



Lagnam Spintex

# ANNUAL REPORT 2023-24

LAGNAM SPINTEX LIMITED | ANNUAL REPORT 2023-24



Business Balance

Sl. No.	Description	2023	2024
1	...	...	...
2	...	...	...
3	...	...	...
4	...	...	...
5	...	...	...





# FINANCIAL HIGHLIGHTS

(₹ in Lacs)

S.NO.	DESCRIPTION	2012- 2013	2013- 2014	2014- 2015	2015- 2016	2016- 2017	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	2023- 2024
1	Turnover	3646	4188	4946	5617	7503	8391	8040	17644	20523	34844	30466	43750
2	Export	0	157	307	556	713	1607	1653	6353	10417	20124	13564	20463
1	PBIDT	490	592	646	899	1169	1119	1177	1585	2632	5894	3103	4537
2	Interest	289	281	333	396	339	285	271	931	1188	1088	1098	1526
3	PBDT	201	311	312	504	829	834	906	654	1444	4807	2005	3010
4	Depreciation	132	137	136	192	260	261	262	594	755	753	733	929
5	P B T	68	174	176	312	569	573	644	60	689	4054	1272	2082
6	TAX	21	54	55	77	150	102	166	-52	241	1174	296	625
7	PAT	47	120	121	235	419	471	478	112	447	2880	976	1457
1	EPS (IN ₹)	2.87	6.52	5.95	11.51	3.74*	4.17**	3.20®	0.64	2.53	16.30	5.53	8.25
2	Equity	164	184	204	204	204	1167	1767	1767	1767	1767	1767	1767
1	Total Capital Employed	3780	4041	5223	6836	6656	7587	17699	21357	23479	26832	29707	51200
2	Net Worth	977	1197	1418	1653	2072	2644	5322	5434	5828	8536	9429	10895
3	Long Term Loans	2065	1950	2885	3676	3257	2741	9682	10762	12324	10862	9734	23366
4	Working Capital Loans	566	683	669	1097	969	1742	2070	4588	2954	3357	6008	11629
5	Other Liability	225	296	365	604	889	1244	1816	3390	3772	5234	5945	7460
6	Total Liability	2855	2928	3919	5377	5115	5727	13568	18740	19050	19453	21688	42454
7	Fixed Assets ( Net)	2676	2529	4077	5076	4870	5290	13233	15806	14939	14447	16252	35376
8	Total Current Assets	1131	1263	1449	1714	2228	3002	5482	8329	9835	12542	13463	17871
9	Total Current Liabilities	782	951	987	1553	1480	2499	3226	7361	5845	6561	9969	16434
1	Operating Profit Margin %	13.43	14.13	13.05	16.01	15.57	13.33	14.64	8.98	12.82	16.92	10.19	10.37
2	Return on Capital Employed % (PBIT/ Capital Emp.)	9.46	11.26	9.75	10.34	13.65	11.30	5.17	4.64	7.99	19.16	7.98	7.05
3	Return on Sales% (PAT/ Turnover)	1.29	2.86	2.45	4.18	5.59	5.61	5.95	0.64	2.18	8.26	3.20	3.33
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	10.35	13.38
5	Debt Equity Ratio	2.11	1.63	2.03	2.22	1.57	1.04	1.82	1.98	2.11	1.27	1.03	2.14
6	TOL/TNW	2.92	2.45	2.76	3.25	2.47	2.17	2.55	3.45	3.27	2.28	2.30	3.90
7	Interest Cover Ratio	1.69	2.11	1.94	2.27	3.45	3.93	4.34	1.70	2.22	5.42	2.83	2.97
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	1.31	1.35
9	Current Ratio	1.45	1.33	1.47	1.10	1.51	1.20	1.70	1.13	1.68	1.91	1.35	1.09

\* Considering Issue of 91.71 lacs Bonus shares

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



## Lagnam Spintex

### BOARD OF DIRECTORS

Mr. D. P. Mangal	: 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.

Indian Bank

Bank of Maharashtra

Union Bank of India

### CONTENTS

Directors' Report	03-14
Annexures to the Directors' Report	15-61
Auditor's Report	62-70
Balance Sheet	71-72
Profit & Loss Account	73
Cash Flow Statement	74-75
Statement of Change in Equity	76
Accounting Policies	77-92
Notes on Financial Statements	93-126



# Chairman's Address



**D. P. Mangal**  
Executive Chairman

Dear Shareholders,

It is yet another year that brings me this opportunity of connecting with you through our 14<sup>th</sup> Annual Report on the Business & operations of your Company. The year 2023-24 was a year of further strengthening our foundation by introducing new product portfolio of the "Compact Cotton Yarn".

I am pleased to report that, your Company's Expansion Project for installation of 41,472 spindles of 100% Compact Cotton Yarn at the cost of ₹ 218.00 Crores with production capacity of about 34.35 tonnes Cotton Yarn per day has been completed without any cost overrun and the Commercial Production has started w.e.f. 31<sup>st</sup> January, 2024, two months before the scheduled date of Commissioning i.e. 01<sup>st</sup> April, 2024.

Your Company is receiving very good response from both overseas and domestic markets for the "Compact Cotton Yarn". Capitalizing on this opportunity, the company has expanded its presence by venturing into new overseas and domestic markets.

## Operational Excellence

Your Company has recorded highest ever revenue of ₹ 43750.24 Lacs from the operations in the current year as against ₹ 30465.93 Lacs in the previous year, a significant advancement of 43.60%. The increase in revenue during the year can be attributed primarily to the commissioning of the Expansion Project, two months before the schedule.

Your Company has registered Export revenue of ₹ 20463.15 Lacs in the current fiscal year as against ₹ 13564.23 Lacs in the previous year, a substantial leap of 51%. The Export quantum has recorded at 7889 MT in the Fiscal Year as against 4067 MT in the previous year, a jump of 94%. The increase in exports were mainly led by robust demand of cotton yarn after the first half of the fiscal year in international markets and introduction of new range of products with the Expansion Project of 41472 spindles of Compact Cotton Yarn.

## Technological Capabilities

Emerging technologies across industries are playing a critical role in remaining relevant to business sustainability. As a result, we continue to invest in technology to drive our operational excellence. We have always deployed latest machines across our manufacturing operations that are automated to reduce the use of unskilled manpower, improve the quality of our products and optimise power consumption.

## Our Team

At **LAGNAM**, we are blessed to work with a talented pool of people across all the departments. Their commitment and dedication through the thick and thin of the organisational journey is appreciation worthy. We have consistently worked on improving their skills through regular trainings and workshops. Besides, we have also worked on the leadership building and overall motivational levels of all our employees.

## Going Forward

Future is ever-changing and always evolving. Therefore, the best way to stay relevant in an increasingly competitive space like Textiles is to continuously challenge oneself to strive harder. At **LAGNAM** we have not built a culture to Succeed but to Excel. In the past 14 years since our inception, we have not only established our name and credentials in the field of "Cotton Yarn"; but more importantly, have also established a culture of delivering perfect quality and customised quantity, while being agnostic to the challenges.

Going ahead, we shall consolidate our existing products and capacities. We will also continue to explore newer markets across the geographies. While we have grown from strength to strength, we are further looking forward to build on this success and continue creating sustainable value for our stakeholders.

I would like to thank my fellow board members, investors, bankers, lenders, customers, vendors and all our employees for being a part of this wonderful journey. We look forward to your continued support in the Company's progress going forward.

Warm wishes,

## Board's Report

Dear Members,

Your Directors are pleased to present the 14<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, 2024:

### 1. FINANCIAL RESULTS:

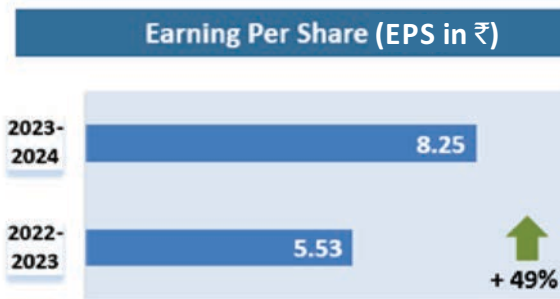
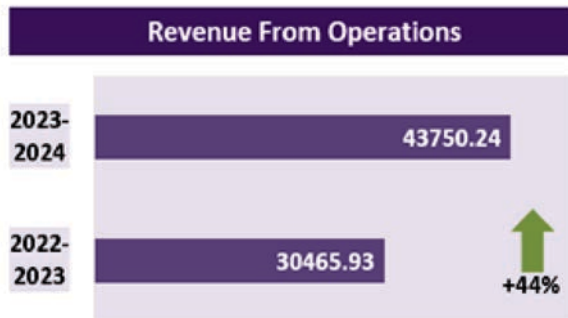
The Financial Results of the Company's performance for the year under review and those of the previous year are as follows-

Particulars	(₹ in Lacs)	
	Year Ended 31.03.2024	Year Ended 31.03.2023
Turnover: a) Domestic	23287.09	16901.70
b) Export	20463.15	13564.23
<b>Revenue from Operations</b>	<b>43750.24</b>	<b>30465.93</b>
Other Income	28.74	22.72
<b>Total Revenue</b>	<b>43778.98</b>	<b>30488.65</b>
Profit before Finance Cost, Depreciation & Tax (PBIDT)	4536.60	3103.10
Less: Financial expenses (Net)	1526.12	1097.64
Profit before Depreciation & Tax (PBDT)	3010.48	2005.46
Less: Depreciation	928.62	733.14
<b>Profit Before Tax (PBT)</b>	<b>2081.86</b>	<b>1272.32</b>
Less: Current Tax (Net)	343.58	209.46
MAT Credit Entitlement (Entitlement/ Utilisation)	(343.58)	69.71
Tax of Earlier years	(17.72)	(1.41)
Deferred Tax	642.26	18.28
<b>Profit After Tax (PAT)</b>	<b>1457.32</b>	<b>976.28</b>
Other Comprehensive Income	8.94	4.60
Profit available for appropriation	1466.26	980.88
Earning Per Equity Share- Annualized (Basic & Diluted)	8.25	5.53

# Board's Report (Contd.)

## FINANCIAL SYNOPSIS

(₹ in Lacs)



## 2. OPERATIONAL EFFICIENCY & STATE OF AFFAIRS

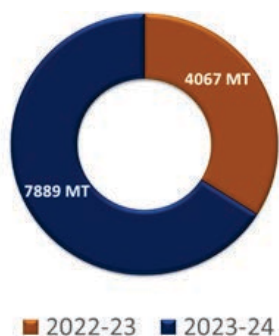
### REVENUE FROM OPERATIONS:

Your directors are pleased to report that, your Company has recorded highest ever revenue of ₹ 43750.24 Lacs from the operations in the current year as against ₹ 30465.93 Lacs in the previous year, a significant advancement of 43.60%.

The increase in revenue during the year can be attributed primarily to the commissioning of the Expansion Project of 41,472 spindles at a cost of ₹ 21800.00 Lacs to produce 100% Cotton "Compact Yarn", two months ahead of schedule. The Expansion Project has commissioned without any time and cost overrun w.e.f. 31<sup>st</sup> January, 2024 as against the scheduled date of commissioning i.e. 01<sup>st</sup> April, 2024.

### Export Production (In MT)

The Company has registered Export revenue of ₹ 20463.15 Lacs in the current fiscal year as against ₹ 13564.23 Lacs in the previous year, a substantial leap of 51%. The Export quantum has recorded at 7889 MT in the



Fiscal Year as against 4067 MT in the previous year, a jump of 94%. Exports constitute 46.77% of the total revenue of the Company.

The increase in exports were mainly led by robust demand of cotton yarn after the first half of the fiscal year in international markets and introduction of new range of products with the Expansion Project of 41472 spindles of Compact Cotton Yarn. After commissioning the Expansion project, the company has expanded its presence into new overseas markets by adding new better margin products to its portfolio.

### PROFITABILITY:

Your directors are pleased to report that as a result of higher revenue from the operations, optimum capacity utilization and thrust on value addition products by adding "Compact Cotton Yarn" in the product portfolio, the Company has registered significant growth as under:

- The operating profit (PBITDA) of the Company has increased to ₹ 4536.60 Lacs in the current year under review as compared to ₹ 3103.10 Lacs in the previous year, a significant growth of about 46%.
- The Cash Profit (PBDT) of the Company for the current year has increased to ₹ 3010.48 Lacs as against ₹ 2005.46 Lacs, an impressive spike of about 50% over the previous year.



## Board's Report (Contd.)

- The Profit after Tax (PAT) of the Company has increased to ₹ 1457.32 Lacs for the current year as against ₹ 976.28 Lacs in the previous year and registered an upsurge of about 49%.
- The Earning per Share for the current year has increased to ₹ 8.25/- per equity share of the Company as against ₹ 5.53/- per equity share in the previous year and registered substantial advancement.

The Finance Cost of the Company rose to ₹ 1526.12 Lacs in the current year from ₹ 1097.64 Lacs in the previous year, despite implementation of the Expansion Project of 41,472 spindles at a cost of ₹ 218.00 Crores during the Fiscal Year.

Despite a significant increase in turnover by 43.60% and implementation of the Expansion Project during the year, the Finance Cost as a percentage of revenue decreased from 3.60% in the previous year to 3.49% in the current year. Better working capital management and leveraging on exports with lower interest rates are the major deriving factors to lower the cost.

Your Directors are happy to inform you that Solar Power Plant(s) with a capacity of 2708 KWP was commissioned in September, 2023. The full benefit of which will accrue in upcoming years.

### 3. EXPANSION PLAN

Your Directors are pleased to report that, the Company's Expansion project for installation 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 has been completed and the commercial production has started w.e.f. 31<sup>st</sup> January, 2024, two months before the scheduled date of commissioning i.e. 01<sup>st</sup> April, 2024.

The expansion has been implemented with the state of the Art and most modern technologies with all latest automations and digitalization as this determines the Quality, productivity of machines and labour, which in turn, improves the production, operating cost and profitability of the Company.

The company is receiving very good response from both overseas and domestic markets for the "Compact Cotton Yarn". Capitalizing on this opportunity, the company has expanded its presence by venturing into new overseas markets.

### 4. CAPTIVE SOLAR POWER PLANT

Your company have availability of existing capacity of 4403 KWP of Solar power on Roof Top of the Factory Buildings and adding further capacity of 675 KWP, which will help in reducing the energy cost of your company.

The company has placed order for the additional capacity and delivery of equipments has already started and the plant will be fully commissioned during second quarter of the FY 2024-25. The full benefit of which will accrue in upcoming years.

### 5. DIVIDEND

Your Directors are pleased to recommend a final Dividend of Rs. 0.50/- per Equity Share on the fully paid-up Equity Shares of Rs. 10/- each for the financial year 2023-24 i.e. 5% of per equity share, subject to approval of the shareholders at the ensuing Annual General Meeting. (Previous year 2022-23- NIL)

### 6. TRANSFER TO RESERVES

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

### 7. CAPITAL STRUCTURE

The Capital Structure of the Company as on 31.03.2024 is as follows: -

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

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

During the year under review the Company has not issued any shares. The Company has not issued any shares with differential voting rights or sweat equity or granted stock options.

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

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

## Board's Report (Contd.)

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

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

### 10. 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:

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

### 11. 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 2023-24 under the provisions of section 135 of the Companies Act, 2013 and the rules made there 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**".

### 12. 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**".

### 13. 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.
- Three Star Export House Certificate  
The Company has been recognized as a "Three Star Export House" (Upgraded from Two Star to Three Star during the year) by the Ministry of Commerce & Industry, Government of India.
- BCI Certificate
- GOTS Certificate
- Oeko-Tex Standard 100 Certificate
- ISO 9001:2015 Certificate

### AUDITORS

#### 14. STATUTORY AUDITORS & 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. 2023-24.

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.

#### 15. 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.,



## Board's Report (Contd.)

Chartered Accountants, Bhilwara, [ICAI Firm Registration No.- 005341C], as the Internal Auditors of the Company for the financial year 2023-2024 ended 31<sup>st</sup> March 2024.

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

### 16. SECRETARIAL AUDITORS

The Board of Directors, on the recommendation 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 2023-2024.

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 2023-2024 forms part of the Annual Report as "**Annexure III**" to the Board's report.

### 17. 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 2023-24.

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.

### 18. SUBSIDIARY, ASSOCIATES AND JOINT VENTURE COMPANY

The Company does not have any subsidiary, associate or joint venture during the financial year 2023-24 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 50,34,000 equity shares representing 28.49% of total paid up equity share capital of the Company as on 31<sup>st</sup> March, 2024.

### 19. 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) Woman Independent 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  
(DIN: 00118527)
- (ii) Mr. Vijay Singh Bapna (DIN: 02599024)
- (iii) Mr. Anil Shah (DIN: 00145396)
- (iv) Ms. Dipali Mathur (DIN: 07732611)

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.

## Board's Report (Contd.)

### 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 2023-24.

### 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), Executive Chairman & 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 2023-24. However, Mr. Shubh Mangal (DIN: 01287935), Executive Whole Time Director, was reappointed at the Annual General Meeting held on July 28<sup>th</sup>, 2023, who was liable to retire by rotation."

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

S.N.	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
6.	Mr. Anil Shah (DIN: 00145396)	Independent Director
7.	Ms. Dipali Mathur (DIN: 07732611)	Independent Director
8.	Mr. Devi Lal Mundra (PAN: AKUPM7207P)	Chief Financial Officer
9.	Mr. Rajeev Parashar (PAN: BLSPP2313P)	Company Secretary & Compliance Officer

### VI. Meetings and Attendance of the Board

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

The Board met 5 (Five) times in the Financial Year 2023-24 viz. 20.05.2023, 07.08.2023, 09.11.2023, 12.02.2024 and 30.03.2024. The maximum interval between any two meetings did not exceed 120 days. Attendance of each director in board meeting as follows:



## Board's Report (Contd.)

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
20.05.2023	Yes	Yes	Yes	Yes	Yes	Yes	Yes
07.08.2023	Yes	Yes	Yes	Yes	Yes	Yes	Yes
09.11.2023	Yes	Yes	Yes	Yes	Yes	No	No
12.02.2024	Yes	No	Yes	Yes	Yes	Yes	No
30.03.2024	Yes	Yes	Yes	Yes	Yes	Yes	No

### VII. Separate Meeting of Independent Directors

As stipulated by the Code of Independent Directors under the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was held on 12<sup>th</sup> February, 2024 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.

### 20. 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

## Board's Report (Contd.)

During the financial year 2023-24, the Audit Committee met 4 (four) times on 20.05.2023, 07.08.2023, 09.11.2023 and 12.02.2024.

### 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 2023-24, the Nomination and Remuneration Committee met on 20.05.2023.

### III. Stakeholders' Relationship Committee:

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

S. N.	Name of Director	Nature of Directorship	Designation in Committee
1	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 2023-24, the Stakeholders' Relationship Committee met on 12.02.2024.

### 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 2023-24, the Corporate Social Responsibility Committee met on 20.05.2023.

## 21. 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 2023-24 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 2023-24 attached as "Annexure-IV".

## 22. 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



## Board's Report (Contd.)

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.

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

During the financial year 2023-2024 ended 31 March 2024 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.

### **24. 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 as amended from time to time. 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.

### **25. 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.

### **26. VIGIL MECHANISM / WHISTLE BLOWER POLICY**

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

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

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

### **27. 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 have 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

## Board's Report (Contd.)

instances in the Company during the year 2023-24.

### 28. MEETINGS OF THE MEMBERS

During the year under review the Annual General Meeting of the Company was held on 28.07.2023. No any other meeting of the members held during the year.

### 29. 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."

### 30. REGISTRAR AND SHARE TRANSFER AGENT

The Company has appointed Bigshare Services Private Limited as its Registrar and Share Transfer Agent. The Corporate Office of Big share Services Pvt. Ltd. situated at "Office No S6-2, 6th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai - 400093, Maharashtra, India.

