

LAGNAM SPINTEX PRIVATE LIMITED  
REGD. OFF.:- 29, KAMLA ENCLAVE  
CHITTOR ROAD, BHILWARA - 311001 (RAJ)

CIN : U17119RJ2010PTC032089  
Email Id : [anand@lagnam.com](mailto:anand@lagnam.com)  
Contact No. : 99290-91010

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**NOTICE**

Notice is hereby given that the Annual General Meeting of the members of the M/S LAGNAM SPINTEX PRIVATE LIMITED will be held at the registered office of the company at 29, KAMLA ENCLAVE, CHITTOR ROAD, BHILWARA - 311001 (RAJ) on Monday 21.08.2017 at 11.00 A.M. to consider and transact the following business:-

**ORDINARY BUSINESS:-**

1. To receive, consider and adopt the Director's Report and the Audited Statement of Accounts together with Auditor's Report thereon for the financial year ended 31<sup>st</sup> March 2017.
2. To ratify the appointment of M/s SSMS & Associates, Chartered Accountant (Firm Registration No. 019351C), as Statutory Auditors of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:-

"RESOLVED THAT pursuant to the provisions of section 139 and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, the Company hereby ratifies the appointment of M/s SSMS & Associates, Chartered Accountant (Firm Registration No. 019351C), as the statutory auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company to examine and audit the accounts of the Company for the Financial Year 2017-18 at such remuneration, as may be mutually agreed between the Board of Directors and the Auditors.

**SPECIAL BUSINESS**

**APPROVAL FOR APPOINTMENT OF MR. ANAND MANGAL AS MANAGING DIRECTOR:-**

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

Resolved that pursuant to the provisions of sections 196, and any other applicable provisions of the Companies Act, 2013 (the "Act") and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) the company hereby approve / ratify the appointment and terms of remuneration of Mr. Anand Mangal [DIN: 03113542] S/o Sh. Dwarka Prasad Mangal, as Executive Director, designated as Managing Director of the Company whose appointment was made by the board in their meeting held on 01.04.2017 for a period of 3 years from 01.04.2017 to 31.03.2020, upon the terms & conditions set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to Directors to alter and vary such terms of appointment and remuneration, as may be agreed to by the Board of Directors and Mr. Anand Mangal.

Dated : 10.04.2017  
Place : Bhilwara

FOR & ON BEHALF OF THE BOARD



DWARKA PRASAD MANGAL  
[DIN 01205208]  
DIRECTOR

**Note:-**

A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote (on poll) instead of himself. The proxy form should be lodged with the company at the registered office at least 48 hour before the time of meeting.

Explanatory statement pursuant to Section 102(1) of Companies Act, 2013 in respect of item is attached herewith and form part of this notice.

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**Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956 and Section 102(1) of the Companies Act, 2013:**

**Item No. 1**

It is informed that the board of director has appointed Mr. Anand Mangal as a Managing Director of the Company in their meeting held on 01.04.2017 for the period from 01.04.2017 to 31.03.2020 and the Directors are of the view that the appointment of Mr. Anand Mangal, Managing Director will be beneficial to the operations of the company and the remuneration payable to him is commensurate with his abilities, experience and their devotion, accordingly the board recommend the resolution at the accompanying notice for ratification by the members of the company.

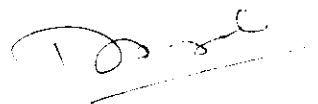
**Terms & Remuneration :-**

1. Period of Agreement : From 01.04.2017 to 31.03.2020
- 2 Name & Designation : Mr. Anand Mangal, Managing Director
3. Nature of Duties : Mr. Anand Mangal shall be fully engaged in day to day operations of the company and having complete responsibility of production, sales, purchase, finance & administration. He shall perform and discharge all such duties & responsibilities as may from time to time be assigned and entrusted to him by the BOD. He shall exercise all such powers as may be required by and be granted to him for the proper performance, discharge & execution of his duties & responsibilities.
- 4 Remuneration : He shall be entitled to the following emoluments, benefits and Perquisites during the period of his employment.
- 5 Salary : Rs. 2,15,000/- (Rs. Two lac fifteen thousand only) per month in the scale of (Rs. 2,15,000 – 25000 – 265000).
6. Perquisites : In addition to the aforesaid salary, Mr. Anand Mangal shall also be entitled to such perquisites As per Rules of the Company as under:-

**PART-A**

- (i) Housing –
- a) The expenditure incurred by the company on hiring unfurnished accommodation for the Managing Director will be subject to the following ceiling :  
At Bhilwara - 40% of the salary.
  - b) In case the accommodation is owned by the company, 10% of the salary of Managing Director shall be deducted by the Company.
  - c) In case no accommodation is provided by the Company, the house rent allowance payable to the Managing director shall be subject to the ceiling laid down in para (a) above.

The expenditure incurred by the company on Gas, electricity, water and furnishing will be valued as per the Income Tax Rules, 1962. This shall however, to be subject to the ceiling of 10% of the salary of Managing Director.



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- =====
- (ii) Medical Reimbursement : Expenses incurred for self and his family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- (iii) Leave travel concession : For self and his family, once in a year incurred in accordance with any rules specified by the Company.
- (iv) Club Fees : Fees of clubs subject to the maximum of two clubs. This will not include admission and life membership fees
- (v) Personal Accident Insurance : Premium not to exceeding Rs. 75,000/- per annum.
- (vi) Medical Insurance : Reimbursement of Medical Insurance Premium on actual basis

#### PART-B

- (i) Gratuity not exceeding half a month salary for each completed year of service.
- (ii) Contribution to the provident fund or Annuity fund (as per Company Rules)
- (iii) Encashment of leaves as per Company Rules.

These benefits shall not be included in the computation of ceiling on remuneration above.

#### PART - C

- (i) Company Car : Use of Company car with chauffeur for official purpose, such use will not be considered a perquisite.
- (ii) Residential Telephone & Mobile : Use of Residential Telephone for Company's business, such use will not be considered as a perquisite

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

Sitting Fees - No sitting fees shall be paid to Shri Anand Mangal for attending the meetings of Board of Directors or any committee thereof of the company. He shall not be liable to retire by rotation.

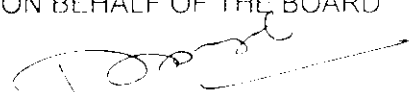
Termination of Appointment - The appointment may be terminated by either party giving 3 months prior notice

The above remuneration, by way of salary and perquisites, shall also be paid to Shri Anand Mangal, in event of Loss or inadequacy of profit in any financial year.

Mr. Dwarka Prasad Mangal [DIN : 01205208], director of the Company being a relative of Mr. Anand Mangal is concerned or interested in the proposed resolution

Dated : 10/04/2017  
Place : Bhilwara

FOR & ON BEHALF OF THE BOARD

  
DWARKA PRASAD MANGAL  
[DIN : 01205208]  
DIRECTOR

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**BOARD REPORT**

Dear Members,

Your Directors have pleasure in presenting Annual report together with the Audited Statement of Accounts of the company for the year ended on 31<sup>st</sup> March 2017:

1. FINANCIAL RESULTS: -

(₹ in Lac)

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Turnover: a) Domestic	6790.29	5060.87
b) Export	713.01	556.47
Total	7503.30	5617.34
Profit before Interest & Depreciation	1168.60	899.08
Less: Financial expenses	339.13	395.52
Profit before Depreciation & Tax	829.47	503.57
Less: Depreciation	260.38	191.96
Profit before Tax	569.09	311.61
Less: Provision for Current Tax (Net)	00.00	00.00
Provision for Deferred Tax	150.60	76.58
Tax of Earlier year	- 0.97	0.37
Profit after Tax	419.46	234.66
Add: Opening Balance	522.86	288.20
Profit available for appropriation	942.32	522.86

2. OPERATIONAL PERFORMANCE: -

Your Directors are pleased to inform the members that during the year under review, your company reported encouraging performance. The Company has reported total income of ₹ 7503.30 Lac for the current year compared to ₹ 5617.34 Lac in the previous year registering an increase of 34%. The Profit after Tax for the year under review amounted to ₹ 419.46 Lacs against ₹ 234.66 Lacs in the previous year registering an impressive growth of 79%.

