



**Lagnam Spintex**

# Lagnam Spintex Limited

Plant & Regd. Office: A 51-53, RIICO Growth Centre Hamirgarh, Bhilwara (RAJ)-311001

To,  
The Manager  
Listing & Compliance Department,  
National Stock Exchange of India Limited  
Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C/1,  
G Block, Bandra-Kurla Complex, Bandra,  
Mumbai- 400051.

Date: 03.06.2022

Company ID: **LAGNAM**  
ISIN: **INE548Z01017**

Sub.: **Submission of Notice of the 12<sup>th</sup> Annual General Meeting of the Company and Annual Report 2021-2022 for the year ended on 31<sup>st</sup> March, 2022.**

Dear Sir/Madam,

In compliance with Regulation 34 of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) we hereby submit copy of the Annual Report for the financial year 2021-22 along with Notice of the 12<sup>th</sup> Annual General Meeting scheduled to be held on Tuesday, 28<sup>th</sup> of June 2022.

In pursuant to compliance of MCA circular No. 14/2020 dated April 8, 2020, and 17/2020 dated April 13, 2020, 20/2020 dated May 05, 2020, 02/2021 dated January 13, 2021, SEBI circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and all other relevant circulars issued from time to time, the 12<sup>th</sup> Annual General Meeting (AGM) of Lagnam Spintex Limited will be held on Tuesday, 28<sup>th</sup> of June 2022 at 11:00 A.M. via. Video conference (VC)/other audio-visual means (OAVM).

The details on the manner of attending the AGM and casting votes by the shareholders via. Electronic Mode is set out in the notice of the AGM attached herewith.

The annual report will be sent to the shareholders of company whose email ids are registered with the company/Depository participant. The shareholders whose email ids are not registered with the company may demand copy of the Annual Report through email request at [rparashar@lagnam.com](mailto:rparashar@lagnam.com).

The Annual report is also available at the website of company at [www.lagnamspintex.com](http://www.lagnamspintex.com).

We request you to please take on record aforesaid information.

Thanking You,

Yours Faithfully,

**For Lagnam Spintex Limited**

**Rajeev Parashar**  
**Company Secretary**  
**& Compliance Officer**  
**M. No. A52343**



**Enclosed: a/a**



**Lagnam Spintex**  
**LAGNAM SPINTEX LIMITED**

CIN: L17119RJ2010PLC032089

**Registered Office:** A 51-53, RIICO Growth Centre Hamirgarh, Bhilwara- 311001, Rajasthan, India.

**Tel:** +91 9461656067, **Website:** www.lagnamspintex.com, **E-mail:** rparashar@lagnam.com

**NOTICE OF THE 12<sup>th</sup> ANNUAL GENERAL MEETING**

To,

The Members of

**LAGNAM SPINTEX LIMITED**

(CIN: L17119RJ2010PLC032089)

Notice is hereby given that the 12<sup>th</sup> Annual General Meeting of the members of **LAGNAM SPINTEX LIMITED** will be held on Tuesday, the 28<sup>th</sup> day of June, 2022 at 11:00 a.m. Indian Standard Time (IST), through Video Conferencing/Other Audio-Visual Means (VC/OAVM) facility to transact the following businesses: -

**ORDINARY BUSINESS: -**

**Item No. 1 – Adoption of Audited Financial Statements**

To receive, consider and adopt the Audited Financial Statements of the Company for the year 2021-22 ended 31<sup>st</sup> March 2022, together with the Report of Board of Directors and the Statutory Auditors thereon.

**Item No. 2 – Confirmation & Declaration of Dividend**

To confirm the payment of Interim Dividend on Equity Shares and To declare a dividend of Rs. 0.50/- per equity share for the financial year ended 31<sup>st</sup> March, 2022.

**Item No. 3 – Appointment of Sh. Dwarka Prasad Mangal as a director liable to retire by rotation**

To appoint Director in place of Sh. Dwarka Prasad Mangal (DIN: 01205208) who is liable to retire by rotation and is being eligible, offer himself for re- appointment.

**SPECIAL BUSINESS: -**

**Item No. 4 – Ratification of Remuneration of Cost Auditors for the Financial Year 2022-23: -**

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

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made there under (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the payment of the remuneration of Rs. 35,000/- (Rupees Thirty-Five Thousand only) plus applicable taxes and reimbursement of out of pocket expenses, to M/s. N. D. Birla & Co., Cost Accountants (Firm Reg. No. 000028) who were appointed by the Board of Directors of the Company as "Cost Auditors" to conduct the audit of the cost records maintained by the Company for financial year ending 31<sup>st</sup> March, 2023, be and is hereby ratified and approved."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**Item No. 5 - To re-appoint Mr. Anand Mangal (DIN: 3113542) as Managing Director of the Company: -**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149(1), 196, 197, 198 & 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactment(s) thereof for the time being in force) and provisions of Articles of Association or any other law and subject to such consent, approval and permission as may be necessary in this regard and subject to such conditions as may be imposed by any authority while granting such consent, permission & approval and as are agreed by the Board of Directors (herein after referred to as the Board which term shall unless repugnant to the context or meaning thereof, be deemed to include any committee thereof and any person authorized by the board in this behalf) and on the recommendation of Nomination & Remuneration Committee, consent of the shareholders/members be and is hereby accorded for the re-appointment and terms of remuneration of Mr. Anand Mangal [DIN: 03113542] S/o Sh. Dwarka Prasad Mangal, as Managing Director of the Company for a period of 5 (Five) years with effect from 01.04.2023 on the terms & conditions set out under:"

**"RESOLVED FURTHER THAT** pursuant to Regulation 17(6)(e)(i)&(ii) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with applicable provisions of the companies Act 2013 and as per the recommendation of Nomination and remuneration committee and the board of Directors of the Company, the consent of the members be and is hereby accorded to the continuation of payment of remuneration as per existing terms and conditions during the Term of re-Appointment i.e. up to 31<sup>st</sup> March 2028 to Mr. Anand Mangal, Managing Director [DIN: 03113542] , notwithstanding that his annual remuneration exceeds 2.5% of the net profit and Rs. 5.00 Cr. which is higher or aggregate Annual remuneration of the all executive directors exceeds 5.00% of the Net profits of the company calculated as per the provision of Section 198 of the Companies Act, 2013.

Resolved further that the Board of Directors be and is hereby authorised to take all steps as may be necessary, proper, and expedient to give effect to the forgoing resolution.

**Period of Agreement:** From 01.04.2023 to 31.03.2028

**Name & Designation:** Mr. Anand Mangal, Managing Director

**Nature of Duties:** Mr. Anand Mangal shall be fully engaged in day to day operations of the company and having complete responsibility of production, sales, purchase, finance & administration. He is responsible for export sale and performance of the Company and complete banking and finance affairs of the Company. He shall perform and discharge all such duties & responsibilities as may from time to time be assigned and entrusted to him by the BOD. He shall exercise all such powers as may be required by and be granted to him for the proper performance, discharge & execution of his duties & responsibilities.

**Salary:** Rs. 4,00,000/- (Rs. Four Lac only) per month in the scale of (Rs. 400000 - 400000 -480000)

**Commission:** 1% of the net profits of the Company as computed in the manner laid down in applicable provisions of the Companies Act, 2013.

**Perquisites:** In addition to the aforesaid salary, Mr. Anand Mangal shall also be entitled to such emoluments, benefits, perquisites as described below, as per Rules of the Company:

#### **PART-A**

**Perquisites as per the Section IV of the Schedule V of the Companies Act, 2013 as provided below:**

- (i) Gratuity not exceeding half a month salary for each completed year of service.
- (ii) Contribution to the provident fund, Superannuation fund or Annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961
- (iii) Encashment of leave at the end of the tenure.

***(Above these benefits shall not be included in the computation of ceiling on remuneration above.)***

#### **PART-B**

**(i) Housing-** Rent free accommodation provided by the company. The expenditure incurred by the company on Gas, electricity, water and furnishing will be valued as per the Income Tax Rules, 1962.

**(ii) Medical Reimbursement-**Expenses incurred in India or abroad including hospitalization, nursing, home and surgical charges for himself and family paid on actual basis.

**(iii) Leave travel concession-** For self and his family, once in a year incurred in accordance with rules specified by the Company.

**(iv) Club Fees-** Fees of clubs' subject to the maximum of two clubs.

**(v) Personal Accident & Mediclaim Insurance-** Reimbursement of Medical Insurance Premium on actual basis.

#### **PART - C**

**(i) Company Car-** Use of Company car with chauffeur for official purpose, such use will not be considered a perquisite.

**(ii) Residential Telephone-** Use of Residential Telephone for Company's business & Mobile use will not be considered as a perquisite.

**(iii) Company PC / Laptop-** PC/ Laptop shall be provided for the purpose of Company's business and their maintenance & running expenses will be met by the Company. Such facility will not be considered as perquisites.

#### **REIMBURSEMENT OF EXPENSES:**

Apart from the remuneration as aforesaid Mr. Anand Mangal shall also be entitled to reimbursement of such expenses as are genuinely and actually incurred in discharge of his duties efficiently in connection with the business of the company.

**MINIMUM REMUNERATION:** "RESOLVED FURTHER THAT the above remuneration, by way of salary and perquisites, shall also be paid to Mr. Anand Mangal, in event of Loss or inadequacy of profit in any financial year."

**SITTING FEES:** No sitting fees shall be paid to Mr. Anand Mangal for attending the meetings of Board of Directors or any committee thereof of the company.

Termination of Appointment - The appointment may be terminated by either party giving 3 months' prior notice.

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**Item No. 6 - To re-appoint Mr. Shubh Mangal (DIN: 01287935) as Whole time Director of the Company: -**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149(1), 196, 197, 198 & 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactment(s) thereof for the time being in force) and provisions of Articles of Association or any other law and subject to such consent, approval and permission as may be necessary in this regard and subject to such conditions as may be imposed by any authority while granting such consent, permission & approval and as are agreed by the Board of Directors (herein after referred to as the Board which term shall unless repugnant to the context or meaning thereof, be deemed to include any committee thereof and any person authorized by the board in this behalf) and on the recommendation of Nomination & Remuneration Committee, consent of the shareholders/members hereby accorded for the re-appointment and terms of remuneration of Mr. Shubh Mangal [DIN: 01287935] S/o Sh. Dwarka Prasad Mangal, as a Whole Time Director of the Company for a period of 5 (Five) years with effect from 21.02.2023 on the terms & conditions set out under:”

**“RESOLVED FURTHER THAT** pursuant to Regulation 17(6)(e)(i)&(ii) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with applicable provisions of the companies Act 2013 and as per the recommendation of Nomination and remuneration committee and the board of Directors of the Company, the consent of the members be and is hereby accorded to the continuation of payment of remuneration as per existing terms and conditions and during the Term of re-Appointment i.e up to 20<sup>th</sup> February 2028 to Mr. Shubh Mangal, Whole Time Director [DIN: 01287935] , notwithstanding that his annual remuneration exceeds 2.5% of the net profit and Rs. 5.00 Cr. which is higher or aggregate Annual remuneration of the all executive directors exceeds 5.00% of the Net profits of the company calculated as per the provision of Section 198 of the Companies Act, 2013.

Resolved further that the Board of Directors be and is hereby authorised to take all steps as may be necessary, proper, and expedient to give effect to the forgoing resolution.

**Period of Agreement:** From 21.02.2023 to 20.02.2028

**Name & Designation:** Mr. Shubh Mangal, Whole Time Director designated as “Executive Director”

**Nature of Duties:** Mr. Shubh Mangal shall be fully engaged in day to day operations of the company and having complete responsibility of production, human resources, sales, purchase, finance & administration. He shall perform and discharge all such duties & responsibilities as may from time to time be assigned and entrusted to

him by the BOD. He shall exercise all such powers as may be required by and be granted to him for the proper performance, discharge & execution of his duties & responsibilities.

**Salary:** Rs. 4,00,000/- (Rs. Four Lac only) per month in the scale of (Rs. 400000 - 40000 -480000)

**Commission:** 1% of the net profits of the Company as computed in the manner laid down in applicable provisions of the Companies Act, 2013.

**Perquisites:** In addition to the aforesaid salary, Mr. Shubh Mangal shall also be entitled to such emoluments, benefits, perquisites as described below, as per Rules of the Company:

#### **PART-A**

**Perquisites as per the Section IV of the Schedule V of the Companies Act, 2013 as provided below:**

- (i) Gratuity not exceeding half a month salary for each completed year of service.
- (ii) Contribution to the provident fund, Superannuation fund or Annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961
- (iii) Encashment of leave at the end of the tenure.

***(Above these benefits shall not be included in the computation of ceiling on remuneration above.)***

#### **PART-B**

**(i) Housing-** Rent free accommodation provided by the company. The expenditure incurred by the company on Gas, electricity, water and furnishing will be valued as per the Income Tax Rules, 1962.

**(ii) Medical Reimbursement-**Expenses incurred in India or abroad including hospitalization, nursing, home and surgical charges for himself and family paid on actual basis.

**(iii) Leave travel concession-** For self and his family, once in a year incurred in accordance with rules specified by the Company.

**(iv) Club Fees-** Fees of clubs' subject to the maximum of two clubs.

**(v) Personal Accident &Mediclaim Insurance-** Reimbursement of Medical Insurance Premium on actual basis.

#### **PART – C**

**(i) Company Car-** Use of Company car with chauffeur for official purpose, such use will not be considered a perquisite.

**(ii) Residential Telephone-** Use of Residential Telephone for Company's business, such & Mobile use will not be considered as a perquisite.

**(iii) Company PC / Laptop-** PC/ Laptop shall be provided for the purpose of Company's business and their maintenance & running expenses will be met by the Company. Such facility will not be considered as perquisites.

**REIMBURSEMENT OF EXPENSES:**

Apart from the remuneration as aforesaid Mr. Shubh Mangal shall also be entitled to reimbursement of such expenses as are genuinely and actually incurred in discharge of his duties efficiently in connection with the business of the company.

**MINIMUM REMUNERATION:** “RESOLVED FURTHER THAT the above remuneration, by way of salary and perquisites, shall also be paid to Mr. Shubh Mangal, in event of Loss or inadequacy of profit in any financial year.”

**SITTING FEES:** No sitting fees shall be paid to Mr. Shubh Mangal for attending the meetings of Board of Directors or any committee thereof of the company.

Termination of Appointment - The appointment may be terminated by either party giving 3 months' prior notice

**RETIRE BY ROTATION:** Mr. Shubh Mangal shall be liable to retire by rotation.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**Item No. 7 - To re-appoint Mr. Jagdish Chandra Laddha (DIN: 00118527) as a Non-Executive Independent Director of the Company for a second term of 5 consecutive years w.e.f. 10.02.2023: -**

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

“RESOLVED THAT pursuant to the provisions of Sections 149(10), 150 and 152 of the Companies Act, 2013 read with Schedule IV of the Companies Act, 2013 read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), and on basis the recommendation of the Nomination and remuneration Committee and the Board of Directors, Mr. Jagdish Chandra Laddha (DIN: 00118527), Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director on the Board of the Company, not liable to retire by rotation for a second term of 5 consecutive years w.e.f. 10.02.2023:

“RESOLVED FURTHER THAT pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, the approval of the members of the company be and is hereby accorded to continue the second term of Mr. Jagdish Chandra Laddha (DIN: 00118527) as a Non-Executive Independent Director of the Company on who will attain the age of 75 (seventy-five) years on December 12, 2024, on the same terms and conditions.”

“RESOLVED FURTHER THAT pursuant to the provisions of Section 149 and 197 of the Companies Act, 2013 read with Schedule IV of thereof (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Jagdish Chandra Laddha [DIN : 00118527], S/o Sh. Sohan Lal Laddha, Independent Director of

the Company be and is hereby entitled to receive remuneration by way of sitting fees as approved by the Board of Directors of the Company, for attending the meeting(s) of the Board or any Committee thereof and reimbursement of expenses for participation in the board and other meetings.”

**RESOLVED FURTHER THAT** all the directors and company secretary of the Company, be and are hereby authorized to take this agenda to the Shareholders for seeking their approval and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

**Item No. 8 - To re-appoint Mr. Anil Shah (DIN: 00145396) as a Non-Executive Independent Director of the Company for a second term of 5 consecutive years w.e.f. 10.02.2023: -**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149(10), 150 and 152 of the Companies Act, 2013 read with Schedule IV of the Companies Act, 2013 read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), and on basis the recommendation of the Nomination and remuneration Committee and the Board of Directors, Mr. Anil Shah (DIN: 00145396), Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director on the Board of the Company, not liable to retire by rotation for a second term of 5 consecutive years w.e.f. 10.02.2023:

“**RESOLVED FURTHER THAT** pursuant to the provisions of Section 149 and 197 of the Companies Act, 2013 read with Schedule IV of thereof (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Anil Shah [DIN : 00145396], S/o Sh. Dalpat Raj Shah, Independent Director of the Company be and is hereby entitled to receive remuneration by way of sitting fees as approved by the Board of Directors of the Company, for attending the meeting(s) of the Board or any Committee thereof and reimbursement of expenses for participation in the board and other meetings.”

“**RESOLVED FURTHER THAT** all the directors and company secretary of the Company, be and are hereby authorized to take this agenda to the Shareholders for seeking their approval and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

**Item No. 9 - To re-appoint Ms. Dipali Mathur (DIN: 07732611) as a Non-Executive Independent Director of the Company for a second term of 5 consecutive years w.e.f. 10.02.2023: -**

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

“**RESOLVED THAT** pursuant to the provision of Sec 149, 150 and 152 of the Companies Act, 2013 read with Schedule IV of the Companies Act, 2013 read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), and on basis the

recommendation of the Nomination and remuneration Committee and the Board of Directors, Ms. Dipali Mathur (DIN: 07732611), Independent Woman Director of the Company who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and Listing Regulations, and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Woman Director on the Board of the Company, not liable to retire by rotation for a second term of 5 consecutive years w.e.f. 10.02.2023

**“RESOLVED FURTHER THAT** pursuant to the provisions of Section 149 and 197 of the Companies Act, 2013 read with Schedule IV of thereof (including any statutory modification(s) or re-enactment thereof, for the time being in force), Ms. Dipali Mathur [DIN : 07732611] D/o Sh. Sudhir Shanker Mathur, Independent Woman Director of the Company be and is hereby entitled to receive remuneration by way of sitting fees as approved by the Board of Directors of the Company, for attending the meeting(s) of the Board or any Committee thereof and reimbursement of expenses for participation in the board and other meetings.”

**“RESOLVED FURTHER THAT** all the directors and company secretary of the Company, be and are hereby authorized to take this agenda to the Shareholders for seeking their approval and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

**Item No. 10 - To consider remuneration of all executive directors under regulation 17(6)(e)(ii) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015: -**

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

**“RESOLVED THAT** pursuant to Regulation 17(6)(e)(ii) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with applicable provisions of the companies Act 2013 and as per the recommendation of Nomination and remuneration committee and the board of Directors of the Company, the consent of the members be and is hereby accorded to the continuation of payment of remuneration as per existing terms and conditions during the Current Term of Appointment i.e. upto 31<sup>st</sup> March 2025 for Mr. Dwarka Prasad Mangal, Whole time Director [DIN: 01205208], Upto 31<sup>st</sup> March 2023 for Mr. Anand Mangal, Managing Director [DIN: 03113542] and Upto 20<sup>th</sup> February 2023 for Mr. Shubh Mangal, Whole Time Director [DIN: 01287935] who are the promoters of the Company, notwithstanding that their aggregate Annual remuneration exceeds 5.00% of the Net profits of the company calculated as per the provision of Section 198 of the Companies Act, 2013.

**“RESOLVED FURTHER THAT** all the directors and company secretary of the Company, be and are hereby authorized to take this agenda to the Shareholders for seeking their approval and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

**Dated : 03.06.2022**

**Place : Bhilwara**

**By order of the Board of Directors  
For Lagnam Spintex Limited**



**Rajeev Parashar  
Company Secretary &  
Compliance Officer  
M. No.: ACS 52343**

**Notes: -**

1. The Equity Shares of the Company has migrated from the NSE EMERGE to the Main Board of NSE w.e.f. 30.09.2021.
2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 and Rules framed there under, in respect of the Special Business under Item Nos. 4 to 10 of the accompanying Notice are annexed hereto.
3. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General Circular nos. 14/2020 and 17/2020 dated April 8, 2020 and April 13, 2020 respectively, in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19", General Circular no. 20/2020 dated May 5, 2020, General Circular nos. 02/2021 and 21/2021 dated January 13, 2021 and December 14, 2021 respectively in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)", (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the MCA Circulars, the AGM of the Company is being held through VC/OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.
4. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
5. Since the AGM will be held through VC/OAVM Facility, the Route Map is not annexed in this Notice.
6. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
7. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
8. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for

facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.

9. The record date for the purpose of final dividend for fiscal 2022 is June 21, 2022. The Dividend as recommended by the Board, if declared at the Meeting, will be made payable, after deduction of applicable tax (TDS), within 30 days of the date of declaration i.e. 28<sup>th</sup> June, 2022 to those Members: -
  - (a) who hold shares in physical form and whose names appear as Members in the Register of Members of the Company after giving effect to valid Share Transfers in physical form lodged with the Company/ Registrar and Transfer Agent on or before 21<sup>st</sup> June, 2022, however transfer of shares in physical form are not allowed from 01.04.2019 and
  - (b) who hold shares in dematerialisation form and whose names appear as Beneficial Owners in the list of Beneficial Owners on 21<sup>st</sup> June, 2022 to be furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd. for this purpose.
10. Pursuant to Finance Act 2021, dividend income will be taxable at the hands of shareholders w.e.f. 1<sup>st</sup> April, 2021 and the Company is required to deduct tax at source from dividend paid to members at prescribed rates. For the prescribed rates for various categories the members are requested to refer to the Finance Act, 2021 and amendments thereof. The members are requested to update their PAN with Registrar and Transfer Agents (in case of shares held in physical mode) under the link <https://www.bigshareonline.com/InvestorRegistration.aspx> and depository participants (in case shares held in demat mode). However, no tax shall be deducted on the dividend payable to a resident individual shareholder if the total dividend to be received does not exceed Rs. 5000/-. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.
11. In case the shareholders have not updated the Bank Account mandate for receipt of dividend online through ECS or any other electronic mode, the following instructions are to be followed :-
  - (I) Visit the website of RTA, Bigshare Services Pvt. Ltd. HYPERLINK "<http://www.bigshareonline.com>" under Investor Services> E-Mail / Bank detail registration under link <https://www.bigshareonline.com/InvestorRegistration.aspx>. Fill the details and upload required documents.
  - (II) In case shares are held in dematerialization form, such shareholders, alternatively, can contact Depository Participants (DP) and register/update bank account details in their DEMAT Account as per process followed/advised by the DP.
12. In case the Company is unable to pay dividend to any Member directly in their Bank account through Electronic Clearing Services or any other means due to non registration of Electronic Bank Mandate, the Company shall dispatch the dividend warrants to such member at the earliest once the normalcy is restored.
13. A Resident individual Shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by updating the details on the following link provided by the Company's RTA namely <https://www.bigshareonline.com/InvestorRegistration.aspx> latest by Tuesday, 21<sup>st</sup> June, 2022.
14. Non-resident Shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial

Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending it on the link provided by the Company's RTA namely <https://www.bigshareonline.com/InvestorRegistration.aspx> latest by Tuesday, 21<sup>st</sup> June, 2022.

15. In order to provide protection against fraudulent encashment of dividend warrants, members are requested to intimate the Company's Registrar and Share Transfer Agent "Bigshare Services Private Limited", particulars of their Bank Account viz. Name of Bank, Name of Branch, Complete address of the Bank with Pin Code Number, Bank Account Number and IFS Code.
16. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.lagnamspintex.com](http://www.lagnamspintex.com). The Notice can also be accessed from the websites of the Stock Exchange i.e. National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com) respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
17. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.
18. Information as required under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and the Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI), in respect of the Directors seeking appointment / re-appointment at the AGM is provided under a separate heading, which forms part of this Notice.

#### **INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER: -**

The remote e-voting period begins on Saturday, 25<sup>th</sup> June, 2022 at 9:00 A.M. and ends on Monday, 27<sup>th</sup> June, 2022 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Tuesday, 21<sup>st</sup> June, 2022 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Tuesday, 21<sup>st</sup> June, 2022.

#### **How do I vote electronically using NSDL e-Voting system?**

*The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:*

#### **Step 1: Access to NSDL e-Voting system**

#### **A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

| <b>Type of shareholders</b>  | <b>Login Method</b>  |
|--|--|
| <p>Individual Shareholders holding securities in demat mode with NSDL.</p> | <ol style="list-style-type: none"> <li data-bbox="646 260 1388 814">1. Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the "<b>Beneficial Owner</b>" icon under "<b>Login</b>" which is available under '<b>IDeAS</b>' section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "<b>Access to e-Voting</b>" under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li data-bbox="646 848 1388 999">2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "<b>Register Online for IDeAS</b>" Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li data-bbox="646 1033 1388 1629">3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li data-bbox="646 1663 1388 1772">4. Shareholders/Members can also download NSDL Mobile App "<b>NSDL Speede</b>" facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> |

|   |   |
|---|---|
|   | <p style="text-align: center;"><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <br/> <b>App Store</b> </div> <div style="text-align: center;">  <br/> <b>Google Play</b> </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;">   </div>  |
| <p>Individual Shareholders holding securities in demat mode with CDSL</p>                                     | <ol style="list-style-type: none"> <li>1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol> |
| <p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p> | <p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or <b>e-Voting service provider-NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>   |

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

| <b>Login type</b>  | <b>Helpdesk details</b>  |
|--|--|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30             |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 022-23058542-43 |

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.  
*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*
4. Your User ID details are given below:

| <b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b> | <b>Your User ID is:</b>  |
|---|--|
| a) For Members who hold shares in demat account with NSDL.            | 8 Character DP ID followed by 8 Digit Client ID<br>For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL.            | 16 Digit Beneficiary ID<br>For example, if your Beneficiary ID is 12***** then your user ID is 12*****   |

c) For Members holding shares in Physical Form.

EVEN Number followed by Folio Number registered with the company  
 For example, if folio number is 001\*\*\* and EVEN is 101456 then user ID is 101456001\*\*\*

5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "[Forgot User Details/Password?](#)"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) [Physical User Reset Password?](#)" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

## **Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

### **How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [somanics@gmail.com](mailto:somanics@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "**Upload Board Resolution / Authority Letter**" displayed under "**e-Voting**" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "[Forgot User Details/Password?](#)" or "[Physical User Reset Password?](#)" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

### **Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [rparashar@lagnam.com](mailto:rparashar@lagnam.com).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [rparashar@lagnam.com](mailto:rparashar@lagnam.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.

4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

#### **INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

#### **INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "**Join General meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance at least 7 days prior to the meeting mentioning their name, demat account number, email id, mobile number and no. of shares held at [rparashar@lagnam.com](mailto:rparashar@lagnam.com). The same will be replied by the company suitably.

#### **OTHER INSTRUCTIONS:**

1. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Tuesday, 21<sup>st</sup> June, 2022, are entitled to vote on the Resolutions set forth in this Notice.

2. The remote e-voting period will commence on Saturday, 25<sup>th</sup> June, 2022 at 9:00 A.M. and ends on Monday, 27<sup>th</sup> June, 2022 at 5:00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Tuesday, 21<sup>st</sup> June, 2022, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
3. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. Tuesday, 21<sup>st</sup> June, 2022.
4. A member may participate in the meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the meeting.
5. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on cut-off date only shall be entitled to avail the facility of remote e-voting.
6. M/s. Sanjay Somani & Associates, Practicing Company Secretaries, Bhilwara has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
7. The Scrutinizer shall, immediately after the conclusion of e-voting at Annual General Meeting, download the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company. Scrutinizer shall within two working days of conclusion of the meeting submit a consolidated scrutinizer report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing.
8. The results along with the Scrutinizers Report shall be placed on the website of the Company and on the website of NSDL and also be immediately forwarded to NSE, Mumbai.
9. All the Statutory Registers and Relevant documents referred to in the accompanying Notice and the Statement is open for inspection by the members at the Regd. office of the Company on all working days, during business hours up to the date of the Meeting.
10. The Ministry of Corporate Affairs (MCA), Government of India has introduced 'Green Initiative in Corporate Governance' by allowing paperless compliance by the Companies for service of documents to their Members through electronic mode, which will be in compliance with Section 20 of the Companies Act, 2013 and Rules framed thereunder.
11. The transfer of Unclaimed Dividend to Investor Education & Protection Fund of the Central Government as required in terms of Section 124 of the Companies Act, 2013, during the current Financial Year is not applicable.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company or its Share registrars and Transfer Agents.

13. Members who have not registered their email IDs are requested to register their email IDs with the Company's Share Registrars and Transfer Agents.
14. Members are requested to notify the change in their address to the company and always quote their folio number in all correspondence with the company.
15. The Notice of the Annual General Meeting and Annual Report of the Company for the year ended 31<sup>st</sup> March, 2022 has been uploaded on the Company's website [www.lagnamspintex.com](http://www.lagnamspintex.com) and may be accessed by the members and also on the website of the National Stock Exchange of India Ltd. [www.nseindia.com](http://www.nseindia.com).
16. Electronic copy of the Notice and the Annual Report for 2021-22 is being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes.

## Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013

### Item No. 4

The Board of Directors at the meeting held on 16.04.2022, on the recommendation of the Audit Committee, approved the appointment of M/s. N. D. Birla & Co., Cost Accountants (Firm Registration Number 000028), to conduct the audit of the Cost records of the Company for the Financial Year ending 31<sup>st</sup> March, 2023 at a remuneration of ₹35000/- (Rupees Thirty-Five Thousand Only) excluding all applicable taxes and reimbursement of out of pocket expenses.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (as amended or re-enacted from time to time) the remuneration as mentioned above, payable to the Cost Auditors, is required to be ratified by the members of the Company.

Accordingly, consent of the members is to be sought by passing an Ordinary Resolution as set out at Item No. 4 of the Notice for approval of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2023.

The Board recommends the matter and the resolution set out under Item No. 4 for the approval of the Members by way of passing Ordinary Resolution.

None of the Directors or Key Managerial Personnel and their immediate relatives are concerned or interested, financially or otherwise, except to their shareholding, in the aforesaid resolution.

### Item No. 5

The board of directors at their meeting held on 21.02.2020 has appointed Mr. Anand Mangal as Managing director of the Company for a term of 3 years which is going to be expired on 31.03.2023. Mr. Anand Mangal have a very rich and varied experience in the textile industry and has been involved in the operations of the Company since its incorporation. It would be in the interest of the Company to continue to avail of his considerable expertise as a Managing Director. Thus, the board hereby recommended to the members of the Company, on the recommendation of the Nomination and Remuneration Committee, to re-appoint him for a next term of 5 years w.e.f. 01.04.2023, before expiry of his existing term.

Further as required under regulation 17(6)(e)(i)&(ii) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with applicable provisions of the companies Act 2013 and as per the recommendation of Nomination and remuneration committee and the board of Directors of the Company, the consent of the members are also required to be accorded to the continuation of payment of remuneration as per existing terms and conditions during the Term re-Appointment i.e up to 31<sup>st</sup> March 2028 to Mr. Anand Mangal, Managing Director [DIN: 03113542] , notwithstanding that his annual remuneration exceeds 2.5% of the net profit and Rs. 5.00 Cr. which is higher or aggregate Annual remuneration of the all executive directors exceeds 5.00% of the Net profits of the company calculated as per the provision of Section 198 of the Companies Act, 2013.

Save and except Sh. Anand Mangal, being appointee, Sh. D. P. Mangal, Whole Time Director of the Company and Sh. Shubh Mangal, Whole Time Director of the Company and, being relatives of the appointee and their relatives to the extent of their shareholding in the Company are interested in this Resolution, None of the other Directors/Key Managerial Personnel (KMP) of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item no. 5 of the notice.

The Board of Directors recommends the Special Resolution as set out at item no. 5 of the Notice for approval by the shareholders.

## Item No. 6

The board of directors at their meeting held on 21.02.2020 has appointed Mr. Shubh Mangal as a whole time director of the Company for a term of 3 years which is going to be expiring on 20.02.2023. Mr. Shubh Mangal have rich and varied experience in the industry and considering his knowledge in various aspects relating to the company affairs and long business experience, it would be in the interest of the Company to continue to avail of his considerable expertise as a Whole time Director. Thus, the board hereby recommended to the members of the Company, on the recommendation of the Nomination and Remuneration Committee, to re-appoint him for a next term of 5 years w.e.f 21.02.2023., before expiry of his existing term.

Further as required under regulation 17(6)(e)(i)&(ii) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with applicable provisions of the companies Act 2013 and as per the recommendation of Nomination and remuneration committee and the board of Directors of the Company, the consent of the members are also required to be accorded to the continuation of payment of remuneration as per existing terms and conditions during the Term re-Appointment i.e. up to 20<sup>th</sup> February 2028 to Mr. Shubh Mangal, Whole Time Director, notwithstanding that his annual remuneration exceeds 2.5% of the net profit and Rs. 5.00 Cr. which is higher or aggregate Annual remuneration of the all executive directors exceeds 5.00% of the Net profits of the company calculated as per the provision of Section 198 of the Companies Act, 2013.

Save and except Sh. Shubh Mangal, being appointee, Sh. D. P. Mangal and Sh. Anand Mangal, being relatives of the appointee and their relatives to the extent of their shareholding in the Company are interest in this Resolution, None of the other Directors/Key Managerial Personnel (KMP) of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item no. 6 of the notice.

The Board of Directors recommends the Special Resolution as set out at item no. 6 of the Notice for approval by the shareholders.

## Item No. 7

The Members at the General Meeting held on February 10, 2018 appointed Mr. J. C. Laddha as an Independent Director to hold office for a term of 5 years. Accordingly, the tenure of Mr. J. C. Laddha as an Independent Director, is expiring on February 10, 2023. To avail the advantage of his well-off experience, and knowledge, it is in the benefit of the company to re-appoint him for a second term of 5 consecutive years. The Nomination and Remuneration Committee has recommended his re-appointment. Also the company has received consent from Mr. J. C. Laddha to act as director in the prescribed form DIR-2 under section 152 (5) of the act and rule 8 of the companies (Appointment and qualification of directors) rules 2014 along with the declaration on criteria of the independence as per section 149(6) of the Act and listing regulations.

In terms of provisions of section 149(10) of the Companies Act, 2013, reappointment of an independent director shall be made by share holder by passing special resolution. Further listing regulation SEBI (LODR) Regulations, 2015, requires that a person who is attained the age of 75 Years can be appoint or continue (as the case may be ) as Non executive Director if share holder approve the appointment as special resolution. Hence after taking into account the performance during his first term of five years and considering the knowledge, acumen, expertise and experience in respective fields and the substantial contribution made by Mr. J. C. Laddha during his tenure as an Independent Non Executive Director since his appointment, it is recommended by the Board to appoint Mr. J.C. Laddha as a Non-executive independent Director by passing special resolution, who is going to attain the age of 75 years on 12.12.2024.

None of the other Directors/Key Managerial Personnel (KMP) of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item no. 7 of the notice. The Board of Directors recommends the Special Resolution as set out at item no. 7 of the Notice for approval by the shareholders.

#### **Item No. 8**

The Members at the General Meeting held on February 10, 2018 appointed Mr. Anil Shah as an Independent Director to hold office for a term of 5 years. Accordingly, the tenure of Mr. Anil Shah as an Independent Director expiring on February 10, 2023 and to take advantage of his rich experience, and knowledge, it is in the benefit of the company to re-appoint him for a second term of 5 consecutive years before expiry of his term. The Nomination and Remuneration Committee has recommended his re-appointment. Also the company has received consent from Mr. Anil Shah to act as director in the prescribed form DIR-2 under section 152 (5) of the act and rule 8 of the companies (Appointment and qualification of directors) rules 2014 along with the declaration on criteria of the independence as per section 149(6) of the Act.

In terms of provisions of section 149(10) of the Companies Act, 2013, an independent director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for reappointment on passing of a special resolution by the Shareholders of the Company. After taking into account the performance during his first term of five years and considering the insight knowledge, proficiency and experience in respective fields and the substantial contribution made by Mr. Anil Shah during his tenure as an Independent Director since his appointment, the board hereby recommended to the members of the Company for approval of the same by passing special resolution.

None of the other Directors/Key Managerial Personnel (KMP) of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item no. 8 of the notice. The Board of Directors recommends the Special Resolution as set out at item no. 8 of the Notice for approval by the shareholders.