### 31. DEMATERIALISATION OF SECURITIES

The Company's Equity Shares are admitted in the system of Dematerialization by both the Depositories namely NSDL and CDSL. As on 31 March 2024, 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 31.03.2024 hereunder:

	CDSL	%	NSDL	%	TOTAL	%
Shares in Demat	81,34,067	46.04	95,34,933	53.96	1,76,69,000	100.00
Physical Shares	NIL	NIL	NIL	NIL	NIL	NIL

### 32. 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 2023-2024 ended 31 March 2024.

### 33. 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.

### 34. 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.

### 35. 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.

### 36. INDUSTRIAL RELATIONS

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

### 37. DEPOSITS

During the financial year 2023-2024 ended 31 March 2024 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).



## Board's Report (Contd.)

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

### 38. 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>)

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

During the financial year 2023-2024 ended 31<sup>st</sup> March, 2024 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.

### 40. INTERNAL FINANCIAL CONTROL FOR FINANCIAL STATEMENTS

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

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

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

### 41. 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.

### 42. 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.

### 43. 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, 2024, 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

## Board's Report (Contd.)

at March 31<sup>st</sup>, 2024 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.

#### 44. 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.

#### 45. CREDIT RATING

During the year 2023-24, India Ratings and Research Private Limited has assigned the ratings of Bank Loan facilities of the Company and following credit ratings assigned: -

Facilities	Rating
Long-Term Loans	IND BBB- / Negative
Fund Based Facilities	IND BBB-/Negative/INDA3
Non Fund Based Facilities	INDA3

#### 46. SUSPENSION OF TRADING

The 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 2023-2024.

#### 47. 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.

#### 48. 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

**D. P. Mangal**

Date : 29.04.2024

Executive Chairman

DIN: 01205208



## Annexure-I

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

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

The CSR activities of the Company are carried out directly and also through contribution/donation made to other organisation/institution for the activities specified under Schedule VII of the Companies Act, 2013. The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same has been placed at the website of the Company i.e. [www.lagnamspintex.com](http://www.lagnamspintex.com) under the link "Investor Desk-----' Policies---' CSR Policy". As per CSR policy the Company 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	Whole Time Director- Member	1	1

\*During the financial year meeting of the CSR Committee held on 20.05.2023

**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:**

Amount available for set off for the financial year: Rs. 1.03 Lacs

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

Financial Year	Profit (₹ in Lacs)
2022-2023	1272.32
2021-2022	4054.28
2020-2021	700.05
<b>Total</b>	<b>6026.65</b>
Average Profit of above said Profit	2008.88

## Annexure-I (Contd.)

7. (a) Two percent of average net profit of the Company as per section 135(5) : Rs. 40.18 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 : Rs. 1.03 Lacs
- (d) Total CSR obligation for the financial year (7a+7b-7c) : Rs. 39.15 Lacs

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

Total Amount Spent for the Financial Year. (Rs. In Lacs)	Amount Unspent (in Rs.)				
	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
Rs. 40.01 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)	State	Distt.	Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation - Direct (Yes/No)	Name	Mode of Implementation - Through Implementing Agency
												CSR Registration No.

-----N.A-----

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

## Annexure-I (Contd.)

(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 Rs.)	Mode of Implementation-Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	Distt.			Name	CSR regn. no.
1.	Animal Welfare Project	Animal Welfare	No	Rajasthan	Nagaur	2,01,000	No	Shri Ramanand Gaushala, Ladnu	CSR000 27624
2.	Social Health Care Project	Promoting health care including preventive health & Construction of building at M. G. Hospital, Bhilwara	Yes	Rajasthan	Bhilwara	11,00,000	No	Sita Ram Satsang Bhawan Trust	CSR000 45365
3.	Project Niraman	Facilities for senior citizens, women & children and measures for reducing inequalities faced by socially and economically backward groups	No	Maharashtra	Ratnagiri	1,00,000	No	Niraman Samajik Sanstha, Devhare	CSR000 27719
4.	Project "Shiksha"	Promoting Education & construction of Educational Building	Yes	Rajasthan	Bhilwara	22,00,000	No	Akhil Bharatvarshiya Maheshwari Educational Trust	CSR000 59786
5.	Step against hunger & poverty	Eradicating hunger, poverty and malnutrition	Yes	Rajasthan	Bhilwara	2,00,000	Yes	Agarwal Samaj Sampati Trust	N.A.
6.	Animal Welfare Project	Animal Welfare by providing them food, home and health care treatment	Yes	New Delhi	Delhi	2,00,000	NO	The Purple Patch Trust	CSR000 45945
	<b>TOTAL</b>					<b>40,01,000</b>			



## Annexure-I (Contd.)

- (d) Amount spent in Administrative Overheads : NIL
- (e) Amount spent on Impact Assessment : N.A.
- (f) Total amount spent for the Financial Year : Rs. 40,01,000  
(8b+8c+8d+8e)
- (g) Excess amount for set off:

S.N.	Particular	Amount (Rs. In Lacs)
1	Two percent of average net profit of the company as per section 135(5)	40.18
2	Total amount spent for the Financial Year (7C+8F)	41.04
3	Excess amount spent for the financial year [(ii)-(i)]	0.86
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)]	0.86

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 Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs)	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 Rs.)	Amount spent on the project in the reporting Financial Year (in Rs)	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing
				N.A.				

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

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

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

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

For and on Behalf of the Board of Directors

For and on Behalf of the CSR Committee

**D. P. Mangal**  
Executive Chairman  
DIN: 01205208

**J. C. Laddha**  
Chairman  
CSR Committee

Date: 29.04.2024

Place: Bhilwara

## Annexure-II

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

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

Particulars	Current Year (2023-24)	Previous Year (2022-23)
<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. Units Consumed (in Lacs)	280.39	267.45
Total Amount (₹ in Lacs)	1898.25	1677.09
Avg. Rate/Unit (Amount in ₹)	6.77	6.27
b. 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.	2.62	2.40
<b>1. TECHNOLOGY ABSORPTION</b>		
Expenditure incurred on technology absorption	Company is regularly investing and importing newer processing machinery to upgrade the technology and give value added products. The Company has been continuously improving the quality of its existing products at reduced cost and developed new products from time to time. During the year Company has commissioned the Expansion Project of 41,472 spindles of Compact Cotton Yarn to develop and enter into new product portfolio.	
• Expenditure incurred on R & D (₹ 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)	18932.07	12457.63
Outgo: (₹ in Lacs)		
• Capital Goods	3325.36	542.96
• Recurring	446.71	277.31

For and on Behalf of the Board of Directors

**D. P. MANGAL**

Executive Chairman

[DIN: 01205208]

Place : Bhilwara  
Date : 29.04.2024

## Annexure-III

### FORM MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2024

[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, 2024 (1<sup>st</sup> April, 2023 to 31<sup>st</sup> March, 2024) 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, 2024, 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;



## Annexure-III (Contd.)

- (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.

## Annexure-III (Contd.)

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 : 29.04.2024

UDIN : F006958F000266844

**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
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**

**Proprietor**

**M. No.: FCS6958**

**COP No.: 5270**

Place : Bhilwara

Date : 29.04.2024

UDIN : F006958F000266844



## Annexure-IV

### CORPORATE GOVERNANCE REPORT

Dear Members,

At LAGNAM, we believe Good corporate governance is an essential part of well-managed, successful business enterprise that delivers value to shareholders. 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

Lagnam Spintex Limited ("the Company" or "LAGNAM") has promoted practices, standards and resources that benefit all stakeholders comprising customers, vendors, investors, regulators, employees and the society at large.

Our Board recognizes the importance of maintaining high standards of corporate governance, which underpins our ability to deliver consistent financial performance and value to our stakeholders. In line with the above philosophy, the Company continuously strives for excellence and focuses on enhancement of long-term stakeholder value through adoption of best governance and disclosure practices. The Company has a strong legacy of fair, transparent and ethical governance practices and continues to make progressive actions that promote excellence within our business and the marketplace.

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.

Our governance framework is based on the following principles:

- Fair and equitable treatment towards stakeholders to encourage active co-operation;
- Timely and accurate disclosure of all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company;
- Board members act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders and appropriate composition and size of the Board is ensured;
- Continually reinforcing a culture across the organization of acting lawfully, ethically and responsibly;
- Continuous and on-going focus on training, development and integration of employees across all levels to achieve Company's objectives.

The Company's vision embraces challenges and provides the impetus in setting highest corporate governance standards.

## Annexure-IV (Contd.)

### 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 Independent 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 2023-24, 05 (Five) meetings of the Board of Directors were held on 20.05.2023, 07.08.2023, 09.11.2023, 12.02.2024 and 30.03.2024. 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 the Institute of Company Secretaries of India (ICSI) on Board Meetings read with General Circular(s) issued by the Ministry of Corporate Affairs. The frequency of the meetings is enough for the Board to undertake its duties effectively.

The 13<sup>th</sup> Annual General Meeting of the members of the Company was held on 28.07.2023 at 11.00 a.m. 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 5 Meetings	Attendance at last AGM held on 28.07.2023	Directorship in other Companies/ LLP as on 31.03.2024 (A)	No. of Committees in which Member or Chairperson as on 31.03.2024 (B)		Directorship in other Listed Companies as on 31.03.2024
					Chairman	Member	
Mr. D. P. Mangal	Executive Promoter	5	Yes	1	NIL	1	NIL
Mr. Anand Mangal	Executive Promoter	4	Yes	NIL	NIL	1	NIL
Mr. Shubh Mangal	Executive Promoter Group	5	Yes	1	NIL	NIL	NIL
Mr. Jagdish Chandra Laddha	Independent Non-Executive	5	Yes	5	2	3	2#
Mr. Vijay Singh Bapna	Independent Non-Executive	5	Yes	2	2	4	2*
Mr. Anil Shah	Independent Non-Executive	5	Yes	4	1	2	NIL
Ms. Dipali Mathur	Independent Non-Executive	2	Yes	3	Nil	Nil	NIL

## Annexure-IV (Contd.)

# 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 Two (2) Listed Companies namely: -

- i) MMP Industries Limited  
(CIN: L32300MH1973PLC030813); and
  - iii) Usha Martin Limited  
(CIN: L31400WB1986PLC091621)
- (A) Directorship in other Companies meant for Companies other than Foreign Companies.
- (B) 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 attending the Board Meetings 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 Executive Directors as under: Mr. D. P. Mangal, Executive Chairman (DIN: 01205208) is father of Mr. Anand Mangal, Managing Director (DIN: 03113542) & Mr. Shubh Mangal, Executive Director (DIN: 01287935) and Mr. Anand Mangal & Shubh Mangal are brothers.

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 to 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 / Sales	Administration
1.	Mr. D. P. Mangal, Executive Chairman	✓	✓	✓	✓	✓	✓
2.	Mr. Anand Mangal, Managing Director	✓		✓	✓	✓	✓
3.	Mr. Shubh Mangal, Executive Director		✓	✓	✓		✓
4.	Mr. Jagdish Chandra Laddha, Independent Director	✓	✓	✓	✓	✓	✓



## Annexure-IV (Contd.)

S. No.	Name of Directors	Skills / Expertise / Competence					
		Finance	Legal	Management	Technical Operations	Marketing / Sales	Administration
5.	Mr. Vijay Singh Bapna, Independent Director	✓	✓	✓		✓	✓
6.	Mr. Anil Shah, Independent Director	✓	✓	✓		✓	✓
7.	Ms. Dipali Mathur, 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;

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

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

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee),
- submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;

## Annexure-IV (Contd.)

- v. Internal audit reports relating to internal control weaknesses; and
- vi. 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

## Annexure-IV (Contd.)

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 28<sup>th</sup> July, 2023.

### Meetings and Attendance:

The committee met 04 (four) times during the financial year 2023-24. The dates on which Audit Committee Meetings were held are 20.05.2023, 07.08.2023, 09.11.2023 and 12.02.2024. The number of meetings attended by each committee member during the year was as under: -

Name of Member	No. of Meetings attended out of 4 meetings held	Date of Meetings and attendance of the committee members			
		20.05.2023	07.08.2023	09.11.2023	12.02.2024
Mr. Jagdish Chandra Laddha, Chairman	4	Yes	Yes	Yes	Yes
Mr. Vijay Singh Bapna, Member	4	Yes	Yes	Yes	Yes
Mr. Anil shah, Member	4	Yes	Yes	Yes	Yes
Mr. D. P. Mangal, Member	4	Yes	Yes	Yes	Yes

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.



## Annexure-IV (Contd.)

### 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 which broadly includes formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees; formulation of criteria for evaluation of performance of the Independent Directors and the Board of Directors and devising a policy on Board diversity; to Devise a policy on diversity of board of directors; Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. Decision about extension or continuation of term of Independent Directors on the basis of report of performance evaluation and to recommend to the Board, all remuneration in whatever form, payable to senior management.

#### 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:

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

During the financial year 2023-24, one meeting of the Committee was held on 20.05.2023. The number of meetings attended by each committee member during the year was as under:-

## Annexure-IV (Contd.)

Name of Member	No. of Meetings attended out of 1 meeting held	Date of Meeting and attendance of the committee members
		20.05.2023
Mr. Jagdish Chandra Laddha, Chairman	1	Yes
Mr. Vijay Singh Bapna, Member	1	Yes
Mr. Anil Shah, Member	1	Yes

### Performance Evaluations:

The Nomination & Remuneration Committee(NRC) and The 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 as amended time to time.

The detailed Policy inter-alia including criteria for performance evaluation is available under web link - ([www.lagnamspintex.com-policies](http://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 have been paid only sitting fees for attending the Board and Committee meetings and Executive Directors have been paid Salary 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 Executive 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:

(Rs. in Lakhs)

S. No.	Name of Directors	Category of Directors	Basic Salary	Contri- bution to P.F.	Gratuity	Comm- ission	Others	Total
1	Mr. D. P. Mangal	Executive Chairman (WTD)	72.97	-	2.99	14.57	3.04	93.57
2	Mr. Anand Mangal	Managing Director	48.52	5.82	1.99	14.57	0.46	71.36
3	Mr. Shubh Mangal	Executive Director (WTD)	48.00	5.76	1.97	14.57	3.94	74.24
	<b>Total</b>							<b>239.17</b>

### 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

## Annexure-IV (Contd.)

### Details of Sitting Fee paid to Non-Executive Directors:

Non-Executive Directors do not draw any remuneration except sitting fee of Rs. 20,000/- for attending every Board Meeting and Rs. 5,000/- for attending every Committee Meeting. Total sitting fee of Rs. 4,50,000/- was paid during the financial year 2023-24. The details of remuneration paid to Non-Executive Directors during the financial year 2023-24 are as under: -

S. No.	Name of Director	Category of Directors	Sitting Fee (Amt. In Lakhs)
1.	Mr. Jagdish Chandra Laddha	Independent Non-Executive Director	1.35
2.	Mr. Vijay Singh Bapna	Independent Non-Executive Director	1.40
3.	Mr. Anil Shah	Independent Non-Executive Director	1.35
4.	Ms. Dipali Mathur	Independent Non-Executive Director	0.40

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 2023-24.

### 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 2023-24, one meeting of the Committee was held on 12.02.2024.

The Secretarial Department of the Company and Registrar & Transfer Agent, M/s Bigshare Services Private Ltd., Mumbai attended 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 March 31st, 2024. 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, 2024.

### 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

## Annexure-IV (Contd.)

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 2023-24 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 2023-24 ended 31<sup>st</sup> March 2024.

**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;
- (iv) 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: -



## Annexure-IV (Contd.)

AGM	Date	Time	Place	Special Resolution(s) passed
11 <sup>th</sup> AGM	23.07.2021	11.00 AM	Through Video Conference (VC)/ Other Audio Visual Means ("OAVM") hosted at Lagnam Spintex Limited A 51-53 RIICO Growth Centre Hamirgarh, Bhilwara-311001, Rajasthan.	1. Re-appointment of Mr. D. P. Mangal (DIN: 01205208), as Whole Time Director, designated as "Executive Chairman"
12 <sup>th</sup> AGM	28.06.2022	11.00 AM	Through Video Conference (VC)/ Other Audio Visual Means ("OAVM") hosted at Lagnam Spintex Limited A 51-53 RIICO Growth Centre Hamirgarh, Bhilwara-311001, Rajasthan.	<p>1. Re-appointment of Mr. Anand Mangal (DIN: 3113542) as Managing Director of the Company.</p> <p>2. Re-appointment of Mr. Shubh Mangal (DIN: 01287935) as Whole time Director of the Company.</p> <p>3. Re-appointment of 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.</p> <p>4. Re-appointment of Mr. Anil Shah (DIN: 00145396) as a Non Executive Independent Director of the Company for a second term of 5consecutive years w.e.f. 10.02.2023.</p> <p>5. Re-appointment of 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.</p> <p>6. To consider remuneration of all executive directors under regulation 17(6)(e)(ii) of SEBI (Listing Obligations &amp; Disclosure Requirements) Regulations, 2015.</p>
13 <sup>th</sup> AGM	28.07.2023	11:00 AM	Through Video Conference (VC)/Other Audio Visual Means ("OAVM") hosted at Lagnam SpintexLimited	1. To consider and approve the payment of remuneration to Mr. D. P. Mangal (DIN: 01205208), Executive Chairman of the

## Annexure-IV (Contd.)

AGM	Date	Time	Place	Special Resolution(s) passed
			A 51-53 RIICO Growth Centre Hamirgarh, Bhilwara-311001, Rajasthan.	<p>Company for the period w.e.f 03.02.2024 to 31.03.2025 of his present tenure.</p> <p>2. To consider and approve, continuation of the present term of Mr. Vijay Singh Bapna (DIN: 02599024) as an Independent Director, who shall attain the age of 75 (Seventy-Five) years on 28<sup>th</sup> August, 2023.</p>

**(ii). Details of Special Resolution passed in the year 2023-24 through postal ballot;**

No Postal Ballot Resolution was passed in the financial year 2023-24.

**(iii) Procedure of Postal Ballot: Not Applicable**

### 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 February 12<sup>th</sup>, 2024 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.

Except Ms. Dipali Mathur, Non-Executive Independent Director, all the Independent Directors were present in 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 which have significant impact on the financials.

**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,

## Annexure-IV (Contd.)

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 this end the Committee has laid down a Whistle Blower Policy providing a platform to all the Directors, employee, other stakeholders 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 2023-24.

### **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>.

## Annexure-IV (Contd.)

### 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.1.83 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 have been reviewed & approved by the Audit Committee and Board of Directors and submitted to the Stock Exchanges. The Quarterly financial results have been 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 Jan Satta.

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 2023-24, 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                              | 16 <sup>th</sup> July, 2024 at 11:00 AM IST through Video Conference (VC)/Other Audio Visual Means (OAVM) |
| C. | Dividend Payment date                                   | Within 30 days from the date of AGM if any.   |
| D. | Next Financial Year                                     | April 1, 2024 to March 31, 2025   |
| E. | Tentative Financial Calendar for next Year for 2024-25: |   |

#### Period

#### Date of Board Meeting

1<sup>st</sup> Quarter ending June, 2024

Fourth week of July, 2024 or First week of August, 2024

2<sup>nd</sup> Quarter ending September, 2024

Fourth week of October, 2024 or First week of November, 24

3<sup>rd</sup> Quarter ending December, 2024

Fourth week of January, 2025 or First week of February, 2025

Year ending 31<sup>st</sup> March, 2025

Before 15<sup>th</sup> May, 2025

AGM for year ending 31<sup>st</sup> March, 2025

July/August 2025



## Annexure-IV (Contd.)

### F. Listing on Stock Exchange & Stock Code :

Name of Stock Exchange	Address	Stock Code
National Stock Exchange of India Limited	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	LAGNAM

The applicable listing fee for the Financial Year 2024-25 has been paid to the Stock Exchange.

