

**2016-17**

# 12th Annual Report



Laxmi Cotspin Limited

CINU17120MH2005PLC156866

Registered Address and

Manufacturing Division:

Gut No. 399, Kajala, Samangaon

Road, at Samangaon, Jalna-

Solapur Highway, Jalna 431203

Email: [laxmicotspin@gmail.com](mailto:laxmicotspin@gmail.com)



**CNA & ASSOCIATES**  
CHARTERED ACCOUNTANTS

## Independent Auditor's Report

To,  
The Members,  
Laxmi Cotspin Limited  
Jalna,  
CIN U17120MH2005PLC156866

### Report on the Financial Statements

We have audited the accompanying financial statements of Laxmi Cotspin Limited ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss, for the period ended, and a summary of significant accounting policies and other explanatory information.

### Management's 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 ("the Act") 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 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 are 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.

**HEAD OFFICE** : C-303/304, 'FORTIUS', Space Olympia, Sutgiri Chowk,  
Garkheda Parisar, Aurangabad - 431009. **Ph. No.** : 240-2983032 / 33.  
**Email** : cna.incometax@gmail.com; arp.cna@gmail.com

**BRANCH** : 14/705, B-Wing, Vaishali Co-Operative Housing Society,  
Tilak Nagar, Chembur, Mumbai - 400089.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the 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.

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.

### 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 case of the Balance Sheet, of the "State of Affairs" of the Company as at 31<sup>st</sup> March, 2017; and
- b. In the case of the Statement of Profit and Loss, of the "Profit" for the year ended on that date;
- c. In the case of the Cash Flow Statement, of the "Cash flows" for the year ended on that date.

### Emphasis of Matter

The Company has not considered the effect of ICDS while calculating the amount of income tax provision and Deferred Tax Liability, amount of which cannot be quantified. Our opinion is not qualified in this matter

### Report on Other Legal and Regulatory Requirements

1. 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
2. As required by the Companies (Auditor's Report), 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of the section 143 of the act, we give in the Annexure-B a statement on the matters specified in paragraphs 3 and 4 of the order.
3. As required by section 143 (3) of the Act, we report that: -
  - a) We have sought and except for the matter described in the Emphasis of matter paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) Except for the possible effects of the matter described in the Emphasis of matter paragraph above, 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) Since, the company does not have any branches, the report on the accounts of the branch offices audited by other auditor u/s 143 (8) of the Act is not applicable.



- d) 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.
- e) Except for the possible effects of the matter described in the Emphasis of matter paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow statement comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f) The matter described in the Emphasis of matter paragraph above, in our opinion, may not have an adverse effect on the functioning of the company.
- g) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- h) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in Emphasis of matter paragraph above.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The company has disclosed the impact of pending litigations on its financial position in its financial statements- refer Notes on accounts 2.2 (i) to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The company has provided requisite disclosures in its financial statements as to holding as well as dealings in specified bank notes during the period 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and such disclosure is in accordance with the books of accounts maintained by the company.

For C N A & Associates  
Chartered Accountants  
FRN-128929-W


CA Anand Partani  
(Partner)  
M.No: 117766

Place: Aurangabad.  
Date: 26<sup>th</sup> May, 2017

## **Annexure 'A' To the Independent Auditor's Report**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section 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 **Laxmi Cotspin Limited** ('The Company') as of 31<sup>st</sup> March, 2017 in conjunction with our audit of the Financial Statements of the Company for the year ended and as 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 ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). 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 the Act.

#### **Auditor's 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 Standards on Auditing ('the Standards') prescribed under section 143(10) of the Act and Guidance Note, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 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

- i. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- ii. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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
- iii. 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 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, to the best of our information and according to the explanation given to us, 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, 2017, 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.

**For C N A & Associates**

Chartered Accountants

FRN 128929-W

*Anand Partani*



**CA Anand Partani**

(Partner)

M. No. 117766

**Date: 26<sup>th</sup> May, 2017**

**Place: Aurangabad**

## Annexure 'B' To the Independent Auditors' Report

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

Report on Companies (Auditor's Report) Order, 2017 ('The Order') issued by the central government in terms of Sub-section 11 of Section 143 of the Companies Act, 2013 ('The Act') of Laxmi Cotspin Limited ('The Company')

### 1. In respect of Company's fixed assets: -

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- c) The title deeds of immovable properties are held in the name of the company.