#### **Item No. 9**

The Members at the General Meeting held on February 10, 2018 appointed Ms. Dipali Mathur as an Independent Director to hold office for a term of 5 years. Accordingly, the tenure of Ms. Dipali Mathur as an Independent Director expiring on February 10, 2023 and to take advantage of her knowledge and understanding, it is in the benefit of the company to re-appoint her for a second term of 5 consecutive years before expiry of her term. The Nomination and Remuneration Committee has recommended her re-appointment. Also the company has received consent from Ms. Dipali Mathur to act as Independent director in the prescribed form DIR-2 under section 152 (5) of the act and rule 8 of the companies (Appointment and qualification of directors) rules 2014 along with the declaration on criteria of the independence as per section 149(6) of the Act.

In terms of provisions of section 149(10) of the Companies Act, 2013, an independent director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for reappointment on passing of a special resolution by the Shareholders of the Company. After taking into account the performance during his first term of five years and considering the knowledge and experience in respective fields and the

contribution made by Ms. Dipali Mathur during her tenure as an Independent Director since her appointment, the board hereby recommended to the members of the Company for approval of the same by passing special resolution.

None of the other Directors/Key Managerial Personnel (KMP) of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item no. 9 of the notice. The Board of Directors recommends the Special Resolution as set out at item no. 9 of the Notice for approval by the shareholders.

#### **Item No. 10**

In accordance with the provision of Regulation 17(6)(e)(ii) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the fees or compensation payable to executive Director who are the promoter or members of promoter Group, shall be subject to approval of the share holders by special resolution in General meeting, if the aggregate annual remuneration to all such Executive Directors exceeds 5.00% of Net profits of the Company. Provided that the approval of the shareholders under this provision shall be valid only till the expiry of the term of such director. The Net profits shall be calculated as per section 198 of the Companies Act, 2013.

Sh. Shubh Mangal, Sh. D. P. Mangal and Sh. Anand Mangal, being executive directors of the Company and are interested in this Resolution. None of the other Directors/Key Managerial Personnel (KMP) of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item no. 10 of the notice.

The board of Directors on the recommendation of the Nomination & remuneration committee, recommend to the shareholders to approve the resolution as set out in item No. 10 of the annexed Notice as special resolution.

**Dated : 03.06.2022**

**Place : Bhilwara**

**By order of the Board of Directors  
For Lagnam Spintex Limited**



**Rajeev Parashar  
Company Secretary &  
Compliance Officer  
M. No.: ACS 52343**

***Annexure to the Item No. 3 of the Notice***

**BRIEF RESUME OF THE DIRECTOR(S) SEEKING APPOINTMENT/RE-APPOINTMENT AT THE 12<sup>TH</sup> ANNUAL GENERAL MEETING TO BE HELD ON 28.06.2022.**

|   |  |
|---|--|
| Name  | Mr. D. P. Mangal   |
| DIN   | 01205208   |
| Date of Birth   | 03.10.1948   |
| Date of appointment on the Board  | 11.06.2010   |
| Qualifications  | CA, B.com  |
| Brief Profile & Expertise in specific functional areas<br> | Mr. D. P. Mangal, aged 72 years is Promoter- Director and Chairman of the Company. Mr. D. P. Mangal takes care of financial and operational aspect of the Company. He is a qualified Chartered Accountant with vast industrial experience which includes more than 40 years in textile industry. He has also served as the top managerial positions in Large Textiles corporate companies and was involved in various expansion projects. He also assists the Board in making business strategies, formation of policies, technological up gradation plan and new product development. Further, he acts as coordinator between the Managing Director & other members of management team. |
| Directorships held in other public companies (excluding foreign companies and Section 8 companies)  | <b><i>Directorship in other public Companies:</i></b><br><i>NIL</i>  |
| Chairman / Member of the Committees of the Board of Directors of Lagnam Spintex Limited   | Member – Audit Committee<br>Member – CSR Committee   |
| Memberships/ Chairmanships of committees of other public companies (Includes only Audit Committee and Stakeholder Grievances Committee)     | Chairmanship in other Companies: <b><i>NIL</i></b><br>Membership in other Companies: <b><i>NIL</i></b>   |
| Number of equity shares held in the Company   | 2946250 Equity Shares  |
| Relationships with other Directors, Manager and other Key Managerial personnel  | Father of Mr. Anand Mangal, Managing Director and Mr. Shubh Mangal, Whole-time Director of the Company   |
| Details of remuneration paid during the FY 2021-22  | Rs. 95.58 Lacs (including all benefits as approved)  |
| Number of meetings of the Board attend during the year  | 06 (Six) out of 06 (six) meetings held   |

***Annexure to the Item No. 5 of the Notice***

**BRIEF RESUME OF THE DIRECTOR(S) SEEKING APPOINTMENT/RE-APPOINTMENT AT THE 12<sup>TH</sup> ANNUAL GENERAL MEETING TO BE HELD ON 28.06.2022.**

|   |   |
|---|---|
| Name  | Mr. Anand Mangal  |
| DIN   | 03113542  |
| Date of Birth   | 14.10.1982  |
| Date of appointment on the Board  | 12.06.2010  |
| Qualifications  | BSC (Honors) in Business & Management Studies   |
| Brief Profile & Expertise in specific functional areas<br> | Mr. Anand Mangal aged 39 years is promoter Managing Director of the Company. He has vast experience of 10 years in the field of business administration & Sales & Marketing. He is a proven influencer & negotiator and has pragmatic approach of getting the required results. He guides his employees in achieving targets in a dynamic and complex business environment. He looks at the production, marketing, purchase and administration department of the company. He also represents the company to negotiate deals with international customers and it is mainly because of him that the exports of the company have been growing at a rapid pace. |
| Area of expertise, skills and capabilities  | Textile Technical Operations, Finance, Taxation, Business Management, Sales Marketing & Administration  |
| Directorships held in other public companies (excluding foreign companies and Section 8 companies)  | NIL   |
| Chairman / Member of the Committees of the Board of Directors of Lagnam Spintex Limited   | Member – Stakeholders’ Relationship Committee   |
| Memberships/ Chairmanships of committees of other public companies (Includes only Audit Committee and Stakeholder Grievances Committee)     | Chairmanship in other Companies: NIL<br>Membership in Other Companies: NIL  |
| Listed entities from which Mr. Anand Mangal has resigned in the past three years  | NIL   |
| Number of equity shares held  | 1242750 Equity Shares   |
| Relationships with other Directors, Manager and other Key Managerial personnel  | Son of Mr. D. P. Mangal, Chairman & Whole-time Director and brother of Mr. Shubh Mangal, Whole-time Director of the Company   |
| Details of last remuneration drawn (F.Y. 2021-22)   | Rs. 47.08 lacs (including all benefits as approved)   |
| Number of meetings of the Board attend during the year  | 06 (Six) out of 06 (Six) Meetings held  |

Annexure to the Item No. 6 of the Notice

**BRIEF RESUME OF THE DIRECTOR(S) SEEKING APPOINTMENT/RE-APPOINTMENT AT THE 12<sup>TH</sup> ANNUAL GENERAL MEETING TO BE HELD ON 28.06.2022.**

|   |  |
|---|--|
| Name  | Mr. Shubh Mangal   |
| DIN   | 01287935   |
| Date of Birth   | 19.10.1977   |
| Date of appointment on the Board  | 21.02.2020   |
| Qualifications  | MSMIS and B. Com (Hons.)   |
| Brief Profile & Expertise in specific functional areas  | Mr. Shubh Mangal aged about 44 years is proposed Whole-time Director of the Company. He has over 16 years of experience with Micro Strategy products. Armed with a Masters degree in Management Information Systems and many years of experience working with the US clients, he has picked up a rich mix of technical and management skills in the industry. Every project that he is part of is always successful and exceeds clients' expectations. His responsibilities rely heavily on the ability to adapt and deliver and this has given him a tremendous exposure to the dynamics of managing projects in new environments pace. |
|    |  |
| Area of expertise, skills and capabilities  | Information Technology, Human Resources Business Management, programming & Administration  |
| Directorships held in other public companies (excluding foreign companies and Section 8 companies)                                      | <b><i>Directorship in other public Companies:</i></b><br>NIL   |
| Chairman / Member of the Committees of the Board of Directors of Lagnam Spintex Limited   | NIL  |
| Memberships/ Chairmanships of committees of other public companies (Includes only Audit Committee and Stakeholder Grievances Committee) | Chairmanship in other Companies: NIL<br>Membership in Other Companies: NIL   |
| Listed entities from which Mr. Shubh Mangal has resigned in the past three years  | NIL  |
| Number of equity shares held  | 1233000 Equity Shares  |
| Relationships with other Directors, Manager and other Key Managerial personnel  | Son of Mr. D. P. Mangal, Chairman & Whole-time Director and brother of Mr. Anand Mangal, Managing of the Company   |
| Details of last remuneration drawn (F.Y. 2021-22)   | Rs. 48.43 Lacs (Including all benefits as approved)  |
| Number of meetings of the Board attend during the financial year 2021-22  | 06 (six) out of 06 (six) meetings held   |

Annexure to the Item No. 7 of the Notice

**BRIEF RESUME OF THE DIRECTOR(S) SEEKING APPOINTMENT/RE-APPOINTMENT AT THE 12<sup>TH</sup> ANNUAL GENERAL MEETING TO BE HELD ON 28.06.2022.**

|   |  |
|---|--|
| Name  | Mr. Jagdish Chandra Laddha   |
| DIN   | 00118527   |
| Date of Birth   | 12.12.1949   |
| Date of appointment on the Board  | 10.02.2018   |
| Qualifications  | CA   |
| Brief Profile & Expertise in specific functional areas<br> | Mr. J. C. Laddha, aged 73 years is the Independent Non Executive Director of Our Company. Mr. Laddha is a qualified Chartered Accountant and was associated with LNJ Bhilwara group for 43 years, which is engaged in business of textile and is one of the best textile company in India with a turnover of around INR 3000 crores. He was also associated with RSWM Ltd. and held various managerial post. He was also involved in various expansion projects of RSWM Ltd. |
| Area of expertise, skills and capabilities  | Textile Technical Operations, Finance, Taxation, Legal, Business Management, Sales Marketing & Administration  |
| Directorships held in other public companies (excluding foreign companies and Section 8 companies)  | <b>Directorship in other public Companies:</b><br>2 (Two)-<br>BSL Limited<br>Vinati Organics Limited   |
| Chairman / Member of the Committees of the Board of Directors of Lagnam Spintex Limited   | <b>Chairman-</b><br>Audit Committee<br>NRC Committee<br>CSR Committee<br><b>Member –</b><br>Stakeholders' Relationship Committee   |
| Memberships/ Chairmanships of committees of other public companies (Includes only Audit Committee and Stakeholder Grievances Committee)     | Chairmanship in other Companies: 2<br>Membership in Other Companies: 3   |
| Listed entities from which Mr. J. C. Laddha has resigned in the past three years  | 1 (One)<br>RSWM Limited (L17115RJ1960PLC008216)  |
| Number of equity shares held  | N.A.   |
| Relationships with other Directors, Manager and other Key Managerial personnel  | N.A.   |
| Details of last remuneration drawn (F.Y. 2021-22)   | Rs. 1.20 Lac (Sitting Fee)   |
| Number of meetings of the Board attend during the financial year 2021-22  | 06 (six) out of 06 (six) meetings held   |

Annexure to the Item No. 8 of the Notice

**BRIEF RESUME OF THE DIRECTOR(S) SEEKING APPOINTMENT/RE-APPOINTMENT AT THE 12<sup>TH</sup> ANNUAL GENERAL MEETING TO BE HELD ON 28.06.2022.**

|   |   |
|---|---|
| Name  | Mr. Anil Shah   |
| DIN   | 00145396  |
| Date of Birth   | 28.06.1953  |
| Date of appointment on the Board  | 10.02.2018  |
| Qualifications  | CA  |
| Brief Profile & Expertise in specific functional areas  | Mr. Anil Shah, aged 67, years is the Independent Non Executive Director of Our Company. Mr. Shah is a qualified Chartered Accountant and is practicing as Chartered Accountants for the last 40 years. He is presently senior partner of M/s. Anil Shah & Associates. He was also Chairman and Secretary of ICAI Chapter of Udaipur Branch. He acts as an advisor to various Industrial Groups. |
|    |   |
| Area of expertise, skills and capabilities  | Taxation, Finance, Legal, Business Management, Sales Marketing & Administration   |
| Directorships held in other public companies (excluding foreign companies and Section 8 companies)                                      | <b>Directorship in other public Companies:</b><br>NIL   |
| Chairman / Member of the Committees of the Board of Directors of Lagnam Spintex Limited   | <b>Chairman-</b><br>SRC Committee<br><b>Member –</b><br>Audit Committee<br>NRC Committee  |
| Memberships/ Chairmanships of committees of other public companies (Includes only Audit Committee and Stakeholder Grievances Committee) | Chairmanship in other Companies: NIL<br>Membership in Other Companies: NIL  |
| Listed entities from which Mr. Anil Shah has resigned in the past three years   | NIL   |
| Number of equity shares held  | N.A.  |
| Relationships with other Directors, Manager and other Key Managerial personnel  | N.A.  |
| Details of last remuneration drawn (F.Y. 2021-22)   | Rs. 1.23 Lac (Sitting Fee)  |
| Number of meetings of the Board attend during the financial year 2021-22  | 06 (six) out of 06 (six) meetings held  |

Annexure to the Item No. 9 of the Notice

**BRIEF RESUME OF THE DIRECTOR(S) SEEKING APPOINTMENT/RE-APPOINTMENT AT THE 12<sup>TH</sup> ANNUAL GENERAL MEETING TO BE HELD ON 28.06.2022.**

|   |   |
|---|---|
| Name  | Ms. Dipali Mathur   |
| DIN   | 07732611  |
| Date of Birth   | 28.10.1981  |
| Date of appointment on the Board  | 10.02.2018  |
| Qualifications  | MBA, PGDBM  |
| Brief Profile & Expertise in specific functional areas<br> | Ms. Dipali Mathur, aged 39 years is the Independent Non Executive Director of Our Company. Ms. Mathur has completed her PGDBM in the year 2005 from Birla Institute of Management Technology. She has worked with Citi Bank, HSBC Bank and Standard Chartered Bank in Retail and Wealth Management for almost 10 years before starting her own venture Magnifique which is a luxury Spa and Salon.<br>During her tenure as an investment advisor, she has advised leading MMEs and individual HNIs with a book size of INR 5500MN |
| Area of expertise, skills and capabilities  | Finance, Legal, Business Management, Sales Marketing & Administration   |
| Directorships held in other public companies (excluding foreign companies and Section 8 companies)  | <b>Directorship in other public Companies:</b><br>NIL   |
| Chairman / Member of the Committees of the Board of Directors of Lagnam Spintex Limited   | <b>NIL</b>  |
| Memberships/ Chairmanships of committees of other public companies (Includes only Audit Committee and Stakeholder Grievances Committee)     | Chairmanship in other Companies: NIL<br>Membership in Other Companies: NIL  |
| Listed entities from which Ms. Dipali Mathur has resigned in the past three years   | NIL   |
| Number of equity shares held  | N.A.  |
| Relationships with other Directors, Manager and other Key Managerial personnel  | N.A.  |
| Details of last remuneration drawn (F.Y. 2021-22)   | Rs. 0.45 Lac (Sitting Fee)  |
| Number of meetings of the Board attend during the financial year 2021-22  | 03 (three) out of 06 (six) meetings held  |



**Lagnam Spintex Limited**

**ANNUAL  
REPORT**

**2021-22**



# 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 | 2021-2022 |
| 1     | Turnover   | 3646        | 4188      | 4946      | 5617      | 7503      | 8391      | 8040      | 17644     | 20523     | 34844     |
| 2     | Export   | -           | 157       | 307       | 556       | 713       | 1607      | 1653      | 6353      | 10417     | 20124     |
| 1     | PBIDT  | 490         | 592       | 646       | 899       | 1169      | 1119      | 1177      | 1585      | 2632      | 5894      |
| 2     | Interest   | 289         | 281       | 333       | 396       | 339       | 285       | 271       | 931       | 1188      | 1088      |
| 3     | PBDT   | 201         | 311       | 312       | 504       | 829       | 834       | 905       | 654       | 1444      | 4807      |
| 4     | Depreciation   | 132         | 137       | 136       | 192       | 260       | 261       | 262       | 594       | 755       | 753       |
| 5     | P B T  | 68          | 174       | 176       | 312       | 569       | 573       | 644       | 60        | 689       | 4054      |
| 6     | TAX  | 21          | 54        | 55        | 77        | 150       | 102       | 166       | -52       | 241       | 1174      |
| 7     | PAT  | 47          | 120       | 121       | 235       | 419       | 471       | 478       | 112       | 447       | 2880      |
| 1     | EPS (IN ₹)   | 2.87        | 6.52      | 5.95      | 11.51     | 3.74*     | 4.17**    | 3.20®     | 0.64      | 2.53      | 16.30     |
| 2     | Equity   | 164         | 184       | 204       | 204       | 204       | 1167      | 1767      | 1767      | 1767      | 1767      |
| 1     | Total Capital Employed                               | 3780        | 4041      | 5223      | 6836      | 6656      | 7587      | 17699     | 21357     | 23479     | 26832     |
| 2     | Net Worth  | 977         | 1197      | 1418      | 1653      | 2072      | 2644      | 5322      | 5434      | 5828      | 8536      |
| 3     | Long Term Loans                                      | 2065        | 1950      | 2885      | 3676      | 3257      | 2741      | 9682      | 10762     | 12324     | 10862     |
| 4     | Working Capital Loans                                | 566         | 683       | 669       | 1097      | 969       | 1742      | 2070      | 4588      | 2954      | 3357      |
| 5     | Other Liability                                      | 225         | 296       | 365       | 604       | 889       | 1244      | 1816      | 3390      | 3772      | 5234      |
| 6     | Total Liability (3+4+5)                              | 2855        | 2928      | 3919      | 5377      | 5115      | 5727      | 13568     | 18740     | 19050     | 19453     |
| 7     | Fixed Assets ( Net)                                  | 2676        | 2529      | 4077      | 5076      | 4870      | 5290      | 13233     | 15806     | 14939     | 14447     |
| 8     | Total Current Assets                                 | 1131        | 1263      | 1449      | 1714      | 2228      | 3002      | 5482      | 8329      | 9835      | 12542     |
| 9     | Total Current Liabilities                            | 782         | 951       | 987       | 1553      | 1480      | 2499      | 3226      | 7361      | 5845      | 6561      |
| 1     | Operating Profit Margin %                            | 13.43       | 14.13     | 13.05     | 16.01     | 15.57     | 13.33     | 14.64     | 8.98      | 12.82     | 16.92     |
| 2     | Return on Capital Employed %<br>(PBIT/ Capital Emp.) | 9.46        | 11.26     | 9.75      | 10.34     | 13.65     | 11.30     | 5.17      | 4.64      | 7.99      | 19.16     |
| 3     | Return on Sales% (PAT/ Turnover)                     | 1.29        | 2.86      | 2.45      | 4.18      | 5.59      | 5.61      | 5.94      | 0.64      | 2.18      | 8.26      |
| 4     | Return on Net worth %                                | 4.82        | 10.02     | 8.55      | 14.20     | 20.24     | 17.81     | 8.97      | 2.07      | 7.68      | 33.74     |
| 5     | Debt Equity Ratio                                    | 2.11        | 1.63      | 2.03      | 2.22      | 1.57      | 1.04      | 1.82      | 1.98      | 2.11      | 1.27      |
| 6     | TOL/TNW  | 2.92        | 2.45      | 2.76      | 3.25      | 2.47      | 2.17      | 2.55      | 3.45      | 3.27      | 2.28      |
| 7     | Interest Cover Ratio                                 | 1.69        | 2.11      | 1.94      | 2.27      | 3.45      | 3.93      | 4.34      | 1.70      | 2.22      | 5.42      |
| 8     | Fixed Assets Cover Ratio                             | 1.30        | 1.30      | 1.41      | 1.38      | 1.50      | 1.93      | 1.37      | 1.47      | 1.08      | 1.11      |
| 9     | Current Ratio  | 1.45        | 1.33      | 1.47      | 1.10      | 1.51      | 1.20      | 1.70      | 1.13      | 1.68      | 1.91      |

\* 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           | : Executive 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.

### REGISTRAR & SHARE TRANSFER AGENT

BIGSHARE SERVICES PVT. LTD.  
Office No S6-2, 6<sup>th</sup> Floor, Pinnacle Business  
Park, Next to Ahura Centre, Mahakali Caves  
Road, Andheri (East) Mumbai – 400093.  
Email: investor@bigshareonline.com  
Website: www.bigshareonline.com

### BANKERS

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

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## Chairman's Note

Dear Shareholders,

The Indian economy, is now the 6<sup>th</sup> largest and is being universally recognized as a bright spot of the global economy. Encouraged by the prospects of a large nation and needing to be Self-Dependent, our Company was born with the objective of supplying the customers with the best quality of cotton yarn globally and we grow our business with this perspective. The financial year 2021-22 was another milestone year in the history of our company. We have created a host of opportunities and celebrated many successes this year. Our company was migrated from NSE Emerge to main board of NSE. Since the migration, our shareholder family grew from 556 to 6002 in a short period of six months by the end of the financial year. The profits of the Company have grown substantially during 2021-22 on the back of continued improved performance. Revenue from operations for the year stood at Rs. 34844.14 Lacs as against Rs 20522.76 Lacs in the previous year, recording an overall growth of 69.78%. Exports of the Company has increased from Rs. 10416.87 Lacs in the previous year to Rs. 20124.27 Lacs in the current year, a jump of 93.19%. The Profit After Tax of the Company has increased to Rs. 2879.85 Lacs for the current year as against Rs. 447.42 Lacs in the previous year registering a momentous growth of about 544%. To sustain the momentum of our company, we realize the need to lay a solid foundation of process and systems. We are continuously working forward to fulfill our mission of generating maximum value for our stakeholders and this is the first year where we announced Interim and final dividend to reward our shareholders. We are driven by our aspirations for tomorrow. Therefore, your Company has announced an expansion project of 41,472 spindles of 100% compact cotton yarn at a cost of Rs. 218.00 Cr. having production capacity of approx. 34.35 tonnes cotton yarn per day, which is going on smoothly as per schedule.

I extend my sincere thanks to all our stakeholders, including lending banks, shareholders, customers, business partners, and our loyal, hardworking and committed employees for their unstinted support in shaping and improving the performance of the Company. I would like to pay my sincere appreciation to the Board of Directors for their guidance. I must end by expressing my heartfelt thanks to all our stakeholders for their unwavering support.

**D. P. Mangal**

Executive Chairman



**DIRECTORS' REPORT**

Dear Members,

Your Directors are pleased to present the 12<sup>th</sup> Annual Report on the Business and operations of your company along with the Audited Financial Statements for the year ended 31<sup>st</sup> March 2022:

**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-

(₹ in Lacs)

| Particulars  | Year Ended 31 <sup>st</sup> March, 2022 | Year Ended 31 <sup>st</sup> March, 2021 |
|--|---|---|
| Turnover: a) Domestic                                  | 14719.87                                | 10105.89                                |
| b) Export  | 20124.27                                | 10416.87                                |
| <b>Revenue from Operations</b>                         | <b>34844.14</b>                         | 20522.76                                |
| Other Income   | 51.32                                   | 29.96                                   |
| <b>Total Revenue</b>                                   | <b>34895.46</b>                         | 20552.72                                |
| Profit before Finance Cost, Depreciation & Tax (PBIDT) | 5894.40                                 | 2631.55                                 |
| Less: Financial expenses (Net)                         | 1087.58                                 | 1187.64                                 |
| Profit before Depreciation & Tax (PBDT)                | 4806.82                                 | 1443.91                                 |
| Less: Depreciation                                     | 752.54                                  | 755.37                                  |
| <b>Profit before Tax (PBT)</b>                         | <b>4054.28</b>                          | 688.54                                  |
| Less: Current Tax (Net)                                | 694.27                                  | 113.52                                  |
| MAT Credit Entitlement                                 | (642.98)                                | (113.52)                                |
| Deferred Tax   | 1123.14                                 | 241.12                                  |
| <b>Profit after Tax (PAT)</b>                          | <b>2879.85</b>                          | 447.42                                  |
| Other Comprehensive Income (net of tax)                | 4.84                                    | (9.93)                                  |
| Profit available for appropriation                     | 2884.69                                 | 437.49                                  |
| Earning Per Equity Share- Annualized (Basic & Diluted) | 16.30                                   | 2.53                                    |

**FINANCIAL PERFORMANCE AT A GLANCE:**

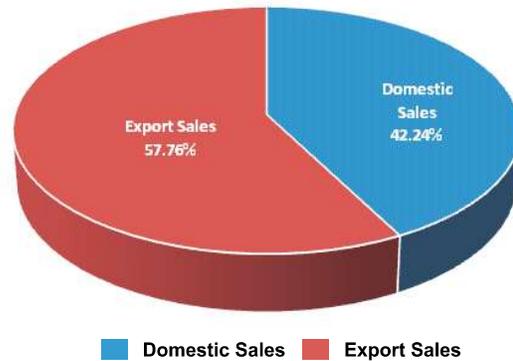
| 2020-2021  | VS | 2021-2022 | ₹ In Lacs<br>EPS ₹ per share | % Change |
|------------|----|-----------|------------------------------|----------|
| ₹ 20522.76 |    | Revenue   | ₹ 34844.14                   | ↑ 69%    |
| ₹ 10416.87 |    | Exports   | ₹ 20124.27                   | ↑ 93%    |
| ₹ 1443.91  |    | PBDT      | ₹ 4806.82                    | ↑ 233%   |
| ₹ 447.42   |    | PAT       | ₹ 2879.85                    | ↑ 544%   |
| ₹ 2.53     |    | EPS       | ₹ 16.30                      | ↑ 544%   |

**2. OPERATIONAL PERFORMANCE:**

**REVENUE FROM OPERATIONS:**

Your directors are pleased to report that despite out break of second wave of CoVID-19, high volatility and steep increase in raw material prices and international disturbance, the company was able to maintain its production at full capacity and achieved production of 13443 MT during the period under review against 10160 MT in the previous year with an increase of 32%.

The Company has recorded highest ever revenue of ₹ 34844.14 Lacs from the operations in current year as against ₹ 20522.76 Lacs in the previous year, a remarkable growth of 69.78%.



**PROFITABILITY:**

Your directors are pleased to report that despite a highly competitive business environment and challenges faced after worldwide CoVID-19 pandemic, your Company has achieved:

- The operating profit (PBITDA) of the Company has increased to ₹ 5894.40 Lacs in the current



year under review as compared to ₹ 2,631.55 Lacs in the previous year and recorded a tremendous increase of about 124%. As percentage to revenue from operations, the operating profits (PBITDA) increased from 12.82% in previous year to 16.92% in current year.

- The Cash Profit (PBDT) of the Company for the current year has increased to ₹ 4806.82 Lacs as against ₹ 1443.91 Lacs, a stunning increase of about 233% over the prior year.
- The Profit after Tax (PAT) of the Company has increased to ₹ 2879.85 Lacs for the current year as against ₹ 447.42 Lacs in the previous year, an astounding increase of about 544%.
- The Earnings per Share of ₹ 16.30/- per equity share of the Company during the current year as against ₹ 2.53/- per equity share in the previous year and registered an exceptional growth of about 544%.

Cotton is the key cost component for your company which has encountered the highest prices increase ever in the history across the globe and the price has doubled during the year as compared to previous year. This has impacted adversely our raw material consumption cost, however, part of the increased raw material cost was compensated by timely covering of quality cotton and reduced operational cost.

The higher earnings the Company are due to substantial saving in Finance Cost which is reduced to ₹ 1087.58 Lacs for the current year as against ₹ 1187.64 Lacs in the previous year and as percentage to revenue it is reduced from 5.79% in previous year to 3.12% in current year. Better working capital management and leveraging on exports with lower interest rates and prepayment of Loan amounting to ₹ 521.31 Lacs are the major deriving factors to lower the cost. The better market opportunities, higher realization and globally increased demand are having direct impact on growth of revenue from operations.

Your Directors are happy to inform that a Solar Power Plant of 1.7 MW was commissioned during January, 2022 of which full benefit will accrue in upcoming years.

### 3. EXPANSION PLAN:

As an expansion and diversification strategy of the Company, your Company has already announced an expansion project of 41472 spindles of 100% compact cotton yarn at a cost of ₹ 218.00 Cr. having production capacity of approx. 34.35 tonnes cotton yarn per day. The Company has made payments of ₹ 935.37 Lacs to the various machine suppliers and vendors of the expansion project. Your Company has approached to the existing lending banks and some other banks for project term loan of ₹ 163.00 Cr. and getting positive response by the lending institutions. Your Company has appointed M/s. Dun & Bradstreet Information Services India Private Limited ("D&B") to conduct the Techno Economic Viability (TEV) study and prepare the TEV Report for the Project which is further submitted to the lending banks for their consideration.

Further, all other activities of the expansion project are going on as per the schedule of implementation. This expansion is planned with most Automated State of the Art modern technology, to have the highest level of productivity which in turn will reduce operating cost and increase profitability of the company.

### 4. MIGRATION TO THE MAIN BOARD OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED [NSE]:

As the Members are aware, to provide various advantage/s like enhanced liquidity, better realization, brand image and value etc. to all the Stakeholders including the Shareholders (Members) of the Company and prospective Investors at large. Your company has passed resolution through postal ballot for migration of specified securities [Equity Shares] from SME Exchange [NSE EMERGE] to the Main Board [NSE]. Accordingly, on its application to NSE it has received approval dated 28<sup>th</sup> September, 2021 for migration of equity shares of the Company and they are listed and admitted to dealings on the Exchange (Capital Market Segment) w.e.f. 30<sup>th</sup> September, 2021. Your Directors are pleased to inform that the number of shareholders have grown more than ten-fold from 556 as on 30<sup>th</sup> September, 2021 to 6002 as on 31<sup>st</sup> March, 2022, in short span of 6 months and the numbers are continuously increasing month after month.



#### 5. DIVIDEND:

Your Directors are pleased to recommend final Dividend of ₹ 0.50 per Equity Share on the fully paid-up Equity Shares of ₹ 10/- each for the financial year 2021-22 i.e. 5% of per equity share, subject to approval of shareholders at the ensuing Annual General Meeting (Previous year 2020-21- 5% i.e. ₹ 0.50/- per share).

Further during the year under review the board of directors of the Company has also declared and paid an Interim Dividend of 5% i.e. ₹ 0.50 per Equity Share on the fully paid-up equity shares of ₹ 10/- each for the FY 2021-22 (Previous year- NIL)

#### 6. TRANSFER TO RESERVES:

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

#### 7. ADOPTION OF INDIAN ACCOUNTING STANDARDS (IND-AS):

The Company has adopted Indian Accounting Standards (Ind-AS) in place of IGAAP as required pursuant to migration of the securities of the Company from SME (NSE EMERGE) exchange of NSE to the Main Board of National Stock Exchange of India Limited and prepared the financial statements for the year ended 31<sup>st</sup> March, 2022 in accordance with Ind AS for the first time. The financial statements for the year ended 31<sup>st</sup> March, 2021 have been restated/reclassified in accordance with Ind AS for comparative information. The reconciliation and descriptions of the effect of the transition from IGAAP to Ind-AS have been provided in the notes to accounts of the financial statements.

#### 8. CAPITAL STRUCTURE:

The Capital Structure of the Company as on 31<sup>st</sup> March, 2022 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.

#### 9. 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.

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

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

#### 11. ANNUAL RETURN:

Kindly Take Note that the Annual Return as required under section 92 of the Companies Act, 2013 will be made available on the Website of the Company after Conclusion of the AGM in below link:

<https://www.lagnamspintex.com/annualreturn>

#### 12. CORPORATE SOCIAL RESPONSIBILITY:

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

(Link: <http://www.lagnamspintex.com/policies>)

In view of the profits and turnover of the company, your Company was required to undertake CSR projects during the year 2021-22 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".



**13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Energy conservation continues to be an area of major emphasis in our Company. Efforts are made to optimize the energy cost while carrying out the manufacturing operations. The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure II".

**14. RECOGNITION & CERTIFICATIONS:**

The 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.

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

**AUDITORS**

**15. 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. 2021-22 and shall continue to be Statutory Auditors for the F.Y. 2022-23.

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.

**16. 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 2021-2022.

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 qualification shence do not call for any further explanation/s by the Company.

**17. 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 2021-2022.

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 2021-2022 forms part of the Annual Report as "Annexure III" to the Board's report.

**18. 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), Ahmedabad being eligible, to conduct Cost Audit of the Company for the financial year 2021-22.

M/s N. D. Birla & Co., Cost Accountants (FRN: 000028), Ahmedabad have furnished a Certificate of their eligibility for appointment pursuant to Section 141(3)(g) and 148(5) of the Companies Act, 2013 read with the rules made there under, Certificate for



independence and arms' length relationship with the Company and have confirmed about their not being disqualified for such appointment including re-appointment within the meaning of Section 141(3) of the Companies Act, 2013.

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

The Company does not have any subsidiary, associate or joint venture during the financial year 2021-22 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, 2022.

**20. BOARD OF DIRECTORS, THEIR MEETINGS & KMP(S):**

**I. Constitution of the Board**

The Board of directors are comprising of total 7 (Seven) Directors, which includes 4 (Four) Independent Directors including 1 (One) Women director. The Chairman of the Board is Promoter and Whole-Time Director. The Board members are highly qualified with the varied experience in the relevant field of the business activities of the Company, which plays significant roles for the business policy and decision-making process and provide guidance to the executive management to discharge their functions effectively.

**II. Board Independence**

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

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

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

**III. Declaration by the Independent Directors**

All the Independent Directors have given their declaration of Independence stating that they meet the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013. Further that the Board is of the opinion that all the independent directors fulfill the criteria as laid down under the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 during the year 2021-22.

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

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

There was no change in the composition of Directors and Key Managerial Personnel during the Financial Year 2021-22. However, Mr. D. P. Mangal (DIN: 01205208), Whole-Time Director of the Company has re-appointed as whole time director and designated as "Executive Chairman" of the Company at the Annual General Meeting held on 23.07.2021.

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

| S. No. | Name of Directors/ KMP(s)                  | Nature of Directorship |
|--------|--|------------------------|
| 1.     | Mr. Dwarka Prasad Mangal (DIN: 01205208)   | Executive Chairman     |
| 2.     | Mr. Anand Mangal (DIN: 03113542)           | Managing Director      |
| 3.     | Mr. Shubh Mangal (DIN: 01287935)           | Executive Director     |
| 4.     | Mr. Vijay Singh Bapna (DIN: 02599024)      | Independent Director   |
| 5.     | Mr. Jagdish Chandra Laddha (DIN: 00118527) | Independent Director   |



| S. No. | Name of Directors/ KMP(s)                | Nature of Directorship                 |
|--------|--|--|
| 6.     | Mr. Anil Shah<br>(DIN: 00145396)         | Independent Director                   |
| 7.     | Ms. Dipali Mathur<br>(DIN: 07732611)     | Independent Director                   |
| 8.     | Mr. Devi Lal Mundra<br>(PAN: AKUPM7207P) | Chief Financial Officer                |
| 9.     | Mr. Rajeev Parashar<br>(PAN: BLSPP2313P) | Company Secretary & Compliance Officer |

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

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

The Board met 6 (Six) times in the Financial Year 2021-22 viz. 15.04.2021, 05.06.2021, 15.07.2021, 16.10.2021, 15.01.2022 and 23.03.2022. The maximum interval between any two meetings did not exceed 120 days. Attendance of each director in board meeting as follows:

| Date of Meeting | Name of the Directors |                  |                  |                       |                            |               |                   |
|-----------------|-----------------------|------------------|------------------|-----------------------|----------------------------|---------------|-------------------|
|                 | Mr. D. P. Mangal      | Mr. Anand Mangal | Mr. Shubh Mangal | Mr. Vijay Singh Bapna | Mr. Jagdish Chandra Laddha | Mr. Anil Shah | Ms. Dipali Mathur |
| 15.04.2021      | Yes                   | Yes              | Yes              | Yes                   | Yes                        | Yes           | Yes               |
| 05.06.2021      | Yes                   | Yes              | Yes              | Yes                   | Yes                        | Yes           | Yes               |
| 15.07.2021      | Yes                   | Yes              | Yes              | Yes                   | Yes                        | Yes           | No                |
| 16.10.2021      | Yes                   | Yes              | Yes              | Yes                   | Yes                        | Yes           | No                |
| 15.01.2022      | Yes                   | Yes              | Yes              | Yes                   | Yes                        | Yes           | Yes               |
| 24.03.2022      | 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 15<sup>th</sup> January, 2022 to review the performance of Non-Independent Directors (including the Chairman) and the entire Board. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.

#### VIII. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Policy of the Company on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under section 178(3), uploaded on company's website.

