



**LE MERITE EXPORTS LIMITED**

(CIN: L17111MH2003PLC143645)

Registered Office: B-1, 104D, Boomerang Building, Chandivali Farm Road, Powai, Andheri (East), Mumbai 400 072, Maharashtra

Tel: +91 22 28579209/08/07/05, Fax: +91 22 28579207, Website: [www.lemeriteexports.com](http://www.lemeriteexports.com)

E-mail: [compliance@lemeriteexports.com](mailto:compliance@lemeriteexports.com)

September 08, 2023

To,

The Listing Department

**National Stock Exchange of India Limited,**

Exchange Plaza, Plot no. C/1, G Block,

Bandra-Kurla Complex, Bandra (East),

Mumbai - 400 051

**Trading Symbol: LEMERITE**

**Dear Sir/Madam,**

**Sub.: Notice convening 20th Annual General Meeting along with the Annual Report for the financial year 2022-23.**

**Ref: Regulation 30 and 34 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.**

Pursuant to Regulation 30 and Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, please find enclosed the following documents, which are being also sent to the shareholders of the Company through electronic mode.

1. The Annual Report of the Company for the financial year 2022-23; and
2. Notice of the 20th Annual General Meeting of the Company scheduled to be held on Saturday, September 30, 2023, at 04.00 p.m. through Video Conference/other Audio-Visual Means.

The AGM Notice and Annual Report for the financial year 2022-23 are also available on the website of the Company at [www.lemeriteexports.com](http://www.lemeriteexports.com)

Yours faithfully,

**For Le Merite Exports Limited**

**Sandeep Poddar**

**Company Secretary and Compliance Officer**

**M. No.: A69365**



# Spinning *growth* Weaving *excellence*

Report (2022-23)

*Annual*

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## Company Information

### Board of Directors

Mr. Umashankar Lath	Chairman & Managing Director
Mr. Abhishek Lath	Managing Director & CFO
Mrs. Sweta Lath	Executive Director
Mr. Narendra Kumar Srivastava	Independent Director
Mr. Jaydeep Purujit Mehta	Independent Director
Mr. Rohit Agrawal	Independent Director

### Secretary

Mrs. Sarita Mishra ( <i>upto July 6, 2022</i> )	Company Secretary and Compliance Officer
Mr. Sandeep Poddar ( <i>w.e.f. September 5, 2022</i> )	Company Secretary and Compliance Officer

### Audit Committee

Mr. Narendra Kumar Srivastava	Chairman - Independent Non-executive Director
Mr. Jaydeep Purujit Mehta	Member - Independent Non-executive Director
Mr. Abhishek Lath	Member - Managing Director & CFO

### Nomination and Remuneration Committee

Mr. Jaydeep Purujit Mehta	Chairman - Independent Non-executive Director
Mr. Narendra Kumar Srivastava	Member - Independent Non-executive Director
Mr. Rohit Agarwal	Member - Independent Non-executive Director

### Stakeholders Relationship & Grievance Committee

Mr. Jaydeep Purujit Mehta	Chairman - Independent Non-executive Director
Mr. Narendra Kumar Srivastava	Member - Independent Non-executive Director
Mr. Umashankar Lath	Member - Chairman and Managing Director
Mr. Abhishek Lath	Member - Managing Director & CFO

### Corporate Social Responsibility Committee

Mr. Rohit Agarwal	Chairman - Independent Non-executive Director
Mr. Abhishek Lath	Member - Managing Director & CFO
Mrs. Sweta Lath	Member - Executive Director

### Risk Management Committee

Mr. Abhishek Lath	Chairman - Managing Director & CFO
Mr. Rohit Agarwal	Member - Independent Non-Executive Director
Mrs. Sweta Lath	Member - Executive Director

### Subsidiaries

- Le Merite Filaments Private Limited
- Le Merite Laxmi Spinning Private Limited

## Statutory Auditors

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M/s Nagori Nuwal & Co.  
Chartered Accountants  
229, Starlit Tower, 29 Y. N. Road, Indore- 452001

## Secretarial Auditors

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M/s Vijay Tiwari and Associates,  
Practising Company Secretaries  
601, A-Wing, Gayatri Co-op Housing Society Limited,  
Opp. Rajda School, Borivali (West),  
Mumbai – 400092

## Bankers

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- Shinhan Bank Limited
- UCO Bank Limited
- ICICI Bank Limited
- HDFC Bank
- Tirupati Urban Co-op Bank Ltd

## Registered Office

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B1-104D, Boomerang, Chandivali Farm Road,  
Powai, Andheri (East), Mumbai – 400072.  
Telephone: +91 22 2857 9209  
E-mail: [compliance@lemeriteexports.com](mailto:compliance@lemeriteexports.com)  
Website: [www.lemeriteexports.com](http://www.lemeriteexports.com)

## Details of Registrar and Share Transfer Agent

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Bigshare Services Private Limited  
1<sup>st</sup> Floor, Bharat Tin Works Building,  
Opp. Vasant Oasis, Makwana Road,  
Marol, Andheri East, Mumbai – 400059.  
Phone: +91 22 6263 8200  
Fax No.: +91 22 6263 8280  
E-mail ID: [arif@bigshareonline.com](mailto:arif@bigshareonline.com)  
Website: [www.bigshareonline.com](http://www.bigshareonline.com)

## About the Annual Report

This report has been meticulously created to demonstrate our advancements in integrated management, providing a concise summary of our overall performance throughout the reporting period. Its purpose is to enhance our stakeholder's understanding of our current business position and future sustainability.

The financial and statutory data in this report complies with the Companies Act, 2013 (including relevant rules) requirements, Accounting Standards, and the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015. Reaffirming our commitment to generating value for our stakeholders. It serves as a means to communicate the actions taken and outcomes achieved through our financial, environmental, and societal initiatives and accomplishments.

The reporting period for this Annual Report spans from April 1, 2022, to March 31, 2023. This edition continues to provide clear and concise quantitative and qualitative disclosures. It highlights our efforts in value creation for our stakeholders and addresses the risks, opportunities, and mitigation plans in the context of a rapidly evolving external environment.

We are delighted to present the 20<sup>th</sup> Annual Report of Le Merite Exports Limited ("LMEL"), offering a comprehensive overview of our financial and non-financial performance during the fiscal year 2022-23.

## From the desk of the Chairman

Dear Shareholders,

Namaskar!

I hope this letter finds you in good health and high spirits. As we gather here to reflect on the financial year 2022-23, I would like to take this opportunity to share with you some insights regarding the performance of our company and the prevailing conditions in the textile industry.

The year 2022-23 presented a mixed bag of fortunes for the textile industry. On one hand, we witnessed significant growth and positive developments, while on the other hand, we encountered a few challenges that tested our resilience. Let us dwell deeper into the good and bad aspects of the industry.



Despite the disruptions caused by the global pandemic, the company demonstrated resilience and adaptability in year 2022-23.

The domestic market showcased robust growth, driven by increased consumer spending and government initiatives to promote the textile industry. The demand for our products remained strong, and we were able to capitalize on the opportunities presented by this favourable market environment. Additionally, our prudent financial management allowed us to navigate the challenges posed by rising input costs, ensuring a stable financial position for the company.

However, the textile industry also faced its fair share of challenges. Escalating raw material costs, particularly cotton and synthetic fibers, pressured our profit margins significantly. Additionally, disruptions in global supply chains and transportation constraints resulted in increased lead times and logistical complexities. These factors necessitated careful management and strategic decision-making to mitigate their impact on our operations.

Moreover, sustainability concerns and regulatory requirements posed additional challenges. As responsible corporate citizens, we have proactively addressed these concerns by adopting sustainable practices, investing in research and development, and implementing stringent quality control measures. Nonetheless, complying with these requirements and ensuring the well-being of our employees added further complexity to our operations.

Looking ahead, we remain cautiously optimistic about the future of the textile industry. Our focus on innovative idea and sustainable practices will continue to be a key driver of our success.

We are also closely monitoring geopolitical and economic developments, as they can significantly impact the industry. By proactively adapting to changes and aligning ourselves with evolving market dynamics, we aim to stay at the forefront of this competitive landscape.

In conclusion, I would like to express my heartfelt gratitude to our shareholders and all other Stakeholders for their unwavering support and trust. Despite many domestic, international, as well as geo-political challenges faced, company's performance in the financial year 2022-23 reflects our

collective efforts and commitment. I would also like to acknowledge our employees' dedication and hard work, who have been instrumental in our success.

With your continued support and our unwavering dedication, we are confident that we will overcome challenges, capitalize on opportunities, and drive sustained growth in the coming years.

ॐ सर्वे भवन्तु सुखिनः।

सर्वे सन्तु निरामयाः।

सर्वे भद्राणि पश्यन्तु ।

मा कश्चित् दुःख भाग्भवेत्॥

Thank you once again for your valuable investment and belief in our company.

Warm regards,



Umashankar Lath

Chairman and Managing Director



## From the desk of the Managing Director

Dear Shareholders,

We are pleased to present to you the Annual Report for the financial year 2022-23, highlighting the performance and progress of Le Merite Exports Limited. As the Managing Director and Chief Financial Officer, I would like to express My gratitude for your continued support and trust in the company.

The year 2022-23 unfolded with a tapestry of challenges and opportunities for our industry. Through this letter, I intend to share our journey, acknowledging the achievements, addressing the obstacles, and outlining our path forward.

Operations of the Company witnessed a decline in its Revenue in FY 2022-23. This downward trend can be attributed to various market challenges, poor international demand, and domestic raw material disturbance that impacted our overall operations. Despite the decline, we have remained steadfast in our commitment to delivering high-quality products that align with our customer's evolving needs.



The domestic market played a significant role in shaping our narrative, portraying robust growth fueled by increased consumer spending. As international market was going through many of its challenges, incurring less demand of our product profile, hence we capitalized on the opportunities available in domestic market.

However, the textile industry encountered its share of challenges. Firstly, the failure of cotton crop due to which the raw material prices were 20%-30% higher than international prices as well as the quality was much poor, resulted upto 30% less production and poor quality of Yarn.

This unforeseen natural calamity has forced many spinners to stop production for 2-4 months. Many spinners in the industry have switched from natural fibre to synthetic. I am pleased to inform that the Company's manufacturing operations has continued throughout.

Secondly, year 2022-23 started with several Geo-political challenges. Russia-Ukraine war escalated from May 2022 impacting inflation clubbed with money supply during COVID in major developed markets. Due to high inflation the central bank has risen interest rate exponentially. In short discretionary spend has reduced drastically as necessity spends increased.

Geopolitical and economic developments are closely monitored, given their potential to impact the industry as well as the Company in particular. By proactively embracing change and aligning our strategies with evolving market dynamics, we aspire to continue leading within this competitive domain.

With your continued support and our resolute dedication, we are confident in our ability to surmount challenges, harness opportunities, and sustain growth in the years ahead.

Moving forward, we will continue to prioritize innovation, customer-centricity, and operational efficiency as we strive for sustained growth and increase profitability along with value maximisation.

In closing, I extend my heartfelt gratitude to you, our esteemed stakeholders at large, for your unwavering support and trust. The performance of Le Merite Exports Limited in the financial year 2022-23 reflects the concerted efforts of our team and our shared commitment to excellence.

Thank you for your ongoing trust.

Cheers for good health!

Sincerely,

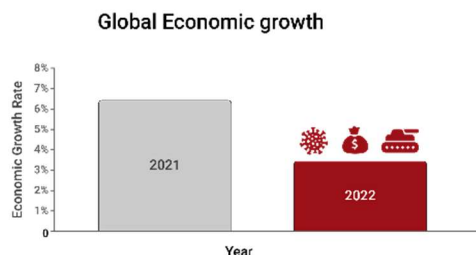
**Abhishek Lath**

Managing Director and CFO

## Management Discussion and Analysis Report

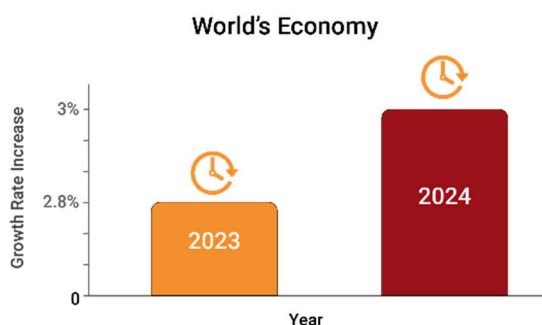
### Global economic overview and outlook:

The worldwide economic activity underwent a widespread slowdown, accompanied by inflation reaching levels not seen in decades. Factors such as the cost-of-living crisis, tighter financial conditions in most regions, Russia's invasion of Ukraine, and the ongoing COVID-19 pandemic all had a profound impact on economic growth. In 2022, the growth rate declined sharply, dropping from 6.4% in 2021 to 3.4%.



The worldwide economic activity underwent a widespread slowdown, accompanied by inflation reaching levels not seen in decades.

However, there is optimism on the horizon as global economic output is projected to experience a steady increase. This growth will be driven by efforts to stabilize inflation through central bank policies, a resurgence in consumer sentiment, and renewed investor confidence. Advanced economies, including the United States, have seen their employment situations improve significantly since the pandemic, and rising disposable income is expected to bolster growth in the years to come. Additionally, emerging and developing countries are also experiencing growth across various sectors, fueled by government investments in infrastructure and manufacturing. China, in particular, has rebounded from the economic impact of COVID-19 on its businesses and economy.



Global economic output is projected to experience a steady increase.

Looking ahead, the global economy is anticipated to achieve a growth rate of 2.8% in the calendar year 2023, with expectations that this rate will gradually rise and stabilize at 3.0% in 2024. Emerging markets and developing economies, including India, are leading the way in many instances, with significant growth rate increases expected this year.

### Outlook

India is poised to be one of the swiftest expanding major economies globally in the upcoming 2023-24 period, contributing a substantial 15% to the world's growth. This contribution is the second largest, surpassing the combined contributions of the United States and the European Union. The country's economic growth prospects are expected to benefit from a convergence of factors, including an increase in disposable income, readily available credit, and reduced interest rates as inflation stabilizes.

### Indian Cotton and Textile Market:

India holds the prestigious title of being the world's second largest producer of cotton. In the cotton season of 2021-22, it recorded an estimated cotton production of 312.03 lakh bales, and projections indicate an increase to 330 lakh bales in 2022-23. However, the cotton textiles industry faced numerous challenges in the fiscal year 2022-23. These challenges included steep increases in cotton prices, disparities between international and domestic cotton prices, and a sluggish demand for cotton textiles. Consequently, the industry had to curtail production and encountered reduced profit margins.

## **Opportunities and Threats:**

### **Opportunities**

In 2023, the Indian textile and cotton industry stands at a pivotal juncture, characterized by a dynamic interplay of opportunities and challenges.

On the side of opportunities, the industry continues to draw strength from India's demographic dividend. With a large and youthful population, there exists a resilient and burgeoning domestic consumer market for textiles and apparel.

The Union Budget announced by the Textile Ministry and Finance Minister has provided a major boost to the industry. The Government's plans to set up seven mega textile parks across India is a move that will not only create more employment opportunities but also strengthen the MSME sector. These parks are equipped with advanced infrastructure and provide tax and other benefits to textile companies.

An even bigger opportunity that was announced is the Production-Linked Incentives (PLI) worth \$1.4bn, which will help the textile and apparel manufacturing units realise their capacity potential. These initiatives by the Government are positive steps in facilitating the growth of the industry.

### **Initiatives and Policies to Promote Exports**

- Duty Drawback Scheme
- Technology Upgradation Fund Scheme
- Export Promotion Capital Goods Scheme
- Invest India Scheme

Markets such as Europe, Central America and Latin American countries offer significant scope to increase the exports of cotton yarn and fabrics from India. All these countries are sourcing most of their requirement of textiles from their neighbouring countries and various reasons, including Regional Trade Agreements, tariff advantages and other such factors. Considering inherent advantages of yarn manufacturing in India it is possible to increase India's market share in these countries with an in-depth understanding of the market requirements and by undertaking appropriate marketing strategies.

Furthermore, the global sustainability movement has created a significant opening for India to distinguish itself as a leading producer of eco-friendly and organic textiles. As consumers worldwide become increasingly conscious of their environmental footprint, there is a growing appetite for sustainable fashion. This presents a golden opportunity for Indian textile manufacturers to align themselves with this trend, tapping into a discerning global consumer base that values environmentally responsible production practices.

### **Threats**

#### **Decreased Production of Cotton Crops and its price instability**

According to the latest data by the agriculture ministry, sowing of cotton across India remains 8.5% lower on-year at 7 million hectares due to a decline in cultivation in some major cotton-growing states such as Maharashtra, Andhra Pradesh and Telangana amid patchy rainfall

#### **Lack of modern machinery and Low Yield of Cotton Crop**

The textile industry lacks technology-oriented machinery and production systems. If these are not updated then they could take a heavy toll on its production. This will later reflect in its sales and profits. Most

cotton textile plants in India still rely on outdated technology, which poses serious challenges to the industry's competitiveness. In addition, our country crop yield is far less than China, Australia, and USA. Technological advancement in the cotton seeds and other factors to increase yield is need of time.

### **Global Competitiveness**

The Indian textile industry is confronted with stiff competition from several other exporting countries, each of which has established its own core competencies and unique selling points (USPs) in the global market. Foreign nations have made significant strides in the textile sector, posing challenges to India's position in the international market.

### **Product Wise Performance:**

The Annual Report includes essential information, with detailed product-wise performance data available in Note No. 21 and 22 of the Standalone Financial Statements and Consolidated Financial Statements respectively for the financial year ending on March 31, 2023.

### **Risk and Concerns:**

The Management Discussion and Analysis section primarily consists of statements that may include forward-looking predictions based on perceptions and are, as a result, subject to potential risks and uncertainties. It encompasses the collective sum of the Company's expectations, beliefs, assessments, and projections, which may either be forward-looking or pessimistic in accordance with applicable laws and regulations. It is important to note that the actual outcomes may significantly differ from those expressed explicitly or implicitly in this context. Shareholders are advised to consider this factor in conjunction with the Company's financial statements.

### **Internal Control Systems and their adequacy:**

The Company is maintaining an efficient and effective system of Internal Financial Control for facilitating accurate compilation of financial statements. The company's Internal Control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with procedures, laws and regulations. The Company's Internal Control system commensurate with the nature of its business and the size of its operations.

The Company is having Internal Audit Department to test the adequacy and effectiveness of Internal Control Systems laid down by the Management and suggests improvement in the systems. Internal Audit Reports are discussed with the Management. During the year, Company's Internal Controls were tested and no reportable weakness in the system was observed. The Audit Committee of the Company reviews and discuss the Internal Audit Reports in their meetings and all the significant audit observation and follow up action thereon are taken care of by the Audit Committee.

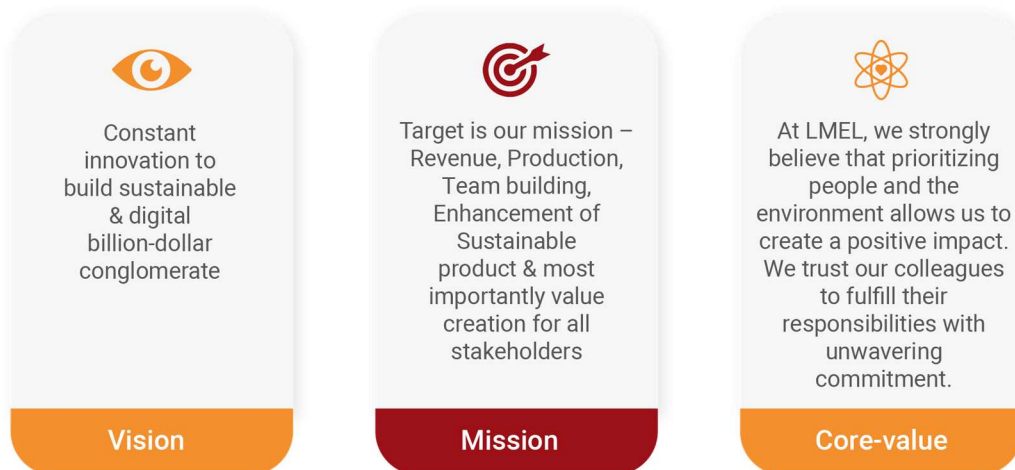


### Introducing LMEL – Company Overview:

We at “Le Merite Exports Limited” are vertically integrated into the Manufacturing of Cotton Yarn & Greige Fabrics. LMEL was incorporated in the year 2003. “Le Merite” is a well-renowned & popular brand name in several yarn-importing countries. LMEL has long-standing customer relationships, exclusive tie-ups & agents in top importing countries of Cotton yarn & fabrics. Bangladesh, China, Turkey, Portugal, Egypt, Guatemala, South Korea, Spain, Italy, Vietnam, Thailand, Peru, UAE, USA, LMEL is exporting to 25+ countries.



Our company believes in team building & growing inorganically by way of the asset-light model. Our biggest investment is in talent acquisition. We have expertise in marketing & branding; our motto is to achieve the highest standard of customer satisfaction & retention.



Our organization thrives on open and transparent communication, which fosters a culture of trust and collaboration. By cultivating a positive and inclusive environment, we have built strong bonds and mutual respect among our team members.

Embracing sustainability stewardship is not only in line with our values but also provides tangible benefits to our business. We firmly believe that by integrating sustainability into our operations, we can drive profitability, achieve revenue growth, enhance our reputation, boost employee engagement, reduce turnover, and gain easier access to capital.

With an unwavering commitment to responsible business practices, we strive to achieve our organizational goals while upholding principles of governance, sustainability, and our core values.

Adhering to these principles ensures that our actions are in harmony with our broader vision of creating a sustainable future for all.

At LMEL, we recognize that profitability and sustainability are interconnected, and we are dedicated to maximizing both. Through operating our business with integrity, prioritizing sustainability, and remaining true to our core values, we are confident that we can achieve long-term success while making a positive difference in the world.

### Human Capital Management:

Going beyond the confines of a balance sheet, a company's most significant and invaluable asset invariably emerges as its human resources. Within this narrative, the company firmly asserts its belief that human resources constitute the pivotal force propelling the organization towards progress and ultimate success. This declaration serves as a testament to the intrinsic value of the individuals who comprise the company's workforce.

The core ethos of the company is reflected in its unwavering commitment to the paramount importance of its human capital. Rather than viewing employees merely as a line item on a financial statement, this perspective acknowledges them as dynamic, multifaceted contributors whose skills, dedication, and ingenuity steer the company's trajectory. Employees, in this context, are not passive entities but the active agents responsible for the company's continued growth and achievement of its strategic goals.

In alignment with this philosophy, the company has consistently pursued a proactive strategy of attracting and recruiting the finest talent available in the market. This approach is a strategic imperative, recognizing that the challenges and opportunities that lie ahead in the ever-evolving business landscape require a workforce characterized by excellence, innovation, and adaptability. By seeking out the best talent, the company positions itself to navigate the complexities of a competitive marketplace with confidence.

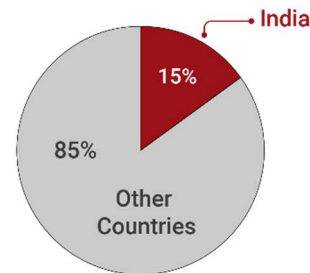
### Details of Significant Changes in the Key Financial Ratios:

As per the Schedule V to the Listing Regulations read with Regulation 34(3) of the Listing Regulations, details of significant changes (i.e., change of 25% or more as compared to the immediately previous financial year) in Key Financial Ratios of the Company including explanations therefor have been provided in note no. 31 of the Standalone Financial Statements of the Company.