Your directors are pleased to report that Operating Profit of the company has surged by 30% from ₹ 899.08acs to ₹ 1168.60 Lacs during the current year. This was possible with higher productivity, better efficiency, improved product mix, strict control on operative cost and growth in export. The interest cost has gone down from ₹ 395.52 lacs to ₹ 339.13 lacs mainly due to better working capital management and eligibility of interest subsidy for the full year under the "Rajasthan Investment Promotion Scheme". During the year company has inducted HDFC bank as a consortium member having sanctioned working capital limit of ₹ 1000.0 Lacs at the competitive interest rates compared to interest charged by existing bankers. Your Directors are taking all necessary steps to rationalize the rate of interest charged by our existing bankers and hope to achieve substantial saving during the current financial year.

3. TRANSFER TO RESERVES: -

The Company has not transferred any amount to reserves.

4. DIVIDEND: -

Your board of directors do not recommend any dividend for the period under review.

5. CAPITAL STRUCTURE: -

During the year, there is no change in the capital structure of the Company.

6. RECOGNITION: - USTER TECHNOLOGIES AG of Switzerland granted authorization to use the USTERIZED trade mark to your company. "A mark of quality & trust" a prestigious quality authorization granted to about 70 textiles mill in the world. In the standalone "Rotor Spinning Segment" LAGNAM is the first company to get this authorization in the world

7. MATERIAL CHANGES BETWEEN THE DATE OF THE BOARD REPORT AND END OF FINANCIAL YEAR: -

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

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

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

**9. SUBSIDIARY, ASSOCIATES AND JOINT VENTURE COMPANY: -**

As on March 31, 2017, the Company does not have any subsidiary or joint venture or any associates Company.

**10. STATUTORY AUDITOR & AUDIT REPORT -**

**RECOMMENDATION FOR CONTINUATION / RATIFICATION OF APPOINTMENT OF STATUTORY AUDITOR(S) OF THE COMPANY FOR THE FY 2017-18: -**

M/s SSMS & Associates, Chartered Accountants, Bhiwara is a statutory auditor of the Company having FRN 019351C, to hold office from the conclusion of Annual General Meeting (AGM) held on 30.09.2014 till the conclusion of the AGM of the Company to be held in the year 2019 (subject to ratification of their appointment at every AGM held after their appointment). They have confirmed their eligibility to the effect that their continuation / ratification, if made would be within the prescribed limits under the Act and that they are not disqualified. As per the requirement, of section 139, their continuation / appointment till the conclusion of next annual general meeting is placed before the shareholders for ratification.

There are no qualifications or observations or remarks made by the Auditors in their Report.

**11. SECRETARIAL AUDIT REPORT: -**

The requirement of obtaining a Secretarial Audit Report from the practicing company secretary is not applicable to the Company.

**12. CHANGE IN THE NATURE OF BUSINESS -**

There is no change in the nature of the business of the company.

**13. DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL: -**

There is no change during the financial year in the composition of the Board of Directors of the Company. Mr. Anand Mangal [DIN: 03113542] & Mr. Dwarka Prasad Mangal [DIN: 01205208] are present directors of the company.

Mr. Anand Mangal is designated as Managing Director of the Company w.e.f. 01/04/2017 for a period of 3 year.

**14. DEPOSITS: -**

The Company has not invited/ accepted any deposits from the public during the year ended March 31, 2017. There were no unclaimed or unpaid deposits as on March 31, 2017.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 sub rule (3) of The Companies (Accounts) Rules, 2015 - "AS PER ANNEXURE ENCLOSED"

**16. CORPORATE SOCIAL RESPONSIBILITY: -**

The Company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within purview of Section 135(1) of the Companies Act, 2013 and hence it is not required to formulate policy on corporate social responsibility. However, your company is sensitive to the social responsibility and has incurred ₹ 3.51 Lac during the year against ₹ 0.21 Lac in last year.

**17. VIGIL MECHANISM: -**

The provisions regarding vigil mechanism as provided in Section 177(9) of the Companies Act, 2013 read with rules framed there under are not applicable on the Company.

#### 18. RISK MANAGEMENT POLICY: -

The Company being a Private Limited Company is not under the purview for constituting Risk management committee under the provisions of listing agreement.

#### 19. NUMBER OF MEETING OF THE BOARD:-

The Board of Directors of the Company met 11 times viz. on 10.04.2016, 12.04.2016, 15.04.2016, 11.07.2016, 05.09.2016, 09.10.2016, 19.10.2016, 27.12.2016, 11.01.2017, 08.02.2017 & 07.03.2017 during the year, in respect of which proper notices were given and the proceedings were properly recorded, signed and maintained in the Minutes Book kept by the company for the purpose. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

#### 20. DIRECTORS' RESPONSIBILITY STATEMENT: -

Pursuant to the requirement under section 134(3) (C) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(i) In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(ii) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2017 and of the profit and loss of the company for that period;

(iii) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(iv) The directors had prepared the annual accounts on a going concern basis; and

(v) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

#### 21. DECLARATION BY INDEPENDENT DIRECTORS:-

The Company was not required to appoint Independent Directors under Section 149(4) and Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 hence no declaration has been obtained.

#### 22. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR AND OTHER MATTERS PROVIDED UNDER SUB-SECTION (3) OF SECTION 178:-

The Company, being a Private Limited Company was not required to constitute a Nomination and Remuneration Committee under Section 178(1) of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Stakeholders Relationship Committee under Section 178(5) of the Companies Act, 2013.

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

During the year under review, the Company has not advanced any loans/ given guarantees/ provide any security or made investments under section 186 of the companies act, 2013.

#### 24. INTERNAL CONTROL SYSTEMS: -

The Company's internal control systems are adequate and commensurate with the nature and size of the Company and it ensures

- Timely and accurate financial reporting in accordance with applicable accounting standards.
- Optimum utilization, efficient monitoring, timely maintenance and safety of its assets.
- Compliance with applicable laws, regulations and management policies.

#### 25. HUMAN RESOURCES AND INDUSTRIAL RELATIONS: -

The Company is pleased to report that during the year under reporting, the industrial relations were cordial.

26. PARTICULARS OF EMPLOYEE: -

None of the employee has received remuneration exceeding the limit as stated in rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

27. RELATED PARTY TRANSACTIONS: -

During the year, there is no contracts or arrangements with related parties referred to in sub-section (1) of section 188 which required to be described in the form AOC-2.

28. EXTRACT OF ANNUAL RETURN


Extract of Annual Return of the Company in the prescribed Form MGT-9 is annexed herewith.

Place Bhitwara  
Date : 10.04.2017

FOR: LAGNAM SPINTEX PRIVATE LIMITED

  
ANAND MANGAL  
[DIN: 03113542]  
MANAGING DIRECTOR

FOR: LAGNAM SPINTEX PRIVATE LIMITED

  
DWARKA PRASAD MANGAL  
[DIN: 01205208]  
CHAIRMAN

## ANNEXURE

FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017

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

- A. ENERGY CONSERVATION: The company is undertaking regular energy conservation measures and analyzing each machine production VS power consumption on daily basis :

	(₹ In Lac)	
	Current Year	Previous Year
1) Electricity		
a) Purchased		
Units (Lac)	77.68	70.38
Total Amount ( ₹ in Lac)	471.76	364.95
Rate /Unit	6.06	5.19
b) Own Generation		
(i) Through Diesel Generator	-	-
Units (Lac)	-	-
Units per Liter of Diesel Oil	-	-
Cost/ Unit	-	-
(ii) Through HFO Generator		
Units (Lac)	-	-
Units per Liter of Diesel Oil	-	-
Cost/ Unit	-	-
B) CONSUMPTION PER UNIT OF PRODUCTION		
Electricity Unit per Kg.	1.48	1.51



**TECHNOLOGY ABSORPTION:**

Company has installed Most Modern Equipment's from USTER TECHONOLOGIES AG of Switzerland in its quality control department and spent ₹ 262.97 Lac in the fourth quarter of last year. During the year USTER Technologies granted authorization to use the USTERIZED trade mark granted to only about 70 textile companies in the world. The company has been continuously improving its quality and process, resulting in cost reduction. R&D is carried out for development of new products and the company has been able to launch new product to meet specific requirement of domestic & export customers.

**EXPENDITURE ON R&D:**

During the year company has spent ₹ 0.30 Lac (previous year ₹ 262.97 Lac) on capital account and ₹ 5.32 Lac (previous year ₹ 9.79 Lac ) on revenue account.