### G. Stock Price Data:

Month	Share Price of LAGNAM (NSE)		National Stock Exchange of India Limited (NSE) Index	
	High	Low	High	Low
April, 2023	59	50	18,089.15	17,312.75
May, 2023	55.45	41	18,662.45	18,042.40
June, 2023	54.50	40.50	19,201.70	18,464.55
July, 2023	69.45	49.05	19,991.85	19,234.40
August, 2023	68.10	62.25	19,795.60	19,223.65
September, 2023	74.30	63.05	20,222.45	19,255.70
October, 2023	74.95	62.75	19,681.80	18,837.85
November, 2023	89.70	67.05	20,158.70	18,973.70
December, 2023	97.10	73	21,801.45	20,183.70
January, 2024	97	84.20	22,124.15	21,137.20
February, 2024	148.65	90	22,297.50	21,530.20
March, 2024	124.80	102.20	22,526.60	21,710.20

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

### I. 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, 2024		31 <sup>st</sup> March, 2023	
	No. of Shares	%	No. of Shares	%
No. of Shares Dematerialised				
- NSDL	95,34,933	53.96	95,87,116	54.26
- CDSL	81,34,067	46.04	80,81,884	45.74
No. of Shares in Physical Mode	-	0.00	-	0.00
Total	1,76,69,000	100.00	1,76,69,000	100.00

## Annexure-IV (Contd.)

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

**K. 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, Maharashtra, India.
Phone No.	: 022-62638200
Fax No.	: 022-62638299
Email	: investor@bigshareonline.com
Web Site	: <a href="http://www.bigshareonline.com">http://www.bigshareonline.com</a>

### Share Transfer System

The SEBI vide PR No. 12/2019 dated 27th March, 2019 mandated that w.e.f. 01st 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.

### L. Distribution of Shareholding as on 31<sup>st</sup> March, 2024:

No. of Equity Shares held	No. of Shareholders	% to Shareholders	No. of Shares	% to Shares
Up to 500	5083	85.91	448818	2.54
501 to 1,000	334	5.64	273274	1.55
1,001 to 2,000	165	2.79	261385	1.48
2,001 to 3,000	128	2.16	352836	2.00
3,001 to 4,000	37	0.63	133431	0.76
4,001 to 5,000	36	0.61	170616	0.97
5,001 to 10,000	66	1.11	502404	2.84
10,001 & above	68	1.15	15526236	87.87
Total	5917	100.00	17669000	100.00

## Annexure-IV (Contd.)

### M. Credit Ratings of the Company

During the year 2023-24, India Ratings and Research Private Limited has assigned the ratings of Bank Loan facilities of the Company and following credit ratings assigned: -

- India Ratings

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

### N. Plant Location & Address for Correspondence

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

For and on Behalf of the Board of Directors

**D. P. Mangal**

Executive Chairman

(DIN - 01205208)

Place : Bhilwara

Date : 29<sup>th</sup> April, 2024

**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, 2024 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 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

Place : Bhilwara  
Date : 29<sup>th</sup> April, 2024

**(Anand Mangal)**

Managing Director  
DIN: 03113542

**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, 2024.

Place : Bhilwara  
Date : 29<sup>th</sup> April, 2024

**(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, 2024 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 Sanjay Somani & Associates**

**Sanjay Somani**

Place : Bhilwara

Date : 29<sup>th</sup> April, 2024

Proprietor

M. No.: FCS6958

COP No.: 5270

UDIN: F006958F000267196

**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, 2024 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 : 29<sup>th</sup> April, 2024  
UDIN: F006958F000267152

## Annexure-V

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management discussion and analysis report provide an over view of the financial and Business activities for the fiscal year ended on 31<sup>st</sup> March 2024, 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 year's activities, resulting changes and other known facts in conjunction to the financial and strategic position of the Company.



#### KEY MARKET INSIGHTS & Economic Scenario

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.

The global cotton yarn market size is projected to grow from \$86.11 billion in 2024 to \$117.79 billion by 2032, at a CAGR of 4.0% during the forecast period.

Cotton yarn is made using natural cotton harvested from the Cotton plant. These yarns are produced using different types of spinning processes. Based on the spinning process used to manufacture cotton yarn, the yarn produced across the globe can be primarily categorized into two types, carded and combed yarns. Different types of yarns have unique characteristics which ultimately influence the type of application it will

be employed in and the quality of finished textile goods. For example, combed yarn is produced using high-quality cotton fiber by adding the combing process to the carded yarn.

Combed yarn is a finer and better quality product, making it useful for manufacturing fabrics with premium texture and durability. The majority of cotton yarn produced across the globe is used to manufacture apparels. Currently, consumers and brands are promoting sustainable fashion like never before, and clothing made using cotton yarn is an excellent choice for sustainability.

Lockdown restrictions enforced during the COVID-19 pandemic caused supply chain disruptions for various industries across the globe, with this market being no exception. The lockdowns imposed across several countries resulted in logistics challenges, raw material and labor shortages, and other inevitable challenges. Several yarn-manufacturing units were either closed or operating at a reduced capacity owing to the labor-intensive nature of manufacturing facilities. The manufacturing companies in this industry witnessed significant price fluctuations due to supply shortages and the effect of this disruption still affects the current prices. However, with significant control over the spread of the pandemic, the prices of cotton are returning to normalization as the supply chain is getting back on track. This is expected to help the revival of the industry over the next few years.

India has a 4% share of the global trade in textiles and apparel.

The textiles and apparel industry contribute 2.3% to the country's GDP, 13% to industrial production and 12% to exports.

The textile industry has around 45 million of workers employed in the sector, including 3.5 million handloom workers. India's textile and apparel exports (including handicrafts) stood at US\$ 44.4 billion in FY22, a 41% increase YoY.

Total textile exports are expected to reach US\$ 65 billion by FY26. The Indian textile and apparel industry is expected to grow at 10% CAGR from 2019-20 to reach US\$ 190 billion by 2025-26. The Indian apparel market stood at US\$ 40 billion in 2020 and is expected to reach US\$ 135 billion by 2025. The Rs. 10,683 crores (US\$ 1.44 billion) PLI scheme is expected to be

## Annexure-V (Contd.)

a major boost for the textile manufacturers. The scheme proposes to incentivize MMF (man-made fiber) apparel, MMF fabrics and 10 segments of technical textiles products.

### DEVELOPMENTS & FUTURE OUTLOOK OF THE COTTON YARN INDUSTRY

**India is the world's second-largest producer of textiles and garments.**

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 fundamental strength of the textile industry in India is its strong production base of a wide range of yarns from natural fibres like cotton, jute, silk and wool, to synthetic/man-made fibres like polyester, viscose, nylon and acrylic.

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.

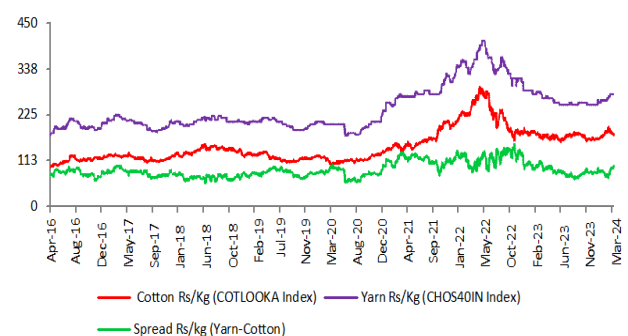
The textiles and apparel industry in India is the 2nd largest employer in the country providing direct employment to 45 million people and 100 million people in allied industries.

- **Production:** Cotton production in the upcoming Cotton Season (CS) 2024 is expected to decline to 5.4bn kgs from 5.7bn kgs in CS23. In CS23, the initial stockpiling of cotton resulted in shortage of cotton in the market. Owing to the recent decline in cotton prices, farmers may switch to other crops in search of better prices, which could impact acreage. Given that India's cotton production is closely tied to acreage, it is unlikely that cotton production would increase in the upcoming season. Experts expect cotton availability to improve in the coming quarters, as the crop has been healthy.
- **Stable consumption:** Cotton consumption could trail production and is likely to stay stable at 5.3bn kgs in CS24, consistent with the previous season.
- **Improved cotton-yarn spreads stemming from benign raw material prices:** Average

domestic prices of cotton/yarn rose steeply to touch peak levels of Rs 272/364 per kg during Q1FY23 from Rs 114/203 per kg during Q3FY21. However, during this period, cotton-yarn spreads fell from Rs 97/kg to Rs 92/kg, as prices of cotton increased at a faster clip than those of yarn. In FY23, weak export demand caused yarn prices to fall sharply, leading margins to compress, narrowing the spread between cotton and yarn. Going forward, improved cotton supply to keep cotton prices stable, while superior downstream demand could keep yarn prices firm. CRISIL expects spreads to remain at pre-pandemic levels of Rs 85-90/kg.

- **Capacity utilization levels expected to improve:** Spinners currently operate at 80- 85% capacity, with further 10-15% scope for improvement. Crisil expects overall utilization to improve in FY24, on the back of enriched demand from downstream industries, as utilization levels in knitwear, home textiles, apparel, etc., have risen. Although, capacity utilization in denim is less in India compared to Bangladesh and Turkey, the same is expected to improve, going forward.

Softening cotton prices and stable yarn prices to improve spreads



Source: Bloomberg, Systematic Institutional Research

### Outlook - Polyester yarn industry

- **Industry dynamics:** Crisil estimates India's polyester fibre market to touch ~Rs 1.7-1.75 tn with a total capacity of ~5.5mn tonnes pa in FY24. Top 5 polyester yarn manufacturers in India account for ~70% market share. Key raw materials, i.e., PTA (Purified Terephthalic Acid) and MEG (Mono Ethylene Glycol), constitute ~80% of the total manufacturing costs in this segment. Demand for polyester yarn is primarily driven by outdoor, athleisure clothing,



## Annexure-V (Contd.)

home textiles, industrial applications, etc.

- **China dominates global polyester yarn trade:** Strong incentives have led China to expand capacity across the man-made fibre value chain in the last 2 decades, expanding its market share from 43% in CY18 to 54% in CY22. China's polyester yarn capacity is 8-9x that of India. India has limited backward integration, resulting in country importing ~25% of its RM, as against China, which imports mere 2-3%. Although India and China face similar tariffs from top polyester yarn importing countries, China dominates the global polyester yarn trade primarily due to its scale of operations.
- **Price realisations:** Yarn prices expected to remain stable in FY25 as dumping of cheaper polyester yarn in India likely to reduce however, there is a possibility of increased risk of dumping of cheap polyester fabrics. PTA and MEG prices expected to decline.

Crisil expects MEG prices to decline going forward



Source: Bloomberg, Systematic Institutional Research

- **Implementation of QCO mandates a BIS (Bureau of Indian Standards) certification:** Slowdown in Chinese domestic market has led to oversupply of cheap polyester yarn in the global market impacting export demand. Thus, BIS certification and quality control measure were implemented in Oct 2023, which is expected to benefit Indian polyester yarn manufacturers, as dumping of cheap polyester yarn in India by China will be curtailed, supporting realization and volumes for Indian players in domestic markets. Post implementation, polyester yarn imports declined to 13k tonnes in Nov 2023 from 106k tonnes in Sep 2023 and 58k tonnes in Oct 2023. Imports are expected to reduce by 40-50% from 455K tonnes in CY24E to 240-260k tonnes in CY25. However, given ~6 months of delay in

implementing QCOs, Chinese imports entered India covering the entire festive season sales in FY24, which has led to huge inventory buildup. As China's consumption is yet to fall below the expected levels, global markets would continue to be flooded with Chinese cheap polyester yarn.

### Crisil expects moderate revenue growth in FY25

- **Cotton yarn:** Crisil expects revenue to drop by 5-7% in FY24. However, in FY25 it expects revenue to see a moderate 4-6% surge, in anticipation of normalized volume growth, improved availability of cotton and steady yarn prices.
- **Polyester yarn:** Revenue is expected to expand moderately by 2-4% in FY25, following flattish growth in FY24 due to flooding of cheap polyester yarn by China. Growth will likely be supported by favourable government regulations (implementation of QCOs), gradual improvement in volumes, with reduction in cheap polyester yarn imports from China. However, dumping of cheaper Chinese polyester fabrics in the domestic market could restrict sales growth.

### Operating margins to recover gradually

- **Cotton yarn:** Post lower margins in H1FY24 due to lower spreads and inventory losses, operating margins began to rebound Q3FY24 onwards, as CS24 commenced and reduced inventory losses. Operating margins are expected to recover 100-150 basis points from decadal lows of 8.5-9% in FY24 to 10-10.5% in FY25, owing to expected improvement in cotton yarn spreads and fewer inventory losses. Experts anticipate better profitability for spinners in FY25 than in FY24.
- **Polyester yarn:** Expected reduction in RM prices (PTA & MEG), stable polyester yarn prices, moderate sales growth and reduction in cheaper imports of polyester yarn from China is expected to improve profitability by 50-100bps to 6.5-7.5% in FY25.

### Capex

- **Cotton yarn:** In FY24, capex plans of larger players were impacted due to stress on margins in the industry. CRISIL expects capex to recover slowly from FY25. However, experts on the

## Annexure-V (Contd.)

panel believed capex could be limited and revival unlikely in the near term, unless a major export demand emerges. Experts believe 8-10% margins in the spinning industry would be insufficient to incur fresh capex.

- **Polyester yarn:** The industry added 5-6% of its capacity in last two years, which should operationalize in FY25. Hence, no major capex is planned for FY25.

### Export have posted strong growth over the years:

#### India's cotton yarn exports to surge by 85% to 90% in FY2024: ICRA

In ICRA's recently published research note on the domestic cotton spinning industry, the rating agency expects demand for the industry to improve by close to 12-14% in volume terms in FY2024 on a yearly basis, with yarn exports likely to increase by a sharp 85% to 90%, on the back of a shift in sourcing preference away from China, and the expectations of demand improving for the spring/summer season in the US and the EU regions that will drive domestic demand from apparel and home textile manufacturers. However, a sharp moderation in cotton prices, leading to lower yarn realizations, is likely to translate to a 9-10% year-on-year (YoY) decline in revenues to ~Rs. 33,465 crores in FY2024.

Cotton yarn exports typically account for ~25-35% of India's cotton yarn production, while the remaining is accounted for by the domestic market. While a steep decline (53%) was witnessed in cotton yarn exports in FY2023, there has been a trend reversal in the current fiscal. In 7M FY2024, overall yarn export volumes grew by ~142% (on a YoY basis) on a low base, and with increased exports to China, resulting in the share of exports in the overall production increasing from 19% in FY2023 to ~33% in 7M FY2024. For the full year FY2024, ICRA estimates India's yarn exports to increase by ~85- 90% on a YoY basis. Bangladesh, China, and Vietnam account for ~60% of these exports. With the share of Asia in Indian yarn exports being ~70%, no immediate impact on Indian yarn exports is expected due to the ongoing Red Sea conflict; any sustained continuance of this face-off would have a direct impact on apparel export volumes and a consequent impact on both domestic and export demand for cotton yarn and its realisations.

### Raw Material (Cotton)



Cotton is one of the most important commercial crops cultivated in India and accounts for around 25% of the total global cotton production. It plays a major role in sustaining the livelihood of an estimated 6 million cotton farmers and 40-50 million people engaged in related activity such as cotton processing & trade. The Indian Textile Industry consumes a diverse range of fibres and yarns and the ratio of use of cotton to non-cotton fibres in India is around 60:40 whereas it is 30:70 in the rest of the world.

Apart from being the provider of a basic necessity of life i.e. clothing which is next only to food, cotton is also one of the largest contributor to India's net foreign exchange by way of exports in the form of raw cotton, intermediate products such as yarn and fabrics to ultimate finished products in the form of garments, made ups and knitwear. Due to its economic importance in India, it is also termed as "White-Gold".

#### Species of Cultivated Cotton:

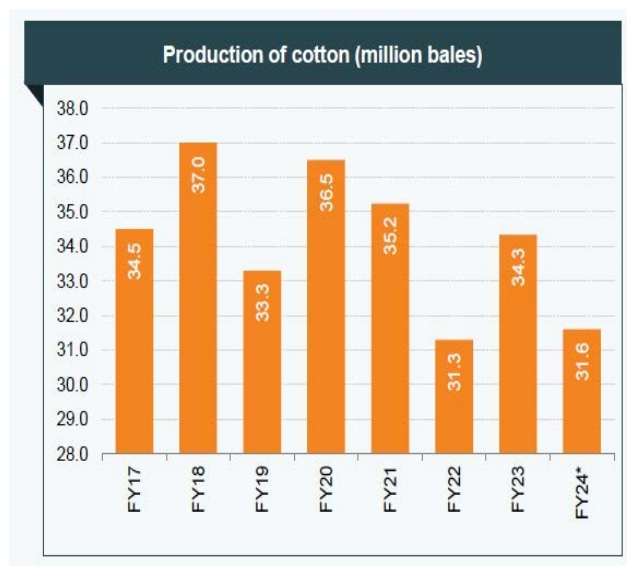
- India is the country to grow all four species of cultivated cotton *Gossypium arboreum* and *Herbaceum* (Asian cotton), *G. barbadense* (Egyptian cotton) and *G. hirsutum* (American Upland cotton).
- Majority of the cotton production comes from ten major cotton growing states, which are grouped into three diverse agro-ecological zones, as under:
  - **Northern Zone:** Punjab, Haryana and Rajasthan
  - **Central Zone:** Gujarat, Maharashtra and Madhya Pradesh

## Annexure-V (Contd.)

— **Southern Zone:** Telangana, Andhra Pradesh, Karnataka and Tamil Nadu

India's total production of cotton in the year 2023-24 (until November 2023) is 31.6 million bales (bales of 170 kg each). Total production of cotton in the year 2022-23 was 34.3 million bales and in 2021-22, it stood at 31.1 million bales. The Central Zone (which comprises states like Gujarat, Maharashtra, and Madhya Pradesh) was the biggest producer of cotton in India in 2022-23, with Gujarat being the highest producer of the Central Zone, contributing 9.49 million bales (bales of 170 kg each). Saurashtra constitutes about 70% of Gujarat's cotton production, with farmers in Amreli - the state's largest cotton district - playing a key role. Yavatamal, Buldhana, Akola Amravati Nagpur Washim, and Wardha are the districts of Vidarbha which are Maharashtra's major cotton-producing areas.

The Southern Zone (which comprises states like Telangana, Andhra Pradesh, Karnataka, and Tamil Nadu) is the second biggest producer of cotton, producing about 28.5% of the nation's cotton, with Telangana producing the largest in the Southern Zone and the third largest in the country, contributing 5.31 million bales (bales of 170 kg each). The cotton textiles industry is the second largest employer in the country after agriculture, while also sustaining the livelihoods of an estimated 6.5 million cotton farmers and driving a large export market.



In the FY 23-24, Cotton production is affected by pink bollworm and inadequate monsoon in many parts, as per the reports from the Cotton Association of India.

According to Nishant Asher, secretary of Indian Cotton Federation (ICF), the main issue this year was the demand and not supply. The daily arrivals to the market during the year was 70,000 to one lakh bales. Currently, Indian cotton prices are on a par with the international prices. If the international prices decline, Indian cotton will become expensive. This will hit the domestic textile industry.

The cotton production in India for 2023-24 is slightly lower than the previous years. In India, the lowest cotton production was recorded in 2008-09 with 29 million bales, according to the Cotton Advisory Board.

Further, the cost of raw cotton, the primary material for cotton yarn, can be subject to fluctuations due to factors such as weather conditions, global supply and demand, and trade policies. In contrast, synthetic fibers used in synthetic yarn, such as polyester or nylon, are derived from petrochemicals, which can be subject to separate supply and price dynamics. Modern synthetic fiber manufacturing processes are highly automated and can achieve economies of scale, which can lead to lower production costs.

Despite all the difficulties faced during the year due to unfavorable international market condition and unpredictable cotton prices, Your Company has never slow down the production and tried to mitigate it and entered in to new markets, delivering best quality products and adopting better marketing strategies.