### Cautionary Statement:

Though the statement and views expressed in the above said report are based on best judgment but the actual future results might differ from whatever is stated in the report.

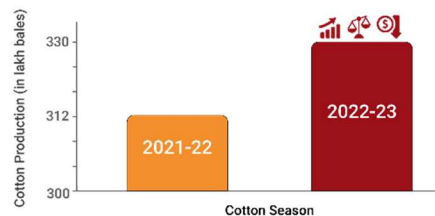
### World's Economic Growth Contribution



India is poised to be one of the swiftest expanding major economies globally in the upcoming 2023-24 period,

### India Production Of Cotton

World's second largest producer of cotton





## Introducing LMEL – Company Overview

### Le Merite Exports Limited



Manufacturer of Cotton Yarn & Greige Fabrics.

LMEL was incorporated in the year 2003

It is a popular brand in several yarn-importing countries.

### Exclusive tie-ups & agents in top importing countries of Cotton yarn & fabrics.

Bangladesh, China, Turkey, Portugal, Egypt, Guatemala, South Korea, Spain, Italy, Vietnam, Thailand, Peru, UAE, USA, LMEL is exporting to **25+ countries**.





## Achievements at a glance

### 1. Synthetic & Rayon Textiles Export Promotion Council (SRTEPC)

SRTEPC is the oldest Export Promotion Council in India promoting Exports of Indian man-made fibre and textiles.

**Category in which award accorded to LMEL in the Financial Year 2022-23-**

- SRTEPC Special Award for Merchant Exporter
- Best Export Performance for the year 2021-2022



Mr. Piyush Goyal Hon'ble Minister of Textiles presented the awards to Mr. Abhishek Lath, MD & CFO, and Mrs. Sweta Lath, Executive Director of Le Merite Exports Limited.

### 2. Award from the Federation of Indian Export Organisations (FIEO)

'FIEO' is a Non-Profit entity that represents the Indian entrepreneurs' spirit of enterprise in the global market.



**Category in which award accorded to LMEL in the Financial Year 2022-23 -**

- 3- Star Export House Category Silver Award in the 7<sup>th</sup> Set of Export Excellence Awards for the year (2019-2020)
- Silver Award in 7th Set of Export Excellence Awards for the year (2020-2021)

Ms. Anupriya Patel Hon'ble Minister of State for Commerce and Industry of the Government of India presented the award to Mr. Abhishek Lath, MD & CFO, and Mrs. Namita Nair, President-Yarn, of Le Merite Exports Limited.

## **NOTICE**

Notice is hereby given that the Twentieth Annual General Meeting of the Members of LE MERITE EXPORTS LIMITED (CIN- L17111MH2003PLC143645) will be held on Saturday, September 30, 2023 at 4.00 p.m., through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM"), to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider, approve and adopt the Audited Standalone Financial Statements for the Financial Year ended March 31, 2023 together with the reports of the Board and Auditors thereon.
2. To receive, consider, approve and adopt the Audited Consolidated Financial Statements for the Financial Year ended March 31, 2023 together with the report of the Auditors thereon.
3. To re-appoint Mr. Umashankar Lath (DIN 05135035), who is liable to retire by rotation, being eligible, seek re-appointment in terms of section 152(6) of the Companies Act, 2013.
4. To declare a Final Dividend on Equity Shares at the rate of 5% (Five percent) [i.e., paise 0.50/- (Paise Fifty only) per Equity Share of Face Value of 10/- (Rupees Ten Only)] for the Financial Year ended March 31, 2023.

**By the Order of the Board**

**Sd/-**

**Sandeep Poddar**

**Company Secretary and Compliance Officer**

**M. No.: A69365**

Date: September 7, 2023

Place: Mumbai

Registered Office Address:

Le Merite Exports Limited

B-1, 104D, Boomerang Building,

Chandivali Farm Road, Powai,

Andheri (East), Mumbai – 400072.

## Notes

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.lemeriteexports.com](http://www.lemeriteexports.com). The Notice can also be accessed from the websites of the Stock Exchange National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com) and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e., [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
7. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.

8. A statement giving relevant details of the director seeking appointment/reappointment under item No.3 of the accompanying notice, as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is annexed herewith as Annexure – I
9. The Register of Members and Share Transfer Books of the Company will remain closed from September 24, 2023 to September 30, 2023 (both days inclusive).
10. The Dividend as recommended by the Board, if declared at the Meeting, will be paid, after deduction of applicable tax (TDS), within 30 days of the date of declaration i.e., September 30, 2023 to those Members whose names appear in the Register of Members of the Company on record date i.e., September 23, 2023
11. The Company has appointed Mr. Vijay Kumar Tiwari, Practicing Company Secretary, proprietor of M/s Vijay S. Tiwari & Associates, Company Secretaries, Mumbai (ACS: 33084; COP: 12220) as Scrutinizer to scrutinize the e-voting process in fair and transparent manner
12. The Board of Directors of the Company at its meeting have recommended a dividend of Paise 0.50/- per fully paid-up equity Share, for approval by the Members at the AGM.

Members may note that pursuant to the Finance Act, 2020, dividend income is taxable in the hands of the Shareholders effective April 1, 2020 and the Company is required to deduct tax at source from dividend paid to Members at the prescribed rates. To enable compliance with TDS requirements, Members are requested to complete and/or update their Residential status, PAN and Category with their Depository Participants ('DPs') or in case shares are held in physical form with the Company / RTA by sending documents through e-mail.

The Resident Non-Individual Members i.e. Insurance companies, Mutual Funds and Alternative Investment Fund (AIF) established in India and Non-Resident Non-Individual Members i.e. Foreign Institutional Investors and Foreign Portfolio Investors may alternatively submit the relevant forms / declarations / documents through their respective custodian who is registered on NSDL platform, on or before the aforesaid timelines.

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/ 15H, to avail the benefit of non-deduction of tax at source by email [tds@bigshareonline.com](mailto:tds@bigshareonline.com) by 11:59 p.m. IST on September 23, 2022. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to [tds@bigshareonline.com](mailto:tds@bigshareonline.com). The aforesaid declarations and documents need to be submitted by the shareholders by 11:59 p.m. IST on September 23, 2022.

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER: -**

The remote e-voting period begins on September 27, 2023 at 09:00 A.M. and ends on September 29, 2023 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e., September 23, 2023 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being September 23, 2023.

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

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

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

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

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

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

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<p>Existing IDeAS user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS Portal" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for</p>

	<p>casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>App Store</p>  </div> <div style="text-align: center;">  <p>Google Play</p>  </div> </div>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<p>Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then user your existing my easi username &amp; password.</p> <p>After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</p> <p>If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</p> <p>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>

Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
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**Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.**

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

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33



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

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

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

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
<b>a) For Members who hold shares in demat account with NSDL.</b>	8 Character DP ID followed by 8 Digit Client ID  For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
<b>b) For Members who hold shares in demat account with CDSL.</b>	16 Digit Beneficiary ID  For example if your Beneficiary ID is 12***** then your user ID is 12*****
<b>c) For Members holding shares in Physical Form.</b>	EVEN Number followed by Folio Number registered with the company  For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?



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

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

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

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### **General Guidelines for shareholders**

Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail

to Vijay Tiwari csvijaytiwari@gmail.com with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "[Forgot User Details/Password?](#)" or "[Physical User Reset Password?](#)" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on: 022 - 4886 7000 and 022 - 2499 7000 or send a request to Mr. Anubhav Saxena on Anubhav Saxena (AnubhavS@nsdl.co.in) at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [compliance@lemeriteexports.com](mailto:compliance@lemeriteexports.com)
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [compliance@lemeriteexports.com](mailto:compliance@lemeriteexports.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. **In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.**

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

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

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

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [compliance@lemeriteexports.com](mailto:compliance@lemeriteexports.com) on or before September 23, 2023 by 05:00 PM. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
6. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
7. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**By the Order of the Board**

Sd/-

**Sandeep Poddar**

**Company Secretary and Compliance Officer**

**M. No.: A69365**

Date: September 7, 2023

Place: Mumbai

## Annexure - I to Notice for Annual General Meeting

Details of Directors Seeking Re-appointment at the forth coming Annual General Meeting  
(Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015)

Name of Director	Mr. Umashankar Lath
Date of Birth and Age	October 7, 1954, 68 years
Brief resume/experience and nature of expertise in specific functional areas.	Mr. Umashankar Lath, Promoter cum Chairman & Managing Director of the company, has vast experience in the field of yarns and fabrics. He started his business as a trader of yarns in Burhanpur at a very early age. Subsequently, he became an exclusive agent/trader to sell yarns for big spinning mills of that time like "RSR Mohata Mills, GimaTex, Pee-Vee Textile Limited, NTC Mills, etc." He then looked after a weaving factory and started getting yarn spinning from spinners on a job-work basis in the year 1990 to 2003. Post 2004, he is involved in the business operations of Le Merite Exports Limited. He is an undergraduate by qualification. He looks after the business strategy for the growth of the Company, sourcing of materials, and production operation-related matters.
Terms and conditions of appointment / reappointment.	Retiring by rotation at the forthcoming Annual General Meeting and being eligible to seek re-appointment.
Details of Remuneration sought to be paid.	Rs. 3,75,000/-
Remuneration last drawn	Rs. 1,25,000/-
Qualification	Undergraduate
Number of shares held in the Company	2025000
Names of other companies in which the person also holds a directorship	M/s Burhanpur Integrated Textile Park Limited
Number of Meetings of the Board attended during the year (i.e. F.Y. 2022-2023).	4 out of 5
Membership/ Chairmanship of the Committee on the Board of other Companies	Nil
Disclosure of Relationships between directors inter-se and with the KMPs.	Father of Mr. Abhishek Lath, Managing Director, & CFO and Father-in-Law of Mrs. Sweta Lath, Executive Director of the Company

## BOARD'S REPORT

To

The Members

Le Merite Exports Limited

Your Directors have the pleasure to present the 20<sup>th</sup> Annual Report on the business and operations of your Company along with the Audited Financial Statements for the year ended March 31, 2023.

### Financial Results

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

(Rs. In Lakhs)

Particulars	Standalone		Consolidated	
	March 31, 2023,	March 31, 2022,	March 31, 2023	March 31, 2022
Income From Operations	36,413.28	52,590.14	37,689.25	52,590.14
Other Income	311.04	107.16	321.66	107.16
<b>Total Income</b>	<b>36,724.32</b>	<b>52,697.30</b>	<b>38,010.91</b>	<b>52,697.30</b>
Expenses [Except Depreciation Expenses]	35,813.52	49,848.96	37,505.79	49,849.16
Profit / (Loss) Before Depreciation, Amortization and Taxation	910.80	2,848.34	505.12	2,848.14
Provision For Depreciation	60.64	50.19	60.64	50.19
Profit / (Loss) Before Extra-Ordinary Items [Net of Tax Expenses]	850.16	2,798.15	444.48	2,797.95
Less: Extra-Ordinary Items [Net of Tax Expenses]	-	-	-	-
Profit / (Loss) Before Tax	850.16	2,798.15	444.48	2,797.95
Less: Tax Expenses: -				
Current Tax	220.00	695.00	220.00	695.00
Deferred Tax	(5.51)	(2.81)	(5.51)	(2.81)
Excess / Short Tax Provision W/off	-	-	-	-
Profit / (Loss) before Minority Interest	-	-	229.99	2,105.76
Less: Minority Interest	-	-	(198.79)	(0.10)
<b>Profit / (Loss) After Tax</b>	<b>635.67</b>	<b>2,105.96</b>	<b>428.78</b>	<b>2,105.86</b>
<b>Paid-up Share Capital</b>	<b>2348.10</b>	<b>1708.10</b>	<b>2348.10</b>	<b>1708.10</b>

## **COMPANY PERFORMANCE OVERVIEW**

During the year under review, your company reported the revenue from operation amounted to Rs.36,413.28 lakhs as against Rs.52,590.14 lakhs during the previous financial year 2021-22. The Net Profit of your Company, for the year amounted to Rs.635.67 lakhs as against Rs.2,105.96 lakhs during the previous financial year 2021-22.

### **Initial Public Offer**

The Directors are pleased to inform you that the Company's Initial Public Offering (IPO) of 64,00,000 Equity Shares of the face value of Rs. 10/- (Rupees Ten only) by way of the Fixed Price Process received an overwhelming response from the investors. The Issue was opened on April 25, 2022, and closed on April 28, 2022.

The allotment for the said IPO was made on 04th May, 2022 ranking pari-pasu with the existing shares. The shares of the company were listed on NSE Emerge (SME Platform of National Stock Exchange of India Limited (NSE)) on 09th May, 2022.

### **State Of Affairs**

The Company is engaged in the business of manufacturing and trading of textile products namely cotton yarn, greige fabric and finished fabric. There is no change in the business of the Company during the financial year ended March 31, 2023.

### **Material Changes and Commitments Affecting Financial Position Between The End Of The Financial Year And Date Of The Report**

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

### **Dividend**

Your directors are pleased to recommend a final Dividend of 5% i.e., Paise 0.50 per Equity Share on the fully paid-up Equity Share of Rs. 10/- each for the financial year 2022-23 subject to the approval of shareholders at the ensuing Annual General Meeting. Accordingly, the Dividend for the F.Y. 2022-23 is Paise 0.50 per share and the total outflow towards dividend on Equity Shares for the year under review would be Rs. 117.41 Lakh.

The Board continues to support a steady dividend policy and the recommended dividend in accordance with the Dividend Distribution Policy of the Company which is available on the website of the Company at the link: <https://www.lemeriteexports.com/pdf/Dividend-Distribution-Policy.pdf>

### **Transfer to Reserve**

The Company has not transferred any amount to the Reserves for the year ended March 31, 2023.

### **Capital Structure**

The Authorised Share Capital of the company as on March 31, 2023, was Rs. 2500.00 Lakh divided into 2,50,00,000 equity shares of Rs. 10/- each.

During the year under review, the Company issued/allotted 64,00,000 equity shares through Initial Public Offering (IPO).

Consequently, the paid-up equity shares capital of the company stood at Rs. 2348.10 Lakh consisting of 2,34,81,000 equity shares of Rs.10/- each.

#### **Subsidiary / Joint Ventures / Associates**

As on March 31, 2023, the Company has 2 subsidiary companies pursuant to the provisions of section 129(3) of the Companies Act, 2013 read with the Companies (accounts) rules, 2014, a statement containing salient features of financial statements of subsidiaries, associates and joint venture companies in form AOC-1 is annexed herewith and marked as Annexure – 'I' to this Report.

The Separate Audited Financial Statements in respect of each of the subsidiaries shall be kept open for inspection at the Registered Office of the Company.

The Company will also make available these documents upon request by any member of the company interested in obtaining the same. The Separate Audited Financial Statements in respect of each of the subsidiaries are also available on the website of the company at [www.lemeriteexports.com](http://www.lemeriteexports.com).

#### **Extracts of Annual Return**

As required under Section 134(3)(a) & Section 92(3) of the Act, the Annual Return is put up on the Company's website and can be accessed at [www.lemeriteexports.com](http://www.lemeriteexports.com) & Extracts of the Annual Return in form MGT 9 for the Financial Year 2022-23 is uploaded on the website of the Company and can be accessed at [www.lemeriteexports.com](http://www.lemeriteexports.com)

#### **Directors' Responsibility Statement**

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors state that:

In the preparation of Annual Accounts, the applicable accounting standard have been followed along with proper explanations relating to material departures.

The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reason-able and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year March 31, 2023, and the Profit or Loss of the Company for the period;

The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and preventing and detecting fraud.

The Directors had prepared the Annual Accounts for the Financial Year Ended March 31, 2023, on a going concern basis.

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.

The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Particulars of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the standalone financial statements forming a part of this Annual Report.

### **Fixed Deposits**

According to Chapter V of the Companies Act, 2013, the Company has not invited/ accepted any deposits from the public during the year ended March 31, 2023. Hence, there were no unclaimed or unpaid deposits as on March 31, 2023.

### **Investor Education and Protection Fund (IEPF)**

During the year under review, the provision of section 125(2) of the Companies Act, 2013 does not apply as the company was not required to transfer any amount to the Investor Education Protection Fund (IEPF) established by the Central Government of India.

### **Internal Control Systems & Their Adequacy**

Your Company has an adequate and effective Internal Control Mechanism in place which is commensurate with the size, scale and complexity of its operations, to ensure efficient conduct of its operations, security of assets, prevention and detection of frauds/errors, accuracy and completeness of accounting records and the timely preparation of reliable financial information as per its Management Information System (MIS). These controls have been designed to provide reasonable assurance about maintaining proper accounting controls for ensuring the reliability of financial reporting, monitoring of operations and protecting assets from unauthorized use or losses, and compliance with regulations. The Company has continued its efforts to align all its processes and controls with global best practices.

### **Directors and Key Managerial Personnel**

The composition of the Board consists of the following persons:

#### **Key Managerial Personnel**

Mr. Umashankar Lath	- Chairman and Managing Director
Mr. Abhishek Lath	- Managing Director and Chief Financial Officer
Ms. Sarita Mishra	- Company Secretary & Compliance Officer (upto July 06, 2022)
Mr. Sandeep Poddar	- Company Secretary and Compliance officer (Appointment w.e.f. September 05, 2022)

#### **Executive Directors**

1. Mrs. Sweta Lath

#### **Non-Executive, Independent Directors**

1. Mr. Narendra Kumar Srivastava
2. Mr. Rohit Agarwal
3. Mr. Jaydeep Purujit Mehta

In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. Umashankar Lath, Chairman and Managing Director of the Company, retires by rotation at the ensuing Annual General Meeting of the Company and being eligible offer for re-appointment.

The above re-appointment form part of the Notice of the Annual General Meeting.



## Meetings of the Board

The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and Secretarial Standard-1 issued by the Council of the Institute of Company Secretaries of India and approved by the Central Government. During the year, 5 (Five) Board Meetings were held on the following dates:

- |                          |                        |
|--------------------------|------------------------|
| (i) May 30, 2022         | (ii) July 20, 2022     |
| (iii) September 06, 2022 | (iv) November 11, 2022 |
| (v) March 24, 2023       |                        |

The composition of the Board and the attendance details of the Members are given below:

Name of the Directors	Category	No. of Meetings	
		Held	Attended
Mr. Umashankar Lath	Chairman & Managing Director	5	4
Mr. Abhishek Lath	Managing Director & CFO	5	5
Mrs. Sweta Lath	Executive Director	5	5
Mr. Narendra Kumar Srivastava	Non-Executive, Independent Director	5	5
Mr. Jaydeep Purujit Mehta	Non-Executive, Independent Director	5	5
Mr. Rohit Agarwal	Non-Executive, Independent Director	5	3

## Independent Director's Meeting

During the year under review, the Independent Directors met on March 24, 2023, inter alia, to discuss:

Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;

Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.

Evaluation of the quality, content, and timeliness of the flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting except Mr. Rohit Agrawal Non-Executive Independent Director of the Company.

## Declaration by Independent Directors

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Grievance Redressal Mechanism [Sebi Complaints Redress System (SCORES)]:**

The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are the centralized database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status. Your Company has been registered on SCORES and makes every effort to resolve all investor complaints received through SCORES or otherwise within the statutory time limit from the receipt of the complaint. The Company had received one complaint on the SCORES during the financial year 2022-23 and the same was resolved in the prescribed timeline.

**AUDITORS' AND AUDITORS' REPORT****Statutory Auditors**

M/s. Nagori Nuwal & Co., Chartered Accountant was appointed as the statutory auditor of the company.

The Audit Report on the Financial Statements for the Financial Year ended on March 31 2023, issued by M/s. Nagori Nuwal & Co., Chartered Accountants, is unmodified and does not contain any qualifications, reservations, or adverse remarks. The information referred to in Auditor's Report is self-explanatory and hence does not require any further clarification.

The first proviso to section 139(1) of the Companies Act, 2013 has been omitted vide section 40 of the Companies (Amendment) Act, 2017 notified on May 07, 2018. Therefore, it is not mandatory for the Company to place the matter relating to the appointment of a statutory auditor for ratification by members at every Annual General Meeting. Hence the Company has not included the ratification of statutory auditors in the Notice of AGM.

During the Year under review, the Auditors have not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

**Internal Auditor**

The Company is having an internal audit department to test the adequacy and effectiveness of Internal Control Systems laid down by the Management and suggests improvement in the systems. Internal Audit Reports are discussed with the Management and are reviewed by the Audit Committee of the Board. During the year, Company's Internal Controls were tested and no reportable weakness in the system was observed.

**Secretarial Audit**

The Board has appointed M/s. Vijay S. Tiwari & Associates, Practicing Company Secretaries, to carry out the Secretarial Audit pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the Financial Year 2022-23. The Secretarial Audit Report for the Financial Year ended March 31, 2023, is annexed herewith and marked as Annexure - 'II' to this Report.

**Cost Records & Audit**

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable to the business activities carried out by the Company.

**Reporting of Frauds by Auditors**

During the year under review, the Statutory Auditors, and Secretarial Auditors have not reported any instances of fraud committed in the Company by its officers or employees under Section 143(12) of the Companies Act, 2013.

### **Awards And Recognition**

Your Company has been conferred with the following awards and recognition during the year under review: -

Federation of Indian Export Organisation (FIEO) – 6<sup>th</sup> and 7<sup>th</sup> Set of Excellence Award for 2018-19 and 2019-2020 respectively, in Three Star Export House Category – MSME, received on March 25, 2023.

1. The Synthetic & Rayon Textiles Export Promotion Council (SRTEPC) – Gold Trophy for Best Export Performance SRTEPC Special Award for Merchant Exporter for Financial Year 2020-21

### **Committees of the Board**

The Company has constituted different Committees under the Board that are mandated under the Companies Act, 2013.

#### **[I] Mandatory Committees**

##### **(a) Audit Committee**

The Audit Committee of the Board of Directors oversees the Financial Statements and Financial Reporting before submission to the Board.

The Audit Committee is responsible for the recommendation of the appointment, remuneration, performance and oversight of the Internal and Statutory Auditors. It reviews the Reports of the Internal Auditors and Statutory Auditors. The Senior Management Personnel are invited to the meetings of the Audit Committee, along with the Head of Internal Audit.

During the year under review, the Audit Committee met 4 (Four) times to deliberate on various matters. The Meetings were held on May 30, 2022, September 29, 2022, November 11, 2022, and March 23, 2023.

The composition of the Committee and the attendance details of the Members are given below:

Name of the Directors	Category	No. of Meetings	
		Held	Attended
<b>Narendra Kumar Srivastava</b>	Chairman, Non-Executive, Independent Director	4	4
<b>Jaydeep Purujit Mehta</b>	Member, Non-Executive, Independent Director	4	4
<b>Abhishek Lath</b>	Member, Managing Director & CFO	4	3

##### **(b) Nomination and Remuneration Committee**

Your Company has constituted the Nomination and Remuneration Committee of the Company pursuant to the provisions of Section 178 of the Companies Act, 2013. The functions of this Committee include identification of persons who are qualified to become Directors and who may be appointed as Senior Management, formulation of criteria for determining qualifications, positive attributes, independence, recommendations of their appointments to the Board, evaluation of every Director's performance, formulation of Remuneration Policy to include recommendation of remuneration for Directors, Key Managerial Personnel and Senior Management.