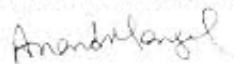
**FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Particulars	(₹ In Lac)	
	Current Year	Previous Year
(a) Earning	693.05	540.50
(b) Outgo:		
(Revenue Expenditure)	397.72	38.25
(Capital Expenditure)	NIL	662.17

Place: - Bhilwara

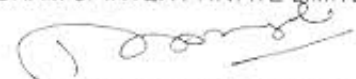
Date:- 10<sup>th</sup> April , 2017

FOR: LAGNAM SPINTEX PRIVATE LIMITED



ANAND MANGAL  
[DIN: 03113542]  
MANAGING DIRECTOR

FOR: LAGNAM SPINTEX PRIVATE LIMITED



DWARKA PRASAD MANGAL  
[DIN: 01205208]  
CHAIRMAN



Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2) -	-	202000	202000	9.91	-	2000	2000	0.05	-9.81
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	202000	202000	9.91	-	2000	2000	0.05	-9.81
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	2038000	2038000	100	-	2038000	2038000	100	-

B) Shareholding of Promoter-

S N	Shareholder's Name	Shareholding at the beginning of the year (01.04.2016)			Shareholding at the end of the year (31.03.2017)			% change in share holding during the year
		No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total share	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total share	
1	Lagnam Infotech Solution (P) Ltd	888000	43.57	-	908000	44.55	-	0.98
2	Dwarka Prasad Mangal	517500	25.39	-	517500	25.39	-	-
3	Shubh Mangal	206000	10.11	-	206000	10.11	-	-
4	Anand Mangal	166500	8.17	-	186500	9.15	-	0.98
5	Kavita Mangal	38000	1.86	-	38000	1.86	-	-
6	Dwarka Prasad Mangal (HUF)	20000	0.98	-	20000	0.98	-	-
7	Veena Mangal	-	-	-	160000	7.85	-	7.85
	Total	1836000	90.09	-	2036000	99.90	-	9.81

C) Change in Promoters' Shareholding

S N	Name of Promoter	Shareholding at the beginning of the year		Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease		Cumulative Shareholding during the year		Shareholding at the end of the year	
		No. of Share	% of total Share	Date	Addition / deduction	No. of share	% of total Share	No. of Share	% of total share
1	Lagnam Infotech Solution (P) Ltd	888000	43.57	11.07.2016	100000 (Transfer)	988000	48.48	908000	44.55
				11.01.2017	-50000 (Transfer)	938000	46.02		
				08.02.2017	-20000 (Transfer)	918000	45.04		
				07.03.2017	-10000 (Transfer)	908000	44.55		
2	Anand Mangal	166500	8.17	08.02.2017	20000 (Transfer)	186500	9.15	186500	9.15
3	Veena Mangal	-	-	05.09.2016	100000 (Transfer)	100000	4.91	160000	7.85
				11.01.2017	50000 (Transfer)	150000	7.36		
				07.03.2017	10000 (Transfer)	160000	7.85		

D) Shareholding Pattern of top ten Shareholders.

(Other than Directors, Promoters and Holders of GDRs and ADRs):

S N	Name of Top Ten Shareholders	Shareholding at the beginning of the year		Increase/ Decrease in Top Ten Shareholding during the year specifying the reasons for increase / decrease		Cumulative Shareholding during the year		Shareholding at the end of the year	
		No. of Share	% of total Share	Date	Addition / deduction	No. of share	% of total share	No. of Share	% of total share
1	Vijay Singh Bapna & Jayshree Bapna	200000	9.81	11.07.2016	-100000 (Transfer)	100000	4.91	-	-
				05.09.2016	-100000 (Transfer)	0	0		
2	M/s Sumax Engineering Pvt. Ltd.	1000	0.05			1000	0.05	1000	0.05
3	Sudeep Mehta	1000	0.05			1000	0.05	1000	0.05
	Total	202000	9.91			2000	0.10	2000	0.10

## E) Shareholding of Directors and Key Managerial Personnel:

S.N.	Name of Director / KMP	Shareholding at the beginning of the year		Increase/ Decrease in Director / KMP Shareholding during the year specifying the reasons for increase / decrease		Cumulative Shareholding during the year		Shareholding at the end of the year	
		No. of Share	% of total Share	Date	Addition / deduction	No. of share	% of total Share	No. of Share	% of total share
1	Dwarka Prasad Mangal	517500	25.39	-	-	-	-	517500	25.39
2	Anand Mangal	166500	8.17	08.02.2017	20000 (Transfer)	186500	9.15	186500	9.15
	Total	684000	33.56					704000	34.54

## F) INDEBTEDNESS -

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(In ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	393434430	-	-	393434430
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	393434430	-	-	393434430
Change in Indebtedness during the financial year				
* Addition	2119300	-	-	2119300
* Reduction	37795371	-	-	37795371
Net Change	35676071	-	-	35676071
Indebtedness at the end of the financial year				
i) Principal Amount	357758359	-	-	357758359
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	357758359	-	-	357758359

## 4 REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Chairman, Directors, Managing Director, Whole-time Directors and/or Manager:

(In ₹)

SN	Particulars of Remuneration	Name of Chairman/MD/WTD/Director/Manager		Total Amount
		D P Mangal [Chairman]	Anand Mangal [Managing Director]	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs. 41,31,241/-	Rs. 34,01,234/-	Rs. 75,32,475/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Rs.48,049/-	Rs. 15,000/-	Rs.63,049/-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option/ Sweat Equity/ Commission etc.	-	-	-
3	Other (Please specify)	-	-	-
	Total (A):	Rs.41,79,290/-	Rs. 34,16,234/-	Rs. 75,95,524/-

B. Remuneration to other directors (Independent &amp; other Non-Executive Directors): NIL

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

## 5. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Place: Bhiwara  
Date: 10.04.2017

FOR: LAGNAM SPINTEX PRIVATE LIMITED

*Anand Mangal*  
ANAND MANGAL  
[DIN: 03113542]  
MANAGING DIRECTOR

FOR: LAGNAM SPINTEX PRIVATE LIMITED

*Dwarka Prasad Mangal*  
DWARKA PRASAD MANGAL  
[DIN: 01205208]  
CHAIRMAN

10.04.2017  
No. Aud/02

**Independent Auditor's Report**

To,  
**The Members of Lagnam Spintex Private Limited,**

**Report on Financial Statements**

We have audited the accompanying financial statements of **Lagnam Spintex Private Limited, Bhilwara** which comprise the Balance Sheet as at 31<sup>st</sup> March 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

Contd....2

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Emphasis of Matters**

The Company has provided depreciation on Plant and Machinery considering the same as 'Continuous Process Plant' based on technical expert's advice (Refer Note No 1 (H) "Notes to Accounts"). This being a technical matter, no opinion is expressed thereon.

Our opinion is not modified in respect of this matter.

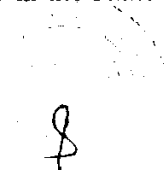
### **Opinion**

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) In the case of Statement of the Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Report on other Legal & Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-I a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that :
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss, and 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 written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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, we give in the Annexure-II separate report on this Matter.

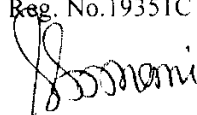


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- g) With respect to the other matters included in the Auditor's Report and in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
- i. The company does not have any pending litigations 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. The company had provide requisites disclosure in financial statement as to holding as well as dealing in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the company.