### Government Support and Initiatives in Textile Sector

#### PM MITRA

The Government has launched PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks Scheme to develop world class infrastructure including plug and play facility with an outlay of Rs. 4445 crores for a period up-to 2027-28. PM MITRA Parks Scheme are inspired by the 5F vision of Hon'ble Prime Minister - Farm to Fibre to Factory to Fashion to Foreign. Nearly Rs. 70,000 crore investment and 20 lakhs employment generation is envisaged. Parks will offer an opportunity to create an integrated textiles value chain right from spinning, weaving, processing/dyeing and printing to garment manufacturing at a single location. World-class industrial infrastructure would attract cutting edge technology and boost FDI and local investment in the sector. Centre and States to form SPVs for setting up PM MITRA Parks. These parks will be developed in PPP mode.

## Annexure-V (Contd.)

### Amended Technology Upgradation Fund Scheme (ATUFS)

Under ATUFS, ratio of MSME: Non MSME is 89:11, while under previous versions of TUFs it was 30:70. Higher incentives of 15% (Rs 30 crore) for entities for employment potential segments viz. Technical Textiles and garment/made ups. Employment support to more than 17 lakhs (3.9 lakhs New and 13.4 lakhs Existing) over seven years. Out of total 3.9 lakhs new employment generated, 1.12 lakh (29%) are women.

### PLI Scheme

The Government has approved the Production Linked Incentive (PLI) Scheme for Textiles with an approved outlay of Rs 10,683 crore over a five year period to promote production of MMF Apparel, MMF Fabrics and products of Technical Textiles in the country to enable Textile sector to achieve size and scale and to become competitive. The Scheme has two parts: Part-1 envisages a minimum investment of Rs.300 crore & minimum turnover of Rs.600 crore per company and Part-2 envisages a minimum investment of Rs.100 crore & minimum turnover of Rs.200 crore per company. There will be two years of gestation period under the Scheme (FY: 2022-23 and FY. 2023- 24). The incentive will be provided to the companies under the scheme on achieving the threshold investment and threshold turnover and thereafter incremental turnover. 64 applicants were selected under the Scheme. In the approved 64 applications, the total proposed investment would be Rs.19,798 crore, projected turnover would be Rs.1,93,926 crore and proposed employment generation would be 2,45,362. As per Quarterly Review Reports (QRRs) as on 30.09.2023, the eligible investment made under the Scheme was Rs. 2,119 crore of 30 selected applicants, out of which 12 selected applicants started commercial production, turnover achieved was Rs. 520 crore including export of Rs.81 crore and employment generated was 8,214.

Ministry of Textiles has reopened the PLI portal for inviting fresh applications from interested companies under the scheme upto 31st December 2023

### Bharat Tex 2024

BHARAT TEX 2024 is a global textile mega event organized by a consortium of 11 Textile Export Promotion Councils and supported by the Ministry of Textiles. It is scheduled from February 26-29, 2024 in New Delhi. With a focus on sustainability and resilient supply chains, it promises to be a tapestry of tradition and technology attracting the best and the brightest from the textile world. It will have dedicated pavilions on Sustainability and Recycling, thematic discussions on resilient global supply chains and digitization, interactive fabric testing zones, product demonstrations and master-classes by crafts persons and events involving global brands and international designers. Bharat Tex 2024 will be a unique experience for knowledge, business and networking. The mega event will feature an exhibition spread across nearly 20 lakh sq. ft area showcasing Apparel, Home Furnishings, Floor Coverings, Fibres, Yarns, Threads, Fabrics, Carpets, Silk, Textiles based Handicrafts, Technical Textiles and much more. It will also feature nearly 50 different knowledge sessions providing an excellent platform for knowledge exchange, information dissemination and Government to Government and Business to Business interactions.

### SAMARTH

The Government with a view to enhance the skills of the workforce in the textile sector has formulated Samarth Scheme under a broad skilling policy framework with the objective of providing opportunity for sustainable livelihood. The implementation period of the scheme is upto March 2024.

The scheme aims to provide demand driven and placement oriented National Skill Qualification Framework (NSQF) compliant skilling programmes to incentivize and supplement the efforts of the industry in creating jobs in the organised textile sector and related sectors, covering the entire value chain of textiles excluding spinning & weaving and in addition it also provides skilling and skill-upgradation in the traditional textile sectors.

The skilling programme under the scheme is implemented through Implementing Partners (IPs) comprising Textile Industry/Industry Associations, State Government agencies and Sectoral Organizations of Ministry of Textiles. Under the Scheme 2,47,465 persons have been trained as on 11.12.2023.



## Annexure-V (Contd.)

### 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.

### Innovations to create sustainable textiles

- Arvind Limited, the largest textile to technology conglomerate in India, and PurFi Global LLC, a sustainable technology firm that specializes in rejuvenating textile waste into virgin grade products, have formed a joint venture to reduce the quantity of textile waste dumped in landfills.
- The Sustainable Textiles for Sustainable Development (SusTex) project by the United Nations Climate Change entity enhances the employment and working circumstances of textile artisans while promoting the sustainable production and use of environmentally friendly textiles.
- Many Indian textile players are now opting for sustainable production. BRFL Textiles Private Limited (BTPL), India's largest fabric processing facility, has introducing a new sulphur dyeing process involving continuous dyeing without requiring water. BTPL is the first company in the textile sector to implement this new process of dyeing, making it the pioneer of this innovative sustainable process.
- Sangam India Ltd, one of the foremost producers in PV dyed yarn, cotton and OE yarn and also ready to stitch fabric, has installed two solar power plants of 5 MW that on average helps them to bring down their carbon footprint by at least 20% per annum. SIL also plans to increase the use of recycled fibre, leading to lesser consumption of plastic waste by using it as a raw material.

### Scaling-up organic cotton industry

- India is expected to host the 81st Plenary Meeting of the International Cotton Advisory Committee (ICAC) from 2nd to 5th December 2023 in Mumbai with the theme "Cotton Value Chain- Local Innovations for Global Prosperity".
- Cott-Ally mobile app has been developed for farmers to increase awareness about MSP rates, nearest procurement centers, payment tracking, best farm practices etc.
- In March 2022, the Tamil Nadu government included a Sustainable Cotton Cultivation Mission in its agriculture budget by allocating US\$ 1.86 million (Rs.15.32 crore) to enhance the yield of organic cotton.

### Kasturi Cotton Bharat

Kasturi Cotton Bharat programme of Ministry of Textiles is a first of its kind branding, traceability and certification exercise carried out jointly by the Government of India, Trade Bodies and Industry to promote Indian Cotton. Stakeholders across the supply chain including farmers, Ginning Units, Spinning Mills, Processing Houses, Weaving Units, Garmenting Units, Home Textile manufacturers and even Retailers and Brands will be involved in a collaborative effort to promote and enhance the value of Indian Cotton across the domestic and overseas markets.

To encourage the Trade and Industry to work on the principle of self-regulation by owning complete responsibility of Traceability, Certification and Branding of Kasturi Cotton Bharat, MoU has been signed between CCI on behalf of Govt. of India, Ministry of Textiles and TEXPROCIL.

The Ministry of Textiles is driving this initiative in a mission-oriented approach, allocating budgetary support in alignment with Rs.15 crores contribution from Trade & Industry Bodies. Spanning three years from 2022-23 to 2024-25, this collaborative effort anticipates a positive impact on the entire Indian Textile Industry, fostering an elevated global perception and value for Indian Cotton.

#### Milestones achieved in this initiative are as under:

- Certification protocol has been finalized for standardization of quality for 29 mm and 30 mm cotton, which is under long staple cotton category. The sampling and testing will be

## Annexure-V (Contd.)

carried out through authorized National Accreditation Board for Certification Bodies and NABL-accredited agencies/labs.

- All the ginners in the country have been empowered to produce Kasturi Cotton Bharat brand as per stipulated protocol.
- Leading companies and associated Ginning units are being registered for participating Kasturi Cotton initiative and 306 units on-boarded till date including 290 Ginners & 16 supply chain members.
- First Lot of certified Kasturi Cotton was produced in the month of November 2023 by the Cotton Corporation of India Ltd.
- To provide complete traceability of Kasturi Cotton Bharat across the supply chain, QR based certification technology are being used at each stage of the processing and a blockchain based software platform will provide end to end traceability and transaction certificate. In this regard, Microsite with QR code verification and Block Chain technology has been developed.
- Kasturi Cotton Bharat website has been launched on the occasion of world cotton day on 7th October 2023. This website provides a digital platform for necessary information and updates on these initiatives and highlights the registration process for ginners to produce Kasturi Cotton Bharat Brand and its processes that make the branded Indian cotton unique.
- Advertisement agency has been finalized for managing the campaign at national and international level. So far, Two Brand Films and Three Celebrity Endorsement Films with Shri Pankaj Tripathi along with Festive Greeting videos and still photographs has been developed.
- The international launch of Kasturi Cotton Bharat was executed at the 81st Plenary Session of the International Cotton Advisory Committee (ICAC) held in Mumbai during 2nd to 5th Dec.2023.
- Hon'ble Union Minister of Textile, Commerce & Industry, Consumer Affairs and Food & Public Distribution, Shri Piyush Goyal unveiled Kasturi Cotton My Stamp along with the inaugural set of products made out of Kasturi Cotton i.e. a

stunning T-Shirt and a beautifully designed hand towel during inaugural session of 81st Plenary meeting of International Advisory Committee (ICAC) held on 2nd December 2023. Transaction certificates for sale and purchase of Kasturi cotton and its products was also issued during the aforesaid event.

### COMPETITION IN FOREIGN MARKETS

With 50 Million Spindles and 0.75 Mn Open-End Rotors, India has the world's second largest spinning capacity, commanding a share of the global Cotton Yarn market - currently producing over 4700 Mn.Kgs of spun yarn of which over 3,400 Mn.Kgs is cotton yarn. Cotton Yarn accounts for nearly 73% of total spun yarn production. Indian Spinning Industry is the most modern and efficient in the world.



India produces a comprehensive range of yarns for every conveyable end use - non-spun or open-end; combed or carded, basic, compact, mélange or fancy. India's 1943 spinning mills produce them all for requirements ranging from a fine 200 count to a coarse 2 count.

The world's most renowned Indian Cotton Yarns are available as greige, bleached, mercerized, gassed, twisted, dyed or an endless range of fashion yarns like mélange, stretch, blends, high twist and so on to meet the different applications in fashion, clothing, home textiles, hosiery and industrial fabrics. India can meet every customer requirement whether large or small, regular or customized, premium or basic.

Constant induction of state-of-the-art technologies like compact spinning, using the most advanced yarn -

## Annexure-V (Contd.)

processing technology and high-precision process controls tools like electronic cleaners, auto slavers, splicers, two-for-one twisters and auto-coners give Indian mills a competitive advantage.

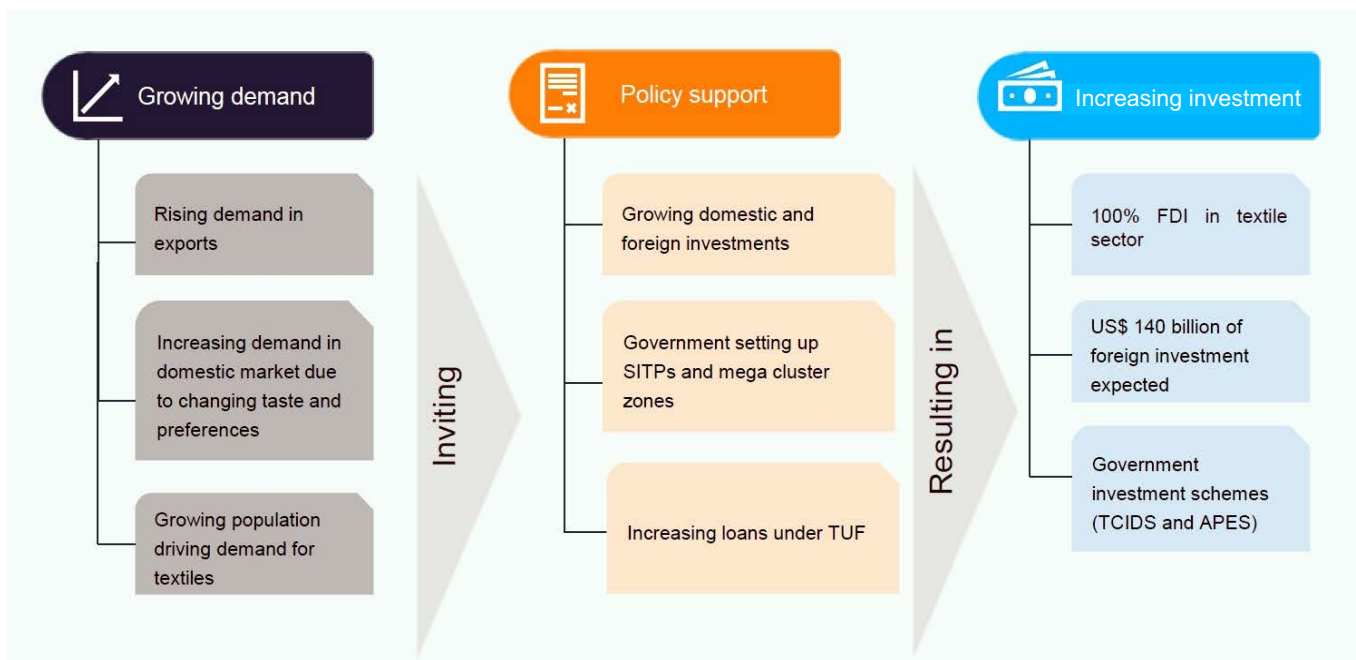
Today, Indian yarn is widely accepted in International markets as the exporters here regularly meet the needs of importers with unmatched efficiency and economy in countries like USA, Italy, Spain, Japan, China, South Korea, Taiwan, Bangladesh, Vietnam etc.

- The Indian cotton textile industry has been facing increasing competition in world markets. This is largely due to high cost of production and consequently high prices of cotton. It is paradoxical in a country where wages are low and cotton is internally available.
- Availability of quality cotton in required volume can be made achievable through framing Government Policies for increasing the productivity of cotton on par with international producers.
- Though the mandatory compliance of BIS Standard for several textile products including MMF Fibre, Yarn, Technical Textile products,



etc., by way of issuing Quality Control Orders (QCO) is a welcome move and would encourage Atma Nirbhar Bharat, it lacks workable standards. Also, the initial investment towards establishment of lab and its connected mandates is beyond the capacity of the growing MSME sector that accounts over 85% of the entire textile value chain. The industry, industry Associations and the government are actively involved in addressing the issues in complying the QCOs. The Government is in the process of bringing more than 100 QCOs covering the entire textile value chain.

- 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.
- The principles of sustainability, traceability and circularity have begun to rule the export market. The domestic manufacturers are also working towards incorporating the same in the manufacturing process. However, the cost of certification to prove the same is already on higher side and still escalating.



## Annexure-V (Contd.)

### GROWTH FACTORS

- 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

### Exporters gaining from strong global demand:

- India is the world's second-largest textile exporter. Capacity built over years has led to low cost of production per unit in India's textile industry. This has lent a strong competitive advantage to the country's textile exporters over key global peers.
- The Indian Medical Textiles market for drapes and gowns is around US\$ 9.71 million in 2022 and is expected to grow at 15% to reach US\$22.45 million by 2027.
- The Indian composites market is expected to reach an estimated value of US\$ 1.9 billion by 2026 with a CAGR of 16.3% from 2021 to 2026 and the Indian consumption of composite materials will touch 7,68,200 tonnes in 2027.
- During (April-September) 2023-24, the total exports of textiles stood at US\$ 20.01 billion.
- In the coming decade, Africa and Latin America could very well turn out to be the key markets for Indian textiles.
- In April 2022, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Mr. Piyush Goyal, said that new Economic Cooperation and Trade Agreements with Australia and the UAE would open infinite opportunities for textiles and

handloom. Indian textile exports to Australia and the UAE would now face zero duties, and he expressed confidence that soon Europe, Canada, the UK and GCC countries would also welcome Indian textile exports at zero duty.

### Strategies:

- 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
- Assets Reliability- adopting smart machineries and incorporate artificial intelligence
- Product development for immediate market needs
- Building value around the commodity
- Organisational Alignment- clear assignment of duties towards every management personnel for smooth and efficient operations
- Focused on Innovation & Technology



### OPPORTUNITIES AND THREATS





## Annexure-V (Contd.)

### Opportunities-

#### Immense growth potential

- In September 2023, Shadowfax inaugurated a 1.5 lakh sq. ft. fulfilment center in Surat with 10 lakh orders per day processing capacity.
- The Indian textile industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand.
- The textile and apparel industry is expected to grow to US\$190 billion by FY26.

#### Bilateral relations:

- In October 2021, the Ministry of Textiles and GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) signed an MoU to implement the 'Indo German Technical Cooperation' project. The project aims to increase the value addition from sustainable cotton production in the country.
- Industry bodies to host the largest global mega textiles event, Bharat Tex 2024 from February 26-29, 2024, in New Delhi. According to Union Minister, Mr. Piyush Goyal, Bharat Tex 2024 Expo is a testament to India's commitment to becoming a global textile powerhouse.

#### 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.

- Increased Disposable Income and Purchasing Power of Indian Customer opens New Market Development.
- Product development and Diversification to cater global needs.
- Large, Potential Domestic and International Market.
- Opportunity in European Union (EU)
- Government Initiatives for exports

### Union Budget 2023-24:

Under the Union Budget 2023-24, the government has allocated:

- Rs. 4,389.24 crore (US\$ 536.4 million) to the Ministry of Textiles.
- Rs. 900 crore (US\$ 109.99 million) is for Amended Technology Upgradation Fund Scheme (ATUFS).
- Rs. 60 crore (US\$ 7.33 million) for Integrated Processing Development Scheme.
- Rs. 450 crore (US\$ 54.99 million) for National Technical Textiles Mission.

### Foreign investments:

- The Government is taking initiatives to attract foreign investment in the textile sector through promotional visits to countries such as Japan, Germany, Italy and France.
- According to the new Draft of the National Textile Policy, the Government is planning to attract foreign investment and creating employment opportunities for 35 million people.
- In December 2019, online clothing brand Henry & Smith raised US\$ 1 million from WEH Ventures and Rukam Capital.
- India can become the one-stop sourcing destination for companies from Association of Southeast Asian Nations (ASEAN) as there exist several opportunities for textile manufacturing companies from 10-nation bloc to invest in India.

### Threats and Challenges-

#### ● High Technological Upgradation Costs

Staying competitive in the Cotton Suppliers industry demands continuous technological upgrades. However, the costs associated with implementing advanced machinery and processes can be a significant barrier for smaller manufacturers, posing a challenge to their ability to keep pace with larger counterparts.

#### ● Global Competition

Indian cotton yarn manufacturers face intense competition on the global stage. Competing with other cotton-producing countries requires a delicate woven fabric manufacturers balance of

## Annexure-V (Contd.)

cost-effectiveness, quality assurance, and agility in responding to market trends.

- **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.
- Supply Chain Disruptions

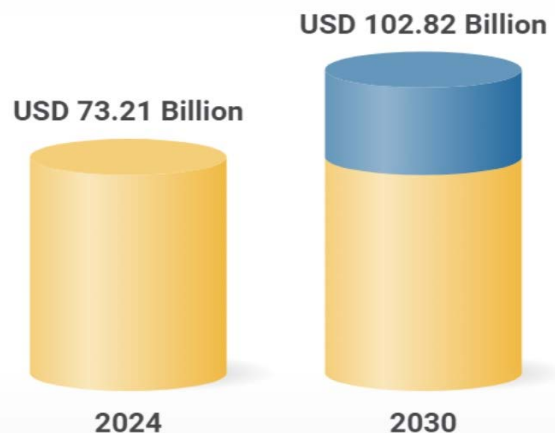
The industry is susceptible to supply chain disruptions, whether due to geopolitical tensions, natural disasters, or unforeseen events. These disruptions can lead to delays in production and increased operational costs.