### 2. In respect of Inventories: -

As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification.

### 3. In Respect of Loans to parties covered under section 189: -

The Company has neither taken nor granted any loans or advances in the nature loans to parties covered in the register maintained under section 189 of the companies Act. Hence, the question of reporting whether the receipt of the principal and Interest are regular whether reasonable steps for recovery/repayment of over dues of such loans are taken does not arise.

### 4. In Respect of reporting on compliance with Section 185 and 186: -

In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

### 5. In Respect of acceptance of Public Deposits: -

The Company has not accepted deposits during the year and does not have any unclaimed deposits as at 31<sup>st</sup> March, 2017 and therefore, the provisions of the clause 3 (v) of the order are not applicable to the company.

### 6. In respect of maintenance of cost records: -

On the basis of records produced to us, we are of the opinion that, *prima facie*, the cost records prescribed by the Central Government of India under Section 148(1) of the act have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.

### 7. In respect of Payment/ Non-payment of Statutory Dues: -

- a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed



statutory dues including Provident Fund, Sales tax, Service Tax, Value added Tax, Cess and any other statutory dues with the appropriate authorities.

- b) According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable.
- c) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute, except the following:

Nature of Statute	Nature of Dues	Amount (₹)	Period to which it relates	Forum where the dispute is pending	Amount Paid (₹)
MVAT Act, 2002	Assessment Dues	13,47,287	FY 2012-13	Joint Commissioner, Aurangabad	NIL

**8. In respect of Default in repayment to Banks/ Financial Institutions/ Government Debenture holders: -**

Based on our audit procedures and on the information and explanations given by management, we are of the opinion that the company has not defaulted in repayment of loans or borrowings to a financial institution, bank, government or dues to debenture holders.

**9. In respect of End use of monies raised by way of IPO/FPO/ Term Loans: -**

According to the information and explanations received by us, in case of monies raised by way of IPO/FPO/ Term Loans the same were used for the purpose for which the funds were raised. During the year the company has listed on SME stock exchange through Offer for Sale (OFS).

**10. In respect of Frauds noticed/ reported: -**

In our opinion and according to the information and explanations given to us, no fraud on the company by its officers or employees nor any fraud by the company has been noticed or reported during the year, that causes the financial statements to be materially mis-stated.

**11. In respect of Managerial Remuneration: -**

Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

**12. In respect of Nidhi Companies: -**

In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is not a Nidhi company hence, in our opinion; the requirements of clause 3(xii) of the order do not apply to the company.

**13. In respect of Related Party Transactions: -**

In our opinion and according to the information and explanations given to us, the company is in compliance with section 177 and 188 of the Act, where applicable, for all transactions with the





related parties and the details of related party transactions have been disclosed in the financial statements as required by applicable accounting standards.

**14. In respect of Private Placements/ Preferential Allotment of Shares/ Fully or Partly Convertible Debentures: -**

Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.

**15. In respect of Non-cash transactions involving Directors or Connected Persons: -**

In our opinion and according to the information and explanations given to us, during the year the company has not entered into any non-cash transactions with its directors or the persons connected to its directors. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence no comment is called there upon.

**16. In respect of registration of NBFC under Section 45-IA of the RBI Act, 1934: -**

In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

**For C N A & Associates**

Chartered Accountants

FRN 128929-W





**CA Anand Partani**

(Partner)

M. No. 117766

Date: 26<sup>th</sup> May, 2017

Place: Aurangabad.