(Link-<http://www.lagnamspintex.com/policies/policies>)

#### 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.

**21. 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     | Mr. Jagdish Chandra Laddha | Independent Director   | Chairman                 |
| 2     | Mr. Vijay Singh Bapna      | Independent Director   | Member                   |
| 3     | Mr. Anil Shah              | Independent Director   | Member                   |
| 4     | Mr. D. P. Mangal           | Whole-time Director    | Member                   |

During the financial year 2021-22, the Audit Committee met 4 (four) times on 15.04.2021, 15.07.2021, 16.10.2021 and 15.01.2022.

**II. Nomination and Remuneration Committee:**

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

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

During the financial year 2021-22, the Nomination and Remuneration Committee met 2 (Two) times on 15.04.2021, and 16.10.2021.

**III. Stakeholder's 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     | Mr. Anil Shah         | Independent Director   | Chairman                 |
| 2     | Mr. Vijay Singh Bapna | Independent Director   | Member                   |
| 3     | Mr. Anand Mangal      | Managing Director      | Member                   |

During the financial year 2021-22, the Stakeholders' Relationship Committee met on 15.01.2022.

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

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

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

During the financial year 2021-22, the Corporate Social Responsibility Committee met on 15.04.2021.

**22. CORPORATE GOVERNANCE:**

As the Members are aware, the securities [Equity Shares] of the Company are migrated from SME Platform of National Stock Exchange of India Limited (NSE) namely NSE EMERGE to Main Board of National Stock Exchange of India Limited, effective 30<sup>th</sup> September, 2021 (Scrip Code -LAGNAM). Therefore, provisions relating to Corporate



Governance provided in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI LODR Regulations / Listing Regulations], are applicable to the Company consequent to such migration.

Your Directors are pleased to report that your Company has duly complied with the SEBI Guidelines on Corporate Governance for the year 2021-22 relating to the Listing Regulations. A Certificate from statutory auditors, m/s SSMS & Associates, Chartered Accountants, Bhilwara, (Firm Registration No. 019351C) confirming compliance with conditions as stipulated under Listing Regulations is annexed to the Corporate Governance Report of the Company. The Corporate Governance report for the financial 2021-22 attached as Annexure-IV.

### **23. RELATED PARTY TRANSACTIONS:**

All related party transactions that were entered during the financial year, were on the arm's length basis and were in the ordinary course of business and do not attract the provisions of section 188 of the Companies Act, 2013. Thus, disclosure in form AOC-2 is not required. All Related Party Transactions were placed before the Audit Committee for approval. A policy on the related party Transactions was framed & approved by the Board and posted on the Company's website at below link:

(Link: <http://www.lagnamspintex.com/policies>)

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

### **24. INVESTORS EDUCATION AND PROTECTION FUND:**

During the financial year 2021-2022 ended 31<sup>st</sup> March 2022 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.

### **25. 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.

### **26. 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.

### **27. VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors have formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177 (9) of the Companies Act, 2013 and the regulation 22 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015,



The Company has adopted a Whistle-Blower Policy for Directors and employees to report genuine concerns and to provide for adequate safeguards against victimization of persons who may use such mechanism. The details of the Vigil Mechanism Policy have posted on the website of the Company at following link:

(Link: <http://www.lagnamspintex.com/policies>)

**28. PREVENTION OF INSIDER TRADING:**

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

(Link: <http://www.lagnamspintex.com/policies>)

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 2021-22.

**29. MEETINGS OF THE MEMBERS:**

During the year under review Annual General Meeting of the Company was held on 23.07.2021 and one special resolution for Migration of the company from SME platform (Emerge) of National Stock Exchange of India Limited (NSE) to Main Board of NSE passed through postal ballot process vide notice dated 5<sup>th</sup> June, 2021 and approval dated 13<sup>th</sup> July, 2021. No any other meeting of the members held during the year.

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

As per Regulation 34 (e) read with schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the management Discussion and Analysis Report of the Company for the year ended is set out in this Annual Report as "Annexure V."

**31. 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 Office No S6-2, 6th Floor, Pinnacle BusinessPark, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai – 400093.

**32. DEMATERIALISATION OF SECURITIES:**

The Company's Equity Shares are admitted in the system of Dematerialization by both the Depositories namely NSDL and CDSL. As on 31<sup>st</sup> March, 2022, all 1,76,69,000 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, 2022 hereunder:

|                 | CDSL      | NSDL      | TOTAL       |
|-----------------|-----------|-----------|-------------|
| Shares in Demat | 79,21,032 | 97,47,968 | 1,76,69,000 |
| Physical Shares | NIL       | NIL       | NIL         |

**33. 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 2021-2022 ended 31<sup>st</sup> March, 2022.

**34. 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.

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

Pursuant to provision of section 197 of Companies



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

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

**36. 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.

**37. INDUSTRIAL RELATIONS:**

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

**38. DEPOSITS:**

During the financial year 2021-2022 ended 31<sup>st</sup> March, 2022 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.

**39. CODE OF CONDUCT:**

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

(Link-<http://www.lagnamspintex.com/policies>)

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

During the financial year 2021-2022 ended 31<sup>st</sup> March, 2022 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.

**41. 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.



**42. 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.

**43. 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.

**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, 2022, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31<sup>st</sup>. 2022 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. 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.

**46. CREDIT RATING:**

During the year 2021-22, Informarics Valuation and Rating Private Limited and India Ratings and Research Private Limited has assigned the ratings of Bank Loan facilities of the Company and following are credit ratings given by them: -

• **Infomerics Rating:**

| Facilities                 | Rating            |
|----------------------------|-------------------|
| Long-Term Bank Facilities  | IVR BBB- / Stable |
| Short-Term Bank Facilities | IVR A3            |

• **India Ratings**

| Facilities                | Rating                   |
|---------------------------|--------------------------|
| Long-Term Loans           | IND BBB- / Positive      |
| Fund Based Facilities     | IND BBB- Positive/IND A3 |
| Non Fund Based Facilities | IND A3                   |

**47. SUSPENSION OF TRADING:**

The equity shares of the Company have been listed and actively traded on the SME Platform of National Stock Exchange of India Limited namely NSE EMERGE’ till 29th September, 2021 and w.e.f. 30<sup>th</sup> September, 2021 equity shares of the Company have been listed and actively traded on Main Board of National Stock Exchange of India Limited. There was no occasion wherein the equity shares of the



Company have been suspended for trading during the FY 2021-2022.

**48. 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.

**49. ACKNOWLEDGEMENT:**

The Board of Directors acknowledges with gratitude for the co-operation and assistance received from National Stock Exchange of India Limited (NSE), Securities Exchange Board of India (SEBI), Auditors, Advisors & Consultants, other Intermediary service provider/s and other Investor/s for their continuous support for the working of the Company.

The Board of Directors also take this opportunity to extend its sincere thanks for co-operation and assistance received by the Company from the Central - State - Local Government and other regulatory authorities, Bankers and Members. The Directors also record their appreciation of the dedication of all the employees at all levels for their support and commitment to ensure that the Company continues to grow.

For and on Behalf of the Board of Directors

Place : Bhilwara

Date : 16<sup>th</sup> April, 2022

**D.P. MANGAL**

*Executive Chairman*  
[DIN: 0120520]

**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 endeavours to make CSR a key business process for sustainable development and continuously enhance shareholders wealth; it is also committed to its other stakeholders to conduct its business in an accountable manner that creates a sustained positive impact on society. Our Company's CSR Committee believes that it is important for the organization to focus on philanthropic activities in terms of animal welfare, prevention from hunger & poverty, promotion of educational activities, empowering women, making available safe drinking water, setting up old age homes, environment protection, health care etc.

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

| 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           | Executive Chairman-Member     | 1   | 1  |

\*During the financial year meeting of the CSR Committee held on 15.04.2021

**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) |
|-------------------------------------|---------------------|
| 2020-2021                           | 700.05              |
| 2019-2020                           | 60.15               |
| 2018-2019                           | 643.52              |
| Total                               | 1403.72             |
| Average Profit of above said Profit | 467.91              |

7. (a) Two percent of average net profit of the Company as per section 135(5) : ₹ 9.36 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) : ₹ 9.36 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 |
| ₹ 24.25 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.      | COVID-19 Health Care Project (Oxygen Supply System Plant) | promoting health care and sanitation                                   | Yes                 | Rajasthan               | Bhilwara        | 10.00                                    | No                                     | Mewar Chamber Development Trust                      | CSR000 194030 |
| 2.      | COVID-19 Health Care Project (Vaccination programme)      | promoting health care including preventive healthcare and sanitization | Yes                 | Rajasthan               | Bhilwara        | 5.00                                     | No                                     | District Collector (DM) "RSDMA CSR CoVID-19"         | N.A.          |
| 3.      | Step against hunger & poverty                             | Eradicating hunger, poverty and malnutrition                           | NO                  | Tamilnadu               | Chennai         | 1.01                                     | NO                                     | RYA Madras Metro Trust                               | CSR000 07839  |
| 4       | Research & Development                                    | promoting Sustainable Development Goals                                | No                  | Maharashtra             | Mumbai          | 0.35                                     | No                                     | CITI Cotton Development & Research Association       | CSR000 06775  |
| 5       | Education & learning                                      | Promoting Education  | No                  | Himachal Pradesh        | Sanawar (Solan) | 2.00                                     | No                                     | The Lawrence School Society                          | CSR000 13043  |
| 6       | Computer and Virtual Education                            | Promoting education, including special education                       | Yes                 | Rajasthan               | Bhilwara        | 1.53                                     | Yes                                    | Helan Kelar Viklang Seva Sansthan                    | CSR000 18826  |
| 7       | Computer, Virtual Education & Skill developments          | Promoting education, including special education                       | Yes                 | Rajasthan               | Bhilwara        | 4.06                                     | Yes                                    | Seva Sadan School                                    | CSR000 22654  |
| 8       | Women Empowerment   | Promoting gender equality, empowering women                            | Yes                 | Rajasthan               | Bhilwara        | 0.30                                     | No                                     | Mahavir International                                | CSR0000 3425  |
|         | TOTAL   |  |                     |                         |                 | 24.25                                    |  |  |               |



- (d) Amount spent in Administrative Overheads : NIL  
 (e) Amount spent on Impact Assessment : N.A.  
 (f) Total amount spent for the Financial Year : ₹ 24.25 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)                                      | 9.36               |
| 2    | Total amount spent for the Financial Year   | 24.25              |
| 3    | Excess amount spent for the financial year [(ii)-(i)]   | 14.89              |
| 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)]                                      | 14.89              |

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 succeeding |               |                  | Amount remaining to be spent in 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

**D.P. MANGAL**  
 Executive Chairman  
 [DIN: 01205208]  
 Date : 16<sup>th</sup> April, 2022  
 Place : Bhilwara

For and on Behalf of the CSR Committee

**J. C. LADDHA**  
 CHAIRMAN  
 CSR Committee

**ANNEXURE 'II'**

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

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

| <b>Particulars</b>   | <b>Current Year<br/>(2021-22)</b>   | <b>Previous Year<br/>(2020-21)</b> |
|--|---|------------------------------------|
| <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)  | 277.33  | 226.89                             |
| Total Amount ( ₹ in Lacs)  | 1861.76   | 1512.28                            |
| Rate/Unit (Amount in ₹)  | 6.71  | 6.67                               |
| 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.   | 2.06  | 2.23                               |
| <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)  | -   | -                                  |
| • Recurring Expenditure (₹ in Lacs)  | -   | -                                  |
| <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)   | 19147.29  | 10233.25                           |
| Outgo: (₹ in Lacs)   |   |                                    |
| • Revenue A/c  | 813.96  | 272.92                             |
| • Capital A/c  | 287.28  | -                                  |

For and on Behalf of the Board of Directors

**D.P. MANGAL**

*Executive Chairman*

[DIN: 01205208]

Place : Bhilwara  
Date : 16<sup>th</sup> April, 2022

**ANNEXURE-III**

**FORM MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2022**

**[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, 2022 (1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022) 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, 2022, 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 (Listing Obligations and Disclosure Requirements) Regulations 2015;
  - (b) The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011;
  - (c) The SEBI (Prohibition of Insider Trading) Regulations, 2015;
  - (d) The SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (e) 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 (SS) issued by the

Institute of Company Secretaries of India (ICSI) under the provisions of Companies Act, 2013.

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 year securities of the Company i.e. equity shares have migrated from EMERGE platform of NSE to the main board of NSE



w.e.f. 30.09.2021 and accordingly complied with the applicable provisions of SEBI (LODR) Regulations, 2015.

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 Rs. 22,50,00,000 (Rupees Twenty-Two Crore Fifty Lakh) divided into 2,25,00,000 (Two Crore Twenty-Five Lakh) Equity Shares of Rs.10/- each.

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

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

**For Sanjay Somani & Associates**

**Sanjay Somani**

**Proprietor**

**M. No.: FCS6958**

**COP No.: 5270**

Place: Bhilwara

Date: 16<sup>th</sup> April, 2022

UDIN: F006958D000138595

**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**

**Sanjay Somani**

Place: Bhilwara  
Date: 16<sup>th</sup> April, 2022  
UDIN: F006958D000138595

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

## **ANNEXURE-IV**

### **CORPORATE GOVERNANCE REPORT**

As the Members are aware, the securities (Equity Shares) of the Company are migrated from SME Platform of National Stock Exchange of India Limited (NSE) namely NSE EMERGE to Main Board of National Stock Exchange of India Limited, w.e.f. 30<sup>th</sup> September, 2021 (Scrip Code - LAGNAM). Therefore, provisions relating to Corporate Governance provided in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations / Listing Regulations), are applicable to the Company consequent to such migration.

Transparency and accountability are the two basic tenets of Corporate Governance. The core of Corporate Governance is based upon, inter-alia; the objective of maximizing the wealth of all the Stakeholders of the Company by making optimum utilization of resources at its disposal and fulfilling its obligations towards Corporate Responsibility and contributing to Nation Building to the best of its might. It also advocates the principles of transparency to be followed by the Company in all its decisions and actions; apart from furnishing full disclosures to the Board, its Shareholders and other Stakeholders. The above principles have been the guiding force for whatever we do and shall continue to be so in the years to come. The Company is committed to adhere to high standards of the Corporate Governance Code in words and spirit. It is also constantly taking review of systems and procedures to keep pace with changing corporate environment.

#### **1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company's philosophy on Corporate Governance envisages attainment of high level of transparency, accountability and integrity in all its facets.

The Company has consistently practiced good Corporate Governance norms for the efficient conduct of its business and its obligations towards all its stakeholders viz., the shareholders, customers, employees and the community in which the Company operates. The Company is committed to observe good governance by focusing on adequate & timely

disclosures, transparent & robust accounting policies, strong & independent Board and endeavors to maximize shareholders benefit. The Company believes that it shall go beyond adherence of regulatory frameworks in disclosing material information to the stakeholders. We believe that Corporate Governance is a journey to constantly improving sustainable value creation. The Board of Directors of the Company plays a central role in the good Corporate Governance by building up strong principles and values on which the Company operates.

#### **2. BOARD OF DIRECTORS**

##### **Composition, Category and Attendance at Meetings**

The Board of Directors of the Company consists of eminent persons with considerable professional expertise and experience in business and industry, finance, management, taxation and marketing. The Company has a balanced mix of Executive and Non-Executive Directors, the Board comprises of Seven Directors including one Woman Director and composition of Board of Directors of the Company is in conformity with Regulation 17 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after referred as "Listing Regulations") and applicable provisions of the Companies Act, 2013. The Company has above 50% Non-Executive Directors, it has an Executive Chairman and the numbers of Independent Directors are above 50% of the total number of Directors. The Independent Directors with their diverse knowledge, experience and expertise bring in their independent judgment in the deliberation and decisions of the Board.

##### **Number of Board Meetings**

During the financial year 2021-22, Six meetings of the Board of Directors were held on 15.04.2021, 05.06.2021, 15.07.2021, 16.10.2021, 15.01.2022 and 24.03.2022. The frequency and intervening gap between the meetings was within the period prescribed under the Companies Act, 2013, Listing Regulations and Secretarial Standards-1 issued by Institute of Company Secretaries of India (ICSI) on



Board Meetings read with General Circular 08/2021 dtd. 03.05.2021 of the Ministry of Corporate Affairs. The frequency of the meetings is enough for the Board to undertake its duties effectively.

The 11th Annual General Meeting of the Company was held on 23.07.2021 through Video Conferencing/

Other Audio-Visual Means (VC/OAVM) facility.

The Composition of the Board of Directors, attendance at Board & previous Annual General Meeting, number of other Directorship, Committee Membership and Chairmanship are as under:-

| Name of Directors          | Category of Directorship  | Board Meetings attended out of 6 Meetings | Attendance at last AGM held on 23.07.2021 | Directorship in other Companies / LLP | No. of Committees in which Member or Chairperson |        | Directorship in other Listed Companies |
|----------------------------|---------------------------|---|---|---------------------------------------|--|--------|--|
|                            |                           |   |   |                                       | Chairman   | Member |  |
| Mr. D. P. Mangal           | Executive Promoter        | 6   | Yes                                       | 1                                     | NIL  | 1      | NIL                                    |
| Mr. Anand Mangal           | Executive Promoter        | 6   | Yes                                       | NIL                                   | NIL  | 1      | NIL                                    |
| Mr. Shubh Mangal           | Executive Promoter        | 6   | Yes                                       | 1                                     | NIL  | NIL    | NIL                                    |
| Mr. Jagdish Chandra Laddha | Independent Non-Executive | 6   | Yes                                       | 4                                     | 2  | 3      | 2#                                     |
| Mr. Vijay Singh Bapna      | Independent Non-Executive | 6   | No  | 4                                     | 3  | 5      | 3*                                     |
| Mr. Anil Shah              | Independent Non-Executive | 6   | Yes                                       | 3                                     | 1  | 2      | NIL                                    |
| Ms. Dipali Mathur          | Independent Non-Executive | 3   | Yes                                       | 4                                     | Nil  | Nil    | NIL                                    |

# Mr. Jagdish Chandra Laddha is Director in other Two (2) Listed Companies namely: -

- i) Vinati Organics Limited (CIN: L24116MH1989PLC052224)
- ii) BSL Limited (CIN: L24302RJ1970PLC002266)

\*Mr. Vijay Singh Bapna is Director in other Three (3) Listed Companies namely: -

- i) MMP Industries Limited (CIN: L32300MH1973PLC030813);
- ii) Global Education Limited (CIN: L80301MH2011PLC219291); and
- iii) Usha Martin Limited (CIN: L31400WB1986PLC091621)

- Directorship in other Companies meant for Companies other than Foreign Companies.
- Committee Membership meant for Chairman or Member of Audit Committee and Stakeholders' Relationship Committee of the Company and other companies also.
- None of the Independent Director/s have any material pecuniary relationship or transactions with the Company other than receiving Sitting Fees for the Board and its Committee Meeting/s of the Company.

None of the Directors of the Board serve as Members of more than 10 Committees nor are they Chairman of more than 5 Committees, as per requirements of the Regulation 26(1) of the Listing Regulations. As required under Regulation 17A of the Listing Regulations none of the Independent Directors serves as an Independent Director in more than seven listed companies. No Independent & Non-Executive Directors are holding any share in the Company and no convertible instrument has been issued by the Company.

**Relationship Status**

None of the Directors are related to each other except three Directors Mr. D. P. Mangal (Executive Chairman) and his two sons Mr. Shubh Mangal (Whole time Director) and Mr. Anand Mangal (Managing Director).

All the Independent Directors have given declaration and confirmation of their independence and inclusion of their names in Independent Director's data bank maintained with the Indian Institute of Corporate Affairs ('IICA') in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment &

Qualification of Directors) Rules, 2014, as amended. They are exempt from the requirement to undertake the online proficiency self-assessment test conducted by IICA. It is hereby confirmed that in the opinion of Board, the Independent Directors fulfill the conditions specified under the "Listing Regulations" and they are independent of Management. No Independent Director has resigned during the year.

The table below summarizes the key attributes and skills matrix, identified by the Board of Directors, as required in the context of business of the Company and the name of Directors who have such skills / expertise / competence :-

| S. No. | Name of Directors                                   | Skills / Expertise / Competence |       |            |                      |                            |       |
|--------|---|---------------------------------|-------|------------|----------------------|----------------------------|-------|
|        |   | Finance                         | Legal | Management | Technical Operations | Marketing / Administration | Sales |
| 1.     | Mr. D. P. Mangal,<br>Executive Chairman             | ✓                               | ✓     | ✓          | ✓                    | ✓                          | ✓     |
| 2.     | Mr. Anand Mangal,<br>Managing Director              | ✓                               |       | ✓          | ✓                    | ✓                          | ✓     |
| 3.     | Mr. Shubh Mangal,<br>Whole Time Director            |                                 | ✓     | ✓          | ✓                    |                            | ✓     |
| 4.     | Mr. Jagdish Chandra Laddha,<br>Independent Director | ✓                               | ✓     | ✓          | ✓                    | ✓                          | ✓     |
| 5.     | Mr. Vijay Singh Bapna,<br>Independent Director      | ✓                               | ✓     | ✓          |                      | ✓                          | ✓     |
| 6.     | Mr. Anil Shah,<br>Independent Director              | ✓                               | ✓     | ✓          |                      | ✓                          | ✓     |
| 7.     | Ms. Dipali Mathur,<br>Independent Director          | ✓                               | ✓     | ✓          |                      | ✓                          | ✓     |

**Board Meeting Procedure**

The Company's Board Meetings are governed by a structured agenda. The Board Meetings are generally scheduled well in advance and the notice of each board meeting is given in writing to each Director. The Board Meeting may be convened on short notice, with the consent of Independent Directors, for urgent matters. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. The Board papers, comprising the agenda are circulated well in advance before the meeting of the Board.

All statutory, significant and other material information as specified in Part A of Schedule-II under the regulation 17(8) of the Listing Regulations are regularly made available to the Board, wherever applicable. The Board also reviews periodically the compliances of laws applicable on the Company.

Board's role, functions, responsibility and accountability are clearly defined. In addition to matters statutorily requiring Board's approval, all major decisions involving formulation, strategy and business plans, annual



operating and capital expenditure budgets, new investments, compliance with statutory regulatory requirements, major accounting provisions etc. are considered by the Board.

**3. AUDIT COMMITTEE**

Your Company has an Audit Committee constituted by the Board of Directors which acts as a link between the management, auditors and the Board and oversees the financial reporting process.

**Broad terms of reference**

The terms of reference of the Audit Committee are aligned with the guidelines set out in the Regulation 18 read with Part C of schedule II of the Listing Regulations and also with the provisions of Section 177 of the Companies Act, 2013. The terms of reference broadly includes approval of quarterly-annual Internal Audit Plan, review of financial reporting processes, internal control, risk management system, Internal Financial Control and its adequacy, functioning of whistle blower mechanism and governance processes, discussions and approval of quarterly, half yearly and annual financial statements/results, recommendation for appointment, remuneration and terms of appointment of auditors, monitor related party transactions, uses and application of funds raised through issues etc.

The Audit Committee has the following powers;

- i. To investigate any activity within its terms of reference;
- ii. To seek information from any employee;
- iii. To obtain outside legal or other professional advice; and
- iv. To secure attendance of outsiders with relevant expertise if it considers necessary.

**The Audit Committee mandatorily reviews the following information;**

- i. Management discussion and analysis of financial condition and results of operations;
- ii. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- iii. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- iv. Internal audit reports relating to internal control weaknesses; and

- v. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

**The role of the Audit Committee is not limited to but includes;**

- 1. Oversight of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- 3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- 4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - i. Matters required to be included in the Director’s Responsibility Statement to be included in the Board’s report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - ii. Changes, if any, in accounting policies and practices and reasons for the same;
  - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
  - iv. Significant adjustments made in the financial statements arising out of audit findings;
  - v. Compliance with listing and other legal requirements relating to financial statements;
  - vi. Disclosure of any related party transactions;
  - vii. Qualifications in the draft audit report.
- 5. Reviewing, with the management, Quarterly / half yearly financial statements before submission to the board for approval
- 6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential



- issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / Draft Red Herring Prospectus/ Red Herring Prospectus / Prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Review and monitor the auditor's independence, performance and effectiveness of audit process.
  8. Approval or any subsequent modification of transactions of the company with related parties.
  9. Scrutiny of inter-corporate loans and investments.
  10. Valuation of undertakings or assets of the company, wherever it is necessary.
  11. Evaluation of internal financial controls and risk management systems.
  12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  14. Discussion with internal auditors any significant findings and follow up there on.
  15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  18. To oversee and review the functioning of the vigil mechanism which shall provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee in appropriate and exceptional cases.
  19. Call for comments of the auditors about internal control systems, scope of audit including the observations of the auditor and review of the financial statements before submission to the Board.
  20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
  21. To investigate any other matters referred to by the Board of Directors.
  22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### Composition

The composition of the Audit committee meets the requirements of section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. It comprises following directors of the Company:

| S. N. | Name of Director           | Nature of Directorship    | Designation in Committee |
|-------|----------------------------|---------------------------|--------------------------|
| 1.    | Mr. Jagdish Chandra Laddha | Independent Non-Executive | Chairman                 |
| 2.    | Mr. Vijay Singh Bapna      | Independent Non-Executive | Member                   |
| 3.    | Mr. Anil shah              | Independent Non-Executive | Member                   |
| 4.    | Mr. D. P. Mangal           | Executive Chairman (WTD)  | Member                   |

Mr. Jagdish Chandra Laddha, Chairman of the Committee possesses high degree of accounting and financial management and technical business expertise and all other members of the committee have experience and sound accounting and financial knowledge. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 23<sup>rd</sup> July, 2021.



**Meetings and Attendance**

The committee met four times during the financial year 2021-22. The dates on which Audit Committee Meetings were held are 15.04.2021, 15.07.2021, 16.10.2021 and 15.01.2022. The number of meetings attended by each committee member during the year was as under: -

| <b>Name of Member</b>                | <b>No. of Meetings attended</b> |
|--------------------------------------|---------------------------------|
| Mr. Jagdish Chandra Laddha, Chairman | 4                               |
| Mr. Vijay Singh Bapna, Member        | 4                               |
| Mr. Anil shah, Member                | 4                               |
| Mr. D. P. Mangal, Member             | 4                               |

The Managing Director, Executive director, CFO as well as the representatives of the internal & the statutory auditors are permanent invitees to the meeting. The Company Secretary acts as secretary to the audit committee.

**4. NOMINATION AND REMUNERATION COMMITTEE:**

**Brief Description of terms of reference**

The terms of reference of Nomination and Remuneration Committee are aligned with the guidelines set out in the Regulation 19 read with Part D of Schedule II of the Listing Regulations and also with the provisions of Section 178 of the Companies Act, 2013.

**Role of the Nomination and Remuneration Committee not limited to but includes:**

1. Formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to, the remuneration for directors, KMPs and other employees.
2. Identifying persons who are qualified to become directors and may be appointed in senior

management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.

3. Formulation of criteria for evaluation of performance of independent directors and Board of Directors.
4. Devising a policy on diversity of board of directors.
5. Deciding on, whether to extend or continue the term of appointment of the independent director on the basis of the report of performance evaluation of independent directors.
6. Decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment of Executive Directors.
7. Define and implement the Performance Linked Incentive Scheme (including ESOP of the Company) and evaluate the performance and determine the amount of incentive of the Executive Directors for that purpose.
8. Decide the amount of Commission payable to the Whole time Director / Managing Directors.
9. Review and suggest revision of the total remuneration package of the Executive Directors keeping in view the performance of the Company, standards prevailing in the industry, statutory guidelines etc.
10. To formulate and administer the Employee Stock Option Scheme.

**Composition**

The composition of the Nomination and Remuneration Committee meets the requirements of section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations. It comprises following directors of the Company:

| <b>S. N.</b> | <b>Name of Director</b>    | <b>Nature of Directorship</b> | <b>Designation in Committee</b> |
|--------------|----------------------------|-------------------------------|---------------------------------|
| 1.           | Mr. Jagdish Chandra Laddha | Independent Non-Executive     | Chairman                        |
| 2.           | Mr. Vijay Singh Bapna      | Independent Non-Executive     | Member                          |
| 3.           | Mr. Anil shah              | Independent Non-Executive     | Member                          |

During the financial year 2021-22, two meetings of the Committee were held on 15.04.2021, and 16.10.2021. The number of meetings attended by each committee member during the year was as under:-

| <b>Name of Member</b>                | <b>No. of Meetings attended</b> |
|--------------------------------------|---------------------------------|
| Mr. Jagdish Chandra Laddha, Chairman | 2                               |
| Mr. Vijay Singh Bapna, Member        | 2                               |
| Mr. Anil shah, Member                | 2                               |

### **Performance Evaluations: -**

The Nomination & Remuneration Committee(NRC) and Board is responsible for undertaking a formal annual evaluation of its own performance, committees and individual Directors with a view to review their functioning and effectiveness and to determine whether to extend or continue the term of appointment of the independent directors. During the year, NRC and the Board carried out the performance evaluation of itself, Committees and each of the executive directors/non-executive directors/independent directors excluding the director being evaluated. The criteria for performance evaluation of the Board included aspects such as Board composition and structure, effectiveness of Board processes, etc. The criteria for performance evaluation of the Committees included aspects such as structure and composition of Committees, effectiveness of Committee Meetings, etc. The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

The detailed Policy inter-alia including criteria for performance evaluation is available under web link - (www.lagnamspintex.com-policies) [https://683a4e08-c1df-4fd4-b9e4-1933a3be745e.filesusr.com/ugd/daa4e5\\_6697c18d337842a3815a77737b29f43e.pdf](https://683a4e08-c1df-4fd4-b9e4-1933a3be745e.filesusr.com/ugd/daa4e5_6697c18d337842a3815a77737b29f43e.pdf)

### **Remuneration of Directors**

Non-Executive/Independent Directors are paid only sitting fees for attending the Board and Committee meetings and Executive Directors are paid Salary, Commission and Perquisites subject to the overall ceilings imposed by the Companies Act, 2013 and other applicable statutes.

The appointment and remuneration of Chairman, Managing Director and Whole Time Director are governed as per terms and conditions approved by the Board of Directors and Shareholders on the recommendation of Nomination and Remuneration Committee.

### **Details of Remuneration paid to Executive Directors**

|               |                          |                              |                     |                             |                   |               | <b>(Rs. in Lakhs)</b> |
|---------------|--------------------------|------------------------------|---------------------|-----------------------------|-------------------|---------------|-----------------------|
| <b>S. No.</b> | <b>Name of Directors</b> | <b>Category of Directors</b> | <b>Basic Salary</b> | <b>Contribution to P.F.</b> | <b>Commission</b> | <b>Others</b> | <b>Total</b>          |
| 1             | Mr. D. P. Mangal         | Whole Time Director          | 60.96               | -                           | 28.79             | 5.83          | 95.58                 |
| 2             | Mr. Anand Mangal         | Managing Director            | 39.60               | 4.75                        | -                 | 2.73          | 47.08                 |
| 3             | Mr. Shubh Mangal         | Whole Time Director          | 39.99               | 4.80                        | -                 | 3.64          | 48.43                 |
| Total         |                          |                              |                     |                             |                   |               | 191.09                |

**Performance linked incentive & Criteria** - Commission based on profit of the Company.

**Service contract, notice period, severance fee** - The employment of Executive Director/WTD shall terminate automatically in the event of his ceasing to be a Director of the Company in the General Meeting and/or in the event of their resignation as a Director of the Company. No severance fee is payable to Executive Directors/WTD. Notice period shall be as per the appointment letter issued at the time of appointment.

**Stock option to Executive Directors - Nil**

Non-Executive Directors do not draw any remuneration except sitting fee of Rs. 20,000/- for attending every Board Meeting (w.e.f. 16.10.2021 earlier Rs. 10,000/-) and Rs. 5,000/- for attending every Committee Meeting. Total sitting fee of Rs. 4,12,500/- was paid during the financial year 2021-22. The details of remuneration paid to Non-Executive Directors during the financial year 2021-22 are as under: -

**Details of Sitting Fee paid to Non-Executive Directors**

| S. No. | Name of Director           | Category of Directors              | Sitting Fee (Amt. In Lakhs) |
|--------|----------------------------|------------------------------------|-----------------------------|
| 1.     | Mr. Jagdish Chandra Laddha | Independent Non-Executive Director | 1.20                        |
| 2.     | Mr. Vijay Singh Bapna      | Independent Non-Executive Director | 1.25                        |
| 3.     | Mr. Anil Shah              | Independent Non-Executive Director | 1.23                        |
| 4.     | Ms. Dipali Mathur          | Independent Non-Executive Director | 0.45                        |

The Company has no pecuniary relationship or transactions with its Non-Executive Directors other than payment of sitting fees to them for attending Board and Committee meetings. No Independent & Non-Executive Directors are holding any share in the Company and no stock option, convertible instrument has been issued by the Company. The Company has not advanced any loan to any Director during the Financial Year 2021-22.

**5. STAKEHOLDERS RELATIONSHIP COMMITTEE**

The terms of reference of Stakeholders Relationship Committee are in line with the provisions of regulation 19 read with Part D of Schedule II of the Listing Regulations and also with the provisions of Section 178 of the Companies Act, 2013 which broadly includes the following: -

The committee considers and approves various requests for transmission, sub-division, consolidation, renewal, exchange, issue of new certificates in replacement of old ones, Dematerialization/Rematerialization of Shares, non-receipt of declared Dividend, Annual Reports and to redress the grievances of the investors as may be

received from time to time. The Committee evaluate performance and service standards of the Registrar and Share Transfer Agent of the Company; Provide guidance and make recommendations to improve investor service levels for the investors; Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends; Review of adherence to the service standards adopted by the Company; Review of measures taken for effective exercise of voting rights by shareholders.

The Committee meets as and when required and during the financial year 2021-22, one meeting of the Committee was held on 15.01.2022.

The Secretarial Department of the Company and Registrar & Transfer Agent, Bigshare Services Private Ltd., Mumbai attend all the Grievance of the Shareholders and Investors received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, SCORES etc.

No Stakeholders' Grievance remained un-attended/pending for more than 15 days. There was no complaint pending for disposal as on the 31<sup>st</sup> March, 2022. As all the shares of the Company has fully dematerialized hence no request for dematerialization of Equity Shares of the Company was pending for approval as at the 31<sup>st</sup> March, 2022.

**Role of the Stakeholders Relationship Committee not limited to but includes:**

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.



**Composition**

The composition of "Stakeholders Relationship Committee" is as under:

| S. N. | Name of Director      | Nature of Directorship    | Designation in Committee |
|-------|-----------------------|---------------------------|--------------------------|
| 1.    | Mr. Anil shah         | Independent Non-Executive | Chairman                 |
| 2.    | Mr. Vijay Singh Bapna | Independent Non-Executive | Member                   |
| 3.    | Mr. Anand Mangal      | Managing Director         | Member                   |

**Compliance Officer:** - Mr. Rajeev Parashar, Company Secretary

**Designated E-mail for Investors' Grievances** - investorgrievances@lagnam.com

**Details of Complaints received and status thereof: -**

No complaint was received from Investors during the financial year 2021-22 and no complaint was pending at the end of the year.

**6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

The Company is an eligible Company qualifying under Section 135(1) of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended) for undertaking the Corporate Social Responsibility (CSR) activities as per the Company's CSR Policy during the financial year 2021-22 ended 31<sup>st</sup> March, 2021.

The Terms of Reference of the Committee is as follows: -

- (i) formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken either by the Company or through implementing agency as specified in Schedule VII to the Companies Act, 2013 as amended from time to time;
- (ii) recommend the amount of expenditure to be incurred on the activities referred to in clause (a);

- (iii) monitor the Corporate Social Responsibility (CSR) Policy of the Company from time to time;
- (v) Review of CSR report and other disclosure on CSR matters.
- (v) such other functions or activities as may be assigned or delegated from time to time by the Board of Directors of the Company and/or pursuant to the provisions of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015 / Listing Regulations].

**Composition**

The composition of the "Corporate Social Responsibility Committee" is as under:

| S. N. | Name of Director           | Nature of Directorship    | Designation in Committee |
|-------|----------------------------|---------------------------|--------------------------|
| 1.    | Mr. Jagdish Chandra Laddha | Independent Non-Executive | Chairman                 |
| 2.    | Mr. Vijay Singh Bapna      | Independent Non-Executive | Member                   |
| 3.    | Mr. D. P. Mangal           | Executive Chairman (WTD)  | Member                   |

**Secretary of the Committee:** - Mr. Rajeev Parashar, Company Secretary

The details pertaining to the Corporate Social Responsibility (CSR) activities together with details of expenditure is enclosed and attached as an Annexure - I to the Boards' Report of the Company.