### GLOBAL OUTLOOK

The Cotton Yarn Market size was at USD 69.43 billion in 2023, USD 73.21 billion in 2024, and is expected to grow at a CAGR of 5.76% to reach USD 102.82 billion by 2030. India aims to achieve a prominent global position in manufacturing and exports of different types of textiles including jute, silk, cotton and wool. India has the potential to increase its textile exports in the next five years. Exports of Cotton yarns are a significant component of India's export basket, as it plays a vital role in boosting the domestic economy.

### Global Cotton Yarn Market

Market forecast to grow at a CAGR of 5.8%



### Exporters gaining from strong global demand

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- During (April-September) 2023-24, the total exports of textiles stood at US\$ 20.01 billion.
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- In April 2022, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Mr. Piyush Goyal, said that new Economic Cooperation and Trade Agreements with Australia and the UAE would open infinite opportunities for textiles and handloom. Indian textile exports to Australia and the UAE would now face zero duties, and he expressed confidence that soon Europe, Canada, the UK and GCC countries would also welcome Indian textile exports at zero duty.
- The Ministry of Textiles favored limited deal for the India-UK free trade agreement that could boost the garments sector. Under the proposed trade agreement, the Textile Ministry expects more market access for the Indian textiles and clothing sector in order to achieve its full potential.

## Annexure-V (Contd.)

### 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.

### COMPANY REVIEW

The manufacturing facility of The Company (LSL) is situated at A 51-53, RIICO Growth Centre, Hamirgarh of Bhilwara District in the Rajasthan State and spreads over 48,263 square meters. The Company has an installed capacity of 1,920 rotors in open-end segment, 25536 spindles in ring spinning segment and 41,472 spindles in Compact Ring Spinning segment for cotton yarn having capacity to produce approx. 69.45tons per day of high-quality yarn.

During the year, the Company has commissioned the Expansion Project of 41,472 spindles of compact cotton yarn at a costing of Rs. 218 Cr., two months ahead of the schedule i.e. 31st January, 2024 without any time and cost overrun. 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.

Lagnam Spintex is presently exporting cotton yarns to countries like Portugal, Bangladesh, Colombia, Poland, China, Peru, Germany, Mauritius, Malaysia, South Korea, Turkey, Taiwan, Italy, USA, Spain, Germany 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 2023-24 of Rs. 43750.24 Lacs against the total revenue of

Rs. 30465.93 Lacs in the previous financial year 2022-23, an increase of about 44%.

- The Total expenses of the Company during the financial year 2023-24 is Rs. 41697.12 Lacs against the expenses of Rs. 29216.33 Lacs in the previous financial year 2022-23. The expenses have increased during the year majorly due to the additional expenses of the expansion project of 41,472 spindles of Compact Cotton Yarn commissioned during the year w.e.f. 31<sup>st</sup> January, 2024.
- The Profit after tax is Rs. 1457.32 Lacs for the financial year 2023-24 as compare to Rs. 976.28 Lacs in the previous financial year 2022-23, a sharp increase of about 49%.

### RISK & CONCERNS

No industry is free from normal business risk and concerns. Indian Textile Industry continues to face stiff competition from China, Bangladesh, Taiwan and other emerging economies. The relative competitiveness of Industry is dependent upon the raw cotton prices, exchange rates and prevalent interest rates regime. The primary raw material for the manufacturing of yarn is cotton which is an agriculture produce. Its supply and quality are subject to forces of nature i.e. Monsoon. Any increase in the prices of raw cotton will make the things difficult for the Textile Industry resulting weak demand and thin margins. Thus availability of raw cotton at the reasonable prices is crucial for the spinning industry. Any significant change in the raw cotton prices can affect the performance of the Industry.



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:

## Annexure-V (Contd.)

Risk	Impact	Mitigation strategies
<b>Economic downturn</b>	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.
<b>Increase in raw material prices</b>	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.
<b>Quality risk</b>	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.
<b>Availability of skilled personnel</b>	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.
<b>Competition risk</b>	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.
<b>Risk of foreign exchange</b>	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.
<b>Technology risk</b>	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.



## Annexure-V (Contd.)

### 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

Lagnam Spintex has appropriate systems for internal control. These systems are continually improved and modified to meet the changes in the business conditions and the statutory and accounting requirements. The Company also has a robust Management Information System, an integral part of the control mechanism. The Audit Committee of the Board of Directors reviews the efficiency and effectiveness of the internal control systems. It then suggests solutions to improve and strengthen. The internal control system was tested during the year, and no material weakness in design or operations was found.

### HUMAN RESOURCES AND INDUSTRIAL RELATION



Human resource is a crucial asset for a Company to achieve sustained growth. To attract, retain and develop its talent pool, the Company has consistently recognized talent, imparted training, and followed the golden principle of rewarding performance. Besides, it is committed to individual well-being and safety at the workplace and it is proud to attract the talent that it needs for future growth. Most importantly, it places great emphasis on eliminating all forms of discrimination in terms of employment and



## Annexure-V (Contd.)

professional activities (gender, age, race, political affiliation, religion, among others). It pays special attention to professional equality, gender equality, the employment of seniors and young people, the employment of people with disabilities.

The Company has 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. At present company has employed man power of around 835 peoples including technical, non-technical, managerial and non- managerial, casual and contract labour.

### **ENVIRONMENT AND SAFETY**

Clean and safe environmental operations are LAGNAM's key priorities. The Company conducts all its operations, ensuring the safety of everyone concerned, compliance with statutory and industrial requirements for environment protection, and conservation of natural resources to the extent possible. 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)	Remuneration For the year 2023-24 (Rs. In Lacs)	Ratio Between Director or KMP and Median Employee
1	Mr. D. P. Mangal	Executive Chairman	11/06/2010	Chartered Accountant	75	42	93.57	47.74:1
2	Mr. Anand Mangal	Managing Director	12/06/2010	BSC (Honors) in Business & Management Studies from University of Bradford, UK	41	20	71.36	36.41:1
3	Mr. Shubh Mangal	Executive Director (WTD)	21/02/2020	Masters in Management and Information Systems from Case Western Reserve University, USA	46	24	74.24	37.88:1
4 <sup>^</sup>	Mr. Vijay Singh Bapna	Independent Director	23/12/2017	Chartered Accountant	75	48	1.40 <sup>^</sup>	N.A.
5 <sup>^</sup>	Mr. Jagdish Chandra Laddha	Independent Director	10/02/2018	Chartered Accountant	74	48	1.35 <sup>^</sup>	N.A.
6 <sup>^</sup>	Mr. Anil Shah	Independent Director	10/02/2018	Chartered Accountant	71	42	1.35 <sup>^</sup>	N.A.
7 <sup>^</sup>	Ms. Dipali Mathur	Independent Director	10/02/2018	PGDBM	42	20	0.40 <sup>^</sup>	N.A.
8	Mr. Devi Lal Mundra	Chief Financial Officer	01/02/2018	B.Com	63	39	16.86	8.60:1
9	Mr. Rajeev Parashar	Company Secretary	01/02/2018	CS, LL.B., B.Com	31	9	7.77	3.96:1

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

## Annexure-VI (Contd.)

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

The median remuneration of the employees in current financial year has increased by 10.26% as compared to previous year although year to year difference in the remuneration of Median Employee is on higher side as the company has employed new employees for the Expansion Project of 41,472 spindles to produce "Compact Cotton Yarn". The remuneration of Median employee was Rs. 1,95,936 during the year 2023-24 as compared to Rs. 1,64,942 in the previous year.

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

As on 31<sup>st</sup> March, 2024 the total number of employees on the roll was 835.

**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 : 29.04.2024

# Independent Auditor's Report

To,  
The Members,  
Lagnam Spintex Limited,

## Opinion

We have audited the accompanying Standalone Financial Statements of **LAGNAM SPINTEX LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2024, 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, 2024, 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

## Independent Auditor's Report (Contd.)

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.



## Independent Auditor's Report (Contd.)

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.1-VI & 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, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2024 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 38 to the standalone financial statements;
  - (ii) The Company did not have any long-term contracts including

## Independent Auditor's Report (Contd.)

- 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.
- (iv) According to management representation, information and explanation given to us and based on our examination of the records of the Company, the company has not advanced or loaned or invested any fund to or in any other person(s) or entity(ies) during the year.
- (v) According to management representation, information and explanation given to us and based on our examination of the records of the Company, the company has not received any fund from any other person(s) or entity(ies) during the year to lend or invest or provide guarantee or security to or in other persons or entities.
- (vi) The company has complied the provisions of sec 123 of Companies Act, 2013 on declaration of dividends during the year.
- (vii) According to management representation and on the basis of our test checks, the company is having audit trail facility in the software used by it and the same has been operated throughout the year. The audit trail has not been tampered and has been preserved by the company as per statutory requirements.

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

Place: Bhilwara

**(Satish Somani)**

Date: 29.04.2024

**Partner**

UDIN : 24076241BKGYP1361

M.No. 076241

# Annexure I

## To the Independent 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, 2024. 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 Statue	Nature of Due	Amount (Rs. In Lac)	Forum where dispute is pending
1.	Income Tax, 1961	Tax Interest	29.12 26.40	Commissioner Appeal, 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

## Annexure I

### To the Independent Auditor's Report (Contd.)

- 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 wilful 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 term loans for capital expansion plans & 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) are 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 whistle-blower 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



## Annexure I

### To the Independent Auditor's Report (Contd.)

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.

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

Place: Bhilwara

**(Satish Somani)**

Date: 29.04.2024

**Partner**

UDIN : 24076241BKGYXP1361

M.No. 076241

## Annexure II

To the Independent 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, 2024 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, 2024, 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

## Annexure II

### To the Independent Auditor's Report (Contd.)

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: 29.04.2024

**Partner**

UDIN : 24076241BKGYP1361

M.No. 076241

# Balance Sheet

As at 31<sup>st</sup> March 2024

(Rs. in Lacs)

Particulars	Note No.	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
<b>I ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	2 a	34607.13	13056.89
(b) Right to use assets	2 b	655.20	654.37
(c) Other intangible assets	2 c	113.77	7.26
(d) Capital work-in-progress	2 d	-	2,533.24
		<b>35376.10</b>	<b>16251.76</b>
(e) Financial assets			
(i) Investments	3	14.18	12.14
(ii) Fixed Deposit with Banks	3	7.53	-
		21.71	12.14
(f) Other non-current assets	4	80.72	1390.30
<b>2 Current assets</b>			
(a) Inventories	5	9140.89	8368.57
(b) Financial assets			
(i) Investments	6	-	15.00
(ii) Trade receivables	7	5318.96	2841.95
(iii) Cash and cash equivalents	8	24.12	17.30
(iv) Bank balances other than (iii) above	9	3.92	1.13
(v) Other financial assets	10	288.15	275.92
(c) Current tax assets (net)	11	149.75	170.34
(d) Other current assets	12	2944.75	1772.33
		<b>17870.54</b>	<b>13462.54</b>
		<b>53349.07</b>	<b>31116.74</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>A Equity</b>			
(a) Equity share capital	13	1766.90	1766.90
(b) Other equity	14	9128.20	7661.94
		<b>10895.10</b>	<b>9428.84</b>
<b>B Liabilities</b>			
<b>1 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15	23365.87	9734.27
(b) Provisions	16	123.83	96.76
(c) Deferred tax liabilities (net)	17	2530.12	1887.86
		<b>26019.82</b>	<b>11718.89</b>



## Balance Sheet

As at 31<sup>st</sup> March 2024 (Contd.)

(Rs. in Lacs)

Particulars	Note No.	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
<b>2 Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	14408.94	8656.31
(ii) Trade payables	19		
a. Total outstanding dues of micro enterprises and small enterprises;		97.88	294.26
b. Total outstanding dues of creditors other than micro enterprises and small enterprises;		410.80	199.94
(iii) Other financial liabilities	20	1364.38	718.34
(b) Other current liabilities	21	85.48	49.94
(c) Provisions	22	54.55	45.95
(d) Current tax liabilities (net)	23	12.12	4.27
		<b>16434.15</b>	<b>9969.01</b>
		<b>53349.07</b>	<b>31116.74</b>

### See accompanying notes forming part of financial statements

As per our report of even date

For and on behalf of the Board

**For SSMS & Associates**

Chartered Accountants  
Firm Reg. No. 019351C

**D.P. Mangal**

(Executive Chairman)  
(DIN01205208)

**Anand Mangal**

(Managing Director)  
(DIN 03113542)

**Satish Somani**

(Partner)  
Membership No. 076241

**Rajeev Parashar**

(Company Secretary)

**D L Mundra**

(Chief Financial Officer)

Date : 29<sup>th</sup> April, 2024

Place : Bhilwara

UDIN: 24076241BKGYP1361

## Statement of Profit and Loss

For the year ended 31<sup>st</sup> March 2024

(Rs. in Lacs)

Particulars	Note No.	Year Ended 31 <sup>st</sup> March 24	Year Ended 31 <sup>st</sup> March 23
<b>I. Revenue from operations</b>	24	43750.24	30465.93
<b>II. Other Income</b>	25	28.74	22.72
<b>III. Total Revenue (I+II)</b>		43778.98	30488.65
<b>IV. Expenses:</b>			
Cost of material consumed	26	33035.83	23794.76
Change in inventories of finished goods, work-in-progress and stock- in- trade	27	921.23	(1592.83)
Employee benefits expense	28	1241.91	1216.94
Finance costs	29	1526.12	1097.64
Depreciation and amortization expense	30	928.62	733.14
Other expenses	31	4043.41	3966.68
<b>Total Expenses</b>		<b>41697.12</b>	<b>29216.33</b>
<b>V. Profit before tax (III-IV)</b>		<b>2081.86</b>	<b>1272.32</b>
<b>VI. Tax expense:</b>	32		
Current Tax		343.58	209.46
MAT Credit (Entitlement / Utilisation)		(343.58)	69.71
Earlier year Tax		(17.72)	(1.41)
Deferred Tax		642.26	18.28
<b>VII. Profit (Loss) for the period (V -VI )</b>		<b>1457.32</b>	<b>976.28</b>
<b>VIII Other comprehensive income</b>	33		
<b>a</b> (i) Items that will not be reclassified to profit or loss		8.94	6.49
(ii) Income tax relating to items that will not be reclassified to profit or loss (Net of MAT credit Entitlement)		-	(1.89)
<b>b</b> (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-
<b>Total other comprehensive income</b>		<b>8.94</b>	<b>4.60</b>
<b>IX Total Comprehensive Income(VII+VIII)</b>		<b>1466.26</b>	<b>980.88</b>
Earnings per equity share - Annualized: (Basic & Diluted)		8.25	5.53

**See accompanying notes forming part of financial statements**

As per our report of even date

For and on behalf of the Board

**For SSMS & Associates**

Chartered Accountants

Firm Reg. No. 019351C

**Satish Somani**

(Partner)

Membership No. 076241

Date : 29<sup>th</sup> April, 2024

Place : Bhilwara

**D.P. Mangal**

(Executive Chairman)

(DIN01205208)

**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, 2024

(Rs. in Lacs)

Particulars	Year Ended 31 <sup>st</sup> March 24	Year Ended 31 <sup>st</sup> March 23
<b>A. Cash Flow From Operating Activities</b>		
<b>a. Net operating profit before tax</b>	<b>2081.86</b>	<b>1272.32</b>
<b>Adjustment for :</b>		
Depreciation and amortisation of Property, Plant and Equipment	928.62	733.14
Interest Income	(18.52)	(18.91)
Finance cost	1526.12	1097.64
Re-measurement gain / loss on routed through OCI	8.94	6.49
Provision for employees benefits	35.67	34.81
<b>b. Operating profit before Working Capital changes</b>	<b>4562.69</b>	<b>3125.49</b>
<b>Adjustment for :</b>		
(Increase) /Decrease in Inventories	(772.32)	(2651.82)
(Increase) /Decrease in Trade receivables	(2477.01)	1188.29
(Increase) /Decrease in Other Assets (Non-Current)	1309.58	(399.69)
(Increase) / Decrease in Other financial assets (Current)	(12.23)	(37.06)
(Increase) /Decrease in Other Current Assets	(811.12)	(3.03)
Increase / (Decrease) in Trade payables	14.48	215.06
Increase / (Decrease) in Other financial liabilities	646.04	22.96
Increase / (Decrease) in Other Current liabilities	35.54	(25.26)
<b>c. Cash generated from Operations before tax</b>	<b>2495.65</b>	<b>1434.94</b>
<b>d. Net Direct Taxes paid</b>	<b>(315.14)</b>	<b>(147.23)</b>
<b>Net cash from operating activities - (A)</b>	<b>2180.51</b>	<b>1287.71</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment.	(20052.96)	(2538.29)
Net Purchase and Sale of Investments	12.96	9.15
Fixed Deposit with bank more than 12 months	(7.53)	-
Interest Income	18.52	18.91
<b>Net cash flow used in investing activities - (B)</b>	<b>(20029.01)</b>	<b>(2510.23)</b>

## Statement of Cash Flow

For The Year Ended 31<sup>st</sup> March, 2024 (Contd.)

(Rs. in Lacs)

Particulars	Year Ended 31 <sup>st</sup> March 24	Year Ended 31 <sup>st</sup> March 23
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of non-current borrowings	(2729.22)	(2137.31)
Proceeds from non-current borrowings	16493.38	1518.12
Proceeds / (repayment) of short term borrowings (net)	5620.07	2651.30
Dividend Paid	-	(88.35)
Finance cost	(1526.12)	(1097.64)
<b>Net cash used in financing activities - (C)</b>	<b>17858.11</b>	<b>846.12</b>
<b>Net increase / (decrease) in cash and cash equivalents - (A+B+C)</b>	<b>9.61</b>	<b>(376.40)</b>
Opening cash and cash equivalents	18.43	394.83
<b>Closing cash and cash equivalents</b>	<b>28.04</b>	<b>18.43</b>

As per our report of even date

**For SSMS & Associates**

*Chartered Accountants*

Firm Reg. No. 019351C

**Satish Somani**

*(Partner)*

Membership No. 076241

Date : 29<sup>th</sup> April, 2024

Place : Bhilwara

For and on behalf of the Board

**D.P. Mangal**

*(Executive Chairman)*

(DIN01205208)

**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, 2024

### A. Equity Share Capital

(Rs. in Lacs)

Particulars	As at 31 <sup>st</sup> March 2024		As at 31 <sup>st</sup> March 2023	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	17669000	1766.90	17669000	1766.90
Balance at the end of the reporting period	17669000	1766.90	17669000	1766.90

### B. Other Equity

(Rs. in Lacs)

Particulars	Reserve and surplus				Total
	Securities premium	Capital reserve	Retained earnings	Other compre- hensive income	
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>1655.20</b>	<b>23.00</b>	<b>5091.21</b>	<b>0.00</b>	<b>6769.41</b>
Profit for the year			976.28		976.28
Re-measurement gains / (losses) on defined benefit (Net of tax)			4.60		4.60
Effective portion of cash flow hedge (Net of tax)				0.00	0.00
Total comprehensive income for the year	0.00	0.00	980.88	0.00	980.88
Payment of dividend			88.35		88.35
<b>Balance as at 31<sup>st</sup> March, 2023</b>	<b>1655.20</b>	<b>23.00</b>	<b>5983.74</b>	<b>-</b>	<b>7661.94</b>
Profit for the year			1457.32		1457.32
Re-measurement gains / (losses) on defined benefit (Net of tax)			8.94		8.94
Effective portion of cash flow hedge (Net of tax)		-	0.00		
Total comprehensive income for the year	0.00	0.00	1466.26	-	1466.26
Payment of dividend			0.00		0.00
<b>Balance at 31<sup>st</sup> March, 2024</b>	<b>1655.20</b>	<b>23.00</b>	<b>7450.00</b>	<b>-</b>	<b>9128.20</b>

As per our report of even date

**For SSMS & Associates**

Chartered Accountants  
Firm Reg. No. 019351C

**Satish Somani**

(Partner)  
Membership No. 076241

Date : 29<sup>th</sup> April, 2024

Place : Bhilwara

For and on behalf of the Board

**D.P. Mangal**

(Executive Chairman)  
(DIN01205208)

**Rajeev Parashar**

(Company Secretary)

**Anand Mangal**

(Managing Director)  
(DIN 03113542)

**D L Mundra**

(Chief Financial Officer)



# Accounting Policies

For the year ended 31<sup>st</sup> March, 2024

## 1. Company Overview and Accounting Policies

### A. Corporate Information

Lagnam Spintex Limited (the "Company"), incorporated on 11<sup>th</sup> 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).