**Laxmi Cotspin Limited**

**Balance Sheet**

As at 31<sup>st</sup> March, 2017

Particulars	Note No.	As at 31 <sup>st</sup> March, 2017 Rs.	As at 31 <sup>st</sup> March, 2016 Rs.
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Fund</b>			
(a) Share Capital	3	171,476,700	171,476,700
(b) Reserves and Surplus	4	255,341,369	238,025,669
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	5	158,220,388	80,145,295
(b) Deferred tax liabilities (Net)		6,583,163	5,291,823
(c) Long term provisions	6	2,810,170	2,385,071
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	7	340,113,773	163,927,674
(b) Trade payables	8	32,054,483	23,969,311
(c) Other current liabilities	9	64,693,702	54,655,357
(d) Short-term provisions	10	20,061,266	15,969,266
<b>Total</b>		<b>1,051,355,014</b>	<b>755,846,167</b>
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	11	416,018,395	287,145,902
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		10,283,378	14,070,727
(iv) Intangible assets under development		-	-
(b) Deferred tax assets (Net)		-	-
<b>(2) Current assets</b>			
(a) Inventories	12	315,612,697	167,155,668
(b) Trade receivables	13	245,396,741	208,044,120
(c) Cash and cash equivalents	14	9,931,559	24,972,204
(d) Short-term loans and advances	15	21,617,097	21,367,252
(e) Other current assets	16	32,495,146	33,090,293
<b>Total</b>		<b>1,051,355,014</b>	<b>755,846,167</b>

Overview and Significant Accounting Policies

1 & 2

The notes referred to above form an integral part of financial statements

For and on behalf of the Board of Directors

In terms of our report of even date

For C N A & Associates  
Chartered Accountants  
FRN : 128929W

CA Anand Partani  
(Partner)  
M. No. 117766



*Sanjay Rathi*  
Sanjay Rathi  
(Managing Director)  
DIN 00182739

*Anupkumar Gindodiya*  
Anupkumar Gindodiya  
Chief Financial officer

*Shivratan Mundada*  
Shivratan Mundada  
(Director)  
DIN 00349668

*Pooja Potdar*  
Pooja Potdar  
Company Secretary

Date : 26<sup>th</sup> May, 2017  
Place : Aurangabad



**Laxmi Cotspin Limited**  
**Statement of Profit and Loss**  
For the period ended 31<sup>st</sup> March, 2017

Particulars	Note No.	Period Ended 31st March, 2017 Rs.	Year Ended 31 <sup>st</sup> March, 2016 Rs.
<b>INCOME</b>			
Revenue from operations (Net)	17	1,145,124,229	1,132,152,192
Other Income	18	3,337,105	3,511,016
<b>Total Revenue</b>		<b>1,148,461,334</b>	<b>1,135,663,208</b>
<b>EXPENSES</b>			
Cost of materials consumed	19	863,875,868	830,389,547
Changes in inventories of finished goods, work-in-process and stock-in-trade	20	(7,695,131)	10,459,119
Employee Benefit Expenses	21	52,990,277	39,994,384
Finance costs	22	18,891,460	28,660,486
Depreciation and amortisation expenses	23	57,233,026	69,028,508
Other expenses	24	125,004,757	129,700,556
<b>Total Expenses</b>		<b>1,110,300,255</b>	<b>1,108,232,600</b>
<b>Profit Before Extra-ordinary Items and Tax</b>		<b>38,161,079</b>	<b>27,430,608</b>
<b>EXTRA-ORDINARY ITEMS</b>			
Profit/(Loss) on sale of Asset		(253,999)	283,608
<b>Total Extra-Ordinary Items</b>		<b>(253,999)</b>	<b>283,608</b>
<b>Profit Before Tax</b>		<b>37,907,080</b>	<b>27,714,216</b>
<b>Tax expense:</b>			
1) Current Tax		9,742,000	5,650,000
2) Deferred Tax		1,291,340	(7,557,728)
3) Short/ Excess Provision		72,773	(1,704,190)
		11,106,113	(3,611,918)
<b>Profit for the Year</b>		<b>26,800,967</b>	<b>31,326,134</b>
<b>Earning per equity per share of face value of ` 10 each</b>			
1) Basic (In `)		1.56	1.83
2) Diluted (In `)		1.56	1.83