Place: Bhilwara  
Date: 10.04.2017

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

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

**ANNEXURE I TO AUDITORS REPORT**

**The Annexure referred to in our report of even date to the members of Lagnam Spintex Private Limited on the accounts of the company for the year ended 31st March, 2017. We report that:**

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



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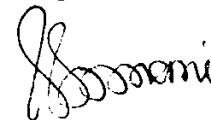


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- (viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of loan and borrowing to financial Institutions, banks, Government, or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, the company has not raised money by way of initial public offer or further public offer (including debt instruments).
- (x) In our opinion and according to the information and explanations given to us, there is no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The provision of section 197 read with Schedule V of the companies Act 2013 is not applicable on the Company.
- (xii) The provision specified in Nidhi Rule 2014 is not applicable on Company.
- (xiii) Company has complied the provision of sections 177 and 188 of Companies Act 2013 on all transactions with the related parties where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) In our opinion and according to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) The company has not entered into any non-cash transactions with directors or persons connected with him under the provisions of section 192 of Companies Act, 2013.
- (xvi) The Company has not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: Bhilwara  
Date: 10.04.2017

**For SSMS & Associates**  
Chartered Accountants  
Firm Reg. No.019351C



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

**ANNEXURE II TO AUDITOR'S REPORT**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Lagnam Spintex Private Limited**, Bhilwara ("the Company") as of March 31, 2017 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 criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- 1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

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- 2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and the receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

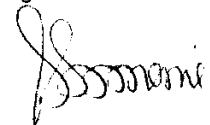
**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**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 March 31, 2017, based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



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

Place: Bhilwara  
Date: 10.04.2017

**LAGNAM SPINTEX PRIVATE LIMITED**  
(CIN No.-U17119R2010PTC032089)  
**BALANCE SHEET as at 31st MARCH ,2017**

Particulars	Note	As at March 31,2017	As at March 31,2016
(₹)			
<b>1. EQUITY &amp; LIABILITIES</b>			
<b>(i) Shareholders' Funds</b>			
(a) Share Capital	2	20380000	20380000
(b) Reserves and Surplus	3	186852359	144906100
		207232359	165286100
<b>(2) Share application money pending allotment</b>			
<b>(3) Non-current Liabilities</b>			
(a) Long-term borrowings	4	325667827	367613814
(b) Deferred tax liabilities (Net)	5	35731827	20672226
(c) Long-term provisions	6	2070612	0
		363470266	388286040
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	7	96931648	109664607
(b) Trade payables	8	7731356	6220715
(c) Other current liabilities	9	43050978	33530260
(d) Short-term provisions	10	300475	0
		148014457	149415582
<b>TOTAL</b>		<b>718717082</b>	<b>702987722</b>
<b>II. ASSETS</b>			
<b>(1) Non - current assets</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		481659400	503702329
(ii) Intangible Assets		2987576	3882403
(iii) Capital work-in-progress		2354808	0
		487001784	507584732
(b) Non-current Investments	12	3320000	3020000
(c) Other non-current assets	13	3453037	5969662
		6773037	8989662
<b>(2) Current Assets</b>			
(a) Current Investments		-	-
(b) Inventories	14	74851108	52853047
(c) Trade Receivables	15	89933817	92291433
(d) Cash & Bank balances	16	242387	842105
(e) Short-term loans and advances	17	53775536	33813668
(f) Other current assets	18	6139413	6613075
		224942261	186413328
<b>TOTAL</b>		<b>718717082</b>	<b>702987722</b>

See accompanying notes 1 to 40 forming part of financial statements

As per our report of even date

For SSMS & Associates

Chartered Accountants

Firm Reg. No. 019351C

**Satish Somani**

(Partner)

Membership No. 076241

Place : Bhilwara

Date : 10th April ,2017



For and on behalf of the Board

*D.P. Mangal*

**D.P. Mangal**  
(Chairman)  
(DIN 01205208)

*Anand Mangal*

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

## LAGNAM SPINTEX PRIVATE LIMITED

(CIN No.-U17119R2010PTC032089)

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2017

(₹)

Particulars	Note No.	Year ended 31st March 2017	Year ended 31st March 2016
I. Revenue from operations (Gross)	19	750333532	561736321
Less : Excise duty		3442	2016
Revenue from operations (Net)		750330090	561734305
II. Other Income	20	4708863	3476422
III. Total Revenue (I+II)		755038953	565210727
IV. Expenses:			
Cost of material consumed	21	519052536	373674220
Purchases of stock - in - trade	22	0	7468046
Change in inventories of finished goods, work-in-progress and stock- in-trade	23	1961799	-3463163
Employee benefits expense	24	11473480	12360100
Finance costs	25	33912906	39551865
Depreciation and amortization expense	26	26037647	19195731
Other expenses	27	105691486	85263248
Total Expenses		698129854	534050047
V. Profit before exceptional and extraordinary items and tax (III-IV)		56909099	31160680
VI. Exceptional items		0	0
VII. Profit before extraordinary items and tax (V-VI)		56909099	31160680
VIII. Extraordinary Items			
IX. Profit before tax (VII-VIII)		56909099	31160680
X. Tax expense:			
(1) Current Tax		11603111	6353304
(2) Mat Credit Entitlement		-11603111	-6353304
(3) Deferred Tax		15059601	7658000
(4) Tax of earlier year		-96761	37000
XI. Profit (Loss) for the period form continuing operations ( IX - X)		41946259	23465680
XII. Profit / (loss) form discounting operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit / (loss) from discounting operations (after tax ) (XII-XIII)		-	-
XV. Profit/(Loss) for the period (XI+XIV)		41946259	23465680
XVI. Earnings per equity share: (Basic & Diluted)		20.58	11.51

See accompanying notes 1 to 40 forming part of financial statements

For SSMS &amp; Associates

Chartered Accountants

Firm Reg. No. 019351C

Satish Somani  
(Partner)

Membership No. 076241

Place : Bhilwara

Date : 10th April, 2017



D.P. Mangal  
(Chairman)

(DIN 01205208)

Anand Mangal  
(Managing Director)

(DIN03113542)

For and on behalf of the Board

**LAGNAM SPINTEX PRIVATE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2017**

(₹ in Lac)

Particulars	Year Ended 31st March 2017	Year Ended 31st March 2016
<b>Cash Flow from operating activities</b>		
Net profit before tax	569.09	311.61
Add:		
Depreciation and amortisation	260.38	191.96
Interest Income	-16.44	-10.71
Interest cost	319.27	384.81
Profit / (Loss) on sale / acquisition of fixed assets	0.00	0.37
Provision for employees Benefit	23.71	0.00
Liabilities no longer required written back	-1.40	-0.96
Exchange Fluctuation	-0.95	-0.09
Miscellaneous expenses written off	0.08	0.08
<b>Operating Profit before working capital changes</b>	<b>1153.74</b>	<b>877.06</b>
Inventories	-219.98	32.18
Trade receivables	23.58	-248.88
Other assets	29.82	-58.46
Loans and advance	-82.58	84.93
Trade payables	15.11	-25.00
Other Liabilities	20.62	40.34
<b>Cash generated from operation</b>	<b>940.30</b>	<b>702.16</b>
Less: Direct taxes paid	102.77	66.58
<b>Net cash from operating activities</b>	<b>837.53</b>	<b>635.58</b>
<b>Cash flow from investing activities</b>		
Acquisition of fixed assets	-54.79	-1592.44
Sale of fixed assets	0.24	1.85
Investment in Insurance policy	-3.00	-8.00
Interest Income	16.44	10.71
<b>Net cash used in investing activities</b>	<b>-41.11</b>	<b>-1587.87</b>
<b>Cash flow from financing activities</b>		
Repayment of long term borrowings	-377.96	-268.21
Proceeds from long term borrowings	21.19	1157.20
Increase / Decrease in Short term borrowings	-127.33	428.06
Exchange Fluctuation	0.95	0.09
Interest cost	-319.27	-384.81
<b>Net cash from financing activities</b>	<b>-802.42</b>	<b>932.34</b>
<b>Net increase in cash and cash equivalents</b>	<b>-6.00</b>	<b>-19.96</b>
Opening cash and cash equivalents	8.42	28.38
Closing cash and cash equivalents	<b>2.42</b>	<b>8.42</b>

As per our report of even date

**For SSMS & Associates**

Chartered Accountants  
Firm Reg. No. 019351C

*Satish Somani*

**Satish Somani**

(Partner)

Membership No. 076241

Place: Bhilwara

Date: 10th April 2017

For and on behalf of the board

*Anand Mangal*

**Anand Mangal**  
(Managing Director)  
(DIN03113542)

*D.P. Mangai*

**D.P. Mangai**  
CHAIRMAN  
(DIN 01205208)

**Notes annexed to and forming part of the accounts**

	(₹)	
	As at March 31,2017	As at March 31,2016
<b>NOTE 2 : SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
25,00,000 Equity Shares of ₹ 10/- each (Previous Year 25,00,000 Equity Share)	25000000	25000000
	<b>25000000</b>	<b>25000000</b>
<b>ISSUED</b>		
24,98,000 Equity Shares of ₹ 10/- each (Previous Year 24,98,000 Equity Share)	24980000	24980000
<b>SUBSCRIBED &amp; FULLY PAID UP</b>		
20,38,000 Equity Shares of ₹10/- each (Previous year : 20,38,000 Equity Shares of ₹10/- each)	20380000	20380000
	<b>20380000.00</b>	<b>20380000.00</b>

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

The company has only one class of Equity Share having a per value of ₹10/-. Each holder of Equity share is entitled to one vote per share. There is no restrictions attached to any equity shares. The company declare and pay dividend, if any, in Indian Ruppees. In the Event of liquidation, the equity shareholders are eligible to recive the remaining assets in proportion to their shareholding.