#### 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

## Accounting Policies

For the year ended 31<sup>st</sup> March, 2024 (Contd.)

- 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 Contracts with customers is recognized when the Company satisfies performance obligation by transferring promised goods or services to the customer. Performance obligation is satisfied when the company transfers significant risks and rewards to the customer and ceases its control over the goods.

Revenue from sale of goods is recognized at a point of time when the significant risks and rewards are transferred to the customer and the company ceases to have its control over the goods.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, price concessions and incentives, if any, as specified in the contract with customers. Revenue excludes taxes collected from customers on behalf of government.

Payments from customers for the goods and services rendered are normally received within the credit terms as per contracts with the customers.

The company recognizes sales return only when the goods are actually returned by the customers.

#### 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.

## Accounting Policies

For the year ended 31<sup>st</sup> March, 2024 (Contd.)

### **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.

## Accounting Policies

For the year ended 31<sup>st</sup> March, 2024 (Contd.)

### 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 (excluding solar plant), is provided on straight line method over the useful lives prescribed under Schedule II of Companies Act, 2013.

Depreciation on plant & machinery (Excluding solar plant) 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.

# Accounting Policies

For the year ended 31<sup>st</sup> March, 2024 (Contd.)

**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:

S.No.	Nature of Assets	Effective Useful Life	Amortisation Method
1.	Computer Software	6 Years	Amortised on Straight line basis over the useful life.
2.	Right to use power line	10 Years	Amortised on Straight line basis over the useful life.



## Accounting Policies

For the year ended 31<sup>st</sup> March, 2024 (Contd.)

### **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.

## Accounting Policies

For the year ended 31<sup>st</sup> March, 2024 (Contd.)

### 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.

## Accounting Policies

For the year ended 31<sup>st</sup> March, 2024 (Contd.)

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.

## Accounting Policies

For the year ended 31<sup>st</sup> March, 2024 (Contd.)

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.

# Accounting Policies

For the year ended 31<sup>st</sup> March, 2024 (Contd.)

## 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.



# Accounting Policies

For the year ended 31<sup>st</sup> March, 2024 (Contd.)

## **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.

## Accounting Policies

For the year ended 31<sup>st</sup> March, 2024 (Contd.)

### **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.

# Accounting Policies

For the year ended 31<sup>st</sup> March, 2024 (Contd.)

## **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.

## Accounting Policies

For the year ended 31<sup>st</sup> March, 2024 (Contd.)

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.

# Accounting Policies

For the year ended 31<sup>st</sup> March, 2024 (Contd.)

## **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.



## Accounting Policies

For the year ended 31<sup>st</sup> March, 2024 (Contd.)

### **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.

# Notes

To the Financial Statements

## 2a. Property, Plant and Equipment

(Rs. in Lacs)

Particulars	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment's	Electric Fitting and Water Supply Installations	Total
Gross carrying value							
<b>As at 31<sup>st</sup> March, 2022</b>	<b>2318.26</b>	<b>12303.56</b>	<b>55.84</b>	<b>64.74</b>	<b>17.40</b>	<b>476.62</b>	<b>15236.42</b>
Additions	-	-	1.17	22.38	6.20	-	29.75
Disposals	-	-	-	-	-	-	-
<b>As at 31<sup>st</sup> March, 2023</b>	<b>2318.26</b>	<b>12303.56</b>	<b>57.01</b>	<b>87.12</b>	<b>23.60</b>	<b>476.62</b>	<b>15266.17</b>
Additions	3021.78	18501.55	90.64	16.45	101.19	736.38	22467.99
Disposals	-	-	-	-	-	-	-
<b>As at 31<sup>st</sup> March, 2024</b>	<b>5340.04</b>	<b>30805.11</b>	<b>147.65</b>	<b>103.57</b>	<b>124.79</b>	<b>1213.00</b>	<b>37734.16</b>
<b>Depreciation</b>							
<b>As at 31<sup>st</sup> March, 2022</b>	<b>169.27</b>	<b>1158.47</b>	<b>19.15</b>	<b>17.75</b>	<b>4.66</b>	<b>116.00</b>	<b>1485.30</b>
Depreciation for the year	87.73	550.49	8.40	10.27	4.72	62.37	723.98
Disposals	-	-	-	-	-	-	-
<b>As at 31<sup>st</sup> March, 2023</b>	<b>257.00</b>	<b>1708.96</b>	<b>27.55</b>	<b>28.02</b>	<b>9.38</b>	<b>178.37</b>	<b>2209.28</b>
Depreciation for the year	104.52	719.84	9.81	12.52	7.84	63.22	917.75
Disposals	-	-	-	-	-	-	-
<b>As at 31<sup>st</sup> March, 2024</b>	<b>361.52</b>	<b>2428.80</b>	<b>37.36</b>	<b>40.54</b>	<b>17.22</b>	<b>241.59</b>	<b>3127.03</b>
<b>Net carrying value</b>							
As at 31 <sup>st</sup> March, 2023	2061.26	10594.60	29.46	59.10	14.22	298.25	13056.89
As at 31 <sup>st</sup> March, 2024	4978.52	28376.31	110.29	63.03	107.57	971.41	34607.13



# Notes

To the Financial Statements (Contd.)

## 2b. Right to use assets

(Rs. in Lacs)	
Particulars	Amount
<b>Gross carrying value</b>	
As at 31 <sup>st</sup> March, 2022	678.28
Additions	-
Disposals	-
<b>As at 31<sup>st</sup> March, 2023</b>	<b>678.28</b>
Additions	8.82
Disposals	-
<b>As at 31<sup>st</sup> March, 2024</b>	<b>687.10</b>
<b>Depreciation</b>	
As at 31 <sup>st</sup> March, 2022	15.94
Depreciation for the year	7.97
Disposals	-
<b>As at 31<sup>st</sup> March, 2023</b>	<b>23.91</b>
Depreciation for the year	7.99
Disposals	-
<b>As at 31<sup>st</sup> March, 2024</b>	<b>31.90</b>
<b>Net carrying value</b>	
As at 31 <sup>st</sup> March, 2023	654.37
As at 31 <sup>st</sup> March, 2024	655.20

## 2c. Other Intangible Assets

(Rs. in Lacs)			
Particulars	Computer Software	Right to use power line	Total
<b>Gross carrying value</b>			
As at 31 <sup>st</sup> March, 2022	-	15.12	15.12
Additions	-	-	-
Disposals	-	-	-
<b>As at 31<sup>st</sup> March, 2023</b>	<b>-</b>	<b>15.12</b>	<b>15.12</b>
Additions	106.14	3.25	109.39
Disposals	-	-	-
<b>As at 31<sup>st</sup> March, 2024</b>	<b>106.14</b>	<b>18.37</b>	<b>124.51</b>
<b>Depreciation</b>			
As at 31 <sup>st</sup> March, 2022	-	6.67	6.67
Depreciation for the year	-	1.19	1.19
Disposals	-	-	-
<b>As at 31<sup>st</sup> March, 2023</b>	<b>-</b>	<b>7.86</b>	<b>7.86</b>
Depreciation for the year	1.77	1.11	2.88
Disposals	-	-	-
<b>As at 31<sup>st</sup> March, 2024</b>	<b>1.77</b>	<b>8.97</b>	<b>10.74</b>
<b>Net carrying value</b>			
As at 31 <sup>st</sup> March, 2023	-	7.26	7.26
As at 31 <sup>st</sup> March, 2024	104.37	9.40	113.77

## 2d. Capital work-in progress

(Rs. in Lacs)	
Particulars	Amount
<b>Gross carrying value</b>	
As at 31 <sup>st</sup> March, 2022	24.70
Additions	2508.54
Disposals	-
<b>As at 31<sup>st</sup> March, 2023</b>	<b>2533.24</b>
Additions	-
Disposals	2533.24
<b>As at 31<sup>st</sup> March, 2024</b>	<b>-</b>
<b>Depreciation</b>	
As at 31 <sup>st</sup> March, 2022	-
Depreciation for the year	-
Disposals	-
<b>As at 31<sup>st</sup> March, 2023</b>	<b>-</b>
Depreciation for the year	-
Disposals	-
<b>As at 31<sup>st</sup> March, 2024</b>	<b>-</b>
<b>Net carrying value</b>	
As at 31 <sup>st</sup> March, 2023	2533.24
As at 31 <sup>st</sup> March, 2024	-

### 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 age wise as under.

Particulars		0-1 year	1-2 year	Total
Spinning Project	As at 31 <sup>st</sup> March, 2023	2,508.54	24.70	2,533.24
Spinning Project	As at 31 <sup>st</sup> March, 2024	-	-	-

## Notes

To the Financial Statements (Contd.)

### 3: Financial Assets

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Non-current investment</b>		
Investment - Unquoted Non-Trade		
(a) BOB Unit Link Insurance Co	12.09	10.05
(b) PNB MetLife India Insurance Co Ltd.	2.09	2.09
	<b>14.18</b>	<b>12.14</b>
<b>Fixed Deposit</b>		
(a) Fixed deposits with banks due more than 12 months	7.53	-
	<b>7.53</b>	<b>0.00</b>
	<b>21.71</b>	<b>12.14</b>

### 4. Other non-current Assets

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
(a) Capital advances	-	1347.68
(b) Deferred Assets	80.72	42.62
	<b>80.72</b>	<b>1390.30</b>

### 5. Inventories

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Raw Material	6070.76	5599.79
Work in Progress	714.55	354.31
Finished Goods	1821.64	2262.13
Stores, Spares & Packing Material	186.96	137.36
Others - Waste	346.98	14.98
	<b>9140.89</b>	<b>8368.57</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

## Notes

To the Financial Statements (Contd.)

### 6. Financial Assets

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Current Investment</b>		
Investment - Unquoted Non-trade		
(a) SBI Life Insurance Co.	-	5.00
(b) Baroda Business Cycle Fund	-	10.00
	-	<b>15.00</b>

### 7. Trade Receivables

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Undisputed trade receivables - considered good	5318.96	2841.95
	<b>5318.96</b>	<b>2841.95</b>

#### Trade receivable aging schedule as at 31<sup>st</sup> March 2024

	Not past due	1-180 days past due	181-365 days past due	More than one year	Total
i. Undisputed trade receivable considered good	5318.96	-	-	-	5318.96
ii. Undisputed trade receivable considered doubtful	-	-	-	-	-
iii. Disputed trade receivable considered Good	-	-	-	-	-
iv. Disputed trade receivable considered doubtful	-	-	-	-	-
<b>Total</b>	<b>5318.96</b>	<b>0.00</b>	-	-	<b>5318.96</b>

#### Trade receivable aging schedule as at 31<sup>st</sup> March 2023

	Not past due	1-180 days past due	181-365 days past due	More than one year	Total
i. Undisputed trade receivable considered good	2690.04	151.91	-	-	2841.95
ii. Undisputed trade receivable considered doubtful	-	-	-	-	-
iii. Disputed trade receivable considered Good	-	-	-	-	-
iv. Disputed trade receivable considered doubtful	-	-	-	-	-
<b>Total</b>	<b>2690.04</b>	<b>151.91</b>	-	-	<b>2841.95</b>



## Notes

To the Financial Statements (Contd.)

### 8. Cash and Cash Equivalents

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
(a) Balance with banks		
(i) Current accounts	20.71	4.24
(b) Cash-on hand	1.49	1.61
(c) Fixed deposits with banks due within 3 months	1.92	11.45
	<b>24.12</b>	<b>17.30</b>

### 9. Bank Balances Other than Cash and Cash Equivalents

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
(a) Unclaimed Dividend Account	1.11	1.13
(b) Fixed deposits with banks due within 3 to 12 months	2.81	-
	<b>3.92</b>	<b>1.13</b>

### 10. Other Financial Assets

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Others (Unsecured considered good)		
(a) Security Deposit	287.48	261.52
(b) Interest receivable / refundable from banks	0.67	14.40
	<b>288.15</b>	<b>275.92</b>

### 11. Current Tax Asset (Net)

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Advance income tax paid	149.75	170.34
Less Provision for income tax	-	-
Current tax asset (net)	<b>149.75</b>	<b>170.34</b>

## Notes

To the Financial Statements (Contd.)

### 12. Other Current Assets

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Considered good, unless otherwise stated		
(a) Duties, Claims and balances with Govt. Authorities	1894.96	1139.09
(b) Prepaid Expenses	132.32	97.97
(c) Advance to Suppliers	54.47	38.44
(d) Subsidies Receivable	215.32	156.72
(e) Incentives Receivables	544.12	320.09
(f) Others receivables	103.56	20.02
	<b>2944.75</b>	<b>1772.33</b>

### 13. Equity Share Capital

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Authorised</b>		
2,25,000,00 (Previous Year 2,25,00,000) Equity Shares of ₹ 10/- each	2250.00	2250.00
	<b>2250.00</b>	<b>2250.00</b>
<b>Issued</b>		
1,76,69,000 (Previous Year 1,76,69,000) Equity Shares of ₹ 10/- each	1766.90	1766.90
<b>Subscribed &amp; Fully Paid Up</b>		
1,76,69,000 (Previous year 1,76,69,000) Equity Shares of ₹ 10/- each	1766.90	1766.90
	<b>1766.90</b>	<b>1766.90</b>

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

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

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

## Notes

To the Financial Statements (Contd.)

### 2. Details of Shares held by Shareholders holding more than 5 % Shares of the Company

Name of Shareholder	As at 31 <sup>st</sup> March 2024		As at 31 <sup>st</sup> March 2023	
	No. of Shares	%	No. of Shares	&
Lagnam Infotech Solutions Pvt. Ltd	5034000	28.49%	5034000	28.49%
Mr. D P Mangal	2946250	16.67%	2946250	16.67%
Mr. Shubh Mangal	1395000	7.90%	1395000	7.90%
Mr. Anand Mangal	1242750	7.03%	1242750	7.03%
Mrs.Veena Mangal *	980000	5.55%	980000	5.55%

\* Shares under transmission

### 3. Reconciliation of number of shares nos.

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Shares at beginning	17669000	17669000
Add : Issued during the year	-	-
Shares at closing	17669000	17669000

### 4. Promoter Shareholding

Name of Shareholder	As at 31 <sup>st</sup> March 2024		As at 31 <sup>st</sup> March 2023	
	No. of Shares	%	No. of Shares	&
Lagnam Infotech Solutions Pvt. Ltd	5034000	28.49%	5034000	28.49%
Mr. D P Mangal	2946250	16.67%	2946250	16.67%
Mr. Shubh Mangal	1395000	7.90%	1395000	7.90%
Mr. Anand Mangal	1242750	7.03%	1242750	7.03%
Mrs.Veena Mangal *	980000	5.55%	980000	5.55%
Mrs. Kavita Mangal	335000	1.90%	335000	1.90%
Dwarka Prasad Mangal (HUF)	170000	0.96%	170000	0.96%
[Karta- D.P. Mangal]				

\* Shares under transmission

## Notes

To the Financial Statements (Contd.)

### 14. Other Equity

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Securities premium reserve</b>		
Balance at the beginning of the year	1655.20	1655.20
<b>Balance at the end of the year</b>	<b>1655.20</b>	<b>1655.20</b>
<b>(b) Capital Reserve</b>		
Balance at the beginning of the year	23.00	23.00
<b>Balance at the end of the year</b>	<b>23.00</b>	<b>23.00</b>
<b>(c) Retained earnings</b>		
Balance at the beginning of the year	5983.74	5091.21
Add : Profit for the year	1457.32	976.28
Add : Re-measurement gains / (losses) on defined benefit (Net of tax)	8.94	4.60
Less : Dividend Paid	0.00	88.35
<b>Retained earnings</b>	<b>7450.00</b>	<b>5983.74</b>
<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	-	-
Addition during the financial year	-	-
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Balance at the end of the year</b>	<b>7450.00</b>	<b>5983.74</b>
<b>Total Reserves &amp; Surplus</b>	<b>9128.20</b>	<b>7661.94</b>

## Notes

To the Financial Statements (Contd.)

### 15. Borrowings (Non-current)

(₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Secured Measured at Amortised Cost</b>		
(a) Term Loans - From Banks	23024.70	8402.04
(b) Vehicle Loan - From Banks	31.22	25.53
	23055.92	8427.57
(c) ECLGS 2.0	3090.35	3954.54
	26146.27	12382.11
Less : Current maturities of long-term borrowings	2780.40	2647.84
	23365.87	9,734.27

#### Secured

Conditions of Term Loans are summarised below:

#### Nature of Security

1. a. Term Loan of ₹ 5369.74 Lacs (₹ 7157.42 Lacs as at 31<sup>st</sup> March, 2023) 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. Term Loan of ₹ 16299.73 Lacs (₹ 1244.62 Lacs as at 31<sup>st</sup> March, 2023) 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 of Mr. D. P. Mangal, Land of Mr. Anand Mangal & Mr. Shubh Mangal.
- c. Term Loan of ₹ 3090.35 Lacs (₹ 3954.54 Lacs as at 31<sup>st</sup> March, 2023) 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.
- d. Term Loan of ₹ 1355.23 Lacs (₹ Nil Lacs as at 31<sup>st</sup> March, 2023) are secured by hypothecation of proposed plant and machinery in form of solar panel and other ancillary
- e. Vehicle loan of ₹ 31.22 Lacs (₹ 25.53 Lacs as at 31<sup>st</sup> March, 2023) are secured against respective vehicles.

#### 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% and 3M T-Bill as at 31<sup>st</sup> March 2024 (Previous Year 0.25% to 0.85% as at 31<sup>st</sup> March 2023)
- b. Vehicle loans are repayable in monthly installments and having fixed interest rates 8.50% to 9.45%. (Previous Year 8.50% and 9.45%)
- c. Term loans under ECLGS from banks are repayable in monthly installment and having floating interest rate MCLR+ spread 1.00% and EBLR with cap of 9.25% as at 31<sup>st</sup> March 2024 (Previous Year MCLR+ spread 0.60 to 1.00% as at 31<sup>st</sup> March 2023) Period of maturity and installments outstanding are as under-



## Notes

To the Financial Statements (Contd.)

(₹. in Lacs)

Date of Maturity	Outstanding as at 31 <sup>st</sup> March, 2024			
	Total Outstanding	Long Term Borrowings	Current Maturity	Number of Installment due after 31 <sup>st</sup> March, 2024
<b>A Term Loan</b>				
30.06.2024	87.76	-	87.76	1
31.12.2027	2497.61	1874.61	623.00	15
31.12.2027	2784.37	2091.37	693.00	15
31.12.2032	16299.73	16299.73	-	32
31.07.2031	899.21	806.48	92.73	88
31.03.2031	456.02	405.63	50.39	82
	<b>23024.70</b>	<b>21477.82</b>	<b>1546.88</b>	
<b>B Vehicle Loan</b>				
25.04.2024	0.26	-	0.26	1
07.12.2027	16.95	12.94	4.01	45
30.09.2030	14.01	12.33	1.68	78
	<b>31.22</b>	<b>25.27</b>	<b>5.95</b>	
	<b>23055.92</b>	<b>21503.09</b>	<b>1552.83</b>	
<b>C ECLGS</b>				
31.12.2025	370.83	148.33	222.50	28
06.01.2026	177.63	76.13	101.50	29
01.02.2026	630.41	252.16	378.25	29
07.02.2026	269.92	140.77	129.15	31
27.03.2028	758.00	568.50	189.50	48
29.03.2028	435.73	324.48	111.25	47
30.03.2028	195.83	145.83	50.00	47
07.07.2028	252.00	206.58	45.42	48
	<b>3090.35</b>	<b>1862.78</b>	<b>1227.57</b>	
<b>Total</b>	<b>26146.27</b>	<b>23365.87</b>	<b>2780.40</b>	

## Notes

To the Financial Statements (Contd.)