Overview and Significant Accounting Policies

1 & 2

The notes referred to above form an integral part of financial statements

For and on behalf of the Board of Directors

In terms of our report of even date

For CNA & Associates  
Chartered Accountants  
FRN : 128929W

CA Anand Partani  
(Partner)  
M. No. 117766

Date : 26th May, 2017  
Place : Aurangabad



*Sanjay Rathi*  
Sanjay Rathi  
(Managing Director)  
DIN 00182739

*Anupkumar Gindodiya*  
Anupkumar Gindodiya  
Chief Financial officer

*Shivratan Mundada*  
Shivratan Mundada  
(Director)  
DIN 00349668

*Pooja Potdar*  
Pooja Potdar  
Company Secretary



**Laxmi Cotspin Limited**  
**Cash Flow Statement**  
As at 31st March, 2017

Particulars	Period Ended 31st March, 2017 Rs.	Year Ended 31 <sup>st</sup> March, 2016 Rs.
<b>A. Cash Inflow/ (Outflow) from Operating Activities</b>		
Net Profit After Tax	26,800,967	31,326,134
Adjustment For		
Depreciation	57,233,026	69,028,508
Interest (Net)	18,891,460	28,660,486
Provision for Income Tax	9,814,773	3,945,810
Deferred Tax	1,291,340	(7,557,728)
Provision for Gratuity and Leave Encashment	675,662	1,481,148
Profit / (Loss) on Sale of Asset	253,999	283,608
Interest & Subsidy Received	3,337,105	-
Profit / (Loss) on Sale of Shares	-	12,422
	<u>91,497,364</u>	<u>95,854,253</u>
<b>Operating Profit before working capital changes</b>	<b>118,298,331</b>	<b>127,180,387</b>
Adjustment for		
Inventories	(148,457,029)	44,942,767
Trade Receivables	(37,352,622)	(33,274,701)
Other Current Assets	595,147	32,403,748
Trade Payables	8,085,172	(6,145,676)
Other Current Liabilities	10,038,345	(3,666,127)
Income Tax Paid	(8,225,016)	(5,558,147)
	<u>(175,316,003)</u>	<u>28,701,864</u>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>(57,017,672)</b>	<b>155,882,251</b>
<b>B. Cash Inflow/(Outflow) From Investment Activities</b>		
Capital Expenditure (Purchase/ Capitalization)	(183,205,611)	(29,279,519)
Sale Proceeds of Fixed Assets	128,889	3,503,636
(Increase) / Decrease in Investments	-	71,940
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>	<b>(183,076,722)</b>	<b>(25,703,942)</b>
<b>C. Cash Inflow/(Outflow) From Financing Activities</b>		
Increase/ Decrease in Long Term Borrowings	78,075,092	(57,748,424)
(Repayment)/Receipt to Short Term pledge and Cash Credit borrowings	176,185,099	(59,759,358)
Interest Paid	(18,898,177)	(28,660,486)
Dividend and Dividend tax Paid	(10,319,266)	(10,430,604)
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>	<b>225,053,749</b>	<b>(156,598,871)</b>
<b>Net Changes in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(15,040,646)</b>	<b>(26,420,563)</b>
Cash & Cash equivalents (Opening Balance)	24,972,204	51,392,767
Cash & Cash equivalents (Closing Balance)	9,931,559	24,972,204

In terms of our report of even date

For CNA & Associates  
Chartered Accountants  
FRN : 128929W

*Anand Partani*

CA Anand Partani  
(Partner)  
M. No. 117766

Date : 26th May, 2017  
Place : Aurangabad.