**7. GENERAL BODY MEETING: -**

**(i) Location and Time of General Body Meetings:**

The details of location, date and time of Annual General Meetings held during last three years are given as under :-



| AGM                  | Date       | Time     | Place   | Special Resolution(s) passed  |
|----------------------|------------|----------|---|---|
| 9 <sup>th</sup> AGM  | 09.09.2019 | 11.00 AM | Lagnam Spintex Limited<br>A 51-53 RIICO Growth<br>Centre Hamirgarh,<br>Bhilwara-311001,<br>Rajasthan.<br>(Registered Office of<br>the Company)  | 1. Appointment of<br>Mr. Vijay Singh Bapna<br>(DIN: 02599024) as an<br>Independent Director.  |
| 10 <sup>th</sup> AGM | 26.09.2020 | 11.00 AM | Through Video Conference<br>(VC)/ Other Audio Visual<br>Means ("OAVM") hosted at<br>Lagnam Spintex Limited<br>A 51-53 RIICO Growth<br>Centre Hamirgarh,<br>Bhilwara-311001,<br>Rajasthan. | 1. Re-appointment of Mr. Anand<br>Mangal (DIN: 03113542), as<br>Managing Director of the<br>Company<br>2. Appointment of Mr. Shubh<br>Mangal (DIN: 01287935), as<br>Whole Time Director of the<br>Company |
| 11 <sup>th</sup> AGM | 23.07.2021 | 11.00 AM | Through Video Conference<br>(VC)/ Other Audio Visual<br>Means ("OAVM") hosted at<br>Lagnam Spintex Limited<br>A 51-53 RIICO Growth<br>Centre Hamirgarh,<br>Bhilwara-311001, Rajasthan.    | 1. Re-appointment of<br>Mr. D. P. Mangal<br>(DIN: 01205208), as Whole<br>Time Director, designated as<br>"Executive Chairman"   |

**(ii). Details of Special Resolution passed in the year 2021-22 through postal ballot;**

|                                 |   |  |
|---------------------------------|---|--|
| Date of Notice of Postal Ballot | : | 5 <sup>th</sup> June, 2021   |
| Voting Period                   | : | 14 <sup>th</sup> June, 2021, 9.00 A.M. to 13 <sup>th</sup> July, 2021, 5:00 PM |
| Date of Approval                | : | Tuesday, 13 <sup>th</sup> July, 2021   |
| Date of declaration of results  | : | Thursday, 15 <sup>th</sup> July, 2021  |

| Description of Resolution  | Type of Resolution                         | No. of Votes Polled | Votes Cast in Favour |                 | Votes Cast Against |                 |
|--|--|---------------------|----------------------|-----------------|--------------------|-----------------|
|  |  |                     | %                    | Number of Votes | %                  | Number of Votes |
| Migration of the company from SME platform (Emerge) of National Stock Exchange of India Limited (NSE) to Main Board of NSE | Special Resolution with requisite majority | 2744500             | 100%                 | 2744500         | NIL                | NIL             |

Resolution was passed with requisite majority by the members of the Company.



**(iii) Procedure of Postal Ballot:**

In compliance with the requirements of section 108 & 110 and other applicable provisions, if any, of the Companies Act, 2013 read with rule 20 & 22 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, MCA General Circular Nos. 14/2020 Dated 8<sup>th</sup> April, 2020, Circular No. 17/2020 Dated 13<sup>th</sup> April, 2020, Circular No. 22/2020 dated 15<sup>th</sup> June, 2020, General Circular No. 33/2020 dated 28<sup>th</sup> September, 2020, General Circular No. 39/2020 dated 31<sup>st</sup> December, 2020 (the "Relevant Circulars") and SEBI Circular No. SEBI / HO / CFD / CMD I / CIR / P / 2020 / 79 Dated 12<sup>th</sup> May 2020, ("MCA and SEBI Circular/s") and in view of the extraordinary circumstances due to the pandemic caused by the COVID-19 prevailing in the country, the Hard Copy of the Postal Ballot Notice along with the Postal Ballot form and pre-paid business reply envelop (BRE) were not sent to the members for this Postal Ballot and members were required to communicate their assent or dissent through remote e-voting facility only.

The Board of Directors of the Company ("the Board") at its meeting held on Saturday, 5<sup>th</sup> June, 2021 has appointed Mr. Sanjay Somani, (Membership No. 6958) proprietor of M/s Sanjay Somani & Associates, Practicing Company Secretaries, Bhilwara, as the Scrutinizer for conducting the Postal Ballot by way of remote e-voting process in accordance with the Companies Act, 2013 in a fair and transparent manner.

The Company has appointed National Securities Depository Limited ('NSDL') as the service provider for the purpose of extending the facility of remote e-Voting to the Shareholders of the Company. Bigshare Services Private Limited is the Registrar and Share Transfer Agent ("RTA") of the Company.

The Company has on 11<sup>th</sup> June, 2021 completed the dispatch of the notice as per section 110 of the Companies Act, 2013 along with the Explanatory Statement setting out the material facts pursuant to provisions of Section 102 of the Act and other relevant document/s, in respect of all the Special Resolution/s contained in the Postal Ballot Notice of the Company, to the Shareholders (Members) of the Company whose names appeared on the register of

Members/List of beneficiaries as on Friday, the 28<sup>th</sup> May 2021, being a cut-off date.

The Company has published an advertisement in "Business Standard" and "Dainik Lokjeevan" [English language] and in "Business Remedies" [Hindi Language] on Saturday, 12<sup>th</sup> June, 2021 informing about the dispatch of Postal Ballot Notice through e-mail for seeking consent of the members of the Company by way of Special Resolution for the Special Business mentioned in the Postal Ballot Notice.

The period for e-Voting commenced on Monday, 14<sup>th</sup> June, 2021 at 9:00 am and closed on Tuesday, 13<sup>th</sup> July, 2021 at 5:00 pm (IST). The remote e-voting was disabled thereafter.

The Scrutinizer carried out the scrutiny of votes caused electronically up to 13<sup>th</sup> July, 2021 till 5:00 PM (IST) and submitted the report on 15<sup>th</sup> July, 2021.

Mr. D. P. Mangal, Chairman & Whole time Director in presence of Mr. Rajeev Parashar, Company Secretary, declared the results of Postal Ballot.

**(iv)** whether any special resolution is proposed to be conducted through postal ballot - NO

**(v)** person who conducted the postal ballot exercise - Mr. Sanjay Somani, (Membership No. 6958) proprietor of M/s Sanjay Somani & Associates, Practicing Company Secretaries, Bhilwara.

**8. SEPARATE MEETING OF THE INDEPENDENT DIRECTORS'**

Pursuant to the Regulation 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the meeting of the Independent Directors was held on January 15, 2022 without the attendance of Non-Independent Directors and members of management to inter-alia to:

- Review the performance of Non Independent Directors and the Board of Directors as a whole;
- Review the performance of the Chairman of the Company taking into account the views of the Executive and Non Executive Directors;
- Assess the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.



## 9. OTHER DISCLOSURES:

### Details of Compliances: -

The Company has complied with all the requirements of the Listing Regulations as well as SEBI regulations and guidelines. During the last three years, no penalties/strictures were imposed / passed on the Company by Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets.

### Related Party Transactions: -

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on arms length pricing basis and do not have any potential conflict the interests of the Company at large. There were no materially significant transactions with related parties during the financial year. Suitable disclosure as required by the Ind AS 24 has been made in the notes to the Financial Statements. Pursuant to regulation 23 of the Listing Regulations, all the related party transactions are disclosed to Stock Exchanges on half yearly basis. The Board has approved a policy for related party transactions which has been uploaded on the Company's website under the link <https://www.lagnamspintex.com/policies>.

### Code of Conduct:-

The Board of the Company has laid down a Code of Conduct for all Board members and Senior Management of the Company. The Company is committed to conduct its business in accordance with the pertinent laws, rules and regulations and with the highest standards of business ethics.

The code of conduct for Directors and Senior Management as approved by the Board of Directors has been placed on the website of the Company under the link <https://www.lagnamspintex.com/policies>.

All Board members and senior management personnel have affirmed compliance with the code of conduct during the year under review. In this regard, certificate of Managing Director is given at the end of this report.

### Initiatives on Code of Conduct for Regulating, Monitoring & Reporting Trading by Insiders

In compliance with the SEBI regulation on Code of

Conduct for Regulating, Monitoring & Reporting Trading by Insiders, the Company has instituted a comprehensive code of conduct for its management staff. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautions them on consequences of violations. The Company follows closure of trading window prior to the publication of price sensitive information. The Company has been informing the directors, senior management personnel and other persons covered under the code and advise them not to trade in Company's securities during the closure of trading window period.

### Compliance with Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

In accordance with the provisions of Regulation 34(3) read with Schedule V Para C Sub clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained a certificate from Practicing Company Secretary confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority. The certificate issued is annexed herewith in this report.

### Whistle Blower Policy/Vigil Mechanism:-

With the rapid expansion of business in terms of volume, value and geography, various risks associated with the business have also increased considerably. One such risk identified is the risk of fraud & misconduct. The Audit Committee is committed to ensure fraud-free work environment and to end this, the Committee has laid down a Whistle Blower Policy providing a platform to all the Directors, employees, other stakeholders under which they can report any suspected or confirmed incident of fraud/misconduct. The policy also provides for adequate safeguard against victimization. This policy is applicable to all the directors, employees, other stakeholders of the Company and it is posted on the website of the Company under the link <https://www.lagnamspintex.com/policies>. It provides for direct access to the Chairperson of audit committee



in appropriate or exceptional cases and no employee was denied access to the Audit Committee.

During the year under review, there was no instance of fraud reported and all the recommendation of the Audit Committee were accepted by the Board. No employee was denied access to the Audit Committee.

#### **Sexual Harassment of Women**

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. 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. No complaint was pending at the beginning and end of the year and no complaint of sexual harassment of women has been received during the financial year 2021-22.

#### **Familiarization Programme for Independent Directors:-**

On appointment, the concerned Director is issued a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Independent Director is taken through a formal induction program on the Company's manufacturing, marketing, finance and other important aspects. The Company Secretary briefs the Director about their legal and regulatory responsibilities as a Director.

Further, the Directors are regularly updated with amendments in the provisions of the Companies Act, 2013, Listing Regulations etc. Besides this Directors are updated on continuous basis in respect of Related Party Transactions, Audit and Auditors and they are periodically meeting with the senior management of the Company.

The details of familiarization programme for Independent Directors is available at the website of the Company under the link <https://www.lagnamspintex.com/policies>.

#### **Risk Management**

The Company has a well-defined risk management framework in place. Under this framework, the Management has categorized the risks as High risk, Moderate risk and Low risk which were monitored

on a continuous basis and appropriate risk mitigation steps were initiated as and when deemed necessary. The detail of commodity price risk, foreign exchange risk and hedging activities has been given in Management & Discussions Analysis Report.

#### **Compliance Confirmation**

It is confirmed that the Company has complied with the requirements prescribed under Regulation 17 to 27 of the Listing Regulations, 2015.

#### **Discretionary Requirements**

The Company has complied with all the mandatory requirements of the Listing Regulations and adoptions of discretionary requirements as provided in the Part -E of Schedule - II under regulation 27(1) Listing Regulations are as under: -

- (i) Separate post of Chairperson and Chief Executive Officer
- (ii) Modified opinion(s) in Audit Report -To move towards regime of financial statement with unmodified audit opinion.

During the year the Company has paid total fee of Rs. 2.14 Lakhs to the Statutory Auditors towards Audit Fee and other services.

There are no instances where Board has not accepted the recommendation of any Committee of Board of the Company.

The Company do not have any Subsidiary Company.

#### **10. MEANS OF COMMUNICATION**

The main channel of communication to shareholders is through Annual Report which inter-alia includes the Board Report, the Report on Corporate Governance and Audited Financial Statements.

Quarterly financial results are approved by the Board of Directors and submitted to the Stock Exchanges. The Quarterly financial results are published in one prominent English newspaper such as the Financial Express and one/two vernacular language newspapers such as the Dainik Lokjeevan, Nafa Nuksan and Business Remedies.

The website of the Company [www.lagnamspintex.com](http://www.lagnamspintex.com) acts as the primary source of information about the Company which inter-alia displayed the annual/quarterly financial results, official press/news release and Shareholding pattern, of the Company. The same are also displayed on the website of both the Stock Exchanges. The Company ensures that relevant

provisions of Regulation 46 of the Listing Regulation, 2015 are complied with.

During the Financial year 2021-22, the Company did not raise any funds through preferential allotment or qualified institutional placement.

## 10. GENERAL SHAREHOLDER INFORMATION

Shareholder Information:-

- A. Date of AGM & Time & Venue 28<sup>th</sup> June, 2022 at 11.00 A.M. IST through Video Conference (VC)/Other Audio Visual Means (OAVM)
- B. Dividend Payment date Within 30 days from the date of AGM.
- C. Financial Year April 1<sup>st</sup>, 2022 to March 31<sup>st</sup>, 2023
- D. Tentative Financial Calendar for next Year for 2022-23:

| <b>Period</b>                        | <b>Date of Board Meeting</b>          |
|--------------------------------------|---------------------------------------|
| 1st Quarter ending June, 2022        | Second or Third week of July, 2022    |
| 2nd Quarter ending September, 2022   | Second or Third week of October, 2022 |
| 3rd Quarter ending December, 2022    | Second or Third week of January, 2023 |
| Year ending 31st March, 2022         | April 2023                            |
| AGM for year ending 31st March, 2023 | July/August 2023                      |

- E. Listing on Stock Exchange & Stock Code :

| <b>Name of Stock Exchange</b>            | <b>Address</b>  | <b>Stock Code</b> |
|--|---|-------------------|
| National Stock Exchange of India Limited | Exchange Plaza,<br>Bandra Kurla Complex,<br>Bandra (E),<br>Mumbai - 400 051 | LAGNAM            |

The applicable listing fee for the Financial Year 2022-23 has been paid to the Stock Exchange.

- F. **Stock Price Data :**

| <b>Month</b>    | <b>Share Price of MMP<br/>(NSE EMERGE/ NSE)</b> |            | <b>National Stock Exchange of India<br/>Limited (NSE) Index</b> |            |
|-----------------|---|------------|---|------------|
|                 | <b>High</b>                                     | <b>Low</b> | <b>High</b>   | <b>Low</b> |
| April, 2021     | 22.35   | 14.70      | 15044.35  | 14151.40   |
| May, 2021       | 26.40   | 20.30      | 15606.35  | 14416.25   |
| June, 2021      | 30.45   | 24.95      | 15915.65  | 15450.90   |
| July, 2021      | 47.95   | 24.40      | 15962.25  | 15513.45   |
| August, 2021    | 43.25   | 36.95      | 17153.50  | 15834.65   |
| September, 2021 | 45.05   | 44.55      | 17947.65  | 17055.05   |
| October, 2021   | 62.50   | 47.30      | 18604.45  | 17452.90   |
| November, 2021  | 56.95   | 44.60      | 18132.65  | 16782.40   |

| Month          | Share Price of MMP<br>(NSE EMERGE/ NSE) |       | National Stock Exchange of India<br>Limited (NSE) Index |          |
|----------------|---|-------|---|----------|
|                | High                                    | Low   | High  | Low      |
| December, 2021 | 59.60                                   | 46.55 | 17639.50  | 16410.20 |
| January, 2022  | 111.80                                  | 56.00 | 18350.95  | 16836.80 |
| February, 2022 | 107.05                                  | 74.95 | 17794.60  | 16203.25 |
| March, 2022    | 94.95                                   | 80.55 | 17559.80  | 15671.45 |

\*For disclosure and comparison purpose the performance of Nifty 50 (Index) is taken into account.

**G. Dematerialisation of Share and Liquidity:**

The equity shares of the Company are compulsorily traded and settled in dematerialised form under ISIN INE548Z01017. All the shares are in dematerialized form only. The details of Shares are as under: -

| Particulars                    | 31 <sup>st</sup> March, 2022 |               | 31 <sup>st</sup> March, 2021 |        |
|--------------------------------|------------------------------|---------------|------------------------------|--------|
|                                | No. of Shares                | %             | No. of Shares                | %      |
| No. of Shares Dematerialised   |                              |               |                              |        |
| – NSDL                         | <b>97,47,968</b>             | <b>55.17</b>  | 92,31,000                    | 52.24  |
| – CDSL                         | <b>79,21,032</b>             | <b>44.83</b>  | 84,38,000                    | 47.76  |
| No. of Shares in Physical Mode | –                            | <b>0.00</b>   | –                            | 0.00   |
| Total                          | <b>1,76,69,000</b>           | <b>100.00</b> | 1,76,69,000                  | 100.00 |

**H. Outstanding GDRs/ADRs/Warrants Etc. NIL**

**I. Registrar & Share Transfer Agent:-**

The Bigshare Services Private Limited is the Registrar and Share Transfer Agent (RTA) of the Company. The Shareholders / Investors are requested to contact for all correspondence / queries at the following address:-

M/s Bigshare Services Private Limited

Unit : Lagnam Spintex Limited

Address : Office No S6-2, 6th Floor, Pinnacle Business Park,  
Next to Ahura Centre, Mahakali Caves Road,  
Andheri (East) Mumbai – 400093.

Phone No. : 022-62638200

Fax No. : 022-62638299

Email : investor@bigshareonline.com

Web Site : <http://www.bigshareonline.com>

**Share Transfer System**

The SEBI vide PR No. 12/2019 dated 27<sup>th</sup> March, 2019 mandated that w.e.f. 01<sup>st</sup> April, 2019 no request for effecting transfer of securities shall be processed unless shares are held in DEMAT form however this is not applicable on transmission or transposition of securities. Accordingly, no request for transfer of shares in physical form was received by the Company. The cases of transmission & transposition of shares in physical form is processed and completed by Bigshare Services Private Ltd., Mumbai within a period of 15 days from the date of receipt thereof provided all the documents are in order and after taking necessary approvals from the Company. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. In compliance with the Listing regulations, a practicing Company Secretary audits the System of Transfer and a Certificate to that effect is issued.

**J. Distribution of Shareholding as on 31st March, 2022:**

| No. of Equity Shares held | No. of Shareholders | % to Shareholders | No. of Shares   | % to Shares   |
|---------------------------|---------------------|-------------------|-----------------|---------------|
| Up to 500                 | 5060                | 84.31             | 463145          | 2.62          |
| 501 to 1,000              | 323                 | 5.38              | 266067          | 1.51          |
| 1,001 to 2,000            | 207                 | 3.45              | 316747          | 1.79          |
| 2,001 to 3,000            | 216                 | 3.60              | 618918          | 3.50          |
| 3,001 to 4,000            | 37                  | 0.62              | 132463          | 0.75          |
| 4,001 to 5,000            | 35                  | 0.58              | 169471          | 0.96          |
| 5,001 to 10,000           | 53                  | 0.88              | 360881          | 2.04          |
| 10,001 & above            | 71                  | 1.18              | 15341308        | 86.83         |
| <b>Total</b>              | <b>6002</b>         | <b>100.00</b>     | <b>17669000</b> | <b>100.00</b> |

**K. Credit Ratings of the Company**

During the year 2021-22, Informerics Valuation and Rating Private Limited and India Ratings and Research Private Limited has assigned the ratings of Bank Loan facilities of the Company and following are credit ratings given by them: -

- Infomerics Rating:

| Facilities                 | Rating            |
|----------------------------|-------------------|
| Long-Term Bank Facilities  | IVR BBB- / Stable |
| Short-Term Bank Facilities | IVR A3            |

- India Ratings

| Facilities                | Rating                   |
|---------------------------|--------------------------|
| Long-Term Loans           | IND BBB- / Positive      |
| Fund Based Facilities     | IND BBB-/Positive/IND A3 |
| Non Fund Based Facilities | IND A3                   |



**L. Plant Location & Address for Correspondence**

|     |   |  |
|-----|---|--|
| (a) | Plant Locations                                     | A 51-53, RIICO Growth Centre Hamirgarh,<br>Bhilwara-311001, Rajasthan.   |
| (b) | Registered office and address for<br>correspondence | A 51-53, RIICO Growth Centre Hamirgarh,<br>Bhilwara-311001, Rajasthan.<br>Phone : +91-9116420111<br>E-Mail : rparashar@lagnam.com<br>Website - www.lagnamspintex.com |

For and on Behalf of the Board of Directors

**D.P. MANGAL**

*Executive Chairman*

[DIN: 01205208]

Place : Bhilwara

Date : 16<sup>th</sup> April, 2022

**COMPLIANCE CERTIFICATE**

**(Under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

- A) We have reviewed financial statements and cash flow statement for the year ended 31<sup>st</sup> March, 2022 and that to the best of our knowledge and belief:
- (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control system of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D) We have indicated to the auditors and the Audit Committee:
- (1) Significant changes in internal control over financial reporting during the year;
  - (2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**(D. L. Mundra)**  
*Chief Financial Officer*  
PAN- AKUPM7207P

**(Anand Mangal)**  
*Managing Director*  
DIN: 03113542

Place : Bhilwara  
Date : 16<sup>th</sup> April, 2022

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**DECLARATION AS REQUIRED UNDER REGULATION 34(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

All Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for Directors and Senior Management of Lagnam Spintex Limited for the Financial Year ended 31<sup>st</sup> March, 2022.

Place : Bhilwara  
Date : 16<sup>th</sup> April, 2022

**(Anand Mangal)**  
*Managing Director*  
DIN: 03113542

**AUDITOR'S CERTIFICATE ON COMPLIANCE OF  
CORPORATE GOVERNANCE**

To

The Members of Lagnam Spintex Limited

We have examined the compliance of conditions of Corporate Governance by Lagnam Spintex Limited for the year ended 31<sup>st</sup> March, 2022 as stipulated in Regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of Management of the Company. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the condition of Corporate Governance as stipulated in the above-mentioned "Listing Regulations"

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For SSMS & Associates**

Chartered Accountants

Firm Reg. No. 019351C

**Satish Somani**

*Partner*

Membership No. 076241

UDIN: 22076241AJIBAG7024

Place : Bhilwara

Date : 16<sup>th</sup> April, 2022

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS****(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To,

The Members of Lagnam Spintex Limited  
A 51-53, RIICO Growth Centre, Hamirgarh,  
Bhilwara-311001 (Rajasthan)

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Lagnam Spintex Limited having CIN: L17119RJ2010PLC032089 and having registered office at A 51-53, RIICO Growth Centre, Hamirgarh, Bhilwara-311001 (Rajasthan) (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31<sup>st</sup> March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| Sr. No. | Name of Director           | DIN      |
|---------|----------------------------|----------|
| 1.      | Mr. Dwarka Prasad Mangal   | 01205208 |
| 2.      | Mr. Anand Mangal           | 03113542 |
| 3.      | Mr. Shubh Mangal           | 01287935 |
| 4.      | Mr. Jagdish Chandra Laddha | 00118527 |
| 5.      | Mr. Vijay Singh Bapna      | 02599024 |
| 6.      | Mr. Anil Shah              | 00145396 |
| 7.      | Ms. Dipali Mathur          | 07732611 |

Ensuring the eligibility of, for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Sanjay Somani & Associates****Sanjay Somani***Proprietor*

M. No.: FCS6958

COP No.: 5270

Place : Bhilwara

Date : 16<sup>th</sup> April, 2022

## ANNEXURE-V

### 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, 2022, gives an overall sight of the yarn 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.

#### ECONOMIC SCENARIO

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

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 textiles and apparel industry in India has strengths across the entire value chain from fiber, yarn, fabric to apparel. The Indian textile and apparel industry is highly diversified with a wide range of segments ranging from products of traditional handloom, handicrafts, wool, and silk products to the organized textile industry in India. The organized textile industry in India is characterized by the use of capital-intensive technology for the mass production of textile products and includes spinning, weaving, processing, and apparel manufacturing.

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

##### India is among the world's largest producers of Textiles and Apparel

The domestic apparel & textile industry in India contributes 5% to the country's GDP, 7% of industry output in value terms, and 12% of the country's export earnings. India is the 6th largest exporter of textiles and apparel in the world.

India is one of the largest producers of cotton and jute in the world. India is also the 2nd largest producer of silk in the world and 95% of the world's hand-woven fabric comes from India. The Indian technical textiles segment is estimated at \$16 bn, approximately 6% of the global market.

The textiles and apparel industry in India is the 2nd largest employer in the country providing direct employment to 45 million people and 100 million people in allied industries.

India has also become the second-largest manufacturer of PPE in the world. More than 600 companies in India are certified to produce PPEs today, whose global market worth is expected to be over \$92.5 bn by 2025.

- India's exports of textiles and apparel are expected to reach \$100 bn in the next 5 years, growing at a CAGR of 11%
- To double the Indian textile and apparel industry size to \$190 bn by 2025-26, 7 mega



textile parks have been planned

- The Indian technical textiles market was estimated at \$17.6 bn in 2020-21 and grew at a CAGR of 10% since 2015-16
- 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



**One of the largest consumers and producers of cotton with the highest acreage of 126.14 lakh hectares under cotton cultivation**



**Second largest manufacturer of PPE and producer of polyester, silk and fibre in the world**



**Second largest employment provider in India after agriculture**

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.

*(Source: ibef-India brand equity foundation)*

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 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.

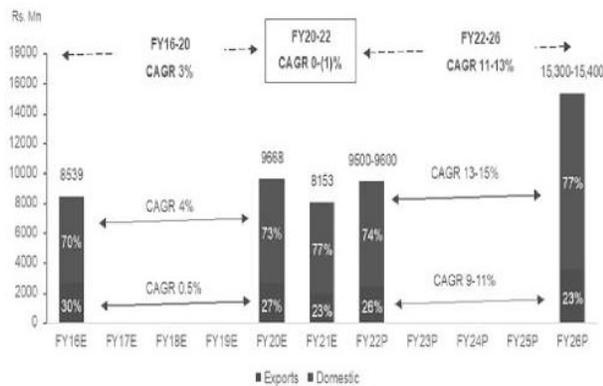
**Indian textile market projected to grow at 7-9% CAGR between fiscal 2020 and 2026**

Indian textile and apparel market which is estimated to Rs. 8,153 billion during fiscal 2021 and is projected to grow at a CAGR of 11-13% from fiscal 2022 till fiscal 2026 and reach a value of Rs. 15,300 - 15,400 billion. During this period, the exports are expected to grow at a CAGR of 9-11% and domestic industry to grow at slightly higher pace of 13-15%. Over the past five years the Indian textile and apparel industry is estimated to have grown at a CAGR of 3% from fiscal 2016 to fiscal 2020.

The domestic market has grown at a higher pace of 4% while the exports had grown sluggishly at a CAGR of 0.5%. The slower growth in exports is majorly due to decline in fiscal 2020. During this period the exports saw a decline majorly due to global slowdown which has further compounded by the covid-19 pandemic leading the disruptions in supply chain and demand causing order cancellations. In addition to this, high export tariffs levied on Indian exporters in countries like European Union (EU) when compared to zero import for countries such as Bangladesh and Vietnam has further dampened the export performance. The further growth in Indian textile and apparel market will be led various economic factor such as increase in discretionary income, rising urban population. Furthermore, the demand is poised by increase in online retailing, shift from cotton to man-made fiber and global industry expanding outside of China would aid the Indian markets in the growth trajectory.



Trend and outlook of Indian textile and apparel market

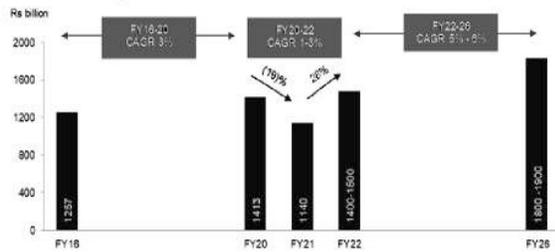


(Source: Ministry of textiles, DGCI&S, CRISIL Research)

**OVERVIEW OF INDIAN TEXTILE YARN INDUSTRY**  
**Indian textile yarn market to clock 5-6% CAGR between fiscals 2022 and 2026**

The textile yarn market in India, which accounted for around Rs 1.4 trillion in fiscal 2020, decreased by ~19% and reached Rs. 1.1 trillion in fiscal 2021 on account of reduced consumption due to the pandemic. The textile yarn market is increased by 28-32% in fiscal 2022 led by pent-up demand as stores reopen and economic activity increases with the lifting of lockdowns across the country.

Overall Indian textile yarn market



Source: Ministry of Textiles, CRISIL Research

**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 prices of the raw cotton like never seen before in the textile history.



Conventionally, during the January-February period, mandi arrivals of cotton peak and remain in the range of Rs 2.5-3 lakh bales (one bale is 170 kg), but this year has been quite an exception. According to trade sources, cotton arrivals in markets across key producing states - Telangana, Andhra Pradesh, Karnataka, Gujarat, Maharashtra, Madhya Pradesh, Haryana, Punjab and Rajasthan - have seldom crossed Rs 1.5 lakh bales in last the two months. And prices are skyrocketing - in many key markets these are ruling at three times the minimum support price - given the estimate an year-on-year decline in the production of the key natural fibre. There are also unconfirmed reports of farmers resorting to hoarding stocks, in anticipation of a further rise in prices.

In fact, an up to 80% spurt in cotton prices in the past one year has pressured margins of textile and garment firms. Most firms are struggling to pass on the rise in raw material costs to consumers. Yet, India's exports of textiles, garments and allied products jumped 52% until December this fiscal from a year before to \$31 billion, albeit on a sharply-contracted base.

This has forced the manufacturers across the textile value chain - from spinning mills and weaving units to garment makers -to seek the abolition of an import duty on cotton (effectively to the tune of 11%, including cesses) and the creation of a strategic reserve of about 10-15% of market supplies by the government to help stabilize prices.

According to second advance estimates of cotton production by the ministry of agriculture, the



country's cotton output is estimated to decline by more than 3% to 34 million bales in the 2021-22 crop year from 35 million bales in the previous year. Rising raw material costs have also created inter-segmental conflicts in the industry. There is a continuous spike in cotton yarn prices. The government should step in to bring stability to raw material prices.

India's cotton prices are also impacted by global supply situations. International cotton prices have risen to 120 cents per pound in the 2021-22 cotton season (October-September) as against 85 cents per pound in the previous season since the crop size in USA and other markets has reduced.

(Source- The Financial Express)

Apart from all the difficulties faced during the year 2021-22 due to high volatility in the cotton prices, the Company has achieved highest ever profit and turnover by entering in to new markets, delivering best quality products and adopting better marketing strategies.

#### **GOVERNMENT POLICIES AND REGULATORY FRAMEWORK IN THE INDUSTRY**

##### **Remission of Duties or Taxes on Export Product (RoDTEP)**

The government of India introduced a new scheme, named RoDTEP, in September 2019 and released a budget allocation of Rs. 500 billion by March 13, 2020, in a move to replace MEIS (which ends in December 2019) and RoSL (only refunds state taxes). The new scheme is in terms with the conditions of the WTO, where incentives cannot be provided, but the taxes incurred during the process can be refunded. Hence, the government plans to refund all state (RoSL) and Central government taxes incurred by the export players during the manufacturing process of RMG. According to the government, this new scheme would "adequately compensate" for the current 6% (4% MEIS and 2% RMG) benefits being availed of by the RMG exporters and help them stay competitive enough in the international trade market.

##### **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 entrepreneurs 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 Rs. 520 crores from the Government for infrastructure development, they are estimated to bring in private sector investment of about Rs. 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.

This scheme provides textile units infrastructure, including power, water, roads, and drainage system, and assistance to meet environmental norms. It is expected to attract considerable investments to set up huge integrated textile facilities. This is a positive step towards making India a hub for textile products. As per union budget 2021-22, the government has allocated Rs 800 million (budgeted estimate) under SITP.

##### **Mega investment textile parks scheme (MITRA)**

The Government of India announced the establishment of 7 mega textile parks in the next 3 years over 1,000 acre land to boost production and support export competitiveness. The government earlier launched SITP in 2005 and announced that 40 integrated textile parks will be set up across the country. While India gained share in cotton yarn exports in the interim till fiscal 2015, the share dropped in the subsequent 5 years as countries such as Vietnam and China gained due to better incentives and facilities provided by their governments under textile park schemes. The key challenge was relatively the small size of Indian textile parks compared with those set up in rival exporting nations. Except for one park of 1,000 acres, the remaining parks under the SITP scheme were smaller with ~27 parks being under 50 acres and 20-25 parks being between 50-70 acres. In comparison, parks of global competitors such as China, Bangladesh or Vietnam average 100 acres or more. Also, incentives offered in Bangladesh



are far better than those offered in India.

To attract investments, the government needs to provide better incentives and facilities in the newly planned parks like those provided by the global competitors. Also, along with the PLI scheme, these parks should be executed in a timely manner as international rivals will also continue to build scale through such schemes.

If implemented well, the scheme has the potential to drive both MMF and technical textile players to invest in increasing capacities, thereby increasing India's export share of MMF-based RMG.

**Education, training and skill development:** Skill development plays a major role in development and adoption of new technologies. Indian education, skill development and human resources are not at requisite levels to meet the technologically challenging and fast growing technical textiles segment. This mission aims to promote education at various levels related to technical textiles and cover application areas including engineering, medical, agriculture, aquaculture and dairy segments. In addition, skill development will also be promoted to create an adequate pool of highly skilled manpower to meet the needs at technical textile manufacturing units. Furthermore, an allocation of Rs 4,000 million has been made to achieve these targets.

**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.

**Free Trade Agreements (FTAs):** In a globalised economy, FTAs boost a country's exports. FTAs boost export volumes, improve sectoral growth and increase business opportunities for small and large players. The major advantages of FTAs come in the form of reduced or zero tariffs between member countries, improved access to the global market, better competition and innovation among domestic players and technology transfer.

Although India has been part of many FTAs, the domestic textile sector has not been able to reap the benefits. This can be mainly attributed to lack of FTAs with the US and the EU, which account for a major part of Indian textile exports. For instance, countries such as Vietnam and Bangladesh enjoy an import tariff of 0% on MMF-based RMG trade due to FTAs, whereas India faces an import tariff of 10%.

That said, to improve incentives to export textiles, the government has been working on FTAs with the EU, the United Kingdom (UK), Australia and Canada. India has been holding FTA negotiations with the EU since 2013.

If signed, these trade agreements spanning various countries will boost India's textile exports.

**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.

**GROWTH DRIVERS**

- 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.
- Presence of entire value chains
- Competitive manufacturing costs
- Availability of skilled manpower
- Large and growing domestic market
- Rising per capita income, higher disposable incomes and preferences for brands
- India has gathered experience in terms of working with global brands and this should benefit Indian vendors.
- China losing its competitive edge to India
- Easy and on-demand availability of credit

**MARKETING APPROACH**

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:**

- Product development for immediate market needs
- Organisational Alignment- clear assignment of duties towards every management personnel for smooth and efficient operations
- Building value around the commodity
- Focused on Innovation & Technology
- Assets Reliability- adopting smart machineries and incorporate artificial intelligence
- Exploring existing potential and new product development
- Lean Manufacturing- to minimise waste and create more value-oriented products
- Energy- sustainable manufacturing and use of energy efficient machinery



**OPPORTUNITIES AND THREATS**



**Opportunities-**

• **Supply chain:**

- In recent times, China is facing issues with respect to wage increases and shortage of workforce. This would be an opportunity for India which could act as an alternative destination for foreign players to enter. In addition, this would aid investors to avoid the US-China trade issues thus reducing the supply chain disruptions. Furthermore, India being world's largest manufacturer of cotton and second largest manufacturer of polyester and viscose would further support the yarn manufacturing industry.
- Large, Potential Domestic and International Market.
- Opportunity in European Union (EU)
- Product development and Diversification to cater global needs.
- Government Initiatives for exports
- Increased Disposable Income and Purchasing Power of Indian Customer opens New Market Development.
- Revival post covid pandemic to aid global yarn manufacturing industry

**Challenges-**

• **Raw material price fluctuations**

Raw material cost (raw cotton) is the largest cost component for the yarn-manufacturing industry, accounting for a major share in players' operating income. In case of cotton



yarn, as cotton is a seasonal commodity, procuring raw cotton supplies at the right time and at the right price is crucial. Similarly, fluctuations in the price of naphtha would affect the polyester yarn manufacturers. These raw material price fluctuations impact yarn players, due to limited ability to fully pass on the price rise and inventory losses, when sharp price correction happens. Hence, the major determinant of profitability for a yarn manufacturer is the management of raw material price fluctuations, which also makes it a key challenge for the industry.

- Competition from other developing countries.
- Currency risk/ Exchange rate fluctuations
- International labor and Environmental Laws.
- **Reduced government support**

The spinning industry is capital-intensive and requires huge investments. Investments were hindered, as interest rates in India were very high during the 1990s. Hence, the Ministry of Textiles launched the Technology Upgradation Fund Scheme (TUFS) in 1999 to upgrade the technology at textile units. The scheme initially provided a 5% interest subsidy on loans borrowed from specified institutions to all segments within the textiles value chain. As of June 2010, spinning mills received 34% of the total funds disbursed under TUFS.