(₹. in Lacs)

Date of Maturity	Outstanding as at 31 <sup>st</sup> March, 2023			
	Total Outstanding	Long Term Borrowings	Current Maturity	Number of Installment due after 31 <sup>st</sup> March, 2023
<b>A Term Loan</b>				
30.06.2024	417.50	84.22	333.28	5
01.10.2023	176.41	0.00	176.41	3
31.12.2027	3104.70	2498.39	606.31	19
31.12.2027	3458.81	2784.37	674.44	19
31.12.2032	1244.62	1244.62	-	32
	<b>8402.04</b>	<b>6611.60</b>	<b>1790.44</b>	
<b>B Vehicle Loan</b>				
25.04.2024	4.90	0.44	4.46	13
07.12.2027	20.63	16.95	3.68	57
	<b>25.53</b>	<b>17.39</b>	<b>8.14</b>	
	<b>8427.57</b>	<b>6628.99</b>	<b>1798.58</b>	
<b>C ECLGS</b>				
31.12.2025	593.33	370.83	222.50	32
06.01.2026	279.13	177.63	101.50	33
01.02.2026	1040.19	661.94	378.25	33
07.02.2026	386.89	269.11	117.78	35
27.03.2028	758.00	742.21	15.79	48
29.03.2028	445.00	435.73	9.27	48
30.03.2028	200.00	195.83	4.17	48
07.07.2028	252.00	252.00	-	48
	<b>3954.54</b>	<b>3105.28</b>	<b>849.26</b>	
<b>Total</b>	<b>12382.11</b>	<b>9734.27</b>	<b>2647.84</b>	

### 16. Provision (Non-current)

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Provision for employee benefit	123.83	96.76
	<b>123.83</b>	<b>96.76</b>

## Notes

To the Financial Statements (Contd.)

### 17. Deferred Tax Liability (Net)

(₹. in Lacs)

	As at 31 <sup>st</sup> March, 2022	Recognised in P & L/OCI	As at 31 <sup>st</sup> March, 2023	Recognised in P & L/OCI	As at 31 <sup>st</sup> March, 2024
Deferred tax liabilities / assets are attributable to the following items;					
<b>(a) Deferred Tax Liability</b>					
Depreciation on fixed assets	1981.25	(55.81)	1925.44	1294.78	3220.22
<b>(b) Deferred Tax Assets</b>					
Unabsorbed Depreciation	-	-	-	618.30	618.30
43B Disallowance	43.89	(6.31)	37.58	34.22	71.80
<b>(c) Net Deferred Tax Liability (a-b)</b>	<b>1937.36</b>	<b>(49.50)</b>	<b>1887.86</b>	<b>642.26</b>	<b>2530.12</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 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Secured		
Loans repayable on demand		
From banks		
Rupee Loan	4599.72	4251.62
Foreign Currency Loan	7028.82	1756.85
	<b>11628.54</b>	<b>6008.47</b>
Current maturities of long-term borrowings (refer note 15 )	2780.40	2647.84
	<b>14408.94</b>	<b>8656.31</b>

Conditions of Working Capital Loan are summarised below:

**Security** - Hypothecation of stocks, book debts and other current assets of the company and second charge on fixed assets of the company on pari passu basis. Further Personal Guarantee and collateral security of equitable mortgage of Residential House of 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 + 0.55 % to 1.15% and 3M T-bill as at 31st March 2024 (Previous Year Nil to 1.25%) and foreign currency loan carrying interest rate of SOFR + 100bps to 150bps (previous year SOFR +100bps to 150bps)

## Notes

To the Financial Statements (Contd.)

### 19. Trade Payable

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Outstanding dues of micro enterprises and small enterprises	97.88	294.26
Outstanding dues other than micro enterprises and small enterprises	410.80	199.94
	<b>508.68</b>	<b>494.20</b>

There are no Micro, small and medium enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2024. 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 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Trade payable aging schedule		
MSME		
Less than one year	97.88	294.26
More than one year	-	-
<b>Total</b>	<b>97.88</b>	<b>294.26</b>
Others		
Less than one year	410.80	199.94
More than one year	-	-
<b>Total</b>	<b>410.80</b>	<b>199.94</b>

### 20. Other Financial Liabilities

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
(a) Payable to employees	283.01	134.62
(b) Unclaimed Dividend	1.11	1.13
(d) Other Payables	1,080.26	582.59
	<b>1,364.38</b>	<b>718.34</b>

## Notes

To the Financial Statements (Contd.)

### 21. Other Current Liabilities

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
(a) Government dues	61.61	40.07
(b) Advance from customers	20.33	7.14
(c) Others	3.54	2.73
	<b>85.48</b>	<b>49.94</b>

### 22. Provisions (Current)

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
(a) Provision for employee benefits	54.55	45.95
	<b>54.55</b>	<b>45.95</b>

### 23. Current tax liability (Net)

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Provision for income tax expense	343.58	211.35
Less: Income tax paid	331.46	207.08
	<b>12.12</b>	<b>4.27</b>

### 24. Revenue From Operations

(₹. in Lacs)

Particulars	Year Ended 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023
<b>(a) Sales of Products</b>		
(i) Manufactured Cotton Yarn		
— Domestic Sales	21129.47	16231.45
— Export Sales	19390.03	12885.90
(ii) Waste Sales	2157.62	670.25
<b>(b) Other Operating Revenue</b>		
(i) Export Incentive	1073.12	678.33
	<b>43750.24</b>	<b>30465.93</b>



## Notes

To the Financial Statements (Contd.)

### 25. Other Income

(₹. in Lacs)

Particulars	Year Ended 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023
(a) Interest Income	28.74	22.72
	<b>28.74</b>	<b>22.72</b>

### 26. Cost of Materials Consumed

(₹. in Lacs)

Particulars	Year Ended 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023
Opening Inventory	5599.79	4540.48
Add: Purchases	23498.75	25326.84
Stock Transfer	10,271.13	-
	<b>39369.67</b>	<b>29867.32</b>
Less: Sales, Returns and Adjustments	263.08	472.77
	<b>39106.59</b>	<b>29394.55</b>
Less: Inventory at the year end	6070.76	5599.79
	<b>33035.83</b>	<b>23794.76</b>

### 27. Change in Inventories of Finished Goods and Stock in Process

(₹. in Lacs)

Particulars	Year Ended 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023
Inventories at the end of the year		
(a) Finished Goods	1821.64	2262.13
(b) Waste	346.98	14.98
(c) Stock in Process	714.55	354.31
	<b>2883.17</b>	<b>2631.42</b>
Inventories at the beginning of the year		
(a) Finished Goods	2,262.13	688.96
(b) Waste	14.98	20.51
(c) Stock in Process	354.31	329.12
	<b>2631.42</b>	<b>1038.59</b>
Add Trial run Inventory	1172.98	0.00
<b>(Increase)/Decrease in Inventory</b>	<b>921.23</b>	<b>(1592.83)</b>

## Notes

To the Financial Statements (Contd.)

### 28. Employee Benefits Expenses

(₹. in Lacs)

Particulars	Year Ended 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023
(a) Salaries, wages and bonus	1110.36	1076.01
(b) Contribution to provident and other funds	120.12	125.96
(c) Workmen and staff welfare	11.43	14.97
	<b>1241.91</b>	<b>1216.94</b>

### 29. Financial Cost

(₹. in Lacs)

Particulars	Year Ended 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023
(a) Interest expenses	1407.96	981.84
(b) Other borrowing cost	118.16	115.80
	<b>1526.12</b>	<b>1097.64</b>

### 30. Depreciation And Amortisation Expenses

(₹. in Lacs)

Particulars	Year Ended 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023
(a) Tangible Assets	917.75	723.98
(b) Right to use Assets	7.99	7.97
(c) Intangible Assets	2.88	1.19
	<b>928.62</b>	<b>733.14</b>

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

## Notes

To the Financial Statements (Contd.)

### 31. Other Expenses

(₹. in Lacs)

Particulars	Year Ended 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023
<b>Manufacturing Expenses</b>		
(a) Stores and Spare parts Consumed	205.64	236.39
(b) Power and Fuel	1898.25	1677.09
(c) Packing Expenses	430.40	426.63
(d) Repairs to Building	-	1.96
(e) Repairs to Machinery	62.91	81.39
(f) House Keeping Expenses	39.00	39.93
	<b>2636.20</b>	<b>2463.39</b>
<b>Administrative Expenses</b>		
(a) Rent	12.00	12.00
(b) Insurance Expenses	73.40	67.17
(c) Directors' Sitting Fees	4.50	3.45
(d) Directors' Travelling	7.28	20.97
(e) CSR Expenses	40.18	32.10
(f) Payment to Auditor as :		
Audit fee	1.50	1.50
Limited review report	0.30	0.30
Other Capacity	0.03	1.01
(g) Legal & Professional	30.05	57.87
(h) Postage & Telegram	3.89	6.03
(i) Printing & Stationery	2.89	4.56
(j) Other miscellaneous expenses	67.64	102.59
	<b>243.66</b>	<b>309.55</b>
<b>Selling Expenses</b>		
(a) Commission	146.74	142.12
(b) Incentives and Discounts	2.36	7.38
(c) Freight, Forwarding and Octroi	189.27	138.17
(d) Expenses on Export Sales:		
(i) Ocean Freight	297.46	499.10
(ii) Commission	272.29	215.78
(iii) Inland Freight & Other expenses	255.43	191.19
	<b>1163.55</b>	<b>1193.74</b>
	<b>4043.41</b>	<b>3966.68</b>

## Notes

To the Financial Statements (Contd.)

### 32. Income Tax

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>(a) Income Tax recognized in Profit or Loss</b>		
Current tax expense (Net of MAT credit entitlement)	-	279.17
Deferred tax expense		
Origination and reversal of temporary differences	642.26	18.28
<b>Total tax expenses</b>	<b>642.26</b>	<b>297.45</b>
<b>(b) Reconciliation of Effective Tax</b>		
Profit before tax	2081.86	1272.32
Domestic tax rate	29.12%	29.12%
Tax using the Company's domestic tax rate	606.24	370.50
Increase / reduction in Taxes on account of		
Deduction / exemptions in taxable income	(32.39)	(84.76)
Other non deductible expenses	68.41	11.71
Income tax expenses charged to statement of profit and loss	<b>642.26</b>	<b>297.45</b>

### 33. Other Comprehensive Income

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>A Items that will not be reclassified to profit or loss (Net of Tax)</b>		
Re-measurements of the defined benefit plans	8.94	6.49
Related to re-measurements of the defined benefit plans	-	(1.89)
<b>B Items that will be reclassified to profit or loss (Net of Tax)</b>		
Net Loss on Foreign Currency Transaction	0.00	0.00
Related to net Loss on Foreign Currency Transaction	-	-
	<b>8.94</b>	<b>4.60</b>

## Notes

To the Financial Statements (Contd.)

### 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. 50.12 Lacs (Previous Year Rs. 63.03 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 31 <sup>st</sup> March 2024		Year Ended 31 <sup>st</sup> March 2023	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
(a) Defined Benefit obligation at the beginning of the year	99.95	42.76	80.75	27.15
(b) Interest cost	7.40	3.16	5.87	1.97
(c) Current service cost	24.53	12.11	24.68	9.83
(d) Benefits paid	(1.14)	(2.82)	(4.86)	(2.17)
(e) Actuarial (Gain)/Loss on obligation	(8.94)	1.37	(6.49)	5.98
(f) Present value of obligation at the end of year	<b>121.80</b>	<b>56.58</b>	<b>99.95</b>	<b>42.76</b>



## Notes

To the Financial Statements (Contd.)

**b. Net Defined Benefit Cost/(Income) Included in the :**

(₹. in Lacs)

Particulars	Year Ended 31 <sup>st</sup> March 2024		Year Ended 31 <sup>st</sup> March 2023	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>1 Statement of profit and loss account</b>				
(a) Current service cost	24.53	12.11	24.68	9.83
(b) Interest cost	7.40	3.16	5.87	1.97
(c) Net actuarial (gain) / loss recognized in the period	-	1.37	-	5.98
(d) Expenses recognised in the Profit & Loss statement	31.93	16.64	30.55	17.78

**2 Other Comprehensive Income :-**

(₹. in Lacs)

Particulars	Gratuity	
	Year Ended 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023
Actuarial (Gain)/Loss for the year on Projected Benefit Obligations	(8.94)	(6.49)
Unrecognised actuarial (Gain)/Loss at the end of the year	(8.94)	(6.49)

**c Reconciliation of the Present value of Defined Obligation and the fair value of the plan assets : (₹. in Lacs)**

Particulars	Year Ended 31 <sup>st</sup> March 2024		Year Ended 31 <sup>st</sup> March 2023	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Present value of obligation as at the end of year	121.80	56.58	99.95	42.76
Fair value of Plan Assets -	-	-	-	-
Liability Recognised in Balance Sheet	121.80	56.58	99.95	42.76

## Notes

To the Financial Statements (Contd.)

**d. The assumptions used in Actuarial Valuation :**

(₹. in Lacs)

Particulars	Year Ended 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023
<b>Financial Assumptions used to determine the Profit &amp; Loss Charge</b>		
a) Discounting Rate	7.22% per annum	7.40% per annum
b) Salary Escalation Rate	6.50% per annum	6.50% 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 31<sup>st</sup> March, 2024 :-**

(₹. in Lacs)

Particulars	Gratuity	Leave Encashment
Defined benefit Obligation - Discount Rate+50 Basis points	(6.33)	(2.37)
Defined benefit Obligation - Discount Rate-50 Basis points	6.98	2.59
Defined benefit Obligation – Salary Escalation Rate+50 Basis points	7.00	2.59
Defined benefit Obligation – Salary Escalation Rate-50 Basis points	(6.40)	(2.40)

**f. Expected Cash Flows for coming years as at 31<sup>st</sup> March, 2024 :-**

(₹. in Lacs)

Particulars	Gratuity	Leave Encashment
Within 1 Year	33.88	20.67
1-5 Years	9.14	3.45
Beyond 5 Years	78.78	32.46
<b>Total Expected Payments</b>	<b>121.80</b>	<b>56.58</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.

## Notes

To the Financial Statements (Contd.)

Expected contribution for the next Annual reporting period.

(₹. in Lacs)

Particulars	Gratuity	Leave Encashment
Expected Expense for the next annual reporting period	35.18	15.66

(₹. in Lacs)

Particulars	Year Ended 31 <sup>st</sup> March 2024		Year Ended 31 <sup>st</sup> March 2023	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>Experience Adjustment</b>				
(a) Defined Benefit Obligation	121.80	56.58	99.95	42.76
(b) Plan Assets				
(c) Surplus/(deficits)	(121.80)	(56.58)	(99.95)	(42.76)
(d) Experience Adjustment on Plan Liabilities (loss)/gain	11.21	(0.49)	5.05	(6.45)
(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.

## Notes

To the Financial Statements (Contd.)

### 35. Related Party Transactions

#### 1. List of Related Parties as per Ind As 24

##### a. Key Managerial Personnel :-

Name of Person	Relationship
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 :-

Name of Person	Relationship
1 Mrs. Kavita Mangal	Wife of Mr. Shubh Mangal

##### c. Related Companies:-

Name of Company	Relationship
1 Lagnam Infotech Solutions Pvt. Ltd.	Key managerial personal is director in company

#### 2. Details of Transactions with Key managerial personnel :-

(₹. in Lacs)

Particulars	Year Ended 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023
a Rent Paid	12.00	12.00
b Remuneration to Key Managerial Person	263.81	201.07
c Directors sitting fees	4.50	3.45

#### 3. Details of transaction with Key Managerial Personnel and related company

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Personal guarantee of the director and corporate guarantee of M/s Lagnam Infotech Solutions Private Limited against borrowings.	18353.51	13165.89
Personal guarantee of the director against borrowings.	16299.73	1,244.62

## Notes

To the Financial Statements (Contd.)

### 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 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023
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	17669000	17669000
B Weighted average equity shares outstanding - Basic and Diluted	17669000	17669000
C Net Profit after tax (Rs.in Lacs)	1457.32	976.28
Net profit available to equity holders of the Company used in the basic and diluted earnings per equity share (Rs.in Lacs)	1457.32	976.28
Basic and Dilutive earning per share (In Rupees)	8.25	5.53

### 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 31 <sup>st</sup> March, 2024	Year Ended 31 <sup>st</sup> March, 2023
A Gross amount required to be spent by the Company during the year	40.18	32.10
B Amount spent during the year		
i Construction/ acquisition of asset		
ii On purpose other than (i) above –		
(a) Project "Shiksha	22.00	-
(b) Social Health Care Project	11.00	-
(c) Step against hunger & poverty	2.00	1.51
(d) Research and development	-	0.42
(e) Child Education and Woman Empowerment	-	14.00
(f) Animals Welfare	4.01	1.00
(g) Promoting Education	-	1.00
(h) Others	1.00	0.31
(i) Excess incurred in previous year	0.17	13.86
	<b>40.18</b>	<b>32.10</b>

## Notes

To the Financial Statements (Contd.)

### 38. Contingent Liabilities and Contingent Assets

#### 1 Contingent Liabilities not provided for in respect of:

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>I Guarantees</b>		
a Outstanding bank guarantee	8.01	8.01
<b>II Other contingent liabilities</b>		
a Export Bills Discounted/Collection	5,338.97	3,063.43
b Income Tax Demand	71.90	71.90
c GST Demand	-	0.57

#### 2 Commitments

- a. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) Rs. Nil Lacs (Previous Year Rs. 13443.98 Lacs)
- b. The Company has an outstanding export obligation of approx. Rs. 4492.18 Lacs (Previous Year Rs. 19370.05 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 21<sup>st</sup> March, 2029

### 39. Dividend on Equity Shares

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
i Dividend declared and paid during the year		
Final dividend Rs 0.50 per fully paid shares i.e. 5%	-	88.35
<b>Total</b>	<b>-</b>	<b>88.35</b>
ii Events occurring after the Balance sheet date		
The Company's Board of Directors have recommended final dividend of Rs. 0.50/- per equity share (previous year Nil/- per equity share) for the financial year 2023-24.		



## Notes

To the Financial Statements (Contd.)

### 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 31<sup>st</sup> March 2024 were as follows:

(₹. in Lacs)

Particulars	Amortised Cost	Fair value *	Total carrying value	Total fair value
<b>Assets</b>				
(i) Non current Investments	14.18		14.18	14.18
(ii) Investments	0.00		0.00	0.00
(iii) Trade receivables	5275.52	43.44	5318.96	5318.96
(iv) Cash and cash equivalents	24.12		24.12	24.12
(v) Bank balances other than (iv) above	3.92		3.92	3.92
(vi) Other financial assets	288.15		288.15	288.15
<b>Total</b>	<b>5605.89</b>	<b>43.44</b>	<b>5649.33</b>	<b>5649.33</b>
<b>Liabilities</b>				
(i) Non Current Borrowings	23365.87		23365.87	23365.87
(ii) Borrowings	14372.87	36.07	14408.94	14408.94
(iii) Trade payables				
Total outstanding dues of micro enterprises and small enterprises;	97.88		97.88	97.88
Total outstanding dues of creditors other than micro enterprises and small enterprises;	410.80		410.80	410.80
(iv) Other financial liabilities	1364.38		1364.38	1364.38
<b>Total</b>	<b>39611.80</b>	<b>36.07</b>	<b>39647.87</b>	<b>39647.87</b>

\* Amount carried at forward contract rate / prevailing exchange rate at year end

## Notes

To the Financial Statements (Contd.)