At present, there are 3 (Three) Members of the Nomination and Remuneration Committee, in which all are Non-Executive & Independent Directors.

During the year under review, the Nomination and Remuneration Committee met once in order to appoint to deliberate on the various matters. The Meeting was held on November 11, 2022.

The composition Committee and the attendance details of the Members are given below:

Name of the Directors	Category	No. of Meetings	
		Held	Attended
Narendra Kumar Srivastava	Chairman, Non-Executive, Independent Director	1	1
Jaydeep Purujit Mehta	Non-Executive, Independent Director	1	1
Rohit Agarwal	Non-Executive, Independent Director	1	-

#### **Remuneration Policy, Details of Remuneration and Other Terms of Appointment of Directors.**

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a Policy for Selection and Appointment of Directors, Senior Management and their remuneration. This Policy inter-alia includes:

##### **(i) Criteria of Selection of Non-Executive Directors**

- Non-Executive Directors will be selected on the basis of Identification of Industry / subject leaders with strong experience. The advisory area and therefore the role may be defined for each independent director.
- The Nomination and Remuneration Committee shall ensure that the Candidate identified for Appointment as a Director is not disqualified for Appointment under Section 164 of the Companies Act, 2013.
- In case of Appointment of Independent Directors, the Nomination and Remuneration Committee shall satisfy itself with regard to the independent nature of the Directors vis-a-vis the Company so as to enable the Board to discharge its function and duties effectively.

##### **(ii) Remuneration**

- Pursuant to recommendation of the Nomination and Remuneration Committee and Approval of the Board of Directors, Independent Directors are entitled to sitting fees for attending Board Meetings and Committee Meetings within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, In addition, Independent Directors shall be entitled to receive reimbursement of expenses for participation in the Board/Committee Meetings.

##### **(iii) Stakeholders Relationship and Grievance Committee**

Your Company has reconstituted the Stakeholders Relationship and Grievance Committee of the Company pursuant to Section 178 of the Companies Act, 2013 which comprises of 4 (Four) Directors out of which Two are Non-executive Independent Directors and Two are Managing Directors of the Company. The committee is headed by Mr. Jaydeep Purujit Mehta.

During the year under review, the Stakeholders Relationship and Grievance Committee met once on March 24, 2023, in order to take on note the Share Transfer / Transmission / Demat of Shares / Sub-Division as intimated by the RTA of the Company.

The composition of the Share Transfer and Stakeholders Relationship Committee is given below:

Name of the Directors	Category	No. of Meetings	
		Held	Attended
Jaydeep Purujit Mehta	Chairman, Non-Executive, Independent	1	1
Narendra Kumar Srivastava	Non-Executive, Independent Director	1	1
Abhishek Lath	Managing Director and CFO	1	1
Umashankar Lath	Chairman and Managing Director	1	-

### **Whistle Blower Policy and Vigil Mechanism**

The Company has a robust vigil mechanism through its Whistle Blower Policy approved and adopted by the Board of Directors of the Company in compliance with the provisions of Section 177 (10) of the Act and Regulation 22 of the Listing Regulations.

The Policy provides protection to the directors, employees and business associates who report unethical practices and irregularities.

Any incidents that are reported are investigated and suitable action is taken in line with the Whistle Blower Policy. However, no complaint of this nature has been received by the Audit Committee during the Fiscal year 2023. The Whistle Blower Policy of the Company can be accessed at the website of the Company at [www.lemeriteexports.com](http://www.lemeriteexports.com).

### **Risk Management Policy**

The Management has put in place adequate and effective system and manpower for the purposes of risk management. In the opinion of the Board, following would threaten the existence risk of the Company:

### **Staying one step ahead of risk**

The Company has laid down a well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact, and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitoring of both business and non-business risks.

### **APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016**

During the year, no application was made or proceeding pending under the Insolvency and Bankruptcy Code, 2016 against the Company.

### **Orders passed by the Regulators**

There have been no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

### **Disclosures under Sexual Harassment of Women**

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at the workplace in line with the provisions

of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. Internal Complaints Committee (ICC) has been constituted to consider & redress all sexual harassment complaints. The Company is committed to providing equal opportunities without regard to race, caste, sex, religion, color, nationality, disability, etc. All women associate (permanent, temporary, contractual and trainees) as well as any women visiting the Company's office premises or women service providers are covered under this Policy. All employees are treated with dignity with a view to maintaining a work environment free of sexual harassment whether physical, verbal or psychological.

During Fiscal year 2023, the Company has not received any complaints of sexual harassment.

#### **Conservation of Energy and Technology Absorption**

The particulars of Conservation of Energy and Technology Absorption as required under Section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 are not applicable to the Company.

#### **Foreign Exchange Earnings OutGo**

During the period under review, there was Rs.20,206.06 lakhs Foreign Exchange Earnings and Rs.263.37 lakhs Foreign Exchange Outflow.

#### **Managerial Remuneration and Particulars of Employees**

The Disclosures with respect to the Remuneration of Directors and Employees as required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 along with, a statement containing particulars of Employees as required under Section 197 of Companies Act, 2013 read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith and marked as Annexure – "III" and form part of this report.

#### **Particulars of Contracts and Arrangements with Related Parties**

All related party transactions are entered on an arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the details of the transactions with the Related Party are provided in the Company's financial statements in accordance with the Accounting Standards.

#### **Internal Financial Control**

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed. The internal financial control of the company is adequate to ensure the accuracy and completeness of the accounting records, timely preparation of reliable financial information, prevention and detection of frauds and errors, safeguarding of the assets, and that the business is conducted in an orderly and efficient manner.

**Depository System**

As the Members are aware, your Company's shares are tradable compulsorily in Electronic Form and the Company has established connectivity with both the Depositories in the Country i.e., NSDL and CDSL. In view of the various advantages offered by the Depository System, Members are requested to avail of the facility of dematerialization of the Company's shares on either of the aforesaid Depositories.

**Code of Conduct**

The Board of Directors has approved a Code of Conduct, which is applicable to the Members of the Board and all Employees in the course of day-to-day business operations of the Company. A copy of the Certificate of Compliance thereof is annexed herewith and marked as Annexure – 'IV'.

**Secretarial Standards**

The Directors state that the applicable secretarial standards i.e., SS-1 and SS-2, relating to 'Meeting of the Board of Directors' and 'Meeting of General Meeting, respectively, have been duly followed by the Company.

**Listing Of Shares On The Stock Exchange**

The Company's equity shares are listed on Emerge Platform of the National Stock Exchange of India Limited.

**business responsibility & sustainability report (BRSR)**

The Business Responsibility & Sustainability Reporting as required by regulation 34(2) (f) of the SEBI (listing obligations and disclosure requirement) regulations, 2015 is not applicable to the company for the financial year ending, March 31, 2023.

**Corporate Governance & Management Discussion and Analysis Report**

The Company is committed to maintaining the highest standards of corporate governance and transparency. We ensure that we evolve & follow the corporate governance guidelines & best practices sincerely to boost long-term shareholder value legally, ethically & sustainably. We consider it an inherent responsibility to disclose timely and accurate information regarding its operations and performance. We also endeavour to maximize shareholders' value and respect minority rights in all our business decisions.

During year, our company is Listed on Emerge Platform of the National Stock Exchange of India Limited (NSE), by virtue of Regulation 15 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 the compliance with the Corporate Governance provisions as specified in regulation 17 to 27 and Clause (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V is not applicable to the company.

**Education, Training and Development**

In an ever-changing and fast-paced corporate world, training and development is an indispensable function and management of Le Merite believes that training presents a prime opportunity to expand the knowledge base of all employees. A structured training and development program is organized for employees to have consistent experience and background knowledge. We encourage a culture of continual learning among employees through various Training & development sessions within the organization. Le Merite team always focus on producing targeted and tangible results for the business, treating it seriously and considering it a capital investment and making it results-driven. The results from

our training and development initiatives have been very positive and clearly presented the enhanced productivity, efficiency & effectiveness.

### **Board Policies**

We seek to promote and follow the highest level of ethical standards in all our business transactions guided by our value system. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 mandate the formulation of certain policies for all listed companies. The Corporate Governance policies are available on the Company's website, at [www.lemeriteexports.com](http://www.lemeriteexports.com). The policies are reviewed periodically by the board and updated as needed.

### **Corporate Social Responsibility**

The brief outline of the CSR policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in Annexure – 'V' of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. This Policy is available on the Company's website at [www.lemeriteexports.com](http://www.lemeriteexports.com).

### **Chief Executive Officer (CEO) / Chief Financial Officer (CFO) Certification**

Regulation 17(8) of the Listing Obligations and Disclosures Requirements formulated by the Securities and Exchange Board of India (SEBI), the CEO/CFO certification is not applicable to your Company as it is an SME Listed Entity.

### **Green Initiative**

The MCA had undertaken the Green Initiative in Corporate Governance by allowing paperless compliances by companies through electronic mode. We request all the shareholders to support the 'Green Initiative' of the Ministry of Corporate Affairs and the Company's continuance towards greener environment by enabling the service of the Annual Report, AGM Notice and other documents electronically to your email address registered with your Depository Participant/ Registrar and Share Transfer Agent. The Company appeals to you, its Shareholders, who are yet to register the E-mail addresses that they take necessary steps for registering the same so that you can also become a part of the initiative and contribute towards a greener environment.

### **Familiarization programmer for Independent Director:**

The Company proactively keeps its directors informed of the activities of the Company, its Management and operations and provides an overall industry perspective as well as issues being faced by the industry.

### **Board Evaluation:**

Pursuant to the Provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the performance evaluation of the chairman and Non-Independent Directors was carried out by the Independent Directors in their separate Meeting who also reviewed the performance of the Board as whole.

The Nomination and Remuneration Committee has defined the evaluation criteria, procedure for the performance evaluation of the Board of Directors

The Boards functioning was evaluated on various aspects, including inter alia degree of fulfillment of key responsibilities, Board structure and Composition, effectiveness of Board process, information and functioning.



The Directors were evaluated on aspects such as attendance and contribution at Board/ Committee Meeting and guidance /support to the Management outside Board/Committee Meetings. In addition, the Chairman was also evaluated on key aspects of his role, including setting the strategic agenda of the Board, encouraging active engagement of all Board Members.

Evaluation of Independent Directors was done by the entire Board, excluding the director being evaluated.

#### **Prevention of Insider Trading:**

The board of Directors has adopted the Insider Trading Policy in accordance with the requirement of the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015. The Insider Trading Policy of the Company lays down guidelines and procedures to be followed and disclosures to be made while dealing with shares of the Company as well as consequences of violation. The Policy has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standard of dealing in the Company's Shares.

The insider trading Policy of the Company covering the code of practices and procedures for fair disclosures of unpublished price sensitive information and code of conduct for the prevention of Insider Trading is available on the website: [www.lemeriteexports.com](http://www.lemeriteexports.com)

#### **Other Disclosures**

- a. The Company does not have any scheme or provision of money for the purchase of its own shares by employees/ Directors or by trustees for the benefit of employees/ Directors;
- b. The Company has not issued equity shares with differential rights as to dividend, voting or otherwise;
- c. The Company has not issued any sweat equity shares/ESOP/ RSUs to its directors or employees; and
- d. There was no revision of financial statements and the Board's report of the Company during the year under review.

#### **Acknowledgement**

Your directors wish to thank the Shareholders, Clients, Bankers and Others associated with the Company for their continued support during the year. Your directors also wish to place on record their appreciation for the dedication and commitment of the Employees at all levels.

#### **For and on Behalf of Board of Directors**

Sd/-

**Abhishek Lath**

**Managing Director and CFO**

DIN: 00331675

Dated: September 7, 2023

Place: Mumbai

## DIRECTOR'S REPORT

### ANNEXURE – I

#### Form AOC- 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or Joint ventures

#### Part A Subsidiaries

(Rs. in Lakh)

Sr. No.	Particulars	Name of Subsidiary	
		Le Merite Laxmi Spinning Private Limited	Le Merite Filaments Private Limited
1	Date since when subsidiary was acquired	December 15, 2021 (Date of Incorporation)	October 08, 2021 (Date of Incorporation)
2	Reporting period for the subsidiary concerned, if deferent from the holding company's reporting period	March 31, 2023	March 31, 2023
3	Reporting currency and Exchange rate as on the date of the relevant financial year in the case of foreign subsidiaries	INR	INR
4	Share Capital	5.00	1.00
5	Reserves & Surplus	(402.46)	(3.42)
6	Total Assets	432.93	1.31
7	Total Liabilities	830.38	3.73
8	Investments	-	-
9	Turnover	1,822.09	-
10	Profit / (Loss) before Taxation	(402.36)	(3.32)
11	Provision for Taxation	-	-
12	Profit / (Loss) after Taxation	(402.36)	(3.32)
13	Proposed Dividend	-	-
14	% Of shareholding	51%	51%

**DIRECTOR'S REPORT**

**ANNEXURE – II**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2023**

*[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,  
**LE MERITE EXPORTS LIMITED**  
B1-104D, Boomerang, Chandivali Farm Road,  
Powai, Andheri (East), Mumbai-400072

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Le Merite Exports Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

**Auditor's Responsibility:**

Our responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. We have conducted the audit in accordance with the applicable Auditing Standards issued by The Institute of Company Secretaries of India. The

Auditing Standards requires that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to the inherent limitations of audit including internal, financial and operating controls, there is an unavoidable risk that some material misstatements or material non compliances may not be detected, even though the audit is properly planned and performed in accordance with the Standards."

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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2023 (hereinafter called the 'Audit Period') 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2023 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) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - b) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
  - c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - d) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - f) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. Not Applicable during the year under review.
  - g) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; Not Applicable during the year under review.
  - h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
  - i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; Not Applicable during the year under review.
  - j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable during the period under review.
- (i) As confirmed by the management, there are no sector/Industry-specific laws that are applicable specifically to the company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with NSE Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Circulars, Notifications, Directions, Guidelines, Standards, etc. mentioned above:

**I 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 notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in compliance with the provisions of the Act and Rules made thereunder and Secretarial

Standards on Board Meetings, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

During the period under review, decisions were carried out with unanimous approval of the Board and no dissenting views were observed, while reviewing the minutes.

**I 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, circulars, notifications, directions and guidelines.

**I further report that** during the audit period the Company has undertaken following event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, acts, rules, regulations, circulars, notifications, directions, guidelines, standards:

1. Pursuant to the approval of the shareholders, the company has made an Initial Public Offer (IPO) of 64,00,000 Equity Shares each of Rs. 75/- having face value of Rs. 10/- per share and share premium of Rs. 65/- per share aggregating to Rs. 4,800 Lakhs. The allotment for the said IPO was made on 04th May, 2022 ranking pari pasu with the existing shares. The shares of the company were listed on NSE Emerge (SME Platform of National Stock Exchange of India Limited (NSE)) on 09th May, 2022.

**For Vijay S. Tiwari & Associates  
Practicing Company Secretaries**

Sd/-

**Vijaykumar Tiwari**

**Proprietor**

COP No. 12220

M. No. 33084

Peer Review Certificate No.: 1679/2022

UDIN: A033084E000796231

Date: 12/08/2023

Place: Mumbai

This report is to be read with our letter of even date which is annexed as Annexure I and forms an integral part of this report.

**Annexure-I**

To,  
The Members,  
**LE MERITE EXPORTS LIMITED**  
B1-104D, Boomerang, Chandivali Farm Road,  
Powai, Andheri (East), Mumbai-400072

My 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. My responsibility is to express an opinion on these Secretarial records based on my audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of the 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.

**For Vijay S. Tiwari & Associates**  
**Practicing Company Secretaries**

Sd/-

**Vijaykumar Tiwari**  
**Proprietor**  
COP No. 12220  
M. No. 33084  
Peer Review Certificate No.: 1679/2022  
UDIN: A033084E000796231

Date: August 13, 2023  
Place: Mumbai

## DIRECTOR'S REPORT

### ANNEXURE – III

#### PARTICULARS OF MANAGERIAL REMUNERATION

**Statement pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

A. Ratio of remuneration of each Director to the Median remuneration of the employees of the Company for the FY 2022-23 as well as the percentage increase in remuneration of each Director:

Name of Director	Ratio to Median Remuneration	% Change in Remuneration over the previous year
<b>Executive Director</b>		
Mr. Umashankar Lath (Chairman and Managing Director)	862.55	-33%
Mr. Abhishek Lath (Managing Director and CFO)	1150.07	-39%
Mrs. Sweta Lath (Executive Director)	718.79	-40%
<b>Key Managerial Personnel</b>		
Mrs. Sarita Mishra* (Company Secretary and Compliance Officer)	28.75	0%
Mr. Sandeep Poddar** (Company Secretary and Compliance Officer)	94.51	0%

\*Resigned w.e.f. – July 6, 2022

\*\* Appointed w.e.f. – September 5, 2022

B. Percentage increase in median remuneration in the FY 2022-23: 82%

C. Number of Permanent employees on the roll of the Company as on 31/03/2023: 24

D.

Particulars	% Change in Remuneration
Average percentile increase in Salary of employees other than managerial	9%
Average percentile increase in remuneration of managerial personnel	-19%

E. **Affirmations:** It is affirmed that the remuneration paid to the directors, key managerial personnel, and other employees is per the Company's Remuneration Policy.

## DIRECTOR'S REPORT

### ANNEXURE – IV

#### CFO Certification on Code of Conduct

**The Board of Directors  
Le Merite Exports Limited**

B1-104D, Boomerang, Chandivali Farm Road,

Powai, Andheri (East)

Mumbai-400072

I the undersigned; in my capacity as Chief Financial Officer of **LE MERITE EXPORTS LIMITED** ("the Company"), to the best of our knowledge and belief, hereby certify that;

- a) We have reviewed the financial statements and the cash flow statements of the Company for the year ended March 31, 2023, and:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
  - (ii) 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 no transactions entered into by the company during the year ended March 31, 2023, which are fraudulent, illegal or violate the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting.
- d) We have indicated to the Auditors and the Audit Committee:
  - (i) Significant changes in accounting policies during the year and the same has been disclosed in the notes to the financial statements; and
  - (ii) Instances of significant fraud either by the management or an employee having a significant role in the Company's internal control system of financial reporting.

**For LE MERITE EXPORTS LIMITED**

Sd/-

**Abhishek Lath**  
**Managing Director and CFO**  
DIN: 00331675

Place: Mumbai  
Date: September 7, 2023



## DIRECTOR'S REPORT

### ANNEXURE – V

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

CSR Report for the financial year ended March 31, 2023

*[Pursuant to Section 135 of the Companies Act, 2013]*

1. A brief outline of the Company's CSR policy, including an overview of projects or programmes proposed to be undertaken and a reference to the web link to the CSR policy and projects or programmes.

LMEL's dedication to the advancement of vulnerable segments of the community. LMEL has enhanced its corporate social responsibility (CSR) initiatives to encompass a broader spectrum of society, encompassing assistance for the underprivileged, impoverished, and marginalized individuals, while also establishing social infrastructure to ensure their well-being. The CSR Policy can be accessed on the company's official website. Visitors are welcome to explore the policy at

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

2. The Composition of the CSR Committee.

Sr. No.	Name of Director	Designation	No. of Committee Meetings Held during the year	No. of Committee Meetings attended during the year
1	Mr. Rohit Agrawal	Chairman, Non-Executive Independent Director	1	1
2	Mr. Abhishek Lath	Member, Managing Director, and CFO	1	1
3	Mrs. Sweta Lath	Member, Executive Director	1	1

3. Provide the web link where the Composition of the CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

<https://www.lemeriteexports.com/corporate-social-responsibility.html>

4. Provide the details of the 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, if applicable (attach the report).

Not Applicable

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

Sr. No	Financial Year	The amount available for set-off from preceding financial years (Rs.)	The amount required to be set off for the financial year, if any (Rs.)
1	2022-23	9,430.00	Not Applicable

6. Average net profit of the company as per section 135(5): Rs. 13,88,45,499 /-
7. (a) Two per cent of the average net profit of the company: Rs.27,76,910/-  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Rs.9,430/-  
 (c) Amount required to be set off for the financial year, if any: Not Applicable  
 (d) Total CSR obligation for the financial year: Rs.27,67,480/-
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (Rs.)	Amount Unspent (Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		The amount transferred to any fund specified under Schedule VII as per the second proviso to section 135(5).		
	Amount (Rs.)	Date of Transfer	Name of Fund	Amount	Date of Transfer
10,49,000/-	17,18,480/-	April 28, 2023	Not Applicable		

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

Sr. No.	Name of Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the project		Project Duration	Amount allocated for the project	Amount spent in the current financial Year	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Reg. No.
1	Provides inclusive education and caters to children with disability and challenges	Promoting education	No	Delhi	New Delhi	Ongoing/ Multi-Year	50,000	NA	NA	No	Akshaya Pratisthan	CSR00002220
2	Help for the education of needy students across the Country	Promoting education	Yes	Pune	Maharashtra	Ongoing/ Multi-Year	25,000	NA	NA	No	Bhumi Foundation	CSR00001059
3	Helps the Delhi police in performing last rites of unattended dead bodies	Promoting health care and eradication of poverty	No	Delhi	Delhi	Ongoing/ Multi-Year	10,000	NA	NA	No	Bright The Soul Foundation	CSR00040591
4	Provides education and necessary health facilities to needy children	Promoting education	No	Gurgaon	Haryana	Ongoing/ Multi-Year	20,000	NA	NA	No	Dream Girl Foundation	CSR00000878
5	Anna Daan Seva, or the service of providing food to those in need	Eradicating hunger	Yes	Mumbai	Maharashtra	Ongoing/ Multi-Year	5,00,000	NA	NA	No	Hare Krishna Movement, Mumbai	CSR00007430
6	Helping the survivors of child sexual abuse	Promoting gender equality, Empowering women	No	Mangalore	Karnataka	Ongoing/ Multi-Year	25,000	NA	NA	No	Inchara Foundation	CSR00009395
7	Improving the 'quality of life of the marginalised	Promoting health care including	No	Mathura	UP	Ongoing/ Multi-Year	25,000	NA	NA	No	Kalyanam Karoti	CSR00008688

		preventive healthcare										
8	The welfare of differently abled and underprivileged people of the community.	Promoting health care including preventive healthcare	No	Delhi	Delhi	Ongoing/ Multi-Year	42,000	NA	NA	No	National Organisation for Social Empowerment	CSR00006717
9	Sustainable and integrated development-based Initiatives in Northeast India	Promoting health care including preventive healthcare	No	Guwahati	Assam	Ongoing/ Multi-Year	25,000	NA	NA	No	Northeast Centre for Equity Action On Integrated Development	CSR00011556
10	Serving Women in Distress	Promoting health care including preventive healthcare	No	Dharwad	Karnataka	Ongoing/ Multi-Year	50,000	NA	NA	No	Rehabilitative Assistance For People In Distress (Rapid)	CSR00011449
11	Development of Children with Disabilities	Promoting health care including preventive healthcare	No	Kullu	Himachal Pradesh	Ongoing/ Multi-Year	50,000	NA	NA	No	Samphia Foundation	CSR00004095
12	Promoting the well-being of Animals, especially Cows	Animal Husbandry	No	Bhayander - Thane	Maharashtra	Ongoing/ Multi-Year	1,00,000	NA	NA	No	Shree Ghodham Mahatirth Pathmeda	CSR00008806
13	Serving the underprivileged, providing a haven for mistreated animals, and making every possible effort to protect the environment	Promoting education, promoting health care including preventive healthcare, Animal Husbandry	No	Gurgaon	Haryana	Ongoing/ Multi-Year	77,000	NA	NA	No	The Earth Saviour Foundation	CSR00002026
14	Shelter home and works towards providing free education for underprivileged kids	Promoting education, promoting health care including preventive healthcare	No	Ahmedabad	Gujarat	Ongoing/ Multi-Year	50,000	NA	NA	No	Visamo Kids Foundation	CSR00012881