**2. Shareholding holding more than 5 % of shares**

Name of share holder	As at 31.03.2017		As at 31.03.2016	
	Number of Shares	Percentage of holding	Number of Shares	Percentage of holding
Shri D P Mangal	517500	25.39%	517500	25.39%
Shri Shubh Mangal	206000	10.11%	206000	10.11%
Lagnam Infotech Solutions Pvt. Ltd	908000	44.55%	888000	43.57%
Vijay Bapna & Jay Shri Bapna	-	-	200000	9.81%
Anand Mangal	186500	9.15%	166500	8.17%
Veena Mangal	160000	7.85%	-	-

**3. Reconciliation of shares**

Particulars	As at 31.03.2017	As at 31.03.2016
Shares at begning of the year	2038000	2038000
Issued during the year	-	-
Shares at closing of the year	2038000	2038000

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	(₹)	
	As at March 31,2017	As at March 31,2016
<b>NOTE 3 : RESERVES AND SURPLUS</b>		
(a) Securities Premium Reserve	90320000	90320000
(b) Share forfeited Account	2300000	2300000
<b>(c) Surplus in Statement of Profit &amp; Loss</b>		
Balance at the beginning of the year	52286100	28820420
Add : Profit during the year	41946259	23465680
Less : Appropriations	0	0
<b>Balance at the end of the year</b>	<b>94232359</b>	<b>52286100</b>
<b>Total Reserves &amp; Surplus</b>	<b>186852359</b>	<b>144906100</b>

\$



(₹)

As at March  
31.2017 As at March  
31.2016**Note 4 : Long-term borrowings****SECURED**

## (a) Term Loans

From Banks

325667827 367613814

**325667827 367613814****Secured****Conditions of Term Loans are summarised below:**

1. Security - First pari passu charge on all fixed assets ( present & future) including equitable mortgage of factory land and building of the company. Second pari passu charge on all the current assets of company. (present & future) The loans are further secured by personal guarantee and equitable mortgage of personal assets of Director and the relative of the director. Vehicle loan are secured against respective vehicle.

2. Floating Rate - Carrying floating interest rate of Base Rate + 2.1% to 2.65% as on 31.03.17

3. Secured term loans from bank are repayable in quarterly installment and vehicle loans are repayable in monthly installment.

4. Term loans are further secured by personal guarantee of the director and corporate guarantee of M/s Lagnam Infotech Solutions Private Limited.

**Current Year**

Date of Maturity	Outstanding as on 31.03.2017			
	Total Outstanding	Long term maturity	Current maturity	Instalment due after 31.03.2017
Term Loan				
01.01.2022	89246000	77834000	11412000	19
01.01.2022	63252000	55164000	8088000	19
01.01.2024	119478000	112404000	7074000	26
01.01.2024	83422000	78496000	4926000	26
<b>Total</b>	<b>355398000</b>	<b>323898000</b>	<b>31500000</b>	

Vechile Loan				
01.12.2017	240462	0	240462	9
05.03.2022	2119300	1769827	349473	60
<b>Total</b>	<b>2359762</b>	<b>1769827</b>	<b>589935</b>	

**Previous Year**

Date of Maturity	Outstanding as on 31.03.2016			
	Total Outstanding	Long term maturity	Current maturity	Instalment due after 31.03.2016
Term Loan				
01.01.2022	103586598	93050598	10536000	23
01.01.2022	73412000	65948000	7464000	23
01.01.2024	126251999	121835999	4416000	30
01.01.2024	89759603	86675603	3084000	30
<b>Total</b>	<b>393010200</b>	<b>367510200</b>	<b>25500000</b>	

Vechile Loan				
01.01.2017	424230	102614	320616	21

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(₹ in Lac)		
	As at March 31,2017	As at March 31,2016
<b>Note 5 : Deferred Tax Liability</b>		
Deferred tax liability has been calculated as per Accounting Standard 22 "Accounting for Taxes on Income" of ICAI Major components are as under:		
<b>(A) Deferred Tax Liability</b>		
Depreciation on fixed assets	68721791	47887436
<b>(B) Deferred Tax Assets</b>		
Unabsorbed Depreciation	32989964	27215210
<b>Net Deferred Tax Liability (A-B)</b>	<b>35731827</b>	<b>20672226</b>

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

**Note 6 : Long-term Provision**

Provision for employee benefits	2070612	-
	<b>2070612</b>	<b>-</b>

**Note 7 : Short-term borrowings**

**SECURED**

Working Capital loan from banks repayable on demand	96931648	109664607
	<b>96931648</b>	<b>109664607</b>

**Conditions of Working Capital Loan are summarised below:**

Security - Hypothecation of stocks, book debts and other current assets of the company and second charge on fixed assets of the company on pari passu basis. Further collateral security of equitable mortgage of land of director/relative and corporate guarantee of M/s Lagnam Infotech Private Limited is given.

Floating Rate - Carrying floating interest rate of Base Rate + 1.25% to 1.5% as on 31.03.17

(₹ in Lac)		
	As at March 31,2017	As at March 31,2016
<b>Note 8 : Trade Payables</b>		
Trade Payable Others	7731356	6220715
	<b>7731356</b>	<b>6220715</b>

The company has initiated the process of obtaining confirmations from the suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006. Based on the information available with the company, no balance is due to Micro & Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as on 31st March 2017. Further during the year no interest has been paid to such parties or payable under the terms of the said Act.

**Note 9 : Other Current Liabilities**

(a) Current Maturities of long-term debt	32089935	25820616
(b) Security Deposits	267986	302597
(c) Advance from customers	87164	36575
(d) Liability towards staff and worker	1074387	788280
(e) Government dues	1029992	1034504
(f) Income Tax Payable	1531367	201635
(g) Other Payables	6970147	5346053
	<b>43050978</b>	<b>33530260</b>

