement of the ICAI and following principal of prudence, the company has accounted for exchange fluctuation loss, computed on mark to market basis on the outstanding forward contracts as on 31<sup>st</sup> March 2021.





31. 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

Particulars	Year Ended 31 <sup>st</sup> March, 2021 (₹ in Lacs)	Year Ended 31 <sup>st</sup> March, 2020 (₹ in Lacs)
a) Remuneration and Other Perquisites	88.75	96.68
b) Rent Paid	12.00	12.00
c) Directors Sitting Fees	2.95	2.24



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

Particulars	As at 31 <sup>st</sup> March, 2021 (₹ in Lacs)	As at 31 <sup>st</sup> March, 2020 (₹ in Lacs)
Personal guarantee of the director and corporate guarantee of M/s Lagnam Infotech Solutions Private Limited against term Loan.	13501.41	16146.92

### 32. Earnings 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:

Particulars	Year Ended 31 <sup>st</sup> March, 2021 (₹ in Lacs)	Year Ended 31 <sup>st</sup> March, 2020 (₹ in Lacs)
Net Profit after tax	452.63	112.30
Net Profit available to equity shareholders	452.63	112.30
Average No. of Equity Share outstanding during the year (Nos.)	17669000	17669000
Basic and Dilutive earnings per share (In Rupees)	2.56	0.64

### 33. Contingent Liabilities not provided for in respect of :

Particulars	As at 31 <sup>st</sup> March, 2021 (₹ in Lacs)	As at 31 <sup>st</sup> March, 2020 (₹ in Lacs)
Bank guarantees given by Company's Bankers.	312.54	312.54
Export Bills Discounted/Collection	999.41	935.84
Income Tax Demand	71.90	71.90

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

### 35. Events Occurring After The Balance Sheet Date

The Company's Board of Directors have proposed the payment of final dividend @ 5% i.e. ₹ 0.50 per fully paid Equity Share of ₹ 10/- each. This proposed dividend is subject to the approval of the shareholders in Annual General Meeting. (Previous year ₹ Nil)

**36. Details of Installed Capacity:**

Particulars	As at	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Rotors*	1920	1920
Ring Spindles	25536	25536

\*As Certified by the Management

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

Particulars	Year Ended 31 <sup>st</sup> March, 2021		Year Ended 31 <sup>st</sup> March, 2020	
	Quantity in Kg.	Value ₹ in Lacs	Quantity in Kg.	Value ₹ in Lacs
Opening Stock	980406	1682.86	152229	234.48
Production	10159959	17678.72	11171625	16025.74
Sales / Adjustments	10866455	20540.75	10343448	17644.45
Closing Stock	273910	577.54	980406	1682.86

**38. Raw material consumed**

Particulars	Year Ended 31 <sup>st</sup> March, 2021		Year Ended 31 <sup>st</sup> March, 2020	
	MT	(₹ in Lacs)	MT	(₹ in Lacs)
Cotton Indigenous	13632.26	12785.98	13478.14	13506.78

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

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

Particulars	Year Ended 31 <sup>st</sup> March, 2021		Year Ended 31 <sup>st</sup> March, 2020	
	(₹ in Lacs)	Value %	(₹ in Lacs)	Value %
(i) Raw Material				
– Imported	–	–	256.33	1.90%
– Indigenous	12785.98	100.00%	13250.45	98.10%
(ii) Stores & spares				
– Imported	–	–	–	–
– Indigenous	165.71	100.00%	64.59	100%



## (b) FOB Value of Export

Particulars	Year Ended 31 <sup>st</sup> March, 2021 (₹ in Lacs)	Year Ended 31 <sup>st</sup> March, 2020 (₹ in Lacs)
Cotton Yarn	9917.52	6085.66

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

Particulars	Year Ended 31 <sup>st</sup> March, 2021 (₹ in Lacs)	Year Ended 31 <sup>st</sup> March, 2020 (₹ in Lacs)
- Raw Material	-	256.33
- Machinery	-	2452.15

## (d) Expenditure in foreign Currency:

Particulars	Year Ended 31 <sup>st</sup> March, 2021 (₹ in Lacs)	Year Ended 31 <sup>st</sup> March, 2020 (₹ in Lacs)
Commission/Claims/Ocean Freight		
a) Commission	23.51	108.76
b) Ocean Freight	227.34	60.86
c) Claim	22.07	-
	<b>272.92</b>	169.62

As per our report of even date

**For SSMS & Associates**

Chartered Accountants

Firm Reg. No. 019351C

**Satish Somani**

(Partner)

Membership No.076241

Place : Bhilwara

Date : 15<sup>th</sup> April, 2021

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)