(c) Details of CSR amount spent against other than ongoing projects for the financial year: Not Applicable

(d) Amount spent on Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs.10,49,000/-

(g) Excess amount for set off, if any: Nil

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

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (Rs.)	Amount spent in the reporting Financial Year (Rs.)	The 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.
				Name of Fund	Amount (Rs.)	Date of Transfer	
1	2020-21	10,00,000	7,28,500	Not Applicable			Nil

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

Sr. No.	Project ID	Name of the Project	Financial Year in which the project was Commenced	Project Duration	Total Amount Allocated for the Project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project - Completed / Ongoing	
1	CSR-21/22-001	Anvarat Foundation	2021-22	Ongoing/ Multi-Year	10,000	10,000	10,000	Ongoing/ Year	Multi-
2	CSR-21/22-002	Bhumi Foundation	2021-22	Ongoing/ Multi-Year	50,000	50,000	50,000	Ongoing/ Year	Multi-
3	CSR-21/22-003	Dviya Prem Seva Mission Niwas	2021-22	Ongoing/ Multi-Year	25,000	25,000	25,000	Ongoing/ Year	Multi-
4	CSR-21/22-004	Dream Girl Foundation	2021-22	Ongoing/ Multi-Year	35,000	35,000	35,000	Ongoing/ Year	Multi-
5	CSR-21/22-005	Hanuman Prasad Poddar	2021-22	Ongoing/ Multi-Year	1,00,000	1,00,000	1,00,000	Ongoing/ Year	Multi-
6	CSR-21/22-006	Hanuman Prasad Poddar Smarak Smriti	2021-22	Ongoing/ Multi-Year	11,500	11,500	11,500	Ongoing/ Year	Multi-
7	CSR-21/22-007	Indian Association for Blinds	2021-22	Ongoing/ Multi-Year	25,000	25,000	25,000	Ongoing/ Year	Multi-
8	CSR-21/22-008	Maharashtra Apang Unnati Seva Sanstha	2021-22	Ongoing/ Multi-Year	21,000	21,000	21,000	Ongoing/ Year	Multi-
9	CSR-21/22-009	National Organisation for Social Empowerment	2021-22	Ongoing/ Multi-Year	25,000	25,000	25,000	Ongoing/ Year	Multi-
10	CSR-21/22-010	Northeast Center for Equity Action On Integrated Deve	2021-22	Ongoing/ Multi-Year	50,000	25,000	50,000	Ongoing/ Year	Multi-
11	CSR-21/22-011	Serve together Foundation	2021-22	Ongoing/ Multi-Year	50,000	50,000	50,000	Ongoing/ Year	Multi-
12	CSR-21/22-012	Shiksharth	2021-22	Ongoing/ Multi-Year	50,000	50,000	50,000	Ongoing/ Year	Multi-
13	CSR-21/22-013	Shree Ghodham Mahatirth Pathmeda	2021-22	Ongoing/ Multi-Year	1,50,000	1,50,000	1,50,000	Ongoing/ Year	Multi-
14	CSR-21/22-014	The Earth Saviour Foundation	2021-22	Ongoing/ Multi-Year	1,50,000	55,000	1,49,000	Ongoing/ Year	Multi-

15	CSR-21/22-015	The Mighty Grace Charitable Trust	2021-22	Ongoing/ Multi-Year	25,000	25,000	25,000	Ongoing/ Year	Multi-
16	CSR-21/22-019	Udhavum Ullangal Public Charitable Trust	2021-22	Ongoing/ Multi-Year	50,000	50,000	50,000	Ongoing/ Year	Multi-
17	CSR-21/22-021	Women Organisation For Socio-Cultural Awareness (Wosca)	2021-22	Ongoing/ Multi-Year	20,000	21,000	21,000	Ongoing/ Year	Multi-

**10. In case of creation or acquisition of the capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:** Not Applicable

**11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5):**  
The CSR committee has identified some projects to spend a substantial amount of Rs.27.77 Lakhs but delay in implementation of such projects resulted in to an unspent amount of Rs. 17.18 Lakhs towards CSR activities which is transferred the unspent CSR Account as per the provisions of the Section 135 of the Companies Act, 2013.

**DIRECTOR'S REPORT**  
**ANNEXURE – VI****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,  
**LE MERITE EXPORTS LIMITED**  
B1-104D, Boomerang, Chandivali Farm Road,  
Powai, Andheri (East), Mumbai-400072

I have examined the relevant registers, records, forms, returns, and disclosures received from the Directors of **Le Merite Exports Limited** having CIN: **L17111MH2003PLC143645** and having registered office at B1-104D, Boomerang, Chandivali Farm Road, Powai, Andheri (East), Mumbai-400072. (hereinafter referred to as "the Company"), produced before me 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 my opinion and to the best of my 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 me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March 2023 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	Original Date of Appointment in Company
1.	Mr. Umashankar Lath	05135035	20/01/2012
2.	Mr. Abhishek Lath	00331675	07/08/2004
3.	Mrs. Sweta Lath	07213314	01/11/2021
4.	Mr. Narendra Kumar Srivastava	09439120	17/12/2021
5.	Mr. Jaydeep Pururjit Mehta	06952808	17/12/2021
6.	Mr. Rohit Agrawal	01924587	17/12/2021

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 Vijay S. Tiwari & Associates**  
**Practicing Company Secretaries**

**Vijaykumar Tiwari**  
**Proprietor**  
COP No. 12220  
M. No. 33084  
Peer Review Certificate No.: 1679/2022  
UDIN: A033084E000796231  
Date: 12/08/2023  
Place: Mumbai

## STANDALONE INDEPENDENT AUDITOR'S REPORT

To the Members of LE MERITE EXPORTS LIMITED,

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of LE MERITE EXPORTS LIMITED ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March 2023, and the statement of Profit and Loss, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules 2016 and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 Companies Act, 2013 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.

#### 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 for the financial year ended March 31, 2023. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Standalone Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Financial Statements.



The key audit matters	How our audit addressed the key audit matter
<b>Valuation of Inventory - Refer to Notes 16 and 24 to the standalone financial statements</b>	
<p><b>The Company's inventory primarily comprises cotton, yarn and fabric. Inventories are valued at lower of cost or net realizable value. There is a risk that inventories may be stated at values that are more than their net realizable value ('NRV').</b></p> <p><b>We identified the valuation of inventories as a key audit matter as the Company held significant inventories and significant degree of management judgment was involved in valuing the inventories.</b></p>	<ul style="list-style-type: none"> <li>Evaluating the accounting policy followed for valuation of inventory and appropriateness thereof with respect to relevant accounting standards in this respect.</li> <li>Obtained an understanding of and performed the test of design, implementation and operating effectiveness of the Company's key internal controls over the process for valuation of inventories.</li> <li>Compared the cost of raw materials with supplier invoices for selected samples. For work-in-progress and finished goods, we understood the determination of the net realizable value and assessing, testing and evaluating the reasonableness keeping in view the significant judgments applied by the management concerning overhead allocation by assessing the cost of the items included in overhead absorption for selected samples.</li> <li>In connection with NRV testing, we have compared carrying value to the selling price prevailing around and subsequent to the year end for the selected samples.</li> </ul>

#### Information Other than the Financial Statements and Auditor's Report Thereon.

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report including Annexure to Board's but does not include the Standalone Financial Statements and our auditor's 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 the other information is materially inconsistent with the Standalone 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 Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in

accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement 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 financial 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.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

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

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

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

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

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 Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2023 taken on record by the Board of Directors, none of the directors are disqualified as on 31<sup>st</sup> March, 2023 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 B”, to this report.
- 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,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- 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 details regarding pending litigations in note 29 of the standalone financial statements, which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
  
(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
  
(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. As stated in Note No. 2.5 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

For,  
**Nagori Nuwal & Co.,**  
**Chartered Accountants,**  
F.R.N.: 08185C

SD/-

**CA Shankar Lal Laddha**  
**Partner**  
M No.: 076554

Place: Mumbai  
Date: May 29, 2023  
UDIN: 23076554BGZZMZ6434

## **“ANNEXURE A” TO THE STANDALONE INDEPENDENT AUDITOR’S REPORT**

(Referred to in Report on Other Legal and Regulatory Requirements of our Report of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i.

a)

A. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

B. The Company do not have any intangible assets, no disclosure required.

b) The Company has a regular program of physical verification of its Property, Plant and Equipment so to cover all the assets once every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us by the management, no material discrepancies were noticed on such verification.

c) Based on our examination of the property tax receipts and registered sale deed / transfer deed/ conveyance deed provided to us, we report that, title deeds of all immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favor of the lessee), disclosed in the Standalone Financial Statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.

d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii.

a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory.

b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks are in agreement with the books of account of the Company.

iii. The Company has granted unsecured loans to parties, during the year, in respect of which:

a) The Company has provided loans during the year, and details of which are given below:

Particulars	Aggregate amount of Loan granted during year (In Lakhs)	Balance outstanding as at balance sheet date (In Lakhs)
Subsidiaries	387.34	387.34
Other than Subsidiaries	1442.33	409.18

- b) In our opinion, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.
- c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are generally been regular as per stipulation.
- d) In respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
- e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and security, as applicable.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. Hence, clause (v) of paragraph 3 of the Order is not applicable.
- vi. We are informed that the Central Government has not prescribed maintenance of cost records under sub-section (l) of Section 148 of the Companies Act, 2013 in respect of the activities carried on by the Company. Hence, clause (vi) of paragraph 3 of the Order is not applicable.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, duty of customs, duty of excise, Goods & Services Tax and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of income tax, duty of customs, duty of excise, Goods & Services Tax and other material statutory dues in arrears as at 31<sup>st</sup> March, 2023 for a period of more than six months from the date they became payable.
  - (b) According to the information and explanations given to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax which have not been deposited by the Company on account of disputes and all past disputes have been resolved under the Maharashtra VAT Amnesty Scheme, 2022.
- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during year in the tax assessments under the Income Tax Act, 1961.
- ix.
  - (a) The company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender.

- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The term loans taken by the company has been applied for the purpose for which the loans were obtained.
- (d) On an overall examination of the Standalone Financial Statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the Standalone Financial Statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries and hence reporting on clause 3(ix)(f) of the Order is not applicable.

x.

- (a) Monies raised during the year by the Company by way of initial public offer was applied for the purpose for which they were raised. The Company has not raised any monies by way of or further public offer (including debt instruments) during the year.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.

xi.

- (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) No whistle blower complaints were received by the company for year ended 2021-22.

xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv.

- (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

xv. In our opinion during the year the company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the companies Act, 2013 are not applicable to the company.



xvi.

(a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

(b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Standalone Financial Statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not 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. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx.

(a) In respect of other than ongoing projects, the company has transferred the unspent amount of Rs. 17.18 Lakhs to unspent Corporate Social Responsibility (CSR) Account.

(b) In respect of ongoing projects, the company do not have any ongoing projects hence reporting under clause 3(xx)(b) of the Order is not applicable.

For,  
**Nagori Nuwal & Co.,**  
**Chartered Accountants,**  
F.R.N.: 08185C

SD/-

**CA Shankar Lal Laddha**  
**Partner**  
M No.: 076554

Place: Mumbai  
Date: May 29, 2023  
UDIN: 23076554BGZZMZ6434

## **ANNEXURE 'B' TO THE STANDALONE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2(e) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

We have audited the internal financial controls over financial reporting of **LE MERITE EXPORTS LIMITED** ('the Company') as of 31<sup>st</sup> March, 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 Standards issued by the Institute of Chartered Accountants of India (the 'Guidance Note'). 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 Act.

#### **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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls and, 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 the 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 auditors' judgment, including the assessment of the risks of material misstatement of the Standalone 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 Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles.

A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone 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 controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financials Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For,  
**Nagori Nuwal & Co.,**  
**Chartered Accountants,**  
F.R.N.: 08185C

SD/-

**CA Shankar Lal Laddha**  
**Partner**  
M No.: 076554

Place: Mumbai  
Date: May 29, 2023  
UDIN: 23076554BGZZMZ6434

## Standalone Balance Sheet as on March 31, 2023

(Rs. In Lakhs)

Particulars	Note	As at 31st March, 2023	As at 31st March, 2022
<b><u>EQUITY AND LIABILITIES</u></b>			
(1) Shareholders' Funds			
Share Capital	2	2,348.10	1,708.10
Reserves and Surplus	3	7,231.13	2,840.59
		<b>9,579.23</b>	<b>4,548.69</b>
(2) Share application money pending allotment		-	-
(3) Non-Current Liabilities			
Long-Term Borrowings	4	144.12	154.99
Other Long Term Provisions	5	18.55	17.06
		<b>162.67</b>	<b>172.05</b>
(4) Current Liabilities			
Short-Term Borrowings	6	8,120.00	9,832.96
Trade Payables			
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	7	2,101.41	1,914.45
Other Current Liabilities	8	220.90	1,152.98
Short-term Provisions	9	3.40	47.53
		<b>10,445.71</b>	<b>12,947.92</b>
<b>Total</b>		<b>20,187.61</b>	<b>17,668.65</b>
<b><u>ASSETS</u></b>			
(1) Non-Current Assets			
Property Plant and Equipment and Intangible Assets			
Property Plant and Equipment	10	249.91	295.28
Capital work-in-progress		696.72	-
Non-Current Investments	11	110.68	110.68
Deferred Tax Asset	12	6.35	0.84
Long Term Loans and Advances	13	409.18	6.19
Other Non-Current Asset	14	233.85	233.10
		<b>1,706.69</b>	<b>646.10</b>

<b>(2) Current Assets</b>			
Current Investments	15	89.75	70.21
Inventories	16	1,615.77	1,256.81
Trade Receivables	17	9,215.64	12,681.89
Cash and Cash Equivalents	18	4,197.96	823.56
Short-Term Loans and Advances	19	3,208.60	2,161.57
Other Current Assets	20	153.20	28.52
		<b>18,480.91</b>	<b>17,022.55</b>
<b>Total</b>		<b>20,187.60</b>	<b>17,668.65</b>

As per our report of even date

**For Nagori Nuwal & Co**  
**Chartered Accountant**  
(FRN 08185C)

SD/-

**CA Shankar Lal Laddha**  
**Partner**  
(Membership No 76554)  
UDIN: 23076554BGZZMZ6434

Place: Mumbai  
Date: May 29, 2023

**For and on behalf of Board of Directors  
of Le Merite Exports Limited**

SD/-	SD/-
<b>Abhishek Lath</b>	<b>Umashankar Lath</b>
<b>MD &amp; CFO</b>	<b>Chairman &amp; MD</b>
(DIN - 00331675)	(DIN - 05135035)

SD/-  
**Sandeep Poddar**  
Company  
Secretary  
(M. No. - A69365)

## Standalone Statement of Profit and Loss Account for the year ended March 31, 2023

(Rs. In Lakhs)

Particulars	Note	Year ended 31st March, 2023	Year ended 31st March, 2022
<b>(A) REVENUE</b>			
Revenue From Operations	21	36,413.28	52,590.14
Other Income	22	311.04	107.16
<b>Total Income</b>		<b>36,724.32</b>	<b>52,697.30</b>
<b>(B) EXPENDITURE</b>			
Purchases	23	32,993.40	43,979.36
Changes in Inventories	24	(358.96)	(243.41)
Employee Benefits Expenses	25	281.96	550.59
Finance Costs	26	412.81	358.23
Depreciation and Amortization Expense	10	60.64	50.19
Other Expenses	27	2,484.32	5,204.19
<b>Total Expenditure</b>		<b>35,874.16</b>	<b>49,899.15</b>
Profit Before Exceptional and Extraordinary Items and Tax		850.17	2,798.15
Exceptional Items		-	-
Profit Before Extraordinary Items and Tax		850.17	2,798.15
Extraordinary Items		-	-
<b>Profit Before Tax</b>		<b>850.17</b>	<b>2,798.15</b>
Tax Expense:			
(1) Current tax		220.00	695.00
(2) Deferred tax		(5.51)	(2.81)
(3) Excess / Short Tax Provision W/off		-	-
<b>Profit for the year</b>		<b>635.68</b>	<b>2,105.96</b>

Earning per equity share of the face value of Rs.10/- each			
(1) Basic		2.71	12.33
(2) Diluted		2.78	12.33

As per our report of even date

**For Nagori Nuwal & Co**  
**Chartered Accountant**  
 (FRN 08185C)

SD/-

**CA Shankar Lal Laddha**  
**Partner**  
 (Membership No 76554)  
 UDIN: 23076554BGZZMZ6434

Place: Mumbai  
 Date: May 29, 2023

**For and on behalf of Board of Directors  
 of Le Merite Exports Limited**

SD/-  
**Abhishek Lath**  
**MD & CFO**  
 (DIN - 00331675)

SD/-  
**Umashankar Lath**  
**Chairman & MD**  
 (DIN - 05135035)

SD/-  
**Sandeep Poddar**  
**Company Secretary**  
 (M. No. A69365)

## Standalone Cash Flow Statement for the year ended March 31, 2023

(Rs. In Lakhs)

Particulars		As at 31st March, 2023	As at 31st March, 2022
<b>A. Cash flow from Operating Activities</b>			
Profit/(loss) before tax		850.17	2,798.15
Adjustment For:			
Depreciation		60.64	50.19
Provisions		(42.63)	25.91
<b>Operating Profit/(Loss) before Working Capital changes</b>		<b>868.17</b>	<b>2,874.25</b>
Adjustment for increase/decrease in:			
Increase / Decrease in trade payables		186.96	733.05
Increase / Decrease in other current liabilities		(932.08)	1,009.44
Increase / Decrease in inventories		(358.96)	(243.41)
Increase / Decrease in trade receivables		3,466.25	(6,831.77)
Increase / Decrease in short term loans & advances		(1,047.03)	(1,160.55)
Increase / Decrease in other non-current asset		(0.75)	(84.82)
Increase / Decrease in other current assets		(124.68)	2.35
<b>Operating Profit/(Loss) after Working Capital changes</b>		<b>2,057.88</b>	<b>(3,701.46)</b>
Operating Profit/(Loss) before Tax		2,057.88	(3,701.46)
Less: Tax Paid (Net)		(220.00)	(695.00)
<b>Net Cash generated from Operating Activities</b>	(A)	<b>1,837.88</b>	<b>(4,396.46)</b>
<b>B. Cash flow from Investment Activities</b>			
Payment towards capital expenditure		(711.98)	(183.44)
Non- Current Investments		-	(3.06)
Current Investments		(19.54)	(7.37)
<b>Net Cash from Investment Activities</b>		<b>(731.52)</b>	<b>(193.86)</b>
<b>C. Cash flow from Financing Activities</b>			
Increase in Long Term Borrowings		(10.88)	29.77
Increase in Short Term Borrowings		(1,712.96)	4,558.81
Proceeds from fresh issue of IPO		4,800.00	-
IPO Expenses Incurred		(170.33)	-
Dividend Paid		(234.81)	-
Long Term Loans and Advances		(402.99)	29.72
<b>Net Cash from Financing Activities</b>	(C)	<b>2,268.04</b>	<b>4,618.30</b>



Net (Decrease)/Increase in Cash and Cash Equivalents	(A+B+C)	3,374.40	27.98
Cash and Cash Equivalents at the beginning of the year		823.56	795.58
Cash and Cash Equivalents as at the end of the year		4,197.95	823.56
Components of cash and cash equivalents			
<b>Cash in hand</b>		<b>24.23</b>	<b>0.33</b>
<b>Balances with banks</b>		<b>4,173.72</b>	<b>823.23</b>
	Total	4,197.95	823.56
1) All figures in brackets are outflow			
2) Previous year's figures have been regrouped/reclassified wherever necessary to this year's classification			

As per our report of even date

**For Nagori Nuwal & Co**  
**Chartered Accountant**  
(FRN 08185C)

SD/-

**CA Shankar Lal Laddha**  
**Partner**  
(Membership No 76554)  
UDIN: 23076554BGZZMZ6434

Place: Mumbai  
Date: May 29, 2023

**For and on behalf of Board of Directors**  
**of Le Merite Exports Limited**

SD/-  
**Abhishek Lath**

**MD & CFO**  
(DIN - 00331675)

SD/-  
**Sandeep Poddar**  
**Company Secretary**  
(M. No. A69365)

SD/-  
**Umashankar Lath**  
**Chairman & MD**  
(DIN - 05135035)

**Notes to the Standalone Financial Statement as at and for the year ended 31 March 2023****Note 1: Statement of Significant Accounting Policies****a) Basis of Preparation**

The standalone financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these standalone financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The standalone financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of standalone financial statements are consistent with those of previous year.

**Use of Estimates:**

The preparation of standalone financial statements is in conformity with Indian GAAP, requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**b) Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost (or revalued amounts, as the case may be) less accumulated depreciation/amortization and impairment losses, if any.

Cost includes purchase price, taxes and duties as applicable, freight, and other incidental expenses incurred till the commencement of commercial production. Incidental expenses include establishment expenses, interest on borrowed funds used for qualifying assets and other related direct costs attributable to the same.

Capital Work in Progress includes pre-operative and other incidental expenses pending allocation/ apportionment in respect of the uninstalled/ incomplete fixed assets.

**c) Intangible Assets**

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment.

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Intangible assets are amortized over their useful life.

**d) Depreciation on Property, Plant and Equipment**

Depreciation on Property, Plant and Equipment is calculated on a WDV basis using the rates arrived at based on the useful lives of fixed assets specified by Schedule II to the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**e) Impairment**

The carrying amounts of assets are reviewed at each balance sheet date, to check if there is any indication of impairment based on internal/external factors.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the greater of the asset's net selling price and value in use. 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 risks specific to the asset.

**f) Investments**

Long term investments are carried at cost less provision for permanent diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

**g) Borrowing costs:**

Borrowing costs attributable to the acquisition and construction of qualifying assets up to the date of such acquisition or construction are capitalized as part of the cost of respective assets. Other borrowing costs are charged to statement of profit and loss of the period in which they are incurred.

**h) Leases:**

**i) Finance lease:**

Assets acquired under finance leases are recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the assets and the present value of minimum lease payments. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Assets given under finance leases are recognized as receivables at an amount equal to the net investment in the lease and the finance income is based on a constant rate of return on the outstanding net investment.

**ii) Operating lease:**

Leases other than finance lease, are operating leases, and the leased assets are not recognized on the Company's Balance Sheet. Payments / rental income under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

**i) Inventories**

Inventories are valued at lower of cost or net realizable value, after providing for obsolescence and damages as follows:

**Cost is ascertained as,**

a)	Raw Material, Packing Material & Stores and Spares	At cost, on FIFO/ weighted average basis.
b)	Finished goods	At cost, plus appropriate production overheads if applicable.
c)	Material in Process	At Cost, plus appropriate production overheads.