The carrying value and fair value of financial instruments by categories as of 31st March 2023 were as follows:

(₹. in Lacs)

Particulars	Amortised Cost	Fair value *	Total carrying value	Total fair value
<b>Assets</b>				
(i) Non current Investments	12.14		12.14	12.14
(ii) Investments	15.00		15.00	15.00
(iii) Trade receivables	2835.80	6.15	2841.95	2841.95
(iv) Cash and cash equivalents	17.30		17.30	17.30
(v) Bank balances other than (iv) above	1.13		1.13	1.13
(vi) Other financial assets	275.92		275.92	275.92
<b>Total</b>	<b>3157.29</b>	<b>6.15</b>	<b>3163.44</b>	<b>3163.44</b>
<b>Liabilities</b>				
(i) Non Current Borrowings	9734.27		9734.27	9734.27
(ii) Borrowings	8658.14	-1.83	8656.31	8656.31
(iii) Trade payables				
Total outstanding dues of micro enterprises and small enterprises;	294.26		294.26	294.26
Total outstanding dues of creditors other than micro enterprises and small enterprises;	199.94		199.94	199.94
(iv) Other financial liabilities	718.34		718.34	718.34
<b>Total</b>	<b>19604.95</b>	<b>-1.83</b>	<b>19603.12</b>	<b>19603.12</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

## Notes

### To the Financial Statements (Contd.)

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)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Gross Debts	37774.81	18390.58
Less: Cash and cash equivalents	24.12	17.30
Net Debt	37750.69	18373.28
Equity	10895.10	9428.84
Gearing ratio	3.46	1.95

#### 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.

## Notes

### To the Financial Statements (Contd.)

#### 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)			
Particulars	Less than 1 year	Above 1 year	Total
<b>As at 31<sup>st</sup> March 2024</b>			
Non Current Borrowings	2780.40	23365.87	26146.27
Current Borrowings	11628.54		11628.54
Trade payables	508.68		508.68
Other financial liabilities	1364.38		1364.38
<b>Total</b>	<b>16282.00</b>	<b>23365.87</b>	<b>39647.87</b>
<b>As at 31<sup>st</sup> March 2023</b>			
Non Current Borrowings	2647.84	9734.27	12382.11
Current Borrowings	6008.47		6008.47
Trade payables	494.20		494.20
Other financial liabilities	718.34		718.34
<b>Total</b>	<b>9868.85</b>	<b>9734.27</b>	<b>19603.12</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".

## Notes

To the Financial Statements (Contd.)

### 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)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Variable rate instruments</b>		
Long Term Borrowings (Including Current Maturities of Long Term Debts)	26146.27	12382.11
Short Term Borrowings	11628.54	6008.47
<b>Total</b>	<b>37774.81</b>	<b>18390.58</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)

Particulars	Effect on profit before tax	
	Decrease by 50 basis point	Increase by 50 basis point
<b>As at 31st March 2024</b>		
Long Term Borrowings (Including Current Maturities of Long Term Debts)	130.73	(130.73)
Short Term Borrowings	58.14	(58.14)
	<b>188.87</b>	<b>(188.87)</b>
<b>As at 31st March 2023</b>		
Long Term Borrowings (Including Current Maturities of Long Term Debts)	61.91	(61.91)
Short Term Borrowings	30.04	(30.04)
	<b>91.95</b>	<b>(91.95)</b>

## Notes

To the Financial Statements (Contd.)

### 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 no forward contract exposure outstanding as on balance sheet date.
- d. The movement in OCI during the year ended 31.03.2023 for forward contract designated as cash flow hedge is as follows:

(₹. in Lacs)

Particulars	For the year ended	
	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
Balance at the beginning of the year	-	-
Additions on account of Changes in the fair value of effective portion cash flow hedge	-	-
Balance at the end of the year	-	-

The Following significant exchange rates have been applied at year end:-

(₹. in Lacs)

Spot rate (INR)	31 <sup>st</sup> March 2024	31 <sup>st</sup> March 2023
USD	83.40	82.17

### Sensitivity Analysis

The Company has no forward contract exposure (previous year Rs.Nil) outstanding as on balance sheet date.

## 42. Operating Segments

The company's operation predominantly related to textile. Hence primary reportable segment is textile only. Further the geographical segment have been considered as secondary segment and bifurcated into Domestic and Export segments.



## Notes

To the Financial Statements (Contd.)

### A. Geographical Segment

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
<b>Segment Revenue</b>		
Within India (Domestic Sales)	23287.09	16901.70
Outside India (Exports - Including Export Incentives)	20463.15	13564.23
<b>Total</b>	<b>43750.24</b>	<b>30465.93</b>
<b>Segment Assets (Based on location of the assets)</b>		
Within India	2808.23	1943.23
Outside India	2510.73	898.72
<b>Total</b>	<b>5318.96</b>	<b>2841.95</b>
Capital Expenditure Incurred during the year	20052.96	2538.29

### B. There are no non-current assets outside India.

- 43.** During the year, the company has completed its Compact Cotton Ring Spun Yarn Project and commenced commercial production from 31.01.2024. During trial run period, the company has incurred loss of Rs.197.99 Lacs. The same is transferred and adjusted against pre-operative expenses. profit & loss account of trial run period is as below:

(₹. in Lacs)

Particulars	Amount
Raw Material	9,764.00
Payment to and Provision for employees	442.02
Power Cost	751.45
Finance Cost	274.29
Packing Cost	134.26
Insurance and Other overhead	276.08
<b>Total (A)</b>	<b>11,642.10</b>
Less Stock Transfer	10,271.13
Less Closing Stock	1,172.98
<b>Total (B)</b>	<b>11,444.11</b>
<b>Profit / (Loss) on Trial Run Transfer in Pre-Operative Expenses C=(B-A)</b>	<b>(197.99)</b>

## Notes

To the Financial Statements (Contd.)

### 44. Details Of Unclaimed Dividend

The year wise details of Unclaimed dividend lying in separate bank account is as under

(₹. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Year 2020-21	0.22	0.22
Year 2021-22 (Interim)	0.43	0.43
Year 2021-22	0.46	0.48
<b>Total</b>	<b>1.11</b>	<b>1.13</b>

### 45 Additional regulatory information's

- During the year the company has taken term loan of Rs.16300.00 lacs for Ring Spinning Expansion Project of 41472 spindles and the same has been utilized for the same purpose only.
- During the year the company has taken term loan of Rs.1423.48 lacs for Solar power project of 4356 kwp and it has been utilized for the same purpose only.
- The Company has borrowings of Rs.11628.54 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.

#### e Ratios

(₹. in Lacs)

Particulars		As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
Current Ratio	Current assets / Current liabilities	1.09	1.35
Debt-Equity Ratio,	Total debt / Shareholders Equity	3.47	1.95
Debt Service Coverage Ratio,	Earning available for debt service /debt service	0.89	0.79
Return on Equity Ratio,	Profit after tax / Shareholders Equity	13.38	10.35
Inventory turnover ratio,	Turnover / average inventory	5.00	4.33
Trade Receivables turnover ratio	Turnover / Average Receivable	10.72	8.87
Trade payables turnover ratio,	Total Purchases / Average Payable	47.71	65.99
Net capital turnover ratio,	Turnover / Working capital	30.46	8.72
Net profit ratio	PAT/ Turnover	3.33	3.20
Return on Capital employed,	PBIT / Capital Employed	7.05	7.98
Return on investment.		N.A.	N.A.

## Notes

### To the Financial Statements (Contd.)

The explanations for the ratios having movement more than 25% are as follows:

- i Return on Equity Ratio** – Due to better profitability the ROE is improve by 27%
- ii Current ratio** - The Deployment of accumulated profit has been used for expansion project during the year therefore the ratio has changed
- iii Debt Equity Ratio** - The company has completed its expansion project during this year and major loan taken against the same during this year therefore the DE ratio has increased
- vi Net Capital turnover ratio** - Accumulated profit has been used for expansion project during the year therefore the ratio has changed
- f The company has not advance for loans 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

As per our report of even date

For and on behalf of the Board

**For SSMS & Associates**

*Chartered Accountants*  
Firm Reg. No. 019351C

**Satish Somani**

*(Partner)*  
Membership No. 076241

**D.P. Mangal**

*(Executive Chairman)*  
(DIN01205208)

**Rajeev Parashar**

*(Company Secretary)*

**Anand Mangal**

*(Managing Director)*  
(DIN 03113542)

**D L Mundra**

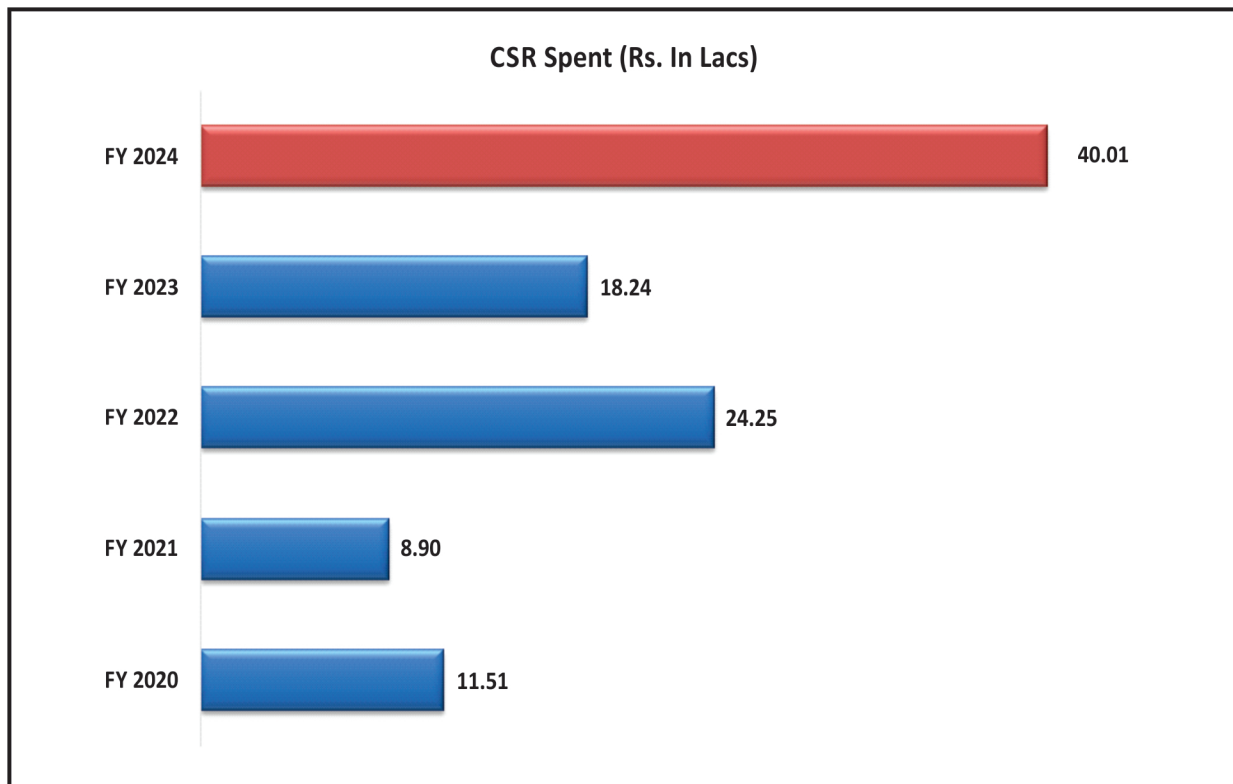
*(Chief Financial Officer)*

Date : 29<sup>th</sup> April, 2024

Place : Bhilwara

## CSR CONTRIBUTION

In FY2023-24, LAGNAM spent a total of Rs. 40.01 Lacs on its CSR initiatives, empowering the lives of people across the country. LAGNAM's CSR initiatives are strategically aligned with the Development and Growth Programme, ensuring that their developmental efforts benefit communities across India while also catering to local interests through Location Specific Projects (LSP). The comprehensive array of objectives undertaken by the company challenges its agility and flexibility, fostering innovation and enhancing its presence within the development ecosystem. 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 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. Details of the CSR spent for last five years:





## Social Health Care

Contribution for Construction of building for health care at M. G. Hospital, Bhilwara:



## Animal Welfare

Contribution for Animal Welfare by providing them food, home and health care treatment:





## Animal Welfare



## Education & Learning

Contribution for Construction of Educational Building :





## Roundup of the Sports Week





## Employees Engagement



**Fire & Safety Training**



**Workers Training**



**Prize Distribution**



## Visit of Our Distinguished Guest



**Visit of Mr. Dharam Pal Singh, Adnl. Labour Commissioner & Team**



**Visit of Mr. Roger- RIETER Executive Vice President**



**Our Valued Customer from USA**

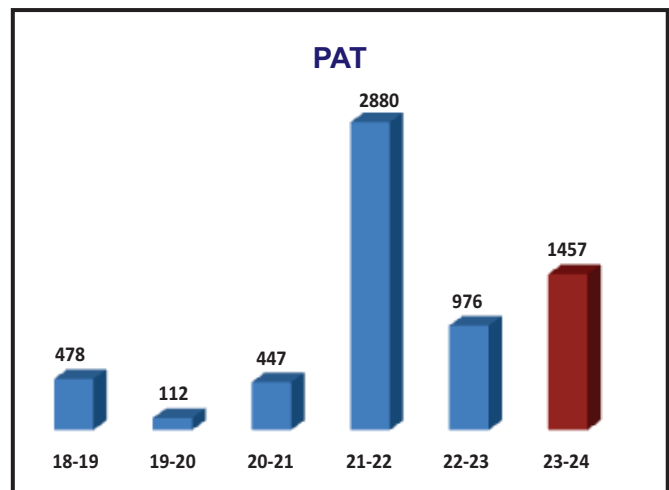
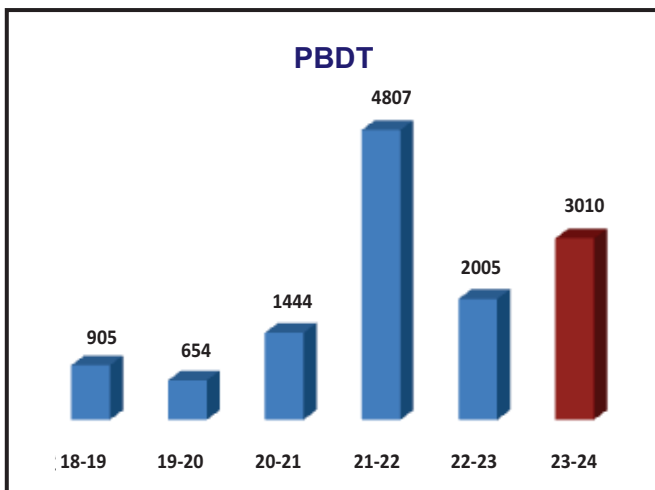
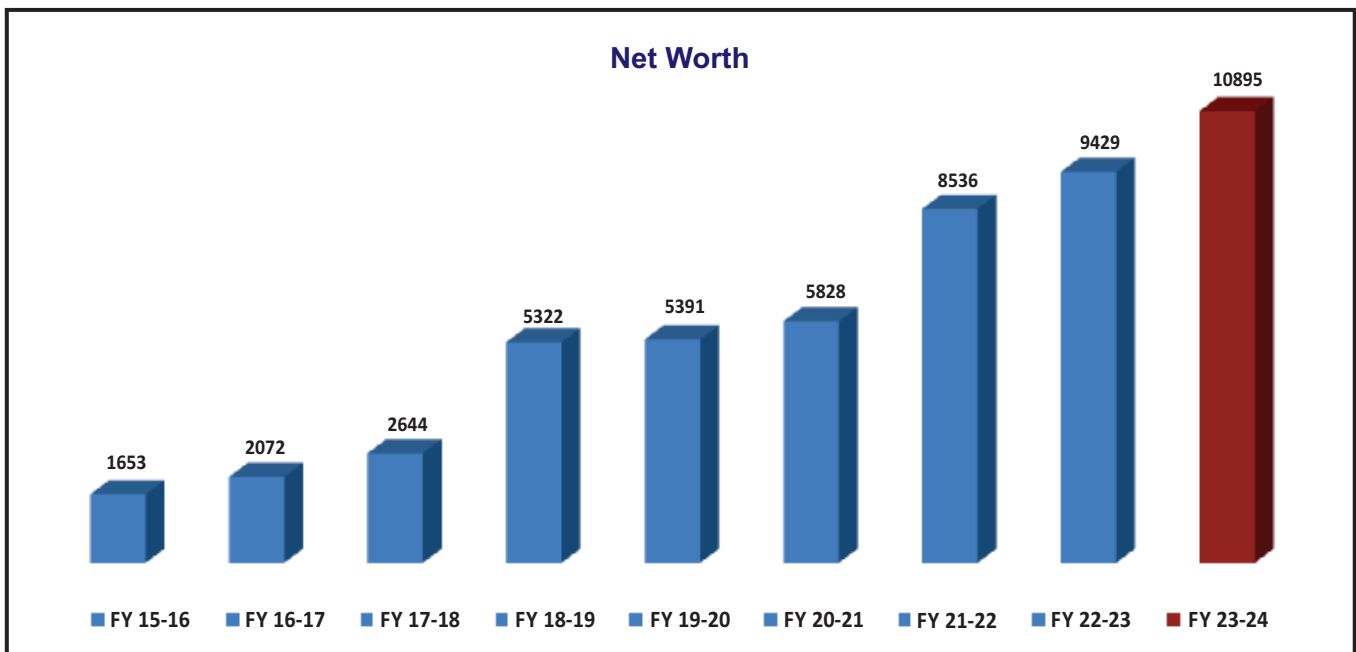
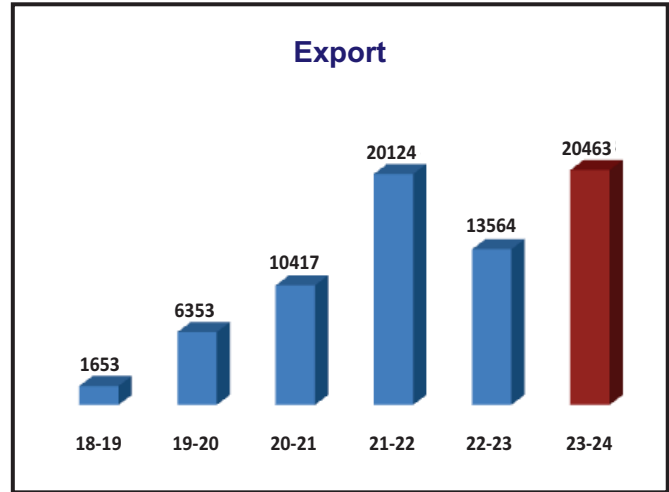
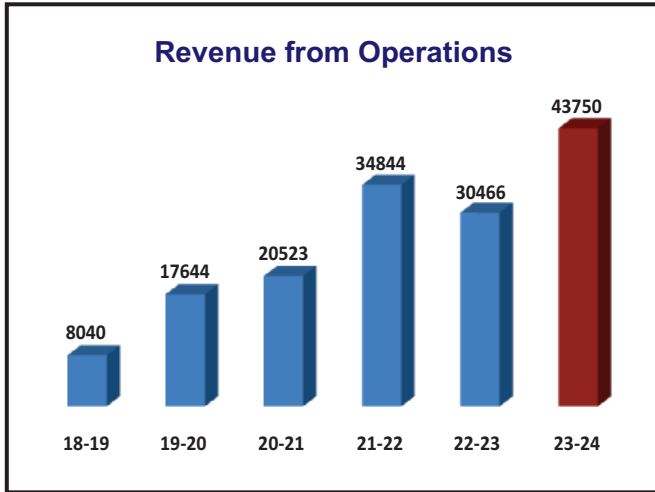


**Business meeting with Sh. Rohit Rishi, Executive Director-BOM & Team**



# FINANCIAL PERFORMANCE

(₹ in Lacs)





**Lagnam Spintex**

**LAGNAM SPINTEX LIMITED**

(CIN: L17119RJ2010PLC032089)

**Registered Office**

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

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