For and on behalf of the Board of Directors

*Sanjay Rath*  
Sanjay Rath  
(Managing Director)  
DIN 00182739

*Shivatan Mundada*  
Shivatan Mundada  
(Director)  
DIN 00349668

*Anupkumar Gindodiya*  
Anupkumar Gindodiya  
Chief Financial officer

*Pooja Potdar*  
Pooja Potdar  
Company Secretary

**Laxmi Cotspin Limited**  
Notes to the Financial Statements as at 31st March, 2017

Particulars	As at 31st March, 2017 Rs.	As at 31 <sup>st</sup> March, 2016 Rs.
<b>3 Share Capital</b>		
<b>Authorised</b>		
4,00,00,000 (Previous Year 4,00,00,000) Equity shares of ₹ 10/- each	400,000,000	400,000,000
	<b>400,000,000</b>	<b>400,000,000</b>
<b>Issued, Subscribed and Fully Paid -up</b>		
17,147,670 (Previous Year 17,147,670) Equity shares of ₹ 10/- each fully paid up	171,476,700	171,476,700
<b>Total Share Capital</b>	<b>171,476,700</b>	<b>171,476,700</b>

**(a) Reconciliation of the**

Particular	31st March, 2017 No. of Shares	31st March, 2016 No. of Shares
Equity Shares outstanding at the beginning of the year	17,147,670	17,147,670
Add : Change during the year	-	-
Equity Shares outstanding at the close of the year	<b>17,147,670</b>	<b>17,147,670</b>

**(b) Terms/rights attached to equity shares**

- i) The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.
- ii) During the year ended 31<sup>st</sup> March, 2017, the amount of per share dividend proposed, subject to approval of shareholders in annual general meeting, for distribution to equity shareholders is ₹ 0.50 (Previous Year ₹ 0.50).
- iii) In the event of

**c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

- i) Out of above equity shares, the Company had allotted 94,67,515 equity shares as fully paid up bonus shares by capitalisation of profits transferred from Securities Premium, pursuant to the resolution passed at the Board Meeting held dated on 25<sup>th</sup> March, 2010.

**d) Details of shareholders holding more than 5% shares in the Company :**

Name of Shareholder	31st March, 2017		31st March, 2016	
	No. of Shares	% Holding	No. of Shares	% Holding
<b>Equity Shares of ₹ 10 each fully paid</b>				
Anand Vyapar Private Limited	3,392,500	19.78%	3,304,356	19.27%
Safford Merchantile Private Limited	2,285,450	13.33%	2,116,700	12.34%
Rameshbhai Chotabhai Patel	2,251,563	13.13%	2,251,563	13.13%
Ashva Multitrade Private Limited	2,065,930	12.05%	2,034,680	11.87%
Rajesh Puranmal Bansal	913,125	5.33%	913,125	5.33%
Sensex Tracum Private Limited	-	0.00%	2,421,300	14.12%
Mangalmayee Stock Management Private Limited	-	0.00%	1,935,972	11.29%



**Laxmi Cotspin Limited**  
Notes to the Financial Statements as at 31st March, 2017

Particulars	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
<b>4 Reserves And Surplus</b>		
<b>a) Capital Subsidies</b>		
As per last financial statements	49,460,844	39,951,042
<b>Add:</b>		
During the year	834,000	14,450,000
<b>Less:</b>		
During the year	-	(4,940,198)
<b>Closing Balance</b>	<b>50,294,844</b>	<b>49,460,844</b>
<b>b) Securities Premium Reserve</b>		
As per last financial Statements	55,529,500	55,529,500
<b>Add:</b> During the year	-	-
<b>Closing Balance</b>	<b>55,529,500</b>	<b>55,529,500</b>
<b>c) Surplus in Statement of Profit and Loss</b>		
As per last financial statements	133,035,325	112,296,972
<b>Add:</b>		
Profit for the year	26,800,967	31,326,134
<b>Less:</b>		
<b>Appropriations</b>		
Adjustments during the year	-	(268,515)
Proposed dividend on equity shares (Amount per share ` 0.50, previous year ` 0.50)	(8,573,835)	(8,573,835)
Corporate tax on proposed dividend	(1,745,431)	(1,745,431)
<b>Net surplus in the statement of Profit and Loss</b>	<b>149,517,025</b>	<b>133,035,325</b>
<b>Total Reserve and Surplus</b>	<b>255,341,369</b>	<b>238,025,669</b>
Particulars	As at 31st March, 2017 Rs.	As at 31 <sup>st</sup> March, 2016 Rs.
<b>5 Long Term Borrowings</b>		
<b>a) Secured Long Term Borrowings</b>		
<b>i) Term Loans from Banks</b>		
HDFC Bank Limited	18,402,188	35,600,120
Shyamrao Vitthal Co-operative Bank Limited	138,254,082	44,248,549
<b>Term Loans from Banks</b>	<b>156,656,270</b>	<b>79,848,669</b>
<b>ii) Other Loans from Banks (Vehicle Loan)</b>		
HDFC Bank Limited	1,564,118	296,626
<b>Vehicle Loans from Banks (Net)</b>	<b>1,564,118</b>	<b>296,626</b>
<b>Secured Long Term Borrowings "a"</b>	<b>158,220,388</b>	<b>80,145,295</b>
<b>b) Unsecured Long Term Borrowings</b>		
<b>i) Inter Corporate deposit</b>	-	-
<b>Unsecured Long Term Borrowings "b"</b>	-	-
<b>Total Long Term Borrowings ("a" + "b")</b>	<b>158,220,388</b>	<b>80,145,295</b>