Net realizable value is estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

#### **j) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

##### **Sale of Goods**

Sales is recognized, net of returns and trade discounts, on transfer of significant risk and rewards of ownership to the buyer, which generally coincide with the delivery of goods to the customers. Sales include income from services, export incentives and exchange fluctuations, other recurring and non-recurring incentives from the Governments.

The Company collects Goods and Service Tax (GST) and / or Tax Collected at source on behalf of the government and, therefore, these do not form a part of economic benefits flowing to the Company. Hence, they are excluded from revenue.

##### **Interest**

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

##### **Service Income**

Income from service rendered is recognised based on the terms of the agreements as and when services are rendered and are net of Goods and Service Tax (GST)/ Service tax.

##### **Dividend Income**

Dividend income from investments, if any, is accounted on the receipt basis.

##### **Export Incentives**

Income from Exports Incentives received for Export Sales such as Duty Drawback or RoDTEP Licenses is recognized as income on Accrual basis together with the Export Sales.

#### **k) Foreign Currency Translation**

##### **Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion**

Foreign currency monetary items are reported into rupees at the rate of exchange prevailing on the date of Balance Sheet. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**Exchange differences**

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**l) Employee benefits****(i) Defined Contribution Plan**

The Company contributes to Government Provident Fund Scheme. The Company's contribution paid/payable under the scheme is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

**(ii) Defined Benefit Plan**

The Company's liabilities on account of gratuity and leave encashment are determined at the end of each financial year on the basis of actuarial Valuation as per requirements of Accounting Standard 15 on "Employee Benefits".

**m) Income taxes**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

**n) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of preferential issue/ allotment of equity shares. For the purpose of calculating diluted earnings per shares, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**o) Provisions**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where 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 any provision is presented in the statement of profit and loss net of any reimbursement.

**p) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements.

**q) Cash and Cash equivalents**

Cash and cash equivalents for the purpose of Cash flow statement comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

**r) Research and Development**

Revenue expenditure on research is expensed under respective heads of account in the period in which it is incurred. Capital expenditure is shown as addition to fixed assets.

**s) Cash Flow Statement**

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the Cash Flow Statement consist of cash on hand and demand deposits with banks.

## Note 2: SHARE CAPITAL

(Rs. In Lakhs)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
<b>Authorised Share Capital</b>				
2,50,00,000 (P.Y. 2,50,00,000) Equity Shares of Rs 10 each		2,500.00		2,500.00
Issued, Subscribed and paid up :				
2,34,81,000 (P.Y. 1,70,81,000) Equity Shares of Rs 10 each fully paid up		2,348.10		1,708.10
<b>Total</b>		<b>2,348.10</b>		<b>1,708.10</b>

### Terms and Rights attached to Equity Shares:

The Company has only one class of Equity Shares having a par value of Rs. 10/- per share. The holders of the Equity Shares are entitled to dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.

2.1. The details of shareholders holding more than 5% equity shares in the company:

Name of the Shareholder	As at 31st March, 2023		As at 31st March, 2022	
Abhishek Umashankar Lath	52.50	22.36%	52.50	30.74%
Asha Umashankar Lath	68.34	29.10%	68.34	40.01%
Umashankar Narhmal Lath	20.25	8.62%	20.25	11.86%
Sweta Lath	15.90	6.77%	15.90	9.31%
Umashankar Narhmal Lath HUF (Karta)	13.80	5.88%	13.80	8.08%
	170.79		170.79	

## 2.2. Disclosure of Promoters Holding:

Name	As at 31st March, 2023		As at 31st March, 2022		% Change during the year
	No of Shares	% of Total Share	No of Shares	% of Total Share	
Abhishek Umashankar Lath	52.50	22.36%	52.50	30.74%	-
Asha Umashankar Lath	68.34	29.10%	68.34	40.01%	-
Umashankar Narhmal Lath	20.25	8.62%	20.25	11.86%	-
Sweta Lath	15.90	6.77%	15.90	9.31%	-
Abhishek Umashankar Lath HUF (Karta)	0.01	0.00%	0.01	0.01%	-
Umashankar Narhmal Lath HUF (Karta)	13.80	5.88%	13.80	8.08%	-
	<b>170.80</b>		<b>170.80</b>		

## 2.3. The reconciliation of the number of shares outstanding is set out below:

Particulars	As at 31st March, 2023		As at 31st March, 2022	
Equity Share at the beginning of the year		170.81		17.08
Add : Shares Issued		-		153.73
Add : IPO Issued		64.00		-
Less : Shares transfer from Shareholder		-		-
Equity Share at the end of the year		<b>234.81</b>		<b>170.81</b>

2.4. Pursuant to the approval of the shareholders, the company has made an Initial Public Offer (IPO) of 64,00,000 Equity Shares each of Rs. 75/- having face value of Rs. 10/- per share and share premium of Rs. 65/- per share aggregating to Rs. 4,800 Lakhs. The allotment for the said IPO was made on 04th May, 2022 ranking pari pasu with the existing shares. The shares of the company were listed on NSE Emerge (SME Platform of National Stock Exchange of India Limited (NSE)) on 09th May, 2022.

2.5. The Board of Directors at its meeting held on 29th May, 2023 had recommended the dividend of Rs. 0.50/- per equity share of Rs. 10/- each for the FY 22-23.



**Note 3: RESERVES AND SURPLUS**

(Amount in Lakhs)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
Profit and loss Account				
As per last Balance sheet	2,840.59		2,271.92	
Less: Bonus Shares	-		1,537.29	
Less: Dividend Paid	234.81		-	
Add: Profit for the year	635.68	3,241.46	2,105.96	2,840.59
Share Premium	4,160.00		-	
Less: IPO expenses	170.33	3,989.67	-	-
<b>Total</b>		<b>7,231.13</b>		<b>2,840.59</b>

3.1 The company have incurred IPO Expenses and the same is utilised against the Securities Premium.

**Note No. 4: LONG TERM BORROWINGS:**

(Amount in Lakhs)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Non-Current	Current	Non-Current	Current
<b>Secured Loans</b>				
Jaguar Car Loan	36.77	13.97	50.74	13.00
Jeep Car Loan	15.39	5.40	20.79	5.02
Tata Harrier Car Loan A	12.76	4.28	17.05	3.96
Tata Harrier Car Loan B	12.44	3.04	15.71	2.58
<b>Unsecured Loans</b>				
From Directors	66.75	-	50.71	-
<b>Total</b>	<b>144.12</b>	<b>26.70</b>	<b>154.99</b>	<b>24.56</b>

4.1. Unsecured Loans consists of Loan from Related Party as disclosed in Related Party Disclosure.

4.2. Jaguar Car Loan is Loan taken from HDFC Bank secured against Car and Repayable in 60 monthly installments of Rs. 1.43 Lakhs each (including interest) commencing from Aug 2021 and last Installment due in Jul 2026.

The Rate of Interest is 7.20 % p.a;

4.3. Jeep Car Loan is Loan taken from Kotak Mahindra Prime Ltd secured against Car and Repayable in 60 monthly installments of Rs. 0.56 Lakhs each (including interest) commencing from Oct 2021 and last Installment due in Sept 2026.

The Rate of Interest is 7.43 % p.a;

4.4. Tata Harrier Car Loan A is Loan taken from Kotak Mahindra Prime Ltd secured against Car and Repayable in 60 monthly installments of Rs. 0.46 Lakhs each (including interest) commencing from Nov 2021 and last Installment due in Oct 2026. The Rate of Interest is 7.93 % p.a;

4.5. Tata Harrier Car Loan B is Loan taken from HDFC Bank secured against Car and Repayable in 84 monthly installments of Rs. 0.35 Lakhs each (including interest) commencing from Sept 2020 and last Installment due in Aug 2027. The Rate of Interest is 8.00 % p.a;

4.6. There is no default in repayment or interest of any loans on due dates.

**Note No. 5: OTHER LONG-TERM PROVISIONS**

(Amount in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
For Employee Benefits		
- Gratuity payable	18.55	17.06
<b>Total</b>	<b>18.55</b>	<b>17.06</b>

**Note No.6: SHORT TERM BORROWINGS**

(Amount in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
<b>Secured</b>		
<b>Working Capital Loan from Bank: -</b>		
Export Packing Credit (Shinhan Bank)	1,171.00	1,111.00
Export Packing Credit (ICICI Bank)	357.71	500.00
Export Packing Credit (UCO Bank)	1,499.96	599.77
Export Packing Credit (HDFC Bank)	136.21	-
L.C. Bill Discounting (ICICI Bank)	24.48	-
L.C. Bill Discounting (Shinhan Bank)	3,169.26	7,597.63
OD Facility (UCO Bank)	1,734.70	-
<b>Current Maturities of long-term debts: -</b>		
Motor Car Loans	26.70	24.56
<b>Total</b>	<b>8,120</b>	<b>9,832.96</b>

6.1. Working Capital facility from Shinhan Bank is primarily secured against paripasu charge by way of Hypothecation on the entire inventory, receivables, bills and other chargeable current assets of the company (both present and future) to the extent of 38.41% of share and the collateral security as Equitable Mortgage by deposit of title deeds on premises of the Company situated in Boomerang Building Mumbai, Two Residential Flats in name of Directors situated in Powai, liquid collateral in form of Fixed Deposits of Rs. 4.50 Crs and the personal guarantee of Mr. Abhishek Lath, Mrs Sweta Lath, Mr. Umashankar Lath and Mrs Asha Devi Lath. The Rate of Interest chargeable by the Bank is 7.40 % p.a (less Interest Equilisation scheme benefit)

6.2. Working Capital facility from ICICI Bank is primarily secured against paripasu charge by way of Hypothecation on the entire stock of Raw Material, Semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding monies, receivables both present and future in a form or manner satisfactory to bank to the extent of 15.75% of share and the collateral security as Equitable Mortgage on three properties in name of Directors consisting of Residential Property in Burhanpur, Vacant Land in Burhanpur, Commercial Property in Mumbai, and the unconditional personal guarantee of Mr. Abhishek Lath, Mr. Umashankar Lath and Mrs Asha Devi Lath.

The Rate of Interest chargeable by the Bank is Repo Rate + 3.65 p.a (less Interest Equilisation scheme benefit).

6.3. Working Capital facility from UCO Bank is primarily secured against paripasu charge by way of Hypothecation on the entire stock of inventory, receivables, semi-finished and finished goods, consumable stores and spares and such other movables including book debts, bills and other current asset of the company created through Bank finance both present and future to the extent of 17.19 % of share and the collateral security as 50% liquid collateral security in form of FDR duly charged in favor of Bank and the unconditional personal guarantee of Mr. Abhishek Lath, Mr. Umashankar Lath and Mrs Asha Devi Lath.

The Rate of Interest chargeable by the Bank is

Pre Shipment: MCLR 6 Months + (1.00% to 1.25%)

Post Shipment: Overnight MCLR + (1.05% to 1.45%) depending on the tenure.

6.4. Working Capital facility from HDFC is primarily secured against paripasu charge by way of Hypothecation on the entire stock of inventory, receivables, semi-finished and finished goods, consumable stores and spares and such other movables including book debts, bills and other current asset of the company created through Bank finance both present and future to the extent of 28.65 % of share and the collateral security as FDR of Rs. 3.00 Crs duly charged in favor of Bank and the unconditional personal guarantee of Mr. Abhishek Lath, Mr. Umashankar Lath, Mrs. Sweta Lath and Mrs. Asha Devi Lath.

The Rate of Interest chargeable by the Bank is MCLR 6 Months + 0.20%

#### Note No.7: TRADE PAYABLES

Ageing of Trade Payable Outstanding as on 31st March 2023 is as follows:

(Amount in Lakhs)

Particulars	Not Due	Outstanding for following period from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Trade Payables						
MSME	-	-	-	-	-	-
Others	965.54	1,014.27	106.42	6.57	8.61	2,101.41
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>965.54</b>	<b>1,014.27</b>	<b>106.42</b>	<b>6.57</b>	<b>8.61</b>	<b>2,101.41</b>

Ageing of Trade Payable Outstanding as on 31st March 2022 is as follows:

Particulars	Not Due	Outstanding for following period from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Trade Payables						
MSME	-	-				
Others	646.02	470.05	60.86	1.31	3.16	1,181.40
Disputed Dues - MSME	-	-				
Disputed Dues - Others	-	-				
<b>Total</b>	<b>646.02</b>	<b>470.05</b>	<b>60.86</b>	<b>1.31</b>	<b>3.16</b>	<b>1,181.40</b>

7.1. There is no information available with the management, regarding the supplier's covered by Micro, Small & Medium Enterprises Under Micro, Small and Medium Enterprises Development Act, 2006.

7.2. The Management has confirmed that adequate provisions have been made for all the known and determined liabilities and the same is not in excess of the amounts reasonably required.

#### Note 8: OTHER CURRENT LIABILITIES

(Amount in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Statutory Dues	20.53	55.24
Staff payable	36.21	97.70
Advance from customers	159.34	994.98
Deposit	2.50	2.50
Payable to Subsidiary	-	2.55
Unclaimed Dividend	0.96	-
Other Payables	1.37	-
<b>Total</b>	<b>220.90</b>	<b>1,152.98</b>

8.1. Staff payable includes of Expenses Payable to Directors as disclosed in Related Party Transactions

#### Note 9: SHORT TERM PROVISIONS

(Amount in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
For Employee Benefits		
Gratuity (Current Liability)	3.40	3.05
Other Provisions		
Provision for Taxes (Net of Advance Tax)	-	44.46
<b>Total</b>	<b>3.40</b>	<b>47.52</b>

**Note 11: NON-CURRENT INVESTMENTS**

(Amount in Lakhs)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
Office Premises - Crescent Park		107.62		107.62
<u>Unquoted</u>				
Investment in Subsidiaries				
Le Merite Filament Private Limited	0.51		0.51	
Le Merite Laxmi Spinning Private Limited	2.55	3.06	2.55	3.06
<b>Total</b>		<b>110.68</b>		<b>110.68</b>

11.1. Office Premises is given as security for borrowings refer Note No. 6

11.1. The company holds 51 % Stake in form of 5,100 Equity Shares of Rs. 10 Each in Le Merite Filament Private Limited.

11.2. The company holds 51 % Stake in form of 25,500 Equity Shares of Rs. 10 Each in Le Merite Laxmi Spinning Private Limited.

**Note 12: DEFERRED TAX ASSETS (NET)**

(Amount in Lakhs)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
Deferred Tax Assets				
Related to Fixed Assets and Gratuity Provision		6.35		0.84
<b>Total</b>		<b>6.35</b>		<b>0.84</b>

**Note 13: LONG TERM LOANS AND ADVANCES**

(Unsecured and Considered Good)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
Advances in nature of Loans		409.18		6.19
<b>Total</b>		<b>409.18</b>		<b>6.19</b>

**Note 14: OTHER NON CURRENT ASSETS**

(Amount in Lakhs)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
Security Deposit		233.85		233.10
<b>Total</b>		<b>233.85</b>		<b>233.10</b>

# Note No. 10: Property Plant and Equipment

(Amount in Lakhs)

SR NO	DESCRIPTION	RATE OF DEPRECIATION	GROSS BLOCK				ACCUMULATED DEPRECIATION & AMORTISATION				NET BLOCK	
			Balance as at 01-Apr-2022	Addition	Deduction	Balance as at 31-Mar-2023	Balance as at 01-Apr-2022	Current Depreciation	Depreciation on Deduction	Balance as at 31-Mar-2023	Balance as at 31-Mar-2023	Balance as at 31-Mar-2022
1	Office Building	4.87%	222.29	-	-	222.29	99.09	6.00	-	105.09	117.20	123.20
2	Factory Building	9.50%	7.83	2.11	-	9.94	0.44	0.80	-	1.24	8.70	7.39
3	Furniture & Fixtures	25.89%	64.96	-	-	64.96	56.59	2.17	-	58.76	6.20	8.36
4	Electrical Installations & Equipments	25.89%	26.56	1.27	-	27.83	4.69	5.83	-	10.51	17.32	21.87
5	Machinery	31.23%	12.50	-	-	12.50	2.87	3.01	-	5.87	6.63	9.63
6	Vehicle	31.23%	197.75	7.48	-	205.23	77.00	39.63	-	116.64	88.59	120.74
7	Office Equipments	45.07%	11.35	4.00	-	15.35	9.80	1.60	-	11.41	3.94	1.54
8	IT Equipments	39.30%	14.29	-	-	14.29	13.72	0.22	-	13.95	0.35	0.57
9	Computers	63.16%	3.42	0.40	-	3.82	1.45	1.37	-	2.83	0.99	1.96
	TOTAL		560.94	15.26	-	576.20	265.66	60.64	-	326.30	249.91	295.28
	PREVIOUS YEAR		377.51	183.44	-	560.94	215.47	50.19	-	265.66	295.28	162.04

10.1. Office Building in Property, Plant and Equipment is given as security for borrowings (Refer Note No. 6)

10.2. Capital work-in-progress is towards purchase of Commercial Office Premises which is under construction.



**Note No. 15: CURRENT INVESTMENTS**

(Amount in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Quoted		
Investment in equity shares of listed company	82.33	65.49
Investment in mutual funds	7.42	4.67
Unquoted		
Tirupati Urban Co-Operative Bank Shares	-	0.05
<b>Total</b>	<b>89.75</b>	<b>70.21</b>

**Note 16: INVENTORIES**

(Amount in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Raw Material	40.54	38.49
Work In Progress	34.26	28.95
Finished Goods and Stock in Trade	1,540.97	1,189.37
<b>Total</b>	<b>1,615.77</b>	<b>1,256.81</b>

16.1. Inventories has been valued as per the Accounting Policies

16.2. Inventories as above are hypothecated to secured short term borrowings (Refer Note No. 6)

**Note 17:**
**TRADE RECEIVABLES**

Ageing of Trade Receivables Outstanding as on 31st March 2023 is as follows:

(Amount in Lakhs)

Particulars	Not Due	up to 180 days	6 Months - 1 Year	1-2 years	2-3 years	More than 3 Years	Total
Undisputed Trade Receivables - considered good	6,053.67	2,233.03	878.01	5.39	24.28	21.27	9,215.64
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>6,053.67</b>	<b>2,233.03</b>	<b>878.01</b>	<b>5.39</b>	<b>24.28</b>	<b>21.27</b>	<b>9,215.64</b>

Ageing of Trade Receivables Outstanding as on 31st March 2022 is as follows:

Particulars	Not Due	up to 180 days	6 Months - 1 Year	1-2 years	2-3 years	More than 3 Years	Total
Undisputed Trade Receivables - considered good	11,232.01	1,388.97	10.78	13.60	36.50	0.03	12,681.89
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>11,232.01</b>	<b>1,388.97</b>	<b>10.78</b>	<b>13.60</b>	<b>36.50</b>	<b>0.03</b>	<b>12,681.89</b>

17.1. Trade Receivables as above are hypothecated to secured short term borrowings (Refer Note No. 6)

**Note 18: CASH AND CASH EQUIVALENTS**

(Amount in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Balances with Banks	33.01	71.83
Cash in hand	24.24	0.33
Balance with fixed deposits	4,140.71	751.40
<b>Total</b>	<b>4,197.96</b>	<b>823.56</b>

18.1. Balances with Banks includes balances in Operative and Non Operative Accounts.

18.2. Balance with fixed deposits includes deposits placed as security against secured short term borrowings (Refer Note No. 6)

**Note 19: SHORT TERM LOANS AND ADVANCES**

(Amount in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Unsecured, considered good		
Balance with tax authorities		
Export Incentives Receivable	347.30	279.56
VAT Refund Receivable	-	3.92
GST Electronic Credit Ledger	404.89	221.50
GST Export Refund	321.23	541.61
Income Tax Refund Receivable	0.52	-
Advance Tax (Net of Provision)	23.73	-
Advance to Related Party	353.29	366.77
Advances with Suppliers		
Yarn	1,616.97	610.74
Fabric	35.68	88.33
Cotton	26.15	25.03
Others	78.82	24.12
<b>Total</b>	<b>3,208.60</b>	<b>2,161.57</b>

19.1. Advance to Related Party is advance against trade and not in nature of Loan as per Management

**Note 20: OTHER CURRENT ASSETS**

(Amount in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Unsecured, considered good		
Advance to Staff	132.61	19.65
Advance to Investment Brokers	-	0.20
Accrued Interest on Fixed Deposits	-	8.67
Other Current Assets	20.59	-
<b>Total</b>	<b>153.20</b>	<b>28.52</b>

**Note 21: REVENUE FROM OPERATIONS**

(Amount in Lakhs)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Sale of Products (Refer to Note No.21.1)	34,157.52	50,475.96
Other operating revenue (Refer to Note no.21.1)	2,255.77	2,114.18
<b>Total</b>	<b>36,413.28</b>	<b>52,590.14</b>

**21.1. Particulars of Revenue from Operations**

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
<b>Sale of Products</b>		
<u>Trading Operations:</u>		
Yarn		
Export - Yarn	12,306.62	22,489.42
Local - Yarn	4,937.36	2,022.22
	17,243.98	24,511.64
Fabric		
Export - Fabric	3,110.77	5,939.80
Local - Fabric	226.50	91.00
	3,337.27	6,030.80

Cotton				
Export - Cotton	614.00		811.79	
Local - Cotton	1,359.99	1,973.99	829.60	1,641.39
Polyster Chips				
Export - Polyster Chips	-	-	478.15	478.15
<b>Manufacturing Operations:</b>				
Yarn				
Export	4,174.68		13,392.29	
Local	7,427.60	11,602.28	4,421.69	17,813.98
<b>Total</b>		<b>34,157.52</b>		<b>50,475.96</b>
<b>Other Operating Revenue</b>				
Duty Drawback	355.35		759.51	
RoDTEP License Income	1,490.44		642.31	
Rebates and Discount Income	62.00		-	
Profit/ (Loss) on changes in foreign exchange	347.98	2,255.77	712.37	2,114.18
<b>Total</b>		<b>2,255.77</b>		<b>2,114.18</b>

21.2. Management has classified Revenue from Manufacturing Units in Long Term Lease / Arrangement as Revenue from Manufacturing Operations taking into consideration the Substance over form of the transaction.

21.3. The majority of Profit/ (Loss) is part of Revenue from operations / Export Sales as all export sales are Forward in nature and the Sales Consideration is determined considering the Spot Rate added with the Forward Premium earned for competitive pricing. Therefore, considering the substance over form and the nature of income, the Profit/ (Loss) on changes in foreign exchange is shown under the head Other operating revenue.

21.4. Management has previously been following Cash Basis / Receipt Basis for Recognising Income from RoDTEP (Export Incentive). However, in order to comply with Accounting Standard 9 – Revenue Recognition, the Income from RoDTEP is recognised on Accrual Basis in lines with other export benefits such as Duty Drawback.