In fiscal 2012, the scheme was renamed as the Restructured Technology Upgradation Fund Scheme (R-TUFS) with a few changes. The refurbished scheme provided reimbursement of 5% on interest charged by the lender, for loans taken to upgrade technology at a textile unit. However, the scheme provided a 4% interest reimbursement for new standalone spinning machinery or for replacement/modernisation. However, R-TUFS was updated and named as the Revised Restructured Technology Upgradation Fund Scheme (RR-TUFS) with effect from April 1, 2012. Under the updated scheme, the interest benefit to standalone spinning units was further reduced to 2% in October, 2013. On January 13, 2016, a new scheme Amended Technology Upgradation Scheme (ATUFS) was approved by the

government to provide a one-time capital subsidy for investments in the employment- and technology-intensive segments of the textile value chain. Under ATUFS, no subsidy is provided for the spinning sector.

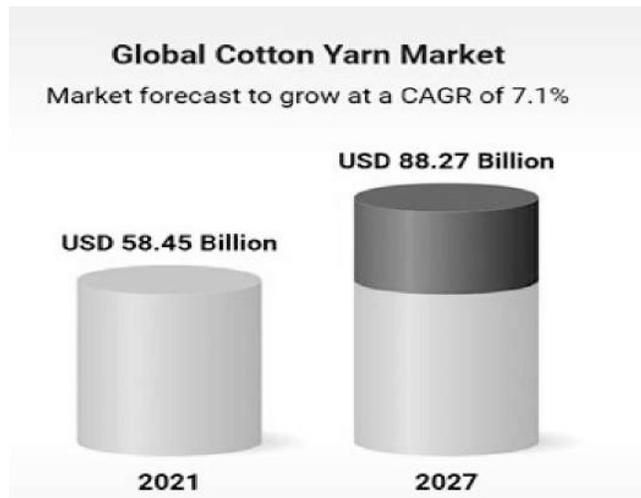
- To make balance between price and quality.

**SEGMENT 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.

**GLOBAL OUTLOOK**

The Global Cotton Yarn Market size was estimated at USD 58.45 billion in 2021, USD 62.50 billion in 2022, and is projected to grow at a Compound Annual Growth Rate (CAGR) of 7.11% to reach USD 88.27 billion by 2027.



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).



**Global GDP review and outlook**

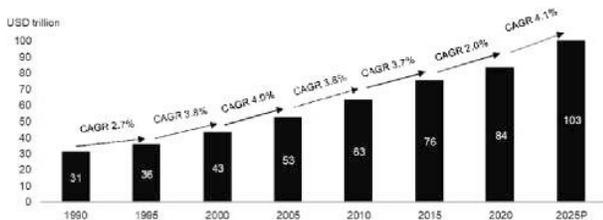
While global gross domestic product (GDP) declined sharply in 2020 owing to the Covid-19 pandemic, it is expected to rebound strongly by the end of calendar year 2022 on account of policy support and the vaccination drive and grow at a CAGR of ~4-5% between CY20-25.

According to the International Monetary Fund (IMF), global real GDP grew at 3-4% compound annual growth rate (CAGR) from calendar year 1990-2020. The IMF estimated global real GDP de-grew 3.2% in 2020 owing to the pandemic, which has disrupted businesses across the world. In response, almost all major countries had announced stimulus packages, which resulted in a recovery in the second half of 2020. The slowing down of the economy in 2020 resulted in a lower CAGR of just ~2% between 2015 and 2020.

In July'21 update, IMF maintained its forecast for global GDP growth in 2021 at 6.0%. In April, the IMF revised upwards its global GDP growth forecast, estimating a 6.0% on-year uptick by 2021-end. The IMF had in January forecast growth at 5.5%, which was again a revision from the 5.3% increase forecast in October 2020. These changing estimates reflect the impact of vaccines supporting and strengthening economic activity during the latter half of 2021 and the additional policy support in a few large economies which will provide further support in

CY 2021-22 to the global economy. The fiscal support announced for 2021 in some countries, including most recently in the United States (US) and Japan, together with the unlocking of Next Generation EU funds which are covid-19 relied package announced for European Union countries, will help lift economic activity among advanced economies with favourable spill overs to trading partners. On a longer term period, IMF expected the global GDP to grow at CAGR of 4-5% between 2020 and 2025.

Trend and outlook for global real GDP (CY1890-25)



P: Projection  
Source: IMF economic database, World Bank national accounts data and CECCO national accounts data, CR/SIL Research

**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 productivity of machines and labour, which in turn, determines the production, operating cost and profitability of The Company. Our technical team in spinning is well equipped with modern spinning technology and processing techniques by virtue of which we are able to ensure quality yarn. The Company has further announced to expand its manufacturing facilities by adding 41,472 spindles of compact cotton yarn, costing of Rs. 218 Cr. and having production capacity of approx. 34.35 tonnes cotton yarn per day, at its existing manufacturing facility which is estimated to be commissioned by 01<sup>st</sup> April, 2024.

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.

**PERFORMANCE**

- The Company has recorded total revenue from operations during the Financial year 2021-22 of Rs. 34844.14 Lacs against the total revenue of Rs. 20522.76 Lacs in the previous financial year 2020-21.
- The Total expenses of the Company during the financial year 2021-22 is Rs. 30841.18 Lacs against the expenses of Rs. 19864.18 Lacs in the previous financial year 2020-21.
- The Profit after tax is Rs. 2879.85 Lacs for the financial year 2021-22 as compare to Rs. 447.42 Lacs in the previous financial year 2020-21.

**RISK MANAGEMENT**

There are certain key risks associated with our

Company. Such risks are stated in the table below along with our mitigation strategies for curbing the same:

| <b>Risk</b>                       | <b>Impact</b>   | <b>Mitigation strategies</b>   |
|-----------------------------------|---|--|
| Economic downturn                 | A downturn in the economy can adversely affect products' demand.  | Our products are exported globally. We have been actively engaged in widening our geographical presence while continuously expanding our product portfolio. Not being bound to a specific region and a basket of products to offer from gives us the ability to face such downturns. |
| Increase in raw material prices   | An increase in cotton prices can adversely impact our Company.  | Our purchasing policy allows us to enjoy control over the purchase price. We constantly track cotton prices and store the raw material as and when price decreases. This practice helps us mitigate the risk of price.   |
| Quality risk                      | Any kind of divergence in the quality standards of our products may lead to customer and client erosion.  | We closely monitor the quality of our products with the help of our dedicated quality assurance team. This team is responsible for supervising quality control while assuring that the standards, as set by the Company, are diligently met with.                                    |
| Availability of skilled personnel | Our success depends upon our ability to attract and retain skilled personnel. Any kind of failure in this area can adversely affect our business and operations.                                    | We conduct induction programmes to nurture our talent in a structured manner. We also offer various incentives and growth opportunities to our people. This helps retain the talented and skilled workforce.   |
| Competition risk                  | An increase in the competition from textile industry can severely hamper our Company's market share.  | The Company is a prominent player in this segment. The Company has always focused on quality products with strong brand equity. Its ability to understand the market demand and fulfil it accordingly helps them retain clients and market position.                                 |
| Risk of foreign exchange          | We generate majority of our revenue from the global operations. Given the nature of business, a large proportion of the costs are denominated in Indian rupees (INR), leading to currency exposure. | The Company mitigates its foreign exchange risk through application of hedging policy.   |
| Technology risk                   | A technology-intensive business like ours can fall prey to technological obsolescence.  | We continuously upgrade technical support used in our manufacturing, research & development facilities. We actively invest in R&D to keep ourselves updated with the technological change and replace the obsolete technology.   |



**INFORMATION TECHNOLOGY**

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

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

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

The Audit Committee of Board of Directors reviews the efficiency and effectiveness of internal control systems and suggests the solution to improve and strengthen. The Internal control system were tested during the year and no material weakness in design or operation were observed. The requirement of having internal auditor compulsory by statute in case of listed and other classes of companies as prescribed shall further strengthen the internal control measures of Company.

**HUMAN RESOURCES AND INDUSTRIAL RELATION**

The Company had cordial and harmonious industrial relations at all levels of organizations. The company believes that the industry has the tremendous potential to impact the society, nation and the world positively. Its employees are major stakeholders and their efforts have direct stake in the business prospectus of the organization. The employees have extended a very productive cooperation in the efforts of the management to carry the company to greater heights. The Company considers employees as their biggest competitive advantages. The Company takes initiative like training and development for its people to increase the performance. The Company has taken various steps to improve and enhance skill of its



people. The industrial relations remained cordial in our plant. The Company has continued to give special attention to human resources and overall development. At present company has employed man power of around 460 peoples including technical, non-technical, managerial and non- managerial, casual and contract labour.

**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.

**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. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized.

The Company assumes no responsibility to publicly amend, modify or revise forward looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include changes in government regulations, tax laws, economic developments within the country and such other factors globally.

**ANNEXURE-VI**  
**PARTICULARS OF EMPLOYEES**

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

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

| S.N.           | Name                       | Designation             | Date of commencement of Employment/ Directorship | Qualification   | Age (In Years) | Working Experience (In Years) (Rs. In Lacs) | Remuneration For the year 2021-22 | Ratio Between KMP and Median Employee |
|----------------|----------------------------|-------------------------|--|---|----------------|---|-----------------------------------|---------------------------------------|
| 1              | Mr. D. P. Mangal           | Executive Chairman      | 11/06/2010                                       | Chartered Accountant  | 73             | 40  | 95.58                             | 62.47:1                               |
| 2              | Mr. Anand Mangal           | Managing Director       | 12/06/2010                                       | BSC (Honors) in Business & Management Studies from University of Bradford, UK           | 39             | 18  | 47.08                             | 30.77:1                               |
| 3              | Mr. Shubh Mangal*          | Whole-Time Director     | 21/02/2020                                       | Masters in Management and Information Systems from Case Western Reserve University, USA | 44             | 22  | 48.43                             | 31.65:1                               |
| 4 <sup>^</sup> | Mr. Vijay Singh Bapna      | Independent Director    | 23/12/2017                                       | Chartered Accountant  | 73             | 46  | 1.25 <sup>^</sup>                 | N.A.                                  |
| 5 <sup>^</sup> | Mr. Jagdish Chandra Laddha | Independent Director    | 10/02/2018                                       | Chartered Accountant  | 72             | 46  | 1.20 <sup>^</sup>                 | N.A.                                  |
| 6 <sup>^</sup> | Mr. Anil Shah              | Independent Director    | 10/02/2018                                       | Chartered Accountant  | 69             | 40  | 1.23 <sup>^</sup>                 | N.A.                                  |
| 7 <sup>^</sup> | Ms. Dipali Mathur          | Independent Director    | 10/02/2018                                       | PGDBM   | 40             | 18  | 0.45 <sup>^</sup>                 | N.A.                                  |
| 8              | Mr. Devi Lal Mundra        | Chief Financial Officer | 01/02/2018                                       | B.Com   | 61             | 37  | 14.45                             | 9.44:1                                |
| 9              | Mr. Rajeev Parashar        | Company Secretary       | 01/02/2018                                       | CS, LL.B., B.Com  | 29             | 7   | 6.00                              | 3.92:1                                |

<sup>^</sup> Remuneration in the form of Sitting Fees to attend meetings as an Independent Director.



**B. Percentage increase in the median remuneration of employees in the financial year :-**

The median remuneration of the employees in current financial year increased by 12% as compared to previous year. The remuneration of Median employee was Rs. 1,53,054 during the year 2021-22 as compared to Rs. 1,36,656 in the previous year.

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

As on 31<sup>st</sup> March, 2022 the total number of employees on the roll was 460.

**D. 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**

*Executive Chairman*

[DIN: 01205208]

Place : Bhilwara

Date : 16<sup>th</sup> April, 2022

## **INDEPENDENT AUDITOR'S REPORT**

To,  
The Members,  
LagnamSpintex 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, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Standalone Financial Statements')

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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and the profit and total comprehensive income, changes in equity 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.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to be communicated in our report.

### **Information other than the financial statements and auditors' report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Standalone Financial Statements and our auditors' report thereon.

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

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **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, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards ("Ind AS") and other 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **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. 2 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, 2020 ("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 including the Statement of Other Comprehensive Income, the Statement of Cash Flow and Statement of Changes in Equity 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 the Companies (Accounts) Rules, 2015, as amended.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2022 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: 16<sup>th</sup> April, 2022

UDIN : 22076241AHSWDE5542

**(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, 2022. We report that:

- (i) (a) (A) The company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;
- (B) The company is maintaining proper records showing full particulars of Intangible Assets;
- (b) These Property, Plant and Equipment have been physically verified by the management at reasonable intervals, no any material discrepancies were noticed on such verification;
- (c) The title deeds of all the Immovable properties are held in the name of the company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) As per the information given to us, no proceedings have been initiated or are pending against the company for holding any Benami property under the "Benami Transactions (Prohibition) Act, 1988.
- (ii) (a) Physical verification of inventory has been conducted at reasonable intervals by the management. No any material discrepancies were noticed on physical verification.
- (b) Quarterly returns or statements filed by the company with banks those sanctioned working capital limits to the company, are in agreement with the books of accounts of the Company.
- (iii) The company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited liability partnerships or other parties during the year.
- (iv) The company has not entered any transaction in respect of loans, investments, guarantees and security covered under section 185 and 186 of the Companies Act, 2013.
- (v) The company has not accepted deposits or amounts which are deemed to be deposits under provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules made there under.
- (vi) We have broadly reviewed the books of accounts 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 Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. There are no arrears of outstanding undisputed statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- (b) According to the records of company, particulars of statutory dues which have not been deposited on account of any dispute are as under:-



| Sr. No. | Name of Statute  | Nature of Due | Amount (₹ In Lac) | Forum where dispute is pending |
|---------|------------------|---------------|-------------------|--------------------------------|
| 1.      | Income Tax, 1961 | Tax Interest  | 29.12<br>26.40    | Commissioner Appeals, Ajmer    |

(viii) According to the information and explanations given to us, the company has not surrendered or disclosed any transaction not recorded in books of account as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) (a) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us, the company is not a declared willful defaulter by any bank or financial institution or other lender.

(c) According to the information and explanations given to us, during the year the company has obtained GECL & other working capital loans for the purpose of working capital and are applied for the purpose for which the same were obtained.

(d) According to the information and explanations given to us, the company has not utilized any short term fund for long term purposes.

(e) The Company does not have any subsidiaries, associates or joint ventures, hence para (e) and (f) is not applicable to the company.

(x) (a) The company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year.

(b) The Company has not made any

preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.

(xi) (a) 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 has been noticed or reported during the year.

(b) There is no case, hence no report under sub-Section (12) of Section 143 of the Companies Act, 2013 has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules 2014.

(c) According to information and explanations given to us, no whistleblower complaints are received during the year.

(xii) The company does not fall under the category of Nidhi Company, hence provisions specified in Nidhi Rules, 2014 are not applicable to the company.

(xiii) The company has complied the provision of sections 177 and 188 of Companies Act 2013 on all transactions with the related parties and the details have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) The company has an internal audit system commensurate with size and nature of its business in accordance with section 138 of Companies Act, 2013.

(b) We have considered the reports of the Internal Auditors issued for the period under audit.

(xv) In our opinion and according to information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him covered under the provisions of section 192 of Companies Act, 2013.

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



- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, hence para (c) and (d) is not applicable to the company.
- (xvii) The Company has neither incurred cash loss in current financial year nor in the immediately preceding financial year.
- (xviii) We are the continuing auditor of the company from previous financial year, hence there is no resignation of the statutory auditors during the year.
- (xix) In our opinion, on the basis of the financial ratios, aging and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- (xx) (a) The company does not have any unspent amount to transfer to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.  
(b) The company does not have any ongoing project as specified in sub-section (5) of section 135 of the said Act.
- (xxi) The company does not have consolidated financial statements, hence this para is not applicable to the company. In our opinion,

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

Place: Bhilwara

**(Satish Somani)**

Date: 16<sup>th</sup> April, 2022

**Partner**

UDIN : 22076241AHSWDE5542

**M.No. 076241**

## ANNEXURE II TO AUDITOR'S REPORT

### REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

#### Opinion

We have audited the internal financial controls over financial reporting of Lagnam Spintex Limited, Bhilwara ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, 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

**(Satish Somani)**

Date: 16<sup>th</sup> April, 2022

**Partner**

UDIN: 22076241AHSWDE5542

**M.No. 076241**

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2022**

(₹ in Lacs)

| Particulars                               | Note No. | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|---|----------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>I. ASSETS</b>                          |          |                                       |                                       |                                      |
| <b>(1) Non - current assets</b>           |          |                                       |                                       |                                      |
| (a) Property, plant and equipment         | 2 a      | <b>13751.12</b>                       | 14257.82                              | 14,980.28                            |
| (b) Right to use assets                   | 2 b      | <b>662.34</b>                         | 670.31                                | 678.28                               |
| (c) Other intangible assets               | 2 c      | <b>8.45</b>                           | 10.72                                 | 8.25                                 |
| (d) Capital work-in-progress              | 2 d      | <b>24.70</b>                          | -                                     | -                                    |
|   |          | <b>14446.61</b>                       | 14938.85                              | 15666.81                             |
| (e) Financial assets                      |          |                                       |                                       |                                      |
| (i) Investments                           | 3        | <b>10.09</b>                          | 22.16                                 | 34.20                                |
| (f) Other non-current assets              | 4        | <b>990.61</b>                         | 82.09                                 | 105.30                               |
|   |          | <b>1000.70</b>                        | 104.25                                | 139.50                               |
| <b>(2) Current Assets</b>                 |          |                                       |                                       |                                      |
| (a) Inventories                           | 5        | <b>5716.75</b>                        | 3977.95                               | 3940.13                              |
| (b) Financial assets                      |          |                                       |                                       |                                      |
| (i) Investments                           | 6        | <b>26.20</b>                          | 5.00                                  | 5.00                                 |
| (ii) Trade receivables                    | 7        | <b>4030.24</b>                        | 3498.20                               | 2670.06                              |
| (iii) Cash and cash equivalents           | 8        | <b>394.24</b>                         | 10.25                                 | 14.05                                |
| (iv) Bank balances other than (iii) above | 9        | <b>0.59</b>                           | 34.91                                 | 34.75                                |
| (v) Other financial assets                | 10       | <b>238.86</b>                         | 205.71                                | 138.34                               |
| (c) Current tax assets (net)              | 11       | <b>230.19</b>                         | 222.45                                | 88.81                                |
| (d) Other current assets                  | 12       | <b>1905.38</b>                        | 1880.47                               | 1432.65                              |
|   |          | <b>12542.45</b>                       | 9834.94                               | 8323.79                              |
|   |          | <b>27989.76</b>                       | 24878.04                              | 24130.10                             |
| <b>II. EQUITY &amp; LIABILITIES</b>       |          |                                       |                                       |                                      |
| <b>A Equity</b>                           |          |                                       |                                       |                                      |
| (a) Equity share capital                  | 13       | <b>1766.90</b>                        | 1766.90                               | 1766.90                              |
| (b) Other equity                          | 14       | <b>6769.41</b>                        | 4061.42                               | 3623.93                              |
|   |          | <b>8536.31</b>                        | 5828.32                               | 5390.83                              |
| <b>B Liabilities</b>                      |          |                                       |                                       |                                      |
| <b>1. Non-current Liabilities</b>         |          |                                       |                                       |                                      |
| (a) Financial liabilities                 |          |                                       |                                       |                                      |
| (i) Borrowings                            | 15       | <b>10862.17</b>                       | 12323.84                              | 10761.99                             |
| (b) Provisions                            | 16       | <b>93.07</b>                          | 67.40                                 | 43.78                                |
| (c) Deferred tax liabilities (net)        | 17       | <b>1937.36</b>                        | 813.65                                | 573.10                               |
|   |          | <b>12892.60</b>                       | 13204.89                              | 11378.87                             |

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2022**

(₹ in Lacs)

| Particulars  | Note No. | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|--|----------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>2. Current Liabilities</b>  |          |                                       |                                       |                                      |
| (a) Financial liabilities  |          |                                       |                                       |                                      |
| (i) Borrowings   | 18       | <b>3357.17</b>                        | 2954.29                               | 4587.67                              |
| (ii) Trade payables  | 19       |                                       |                                       |                                      |
| a Total outstanding dues of<br>micro enterprises and<br>small enterprises;                         |          | <b>117.34</b>                         | 458.81                                | 996.97                               |
| b Total outstanding dues of<br>creditors other than micro<br>enterprises and small<br>enterprises; |          | <b>40.40</b>                          | 35.33                                 | 117.01                               |
| (iii) Other financial liabilities  | 20       | <b>2955.91</b>                        | 2225.86                               | 1548.74                              |
| (b) Other current liabilities  | 21       | <b>75.20</b>                          | 149.45                                | 99.85                                |
| (c) Provisions   | 22       | <b>14.83</b>                          | 8.55                                  | 10.16                                |
| (d) Current tax liabilities (net)  | 23       | –                                     | 12.54                                 | –                                    |
|  |          | <b>6560.85</b>                        | 5844.83                               | 7360.40                              |
|  |          | <b>27989.76</b>                       | 24878.04                              | 24130.10                             |

**See accompanying notes 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 : 16<sup>th</sup> April, 2022

UDIN- 22076241AHSWDE5542

For and on behalf of the Board

**D. P. Mangal**

(Executive Chairman)

(DIN: 01205208)

**Anand Mangal**

(Managing Director)

(DIN: 03113542)

**Rajeev Parashar**

(Company Secretary)

**D. L. Mundra**

(Chief Financial Officer)

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022**

(₹ in Lacs)

| Particulars  | Note No. | Year ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|--|----------|--|--|
| <b>I. Revenue from operations</b>  | 24       | <b>34844.14</b>                            | 20522.76                                   |
| <b>II. Other Income</b>  | 25       | <b>51.32</b>                               | 29.96                                      |
| <b>III. Total Revenue (I+II)</b>   |          | <b>34895.46</b>                            | 20552.72                                   |
| <b>IV. Expenses:</b>   |          |  |  |
| Cost of material consumed  | 26       | <b>23294.45</b>                            | 12785.98                                   |
| Change in inventories of finished goods,<br>work-in-progress and stock- in- trade    | 27       | <b>(110.60)</b>                            | 1165.73                                    |
| Employee benefits expense  | 28       | <b>1178.35</b>                             | 882.05                                     |
| Finance costs  | 29       | <b>1087.58</b>                             | 1187.64                                    |
| Depreciation and amortisation expense  | 30       | <b>752.54</b>                              | 755.37                                     |
| Other expenses   | 31       | <b>4638.86</b>                             | 3087.41                                    |
| <b>Total Expenses</b>  |          | <b>30841.18</b>                            | 19864.18                                   |
| <b>V. Profit before tax (III-IV)</b>   |          | <b>4054.28</b>                             | 688.54                                     |
| <b>VI. Tax expense:</b>  | 32       |  |  |
| (1) Current Tax  |          | <b>694.27</b>                              | 113.52                                     |
| (2) MAT Credit Entitlement   |          | <b>(642.98)</b>                            | (113.52)                                   |
| (3) Deferred Tax   |          | <b>1123.14</b>                             | 241.12                                     |
| <b>VII. Profit (Loss) for the period (V-VI)</b>                                      |          | <b>2879.85</b>                             | 447.42                                     |
| <b>VIII Other comprehensive income</b>   | 33       |  |  |
| <b>a</b>   |          |  |  |
| (i) Items that will not be reclassified<br>to profit or loss                         |          | <b>4.76</b>                                | (8.46)                                     |
| (ii) Income tax relating to items that<br>will not be reclassified to profit or loss |          | <b>(1.39)</b>                              | 0.00                                       |
| <b>b</b>   |          |  |  |
| (i) Items that will be reclassified<br>to profit or loss                             |          | <b>2.04</b>                                | (2.04)                                     |
| (ii) Income tax relating to items that will<br>be reclassified to profit or loss     |          | <b>(0.57)</b>                              | 0.57                                       |
| <b>Total other comprehensive income</b>  |          | <b>4.84</b>                                | (9.93)                                     |
| <b>IX Total Comprehensive Income (VII+VIII)</b>                                      |          | <b>2884.69</b>                             | 437.49                                     |
| <b>Earnings per equity share - Annualized:<br/>(Basic &amp; Diluted)</b>             | 36       | <b>16.30</b>                               | 2.53                                       |

**See accompanying notes 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 : 16<sup>th</sup> April, 2022

UDIN- 22076241AHSWDE5542

For and on behalf of the Board

**D. P. Mangal**

(Executive Chairman)

(DIN: 01205208)

**Rajeev Parashar**

(Company Secretary)

**Anand Mangal**

(Managing Director)

(DIN: 03113542)

**D. L. Mundra**

(Chief Financial Officer)

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022**

(₹ in Lacs)

| Particulars   | Year Ended<br>31 <sup>st</sup> March, 2022 | Year Ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| <b>A) Cash Flow from operating activities</b>                             |  |  |
| a. Net profit before tax  | <b>4054.28</b>                             | 688.54                                     |
| <b>Adjustments for :</b>  |  |  |
| Depreciation and amortisation of Property,<br>Plant and Equipment         | <b>752.54</b>                              | 755.37                                     |
| Interest Income   | <b>(49.19)</b>                             | (26.85)                                    |
| Finance cost  | <b>1087.58</b>                             | 1187.64                                    |
| (Profit)/Loss on Sale/Retirement of<br>Property Plant and Equipment (Net) | -  | 4.12                                       |
| Re-measurement gain / loss on routed through OCI                          | <b>6.80</b>                                | (10.50)                                    |
| Provision for employees benefits  | <b>31.95</b>                               | 22.01                                      |
| <b>b. Operating Profit before working capital changes</b>                 | <b>5883.96</b>                             | 2620.33                                    |
| <b>Adjustments for :</b>  |  |  |
| (Increase) /Decrease in Inventories                                       | <b>(1,738.80)</b>                          | (37.82)                                    |
| (Increase) /Decrease in Trade receivables                                 | <b>(532.04)</b>                            | (828.14)                                   |
| (Increase) /Decrease in Other Assets (Non Current)                        | <b>(908.52)</b>                            | 23.21                                      |
| (Increase) / Decrease in Other financial assets<br>(Current)              | <b>(33.15)</b>                             | (67.37)                                    |
| (Increase) /Decrease in Other Current Assets                              | <b>613.61</b>                              | (467.95)                                   |
| Increase / (Decrease) in Trade payables                                   | <b>(336.40)</b>                            | (619.84)                                   |
| Increase / (Decrease) in Other financial liabilities                      | <b>149.82</b>                              | 41.69                                      |
| Increase / (Decrease) in Other Current liabilities                        | <b>(74.25)</b>                             | 49.60                                      |
| <b>c. Cash generated from operation before tax</b>                        | <b>3024.23</b>                             | 713.71                                     |
| d. Net Direct taxes paid  | <b>(711.48)</b>                            | (100.98)                                   |
| <b>Net cash from operating activities - (A)</b>                           | <b>2312.75</b>                             | 612.73                                     |
| <b>B) Cash flow from investing activities</b>                             |  |  |
| Purchase of Property, Plant and Equipment.                                | <b>(260.30)</b>                            | (31.53)                                    |
| Net Purchase and Sale of Investments                                      | <b>(9.13)</b>                              | 12.04                                      |
| Interest Income   | <b>49.19</b>                               | 26.85                                      |
| <b>Net cash flow used in investing activities - (B)</b>                   | <b>(220.24)</b>                            | 7.36                                       |

(₹ in Lacs)

| Particulars   | Year Ended<br>31 <sup>st</sup> March, 2022 | Year Ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| <b>C) Cash flow from financing activities</b>                           |  |  |
| Repayment of non current borrowings                                     | <b>(2,284.44)</b>                          | (1,116.58)                                 |
| Proceeds from non current borrowings                                    | <b>1,403.00</b>                            | 3,313.87                                   |
| Proceeds / (repayment) of short term borrowings (net)                   | <b>402.88</b>                              | (1,633.38)                                 |
| Dividend Paid   | <b>(176.70)</b>                            | -  |
| Finance cost  | <b>(1,087.58)</b>                          | (1,187.64)                                 |
| <b>Net cash used in financing activities - (C)</b>                      | <b>(1,742.84)</b>                          | (623.73)                                   |
| <b>Net increase / (decrease) in cash and cash equivalents - (A+B+C)</b> | <b>349.67</b>                              | (3.64)                                     |
| Opening cash and cash equivalents                                       | <b>45.16</b>                               | 48.80                                      |
| <b>Closing cash and cash equivalents</b>                                | <b>394.83</b>                              | 45.16                                      |

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 : 16<sup>th</sup> April, 2022

UDIN- 22076241AHSWDE5542

For and on behalf of the Board

**D. P. Mangal**

(Executive Chairman)

(DIN: 01205208)

**Rajeev Parashar**

(Company Secretary)

**Anand Mangal**

(Managing Director)

(DIN: 03113542)

**D. L. Mundra**

(Chief Financial Officer)

**Statement of changes in equity for the Year Ended 31<sup>st</sup> March, 2022**

**A. Equity Share Capital**

(₹ in Lacs)

| Particulars                                      | As at<br>31 <sup>st</sup> March, 2022 |          | As at<br>31 <sup>st</sup> March, 2021 |          | As at<br>1 <sup>st</sup> April, 2020 |          |
|--|---------------------------------------|----------|---------------------------------------|----------|--------------------------------------|----------|
|  | No. of<br>Shares                      | Amount   | No. of<br>Shares                      | Amount   | No. of<br>Shares                     | Amount   |
| Balance at the beginning of the reporting period | 1,76,69,000                           | 1,766.90 | 1,76,69,000                           | 1,766.90 | 1,76,69,000                          | 1,766.90 |
| Balance at the end of the reporting period       | 1,76,69,000                           | 1,766.90 | 1,76,69,000                           | 1,766.90 | 1,76,69,000                          | 1,766.90 |

**B. Other Equity**

(₹ in Lacs)

| Particulars   | Reserve and surplus   |                    |                      |                                       | Total           |
|---|-----------------------|--------------------|----------------------|---------------------------------------|-----------------|
|   | Securities<br>premium | Capital<br>reserve | Retained<br>earnings | Other<br>compre-<br>hensive<br>income |                 |
| Balance as at 1 <sup>st</sup> April, 2020                       | 1,655.20              | 23.00              | 1,945.73             | -                                     | 3,623.93        |
| Profit for the year   | -                     | -                  | 447.42               | -                                     | 447.42          |
| Re-measurement gains / (losses) on defined benefit (Net of tax) | -                     | -                  | (8.46)               | -                                     | (8.46)          |
| Effective portion of cash flow hedge (Net of tax)               | -                     | -                  | -                    | (1.47)                                | (1.47)          |
| Total comprehensive income for the year                         | -                     | -                  | 438.96               | (1.47)                                | 437.49          |
| <b>Balance as at 31<sup>st</sup> March, 2021</b>                | <b>1,655.20</b>       | <b>23.00</b>       | <b>2,384.69</b>      | <b>(1.47)</b>                         | <b>4,061.42</b> |
| Profit for the year   | -                     | -                  | 2,879.85             | -                                     | 2,879.85        |
| Re-measurement gains / (losses) on defined benefit (Net of tax) | -                     | -                  | 3.37                 | -                                     | 3.37            |
| Effective portion of cash flow hedge (Net of tax)               | -                     | -                  | -                    | 1.47                                  | 1.47            |
| Total comprehensive income for the year                         | -                     | -                  | 2,883.22             | 1.47                                  | 2,884.69        |
| Payment of dividend   | -                     | -                  | 176.70               | -                                     | 176.70          |
| <b>Balance as at 31<sup>st</sup> March, 2022</b>                | <b>1,655.20</b>       | <b>23.00</b>       | <b>5,091.21</b>      | <b>-</b>                              | <b>6,769.41</b> |

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 : 16<sup>th</sup> April, 2022

UDIN- 22076241AHSWDE5542

For and on behalf of the Board

**D. P. Mangal**

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(Company Secretary)

**Anand Mangal**

(Managing Director)

(DIN: 03113542)

**D. L. Mundra**

(Chief Financial Officer)

## 1 : Significant Accounting Policies

### 1. Company Overview and Accounting Policies

#### A. Corporate Information

Lagnam Spintex Limited (the "Company"), incorporated on 11th June, 2010, is a Company domiciled in India and limited by shares (CIN: L17119RJ2010PLC032089). The address of the Company's Registered Office is A 51-53, RIICO Growth Centre, Hamirgarh, Bhilwara - 311001, Rajasthan. The Company is engaged in manufacturing of Cotton Yarn. The Company is listed at National Stock Exchange of India Limited.

#### B. Significant Accounting Policies

##### I. Statement of Compliance

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), as prescribed under section 133 of the Companies Act, 2013('the Act') read with the Rule 3 of the Companies (Indian Accounting Standard) Rules 2015 as amended from time to time and guidelines issued by the Securities and Exchange Board of India (SEBI).

##### First Time Adoption of Ind AS

##### Transition of Ind AS

These financial statements, for the year ended 31<sup>st</sup> March, 2022, are the first annual financial statements, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31<sup>st</sup> March, 2021, the Company prepared its financial statements in accordance with Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March, 2022, together with the comparative period data as at and for the year ended 31<sup>st</sup> March, 2021, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 01<sup>st</sup> April, 2020, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 01<sup>st</sup> April, 2020 and the previously published Indian GAAP financial statements as at and for the year ended 31<sup>st</sup> March, 2021

##### Optional Exemptions and Mandatory Exceptions

In the Ind AS opening balance sheet as at 1<sup>st</sup> April, 2020, the carrying amounts of assets and liabilities from the Previous GAAP as at 31<sup>st</sup> March, 2020 are generally recognized and measured according to Ind AS. However, for certain individual cases, Ind AS 101 "First-time Adoption of Indian Accounting Standards" provides for optional exemptions and mandatory exceptions to the general principles of retrospective application of Ind AS. The Company has made use of the following exemptions and exceptions in preparing its opening Ind AS balance sheet:

##### i. Deemed cost

As per Ind AS 101, para D7AA, a first-time adopter to Ind As may elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind As, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

**ii. Borrowings**

Ind AS 101 permits that if it is impracticable for an entity to apply retrospectively the effective interest method in Ind AS 109 'Financial Instruments', the fair value of the financial liability at the date of transition to Ind AS shall be the new amortized cost of that financial liability at the date of transition to Ind AS

**iii. Classification and measurement of Financial Assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS

**iv. De-recognition of financial assets and financial liabilities**

As per Ind AS 101, a first-time adopter shall apply the de-recognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS

**v. Estimates:**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP, unless there is objective evidence that those estimates were in error. Ind AS estimates as at 01st April, 2020 and 31<sup>st</sup> March, 2021 are consistent with the estimates as at the same date made in the conformity with previous GAAP

**II. Basis of preparation and presentation**

The financial statements are prepared on the historical cost basis except for following financial instruments that are measured at fair value:

- Defined benefit plan- Plan assets measured at fair value,
- Certain financial assets and liabilities measured at fair value (including derivative instruments).

— **Functional and Presentation Currency**

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

— **Classification of Assets and Liabilities as Current and Non-Current**

All assets & liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Companies Act, 2013. Based on the nature of products/activities of the Company and the normal time between acquisition of assets for processing and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**Assets are classified as current when any of following criteria is satisfied:**

- i. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- ii. The Company holds the asset primarily for the purpose of trading;
- iii. The Company expects to realize the asset within twelve months after the reporting period;

- iv. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

**Liabilities are classified as current when any of following criteria is satisfied:**

- i. The Company expects to settle the liability in its normal operating cycle;
- ii. The Company holds the liability primarily for the purpose of trading;
- iii. The liability is due to be settled within twelve months after the reporting period; or
- iv. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

**III. Revenue recognition**

The company mainly deals in 100% cotton yarn spinning and derives revenues primarily from sale of manufactured goods.

Revenue from sale of products are recognized at a time on which the performance obligation is satisfied, at an amount that reflects the consideration the company expects to receive in exchange for those products. The period over which revenue is recognized is based on entity's right to payment for performance completed.

**Other Operating revenue**

- a) Export incentives are accounted for in the year of export at net market realizable value.
- b) Interest on bank deposits is recognized on the effective interest rate method basis taking into account the amounts invested and the rate of interest applicable.
- c) Interest from trade receivables and other financial assets are recognized when it is probable that the economic benefit will flow to the entity and the amount can be measured reliably.
- d) Claim lodged with insurance companies is recognized as income on acceptance by the insurance Companies

**IV. Government Grant & Government Assistance**

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grant/subsidy if relates to an expense item are recognised in the statement of profit and loss on a systematic basis over the periods in which the Company recognise as expenses the related costs for which the grants are intended to compensate.