## Glimpse of The Sports Tournament of Workers & Staff Concluded on The 25<sup>th</sup> January, 2021



## Plant Visit of Our Bankers



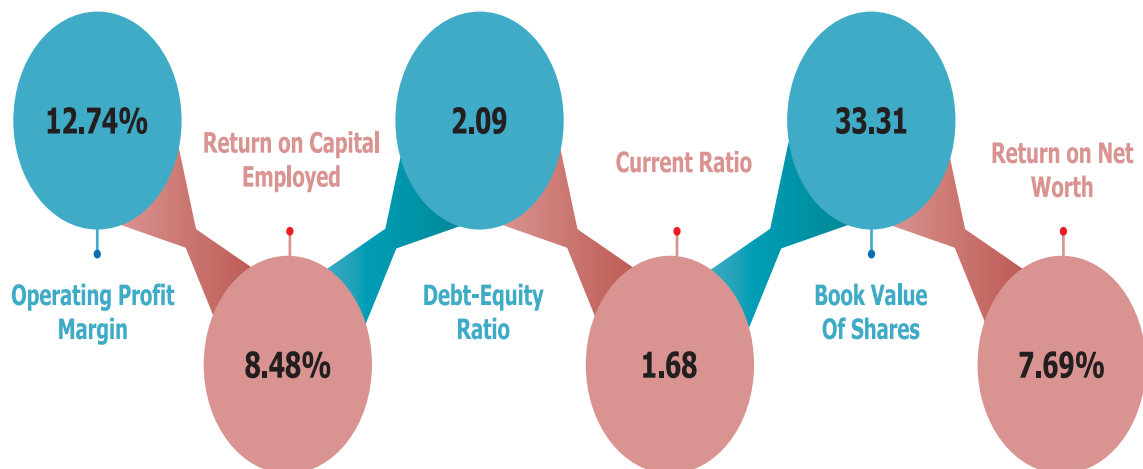
## Blood Donation Camp in Association With Lions Club, Bhilwara held on 15<sup>th</sup> October, 2020

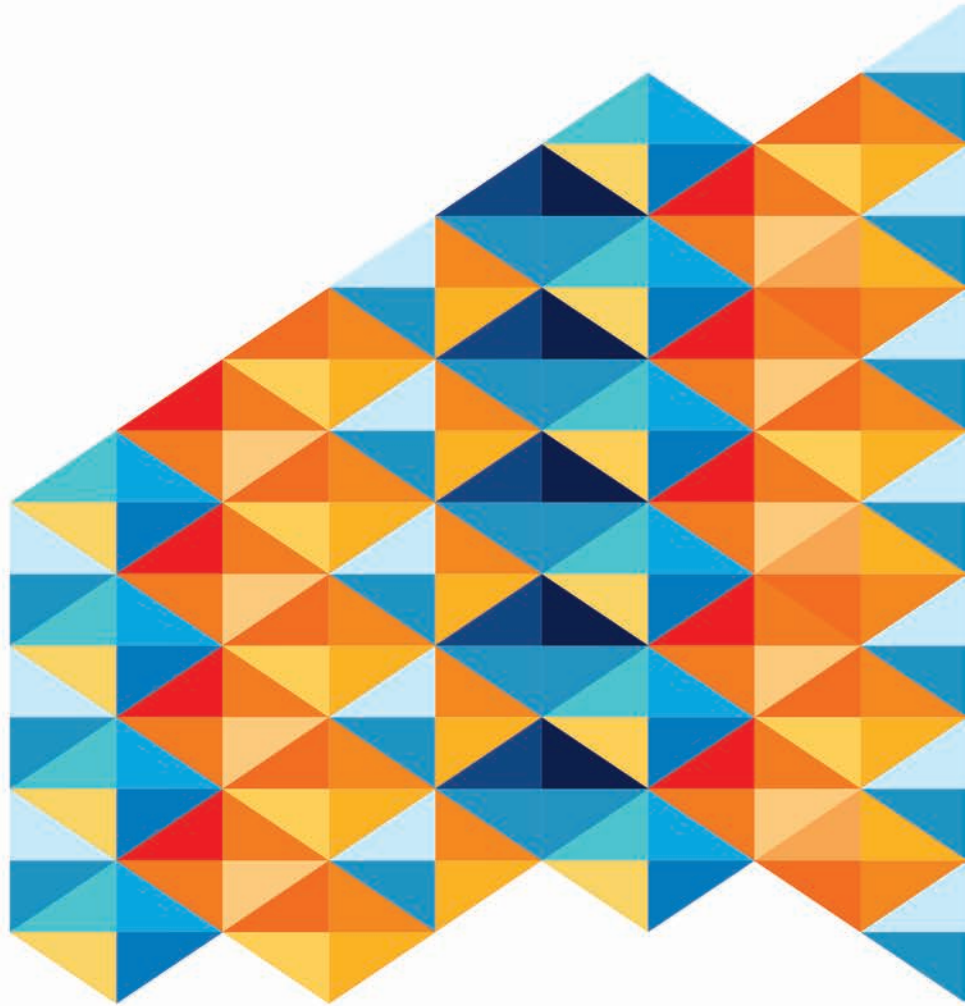


## Management Interaction with Shopfloor Team



# PERFORMANCE





# LAGNAM SPINTEX LIMITED

(CIN: L17119RJ2010PLC032089)

## Registered Office

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

[www.lagnamspintex.com](http://www.lagnamspintex.com)