**Term Loan and Vehicle from the Bank**

Term Loan is secured by way of first charge of land, Factory Shed and Building, Plant and Machineries and other Fixed Assets (Present and Future) of the company and guaranteed by Corporate, Directors and Members.

Vehicle Loan is secured by hypothecation of Vehicle and guaranteed by Directors.

Average cost of loans to be given to the extent of 11 to 15%.



## Laxmi Cotspin Limited

Notes to the Financial Statements as at 31st March, 2017

Particulars	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
<b>6 Long term provisions</b>		
<b>Provision for Employee benefits</b>		
Gratuity	2,810,170	2,385,071
<b>Total Long Term Provisions</b>	<b>2,810,170</b>	<b>2,385,071</b>
Particulars	As at 31st March, 2017 Rs.	As at 31 <sup>st</sup> March, 2016 Rs.
<b>7 Short Term Borrowings</b>		
<b>a) Secured Short Term Borrowings</b>		
i) Cash Credit from HDFC Bank Limited	240,113,773	163,927,674
ii) Pledge Loan from HDFC Bank Limited	100,000,000	-
<b>Secured Short Term Borrowings</b>	<b>340,113,773</b>	<b>163,927,674</b>

#### Cash Credit From Banks

Secured by hypothecation by way of first charge over all current assets namely stock of raw materials, semi finished and finished goods, stores and spares not related to plant and machinery and book debts and also also personally guaranteed by the corporate, directors. The cash credit is repayable on demand.

#### Other Loan from Banks

Pledge Loans are secured by hypothecation by way of First Charge over inventories of raw materials i.e., Cotton Bales.

Particulars	As at 31st March, 2017 Rs.	As at 31 <sup>st</sup> March, 2016 Rs.
<b>8 Trade Payables</b>		
Trade Payables	32,054,483	23,969,311
<b>Total Trade Payables</b>	<b>32,054,483</b>	<b>23,969,311</b>

The Company has so far not received information from vendors regarding their status under the Micro, Small and Medium Enterprises (Development) Act, 2006 and hence disclosure relating to amounts unpaid as at the year-end together with interest paid / payable under this Act have not been given.



**Laxmi Cotspin Limited**  
Notes to the Financial Statements as at 31st March, 2017

Particulars	As at 31st March, 2017 Rs.	As at 31 <sup>st</sup> March, 2016 Rs.
<b>9 Other Current Liabilities</b>		
a) Current maturities of Long Term Debts (Including Current maturities of Vehicle loans)	48,146,421	38,571,381
b) Statutory Dues*	3,666,417	4,509,326
c) Advance from customer and others	3,136,579	1,614,578
d) Other Payables		
i) Outstanding liabilities for expenses**	9,744,285	9,960,072
<b>Total Other Current Liabilities</b>	<b>64,693,702</b>	<b>54,655,357</b>

\*Statutory dues include Contribution made for Provident Fund, Sales Tax (VAT and CST), Local Tax, Service Tax and Professional Tax.

\*\* Outstanding liabilities for expenses include Outstanding liability made for Bonus, Electricity Charges, Interest, Salary, Wages unpaid for the current year.