**V. Inventories**

Inventories including goods-in-transit are valued at lower of cost and estimated net realizable value. Cost of inventory includes the cost of purchase (net of taxes whose credit is taken by the company) and all other direct and indirect cost allocated proportionately incurred in bringing the inventories to their present location and condition.



**Raw materials and stores & spares:**

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on FIFO basis in case of raw material and on weighted average basis in case of stores & spares.

**Finished goods and work in progress:**

Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average cost basis.

**Waste:**

Valued at net realizable value

**VI. Property, Plant and Equipment (PPE)**

**Recognition and measurement**

Property, plant and equipment (PPE) are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment (PPE) comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses, present value of decommissioning costs (where there is a legal or constructive obligation to decommission) and interest on borrowings attributable to acquisition of qualifying assets up to the date the asset is ready for its intended use.

**Subsequent expenditure**

Subsequent expenditure on property plant & equipment after its purchase / completion is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

**Impairment**

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that an asset may be impaired. If an impairment loss is determined, the remaining useful life of the asset is also subject to adjustment.

An impairment loss is recognized in the statement of profit and loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**Capital work-in-progress**

Projects under which property, plant and equipment are not yet ready for their intended use are carried at cost less any recognised impairment loss. Cost comprises direct cost, related incidental expenses and borrowing cost.

### **Depreciation**

Depreciation is recognised for property, plant and equipment so as to write-off the cost less residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis taking into account commercial and technological obsolescence as well as normal wear and tear.

Depreciation on tangible assets except plant & machinery, is provided on straight line method over the useful lives prescribed under Schedule II of Companies Act, 2013.

Depreciation on plant & machinery is provided on straight line method considering the same as 'Continuous Process Plant' based on technical expert's advice, over the useful life prescribed under the schedule II of the companies Act, 2013.

Depreciation on additions to or on disposal of property, plant and equipment is calculated on pro-rata basis i.e. from (up to) the date on which the Property, Plant and Equipment is available for use (disposed off).

### **De-recognition of PPE**

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the property, plant and equipment) is included in the statement of profit & loss when the property, plant and equipment is derecognized.

## **VII. Right to use of assets**

### **Recognition and measurement**

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the customer the right to control the use of the underlying asset. Arrangements that do not take the legal form of a lease but convey rights to customers/suppliers to use an asset in return for a payment or a series of payments are identified as either finance leases or operating leases.

### **Accounting for**

#### **a. Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases are recognised as an expense over the lease term

#### **b. Finance Lease**

Leases of Property, Plant and Equipment where the Company, as lessee has substantially all risks and rewards of ownership are classified as finance lease. On initial recognition, assets held under finance leases are recorded as Property, Plant and Equipment and the related liability is recognised under borrowings. At inception of the lease, finance leases are recorded at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability.



**c. Amortization**

'Right to use' assets are amortized over the period of right to use available to the company. Amortization is done on the basis of straight line method. Change in 'right to use' period or change in future economic benefit in the assets are considered to modify the amortization period or method, as appropriate, and are treated as change in accounting estimates.

**d. Impairment**

'Right to use' assets are amortised over the period of right available to the company and assessed for impairment whenever there is an indication that the assets may be impaired

**e. De-recognition**

'Right to use' asset is de-recognised on disposal or transfer to rights or when no future economic benefits are expected from use of the assets. Gain or losses arising from de-recognition are recognition in the statement of profit and loss when the assets is de-recognised

**VIII. Intangible assets**

**Recognition and measurement**

An intangible asset is recognized when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably. All other expenditure is expensed as incurred.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

The cost of a separately acquired intangible asset comprises of its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and any directly attributable cost of preparing the asset for its intended use.

Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in statement of profit or loss in the period in which the expenditure is incurred.

**Amortisation**

The useful lives of intangible assets are assessed as either finite or infinite. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

**Impairment**

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

The estimated useful life of the finite intangible assets is given below:

| <b>S. No.</b> | <b>Nature of Assets</b> | <b>Effective Useful Life</b> | <b>Amortisation Method</b>                             |
|---------------|-------------------------|------------------------------|--|
| 1.            | Computer Software       | 6 Years                      | Amortised on Straight line basis over the useful life. |

#### **Derecognition of Intangible assets**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised in Statement of profit and loss when the asset is derecognised.

#### **IX. Foreign currencies**

The Company's financial statements are presented in INR. (?)

##### **Transactions and balances**

In preparing the financial statements, transactions in foreign currencies are recognised at the rates of exchange prevailing at the dates of the transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognised in the Statement of profit and loss of the period.

At the end of each reporting period, monetary items denominated in foreign currencies (except financial instruments designated as Hedge Instruments) are translated at the rates prevailing at that date.

Exchange differences on translation of monetary items are recognised in Statement of profit and loss in the period in which they arise with the exception of the following:

Monetary items that are designated as part of cash flow hedge instrument are recognised in other comprehensive income.

Non-monetary that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

##### **Derivative Financial Instruments and Hedge Accounting**

The Company uses derivative instruments i.e. forward contracts to hedge its foreign currency risks. The Company designates these forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The Company has designated forward instruments on spot to spot basis. The Company recognises the forward points in the statement of profit and loss account.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivatives is recognised in other comprehensive income and accumulated in the other comprehensive income under other equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in other comprehensive income till the period hedge was effective remains in other comprehensive income until the forecasted transaction occurs. The cumulative gain or loss previously recognised in the other comprehensive income is transferred to the statement of profit and loss upon the occurrence of related forecasted transaction. If the forecasted transactions no longer expected to occur, then the amount accumulated in other comprehensive income is reclassified to net profit in the statement of profit and loss.

**X. Employee benefits**

**Short-term Employee Benefits**

Short-term employee benefits obligation is measured on undiscounted basis and is expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**Defined Contribution Plan:**

The Company makes defined contribution to Employees Provident Fund Organization (EPFO), Pension Fund, Superannuation Fund and Employees State Insurance (ESI), which are accounted on accrual basis as expenses in the statement of profit and loss in the period during which the related services are rendered by employees.

Prepaid contribution is recognized as assets to the extent that a cash refund or reduction in future payments is available.

**Defined Benefit Plan:**

The Company's liabilities on account of gratuity and earned leave on retirement of employees are determined under defined benefit plans.

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in Other Comprehensive Income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year

after taking into account any changes as a result of contribution and benefit payments during the year.

Net interest expense and other expenses related to defined benefit plans are recognized in statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in statement of profit and loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

## **XI. Taxation**

Income tax expense represents the sum of tax currently payable and deferred tax.

- **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current tax is determined on the basis of taxable income and tax credits computed for Company, in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdiction where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant taxpaying units intends to settle the asset and liability on a net basis.

- **Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability will be settled or the asset will be realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

**Current and deferred tax for the year**

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

**XII. Provisions, Contingent Liabilities**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

Contingent Liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities are not recognized but are disclosed in notes.

Contingent assets are not recognized. However, when the realization of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognized as an asset.

**XIII. Dividends**

Dividends and Interim dividends payable to a Company's shareholders are recognised as changes in equity in the period in which they are approved by the shareholders' meeting and the Board of Directors respectively.

**XIV. 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 Ind AS 108 Segment Reporting is not applicable to the company.

**XV. Earnings per share**

Basic earnings per share are computed by dividing the profit/loss for the year attributable to the shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/loss for the year attributable to the shareholders of the Company as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the

weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

#### **XVI. Statement of Cash flow**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### **XVII. Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of the assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

#### **XVIII. Fair Value Measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in most advantageous market for the asset or liability and the Company has access to the principal or the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets & liabilities on the basis of the nature, characteristics and the risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

#### **XIX. Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

For the purposes of the presentation of cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft as they being considered as integral part of the Company's cash management system.

#### **XX. Financial instruments**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss (FVTPL) are recognized immediately in the statement of profit and loss.

##### **Financial assets**

For purposes of subsequent measurement, financial assets are classified in below mentioned categories:

- Financial assets carried at amortized cost.
- Financial asset at fair value through other comprehensive income.
- Financial asset at fair value through profit or loss.

**Financial assets at amortized cost**

Financial assets are subsequently measured at amortized cost using the effective interest method if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income (OCI) if these financial assets are held within a business model whose objective is achieved by both selling financial assets and collecting contractual cash flows, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, the Company makes an irrevocable election on an instrument-by-instrument basis to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments, other than equity investment which are held for trading. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the "Reserve for equity instruments through other comprehensive income". The cumulative gain or loss is not reclassified to the statement of profit and loss on disposal of the investments. So far, the Company has not elected to present subsequent changes in fair value of any investment in OCI.

**Financial assets at fair value through profit or loss ('FVTPL')**

Investment in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investment in equity instruments which are not held for trading.

Other financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in Statement of profit or loss.

**Impairment of financial assets (other than at fair value)**

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

However, for trade receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses. In cases where the amounts are expected to be realized up to one year from the date of the invoice, loss for the time value of money is not recognized, since the same is not considered to be material.

**De-recognition of financial assets**

The Company derecognized a financial asset when the contractual right to the cash flow from the asset expires or when it transfers the financial asset and substantially all risk and reward of ownership of the asset to other party. If the Company neither transfers nor retains substantially all the risk and reward of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associate liability for an amount it has to pay.



If the Company retains substantially all the risks and reward of ownership of a transferred financial asset, the company continues to recognize the financial asset and also a collateralized borrowing for the proceeds received.

**Financial liabilities**

All financial liabilities are subsequently measured at amortized cost using the effective interest method.

**Classification as debt or equity**

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate (EIR) amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

**Trade and other Payables**

These amounts represent liabilities for goods & services provided to the Company prior to the end of the financial year which are unpaid. These are recognized initially at fair value and subsequently measured at amortized cost using effective interest method. Where the maturity period is within one year from balance sheet date, the carrying amount approximate the fair value at initial recognition due to short maturity of these instruments.

**De-recognition of financial liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the statement of profit and loss.

**Reclassification of financial assets and financial liabilities**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification

prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**XXI. Impairment of Non-Financial assets**

The non-financial assets, other than biological assets, inventories and deferred tax asset are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash generating units (CGUs). Each CGU represents the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Goodwill arising from the business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of the CGU (or an individual asset) is the higher of its value in use and its fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the CGU (or the asset).

The corporate assets (e.g. central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

The impairment loss is recognized if the carrying amount of the asset or the CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit & loss. Impairment loss recognized in respect of CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognized in prior periods, the company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**XXII. Use of estimates**

The preparation of the financial statement in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and current and / or future periods are affected.

### **XXIII. Critical accounting judgments and key sources of estimation uncertainty**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities.

- **Critical accounting judgments in applying accounting policies**

The following are the critical judgments, apart from those involving estimations that the Management have made in the process of applying the Company's accounting policies and that have most significant effect on the amounts recognised in the financial statements.

#### **Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### **Impairment of non-financial assets**

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

#### **Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making assumption and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward estimate at the end of each reporting period.

#### **Income taxes**

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of

deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the financial statements.

#### **Contingencies**

Management judgment is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/ litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

#### **Insurance claims**

Insurance claims are recognized when the Company has reasonable certainty of recovery. Subsequently any change in recoverability is provided for.

#### **XXIV. Key Source of estimation uncertainty**

Key source of estimation uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of investments, provisions and contingent liabilities.

The areas involving critical estimates are:

#### **Useful lives and residual values of property, plant and equipment**

Useful life and residual value of property, plant and equipment are based on management's estimate of the expected life and residual value of those assets and is as per schedule II to the Companies Act 2013. Further useful lives of manufacturing machines are recognized treating the same as 'Continuous Process Plant'. These estimates are reviewed at the end of each reporting period. Any reassessment of these may result in change in depreciation expense for future years.

#### **Impairment of property plant and equipment**

The recoverable amount of the assets has been determined on the basis of their value in use. For estimating the value in use, it is necessary to project the future cash flow of assets over its estimated useful life. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in statement of profit and loss.

#### **Valuation of deferred tax assets**

Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. Any change in the estimates of future taxable income may impact the recoverability of deferred tax assets.

#### **Provisions and contingencies**

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognized but disclosed in the financial statements wherever applicable.

**2a : Property, Plant and Equipment**

(₹ in Lacs)

| Particulars                              | Buildings       | Plant and Equipment | Furniture and Fixtures | Vehicles     | Office Equipment's | Electric Fitting and Water Supply Installations | Total            |
|--|-----------------|---------------------|------------------------|--------------|--------------------|---|------------------|
| <b>Gross carrying value</b>              |                 |                     |                        |              |                    |   |                  |
| <b>As at 1<sup>st</sup> April, 2020</b>  | <b>2,285.80</b> | <b>12,112.34</b>    | <b>48.45</b>           | <b>51.47</b> | <b>8.99</b>        | <b>473.23</b>                                   | <b>14,980.28</b> |
| Additions                                | 0.53            | 13.34               | 5.14                   | –            | 5.26               | 0.39  | 24.66            |
| Disposals                                | –               | 2.03                | –                      | –            | 2.04               | 0.05  | 4.12             |
| <b>As at 31<sup>st</sup> March, 2021</b> | <b>2,286.33</b> | <b>12,123.65</b>    | <b>53.59</b>           | <b>51.47</b> | <b>12.21</b>       | <b>473.57</b>                                   | <b>15,000.82</b> |
| Additions                                | 31.93           | 179.91              | 2.25                   | 13.27        | 5.19               | 3.05  | 235.60           |
| Disposals                                | –               | –                   | –                      | –            | –                  | –   | –                |
| <b>As at 31<sup>st</sup> March, 2022</b> | <b>2,318.26</b> | <b>12,303.56</b>    | <b>55.84</b>           | <b>64.74</b> | <b>17.40</b>       | <b>476.62</b>                                   | <b>15,236.42</b> |
| <b>Depreciation</b>                      |                 |                     |                        |              |                    |   |                  |
| <b>As at 1<sup>st</sup> April, 2020</b>  | <b>–</b>        | <b>–</b>            | <b>–</b>               | <b>–</b>     | <b>–</b>           | <b>–</b>  | <b>–</b>         |
| Depreciation for the year                | 84.61           | 577.54              | 9.42                   | 8.66         | 1.79               | 60.98   | 743.00           |
| Disposals                                | –               | –                   | –                      | –            | –                  | –   | –                |
| <b>As at 31<sup>st</sup> March, 2021</b> | <b>84.61</b>    | <b>577.54</b>       | <b>9.42</b>            | <b>8.66</b>  | <b>1.79</b>        | <b>60.98</b>                                    | <b>743.00</b>    |
| Depreciation for the year                | 84.66           | 580.93              | 9.73                   | 9.09         | 2.87               | 55.02   | 742.30           |
| Disposals                                | –               | –                   | –                      | –            | –                  | –   | –                |
| <b>As at 31<sup>st</sup> March, 2022</b> | <b>169.27</b>   | <b>1,158.47</b>     | <b>19.15</b>           | <b>17.75</b> | <b>4.66</b>        | <b>116.00</b>                                   | <b>1,485.30</b>  |
| <b>Net carrying value</b>                |                 |                     |                        |              |                    |   |                  |
| As at 1 <sup>st</sup> April, 2020        | 2,285.80        | 12,112.34           | 48.45                  | 51.47        | 8.99               | 473.23  | 14,980.28        |
| As at 31 <sup>st</sup> March, 2021       | 2,201.72        | 11,546.11           | 44.17                  | 42.81        | 10.42              | 412.59  | 14,257.82        |
| As at 31 <sup>st</sup> March, 2022       | 2,148.99        | 11,145.09           | 36.69                  | 46.99        | 12.74              | 360.62  | 13,751.12        |

**2b. Right to Use Assets**

| (₹ in Lacs)                 |        |
|-----------------------------|--------|
| Particulars                 | Amount |
| <b>Gross carrying value</b> |        |
| As at 1st April, 2020       | 678.28 |
| Additions                   | -      |
| Disposals                   | -      |
| As at 31st March, 2021      | 678.28 |
| Additions                   | -      |
| Disposals                   | -      |
| As at 31st March, 2022      | 678.28 |
| <b>Depreciation</b>         |        |
| As at 1st April, 2020       | -      |
| Depreciation for the year   | 7.97   |
| Disposals                   | -      |
| As at 31st March, 2021      | 7.97   |
| Depreciation for the year   | 7.97   |
| Disposals                   | -      |
| As at 31st March, 2022      | 15.94  |
| <b>Net carrying value</b>   |        |
| As at 1st April, 2020       | 678.28 |
| As at 31st March, 2021      | 670.31 |
| As at 31st March, 2022      | 662.34 |

**2c. Other Intangible Assets**

| (₹ in Lacs)                 |        |
|-----------------------------|--------|
| Particulars                 | Amount |
| <b>Gross carrying value</b> |        |
| As at 1st April, 2020       | 8.25   |
| Additions                   | 6.87   |
| Disposals                   | -      |
| As at 31st March, 2021      | 15.12  |
| Additions                   | -      |
| Disposals                   | -      |
| As at 31st March, 2022      | 15.12  |
| <b>Depreciation</b>         |        |
| As at 1st April, 2020       | -      |
| Depreciation for the year   | 4.40   |
| Disposals                   | -      |
| As at 31st March, 2021      | 4.40   |
| Depreciation for the year   | 2.27   |
| Disposals                   | -      |
| As at 31st March, 2022      | 6.67   |
| <b>Net carrying value</b>   |        |
| As at 1st April, 2020       | 8.25   |
| As at 31st March, 2021      | 10.72  |
| As at 31st March, 2022      | 8.45   |

**2d. Capital work-in progress**

| (₹ in Lacs)                 |        |
|-----------------------------|--------|
| Particulars                 | Amount |
| <b>Gross carrying value</b> |        |
| As at 1st April, 2020       | -      |
| Additions                   | -      |
| Disposals                   | -      |
| As at 31st March, 2021      | -      |
| Additions                   | 24.70  |
| Disposals                   | -      |
| As at 31st March, 2022      | 24.70  |
| <b>Depreciation</b>         |        |
| As at 1st April, 2020       | -      |
| Depreciation for the year   | -      |
| Disposals                   | -      |
| As at 31st March, 2021      | -      |
| Depreciation for the year   | -      |
| Disposals                   | -      |
| As at 31st March, 2022      | -      |
| <b>Net carrying value</b>   |        |
| As at 1st April, 2020       | -      |
| As at 31st March, 2021      | -      |
| As at 31st March, 2022      | 24.70  |

**Explanatory Notes:**

- i All Property, Plant and Equipment's mentioned above are held as security towards Borrowings as specified in Note 15 & 18
- ii Depreciation on plant & Machinery is charged considering the same 'Continuous Process Plant' based on technical expert's advice.
- iii Capital work-in progress related to cotton spinning expansion project aging less than one year as on 31<sup>st</sup> March, 2022.

**Notes Forming Part of the Financial Statements**

The reconciliation of Gross block and accumulated depreciation under previous GAAP and Ind As is as follow:

(₹ in Lacs)

| Particulars                                     | Buildings       | Plant and Equipment | Furniture and Fixtures | Vehicles     | Office Equipment's | Electric Fitting "and Water Supply Installations | Total            |
|---|-----------------|---------------------|------------------------|--------------|--------------------|--|------------------|
| <b>As at 1st April, 2020</b>                    |                 |                     |                        |              |                    |  |                  |
| <b>Gross Block</b>                              | <b>2,512.36</b> | <b>13,665.96</b>    | <b>94.93</b>           | <b>86.70</b> | <b>26.34</b>       | <b>613.25</b>                                    | <b>16,999.54</b> |
| Less Accumulated Depreciation                   | 206.85          | 1,455.32            | 46.48                  | 35.23        | 17.35              | 140.02   | 1,901.25         |
| Less : Ind As adjustment - Borrowing cost       | 19.71           | 98.30               | -                      | -            | -                  | -  | 118.01           |
| <b>Net Block</b>                                | <b>2,285.80</b> | <b>12,112.34</b>    | <b>48.45</b>           | <b>51.47</b> | <b>8.99</b>        | <b>473.23</b>                                    | <b>14,980.28</b> |
| <b>As at 31st March, 2021</b>                   |                 |                     |                        |              |                    |  |                  |
| <b>Gross Block</b>                              | <b>2,512.89</b> | <b>13,675.28</b>    | <b>100.07</b>          | <b>86.70</b> | <b>17.51</b>       | <b>613.54</b>                                    | <b>17,005.99</b> |
| Less Accumulated Depreciation                   | 292.10          | 2,034.70            | 55.90                  | 43.89        | 7.09               | 200.95   | 2,634.63         |
| Less : Ind As adjustment - Borrowing cost       | 19.71           | 98.30               | -                      | -            | -                  | -  | 118.01           |
| Add: Reversal of depreciation on Borrowing Cost | 0.64            | 3.83                | -                      | -            | -                  | -  | 4.47             |
| <b>Net Block</b>                                | <b>2,201.72</b> | <b>11,546.11</b>    | <b>44.17</b>           | <b>42.81</b> | <b>10.42</b>       | <b>412.59</b>                                    | <b>14,257.82</b> |

**Right to use assets** (₹ in Lacs)

| Particulars   | Amount        |
|---|---------------|
| <b>As at 1st April, 2020</b>                          |               |
| <b>Gross Block</b>                                    | <b>699.02</b> |
| Less: Amortisation of lease hold land                 | 20.74         |
| Less Accumulated Depreciation                         | -             |
| <b>Net Block</b>                                      | <b>678.28</b> |
| <b>As at 31st March, 2021</b>                         |               |
| <b>Gross Block</b>                                    | <b>699.02</b> |
| Less: Amortisation of lease hold land                 | 20.74         |
| Less: Amortisation of lease hold land during the year | 7.97          |
| <b>Net Block</b>                                      | <b>670.31</b> |

**Other Intangible Assets** (₹ in Lacs)

| Particulars                           | Amount       |
|---------------------------------------|--------------|
| <b>As at 1st April, 2020</b>          |              |
| <b>Gross Block</b>                    | <b>60.27</b> |
| Less: Amortisation of lease hold land | -            |
| Less Accumulated Depreciation         | 52.02        |
| <b>Net Block</b>                      | <b>8.25</b>  |
| <b>As at 31st March, 2021</b>         |              |
| <b>Gross Block</b>                    | <b>67.14</b> |
| Less: Amortisation of lease hold land | -            |
| Less Accumulated Depreciation         | 56.42        |
| <b>Net Block</b>                      | <b>10.72</b> |

**Notes Annexed to and Forming Part of the Accounts**

**3 : Financial Assets**

(₹ in Lacs)

| Particulars                             | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|---|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>Non-current investment (at cost)</b> |                                       |                                       |                                      |
| Investment - Unquoted Non-Trade         |                                       |                                       |                                      |
| (a) SBI Life Insurance Co.              | –                                     | 16.00                                 | 30.00                                |
| (b) BOB Unit Link Insurance Co          | <b>8.00</b>                           | 3.96                                  | 2.00                                 |
| (c) PNB MetLife India Insurance Co Ltd. | <b>2.09</b>                           | 2.00                                  | 2.00                                 |
| (d) National Saving Certificates        | –                                     | 0.20                                  | 0.20                                 |
|   | <b>10.09</b>                          | <b>22.16</b>                          | <b>34.20</b>                         |

**4 : Other Non-current Assets**

(₹ in Lacs)

| Particulars          | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|----------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| (a) Capital advances | <b>929.63</b>                         | –                                     | –                                    |
| (b) Deferred Assets  | <b>60.98</b>                          | 82.09                                 | 105.30                               |
|                      | <b>990.61</b>                         | <b>82.09</b>                          | <b>105.30</b>                        |

**5 : Inventories**

(₹ in Lacs)

| Particulars                       | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|-----------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Raw Material                      | <b>4540.48</b>                        | 2947.10                               | 1712.35                              |
| Work in Progress                  | <b>329.12</b>                         | 312.16                                | 365.21                               |
| Finished Goods                    | <b>688.96</b>                         | 577.54                                | 1682.86                              |
| Stores, Spares & Packing Material | <b>137.68</b>                         | 102.86                                | 134.06                               |
| Others - Waste                    | <b>20.51</b>                          | 38.29                                 | 45.65                                |
|                                   | <b>5716.75</b>                        | <b>3977.95</b>                        | <b>3940.13</b>                       |

Note 1 For basis of valuation of inventories refer note no.1 (B) (V)

2 For inventories held as security against borrowings refer note no. 15 & 18

**6 : Financial Assets****(₹ in Lacs)**

| Particulars                         | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|-------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>Current Investment (at cost)</b> |                                       |                                       |                                      |
| Investment - Unquoted Non-trade     |                                       |                                       |                                      |
| (a) SBI Life Insurance Co.          | 16.00                                 | 5.00                                  | 5.00                                 |
| (b) Baroda Business Cycle Fund      | 10.00                                 | -                                     | -                                    |
| (c) National Saving Certificates    | 0.20                                  | -                                     | -                                    |
|                                     | <b>26.20</b>                          | <b>5.00</b>                           | <b>5.00</b>                          |

**7 : Trade Receivables****(₹ in Lacs)**

| Particulars                                    | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|--|---------------------------------------|---------------------------------------|--------------------------------------|
| Undisputed Trade receivable - considered goods | 4,030.24                              | 3,498.20                              | 2,670.06                             |
|  | <b>4,030.24</b>                       | <b>3,498.20</b>                       | <b>2,670.06</b>                      |
| Trade receivable aging schedule                |                                       |                                       |                                      |
| Not past due                                   | 3,392.25                              | 3,141.91                              | 2,046.06                             |
| 1-180 days past due                            | 637.99                                | 356.29                                | 617.51                               |
| 181-365 days past due                          | -                                     | -                                     | 6.49                                 |
| More than one year                             | -                                     | -                                     | -                                    |
|  | <b>4,030.24</b>                       | <b>3,498.20</b>                       | <b>2,670.06</b>                      |

**8 : Cash and Cash Equivalents****(₹ in Lacs)**

| Particulars                                       | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|---|---------------------------------------|---------------------------------------|--------------------------------------|
| (a) Balance with Banks                            |                                       |                                       |                                      |
| (i) Current accounts                              | 359.62                                | 8.67                                  | 3.83                                 |
| (b) Cash-on hand                                  | 1.86                                  | 1.58                                  | 10.22                                |
| (c) Fixed Deposits with Banks Due within 3 Months | 32.76                                 | -                                     | -                                    |
|   | <b>394.24</b>                         | <b>10.25</b>                          | <b>14.05</b>                         |

**9 : Bank Balances Other than Cash and Cash Equivalents****(₹ in Lacs)**

| Particulars                    | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|--------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| (a) Fixed Deposits with Banks  | –                                     | 34.91                                 | 34.75                                |
| (b) Unclaimed Dividend Account | <b>0.59</b>                           | –                                     | –                                    |
|                                | <b>0.59</b>                           | 34.91                                 | 34.75                                |

**10 : Other Financial Assets****(₹ in Lacs)**

| Particulars                                   | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|---|---------------------------------------|---------------------------------------|--------------------------------------|
| Others (Unsecured Considered Good)            |                                       |                                       |                                      |
| (a) Security Deposit                          | <b>221.77</b>                         | 166.07                                | 133.70                               |
| (b) Interest receivable/refundable from Banks | <b>17.09</b>                          | 39.64                                 | 4.64                                 |
|   | <b>238.86</b>                         | 205.71                                | 138.34                               |

**11 : Current Tax Asset (Net)****(₹ in Lacs)**

| Particulars                   | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|-------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Advance Income Tax Paid       | <b>282.87</b>                         | 222.45                                | 88.81                                |
| Less Provision for Income Tax | <b>52.68</b>                          | –                                     | –                                    |
| Current Tax Asset (Net)       | <b>230.19</b>                         | 222.45                                | 88.81                                |

**12 : Other Current Assets****(₹ in Lacs)**

| Particulars  | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|--|---------------------------------------|---------------------------------------|--------------------------------------|
| Considered good, unless otherwise stated               |                                       |                                       |                                      |
| (a) Duties, Claims and balances with Govt. Authorities | <b>71.53</b>                          | 152.78                                | 274.61                               |
| (b) MAT Recoverable                                    | <b>1088.14</b>                        | 449.62                                | 468.07                               |
| (c) Prepaid Expenses                                   | <b>53.62</b>                          | 77.79                                 | 68.72                                |
| (d) Advance to Suppliers                               | <b>8.05</b>                           | 272.61                                | –                                    |
| (e) Subsidies Receivable                               | <b>254.91</b>                         | 772.43                                | 509.76                               |
| (f) Incentives Receivables                             | <b>416.94</b>                         | 139.09                                | 79.82                                |
| (g) Others receivables                                 | <b>12.19</b>                          | 16.15                                 | 31.67                                |
|  | <b>1905.38</b>                        | 1,880.47                              | 1432.65                              |

**13 : Equity Share Capital**

(₹ in Lacs)

| Particulars   | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|---|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>Authorised :</b>   |                                       |                                       |                                      |
| 2,25,00,000 (Previous Year 2,25,00,000)<br>Equity Share of ₹ 10/- each  | <b>2250.00</b>                        | 2250.00                               | 2250.00                              |
|   | <b>2250.00</b>                        | 2250.00                               | 2250.00                              |
| <b>Issued</b>   |                                       |                                       |                                      |
| 1,76,69,000 (Previous Year 1,76,69,000)<br>Equity Shares of ₹ 10/- each | <b>1766.90</b>                        | 1766.90                               | 1766.90                              |
| <b>Subscribed &amp; Fully Paid-Up</b>                                   |                                       |                                       |                                      |
| 1,76,69,000 (Previous year 1,76,69,000)<br>Equity Shares of ₹ 10/- each | <b>1766.90</b>                        | 1766.90                               | 1766.90                              |
|   | <b>1766.90</b>                        | 1766.90                               | 1766.90                              |

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

The company has only one class of Equity Share having a par value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuring 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<br>31 <sup>st</sup> March, 2022 |               | As at<br>31 <sup>st</sup> March, 2021 |        | As at<br>1 <sup>st</sup> April, 2020 |        |
|------------------------------------|---------------------------------------|---------------|---------------------------------------|--------|--------------------------------------|--------|
|                                    | Number of<br>Shares                   | %             | Number of<br>Shares                   | %      | Number of<br>Shares                  | %      |
| Lagnam Infotech Solutions Pvt. Ltd | <b>4,994,000</b>                      | <b>28.26%</b> | 4,994,000                             | 28.26% | 4,994,000                            | 28.26% |
| Mr. D P Mangal                     | <b>2,946,250</b>                      | <b>16.67%</b> | 2,946,250                             | 16.67% | 2,946,250                            | 16.67% |
| Mr. Shubh Mangal                   | <b>1,233,000</b>                      | <b>6.98%</b>  | 1,233,000                             | 6.98%  | 1,233,000                            | 6.98%  |
| Mr. Anand Mangal                   | <b>1,242,750</b>                      | <b>7.03%</b>  | 1,125,750                             | 6.37%  | 1,125,750                            | 6.37%  |
| Mrs. Veena Mangal *                | <b>980,000</b>                        | <b>5.55%</b>  | 980,000                               | 5.55%  | 980,000                              | 5.55%  |

\* Shares under transmission

**3. Reconciliation of Number of Shares**

| Particulars                  | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Shares at beginning          | <b>1,76,69,000</b>                    | 1,76,69,000                           | 1,76,69,000                          |
| Add : Issued during the year | —                                     | —                                     | —                                    |
| Shares at closing            | <b>1,76,69,000</b>                    | 1,76,69,000                           | 1,76,69,000                          |

**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.

**5. Promoter Shareholding**

| Name of Share Holder                               | As at<br>31 <sup>st</sup> March, 2022 |        | As at<br>31 <sup>st</sup> March, 2021 |        | Changes during<br>the year |
|--|---------------------------------------|--------|---------------------------------------|--------|----------------------------|
|  | Number of<br>Shares                   | %      | Number of<br>Shares                   | %      |                            |
| Lagnam Infotech Solutions Pvt. Ltd                 | 4,994,000                             | 28.26% | 4,994,000                             | 28.26% | 0.00%                      |
| Mr. D P Mangal                                     | 2,946,250                             | 16.67% | 2,946,250                             | 16.67% | 0.00%                      |
| Mr. Shubh Mangal                                   | 1,233,000                             | 6.98%  | 1,233,000                             | 6.98%  | 0.00%                      |
| Mr. Anand Mangal                                   | 1,242,750                             | 7.03%  | 1,125,750                             | 6.37%  | 0.66%                      |
| Mrs. Veena Mangal                                  | 980,000                               | 5.55%  | 980,000                               | 5.55%  | 0.00%                      |
| Mrs. Kavita Mangal                                 | 335,000                               | 1.90%  | 323,000                               | 1.83%  | 0.07%                      |
| Dwarka Prasad Mangal (HUF)<br>[Karta- D.P. Mangal] | 170,000                               | 0.96%  | 170,000                               | 0.96%  | 0.00%                      |

**14 : Other Equity**

(₹ in Lacs)

| Particulars  | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|--|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>(a) Securities Premium Reserve</b>                                    |                                       |                                       |                                      |
| Balance at the beginning of the year                                     | <b>1655.20</b>                        | 1655.20                               | 1655.20                              |
| <b>Balance at the end of the year</b>                                    | <b>1655.20</b>                        | 1655.20                               | 1655.20                              |
| <b>(b) Capital Reserve</b>   |                                       |                                       |                                      |
| Balance at the beginning of the year                                     | <b>23.00</b>                          | 23.00                                 | 23.00                                |
| <b>Balance at the end of the year</b>                                    | <b>23.00</b>                          | 23.00                                 | 23.00                                |
| <b>(c) Retained Earnings</b>   |                                       |                                       |                                      |
| Balance at the beginning of the year                                     | <b>2384.69</b>                        | 1945.73                               | 1945.73                              |
| Add : Profit for the year  | <b>2879.85</b>                        | 447.42                                | -                                    |
| Add : Re-measurement gains /<br>(losses) on defined benefit (Net of tax) | <b>3.37</b>                           | (8.46)                                | -                                    |
| Less : Dividend Paid   | <b>176.70</b>                         | -                                     | -                                    |
| <b>Retained Earnings</b>   | <b>5091.21</b>                        | 2384.69                               | 1945.73                              |

(₹ in Lacs)

| Particulars  | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|--|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>(d) Other Comprehensive Income / (Loss) for the Year</b>          |                                       |                                       |                                      |
| (i) Adjustment for effective portion of cash flow hedge (Net of tax) |                                       |                                       |                                      |
| Balance at the beginning of the financial year                       | (1.47)                                | -                                     | -                                    |
| Addition during the financial year                                   | 1.47                                  | (1.47)                                | -                                    |
| <b>Other Comprehensive Income</b>                                    | -                                     | (1.47)                                | -                                    |
| <b>Balance at the End of the Year</b>                                | <b>5091.21</b>                        | <b>2383.22</b>                        | <b>1945.73</b>                       |
| <b>Total Reserves &amp; Surplus</b>                                  | <b>6769.41</b>                        | <b>4061.42</b>                        | <b>3623.93</b>                       |

**15 : Borrowings (Non current)**

(₹ in Lacs)

| Particulars                                     | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|---|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>Secured Measured at Amortised Cost</b>       |                                       |                                       |                                      |
| (a) Term Loans - From Banks                     | <b>8477.29</b>                        | 10547.12                              | 11559.25                             |
| (b) Interest Accrued but Not Due on TL          | -                                     | -                                     | 93.50                                |
|   | <b>8477.29</b>                        | 10547.12                              | 11652.75                             |
| (c) Vehicle Loan - From Banks                   | <b>10.03</b>                          | 21.75                                 | 32.70                                |
|   | <b>8487.32</b>                        | 10568.87                              | 11685.45                             |
| (d) ECLGS 2.0                                   | <b>4513.98</b>                        | 3313.87                               | -                                    |
|   | <b>13001.30</b>                       | 13882.74                              | 11685.45                             |
| Less : Current maturity of long term borrowings | <b>2139.13</b>                        | 1558.90                               | 923.46                               |
|   | <b>10862.17</b>                       | 12323.84                              | 10761.99                             |

**Secured**

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

**Nature of Security**

- 1 a. Term Loan of ₹ 8477.29 Lacs (₹10547.12 Lacs as at 31<sup>st</sup> March, 2021) 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 pari 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 Mr.D.P. Mangal , Land of Mr. Anand Mangal & Mr. Shubh Mangal and corporate guarantee of M/s Lagnam Infotech Solutions Private Limited.
- b. Vehicle loan of ₹ 10.03 Lacs ( ₹ 21.75 Lacs as at 31<sup>st</sup> March, 2021) are secured against respective vehicles.