Impacts to Profit and Loss Accounts:

Particulars	Increase in Profit in FY 2022-23
<b>RoDTEP Incentive Receivable</b>	240.86 lakhs

**Note 22: OTHER INCOME**

(Amount in Lakhs)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Dividend Income	2.17	1.26
Interest on Income Tax	-	0.67
Profit/ (Loss) on sale of Shares	4.28	19.95
Profit/ (Loss) on sale of Mutual Funds	-	6.54
Profit/ (Loss) on futures and derivatives	-	15.36
Forward Settlement	-	1.78
Interest Income on Advances	83.51	-
Interest on Fixed Deposits	211.81	36.31
Rent Income - Crescent Office	4.21	-
Miscellaneous Other Income	4.53	-
Rate difference Income	0.53	25.29
<b>Total</b>	<b>311.04</b>	<b>107.16</b>

**Note 23: PURCHASES**

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Raw Cotton	1,954.41	2,715.58
Polyster Chips	191.00	430.90
Polyster Fiber	462.02	107.57
Fabric	3,026.67	5,692.07
Yarn	27,359.29	35,033.23
<b>Total</b>	<b>32,993.40</b>	<b>43,979.36</b>

**Note 24: CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE**

(Amount in Lakhs)

Particulars	Year ended 31st March, 2023		Year ended 31st March, 2022	
Inventories (At Close)				
Goods		1,615.77		1,256.81
Inventories (At Commencement)				
Goods		1,256.81		1,013.40
<b>Total</b>		<b>(358.96)</b>		<b>(243.41)</b>

**Note 25: EMPLOYEE BENEFITS EXPENSES**

Particulars	Year ended 31st March, 2023		Year ended 31st March, 2022	
Directors Remuneration		110.96		165.00
Salaries & Wages		149.37		280.85
Bonus		-		9.63
Other Employee benefits		6.48		46.15
Staff welfare expenses		13.30		28.85
Gratuity		1.84		20.11
<b>Total</b>		<b>281.96</b>		<b>550.59</b>

**Note 26: FINANCE COSTS**

Particulars	Year ended 31st March, 2023		Year ended 31st March, 2022	
Interest Expenses		387.72		346.38
Bank Charges		25.09		11.85
<b>Total</b>		<b>412.81</b>		<b>358.23</b>



**Note 27: OTHER EXPENSES**

(Amount in Lakhs)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
<b>Direct Expenses</b>		
Job Work	301.33	504.88
Labour Charges	8.82	48.16
Packaging Expenses	9.95	40.84
Factory Power Expenses	100.44	300.46
Factory Repairs and Maintainance	30.00	28.00
Factory Rent	69.93	111.89
Factory Operating Expenses	107.86	30.13
Stores and Spares	12.25	28.75
Sample Expenses	2.27	0.22
	642.85	1,093.32
<b>Administrative and Other Expenses</b>		
Auditor's Remuneration (Refer to note no.28.1)	3.25	4.49
Communication Cost	0.78	2.83
Electricity Charges	1.85	2.87
Insurance Charges	5.40	16.18
Legal & Professional Charges	79.31	51.28
Printing & Stationery Cost	5.26	10.14
Rent Rates & Taxes	26.51	57.05
Repairs & Maintenance Cost	6.43	4.11
Travelling & Conveyance Cost	8.81	10.83
Donations / CSR	17.40	5.58
Transport Cost	11.37	1.14
Sundry Balances Written off	2.43	0.95
Settlement of Contract	-	33.87
Profit/ (Loss) on MTM Gain/Loss on shares and Mutual Funds	1.74	13.54
Other Establishment Expenses	34.73	45.45
	205.29	260.30
<b>Selling &amp; Distribution Expenses</b>		
Discount	9.78	-
Commission Expenses	418.19	839.05
Tours & Travel expenses	56.29	8.62
Business Promotion Expenses	41.97	36.12
Exhibition Expenses	33.67	3.98
Other Selling & Distribution Expenses	-	0.07
Rebates and Discount on Yarn and Fabric	20.11	99.76
Freight and Forwarding Expenses	1,056.17	2,862.97
	1,636.18	3,850.57
<b>Total</b>	<b>2,484.32</b>	<b>5,204.19</b>

## 27.1. Particulars of Payment to Auditor

Particulars	Year ended 31st March, 2023		Year ended 31st March, 2022	
(a) Auditor				
Statutory Audit Fees	2.00		2.00	
Tax Audit fees	1.00	3.00	1.00	3.00
(b) Certification & Consulting Fees (Other Services)		0.25		1.49
<b>Total</b>		<b>3.25</b>		<b>4.49</b>

## Note 28: Contingent Liabilities

(Amount in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
<b>Claim against company not acknowledged as debts</b>		
- in respect of Income Tax	-	-
- in respect of Indirect Taxes	-	24.83
<b>Total</b>	-	24.83

## Note 29: Related Party Disclosures

In accordance with the requirement of Accounting Standard (AS) -18 on Related Party Disclosures, the names of the related parties where control exists and /or with whom transactions have taken place during the year in the or during the course of business, as identified and certified by the management are:

Name of the Party	Relationship / Designation
Abhishek Lath	Managing Director and CFO
Umashankar Lath	Chairman and Managing Director
Sweta Lath	Executive Director
Rohit Agarwal	Independent Director
Jayadeep Mehta	Independent Director
Narendra Srivastava	Independent Director
Ashadevi Lath	Relative of Director
Umashankar Lath HUF	HUF of Director
Sarita Mishra	Company Secretary
Sandeep Poddar	Company Secretary
Burhanpur Integrated Textile Park Limited	Enterprises over which directors have significant influence
Le Merite Fashions Private Limited	Enterprises over which directors have significant influence
Le Merite Laxmi Spinning Private Limited	Subsidiary
Le Merite Filament Private Limited	Subsidiary

The following transactions were carried out with the related parties and the balances of these related parties as at 31st March, 2023 for the period then ended are presented herein below:

Particulars	As at 31st March, 2023	As at 31st March, 2022
<b>Remuneration</b>		
Abhishek Lath	40.00	66.00
Umashankar Lath	30.00	45.00
Sweta Lath	25.00	42.00
Ashadevi Lath	12.00	12.00
Sarits Mishra (Resigned w.e.f. July 5, 2022)	-	1.24
Sandeep Poddar (Appointed w.e.f. Sept. 5, 2022)	3.28	-
<b>Sitting Fees</b>		
Rohit Agarwal	1.32	-
Narendra Srivastava	1.27	-
Jayadeep Mehta	1.37	-
<b>Loan Repaid</b>		
Abhishek Lath	-	17.14
Umashankar Lath	14.96	5.00
Sweta Lath	45.55	-
Ashadevi Lath	-	39.41
Umashankar Lath HUF	-	16.00
<b>Loan Given</b>		
Le Merite Laxmi Spinning Private Limited	384.05	-
Le Merite Filament Private Limited	3.29	-

<b>Loan Taken</b>		
Abhishek Lath	-	2.75
Umashankar Lath	31.00	1.00
Ashadevi Lath	-	9.75
Umashankar Lath HUF	-	9.00
<b>Sale Transaction</b>		
Le Merite Fashion Private Limited	14.62	13.02
Le Merite Laxmi Spinning Private Limited	28.85	-
<b>Purchase Transaction</b>		
Le Merite Fashion Private Limited	1,220.66	790.80
Le Merite Laxmi Spinning Private Limited	500.99	-

#### Outstanding balances - Payable / Receivable

(Amount in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
<b>Loan Payable</b>		
Abhishek Lath	3.61	3.61
Umashankar Lath	63.14	31.10
Umashankar Lath HUF	-	16.00
Sweta Lath	-	45.55
<b>Salary Payable</b>		
Abhishek Lath - Salary Payable	0.50	0.67
Umashankar Lath - Salary Payable	20.64	30.43

Sweta Lath - Salary Payable	5.39	-
Ashadevi Lath - Salary Payable	4.89	7.35
Rohit Agarwal (Sitting Fees)	0.40	-
Narendra Srivastava (Sitting Fees)	0.48	-
Jayadeep Mehta (Sitting Fees)	0.48	-
<b>Receivable</b>		
Le Merite Fashion Private Limited - Trade Advance	-	372.68
Le Merite Filament Private Limited	3.29	-
Le Merite Laxmi Spinning Private Limited	384.05	-
<b>Payable</b>		
Le Merite Fashion Private Limited	426.21	-
Le Merite Laxmi Spinning Private Limited	29.51	-

### Note 30: Earnings Per Share

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year. The following reflects the profit and number of shares used in the basic and diluted EPS computations:

Particulars	As at 31st March, 2023	As at 31st March, 2022
Profit attributable to equity holders	635.68	2,105.96
Weighted Average number of equity shares used for computing Earning Per Share (Basic)	234.81	170.81
Weighted Average number of equity shares used for computing Earning Per Share (Diluted)	228.85	170.81
Earning Per Share (Basic)	2.71	12.33
Earning Per Share (Diluted)	2.78	12.33
Face value per share	10.00	10.00

### Note 31: Analytical Ratios

The Ratios as on 31st March 2023 are as follows:

(Amount in Lakhs)

Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance
(a) Current ratio	18480.91	10445.71	1.77	1.31	34.57%
(b) Debt-equity ratio	170.81	9579.23	0.02	0.04	-54.83%
(c) Debt service coverage ratio	919.61	33.59	27.38	134.12	-79.59%
(d) Return on equity ratio	635.68	7063.96	0.09	0.60	-85.06%
(e) Inventory turnover ratio	36413.28	1436.29	25.35	46.33	-45.28%
(f) Trade receivables turnover ratio	36413.28	10948.77	3.33	5.68	-41.40%
(g) Trade payables turnover ratio	32993.40	2007.93	16.43	28.41	-42.17%
(h) Net capital turnover ratio	36413.28	6054.92	6.01	16.99	-64.60%
(i) Net profit ratio	635.68	36413.28	0.02	0.04	-56.41%
(j) Return on capital employed	858.97	9750.04	0.09	0.59	-85.15%
(k) Return on investment	635.68	9579.23	0.07	0.46	-85.67%

Note 31.1: The Variance in Ratios is due to Significant reduction in Business Turnover and Operational Profitability during the year as compared to previous year.

### Note 32: Corporate Social Responsibility

(Amount in Lakhs)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Amount required to be spent by the company during the year	27.77	10.24
Amount of expenditure incurred	10.59	3.05
Shortfall at the end of the year	17.18	7.19
Total of previous years shortfall	0	0
Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard	0	0

Note 32.1: The CSR committee has identified some projects to spend a substantial amount of Rs.27.77 Lakhs but delay in implementation of such projects resulted in to an unspent amount of Rs. 17.18 Lakhs towards CSR activities which is transferred the unspent CSR Account as per the provisions of Section 135 of the Companies Act, 2013.

Note 32.2: The Unspent amount of Rs.7.19 pertaining to Financial Year 2021-22 has been spent out by the Company on the identified projects during 2022-23 and no unspent amount is pending in CSR liability of the Company for financial year 2021-22.

**Note 33: Title of Immovable Properties**

Relevant line items in the Balance Sheet	Description of items of property	Gross carrying value	Title deeds held in the Name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Reasons for not being held in the name of company(also indicate if in dispute)
Property Plant and Equipment	Office Building	222.29	Le Merite Exports Pvt Ltd	No	NA
	Factory Building	9.94	Le Merite Exports Pvt Ltd	No	NA
Non Current Investment	Office Premises - Crescent Park	107.62	Le Merite Exports Pvt Ltd	No	NA

**Note 34: Security of current assets against borrowings**

The Company has been sanctioned working capital limits from Shinhan Bank on the basis of security of current assets and quarterly statements to be filled, There are no variances in Security of current assets as per Books of Accounts and the Quarterly Statements filled to the Bank.



### Note 35: Employee Benefits

As required under Accounting Standard 15 (Revised 2005), Actuarial Gains and Losses is recognised immediately in the Statement of Profit and Loss.

Followings are the principal actuarial assumptions used as at the balance sheet date, including, where applicable:

*(Amount in Lakhs)*

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.47%	7.15%
Rate of Salary Increase	10.00%	10.00%
Rate of Employee Turnover	5.00%	5.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

### Change in the Present Value of Defined Benefit Obligation:

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Present Value of Benefit Obligation at the Beginning of the Period	20.11	-
Interest Cost	1.44	-
Current Service Cost	2.77	20.11
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(0.67)	-
Actuarial (Gains)/Losses on Obligations - Due to Experience Adjustment	(1.70)	-
Present Value of Benefit Obligation at the End of the Period	21.95	20.11

### Actuarial (Gains)/Losses Recognized in the Statement of Profit or Loss for Current Period

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Actuarial (Gains)/Losses on Obligation For the Period	(2.37)	-
Actuarial (Gains)/Losses on Plan Asset For the Period	-	-
Actuarial (Gains)/Losses Recognized in the Statement of Profit or Loss	(2.37)	-

### Details of amount recognized in the Balance Sheet:

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
(Present Value of Benefit Obligation at the end of the Period)	(21.95)	(20.11)
Fair Value of Plan Assets at the end of the Period	-	-
Unrecognized Past Service Cost at the end of the Period	-	-
Net (Liability)/Asset Recognized in the Balance Sheet	(21.95)	(20.11)

### Note 36: Un-hedged Foreign Currency Exposure

Particulars of Un-hedged Foreign Currency Exposure as at Balance sheet date is Rs. 5.00 Crs as on 31st March, 2023 and Rs. 8.90 Crs as on 31st March, 2022 as per management.

### Note 37: Micro and Small Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The Company has not received any information from the "suppliers" regarding their status under the Micro Small and Medium Enterprises Development Act, 2006.

### Note 38: Expenditure in Foreign Currency

(Amount in Lakhs)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Commission Expenses	263.37	230.08

### Note 39: Earnings in Foreign Currency

(Amount in Lakhs)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Exports of goods	20,206.06	43,111.45

#### Note 40: Operating Leases

Where company is the lessee:

The company has taken various godown and units under operating lease, that are renewable on a periodic basis at the option of both the lessor and the lessee.

Lease payment recognized in the statement of Profit and Loss for the period:

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Charged to Statement of Profit and Loss		
Godown Rent	5.95	11.50
Factory Rent	69.93	111.89
Future minimum lease payments not later than one year*	-	-
Future minimum lease payments later than one year but not later than five years*	-	-

\*Lease Agreements are to be renewed annually as per management.

#### Note 41: Segment Reporting

The Company is primarily in the business of manufacturing, purchase and sale of textiles. The Management of the Company evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit.

Therefore, there is only one reportable segment for the Company ie. Textile Business

#### Note 42: Other Regulatory Disclosures

- The Company has not traded in crypto currency or virtual currency during the year.
- The Company is not declared a willful defaulter by any bank or financial institution or other lenders.
- The Company has no transactions with the struck off Companies under Section 248 or 560 of the Act.
- No proceedings were initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988.
- There are no ultimate beneficiaries to whom the Company has lent/invested nor received any fund during the year within the meaning of Foreign Exchange Management Act 1999 and Prevention of money Laundering Act 2002.
- The Company has complied related to number of layers prescribed under clause (87) of section 2 of the Companies Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- There we no transaction in the Company which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- The Company does not have any charges or satisfaction, which is yet to be registered with Registrar of Companies beyond the statutory period.
- The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- j. The details pursuant to provisions of schedule III to the Companies Act, 2013 have been given to the extent applicable to the company

**Note 42:** Previous year's figures have been regrouped/ reclassified, wherever necessary to conform to this years' classification

As per our report of even date

**For and on behalf of Board of Directors of Le Merite Exports Limited**

**For Nagori Nuwal & Co  
Chartered Accountant**

(FRN 08185C)

SD/-

SD/-

**Abhishek Lath  
MD & CFO  
(DIN - 00331675)**

SD/-

**Umashankar Lath  
Chairman & MD  
(DIN - 05135035)**

**CA Shankar Lal Laddha**

**Partner  
( Membership No 76554 )  
UDIN: 23076554BGZZMZ6434**

SD/-

**Sandeep Poddar  
Company Secretary  
(M. No.: A69365)**

Place: Mumbai  
Date: May 29, 2023

## CONSOLIDATED INDEPENDENT AUDITOR'S REPORT

To the Members of LE MERITE EXPORTS LIMITED,

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of LE MERITE EXPORTS LIMITED ("the Company"), which comprise the consolidated balance sheet as at 31st March 2023, and the consolidated statement of profit and loss, and statement of cash flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Accounting Standards specified under Section 133 of the act, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its profit, and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated 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 Consolidated Financial Statements under the provisions of the Companies Act, 2013 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.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

The key audit matters	How our audit addressed the key audit matter
<b>Valuation of Inventory – Refer to Notes 17 and 25 to the consolidated Financial Statements</b>	
<p>The Company's inventory primarily comprises cotton, yarn and fabric.</p> <p>Inventories are valued at lower of cost or net realizable value. There is a risk that inventories may be stated at values that are more than their net realizable value ('NRV').</p> <p>We identified the valuation of inventories as a key audit matter as the Company held significant inventories and significant degree of management judgment was involved in valuing the inventories.</p>	<ul style="list-style-type: none"> <li>Evaluating the accounting policy followed for valuation of inventory and appropriateness thereof with respect to relevant accounting standards in this respect.</li> <li>Obtained an understanding of and performed the test of design, implementation and operating effectiveness of the Company's key internal controls over the process for valuation of inventories.</li> <li>Compared the cost of raw materials with supplier invoices for selected samples. For work-in-progress and finished goods, we understood the determination of the net realizable value and assessing, testing and evaluating the reasonableness keeping in view the significant judgments applied by the management concerning overhead allocation by assessing the cost of the items included in overhead absorption for selected samples.</li> <li>In connection with NRV testing, we have compared carrying value to the selling price prevailing around and subsequent to the year end for the selected samples.</li> </ul>

### Other Matters

We have not audited the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs. 434.23 Lakhs as at 31<sup>st</sup> March, 2023 and total revenues as Rs.1,822.09 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) and (11) of section 143 of the act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

### Information other than the financial statements and auditor's report thereon.

The company's board of directors is responsible for the other information. The other information comprises the information included in the board's report including annexure to board's report but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated 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 Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated 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 Consolidated Financial Statements**

The company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the act") with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the financial position, financial performance, and cash flows of the company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated 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 Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 Consolidated 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 Consolidated 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 financial 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 Consolidated 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 Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

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.

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

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, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary company as noted in the 'Other Matter' paragraph we give in the "Annexure A" a statement on the matters specified in paragraph 3(xxi) of the Order.

As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books.
- c) The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the act, read with rule 7 of the companies (accounts) rules, 2014.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2023 taken on record by the board of directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2023 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 B", to this report.
- 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, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- 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 details regarding pending litigations in note 31 of the consolidated financial statements, which would impact its financial position.
- ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.
- iv.
  - a. The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - b. The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. As stated in Note No. 2.5 to the Consolidated financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

For,  
**Nagori Nuwal & Co.,**  
**Chartered Accountants,**  
F.R.N.: 08185C

Sd/-

**CA Shankar Lal Laddha**  
**Partner**  
Membership No.: 076554

Place: Mumbai  
Date: 29<sup>th</sup> May, 2023  
UDIN: 23076554BGZZNA1125

## **“ANNEXURE A” TO THE CONSOLIDATED INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1, under ‘Report on Other Legal and Regulatory Requirements’ section of our Report of even date)

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- xxi. There are no qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.

For,  
**Nagori Nuwal & Co.,**  
**Chartered Accountants,**  
F.R.N.: 08185C

Sd/-

**CA Shankar Lal Laddha**  
**Partner**  
Membership No.: 076554

Place: Mumbai  
Date: 29<sup>th</sup> May, 2023  
UDIN: 23076554BGZZNA1125

## **ANNEXURE 'B' TO THE CONSOLIDATED INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2(e) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of LE MERITE EXPORTS LIMITED ('the Company') as of 31<sup>st</sup> March, 2023 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 Standards issued by the Institute of Chartered Accountants of India (the 'Guidance Note'). 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 Act.

### **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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls and, 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 the 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 auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated 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 Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Consolidated 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 controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financials Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Mumbai  
Date: 29<sup>th</sup> May, 2023  
UDIN: 23076554BGZZNA1125

For,  
**Nagori Nuwal & Co.,**  
**Chartered Accountants,**  
F.R.N.: 08185C

Sd/-

**CA Shankar Lal Laddha**  
**Partner**  
Membership No.: 076554

## Consolidated Balance Sheet as on March 31, 2023

Particulars	Note	As at 31st March, 2023	As at 31st March, 2022
<b><u>EQUITY AND LIABILITIES</u></b>			
(1) Shareholders' Funds			
Share Capital	2	2,348.10	1,708.10
Reserves and Surplus	3	7,024.13	2,840.48
		<b>9,372.23</b>	<b>4,548.58</b>
(2) Non-Controlling Interest	4	(195.94)	2.84
		<b>(195.94)</b>	<b>2.84</b>
(3) Non-Current Liabilities			
Long-Term Borrowings	5	489.04	154.99
Other Long-Term Provisions	6	18.55	17.06
		<b>507.59</b>	<b>172.05</b>
(4) Current Liabilities			
Short-Term Borrowings	7	8,120.00	9,832.96
Trade Payables			
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	8	2,191.54	1,914.45
Other Current Liabilities	9	205.04	1,151.14
Short-term Provisions	10	1.65	47.52
		<b>10,518.23</b>	<b>12,946.08</b>
<b>Total</b>		<b>20,202.11</b>	<b>17,669.56</b>
<b><u>ASSETS</u></b>			
(1) Non-Current Assets			
Property Plant and Equipment and Intangible Assets			
Property Plant and Equipment	11	249.91	295.28
Capital work-in-progress		696.72	-
Intangible Assets		0.41	0.52
Non-Current Investments	12	107.62	107.62
Deferred Tax Asset	13	6.35	0.84
Long Term Loans and Advances	14	23.38	6.19
Other Non-Current Asset	15	334.35	233.10
		<b>1,418.75</b>	<b>643.56</b>

<b>(2) Current Assets</b>			
Current Investments	16	89.75	70.21
Inventories	17	1,803.93	1,256.81
Trade Receivables	18	9,230.65	12,681.89
Cash and Cash Equivalents	19	4,199.57	824.56
Short-Term Loans and Advances	20	3,306.28	2,161.57
Other Current Assets	21	153.20	30.97
		<b>18,783.36</b>	<b>17,025.99</b>
<b>Total</b>		<b>20,202.11</b>	<b>17,669.55</b>

As per our report of even date

**For Nagori Nuwal & Co**  
**Chartered Accountant**  
(FRN 08185C)

SD/-

**CA Shankar Lal Laddha**  
**Partner**  
(Membership No 76554)  
UDIN: 23076554BGZZNA1125

Date: 29/05/2023

Place: Mumbai

**For and on behalf of Board of  
Directors  
of Le Merite Exports Limited**

SD/-  
**Abhishek Lath**  
**MD & CFO**  
(DIN - 00331675)

SD/-  
**Umashankar  
Lath**  
**Chairman & MD**  
(DIN - 05135035)