**Note 10 : Short-term Provision**

(a) Provision for employee benefits	300475	-
	<b>300475</b>	<b>-</b>

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NON-CURRENT ASSETS  
NOTE 11 : FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET CARRYING VALUE	
	As at 31.03.2016	Additions	Deductions	As at 31.03.2017	Up to 31.03.2016	Deductions	For the Year	Total Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
1	2	3	4	5 = (2+3-4)	6	7	8	6-7-8-9	11 = (5-10)	(2-6)
<b>A) Tangible Assets</b>										
Land & Site development	4,261,865	-	-	4,261,865	-	-	-	-	4,261,865	4,261,865
Buildings (Including Roads)	73,963,434	-	-	73,963,434	6,609,893	-	2,509,042	9,118,935	64,844,499	67,353,541
Plant and Equipments Electric Fitting & Water Supply Installations	445,664,560	385,238	23,896	446,025,902	44,695,973	4,540	19,008,669	63,700,102	382,325,800	400,968,587
Furniture and Fixture	9,283,854	4,700	-	9,288,554	1,046,457	-	880,358	1,935,815	7,352,739	8,237,397
Vehicles	2,680,333	2,613,879	-	5,294,212	882,194	-	359,885	1,242,079	4,052,133	1,798,139
Office Equipments Electric Fitting and Water Supply Installation	1,953,336	-	-	1,953,336	663,453	-	-	663,453	1,289,883	1,289,883
	23,007,926	-	-	23,007,926	3,215,009	-	2,260,436	5,475,445	17,532,481	19,792,917
<b>Total (A)</b>	<b>560,815,308</b>	<b>3,003,817</b>	<b>23,896</b>	<b>563,795,229</b>	<b>57,112,979</b>	<b>4,540</b>	<b>25,027,390</b>	<b>82,135,829</b>	<b>481,659,400</b>	<b>503,702,329</b>
<b>B) Intangible Assets (Acquired)</b>										
Computer Software	5,844,600	119,970	-	5,964,570	1,962,197	-	1,014,797	2,976,994	2,987,576	3,882,403
Non-competition Rights	-	-	-	-	-	-	-	-	-	-
Enabling Assets	-	-	-	-	-	-	-	-	-	-
<b>Total (B)</b>	<b>5,844,600</b>	<b>119,970</b>	<b>-</b>	<b>5,964,570</b>	<b>1,962,197</b>	<b>-</b>	<b>1,014,797</b>	<b>2,976,994</b>	<b>2,987,576</b>	<b>3,882,403</b>
<b>Total (A + B)</b>	<b>566,659,908</b>	<b>3,123,787</b>	<b>23,896</b>	<b>569,759,799</b>	<b>59,075,176</b>	<b>4,540</b>	<b>26,042,187</b>	<b>85,112,823</b>	<b>484,646,976</b>	<b>507,584,732</b>
<b>C) Capital Work in Progress :</b>										
Building Under Construction	-	-	-	-	-	-	-	-	-	-
Plant & Machinery Under Erection/Commissioning	-	2,354,808	-	2,354,808	-	-	-	-	2,354,808	-
<b>Total (C)</b>	<b>-</b>	<b>2,354,808</b>	<b>-</b>	<b>2,354,808</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,354,808</b>	<b>-</b>
<b>Grand Total</b>	<b>566,659,908</b>	<b>5,478,595</b>	<b>23,896</b>	<b>572,114,607</b>	<b>59,075,176</b>	<b>4,540</b>	<b>26,042,187</b>	<b>85,112,823</b>	<b>487,001,784</b>	<b>507,584,732</b>
Previous Year	407,710,350	335,246,558	176,297,000	566,659,908	39,951,529	72,084	19,195,731	59,075,176	507,584,732	367,758,821

i) No provision is required for impairment of assets according to AS-28 "Impairment of Assets" as the value in use as estimated by the management, is higher than the carrying amount of the assets as on Balance Sheet date. In order to arrive at the value in use, the company has reviewed the future earnings of the remaining useful life of all its cash generating units as at the Balance Sheet date which has been discounted at the average long term lending rate of the Company

ii) Deduction in Gross block and Depreciation is on account of sales/transfer/discard of fixed assets

	(₹)	
	As at March 31,2017	As at March 31,2016
<b>NOTE 12 : NON CURRENT INVESTMENT (AT COST)</b>		
<b>Other Investment - Unquoted Non-Trade</b>		
National Saving Certificates	20000	20000
SBI Life Insurance Co.	2400000	2250000
India First Life Insurance	900000	750000
	<b>3320000</b>	<b>3020000</b>

**NOTE 13 : OTHER NON CURRENT ASSETS**

(a) Bank deposits with more than 12 months maturity	1379950	1379950
(b) Interest receivable on bank fixed deposits	477158	352962
(c) Security Deposits	1587529	4219950
(d) Misc. Expenses to be Written Off	8400	16800
	<b>3453037</b>	<b>5969662</b>

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	(₹)	
	As at March 31,2017	As at March 31,2016
<b>NOTE 14 : INVENTORIES (at lower of the Cost or Realisable Value - refer Accounting Policy - Note 1)</b>		
Raw Material		
- Cotton ( In Tranist ₹ 23.37 Lac Previous Year ₹ Nil)	55584688	33872603
Work in Prograss		
- Cotton	4561337	3135828
- Yarn	651461	397897
Finished Goods		
- Yarn	6374047	9794495
Stores & Spares	7187539	4939764
Others - Waste	492036	712460
	<b>74851108</b>	<b>52853047</b>

**NOTE 15 : TRADE RECEIVABLES (CURRENT)**

(Unsecured considered good)

Trade Receivable	89933817	92291433
	<b>89933817</b>	<b>92291433</b>

Aggregate trade receivable included due oversix month ₹ Nil (Previous year ₹ Nil)

**NOTE 16 : CASH AND CASH EQUIVALEMENTS**

(a) Balance with bank

(i) Current accounts	39542	52430
(b) Cash-in-hand	202845	789675
	<b>242387</b>	<b>842105</b>

**NOTE 17 : SHORT- TERM LOANS & ADVANCES**

Other Loans & Advances (Unsecured considered good)

(a) Security Deposit	322691	368132
(b) MAT Recoverable	21899912	9839939
(c) Income Tax Refundable	4824361	4824361
(d) Prepaid Expenses	3409935	2654632
(e) Advance against Raw Material	11880169	2406826
(f) Subsidies Receivable	8624602	13491617
(g) Others	2813866	228161
	<b>53775536</b>	<b>33813668</b>

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

**NOTE 18 : OTHER CURRENT ASSETS**

(a) Duties, Claims and Other Receivables	6131013	6604675
(b) Misc. Expenses to be Written Off	8400	8400
	<b>6139413</b>	<b>6613075</b>

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## LAGNAM SPINTEX PRIVATE LIMITED

	(₹)	
	Year ended 31st March 2017	Year ended 31st March 2016
<b>NOTE 19 : REVENUE FORM OPERATIONS</b>		
(a) Sales of Producted		
1. Manufactured Cotton Yarn		
- Domestic	662696662	494358286
- Export Sales	69304634	54050193
2. Waste Sales	16335812	11730755
(b) Other Opertaing Revenue		
- Export Incentiaive	1996424	1597087
	<b>750333532</b>	<b>561736321</b>
<b>NOTE 20 : OTHER INCOME</b>		
(a) Interest Income	1643964	1071170
(b) Cash Discount Received	1390689	1315408
(c) Subsidy under RIPS	1674210	0
(d) Insurance and other claims received	0	1089844
	<b>4708863</b>	<b>3476422</b>
<b>NOTE 21 : COST OF MATERIAL CONSUMED</b>		
Opening Inventory	33872603	40527712
Add. Purchses	551484366	388391111
	<b>585356969</b>	<b>428918823</b>
Less: Sales Returns and Adjustments	10719745	21372000
	<b>574637224</b>	<b>407546823</b>
Less: Inventory at the year end	55584688	33872603
<b>Total</b>	<b>519052536</b>	<b>373674220</b>
<b>Raw Material Consumption under broad heads:</b>		
<b>Natural Fibre</b>		
Cotton	519052536	373674220
<b>Total</b>	<b>519052536</b>	<b>373674220</b>
<b>NOTE 22 : PURCHASES OF TRADED GOODS</b>		
Trial Run - Production	-	7468046
	-	<b>7468046</b>



(₹)

	Year ended 31st March 2017	Year ended 31st March 2016
<b>NOTE 23 : CHANGE IN INVENTORY</b>		
CLOSING INVENTORY		
Finished Goods	6374047	9794495
Waste	492036	712460
Stock in Process	5212798	3533725
	<b>12078881</b>	<b>14040680</b>
OPENING INVENTORY		
Finished Goods	9794495	4916768
Waste	712460	2314942
Stock in Process	3533725	3345807
	<b>14040680</b>	<b>10577517</b>
<b>(Increase)/Decrease in Inventory</b>	<b>1961799</b>	<b>-3463163</b>
<b>NOTE 24 : EMPLOYEE BENEFITS EXPENSES</b>		
(a) Salaries and Wages	10036452	11340744
(b) Contribution to Provident, Gratuity and Other Funds	1285953	835756
(c) Workmen and Staff Welfare	151075	183600
	<b>11473480</b>	<b>12360100</b>
<b>NOTE 25 : FINANCE COST</b>		
(a) Interest Expenses	31927494	38501836
(b) Bank charges	1985412	1050029
	<b>33912906</b>	<b>39551865</b>
<b>NOTE 26 : DEPRECIATION AND AMORTISATION EXPENSES</b>		
Tangible Assets	25027390	18395357
Intangible Assets	1014797	813374
Less : Depreciation w/back	-4540	-13000
<b>TOTAL</b>	<b>26037647</b>	<b>19195731</b>

Depreciation has been provided on the basis of Continuous Process Plant as per Expert Technical Advice