- c. Term Loan of ₹ 4513.98 Lacs ( ₹ 3313.87 Lacs as at 31<sup>st</sup> March, 2021) 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 Mr. D.P. Mangal, Land of Mr. Anand Mangal & Mr. Shubh Mangal.

**Terms of Repayment of Secured Borrowing**

2. a Secured term loans from bank are repayable in quarterly installment and having floating interest rate ranging from MCLR+ spread 0.40% to 0.80% as at 31<sup>st</sup> March 2022 (Previous Year 0.80% to 2.40% as at 31<sup>st</sup> March 2021)
- b Vehicle loans are repayable in monthly installments and having fixed interest rates 9.45%.( Previous Year 9.45%)
- c Term loans under ECLGS from banks are repayable in monthly installment and having floating interest rate MCLR+ 1.00% spread as at 31<sup>st</sup> March 2022 (Previous Year 1.00% as at 31<sup>st</sup> March 2021) Period of maturity and installments outstanding are as under-

(₹ in Lacs)

| Date of Maturity       | Outstanding as at 31 <sup>st</sup> March, 2022 |                      |                  | Number of Installments due after 31 <sup>st</sup> March, 2022 |
|------------------------|--|----------------------|------------------|---|
|                        | Total Outstanding                              | Long Term Borrowings | Current Maturity |   |
| <b>A. Term Loans</b>   |  |                      |                  |   |
| 01.08.2022             | 50.68  | -                    | 50.68            | 1   |
| 30.06.2024             | 499.94   | 417.50               | 82.44            | 6   |
| 01.04.2024             | 176.41   | 176.41               | -                | 3   |
| 31.12.2027             | 3,666.51                                       | 3,104.70             | 561.81           | 23  |
| 31.12.2027             | 4,083.75                                       | 3,458.81             | 624.94           | 23  |
|                        | <b>8,477.29</b>                                | <b>7,157.42</b>      | <b>1,319.87</b>  |   |
| <b>B. Vehicle Loan</b> |  |                      |                  |   |
| 25.04.2024             | 9.53   | 4.91                 | 4.62             | 25  |
| 05.05.2022             | 0.50   | -                    | 0.50             | 2   |
|                        | <b>10.03</b>                                   | <b>4.91</b>          | <b>5.12</b>      |   |
|                        | <b>8,487.32</b>                                | <b>7,162.33</b>      | <b>1,324.99</b>  |   |
| <b>C. ECLGS 2.0</b>    |  |                      |                  |   |
| 31.12.2025             | 815.83   | 593.33               | 222.50           | 44  |
| 06.01.2026             | 380.63   | 279.13               | 101.50           | 45  |
| 01.02.2026             | 1,418.44                                       | 1,040.20             | 378.24           | 45  |
| 07.02.2026             | 496.08   | 384.18               | 111.90           | 47  |
| 27.03.2028             | 758.00   | 758.00               | -                | 48  |
| 29.03.2028             | 445.00   | 445.00               | -                | 48  |
| 30.03.2028             | 200.00   | 200.00               | -                | 48  |
|                        | <b>4,513.98</b>                                | <b>3,699.84</b>      | <b>814.14</b>    |   |
| <b>Total</b>           | <b>13,001.30</b>                               | <b>10,862.17</b>     | <b>2,139.13</b>  |   |



(₹ in Lacs)

| 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 Loan</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>  |   |

**16 : Provision (Non Current)**

(₹ in Lacs)

| Particulars                     | As at                        | As at                        | As at                       |
|---------------------------------|------------------------------|------------------------------|-----------------------------|
|                                 | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 | 1 <sup>st</sup> April, 2020 |
| Provision for employee benefits | <b>93.07</b>                 | 67.40                        | 43.78                       |
|                                 | <b>93.07</b>                 | 67.40                        | 43.78                       |

**17 : Deferred Tax Liability (Net)**

(₹ in Lacs)

| Particulars  | As at 1 <sup>st</sup><br>April, 2020 | Recognised<br>in P & L/<br>OCI | As at 31 <sup>st</sup><br>March, 2021 | Recognised<br>in P & L/<br>OCI | As at 31 <sup>st</sup><br>March, 2022 |
|--|--------------------------------------|--------------------------------|---------------------------------------|--------------------------------|---------------------------------------|
| Deferred tax liabilities / assets are attributable to the following items; |                                      |                                |                                       |                                |                                       |
| <b>(a) Deferred Tax Liability</b>  |                                      |                                |                                       |                                |                                       |
| Depreciation on fixed assets   | 1,659.02                             | 243.77                         | 1902.79                               | 78.46                          | <b>1,981.25</b>                       |
| <b>(b) Deferred Tax Assets</b>   |                                      |                                |                                       |                                |                                       |
| Unabsorbed Depreciation  | 1,066.53                             | (10.49)                        | 1056.04                               | (1056.04)                      | -                                     |
| 43B Disallowance   | 19.39                                | 13.14                          | 32.53                                 | 11.36                          | <b>43.89</b>                          |
| <b>(c) Net Deferred Tax Liability (a-b)</b>                                | <b>573.10</b>                        | <b>241.12</b>                  | <b>814.22</b>                         | <b>1123.14</b>                 | <b>1937.36</b>                        |
| <b>(d) Less Deferred tax related to OCI</b>                                | -                                    | 0.57                           | 0.57                                  | (0.57)                         | -                                     |
| <b>Net Deferred Tax Liability (c-d)</b>                                    | <b>573.10</b>                        | <b>240.55</b>                  | <b>813.65</b>                         | <b>1123.71</b>                 | <b>1937.36</b>                        |

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

**18 : Borrowings (Current)**

(₹ in Lacs)

| Particulars               | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|---------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| <b>Secured</b>            |                                       |                                       |                                      |
| Loans repayable on demand |                                       |                                       |                                      |
| From banks                |                                       |                                       |                                      |
| Rupee Loan                | <b>238.59</b>                         | 1981.82                               | 4573.81                              |
| Foreign Currency Loan     | <b>3118.58</b>                        | 972.47                                | 13.86                                |
|                           | <b>3357.17</b>                        | 2954.29                               | 4587.67                              |

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

**Floating Rate** - Rupee loan carrying floating interest rate of MCLR + 0.75% to 1.15% as at 31st March 2022 (Previous Year 0.90% to 2.40%) and foreign currency loan carrying interest rate of LIBOR + 100bps to 150bps (previous year LIBOR +150bps to 200bps)

**19 : Trade Payables**

(₹ in Lacs)

| Particulars   | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|---|---------------------------------------|---------------------------------------|--------------------------------------|
| Outstanding dues of micro enterprises and small enterprises         | <b>117.34</b>                         | 458.81                                | 996.97                               |
| Outstanding dues other than micro enterprises and small enterprises | <b>40.40</b>                          | 35.33                                 | 117.01                               |
|   | <b>157.74</b>                         | 494.14                                | 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, 2022. 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.

| Particulars                  | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Trade payable aging schedule |                                       |                                       |                                      |
| MSME                         |                                       |                                       |                                      |
| Less than one year           | <b>117.34</b>                         | 458.81                                | 996.97                               |
| More than one year           | -                                     | -                                     | -                                    |
| Total                        | <b>117.34</b>                         | 458.81                                | 996.97                               |
| Others                       |                                       |                                       |                                      |
| Less than one year           | <b>40.40</b>                          | 35.33                                 | 117.01                               |
| More than one year           | -                                     | -                                     | -                                    |
| Total                        | <b>40.40</b>                          | 35.33                                 | 117.01                               |

**20 : Other Financial Liabilities**

(₹ in Lacs)

| Particulars  | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|--|---------------------------------------|---------------------------------------|--------------------------------------|
| (a) Current maturities of long-term borrowings (refer note 15) | <b>2139.13</b>                        | 1558.90                               | 923.46                               |
| (b) Payable to employees                                       | <b>163.91</b>                         | 112.37                                | 146.54                               |
| (c) Unclaimed Dividend   | <b>0.59</b>                           | -                                     | -                                    |
| (d) Other Payables   | <b>652.28</b>                         | 554.59                                | 478.74                               |
|  | <b>2955.91</b>                        | 2225.86                               | 1548.74                              |

**21 : Other Current Liabilities****(₹ in Lacs)**

| Particulars                | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|----------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| (a) Government dues        | 29.93                                 | 28.90                                 | 26.34                                |
| (b) Advance from customers | 43.35                                 | 118.51                                | 73.51                                |
| (c) Forward cover payable  | –                                     | 2.04                                  | –                                    |
| (d) Others                 | 1.92                                  | –                                     | –                                    |
|                            | <b>75.20</b>                          | <b>149.45</b>                         | <b>99.85</b>                         |

**22 : Provisions (Current)****(₹ in Lacs)**

| Particulars                         | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|-------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| (a) Provision for employee benefits | 14.83                                 | 8.55                                  | 10.16                                |
|                                     | <b>14.83</b>                          | <b>8.55</b>                           | <b>10.16</b>                         |

**23 : Current Tax Liability (Net)****(₹ in Lacs)**

| Particulars                      | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|----------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Provision for income tax expense | –                                     | 113.52                                | –                                    |
| Less: Income tax paid            | –                                     | 100.98                                | –                                    |
|                                  | <b>–</b>                              | <b>12.54</b>                          | <b>–</b>                             |

**24 : Revenue From Operations****(₹ in Lacs)**

| Particulars                        | Year Ended<br>31 <sup>st</sup> March, 2022 | Year Ended<br>31 <sup>st</sup> March, 2021 |
|------------------------------------|--|--|
| <b>(a) Sales of Products</b>       |  |  |
| (i) Manufactured Cotton Yarn       |  |  |
| — Domestic Sales                   | 13979.31                                   | 9503.61                                    |
| — Export Sales                     | 19147.29                                   | 10233.25                                   |
| (ii) Waste Sales                   | 740.56                                     | 602.28                                     |
| <b>(b) Other Operating Revenue</b> |  |  |
| (i) Export Incentive               | 976.98                                     | 183.62                                     |
|                                    | <b>34844.14</b>                            | <b>20522.76</b>                            |

**25 : Other Income**

(₹ in Lacs)

| Particulars                   | Year Ended<br>31 <sup>st</sup> March, 2022 | Year Ended<br>31 <sup>st</sup> March, 2021 |
|-------------------------------|--|--|
| (a) Interest Income           | 49.19                                      | 26.85                                      |
| (b) Insurance claims received | 2.13                                       | 3.11                                       |
|                               | <b>51.32</b>                               | <b>29.96</b>                               |

**26 : Cost of Material Consumed**

(₹ in Lacs)

| Particulars                          | Year Ended<br>31 <sup>st</sup> March, 2022 | Year Ended<br>31 <sup>st</sup> March, 2021 |
|--------------------------------------|--|--|
| Opening Inventory                    | 2947.10                                    | 1712.35                                    |
| Add: Purchases                       | 25703.74                                   | 14990.29                                   |
|                                      | <b>28650.84</b>                            | <b>16702.64</b>                            |
| Less: Sales, Returns and Adjustments | 815.91                                     | 969.56                                     |
|                                      | <b>27834.93</b>                            | <b>15733.08</b>                            |
| Less: Inventory at the year end      | 4540.48                                    | 2947.10                                    |
|                                      | <b>23294.45</b>                            | <b>12785.98</b>                            |

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

(₹ in Lacs)

| Particulars                              | Year Ended<br>31 <sup>st</sup> March, 2022 | Year Ended<br>31 <sup>st</sup> March, 2021 |
|--|--|--|
| Inventories at the end of the year       |  |  |
| (a) Finished Goods                       | 688.96                                     | 577.54                                     |
| (b) Waste                                | 20.51                                      | 38.29                                      |
| (c) Stock in Process                     | 329.12                                     | 312.16                                     |
|  | <b>1,038.59</b>                            | <b>927.99</b>                              |
| Inventories at the beginning of the year |  |  |
| (a) Finished Goods                       | 577.54                                     | 1,682.86                                   |
| (b) Waste                                | 38.29                                      | 45.65                                      |
| (c) Stock in Process                     | 312.16                                     | 365.21                                     |
|  | <b>927.99</b>                              | <b>2,093.72</b>                            |
| <b>(Increase)/Decrease in Inventory</b>  | <b>(110.60)</b>                            | <b>1,165.73</b>                            |

**28 : Employees Benefits Expenses****(₹ in Lacs)**

| Particulars                                   | Year Ended<br>31 <sup>st</sup> March, 2022 | Year Ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| (a) Salaries, wages and bonus                 | <b>1053.62</b>                             | 798.04                                     |
| (b) Contribution to provident and other funds | <b>110.53</b>                              | 72.92                                      |
| (c) Workmen and staff welfare                 | <b>14.20</b>                               | 11.09                                      |
|   | <b>1178.35</b>                             | 882.05                                     |

**29 : Finance Cost****(₹ in Lacs)**

| Particulars              | Year Ended<br>31 <sup>st</sup> March, 2022 | Year Ended<br>31 <sup>st</sup> March, 2021 |
|--------------------------|--|--|
| (a) Interest expenses    | <b>926.76</b>                              | 1038.61                                    |
| (b) Other borrowing cost | <b>160.82</b>                              | 149.03                                     |
|                          | <b>1087.58</b>                             | 1187.64                                    |

**30 : Depreciation and Amortisation Expenses****(₹ in Lacs)**

| Particulars             | Year Ended<br>31 <sup>st</sup> March, 2022 | Year Ended<br>31 <sup>st</sup> March, 2021 |
|-------------------------|--|--|
| (a) Tangible Assets     | <b>742.30</b>                              | 743.00                                     |
| (b) Right to use Assets | <b>7.97</b>                                | 7.97                                       |
| (c) Intangible Assets   | <b>2.27</b>                                | 4.40                                       |
|                         | <b>752.54</b>                              | 755.37                                     |

Depreciation on plant and machinery provided on the basis of Continuous Process Plant as per technical expert's advice, Refer Note 1 (B) (VI to VIII) and 2a to 2c

**31 : Other Expenses**

(₹ in Lacs)

| Particulars                           | Year Ended<br>31 <sup>st</sup> March, 2022 | Year Ended<br>31 <sup>st</sup> March, 2021 |
|---------------------------------------|--|--|
| <b>Manufacturing Expenses</b>         |  |  |
| (a) Stores and Spare parts Consumed   | 270.65                                     | 165.71                                     |
| (b) Power and Fuel                    | 1,861.76                                   | 1,512.28                                   |
| (c) Packing Expenses                  | 489.83                                     | 297.43                                     |
| (d) Repairs to Building               | 1.08                                       | 0.91                                       |
| (e) Repairs to Machinery              | 112.57                                     | 57.56                                      |
| (f) House Keeping Expenses            | 39.39                                      | 24.71                                      |
|                                       | <b>2,775.28</b>                            | <b>2,058.60</b>                            |
| <b>Administrative Expenses</b>        |  |  |
| (a) Rent                              | 12.00                                      | 12.00                                      |
| (b) Insurance Expenses                | 45.38                                      | 40.70                                      |
| (c) Directors' Sitting Fees           | 4.13                                       | 2.95                                       |
| (d) Directors' Travelling             | 7.51                                       | 3.43                                       |
| (e) CSR Expenses                      | 24.25                                      | 8.90                                       |
| (f) Payment to Auditor as :           |  |  |
| Audit fee                             | 1.00                                       | 1.00                                       |
| Limited review report                 | 0.30                                       | 0.30                                       |
| Other Capacity                        | 0.84                                       | 0.49                                       |
| Reimbursement of expenses             | 0.09                                       | 0.15                                       |
| (g) Legal & Professional              | 78.99                                      | 43.87                                      |
| (h) Postage & Telegram                | 10.93                                      | 7.59                                       |
| (i) Printing & Stationery             | 3.35                                       | 2.42                                       |
| (j) Other miscellaneous expenses      | 58.97                                      | 56.87                                      |
|                                       | <b>247.74</b>                              | <b>180.67</b>                              |
| <b>Selling Expenses</b>               |  |  |
| (a) Commission                        | 118.34                                     | 86.84                                      |
| (b) Incentives and Discounts          | 11.22                                      | 25.93                                      |
| (c) Freight, Forwarding and Octroi    | 124.22                                     | 101.44                                     |
| (d) Expenses on Export Sales:         |  |  |
| (i) Ocean Freight                     | 766.01                                     | 227.34                                     |
| (ii) Commission                       | 288.90                                     | 190.41                                     |
| (iii) Inland Freight & Other expenses | 307.15                                     | 212.06                                     |
|                                       | <b>1,615.84</b>                            | <b>844.02</b>                              |
| <b>Other Expenses</b>                 |  |  |
| (a) Loss on discard of Fixed Assets   | –  | 4.12                                       |
|                                       | –  | 4.12                                       |
|                                       | <b>4,638.86</b>                            | <b>3,087.41</b>                            |

**32 : Income Tax**

(₹ in Lacs)

| Particulars   | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|---|---------------------------------------|---------------------------------------|
| <b>(a) Income Tax recognized in Profit or Loss</b>          |                                       |                                       |
| Current tax expense (Net of MAT credit entitlement)         | <b>51.29</b>                          | -                                     |
| Deferred tax expense  |                                       |                                       |
| Origination and reversal of temporary differences           | <b>1,123.14</b>                       | 241.12                                |
| <b>Total tax expenses</b>                                   | <b>1,174.43</b>                       | 241.12                                |
| <b>(b) Reconciliation of Effective Tax</b>                  |                                       |                                       |
| Profit before tax   | <b>4,054.28</b>                       | 688.54                                |
| Domestic tax rate   | <b>29.12%</b>                         | 27.82%                                |
| Tax using the Company's domestic tax rate                   | <b>1,180.61</b>                       | 191.55                                |
| Increase / reduction in Taxes on account of                 |                                       |                                       |
| Deduction / exemptions in taxable income                    | <b>(36.37)</b>                        | (31.09)                               |
| Other non-deductible expenses                               | <b>30.19</b>                          | 80.66                                 |
| Income tax expenses charged to statement of profit and loss | <b>1,174.43</b>                       | 241.12                                |

**33 : Other Comprehensive Income**

(₹ in Lacs)

| Particulars   | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|---|---------------------------------------|---------------------------------------|
| <b>A Items that will not be reclassified to profit or loss (Net of Tax)</b> |                                       |                                       |
| Re-measurements of the defined benefit plans                                | <b>4.76</b>                           | (8.46)                                |
| Related to re-measurements of the defined benefit plans                     | <b>(1.39)</b>                         | -                                     |
| <b>B Items that will be reclassified to profit or loss (Net of Tax)</b>     |                                       |                                       |
| Net Loss on Foreign Currency Transaction                                    | <b>2.04</b>                           | (2.04)                                |
| Related to net Loss on Foreign Currency Transaction                         | <b>(0.57)</b>                         | 0.57                                  |
|   | <b>4.84</b>                           | (9.93)                                |

**34. Employment Benefit Plans****a. Defined Contribution Plan**

The Company makes contributions towards Employees Provident Fund and Family Pension Fund for qualifying employees. The Fund is operated by the Regional Provident Fund Commissioner. The amount of contribution is recognised as expense for defined contribution plans.

Total contribution made by the employer to the Fund during the year is Rs.54.66 Lacs (Previous Year Rs.42.68 Lacs).

**b. Defined Benefit Plan & Other Long Term Benefits****i Gratuity**

The Company makes payment to vested employees as per provisions of Payment of Gratuity Act, 1972. The provision of Gratuity liability as on the Balance Sheet date is done on actuarial valuation basis for qualifying employees, however the same is not funded to any trust or scheme.

The present value of the Defined Benefits obligation and the related current service cost is measured using the Projected Unit Credit Actuarial Method at the end of Balance Sheet date by the Actuary.

**ii Leave Encashment**

The Company provides benefit of leave encashment to its employees as per defined rules. The provision for liability for leave encashment as on date of Balance Sheet is recognised on the basis of Actuarial certificate

**iii The following table set out the status of Gratuity and Leave encashment plans as required under Ind AS-19****a. Changes in Defined Benefit Obligations :****(₹ in Lacs)**

| Particulars   | Year Ended<br>31 <sup>st</sup> March, 2022 |                  | Year Ended<br>31 <sup>st</sup> March, 2021 |                  |
|---|--|------------------|--|------------------|
|   | Gratuity                                   | Leave Encashment | Gratuity                                   | Leave Encashment |
| (a) Defined Benefit obligation at the beginning of the year | <b>61.26</b>                               | <b>14.69</b>     | 31.60                                      | 22.34            |
| (b) Interest cost   | <b>4.13</b>                                | <b>0.99</b>      | 2.14                                       | 1.51             |
| (c) Current service cost                                    | <b>23.37</b>                               | <b>7.36</b>      | 19.84                                      | 5.45             |
| (d) Benefits paid   | <b>(3.25)</b>                              | <b>(1.43)</b>    | (0.78)                                     | (4.10)           |
| (e) Actuarial (Gain)/Loss on obligation                     | <b>(4.76)</b>                              | <b>5.54</b>      | 8.46                                       | (10.51)          |
| (f) Present value of obligation at the end of year          | <b>80.75</b>                               | <b>27.15</b>     | 61.26                                      | 14.69            |

**b. Net Defined Benefit Cost/(Income) included in the : (₹ in Lacs)**

| Particulars  | Year Ended                   |                  | Year Ended                   |                  |
|--|------------------------------|------------------|------------------------------|------------------|
|  | 31 <sup>st</sup> March, 2022 |                  | 31 <sup>st</sup> March, 2021 |                  |
|  | Gratuity                     | Leave Encashment | Gratuity                     | Leave Encashment |
| <b>1 Statement of profit and loss account</b>            |                              |                  |                              |                  |
| (a) Current service cost                                 | <b>23.37</b>                 | <b>7.36</b>      | 19.84                        | 5.45             |
| (b) Interest cost  | <b>4.13</b>                  | <b>0.99</b>      | 2.14                         | 1.51             |
| (c) Net actuarial (gain) / loss recognized in the period | -                            | <b>5.54</b>      | -                            | (10.51)          |
| (d) Expenses recognised in the Profit & Loss statement   | <b>27.50</b>                 | <b>13.89</b>     | 21.98                        | (3.55)           |

**2 Other Comprehensive Income :- (₹ in Lacs)**

| Particulars   | Gratuity                     |                              |
|---|------------------------------|------------------------------|
|   | Year Ended                   | Year Ended                   |
|   | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
| Actuarial (Gain)/Loss for the year on Projected Benefit Obligations | <b>(4.76)</b>                | 8.46                         |
| <b>Unrecognised actuarial (Gain)/Loss at the end of the year</b>    | <b>(4.76)</b>                | 8.46                         |

**c. Reconciliation of the Present value of Defined Obligation and the fair value of the plan assets : (₹ in Lacs)**

| Particulars                                       | Year Ended                   |                  | Year Ended                   |                  |
|---|------------------------------|------------------|------------------------------|------------------|
|   | 31 <sup>st</sup> March, 2022 |                  | 31 <sup>st</sup> March, 2021 |                  |
|   | Gratuity                     | Leave Encashment | Gratuity                     | Leave Encashment |
| Present value of obligation as at the end of year | 80.75                        | 27.15            | 61.26                        | 14.69            |
| Fair value of Plan Assets                         | -                            | -                | -                            | -                |
| Liability Recognised in Balance Sheet             | 80.75                        | 27.15            | 61.26                        | 14.69            |

**d. The assumptions used in Actuarial Valuation : (₹ in Lacs)**

| Particulars   | Year Ended<br>31 <sup>st</sup> March, 2022 | Year Ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| <b>Financial Assumptions used to determine the Profit &amp; Loss Charge</b> |  |  |
| a) Discounting Rate   | 7.27% per annum                            | 6.74% per annum                            |
| b) Salary Escalation Rate   | 6.50% per annum                            | 6.00% per annum                            |
| c) Expected rate of Return on Assets  | 0%   | 0%   |
| <b>Demographic Assumptions Used to determine the Defined Benefit</b>        |  |  |
| a) Retirement Age   | 60   | 60   |
| b) Mortality Table  |  | IALM (2012-14)                             |
| c) Employee Turnover/Attrition Rate   |  |  |
| 18 To 30 Years  | 3%   | 3%   |
| 31 to 44 Years  | 2%   | 2%   |
| Above 44 Years  | 1%   | 1%   |

**e. Sensitivity Analysis as at 31st March, 2022 :- (₹ in Lacs)**

| Particulars   | Gratuity | Leave Encashment |
|---|----------|------------------|
| Defined benefit Obligation - Discount Rate+50 Basis points          | (4.91)   | (1.20)           |
| Defined benefit Obligation - Discount Rate-50 Basis points          | 5.46     | 1.31             |
| Defined benefit Obligation – Salary Escalation Rate+50 Basis points | 5.48     | 1.32             |
| Defined benefit Obligation – Salary Escalation Rate-50 Basis points | (4.97)   | (1.21)           |

**f. Expected Cash Flows for coming years as at 31st March, 2022 :- (₹ in Lacs)**

| Particulars                    | Gratuity     | Leave Encashment |
|--------------------------------|--------------|------------------|
| Within 1 Year                  | 4.35         | 10.48            |
| 1-5 Years                      | 22.28        | 1.36             |
| Beyond 5 Years                 | 54.12        | 15.31            |
| <b>Total Expected Payments</b> | <b>80.75</b> | <b>27.15</b>     |

**g.** The estimates of future salary increase; considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

**Expected contribution for the next Annual reporting period. (₹ in Lacs)**

| <b>Particulars</b>                                    | <b>Gratuity</b> | <b>Leave Encashment</b> |
|---|-----------------|-------------------------|
| Expected Expense for the next annual reporting period | 38.73           | 8.75                    |

**(₹ in Lacs)**

| <b>Particulars</b>  | <b>Year Ended</b>                  |                         | <b>Year Ended</b>                  |                         |
|---|------------------------------------|-------------------------|------------------------------------|-------------------------|
|   | <b>31<sup>st</sup> March, 2022</b> |                         | <b>31<sup>st</sup> March, 2021</b> |                         |
|   | <b>Gratuity</b>                    | <b>Leave Encashment</b> | <b>Gratuity</b>                    | <b>Leave Encashment</b> |
| <b>Experience Adjustment</b>                              |                                    |                         |                                    |                         |
| (a) Defined Benefit Obligation                            | 80.75                              | 27.15                   | 61.26                              | 14.69                   |
| (b) Plan Assets   |                                    |                         |                                    |                         |
| (c) Surplus/(deficits)                                    | (80.75)                            | (27.15)                 | (61.26)                            | (14.69)                 |
| (d) Experience Adjustment on Plan Liabilities (loss)/gain | 4.51                               | (5.61)                  | 12.00                              | 14.99                   |
| (e) Experience Adjustment on Plan Assets (loss)/gain      | -                                  | -                       | -                                  | -                       |

**Description of Risk Exposures:**

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

- A Salary Increases- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- B Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- C Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.
- D Mortality & disability – Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
- E Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

**35 Related party transactions****1. List of Related Parties as per Ind As 24****a Key Managerial Personnel**

|   | <b>Name of Person</b> | <b>Relationship</b>                    |
|---|-----------------------|--|
| 1 | Mr. D. P. Mangal      | Executive Chairman                     |
| 2 | Mr. Anand Mangal      | Managing Director                      |
| 3 | Mr. Shubh Mangal      | Executive Director                     |
| 4 | Mr. V S Bapna         | Independent Director                   |
| 5 | Mr. J C Laddha        | Independent Director                   |
| 6 | Mr. Anil Shah         | Independent Director                   |
| 7 | Ms. Dipali Mathur     | Independent Director                   |
| 8 | Mr. D.L.Mundra        | Chief Financial Officer                |
| 9 | Mr. Rajeev Parasar    | Company Secretary & Compliance officer |

**b. Relatives**

|   | <b>Name of Person</b> | <b>Relationship</b>      |
|---|-----------------------|--------------------------|
| 1 | Mrs. Kavita Mangal    | Wife of Mr. Shubh Mangal |

**c. Related Company**

|   | <b>Name of Company</b>              | <b>Relationship</b>                            |
|---|-------------------------------------|--|
| 1 | Lagnam Infotech Solutions Pvt. Ltd. | Key managerial personal is director in company |

**2. Details of Transactions with Key managerial personnel ( ₹ in Lacs)**

| <b>Particulars</b>                      | <b>Year Ended<br/>31<sup>st</sup> March, 2022</b> | Year Ended<br>31 <sup>st</sup> March, 2021 |
|---|---|--|
| a Rent Paid                             | <b>12.00</b>                                      | 12.00                                      |
| b Remuneration to Key Managerial Person | <b>211.00</b>                                     | 103.51                                     |
| c Directors sitting fees                | <b>4.13</b>                                       | 2.95                                       |

**3. Details of transaction with Key Managerial Personnel and related company ( ₹ in Lacs)**

| <b>Particulars</b>   | <b>As at<br/>31<sup>st</sup> March, 2022</b> | As at<br>31 <sup>st</sup> March, 2021 |
|--|--|---------------------------------------|
| Personal guarantee of the director and corporate guarantee of M/s Lagnam Infotech Solutions Private Limited against term Loan. | <b>11834.46</b>                              | 13501.41                              |

**36. Earnings Per Share**

The basic and diluted earnings per share have been calculated as per Ind AS-33 by dividing net profit for the year attributable to equity shareholder by the weighted average number of equity share as under:

| Particulars   | Year Ended<br>31 <sup>st</sup> March, 2022 | Year Ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share |  |  |
| A Issued equity shares in numbers   | 1,76,69,000                                | 1,76,69,000                                |
| B Weighted average equity shares outstanding - Basic and Diluted in numbers   | 1,76,69,000                                | 1,76,69,000                                |
| C Net Profit after tax (₹ in Lacs)  | 2,879.85                                   | 447.42                                     |
| Net profit available to equity holders of the Company used in the basic and diluted earnings per equity share (₹ in Lacs)     | 2,879.85                                   | 447.42                                     |
| Basic and Dilutive earning per share (In Rupees)  | 16.30                                      | 2.53                                       |

**37. Expenditure incurred on Corporate Social Responsibility**

As per section 135 of Companies Act the company is required to spend in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial year in accordance with its CSR policy

(₹ in Lacs)

| Particulars  | Year Ended<br>31 <sup>st</sup> March, 2022 | Year Ended<br>31 <sup>st</sup> March, 2021 |
|--|--|--|
| A Gross amount required to be spent by the Company during the year | 9.36                                       | 8.90                                       |
| B Amount spent during the year                                     |  |  |
| i Construction/ acquisition of asset                               | -  | -  |
| ii On purpose other than (i) above -                               |  |  |
| (a) COVID-19 Health Care Project (Oxygen Supply System Plant)      | 10.00                                      | -  |
| (b) COVID-19 Health Care Project (Vaccination programme)           | 5.00                                       | 1.00                                       |
| (c) Step against hunger & poverty                                  | 1.01                                       | -  |
| (d) Computer, Virtual Education & Skill developments               | 7.58                                       | -  |
| (e) Project "SHIKSHA   | -  | 6.00                                       |
| (f) Animal Welfare Project   | -  | 1.51                                       |
| (c) Other expenses   | 0.66                                       | 0.39                                       |
|  | <u>24.25</u>                               | <u>8.90</u>                                |

**38. Contingent Liabilities and Contingent Assets Contingent Liabilities not provided for in respect of:**

**(₹ in Lacs)**

| <b>Particulars</b>   | <b>As at<br/>31<sup>st</sup> March, 2022</b> | As at<br>31 <sup>st</sup> March, 2021 |
|--|--|---------------------------------------|
| <b>I Guarantees</b>  |  |                                       |
| a Outstanding bank guarantee   | 258.25                                       | 312.54                                |
| <b>II Other contingent liabilities</b>   |  |                                       |
| a Export Bills Discounted/Collection   | 2,901.15                                     | 999.41                                |
| b Income Tax Demand  | 71.90  | 71.90                                 |
| <b>2 Commitments</b>   |  |                                       |
| a. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) Rs.8423.78 Lacs (Previous Year Rs.Nil Lacs)  |  |                                       |
| b. The Company has an outstanding export obligation of approx. Rs.15247.52 Lacs (Previous Year Rs. Nil Lacs), in respect of capital goods imported at the concessional rate of duty under Export Promotion Capital Goods Scheme, which is required to be met at different dates on or before 7th March, 2028 |  |                                       |

**39. Dividend on Equity Shares**

**(₹ in Lacs)**

| <b>Particulars</b>   | <b>As at<br/>31<sup>st</sup> March, 2022</b> | As at<br>31 <sup>st</sup> March, 2021 |
|--|--|---------------------------------------|
| i Dividend declared and paid during the year   |  |                                       |
| Final dividend for the year 31st March, 2021<br>Rs 0.50 per fully paid shares i.e. 5%  | <b>88.35</b>                                 | -                                     |
| ii Interim Dividend paid for the year 2021-22<br>Rs 0.50 per fully paid shares i.e. 5%   | <b>88.35</b>                                 | -                                     |
|  | <b>176.70</b>                                | -                                     |
| iii Events occurring after the Balance sheet date  |  |                                       |
| The Company's Board of Directors have recommended final dividend of Rs. 0.50/- (per value of Rs.10/-each) per equity share for the financial year 2021-22 i.e. 5% per equity share, subject to the approval of the shareholders in ensuing Annual General Meeting. |  |                                       |

**40. Financial instrument**

**Fair value of financial assets and liabilities**

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Comparison by class of the carrying amounts and fair value of the Company's financial instruments that are recognised in the financial statements are set out below.

**The carrying value and fair value of financial instruments by categories as of 31st March 2022 were as follows:**

| <b>Particulars</b>  | <b>Amortised Cost</b> | <b>Fair value*</b> | <b>Total carrying value</b> | <b>Total fair value</b> |
|---|-----------------------|--------------------|-----------------------------|-------------------------|
| <b>Assets</b>   |                       |                    |                             |                         |
| (i) Non current Investments   | 10.09                 |                    | 10.09                       | 10.09                   |
| (ii) Investments  | 26.20                 |                    | 26.20                       | 26.20                   |
| (iii) Trade receivables   | 4014.56               | 15.68              | 4030.24                     | 4030.24                 |
| (iv) Cash and cash equivalents  | 394.24                |                    | 394.24                      | 394.24                  |
| (v) Bank balances other than (iv) above   | 0.59                  |                    | 0.59                        | 0.59                    |
| (vi) Other financial assets   | 238.86                |                    | 238.86                      | 238.86                  |
| <b>Total</b>  | <b>4684.54</b>        | <b>15.68</b>       | <b>4700.22</b>              | <b>4700.22</b>          |
| <b>Liabilities</b>  |                       |                    |                             |                         |
| (i) Non Current Borrowings  | 10862.17              |                    | 10862.17                    | 10862.17                |
| (ii) Borrowings   | 3327.28               | 29.89              | 3357.17                     | 3357.17                 |
| (iii) Trade payables  |                       |                    |                             |                         |
| Total outstanding dues of micro enterprises and small enterprises;                      | 117.34                |                    | 117.34                      | 117.34                  |
| Total outstanding dues of creditors other than micro enterprises and small enterprises; | 40.40                 |                    | 40.40                       | 40.40                   |
| (iv) Other financial liabilities  | 2955.91               |                    | 2955.91                     | 2955.91                 |
| <b>Total</b>  | <b>17303.10</b>       | <b>29.89</b>       | <b>17332.99</b>             | <b>17332.99</b>         |

\* Amount carried at forward contract rate / prevailing exchange rate at year end



The carrying value and fair value of financial instruments by categories as of 1st April 2021 were as follows: (₹ in Lacs)

| Particulars   | Amortised Cost  | Fair value*  | Total carrying value | Total fair value |
|---|-----------------|--------------|----------------------|------------------|
| <b>Assets</b>   |                 |              |                      |                  |
| (i) Non current Investments   | 22.16           |              | 22.16                | 22.16            |
| (ii) Investments  | 5.00            |              | 5.00                 | 5.00             |
| (iii) Trade receivables   | 3483.30         | 14.90        | 3498.20              | 3498.20          |
| (iv) Cash and cash equivalents  | 10.25           |              | 10.25                | 10.25            |
| (v) Bank balances other than (iv) above   | 34.91           |              | 34.91                | 34.91            |
| (vi) Other financial assets   | 205.71          |              | 205.71               | 205.71           |
| <b>Total</b>  | <b>3761.33</b>  | <b>14.90</b> | <b>3776.23</b>       | <b>3776.23</b>   |
| <b>Liabilities</b>  |                 |              |                      |                  |
| (i) Non Current Borrowings  | 12323.84        |              | 12323.84             | 12323.84         |
| (ii) Borrowings   | 2949.58         | 4.71         | 2954.29              | 2954.29          |
| (iii) Trade payables  |                 |              |                      |                  |
| Total outstanding dues of micro enterprises and small enterprises;                      | 458.81          |              | 458.81               | 458.81           |
| Total outstanding dues of creditors other than micro enterprises and small enterprises; | 35.33           |              | 35.33                | 35.33            |
| (iv) Other financial liabilities  | 2223.82         | 2.04         | 2225.86              | 2225.86          |
| <b>Total</b>  | <b>17991.38</b> | <b>6.75</b>  | <b>17998.13</b>      | <b>17998.13</b>  |

\* Amount carried at forward contract rate / prevailing exchange rate at year end

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

Level 1: Quoted prices in active markets for identical assets and liabilities

Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs. This includes the assets and liabilities carried at forward contract rates / prevailing exchange rate at year end and assets carried at present value using appropriate discounting rate

Level 3: Inputs which are not based on observable market data.