SD/-  
**Sandeep Poddar**  
**Company  
Secretary**  
M. No.: A69365

## Consolidated Statement of Profit and Loss Account for the year ended March 31, 2023

Particulars	Note	Year ended 31st March, 2023	Year ended 31st March, 2022
<b>(A) REVENUE</b>			
Revenue From Operations	22	37,689.25	52,590.14
Other Income	23	321.66	107.16
<b>Total Income</b>		<b>38,010.91</b>	<b>52,697.30</b>
<b>(B) EXPENDITURE</b>			
Purchase	24	34,115.93	43,979.36
Changes in Inventories	25	(547.12)	(243.41)
Employee Benefits Expenses	26	680.35	550.59
Finance Costs	27	412.85	358.23
Depreciation and Amortization Expense	11	60.64	50.19
Other Expenses	28	2,843.79	5,204.39
<b>Total Expenditure</b>		<b>37,566.43</b>	<b>49,899.35</b>
Profit Before Exceptional and Extraordinary Items and Tax		444.48	2,797.95
Exceptional Items		-	-
Profit Before Extraordinary Items and Tax		444.48	2,797.95
Extraordinary Items		-	-
<b>Profit Before Tax</b>		<b>444.48</b>	<b>2,797.95</b>
Tax Expense:			
(1) Current tax		220.00	695.00
(2) Deferred tax		(5.51)	(2.81)
(3) Excess / Short Tax Provision W/off		-	-
Profit after tax and before Minority Interest		229.99	2,105.76
Less: Minority Interest		(198.79)	(0.10)
<b>Profit for the year</b>		<b>428.78</b>	<b>2,105.86</b>

Earning per equity share of the face value of Rs.10/- each			
(1) Basic		1.83	12.33
(2) Diluted		1.87	12.33

As per our report of even date

**For Nagori Nuwal & Co**  
**Chartered Accountant**  
 (FRN 08185C )

SD/-

**CA Shankar Lal Laddha**  
**Partner**  
 (Membership No 76554 )  
 UDIN: 23076554BGZZNA1125

Date: 29/05/2023  
 Place: Mumbai

**For and on behalf of Board of Directors  
 of Le Merite Exports Limited**

SD/-  
**Abhishek Lath**  
**MD & CFO**  
 (DIN - 00331675)

SD/-  
**Umashankar Lath**  
**Chairman & MD**  
 (DIN - 05135035)

SD/-  
**Sandeep Poddar**  
**Company Secretary**  
 M. No. A69365



## Consolidated Cash Flow Statement for the year ended March 31, 2023

Particulars		As at 31st March, 2023	As at 31st March, 2022
<b>A. Cash flow from Operating Activities</b>			
Profit/(loss) before tax		444.48	2,797.95
Adjustment For:			
Depreciation		60.64	50.19
Provisions		(44.38)	25.91
Operating Profit/(Loss) before Working Capital changes		460.75	2,874.05
Adjustment for increase/decrease in:			
Increase / Decrease in trade payables		277.09	733.05
Increase / Decrease in other current liabilities		(946.10)	1,009.44
Increase / Decrease in inventories		(547.12)	(243.41)
Increase / Decrease in trade receivables		3,451.24	(6,831.77)
Increase / Decrease in short term loans & advances		(1,144.71)	(1,184.67)
Increase / Decrease in other non-current asset		(101.15)	(84.82)
Increase / Decrease in other current assets		(122.23)	2.35
Operating Profit/(Loss) after Working Capital changes		1,327.76	(3,701.46)
Operating Profit/(Loss) before Tax		1,327.76	(3,701.46)
Less: Tax Paid (Net)		(220.00)	(695.00)
Net Cash generated from Operating Activities	(A)	1,107.76	(4,396.46)
<b>B. Cash flow from Investment Activities</b>			
Payment towards capital expenditure		(711.98)	(183.44)
Non- Current Investments		-	(3.06)
Current Investments		(19.54)	(7.37)
Net Cash from Investment Activities	(B)	(731.52)	(193.86)
<b>C. Cash flow from Financing Activities</b>			
Increase in Long Term Borrowings		334.05	29.77
Increase in Short Term Borrowings		(1,712.96)	4,558.81
Proceeds from fresh issue of IPO		4,800.00	
IPO Expenses Incurred		(170.33)	
Dividend Paid		(234.81)	
Long Term Loans and Advances		(17.19)	27.06
Net Cash from Financing Activities	(C)	2,998.76	4,615.64

Net (Decrease)/Increase in Cash and Cash Equivalents	(A+B+C)	3,375.01	28.98
Cash and Cash Equivalents at the beginning of the year		824.56	795.58
Cash and Cash Equivalents as at the end of the year		4,199.56	824.56
Components of cash and cash equivalents			
Cash in hand		24.24	0.33
Balances with banks		4,175.32	824.23
	<b>Total</b>	<b>4,199.56</b>	<b>824.56</b>

As per our report of even date

**For Nagori Nuwal & Co**  
**Chartered Accountant**  
(FRN 08185C )

SD/-

**CA Shankar Lal Laddha**  
**Partner**  
(Membership No 76554)  
UDIN: 23076554BGZZNA1125

Place: Mumbai  
Date: May 29, 2023

**For and on behalf of Board of Directors  
of Le Merite Exports Limited**

SD/-  
**Abhishek Lath**  
  
**MD & CFO**  
(DIN - 00331675)

SD/-  
**Umashankar Lath**  
**Chairman & MD**  
(DIN - 05135035)

SD/-  
**Sandeep Poddar**  
**Company Secretary**  
(M. No. A69365)

**Notes to the Consolidated Financial Statement as at and for the year ended 31 March 2023****Note 1: Statement of Significant Accounting Policies****a) Basis of Preparation**

The Consolidated financial statements relate to Le Merite Exports Limited ('the Company') and its subsidiary Companies Le Merite Laxmi Spinning Private Limited and Le Merite Filament Private Limited. The Company and its subsidiaries constitute the Group.

**b) Basis of Accounting**

The Consolidated financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these consolidated financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year.

**c) Principles of Consolidation**

The consolidated financial statements are prepared using the financial statements of the company, its subsidiaries and associates. The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21, Accounting Standards (AS) 23, other applicable accounting standards, as applicable, notified by the Companies (Accounts) Rules, 2014 the Companies (Accounting Standards) Amendment Rules 2016. The consolidated financial statements are prepared on the following basis:

- i. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis in accordance with the principles laid down in Accounting Standard-21 on "Consolidated Financial Statements" by adding together the value of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profit or loss.
- ii. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances are presented to the extent possible, in the same manner as the company's separate financial statements.
- iii. The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognized as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Group, it is recognized as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements.
- iv. Minority interests represent the amount of equity attributable to the minorities at the date on which investment in subsidiaries made and the share of movements in equity since that date. Minority interests in the net income of subsidiaries for the year are identified and adjusted against income of the Group.

- v. Investments in associates are accounted for using the equity method as per Accounting Standard (AS) 23. The excess of cost of investment over the proportionate share in equity of the associate as at the date of acquisition of stake is identified as goodwill or capital reserve and included in the carrying value of the investment of the associate. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the associate. However, the share of losses is accounted for only to the extent of the cost of the investment.
- vi. The following subsidiary companies are considered in the consolidated financial statements:

Sr No	Name of Subsidiary	Country of Incorporation	% of Holding as on 31 <sup>st</sup> March, 2022	Date of Incorporation
1	Le Merite Filament Private Limited	India	51 %	08/10/2021
2	Le Merite Laxmi Spinning Private Limited	India	51 %	15/12/2021

#### d) Use of Estimates:

The preparation of consolidated financial statements is in conformity with Indian GAAP, requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### e) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost (or revalued amounts, as the case may be) less accumulated depreciation/amortization and impairment losses, if any.

Cost includes purchase price, taxes and duties as applicable, freight, and other incidental expenses incurred till the commencement of commercial production. Incidental expenses include establishment expenses, interest on borrowed funds used for qualifying assets and other related direct costs attributable to the same.

Capital Work in Progress includes pre-operative and other incidental expenses pending allocation/ apportionment in respect of the uninstalled/ incomplete fixed assets.

#### f) Intangible Assets

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment.

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Intangible assets are amortized over their useful life.

Pre Incorporation Expenses are also accounted as Intangible Assets.

**g) Depreciation on Property, Plant and Equipment**

Depreciation on Property, Plant and Equipment is calculated on a WDV basis using the rates arrived at based on the useful lives of fixed assets specified by Schedule II to the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**h) Impairment**

The carrying amounts of assets are reviewed at each balance sheet date, to check if there is any indication of impairment based on internal/external factors.

An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the greater of the asset's net selling price and value in use. 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 risks specific to the asset.

**i) Investments**

Long term investments are carried at cost less provision for permanent diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

**j) Borrowing costs:**

Borrowing costs attributable to the acquisition and construction of qualifying assets up to the date of such acquisition or construction are capitalized as part of the cost of respective assets. Other borrowing costs are charged to statement of profit and loss of the period in which they are incurred.

**k) Leases:**

**i) Finance lease:**

Assets acquired under finance leases are recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the assets and the present value of minimum lease payments. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Assets given under finance leases are recognized as receivables at an amount equal to the net investment in the lease and the finance income is based on a constant rate of return on the outstanding net investment.

**ii) Operating lease:**

Leases other than finance lease, are operating leases, and the leased assets are not recognized on the Company's Balance Sheet. Payments / rental income under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

#### l) Inventories

Inventories are valued at lower of cost or net realizable value, after providing for obsolescence and damages as follows:

Cost is ascertained as,

a)	Raw Material, Packing Material & Stores and Spares	At cost, on FIFO/ weighted average basis.
b)	Finished goods	At cost, plus appropriate production overheads if applicable.
c)	Material in Process	At Cost, plus appropriate production overheads.

Net realizable value is estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

#### m) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

##### Sale of Goods

Sales is recognized, net of returns and trade discounts, on transfer of significant risk and rewards of ownership to the buyer, which generally coincide with the delivery of goods to the customers. Sales include income from services, export incentives and exchange fluctuations, other recurring and non-recurring incentives from the Governments.

The Company collects Goods and Service Tax (GST) and / or Tax Collected at source on behalf of the government and, therefore, these do not form a part of economic benefits flowing to the Company. Hence, they are excluded from revenue.

##### Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

##### Service Income

Income from service rendered is recognised based on the terms of the agreements as and when services are rendered and are net of Goods and Service Tax (GST)/ Service tax.

##### Dividend Income

Dividend income from investments, if any, is accounted on the receipt basis.

#### n) Foreign Currency Translation

##### Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion**

Foreign currency monetary items are reported into rupees at the rate of exchange prevailing on the date of Balance Sheet. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**Exchange differences**

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**o) Employee benefits****(i) Defined Contribution Plan**

The Company contributes to Government Provident Fund Scheme. The Company's contribution paid/ payable under the scheme is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

**(ii) Defined Benefit Plan**

The Company's liabilities on account of gratuity and leave encashment are determined at the end of each financial year on the basis of actuarial Valuation as per requirements of Accounting Standard 15 on "Employee Benefits".

**p) Income taxes**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

**q) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of preferential issue/ allotment of equity shares. For the purpose of calculating diluted earnings per shares, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**r) Provisions**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where 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 any provision is presented in the statement of profit and loss net of any reimbursement.

**s) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

**t) Cash and Cash equivalents**

Cash and cash equivalents for the purpose of Cash flow statement comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

**u) Research and Development**

Revenue expenditure on research is expensed under respective heads of account in the period in which it is incurred. Capital expenditure is shown as addition to fixed assets.

**v) Cash Flow Statement**

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the Cash Flow Statement consist of cash on hand and demand deposits with banks.



## Note 2: SHARE CAPITAL

(Amount in Lakhs)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
Authorised Share Capital				
2,50,00,000 (P.Y. 2,50,00,000) Equity Shares of Rs 10 each		2,500.00		2,500.00
Issued, Subscribed and paid up :				
2,34,81,000 (P.Y. 17,08,100) Equity Shares of Rs 10 each fully paid up		2,348.10		1,708.10
<b>Total</b>		<b>2,348.10</b>		<b>1,708.10</b>

### Terms and Rights attached to Equity Shares:

The Company has only one class of Equity Shares having a par value of ` 10/- per share. The holders of the Equity Shares are entitled to dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the meetings of shareholders.

#### 2.1. The details of shareholders holding more than 5% equity shares in the company:

Name of the Shareholder	As at 31st March, 2023		As at 31st March, 2022	
Abhishek Uma Shankar Lath	52.50	2.24%	52.50	30.74%
Asha Uma Shankar Lath	68.34	2.91%	68.34	40.01%
Uma Shankar Narhmal Lath	20.25	0.86%	20.25	11.86%
Sweta Lath	15.90	0.68%	15.90	9.31%
Uma Shankar Narhmal Lath HUF (Karta)	13.80	0.59%	13.80	8.08%
	170.79		170.79	

## 2.2. Disclosure of Promoters Holding:

Name	As at 31st March, 2023		As at 31st March, 2022	
	No of Shares	% of Total Share	No of Shares	% of Total Share
Abhishek Umashankar Lath	52.50	22.36%	52.50	30.74%
Asha Umashankar Lath	68.34	29.10%	68.34	40.01%
Umashankar Narhmal Lath	20.25	8.62%	20.25	11.86%
Sweta Lath	15.90	6.77%	15.90	9.31%
Abhishek Umashankar Lath HUF (Karta)	0.01	0.00%	0.01	0.01%
Umashankar Narhmal Lath HUF (Karta)	13.80	5.88%	13.80	8.08%
	170.80		170.80	

## 2.3. The reconciliation of the number of shares outstanding is set out below :

Particulars	As at 31st March, 2023		As at 31st March, 2022	
Equity Share at the beginning of the year		170.81		17.08
Add : Shares Issued		-		153.73
Add : IPO Issued		64.00		-
Less : Shares transfer from Shareholder		-		-
Equity Share at the end of the year		234.81		170.81

2.4. Pursuant to the approval of the shareholders, the company has made an Initial Public Offer (IPO) of 64,00,000 Equity Shares each of Rs. 75/- having face value of Rs. 10/- per share and share premium of Rs. 65/- per share aggregating to Rs. 4,800 Lakhs. The allotment for the said IPO was made on 04th May, 2022 ranking pari passu with the existing shares. The shares of the company were listed on NSE Emerge (SME Platform of National Stock Exchange of India Limited (NSE)) on 09th May, 2022.

2.5. The Board of Directors at its meeting held on 29th May, 2023 had recommended the dividend of Rs. 0.50/- per equity share of Rs. 10/- each for the FY 22-23.

**Note 3: RESERVES AND SURPLUS**

Particulars	As at 31st March, 2023		As at 31st March, 2022	
Profit and loss Account				
As per last Balance sheet	2,840.48		2,271.92	
Less: Dividend Paid	234.81		-	
Less: Bonus Shares	-		1,537.29	
Add: Profit for the year	428.78	3,034.46	2,105.86	2,840.48
Share Premium	4,160.00			
Less: IPO expenses	170.33	3,989.67		-
<b>Total</b>		<b>7,024.13</b>		<b>2,840.48</b>

**3.1. Profit for the year**

Particulars	Profit / Loss	Attributable to Holding Company	Attributable to NCI
Net Profit as per Standalone Statement of Profit and Loss	635.67	635.67	-
Add:			
Profit/(Loss) of subsidiaries:			
Le Merite Laxmi Spinning Private Limited	(402.36)	205.20	(197.16)
Le Merite Filament Private Limited	(3.32)	(1.70)	(1.63)
Consolidated Profit for the year	229.99	428.78	(198.79)

**Note 4: NON-CONTROLLING INTEREST (NCI)**

(Amount in Lakhs)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
Le Merite Laxmi Spinning Private Limited				
Paid up value of shares	2.45		2.45	
Opp Share in profit/(loss) for the year	(0.05)		-	
Share in profit/(loss) for the year	(197.16)	(194.76)	(0.05)	2.40
Le Merite Filament Private Limited				
Paid up value of shares	0.49		0.49	
Opp Share in profit/(loss) for the year	(0.05)		-	
Share in profit/(loss) for the year	(1.63)	(1.19)	(0.05)	0.44
<b>Total</b>		<b>(195.94)</b>		<b>2.84</b>

**Note 5: LONG TERM BORROWINGS**

(Amount in Lakhs)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Non-Current	Current	Non-Current	Current
Secured Loans				
Jaguar Car Loan	36.77	13.97	50.74	13.00
Jeep Car Loan	15.39	5.40	20.79	5.02
Tata Harrier Car Loan A	12.76	4.28	17.05	3.96
Tata Harrier Car Loan B	12.44	3.04	15.71	2.58
Unsecured Loans				
From Directors	66.75	-	50.71	-
From Others	344.92	-	-	-
<b>Total</b>	<b>489.04</b>	<b>26.70</b>	<b>154.99</b>	<b>24.56</b>

5.1. Unsecured Loans consists of Loan from Related Party as disclosed in Related Party Disclosure.

5.2. Jaguar Car Loan is Loan taken from HDFC Bank secured against Car and Repayable in 60 monthly installments of Rs. 1.43 Lakhs each (including interest) commencing from Aug 2021 and last Installment due in Jul 2026.

The Rate of Interest is 7.20 % p.a;

5.3. Jeep Car Loan is Loan taken from Kotak Mahindra Prime Ltd secured against Car and Repayable in 60 monthly installments of Rs. 0.56 Lakhs each (including interest) commencing from Oct 2021 and last Installment due in Sept 2026.

The Rate of Interest is 7.43 % p.a;

5.4. Tata Harrier Car Loan A is Loan taken from Kotak Mahindra Prime Ltd secured against Car and Repayable in 60 monthly installments of Rs. 0.46 Lakhs each (including interest) commencing from Nov 2021 and last Installment due in Oct 2026. The Rate of Interest is 7.93 % p.a;

5.5. Tata Harrier Car Loan B is Loan taken from HDFC Bank secured against Car and Repayable in 84 monthly installments of Rs. 0.35 Lakhs each (including interest) commencing from Sept 2020 and last Installment due in Aug 2027. The Rate of Interest is 8.00 % p.a;

5.6. There is no default in repayment or interest of any loans on due dates.

**Note 6: OTHER LONG TERM PROVISIONS**

(Amount in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
For Employee Benefits		
- Gratuity payable	18.55	17.06
Total	18.55	17.06

**Note 7: SHORT TERM BORROWINGS**

Particulars	As at 31st March, 2023	As at 31st March, 2022
<b>Secured</b>	-	-
Working Capital Loan From Bank :-		
Export Packing Credit (Shinhan Bank)	1,171.00	1,111.00
Export Packing Credit (ICICI Bank)	357.71	500.00
Export Packing Credit (UCO Bank)	1,499.96	599.77
Export Packing Credit (HDFC Bank)	136.21	-
L.C. Bill Discounting (ICICI Bank)	24.48	-
L.C. Bill Discounting (Shinhan Bank)	3,169.26	7,597.63
OD Facility (UCO Bank)	1,734.70	-
Current Maturities of long-term debts		
Motor Car Loans	26.70	24.56
Total	8,120.00	9,832.96

7.1. Working Capital facility from Shinhan Bank is primarily secured against paripasu charge by way of Hypothecation on the entire inventory, receivables, bills and other chargeable current assets of the company (both present and future) to the extent of 38.41% of share and the collateral security as Equitable Mortgage by deposit of title deeds on premises of the Company situated in Boomerang Building Mumbai, Two Residential Flats in name of Directors situated in Powai, liquid collateral in form of Fixed Deposits of Rs. 4.50 Crs and the personal guarantee of Mr. Abhishek Lath, Mrs Sweta Lath, Mr. Umashankar Lath and Mrs Asha Devi Lath. The Rate of Interest chargeable by the Bank is 7.40 % p.a (less Interest Equilisation scheme benefit)

7.2. Working Capital facility from ICICI Bank is primarily secured against paripasu charge by way of Hypothecation on the entire stock of Raw Material, Semi finished and finished goods, consumable stores and spares and such other movables

including book debts, bills whether documentary or clean, outstanding monies, receivables both present and future in a form or manner satisfactory to bank to the extent of 15.75% of share and the collateral security as Equitable Mortgage on three properties in name of Directors consisting of Residential Property in Burhanpur, Vacant Land in Burhanpur, Commercial Property in Mumbai, and the unconditional personal guarantee of Mr. Abhishek Lath, Mr. Umashankar Lath and Mrs Asha Devi Lath.

The Rate of Interest chargeable by the Bank is Repo Rate + 3.65 p.a (less Interest Equilisation scheme benefit).

7.3. Working Capital facility from UCO Bank is primarily secured against paripasu charge by way of Hypothecation on the entire stock of inventory, receivables, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills and other current asset of the company created through Bank finance both present and future to the extent of 17.19 % of share and the collateral security as 50% liquid collateral security in form of FDR duly charged in favor of Bank and the unconditional personal guarantee of Mr. Abhishek Lath, Mr. Umashankar Lath and Mrs Asha Devi Lath.

The Rate of Interest chargeable by the Bank is

Pre Shipment : MCLR 6 Months + (1.00% to 1.25%)

Post Shipment : Overnigh MCLR + (1.05% to 1.45%) depending on the tenure.

7.4. Working Capital facility from HDFC is primarily secured against paripasu charge by way of Hypothecation on the entire stock of inventory, receivables, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills and other current asset of the company created through Bank finance both present and future to the extent of 28.65 % of share and the collateral security as FDR of Rs. 3.00 Crs duly charged in favor of Bank and the unconditional personal guarantee of Mr. Abhishek Lath, Mr. Umashankar Lath, Mrs. Sweta Lath and Mrs. Asha Devi Lath.

The Rate of Interest chargeable by the Bank is MCLR 6 Months + 0.20%

**Note 8: TRADE PAYABLES**

Ageing of Trade Payable Outstanding as on 31st March 2023 is as follows:

(Amount in Lakhs)

Particulars	Not Due	Outstanding for following period from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Trade Payables						
MSME	-	-	-	-	-	-
Others	965.54	1,104.40	106.42	6.57	8.61	2,191.54
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-
	965.54	1,104.40	106.42	6.57	8.61	2,191.54

Ageing of Trade Payable Outstanding as on 31st March 2022 is as follows:

Particulars	Not Due	Outstanding for following period from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Trade Payables						
MSME	-	-	-	-	-	-
Others	1,547.07	365.42	0.49	0.85	0.63	1,914.45
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-
	1,547.07	365.42	0.49	0.85	0.63	1,914.45

8.1. There is no information available with the management, regarding the supplier's covered by Micro, Small & Medium Enterprises Under Micro, Small and Medium Enterprises Development Act, 2006.

8.2. The Management has confirmed that adequate provisions have been made for all the known and determined liabilities and the same is not in excess of the amounts reasonably required.