	(₹)	
	Year ended 31st March 2017	Year ended 31st March 2016
<b>NOTE 27 : OTHER EXPENSES</b>		
<b>A. Manufacturing Expenses</b>		
(a) Stores and Spare parts Consumed (Net of scrap sales ₹ 1.98 Lac (Previous year ₹ 1.21 Lac)	4868545	4410033
(b) Power and Fuel	47175986	36493886
(c) Packing Expenses	12710219	10729603
(d) Testing Charges	155617	979658
(e) Repairs to Building	160189	45186
(f) Repairs to Machinery	3374894	2491039
	<b>68445450</b>	<b>55149405</b>
<b>B. Administrative Expenses</b>		
(a) Rent	1200000	1196306
(b) Insurance Expenses	910328	678385
(c) Directors' Remuneration and Fees	7595493	2397600
(d) Directors' Travelling	665070	1059886
(g) CSR Expenses	351000	21000
(h) Payment to Auditor as		
- Auditor	61830	61830
- Reimbursement of expenses	5225	-
(i) Other miscellaneous expenses	6099922	5496486
	<b>16889168</b>	<b>10911493</b>
<b>C. Selling Expenses</b>		
(a) Commission	7470800	5747108
(b) Incentives and Discounts	578439	881212
(c) Freight, Forwarding and Octroi	7317740	8674015
(d) Expenses on Export Sales:		
Ocean Freight	2539335	1613488
Commission	1770212	1735672
(e) Foreign Travelling Expenses	-	169594
(f) Other Selling Expenses	573983	443271
	<b>20250509</b>	<b>19264360</b>
<b>D. Other expenses</b>		
(a) Loss on sale/discarding of Fixed Assets	-	36916
(ii) Foreign exchange loss	97959	-107326
(b) Misc. expenses written off	8400	8400
	<b>106359</b>	<b>-62010</b>
	<b>105691486</b>	<b>85263248</b>

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**LAGNAM SPINTEX PVT.LTD.**  
(CIN No.-U17119R2010PTC032089)

**Notes to Financial Statements for the Year Ended 31<sup>st</sup> March 2017**

**28. EMPLOYMENT BENEFIT PLANS**

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

**A) Defined Benefits Plans**

PARTICULAR	(₹ In Lac)			
	For the year ended			
	31/03/2017	31/03/2016	Gratuity	Earned Leave
	(Funded)	(Funded)	(Funded)	(Funded)
(i) Reconciliation of opening and closing balance of defined benefit obligation				
a) At the beginning of the year	-	-	-	-
b) Past service cost	7.36	7.20	-	-
c) Current service cost	4.37	4.78	-	-
d) Defined benefits obligation at the year end	11.73	11.98	-	-
(ii) Reconciliation of opening and closing balance of fair value of plan assets				
a) At the beginning of the year	-	-	-	-
b) Fair value of the plan assets at the year ended	-	-	-	-
(iii) Reconciliation of fair value of Obligation and Assets				
a) Present value of obligation at year end	11.73	11.98	-	-
b) Fair value of plan assets at year end	-	-	-	-
c) Amount Recognized in balance sheet	11.73	11.98	-	-
(iv) Expenses recognized during the year.				
a) Current service cost	4.37	4.78	-	-
b) Past service cost	7.36	7.20	-	-
c) Net cost (a+b+c+d)	11.73	11.98	-	-
(v) Investment details of plan assets				
Nil	-	-	-	-
Principal actuarial assumptions at the balance sheet date				
Discount Rate	7.35% per annum			
Future Salary increase	5.50% per annum			

The estimation of future salary increase considered in actuarial valuation, take account of inflation, seniority promotion and other relevant factors, such as supply and demand in the employment market etc. The above information is certified by the Actuary.

**(B) Defined Contribution Plans**

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

Particular	(₹ in Lac)	
	For the Year Ended	
	31.03.2017	31.03.2016
Employers Contribution to Provident Fund	9.60	8.67

**LAGNAM SPINTEX PVT.LTD.**  
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**Notes to Financial Statements for the Year Ended 31<sup>st</sup> March 2017**

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29. In the opinion of the management, the value in realization of current assets, loans & advances in the ordinary course of business would not be less than the amount at which they are stated in the balance sheet and provision for all known liabilities have been made
30. During the year, Company has transferred interest cost of ₹ Nil (Previous year of ₹ 52.12 Lac ) which is incurred on funds utilized in expansion programme as per AS-16 of ICAI.
31. The company hedges its export realization through foreign exchange derivative & hedge contract in the normal course of business so as to reduce the risk of exchange fluctuations. No foreign exchange derivatives & hedge contract are taken/used for trading or speculation purpose. However no unhedge forward contract are outstanding as on 31.03.2017.
32. Related party disclosure in accordance with the accounting standard 18 issued by the ICAI is given below :
- i. Enterprises that directly or indirectly through one or more intermediaries, control or are controlled by or are under common control with the reporting enterprises (this includes holding companies, subsidiaries and fellow subsidiaries).  
None
  - ii. Associate & Joint Venture - None
  - iii. Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprises that gives them control or significant influence over the enterprise and relatives of any such individual.  
None
  - iv. Key management personnel and their relatives
    - a. Shri D. P. Mangal - Chairman
    - b. Shri Anand Mangal – Managing Director
    - c. Shri Shubh Mangal – Son of Chairman
    - d. Smt. Veena Mangal – Wife of Chairman
    - e. Smt. Kavita Mangal – Son's wife of Chairman
  - v. Enterprises over which any person described in (i) or (iv) is also to exercise significant influence

<u>Name of Company</u>	<u>Nature of Interest</u>
Lagnam Inafotech Soluation Pvt. Ltd.	Relatives of management personal is director in company

**LAGNAM SPINTEX PVT.LTD.**  
(CIN No.-U17119R2010PTC032089)

**Notes to Financial Statements for the Year Ended 31<sup>st</sup> March 2017**

Transaction with related parties: The following transactions were carried out with the related parties in the ordinary course of business:

For the parties referred to in item (iv) above (₹ in Lac)

Particulars	For the Year Ended	
	31.03.2017	31.03.2016
a) Remuneration to Director		
Salary	58.80	19.80
Contribution to provident fund gratuity fund	14.62	2.38
Other perquisites	2.53	1.80
<b>Total</b>	<b>75.95</b>	<b>23.98</b>
b) Rent Paid to Director	12.00	11.50

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

(₹ in Lac)

Particulars	For the Year Ended	
	31.03.2017	31.03.2016
Personal guarantee of the director and corporate guarantee of M/s Lagnam Infotech Solutions Private Limited against term Loan.	3553.98	3930.10

**33. Earning Per Share**

The basic and diluted earnings per share have been calculated as per AS-20 by dividing net profit for the year attributable to equity shareholder by the weighted average number of equity share as under:

(₹ in Lac)

Particulars	For the Year Ended	
	31.03.2017	31.03.2016
Net Profit after tax	419.46	234.66
Net Profit available to equity shareholders	419.46	234.66
Average No. of Equity Share outstanding during the year (Nos.)	2038000	2038000
Basic and Dilutive earning per share (In Rupees)	20.58	11.51

**34. Contingent Liabilities not provided for in respect of :**

(₹ in Lac)

Particulars	For the Year Ended	
	31.03.2017	31.03.2016
Bank guarantees given by Company's Bankers	152.73	87.83
Export Bills Discounted/Collection	143.38	192.24

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

**LAGNAM SPINTEX PVT.LTD.**  
(CIN No.-U17119R2010PTC032089)

**Notes to Financial Statements for the Year Ended 31<sup>st</sup> March 2017**

36. Details of Installed Capacity:

(As Certified by the Management)

Particulars	Installed Capacity	
	31.3.2017	31.3.2016
Rotors	1920	1920

37. Details of Installed Capacity:  
Production, Purchases, Turnover and Stocks

Particulars	This Year		Previous Year	
	Quantity in Kg.	Value in Rs.	Quantity in Kg.	Value in Rs.
Opening Stock	92986	97.94	44055	49.17
Production	5270822	7449.17	4610242	5650.51
Sales	5317296	7483.37	4561311	5601.37
Adjustments				
Closing Stock	46512	63.74	92986	97.94

38. Raw material consumed

Cotton	This Year		Previous Year	
	MT	(₹ in Lac)	MT	(₹ in Lac)
	5889	5190.53	5224	3736.74

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

(a) Details of imported & indigenous raw material and spare parts and components consumed:

(i) Raw Material- Imported	This Year		Previous Year	
	(₹ in Lac)	Value%	(₹ in Lac)	Value%
	319.67	6.19%	-	-
Indigenous	4870.86	93.84%	3736.74	100.00%
(ii) Stores & spares Imported	10.81	22.21%	10.78	24.44%
Indigenous	37.87	77.79%	33.32	75.56%

**LAGNAM SPINTEX PVT.LTD.**  
(CIN No.-U17119R2010PTC032089)

**Notes to Financial Statements for the Year Ended 31<sup>st</sup> March 2017**

(b) FOB Value of export (₹ in Lac) 665.90 532.32

(c) Value of imports calculated on CIF basis in respect of:

(₹ in Lac)

- Machinery	-	662.17
- Spare parts	23.23	23.63
- Raw Material	348.92	-

(d) Other expenditure in foreign currency:

		(₹ in Lac)	
Sr. No.	Particulars	Current Year	Previous Year
1	Traveling Expenses	-	1.70
2	Commission/Claims/Ocean Freight		
	a) Commission	7.78	4.01
	b) Ocean Freight	17.79	8.91
	<b>Sub total</b>	<b>25.57</b>	12.92
	<b>Total (1+2)</b>	<b>25.57</b>	14.62

40. Details of Specified Bank Notes & Other Denomination Notes held and transacted during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016

(Amount in ₹):

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	1884000.00	95130.63	1979130.63
(+) Permitted receipts	-	640238.00	640238.00
(-) Permitted payments	-	634495.00	634495.00
(-) Amount deposited in Banks	1884000.00	-	1884000.00
Closing cash in hand as on 30.12.2016	-	100873.63	100873.63

As per our report of even date

For SSMS & Associates  
Chartered Accountants  
Firm Reg. No. 019351C

For and on behalf of the Board

**Satish Somani**  
Partner

**(D. P. Mangal)**  
Chairman

**(Anand Mangal)**  
Managing Director

Membership No. 076241

(DIN01205208)

(DIN 03113542)

Place: Bhiwara

Date: 10<sup>th</sup> April 2017

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

**A. Accounting Conventions**

The financial statements are prepared on historical cost convention and on the accounting principles of going concern, in accordance with Generally Accepted Accounting Principles ('GAAP'), comprising of the mandatory Accounting Standards, Guidance Notes, etc. issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 2013, on accrual basis, as adopted consistently by the company.

**B. Use of Estimate**

In preparation of the financial statement in conformity with Generally Accepted Accounting Principle in India. Management is required to make estimate & assumptions that affect the reported amount of assets & liability and the disclosure of contingent liabilities as at the financial reporting date. The amount of revenue & expenditure during the reported period and that of actual result could be different from those estimates. Any revision to such estimate is recognized in the period in which the same is determined.

**C. Revenue Recognition**

- a. Sales revenue is recognized when property in the goods with all significant risk and rewards as well as the effective control of goods usually associated with ownership are transferred to the buyer, at a price and includes excise duty, if any
- b. Promotional benefits, export incentives and export growth incentives are accounted for on accrual basis when virtual certainty and their probable use within reasonable time in the normal course of business, is established.
- c. Claims and refunds due from government authorities and parties, though receivable / refundable are not recognized in the accounts, if the amount thereof is not ascertainable. These are accounted for as and when ascertained or admitted by the concerned authorities / parties in favour of the company.
- d. Claims lodged with insurance companies are recognized as Income on acceptance by the Insurance Company. The excess / shortfall of claims passed are adjusted in the year of receipt.

**D. Government Grant**

Government grant are recognized on accrual basis. Subsidy under TUFS & RIPS are recognized on accrual basis and adjusted against respective expenses, if received against expenses, otherwise shown under 'Other Income'.

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**E. Inventory Valuation**

- (a) Inventories are valued at cost and net realizable value whichever is lower.
- (b) Cost is determined on FIFO / Weighted average method.
- (c) Cost of raw materials is net of cenvat claims, wherever applicable.
- (d) The cost of inventories comprises all cost of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition.

**F. Fixed Assets**

- a Fixed assets are stated at their original cost of acquisition including freight, incidental expenses and other non refundable taxes or levies related to acquisition and installation of the concerned assets, interest on borrowed funds attributable to acquisition/construction of fixed assets and related pre-operative expenses up to the date of commencement of commercial production are also capitalized wherever appropriate. Cenvat availed has been deducted from the cost of respective assets.
- b. Expenditures incurred on acquisition of intangibles are accounted for as intangible assets on completion, being identifiable non-monetary assets without physical substance, at the acquisition cost, in accordance with AS-26 on intangible assets.

**G. Preoperative Expenses**

Trial run costs and other preoperative expenses incurred during construction / implementation period, including interest on borrowings (Net of subsidy) to finance qualifying assets as per AS-16, are capitalized upto the date of commissioning of the respective asset.

**H. Depreciation & Amortization**

- a. Depreciation has been provided as per straight line method as per useful lives and in the manner prescribed under schedule II of the companies Act, 2013.
- b. Depreciation on plant & Machinery is charged considering the same 'Continuous Process Plant' based on technical expert's advice.
- c. Residual values of the assets are determined at the rate of 5% of original cost.
- d. Acquired intangible assets are amortized over their estimated useful life as determined by the management at following rates on straight-line basis.

Computer Software - 6 Year.

**I. Impairment of Fixed Assets**

Impairment of assets is being measured on factors giving rise to any indication of impairment by comparing the recoverable amount, higher of value in use and net selling price of an asset with carrying amount of an asset as per the Accounting Standard 28 "Impairment of Assets" issued by ICAI.

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**J. Foreign Exchange Transaction /Translation**

- a. Foreign currency transactions arising during the year are recorded at the exchange rates prevailing on the dates of transactions.
- b. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.
- c. All foreign exchange assets/Liabilities on the closing day are converted at closing exchange rate.
- d. Any income and expenses on account of exchange difference either on settlement or on translation is recognized in the statement of profit & loss account.
- e. Exchange loss on outstanding derivatives transaction are computed on mark to market basis on the closing date and accounted for as expenses of period. However gain is not recognized as income of the period, following conservative approach.

**K. Taxes on Income**

**a. Current year charge**

Provision for taxation is ascertained after considering MAT Credit Entitlement, exemptions and deductions available in accordance with the provision of Income Tax Act, 1961.

MAT Credit entitlements are shown as loans and advances till its adjustment against current tax liability.

**b. Deferred Tax**

Deferred tax is recognized, as the tax effect of timing difference between the taxable income and accounting income computed for the current accounting years' timing differences, subject to the consideration of prudence.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty, except arising from unabsorbed depreciation and carry forward losses which are recognized to the extent that there is deferred tax liabilities or there is virtual certainty, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**L. Miscellaneous Expenditure**

- a. Expenses incurred on increase in share capital are amortized over a period of five years.

**M. Provisions, Contingent Liability & Contingent Assets**

- a. Provisions involving substantial degree of estimation in measurement, are recognized when the present obligation of or past events gives rise to a probable outflow embodying economic benefits on settlement and the amount of obligation can be reliably estimated.
- b. Contingent liabilities are disclosed after a careful evaluation of facts and legal aspects of the matter involved.



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- c. Contingent assets are neither recognized nor disclosed in financial statements.
- d. Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**N. Earning per Share**

Basic and diluted earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders, among the weighted average number of equity shares outstanding during the period.

**O. Cash and Cash Equivalents**

Cash and Cash equivalents for the purpose of cash flow statement comprise cash at bank, Cash in hand, cheques in hand and other permissible instruments as per AS 3.

**P. Employee Benefit Expenses**

**a) Defined Contribution Plan:**

The company makes defined contribution to provided fund which are accounted on accrual basis.

**b) Defined Contribution Plan:**

The company's Liability on account of Gratuity and leave encashment of employee is determined at the end of each financial year on the basis of actuarial valuation certificate obtained from Registered Actuary in accordance with the measurement procedure as per revised accounting standard (AS) – 15 "Employee Benefit". The liability is funded on year to year basis by contribution to respective fund. The cost of providing benefit under this plan also determined on the basis of actuarial valuation at each year end. Actuarial gain and loss for defined benefit plan are recognized in full in the period in which they occur in Statement of profit & loss.