**41. Financial risk management Objectives and Policies**

**i Capital Management**

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value. "The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The management and the Board of Directors monitors the return on capital as well as the level of dividends to shareholders. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure. "The Company monitors capital using a gearing ratio, which is calculated by dividing Net Debt from the Equity. The Company includes within Net Debt, interest bearing loans and borrowings less cash and cash equivalents and under Equity, the Equity Share Capital plus other Equity is considered.

**(₹ in Lacs)**

| <b>Particulars</b>              | <b>As at<br/>31<sup>st</sup> March, 2022</b> | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|---------------------------------|--|---------------------------------------|--------------------------------------|
| Gross Debts                     | <b>16,358.47</b>                             | 16,837.03                             | 16,273.12                            |
| Less: Cash and cash equivalents | <b>394.24</b>                                | 10.25                                 | 14.05                                |
| Net Debt                        | <b>15,964.23</b>                             | 16,826.78                             | 16,259.07                            |
| Equity                          | <b>8,536.31</b>                              | 5,828.32                              | 5,390.83                             |
| Gearing ratio                   | <b>1.87</b>                                  | 2.89                                  | 3.02                                 |

**ii Financial Risk Management**

The Company's Financial Risk Management is an integral part of how to plan and execute its business strategies. The Company's financial risk management is set by the Managing Board

Company is exposed to following risk from the use of its financial instrument:

- a. Credit Risk
- b. Liquidity Risk
- c. Market Risk

**a. Credit Risk**

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categories a loan or receivable for write off when a debtor fails to make contractual payments greater than 2 years past due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss

**Provision for Expected Credit or Loss**

**i Financial assets for which loss allowance is measured using 12 month expected credit losses**

The Company has assets where the counter-parties have sufficient capacity to meet the obligations and where the risk of default is very low. Accordingly, no loss allowance for impairment has been recognised

**ii Financial assets for which loss allowance is measured using life time expected credit losses**

The Company provides loss allowance on trade receivables using life time expected credit loss and as per simplified approach.

**b. Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's finance department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payment

(₹ in Lacs)

| <b>Particulars</b>                       | <b>Less than 1 year</b> | <b>Above 1 year</b> | <b>Total</b>     |
|--|-------------------------|---------------------|------------------|
| <b>As at 31<sup>st</sup> March, 2022</b> |                         |                     |                  |
| Non Current Borrowings                   | 2,139.13                | 10,862.17           | 13,001.30        |
| Current Borrowings                       | 3,357.17                |                     | 3,357.17         |
| Trade payables                           | 157.74                  |                     | 157.74           |
| Other financial liabilities              | 816.78                  |                     | 816.78           |
| <b>Total</b>                             | <b>6,470.82</b>         | <b>10,862.17</b>    | <b>17,332.99</b> |
| <b>As at 31<sup>st</sup> March, 2021</b> |                         |                     |                  |
| Non Current Borrowings                   | 1,558.90                | 12,323.84           | 13,882.74        |
| Current Borrowings                       | 2,954.29                |                     | 2,954.29         |
| Trade payables                           | 494.14                  |                     | 494.14           |
| Other financial liabilities              | 666.96                  |                     | 666.96           |
| <b>Total</b>                             | <b>5,674.29</b>         | <b>12,323.84</b>    | <b>17,998.13</b> |

(₹ in Lacs)

| <b>Particulars</b>                      | <b>Less than 1 year</b> | <b>Above 1 year</b> | <b>Total</b>     |
|---|-------------------------|---------------------|------------------|
| <b>As at 1<sup>st</sup> April, 2020</b> |                         |                     |                  |
| Non Current Borrowings                  | 923.46                  | 10,761.99           | 11,685.45        |
| Current Borrowings                      | 4,587.67                |                     | 4,587.67         |
| Trade payables                          | 1,113.98                |                     | 1,113.98         |
| Other financial liabilities             | 625.28                  |                     | 625.28           |
| <b>Total</b>                            | <b>7,250.39</b>         | <b>10,761.99</b>    | <b>18,012.38</b> |

**c. Market Risk**

Considering the Company's existing foothold/experience in the Textile sector, established & diversified client base, association with various international/domestic agents, it's competent sales team and an established marketing setup in India and International Market, it does not foresee any problem in marketing its production. "Market Risk is the risk of loss of future earnings, fair values of future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchanges rates, equity prices and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, and other market changes. The Company manages market risk through a finance department, which evaluates and exercises independent control over the entire process of market risk management. The finance department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies".

**i. Interest Rate Risk**

It is the risk where changes in market interest rates might adversely affect the Company's financial condition. The short term/immediate impact of changes in interest rates are on the Company's net interest income/expenses. On a longer term, change in interest rate impact the cash flows on the assets, liabilities and off-balance sheet items, giving rise to a risk to the net worth of the Company arising out of all reprising mismatches and other interest rate sensitive positions. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. In order to optimise the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows.

Detail of financial instrument bearing interest rate risk

At the reporting date the interest rate profile of the Company's interest bearing financial instrument is at its fair value.

(₹ in Lacs)

| <b>Particulars</b>   | <b>As at<br/>31<sup>st</sup> March, 2022</b> | As at<br>31 <sup>st</sup> March, 2021 | As at<br>1 <sup>st</sup> April, 2020 |
|--|--|---------------------------------------|--------------------------------------|
| <b>Variable rate instruments</b>                                       |  |                                       |                                      |
| Long Term Borrowings (Including Current Maturities of Long Term Debts) | <b>13,001.30</b>                             | 13,882.74                             | 11,685.45                            |
| Short Term Borrowings  | <b>3,357.17</b>                              | 2,954.29                              | 4,587.67                             |
| <b>Total</b>   | <b>16,358.47</b>                             | <b>16,837.03</b>                      | <b>16,273.12</b>                     |

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows (₹ in Lacs)

| <b>Particulars</b>  | <b>Effect on profit before tax</b>    |                                       |
|---|---------------------------------------|---------------------------------------|
|   | <b>Decrease by<br/>50 basis point</b> | <b>Increase by<br/>50 basis point</b> |
| <b>As at 31st March 2022</b>  |                                       |                                       |
| Long Term Borrowings<br>(Including Current Maturities of Long Term Debts) | 65.01                                 | (65.01)                               |
| Short Term Borrowings   | 16.79                                 | (16.79)                               |
|   | <b>81.79</b>                          | <b>(81.79)</b>                        |
| <b>As at 31st March 2021</b>  |                                       |                                       |
| Long Term Borrowings<br>(Including Current Maturities of Long Term Debts) | 69.41                                 | (69.41)                               |
| Short Term Borrowings   | 14.77                                 | (14.77)                               |
|   | <b>84.19</b>                          | <b>(84.19)</b>                        |

**ii. Foreign Exchange Risk**

- a. The Company hedges its export realizations and import payables through Foreign Exchange Hedge Contracts in the normal course of business so as to reduce the risk of exchange fluctuations. No Foreign Exchange Hedge Contracts are taken /used for trading or speculative purpose.
- b. The Company has following gross forward contract exposure outstanding as on balance sheet date which have been designated as cash flow hedge to its exposure to movements in foreign exchange rates :

| Particulars       | No of Outstanding Contracts  |                              | Amount in FC in lacs         |                              | Carrying Value (₹ in Lacs)   |                              |
|-------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|                   | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
| Forward Contracts |                              |                              |                              |                              |                              |                              |
| 1. Sell -USD      | -                            | 19                           | -                            | 19.53                        | -                            | 1,428.39                     |

Weighted average rate for above 19 contract is Rs.73.12

- c. The periods during which the cash flows from the cash flow hedges outstanding as at March 31, 2022 are expected to occur and affect the statement of Profit & Loss are disclosed as under:-

(₹ in Lacs)

| Period During which Cash Flows are expected to Occur and affect Profit and Loss | Fair Value in Booking Currency For the year ended |           |                              |           |
|---|---|-----------|------------------------------|-----------|
|   | 31 <sup>st</sup> March, 2022                      |           | 31 <sup>st</sup> March, 2021 |           |
|   | Sell USD  | Sell EURO | Sell USD                     | Sell EURO |
| Quarter ending June 30, 2021  | -   | -         | 0.25                         | -         |
| Quarter ending September 30, 2021   | -   | -         | 1.79                         | -         |
| Total   |   |           | 2.04                         |           |

- d. The movement in OCI during the year ended 31<sup>st</sup> March, 2022 for forward contract designated as cash flow hedge is as follows:

(₹ in Lacs)

| Particulars  | For the year ended           |                              |
|--|------------------------------|------------------------------|
|  | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
| Balance at the beginning of the year   | (1.47)                       | -                            |
| Additions on account of Changes in the fair value of effective portion cash flow hedge | 1.47                         | (1.47)                       |
| Balance at the end of the year   | -                            | (1.47)                       |

The Following significant exchange rates have been applied at year end:-

| Spot rate (INR) | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|-----------------|------------------------------|------------------------------|
| USD             | 75.71                        | 73.12                        |

**Sensitivity Analysis**

The following table demonstrate the sensitivity in the foreign exchange rate (USD & EURO) to the Indian Rupees with all other variable held constant. The impact on statement of profit & loss is given below.

**(₹ in Lacs)**

| Particular                            | 31 <sup>st</sup> March, 2022 |          | 31 <sup>st</sup> March, 2021 |           |
|---------------------------------------|------------------------------|----------|------------------------------|-----------|
|                                       | Increase                     | Decrease | Increase                     | Decrease  |
| USD Sensitivity                       |                              |          | 1428.39                      | (1428.39) |
| INR/USD – (Increase / Decrease) by 1% |                              |          | 14.28                        | (14.28)   |

**42. Operating Segments**

The Company is engaged in Business of Textiles. Hence there is no separate business segments

Details of Export outside country and Domestic sales within country are as under

**(₹ in Lacs)**

| Particulars   | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|---|---------------------------------------|---------------------------------------|
| <b>Segment Revenue</b>                                |                                       |                                       |
| Within India (Domestic Sales)                         | <b>14,719.87</b>                      | 10,105.89                             |
| Outside India (Exports - Including Export Incentives) | <b>20,124.27</b>                      | 10,416.87                             |
|   | <b>34,844.14</b>                      | 20,522.76                             |

**43. Details Of Unclaimed Dividend**

The year wise details of Unclaimed dividend lying in separate bank account is as under

**(₹ in Lacs)**

| Particulars            | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|------------------------|---------------------------------------|---------------------------------------|
| Year 2020-21           | 0.22                                  | -                                     |
| Year 2021-22 (Interim) | 0.37                                  | -                                     |
| Total                  | 0.59                                  | -                                     |

**44 Additional regulatory information's**

- During the year the company has taken term loan of Rs.1403 lacs under GECL scheme for its working capital requirement and the same has been utilized for the same purpose only.
- The Company has borrowings of Rs.3357.17 lacs from banks on the basis of security of current assets. All the quarterly returns or statements of current assets filed by the company during the year with banks are in agreement with books of accounts.
- The Company has not been declared willful defaulter by any banks or other lender during the year.



- d The company availed term loan under GECL scheme of Rs.1403 lacs during the month March 22 for which charge creation is pending as on 31st March 2022 but fall within the statutory period.

e **Ratios**

|                                  |   | <b>As at<br/>31<sup>st</sup> March, 2022</b> | As at<br>31 <sup>st</sup> March, 2021 |
|----------------------------------|---|--|---------------------------------------|
| Current Ratio                    | Current assets / Current liabilities              | 1.91   | 1.68                                  |
| Debt-Equity Ratio,               | Total debt / Equity                               | 1.92   | 2.89                                  |
| Debt Service Coverage Ratio,     | Earning available for debt service / debt service | 1.39   | 1.11                                  |
| Return on Equity Ratio,          | Profit after tax / Equity                         | 33.74  | 7.68                                  |
| Inventory turnover ratio,        | Turnover / average inventory                      | 7.19   | 5.18                                  |
| Trade Receivables turnover ratio | Turnover / Average Receivable                     | 9.26   | 6.65                                  |
| Trade payables turnover ratio,   | Total Purchases / Average Payable                 | 78.80  | 17.97                                 |
| Net capital turnover ratio,      | Turnover / Working capital                        | 5.83   | 5.14                                  |
| Net profit ratio                 | PAT/ Turnover                                     | 8.26   | 2.18                                  |
| Return on Capital employed,      | PBIT / Capital Employed                           | 19.16  | 7.99                                  |
| Return on investment.            |   | 494.56                                       | 93.42                                 |

All the financial ratios are improved due to better profitability, better management of working capital and prepayment of high cost debts etc. although FY 2021 was impacted from COVID 19, explanations for the ratios having movement more than 25% are as follows:

- i **Debt Equity ratio-** The company has made prepayment of Rs. 5.21 Crores of high cost long term debt which is due in upcoming years shown an improvement in Debt over Equity Ratio by 34%
- ii **Debt Service Coverage Ratio-** The company has earned better profitability during the year and repay of Rs.22.84 Cr. (including prepayment of Rs.5.21 Cr.) the ratio is improved by 25%
- iii **Return on Equity Ratio –** Due to higher profitability the ROE is improved by 339%
- iv **Inventory turnover ratio –** The company registered tremendous growth in turnover due to better market opportunities, globally increased demand and higher realization with better inventory management, therefore the inventory turnover ratio improved by 39%
- iv **Trade Receivables turnover ratio –** High Turnover with improved cycle of realization from debtors in FY 22 as compare to FY 21 as having blocking of funds with the result of Covid-19. Therefore the Trade Receivables turnover ratio improved by 39%.
- vi **Trade payables turnover ratio –** Rotation of funds improved in FY 22 and Payments to Raw Material creditors on cash discount basis helped to lower the payables. Therefore, Trade payables turnover ratio increased by 338%



- vii **Net profit ratio-** The Company earned higher profits due to better market opportunities, globally increased demand and higher realization. Resulting into the net profit margin ratio improved by 279%
- viii **Return on Capital employed-** The company earned higher profitability and reduce the capital employed in the business therefore the ROCE improved by 140%
- ix **Return on investment –** The return on investment is improved due to migration from NSE “Emerge Platform” to NSE “Main Board”, Higher Profits, payment of Interim and announcement of final dividend & expansion of ring spun project of Rs. 218 Crores.
- f The company has not advanced for loaned or invested funds to any other person or entity including foreign entity during the year with the understanding that the intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner what so ever by or on behalf of the company (ultimate beneficiaries) or provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- g The company has not received any fund from any person or entity including foreign entity (funding party) during the year with the understanding that the company shall directly or indirectly lend or invest in other persons or entities identified in any manner what so ever by or on behalf of the funding party (ultimate beneficiaries) or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- h The Company has not surrendered or disclosed any transaction not recorded in the books of accounts as income during the year in the tax assessment under the Income Tax Act. 1961
- i The company has not made any transaction in crypto currency or virtual currency during the year

#### 45. First Time Adoption Of Ind AS

##### Transition of Ind AS

These are the company's first standalone financial statements prepared in accordance with Ind AS. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31st March, 2022, the comparative information presented in these financial statements for the year ended 31st March, 2021 and 1st April, 2020. The effective date for Companies Ind AS Opening Balance Sheet is 1st April, 2020. (The date of transition to Ind AS)

These financial statements, for the year ended 31st March, 2022, are the first annual Ind AS financial statements, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March, 2021, the Company prepared its financial statements in accordance with Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March, 2022, together with the comparative period data as at and for the year ended 31st March, 2021, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 01st April, 2020, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 01st April, 2020 and the previously published Indian GAAP financial statements as at and for the year ended 31st March, 2021

**For Reconciliation of the Balance Sheet as at 31<sup>st</sup> March 2021 and 1<sup>st</sup> April 2020 (₹ in Lacs)**

| Particulars                               | As at 31 <sup>st</sup> March 2021 |                    |               | As at 31 <sup>st</sup> March 2020 |                    | As at 1 <sup>st</sup> April 2020 |
|---|-----------------------------------|--------------------|---------------|-----------------------------------|--------------------|----------------------------------|
|   | As per Indian GAPP                | Ind As Adjust-ment | As per Ind As | As per Indian GAPP                | Ind As Adjust-ment | As per Ind As                    |
| <b>I ASSETS</b>                           |                                   |                    |               |                                   |                    |                                  |
| <b>(1) Non-current assets</b>             |                                   |                    |               |                                   |                    |                                  |
| (a) Property, plant and equipment         | 15070.38                          | (812.56)           | 14257.82      | 15797.31                          | (817.03)           | 14980.28                         |
| (b) Right to use                          | 0.00                              | 670.31             | 670.31        | 0.00                              | 678.28             | 678.28                           |
| (c) Other intangible Assets               | 10.72                             | -                  | 10.72         | 8.25                              | -                  | 8.25                             |
| (d) Capital work-in-progress              | 0.00                              | -                  | 0.00          | 0.00                              | -                  | 0.00                             |
|   | 15081.10                          | (142.25)           | 14938.85      | 15805.56                          | (138.75)           | 15666.81                         |
| (e) Financial assets                      |                                   |                    |               |                                   |                    |                                  |
| (i) Investments                           | 22.16                             | -                  | 22.16         | 34.20                             | -                  | 34.20                            |
| (f) Other non-current assets              | 0.59                              | 81.50              | 82.09         | 5.28                              | 100.02             | 105.30                           |
|   | 22.75                             | 81.50              | 104.25        | 39.48                             | 100.02             | 139.50                           |
| <b>(2) Current assets</b>                 |                                   |                    |               |                                   |                    |                                  |
| (a) Inventories                           | 3977.95                           | -                  | 3977.95       | 3940.13                           | -                  | 3940.13                          |
| (b) Financial assets                      |                                   |                    |               |                                   |                    |                                  |
| (i) Investments                           | 5.00                              | -                  | 5.00          | 5.00                              | -                  | 5.00                             |
| (ii) Trade receivables                    | 3498.20                           | -                  | 3498.20       | 2670.06                           | -                  | 2670.06                          |
| (iii) Cash and cash equivalents           | 45.16                             | (34.91)            | 10.25         | 48.80                             | (34.75)            | 14.05                            |
| (iv) Bank balances other than (iii) above | -                                 | 34.91              | 34.91         | -                                 | 34.75              | 34.75                            |
| (v) Other financial assets                | -                                 | 205.71             | 205.71        | -                                 | 138.34             | 138.34                           |
| (c) Current tax assets (net)              | -                                 | 222.45             | 222.45        | -                                 | 88.81              | 88.81                            |
| (d) Other current assets                  | 2316.66                           | (436.19)           | 1880.47       | 1664.49                           | (231.84)           | 1432.65                          |
|   | 9842.97                           | (8.03)             | 9834.94       | 8328.48                           | (4.69)             | 8323.79                          |
|   | 24946.82                          | (68.78)            | 24878.04      | 24173.52                          | (43.42)            | 24130.10                         |

(₹ in Lacs)

| Particulars   | As at 31 <sup>st</sup> March 2021 |                    | As at 31 <sup>st</sup> March 2020 |                    | As at 1 <sup>st</sup> April 2020 |               |
|---|-----------------------------------|--------------------|-----------------------------------|--------------------|----------------------------------|---------------|
|   | As per Indian GAPP                | Ind As Adjust-ment | As per Ind As                     | As per Indian GAPP | Ind As Adjust-ment               | As per Ind As |
| <b>II EQUITY AND LIABILITIES</b>  |                                   |                    |                                   |                    |                                  |               |
| <b>(1) Equity</b>   |                                   |                    |                                   |                    |                                  |               |
| (a) Equity share capital  | 1766.90                           | -                  | 1766.90                           | 1766.90            | -                                | 1766.90       |
| (b) Other equity  | 4119.98                           | (58.56)            | 4061.42                           | 3667.35            | (43.42)                          | 3623.93       |
|   | 5886.88                           | (58.56)            | 5828.32                           | 5434.25            | (43.42)                          | 5390.83       |
| <b>(2) Liabilities</b>  |                                   |                    |                                   |                    |                                  |               |
| <b>Non-current liabilities</b>  |                                   |                    |                                   |                    |                                  |               |
| (a) Financial liabilities   |                                   |                    |                                   |                    |                                  |               |
| (i) Borrowings  | 12323.84                          | -                  | 12323.84                          | 10761.99           | -                                | 10761.99      |
| (b) Provisions  | 67.40                             | -                  | 67.40                             | 43.78              | -                                | 43.78         |
| (c) Deferred tax liabilities (net)  | 820.52                            | (6.87)             | 813.65                            | 573.10             | -                                | 573.10        |
|   | 13211.76                          | (6.87)             | 13204.89                          | 11378.87           | -                                | 11378.87      |
| <b>Current Liabilities</b>  |                                   |                    |                                   |                    |                                  |               |
| (a) Financial liabilities   |                                   |                    |                                   |                    |                                  |               |
| (i) Borrowings  | 2954.29                           | -                  | 2954.29                           | 4587.67            | -                                | 4587.67       |
| (ii) Trade payables   |                                   |                    |                                   |                    |                                  |               |
| Total outstanding dues of micro enterprises and small enterprises;                      | 494.14                            | (35.33)            | 458.81                            | 1113.98            | (117.01)                         | 996.97        |
| Total outstanding dues of creditors other than micro enterprises and small enterprises; | 0.00                              | 35.33              | 35.33                             | 0.00               | 117.01                           | 117.01        |
| (iii) Other financial liabilities   | 2391.20                           | (165.34)           | 2225.86                           | 1648.59            | (99.85)                          | 1548.74       |
| (b) Other current liabilities   | -                                 | 149.45             | 149.45                            | -                  | 99.85                            | 99.85         |
| (c) Provisions  | 8.55                              | -                  | 8.55                              | 10.16              | -                                | 10.16         |
| (d) Current tax liabilities (net)   | -                                 | 12.54              | 12.54                             | -                  | -                                | 0.00          |
|   | 5848.18                           | (3.35)             | 5844.83                           | 7360.40            | 0.00                             | 7360.40       |
|   | 24946.82                          | (68.78)            | 24878.04                          | 24173.52           | (43.42)                          | 24130.10      |

**Reconciliation of other equity as on 1st April 2020 as per IGAAP and Ind AS** (₹ in Lacs)

| Particulars                                      | Securities premium | Capital reserve | Surplus of Sprofit and loss account | Total           |
|--|--------------------|-----------------|-------------------------------------|-----------------|
| Other equity reported under previous GAAP        | 1,655.20           | 23.00           | 1989.15                             | 3,667.35        |
| Add : Reversal of depreciation on processing fee | -                  | -               | 3.00                                | 3.00            |
| Less : Amortisation of lease hold land           | -                  | -               | 20.74                               | 20.74           |
| Less : Amortisation of share issue expenses      | -                  | -               | 9.97                                | 9.97            |
| Less : Borrowing cost amortised                  | -                  | -               | 15.71                               | 15.71           |
|  | <b>1,655.20</b>    | <b>23.00</b>    | <b>1,945.73</b>                     | <b>3,623.93</b> |

**Reconciliation of other equity as on 1st April 2021 as per IGAAP and Ind AS** (₹ in Lacs)

| Particulars                                      | Securities premium | Capital reserve | Surplus of profit and loss account | Total           |
|--|--------------------|-----------------|------------------------------------|-----------------|
| Other equity reported under previous GAAP        | 1,655.20           | 23.00           | 2441.78                            | 4,119.98        |
| Add : Reversal of depreciation on processing fee | -                  | -               | 7.47                               | 7.47            |
| Add : Impact of deferred tax liabilities         | -                  | -               | 6.87                               | 6.87            |
| Less : Amortisation of share issue expenses      | -                  | -               | 5.28                               | 5.28            |
| Less : Amortisation of lease hold land           | -                  | -               | 28.71                              | 28.71           |
| Less : Borrowing cost amortised                  | -                  | -               | 38.91                              | 38.91           |
|  | <b>1,655.20</b>    | <b>23.00</b>    | <b>2,383.22</b>                    | <b>4,061.42</b> |

**Reconciliation of the comprehensive income for the year ended 31st March 2021** (₹ in Lacs)

| Particulars  | As per Indian GAPP | Ind As Adjustment | As per Ind As   |
|--|--------------------|-------------------|-----------------|
| I. Revenue from operations   | 20540.75           | (17.99)           | 20522.76        |
| II. Other Income   | 29.96              | -                 | 29.96           |
| <b>III. Total Revenue (I+II)</b>   | <b>20570.71</b>    | <b>(17.99)</b>    | <b>20552.72</b> |
| <b>IV. Expenses:</b>   |                    |                   |                 |
| Cost of material consumed  | 12785.98           | -                 | 12785.98        |
| Change in inventories of finished goods, work-in-progress and stock- in- trade | 1165.73            | -                 | 1165.73         |



| Particulars  | As per<br>Indian GAPP | Ind As<br>Adjustment | As per<br>Ind As |
|--|-----------------------|----------------------|------------------|
| Employee benefits expense  | 890.51                | (8.46)               | 882.05           |
| Finance costs  | 1164.43               | 23.21                | 1187.64          |
| Depreciation and amortization expense  | 751.87                | 3.50                 | 755.37           |
| Other expenses   | 3112.14               | (24.73)              | 3087.41          |
| <b>Total Expenses</b>  | <b>19870.66</b>       | <b>(6.48)</b>        | <b>19864.18</b>  |
| <b>V. Profit before tax (III-IV)</b>   | <b>700.05</b>         | <b>(11.51)</b>       | <b>688.54</b>    |
| <b>VI. Tax expense:</b>  |                       |                      |                  |
| Current Tax  | 116.85                | (3.33)               | 113.52           |
| MAT Credit Entitlement   | (116.85)              | 3.33                 | (113.52)         |
| Deferred Tax   | 247.42                | (6.30)               | 241.12           |
| <b>VII. Profit (Loss) for the period (V -VI )</b>                            | <b>452.63</b>         | <b>(5.21)</b>        | <b>447.42</b>    |
| <b>VIII Other comprehensive income</b>                                       |                       |                      |                  |
| a. Items that will not be reclassified to profit or loss                     | -                     | (8.46)               | (8.46)           |
| Income tax relating to items that will not be reclassified to profit or loss | -                     | -                    | -                |
| b. Items that will be reclassified to profit or loss                         | -                     | (2.04)               | (2.04)           |
| Income tax relating to items that will "be reclassified to profit or loss    | -                     | 0.57                 | 0.57             |
| Total other comprehensive income   | -                     | <b>(9.93)</b>        | <b>(9.93)</b>    |
| <b>IX Total Comprehensive Income(VII+VIII)</b>                               | <b>452.63</b>         | <b>(15.14)</b>       | <b>437.49</b>    |
| <b>Earnings per equity share - Annualized: (Basic &amp; Diluted)</b>         | 2.56                  |                      | 2.53             |

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirement for the purpose of this note

- Notes :
- Under the previous GAAP, revenue from sale of products were presented at gross value and cash discounts are shown under selling expenses. Now, the revenue is presented net of cash discounts. There is no impact on the total equity and profits.
  - Under previous GAAP, actuarial gains/losses were recognized in the statement of Profit & Loss. Under Ind AS the actuarial gains/ Losses are recognized in the other comprehensive income. Consequently, the tax effect of the same has also been recognized in other comprehensive income. The actuarial loss for the year ended 31<sup>st</sup> March, 2021 was Rs. 8.46 Lacs and the tax effect there on is NIL. This change does not affect total equity but there is increase in profit before tax by Rs. 8.46 Lacs.

- 3 Under previous GAAP, mark to market loss on forward contracts were charged in the statement of Profit & Loss while under Ind AS, effective portion of the cash flow hedge to be recognized in other comprehensive income. Effective portion of cash flow hedge was Rs. 2.04 Lacs for the year ended 31<sup>st</sup> March, 2021 and tax effect thereon is Rs. 0.57 Lacs. This change does not affect total equity but there is increase in profit before tax by Rs. 2.04 Lacs.
- 4 Under previous GAAP, Loan processing fees term loans were capitalized with cost of respective fixed assets. Under Ind AS, Loan processing fees to be amortised over the period of loan. Hence the amount of Rs. 118.01 Lacs are deducted from Property Plant & Equipment as on 1<sup>st</sup> April, 2020 and consequently depreciation of Rs. 4.47 Lacs is reversed on this amount during the year ended 31<sup>st</sup> March, 2021.

Simultaneously deferred assets of Rs. 105.30 lacs is recognized under Non-Current Assets as on 1<sup>st</sup> April, 2020 being the unamortised portion of loan processing fees and Rs 23.21 lacs is charged during the year ended 31<sup>st</sup> March, 2021 in the statement of Profit & Loss. Difference of Rs. 12.71 Lacs between carrying value of Fixed Assets and unamortised portion of loan processing fee is adjusted from retained earnings as on 1<sup>st</sup> April, 2020.

Due to above adjustments, profit for the year ended 31<sup>st</sup> March, 2021 is decreased by Rs. 18.74 Lacs.

- 5 Under previous GAAP, leasehold land was carried on cost while under Ind AS, leased assets are to be classified as 'Right to Use' assets and to be amortised over lease period. Thus lease portion of Rs. 20.74 Lacs related to period prior to 1<sup>st</sup> April, 2020 is adjusted from retained earnings. Further, lease portion of Rs. 7.97 Lacs is amortised during the year ended 31<sup>st</sup> March, 2021. Thus profit for the year is decreased y Rs. 7.97 Lacs.
- 6 Under previous GAAP, share issue expenses were treated as deferred revenue expenditure and amortised on yearly basis. While under Ind AS the same is not qualified being an intangible asset, the same is adjusted from retained earnings on transition date.

Consequently, amortization of Rs. 4.69 Lacs made in previous GAAP during the year ended 31<sup>st</sup> March, 2021 is reversed and thus profit for the year is increased by Rs. 4.69 Lacs.

As per our report of even date

**For SSMS & Associates**

*Chartered Accountants*

Firm Reg. No. 019351C

For and on behalf of the Board

**Satish Somani**

(Partner)

Membership No.076241

**D. P. Mangal**

(Executive Chairman)

(DIN: 01205208)

**Anand Mangal**

(Managing Director)

(DIN: 03113542)

Place : Bhilwara

Date : 16<sup>th</sup> April, 2022

UDIN- 22076241AHSWDE5542

**Rajeev Parashar**

(Company Secretary)

**D. L. Mundra**

(Chief Financial Officer)

## Life of Employees Outside the Shop Floor



## Visit of Our Distinguished Guest



**SBI CGM Sh. S. Jayasankar & Team**



**PNB GM Sh. Amit K. Shrivastava & Team**



**Visit of Our Valued Customer from European Continent**

## CSR Activites



Conversion to Smart classroom



Covid Vaccination Drive



eLearning for Special Children

## Employees Engagement



Classroom Training



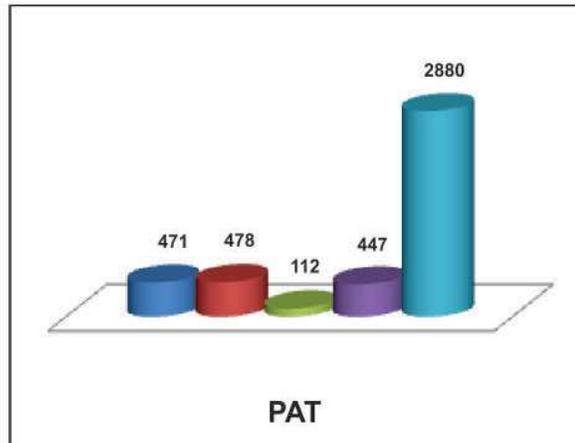
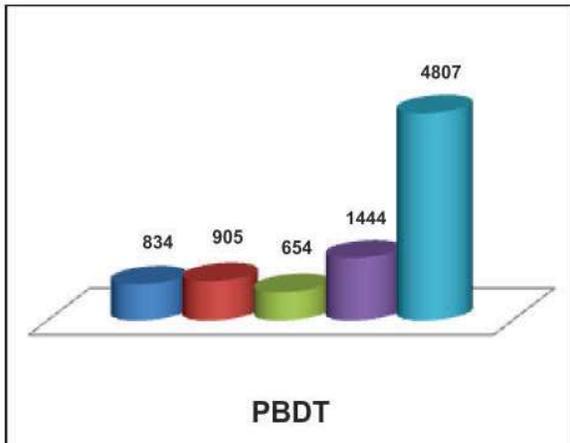
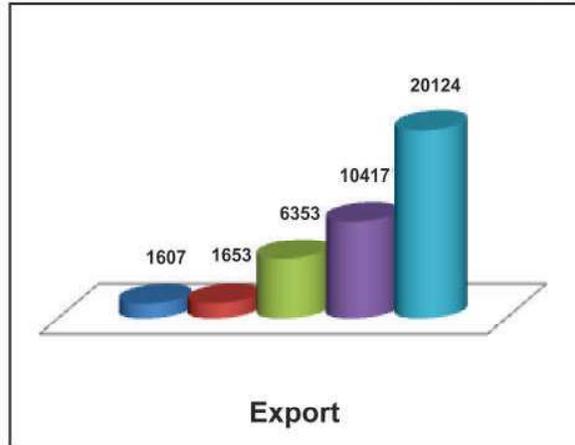
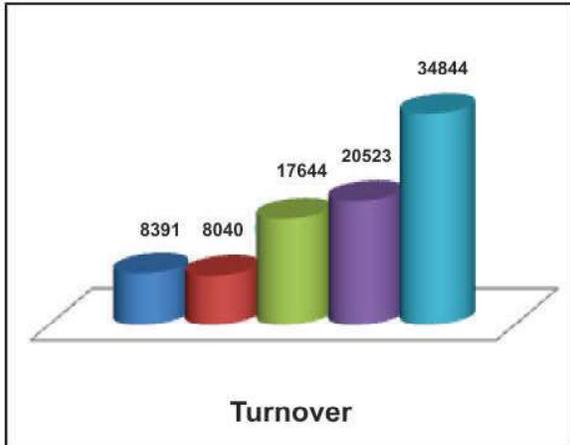
Annual Blood Donation Camp



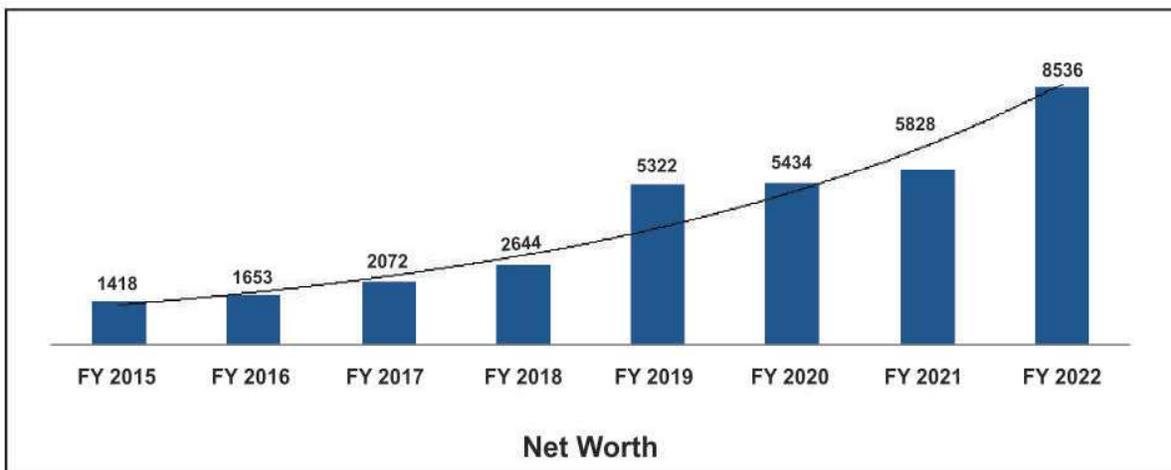
Vishwakarma Puja Celebration

# FINANCIAL PERFORMANCE

(₹ in Lacs)



FY 2017-18    FY 2018-19    FY 2019-20    FY 2020-21    FY 2021-22



# **LAGNAM SPINTEX LIMITED**

(CIN: L17119RJ2010PLC032089)

## **Registered Office**

A 51-53, RIICO Growth Centre Hamirgarh,

Bhilwara-311001 (Rajasthan)

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