**Note 9: OTHER CURRENT LIABILITIES**

(Amount in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Statutory Dues	21.78	55.24
Staff payable	36.32	97.70
Advance from customers	139.32	994.98
Deposit	2.50	2.50
Unclaimed Dividend	0.96	-
Other Payables	4.17	0.72
<b>Total</b>	<b>205.04</b>	<b>1,151.14</b>

9.1. Staff payable includes of Expenses Payable to Directors as disclosed in Related Party Transactions

**Note 10: SHORT TERM PROVISIONS**

(Amount in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
For Employee Benefits	1.65	3.05
Other Provisions		
Provision for Taxes (Net of Advance Tax)	-	44.46
<b>Total</b>	<b>1.65</b>	<b>47.51</b>

**Note 12: NON-CURRENT INVESTMENTS**

Particulars	As at 31st March, 2023	As at 31st March, 2022
Office Premises - Crescent Park	107.62	107.62
<b>Total</b>	<b>107.62</b>	<b>107.62</b>

12.1. Office Premises is given as security for borrowings refer Note No. 7

**Note 13: DEFERRED TAX ASSETS (NET)**

Particulars	As at 31st March, 2023	As at 31st March, 2022
Deferred Tax Assets		
Related to Fixed Assets and Gratuity Provision	6.35	0.84
<b>Total</b>	<b>6.35</b>	<b>0.84</b>

**Note 14: LONG TERM LOANS AND ADVANCES**

(Unsecured and Considered Good)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Other Long-term loans & advances	23.38	6.19
<b>Total</b>	<b>23.38</b>	<b>6.19</b>

**Note 15: OTHER NON-CURRENT ASSETS**

Particulars	As at 31st March, 2023	As at 31st March, 2022
Security Deposit	334.35	233.10
<b>Total</b>	<b>334.35</b>	<b>233.10</b>

**Note No. 11: PROPERTY PLANT AND EQUIPMENT**

(Amount in Lakhs)

SR.N O.	DESCRIPTION	RATE OF DEPRECIATION	GROSS BLOCK				ACCUMULATED DEPRECIATION & AMORTISATION				NET BLOCK	
			Balance as at 01-Apr-2022	Addition	Deduction	Balance as at 31-Mar-2023	Balance as at 01-Apr-2022	Current Depreciation	Depreciation on Deduction	Balance as at 31-Mar-2023	Balance as at 31-Mar-2023	Balance as at 31-Mar-2022
1	Office Building	4.87%	222.29	-	-	222.29	99.09	6.00	-	105.09	117.20	123.20
2	Factory Building	9.50%	7.83	2.11	-	9.94	0.44	0.80	-	1.24	8.70	7.39
3	Furniture & Fixtures	25.89%	64.96	-	-	64.96	56.59	2.17	-	58.76	6.20	8.36
4	Electrical Installations & Equipments	25.89%	26.56	1.27	-	27.83	4.69	5.83	-	10.51	17.32	21.87
5	Machinery	31.23%	12.50	-	-	12.50	2.87	3.01	-	5.87	6.63	9.63
6	Vehicle	31.23%	197.75	7.48	-	205.23	77.00	39.63	-	116.64	88.59	120.74
7	Office Equipments	45.07%	11.35	4.00	-	15.35	9.80	1.60	-	11.41	3.94	1.54
8	IT Equipments	39.30%	14.29	-	-	14.29	13.72	0.22	-	13.95	0.35	0.57
9	Computers	63.16%	3.42	0.40	-	3.82	1.45	1.37	-	2.83	0.99	1.96
	<b>TOTAL</b>		<b>560.94</b>	<b>15.26</b>	<b>-</b>	<b>576.20</b>	<b>265.66</b>	<b>60.64</b>	<b>-</b>	<b>326.30</b>	<b>249.91</b>	<b>295.28</b>
	<b>PREVIOUS YEAR</b>		<b>377.51</b>	<b>183.44</b>	<b>-</b>	<b>560.94</b>	<b>215.47</b>	<b>50.19</b>	<b>-</b>	<b>265.66</b>	<b>295.28</b>	<b>162.04</b>

11.1. Office Building in Property, Plant and Equipment is given as security for borrowings (Refer Note No. 7)

11.2. Capital work-in-progress is towards purchase of Commercial Office Premises which is under construction.

11.3. Intangible assets relates to the Pre Incorporation Expenses incurred by subsidiaries.

**Note 16: CURRENT INVESTMENTS**

(Amount in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Quoted		
Investment in equity shares of listed company	82.33	65.49
Investment in mutual funds	7.42	4.67
Unquoted		
Tirupati Urban Co Operative Bank Shares	-	0.05
<b>Total</b>	<b>89.75</b>	<b>70.21</b>

**Note 17: INVENTORIES**

Particulars	As at 31st March, 2023	As at 31st March, 2022
Raw Material	40.54	38.49
Work In Progress	34.26	28.95
Finished Goods and Stock in Trade	1,729.13	1,189.37
<b>Total</b>	<b>1,803.93</b>	<b>1,256.81</b>

17.1. Inventories has been valued as per the Accounting Policies

17.2. Inventories as above are hypothecated to secured short term borrowings (Refer Note No. 7)

**Note 18: TRADE RECEIVABLES**

Ageing of Trade Receivables Outstanding as on 31st March 2023 is as follows:

(Amount in Lakhs)

Particulars	Not Due	Up to 180 days	6 Months - 1 Year	1-2 years	2-3 years	More than 3 Years	Total
Undisputed Trade Receivables - considered good	6,053.67	2,233.03	893.01	5.39	24.28	21.27	9,230.65
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>6,053.67</b>	<b>2,233.03</b>	<b>893.01</b>	<b>5.39</b>	<b>24.28</b>	<b>21.27</b>	<b>9,230.65</b>

Ageing of Trade Receivables Outstanding as on 31st March 2022 is as follows:

Particulars	Not Due	Up to 180 days	6 Months - 1 Year	1-2 years	2-3 years	More than 3 Years	Total
Undisputed Trade Receivables - considered good	11,232.01	1,388.96	10.78	13.60	36.50	0.03	12,681.89
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>11,232.01</b>	<b>1,388.96</b>	<b>10.78</b>	<b>13.60</b>	<b>36.50</b>	<b>0.03</b>	<b>12,681.89</b>

18.1. Trade Receivables as above are hypothecated to secured short term borrowings (Refer Note No. 7)

**Note 19: CASH AND CASH EQUIVALENTS**

(Amount in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Balances with Banks	34.55	72.83
Cash in hand	24.31	0.33
Balance with fixed deposits	4,140.71	751.40
<b>Total</b>	<b>4,199.57</b>	<b>824.56</b>

19.1. Balances with Banks includes balances in Operative and Non Operative Accounts.

19.2. Balance with fixed deposits includes deposits placed as security against secured short term borrowings.

(Refer Note No. 7)

**Note 20: SHORT TERM LOANS AND ADVANCES**

(Rs. In Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
<b>Unsecured, considered good</b>		
<b>Balance with tax authorities</b>		
<b>Export Incentives Receivable</b>	347.30	279.56
VAT Refund Receivable	-	3.92
GST Electronic Credit Ledger	498.68	221.50
GST Export Refund	321.23	541.61
Income Tax Refund Receivable	0.52	-
Advance Tax (Net of Provision)	25.84	-
Advances in nature of loans	353.29	366.77
<b>Advances with Suppliers</b>		
Yarn	1,618.75	610.74
Fabric	35.68	88.33
Cotton	26.15	25.03
Others	78.82	24.12
<b>Total</b>	<b>3,306.28</b>	<b>2,161.57</b>

20.1. Advance to Related Party is advance against trade and not in nature of Loan as per Management.

**Note 21: OTHER CURRENT ASSETS**

Particulars	As at 31st March, 2023	As at 31st March, 2022
Advance to Staff	132.61	19.65
Advance to Staff for Expenses	-	-
Advance to Investment Brokers	-	0.20
Accrued Interest on Fixed Deposits	-	8.67
Other Current Assets	20.59	-
Subscription money receivable	-	2.45
<b>Total</b>	<b>153.20</b>	<b>30.97</b>



**Note 22: REVENUE FROM OPERATIONS**

(Amount in Lakhs)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Sale of Products (Refer to Note No.22.1)	35,433.48	50,475.96
Other operating revenue (Refer to Note no.22.1)	2,255.77	2,114.18
<b>Total</b>	<b>37,689.25</b>	<b>52,590.14</b>

**22.1. Particulars of Revenue from Operations**

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Sale of Products		
	-	-
<b>Trading Operations:</b>	-	-
Yarn		
Export - Yarn	12,306.62	22,489.42
Local - Yarn	4,937.36	2,022.22
Fabric		
Export - Fabric	3,110.77	5,939.80
Local - Fabric	226.50	91.00
Cotton		
Export - Cotton	614.00	811.79
Local - Cotton	824.49	829.60
Polyster Chips		
Export - Polyster Chips	-	478.15

<b>Manufacturing Operations:</b>		-		-
Yarn				
Export	4,174.68		13,392.29	
Local	9,239.06	13,413.74	4,421.69	17,813.98
<b>Total</b>		<b>35,433.48</b>		<b>50,475.96</b>
Other Operating Revenue				
Duty Drawback	355.35		759.51	
RoDTEP License Income	1,490.44		642.31	
Rebates and Discount Income	62.00		-	
Profit/ (Loss) on changes in foreign exchange	347.98	2,255.77	712.37	2,114.18
<b>Total</b>		<b>2,255.77</b>		<b>2,114.18</b>

22.2. Management has classified Revenue from Manufacturing Units in Long Term Lease / Arrangement as Revenue from Manufacturing Operations taking into consideration the Substance over form of the transaction.

22.3. The majority of Profit/ (Loss) is part of Revenue from operations / Export Sales as all export sales are Forward in nature and the Sales Consideration is determined considering the Spot Rate added with the Forward Premium earned for competitive pricing. Therefore, considering the substance over form and the nature of income, the Profit/ (Loss) on changes in foreign exchange is shown under the head Other operating revenue.

22.4. Management has previously been following Cash Basis / Receipt Basis for Recognising Income from RoDTEP (Export Incentive). However, in order to comply with Accounting Standard 9 – Revenue Recognition, the Income from RoDTEP is recognised on Accrual Basis in lines with other export benefits such as Duty Drawback.

#### Impacts to Profit and Loss Accounts:

Particulars	Increase in Profit in FY 2022-23
RoDTEP Incentive Receivable	240.86 lakhs

**Note 23: OTHER INCOME**

(Amount in Lakhs)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Dividend Income	2.17	1.26
Interest on Income Tax	-	0.67
Profit/ (Loss) on sale of Shares	4.28	19.95
Profit/ (Loss) on sale of Mutual Funds	-	6.54
Profit/ (Loss) on futures and derivatives	-	15.36
Forward Settlement	-	1.78
Interest Income on Advances	83.51	-
Interest on Fixed Deposits	211.81	36.31
Rent Income - Crescent Office	4.21	-
Miscellaneous Other Income	5.15	-
Rate difference Income	10.53	25.29
<b>Total</b>	<b>321.66</b>	<b>107.16</b>

**Note 24: PURCHASES**

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Raw Cotton	2,876.43	2,715.58
Polyster Chips	191.00	430.90
Polyster Fiber	462.02	107.57
Fabric	3,026.67	5,692.07
Yarn	27,559.80	35,033.23
<b>Total</b>	<b>34,115.93</b>	<b>43,979.36</b>

**Note 25: CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE**

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Inventories (At Close)		
Goods	1,803.93	1,256.81
Inventories (At Commencement)		
Goods	1,256.81	1,013.40
<b>Total</b>	<b>(547.12)</b>	<b>(243.41)</b>

**Note 26: EMPLOYEE BENEFITS EXPENSES**

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Directors Remuneration	110.96	165.00
Salaries & Wages	538.61	280.85
Bonus	-	9.63
Other Employee benefits	15.63	46.15
Staff welfare expenses	13.30	28.85
Gratuity	1.84	20.11
<b>Total</b>	<b>680.35</b>	<b>550.59</b>

**Note 27: FINANCE COSTS**

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Interest Expenses	387.72	346.38
Bank Charges	25.13	11.85
<b>Total</b>	<b>412.85</b>	<b>358.23</b>

**Note 28: OTHER EXPENSES**

(Amount in Lakhs)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
<b>Direct Expenses</b>		
Job Work	301.33	504.88
Labour Charges	8.82	48.16
Packaging Expenses	9.95	40.84
Factory Power Expenses	219.46	300.46
Factory Repairs and Maintenance	30.00	28.00
Factory Rent	273.93	111.89
Factory Operating Expenses	133.67	30.13
Stores and Spares	12.25	28.75
Sample Expenses	2.27	0.22
	991.68	1,093.32
<b>Administrative and Other Expenses</b>		
Auditor's Remuneration (Refer to note no.28.1)	3.45	4.69
Communication Cost	0.78	2.83
Electricity Charges	1.85	2.87
Insurance Charges	12.66	16.18
Legal & Professional Charges	79.59	51.28
Printing & Stationery Cost	5.26	10.14
Rent Rates & Taxes	26.51	57.05
Repairs & Maintenance Cost	6.43	4.11
Travelling & Conveyance Cost	8.81	10.83
Donations / CSR	17.40	5.58
Transport Cost	11.37	1.14
Sundry Balances Written off	2.43	0.95
Settlement of Contract	-	33.87
Profit/ (Loss) on MTM Gain/Loss on shares and Mutual Funds	1.74	13.54
Other Establishment Expenses	34.73	45.45
	213.03	260.50
<b>Selling &amp; Distribution Expenses</b>		
Discount	9.78	-
Commission Expenses	418.19	839.05
Tours & Travel expenses	56.29	8.62
Business Promotion Expenses	41.97	36.12
Exhibition Expenses	36.57	3.98
Other Selling & Distribution Expenses	-	0.07
Rebates and Discount on Yarn and Fabric	20.11	99.76
Freight and Forwarding Expenses	1,056.17	2,862.97
	1,639.08	3,850.57
<b>Total</b>	<b>2,843.79</b>	<b>5,204.39</b>

## 28.1. Particulars of Payment to Auditor

Particulars	Year ended 31st March, 2023		Year ended 31st March, 2022	
(a) Auditor				
Statutory Audit Fees	2.20		2.20	
Tax Audit fees	1.00	3.20	1.00	3.20
(b) Certification & Consulting Fees (Other Services)		0.25		1.49
<b>Total</b>		<b>3.45</b>		<b>4.69</b>

## Note 29: Contingent Liabilities

Particulars	As at 31st March, 2023	As at 31st March, 2022
<b>Claim against company not acknowledged as debts</b>		
- in respect of Income Tax	-	-
- in respect of Other Indirect Taxes		24.83
<b>Total</b>	<b>-</b>	<b>24.83</b>

## Note 30: Related Party Disclosures

In accordance with the requirement of Accounting Standard (AS) -18 on Related Party Disclosures, the names of the related parties where control exists and /or with whom transactions have taken place during the year in the or during the course of business, as identified and certified by the management are:

Name of the Party	Relationship / Designation
Abhishek Lath	Managing Director and CFO
Umashankar Lath	Chairman and Managing Director
Sweta Lath	Executive Director
Rohit Agarwal	Independent Director
Jayadeep Mehta	Independent Director
Narendra Srivastava	Independent Director
Ashadevi Lath	Relative of Director
Umashankar Lath HUF	HUF of Director
Sarita Mishra	Company Secretary
Burhanpur Integrated Textile Park Limited	Enterprises over which directors have significant influence
Le Merite Fashions Private Limited	Enterprises over which directors have significant influence

The following transactions were carried out with the related parties and the balances of these related parties as at 31st March, 2023 for the period then ended are presented herein below:

Particulars	As at 31st March, 2023	As at 31st March, 2022
<b>Remuneration</b>		
Abhishek Lath	40.00	66.00
Umashankar Lath	30.00	45.00
Sweta Lath	25.00	42.00
Ashadevi Lath	12.00	12.00
Sarits Mishra (Resigned w.e.f. July 5, 2022)	-	1.24
Sandeep Poddar (Appointed w.e.f. Sept. 5, 2022)	3.28	-
<b>Sitting Fees</b>		
Rohit Agarwal	1.32	-
Narendra Srivastava	1.27	-
Jayadeep Mehta	1.37	-
<b>Loan Repaid</b>		
Abhishek Lath	-	17.14
Umashankar Lath	14.96	5.00
Sweta Lath	45.55	-
Ashadevi Lath	-	39.41
Umashankar Lath HUF	-	16.00
<b>Loan Taken</b>		
Abhishek Lath	-	2.75
Umashankar Lath	31.00	1.00
Ashadevi Lath	-	9.75
Umashankar Lath HUF	-	9.00
<b>Sale Transaction</b>		
Le Merite Fashion Private Limited	14.62	13.02
<b>Purchase Transaction</b>		
Le Merite Fashion Private Limited	1,220.66	790.80
Outstanding balances - Payable / Receivable		



Particulars	As at 31st March, 2023	As at 31st March, 2022
<b>Loan Payable</b>		
Abhishek Lath	3.61	3.61
Umashankar Lath	63.14	31.10
Umashankar Lath HUF	-	16.00
Sweta Lath	-	45.55
<b>Salary Payable</b>		
Abhishek Lath - Salary Payable	0.50	0.67
Umashankar Lath - Salary Payable	20.64	30.43
Sweta Lath - Salary Payable	5.39	-
Ashadevi Lath - Salary Payable	4.89	7.35
Rohit Agarwal (Sitting Fees)	0.40	-
Narendra Srivastava (Sitting Fees)	0.48	-
Jayadeep Mehta (Sitting Fees)	0.48	-
<b>Receivable</b>		
Le Merite Fashion Private Limited - Trade Advance	-	372.68
<b>Payable</b>		
Le Merite Fashion Private Limited	426.21	-

**Note 31: Earnings Per Share**

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

The following reflects the profit and number of shares used in the basic and diluted EPS computations:

Particulars	As at 31st March, 2023	As at 31st March, 2022
Profit attributable to equity holders	428.78	2,105.76
Weighted Average number of equity shares used for computing Earning Per Share (Basic)	234.81	170.81
Weighted Average number of equity shares used for computing Earning Per Share (Diluted)	228.85	170.81
Earnings Per Share (Basic)	1.83	12.33
Earnings Per Share (Diluted)	1.87	12.33
Face value per share	10.00	10.00

### Note 32: Analytical Ratios

The Ratios as on 31st March 2023 are as follows:

Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance
(a) Current ratio	18783.36	10518.23	1.79	1.32	35.79%
(b) Debt-equity ratio	515.74	9372.23	0.06	0.04	39.40%
(c) Debt service coverage ratio	513.93	33.59	15.30	134.11	-88.59%
(d) Return on equity ratio	428.78	6960.41	6.16%	46.30%	-86.69%
(e) Inventory turnover ratio	37689.25	1530.37	24.63	41.84	-41.14%
(f) Trade receivables turnover ratio	37689.25	10956.27	3.44	4.15	-17.05%
(g) Trade payables turnover ratio	34115.93	2053.00	16.62	28.41	-41.51%
(h) Net capital turnover ratio	37689.25	6172.52	6.11	16.98	-64.03%
(i) Net profit ratio	230.00	37689.25	0.61%	4.00%	-84.76%
(j) Return on capital employed	428.78	9887.97	4.34%	59.31%	-92.69%
(k) Return on investment	428.78	9372.23	4.58%	46.30%	-90.12%

Note 32.1: The Variance in Ratios is due to Significant reduction in Business Turnover and Operational Profitability during the year as compared to previous year.

### Note 33: Corporate Social Responsibility

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Amount required to be spent by the company during the year	27.77	10.24
Amount of expenditure incurred	10.59	3.05
Shortfall at the end of the year	17.18	7.19
Total of previous years shortfall	0	0
Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard	0	0

Note 33.1: The CSR committee has identified some projects to spend a substantial amount of Rs.27.77 Lakhs but delay in implementation of such projects resulted in to an unspent amount of Rs. 17.18 Lakhs towards CSR activities which is transferred the unspent CSR Account as per the provisions of the Section 135 of the Companies Act, 2013.

Note 33.2: The Unspent amount of Rs.7.19 pertaining to Financial Year 2021-22 has been spent out by the Company on the identified projects during 2022-23 and no unspent amount is pending in CSR liability of the Company for financial year 2021-22.

**Note 34: Title of Immovable Properties**

Relevant line items in the Balance Sheet	Description of items of property	Gross carrying value	Title deeds held in the Name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Reasons for not being held in the name of company (also indicate if in dispute)
Property Plant and Equipment	Office Building	222.29	Le Merite Exports Pvt Ltd	No	NA
	Factory Building	9.94	Le Merite Exports Pvt Ltd	No	NA
Non-Current Investment	Office Premises - Crescent Park	107.62	Le Merite Exports Pvt Ltd	No	NA

**Note 35: Security of current assets against borrowings**

The Company has been sanctioned working capital limits from Shinhan Bank on the basis of security of current assets and quarterly statements to be filled, There are no variances in Security of current assets as per Books of Accounts and the Quarterly Statements filled to the Bank.

### Note 35: Employee Benefits

As required under Accounting Standard 15 (Revised 2005), Actuarial Gains and Losses is recognised immediately in the Statement of Profit and Loss.

Followings are the principal actuarial assumptions used as at the balance sheet date, including, where applicable:

(Amount in Lakhs)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.47%	7.15%
Rate of Salary Increase	10.00%	10.00%
Rate of Employee Turnover	5.00%	5.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

### Change in the Present Value of Defined Benefit Obligation:

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Present Value of Benefit Obligation at the Beginning of the Period	20.11	-
Interest Cost	1.44	-
Current Service Cost	2.77	20.11
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(0.67)	-
Actuarial (Gains)/Losses on Obligations - Due to Experience Adjustment	(1.70)	-
Present Value of Benefit Obligation at the End of the Period	21.95	20.11

**Actuarial (Gains)/Losses Recognized in the Statement of Profit or Loss for Current Period**

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Actuarial (Gains)/Losses on Obligation For the Period	(2.37)	-
Actuarial (Gains)/Losses on Plan Asset For the Period	-	-
Actuarial (Gains)/Losses Recognized in the Statement of Profit or Loss	(2.37)	-

**Details of amount recognized in the Balance Sheet:**

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
(Present Value of Benefit Obligation at the end of the Period)	(21.95)	(20.11)
Fair Value of Plan Assets at the end of the Period	-	-
Unrecognized Past Service Cost at the end of the Period	-	-
Net (Liability)/Asset Recognized in the Balance Sheet	(21.95)	(20.11)

### Note 37: Un-hedged Foreign Currency Exposure

Particulars of Un-hedged Foreign Currency Exposure as at Balance sheet date is Rs. 5.00 Crs as on 31st March, 2023 and Rs. 8.90 Crs as on 31st March, 2022 as per management.

### Note 38: Micro and Small Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The Company has not received any information from the "suppliers" regarding their status under the Micro Small and Medium Enterprises Development Act, 2006.

### Note 39: Expenditure in Foreign Currency

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Commission Expenses (In INR)	263.37	230.08

### Note 40: Earnings in Foreign Currency

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Exports of goods (In INR)	20,206.06	43,111.45

**Note 41: Segment Reporting**

The Company is primarily in the business of manufacturing, purchase and sale of textiles. The Management of the Company evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit.

Therefore, there is only one reportable segment for the Company ie. Textile Business

**Note 42:** Previous year's figures have been regrouped/ reclassified, wherever necessary to conform to this years' classification

**As per our report of even date**

**For Nagori Nuwal & Co**

**Chartered Accountant**

(FRN 08185C)

SD/-

**CA Shankar Lal Laddha**

**Partner**

(Membership No 76554)

UDIN: 23076554BGZZMZ6434

Place: Mumbai

Date: May 29, 2023

**For and on behalf of Board of Directors**

**of Le Merite Exports Limited**

SD/-

**Abhishek Lath**

**MD & CFO**

(DIN - 00331675)

SD/-

**Sandeep Poddar**

**Company Secretary**

(M. No.: A69365)

SD/-

**Umashankar Lath**

**Chairman & MD**

(DIN - 05135035)





## Le Merite Exports Limited

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✉ [compliance@lemeriteexports.com](mailto:compliance@lemeriteexports.com)

🌐 [www.lemeriteexports.com](http://www.lemeriteexports.com)

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