Particulars	As at 31st March, 2017 Rs.	As at 31 <sup>st</sup> March, 2016 Rs.
<b>10 Short term provisions</b>		
a) Other Provisions		
Provision for taxation- Income Tax	9,742,000	5,650,000
Dividend Payable	8,573,835	8,573,835
Dividend Distribution Tax	1,745,431	1,745,431
<b>Total Short Term Provisions</b>	<b>20,061,266</b>	<b>15,969,266</b>





**Laxmi Cotspin Limited**  
Notes to the Financial Statements as at 31st March 2017

Particulars	Gross Block			As at 31 <sup>st</sup> March, 2017 Rs.	Depreciation				Net Block	
	As at 1 <sup>st</sup> April, 2016 Rs.	Additions Rs.	Deletion Rs.		Up to 1st April, 2016 Rs.	For the Period Rs.	Other Adjustments Rs.	Upto 31 <sup>st</sup> March, 2017 Rs.	As at 31 <sup>st</sup> March, 2017 Rs.	As at 31 <sup>st</sup> March, 2016 Rs.
<b>11 Fixed Assets</b>										
<b>Tangible Assets</b>										
Land	2,788,006	-	-	2,788,006	-	-	-	-	2,788,006	2,788,006
Building	94,716,410	45,324,904	-	140,041,313	17,318,273	3,090,317	-	20,408,590	119,632,724	77,398,137
Electrical Installations	21,661,515	7,228,516	-	28,890,032	13,209,205	2,086,457	-	15,295,661	13,594,370	8,452,311
Plant & Machineries	491,997,131	130,343,117	-	622,340,247	312,832,249	47,262,689	-	360,094,938	262,245,309	179,164,882
Miscellaneous Fixed Assets	30,191,477	135,754	-	30,327,231	14,840,761	3,295,641	-	18,136,402	12,190,829	15,350,717
Furniture & Fixture	4,734,977	-	-	4,734,977	3,171,820	449,823	-	3,621,643	1,113,334	1,563,157
Computers Systems	1,823,311	309,229	-	2,132,540	1,815,098	317,441	-	2,132,539	1	8,213
Office Equipment	647,946	-	-	647,946	614,892	33,053	-	647,945	1	33,054
Vehicles & Others	6,049,097	3,146,888	(925,797)	8,270,188	3,661,670	697,605	(542,908)	3,816,367	4,453,820	2,387,426
<b>Sub Total</b>	<b>654,609,870</b>	<b>186,488,408</b>	<b>(925,797)</b>	<b>840,172,481</b>	<b>367,463,968</b>	<b>57,233,026</b>	<b>(542,908)</b>	<b>424,154,085</b>	<b>416,018,395</b>	<b>287,145,902</b>
<b>Capital WIP</b>	<b>14,070,727</b>	<b>320,167,882</b>	<b>(323,955,231)</b>	<b>10,283,378</b>	-	-	-	-	10,283,378	14,070,727
<b>Sub Total</b>	<b>14,070,727</b>	<b>320,167,882</b>	<b>(323,955,231)</b>	<b>10,283,378</b>	-	-	-	-	<b>10,283,378</b>	<b>14,070,727</b>
<b>Grand Total</b>	<b>668,680,597</b>	<b>506,656,289</b>	<b>(324,881,028)</b>	<b>850,455,858</b>	<b>367,463,968</b>	<b>57,233,026</b>	<b>(542,908)</b>	<b>424,154,085</b>	<b>426,301,773</b>	<b>301,216,629</b>
<b>Previous Year</b>	<b>650,589,498</b>	<b>29,279,519</b>	<b>(11,188,420)</b>	<b>668,680,597</b>	<b>305,873,429</b>	<b>69,028,508</b>	<b>7,437,969</b>	<b>367,463,968</b>	<b>301,216,629</b>	<b>344,716,069</b>



**Laxmi Cotspin Limited**  
Notes to the Financial Statements as at 31st March 2017

Particulars	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
<b>12 Inventories</b>		
a) Raw Materials	270,499,262	130,301,110
b) Work-in-Process	10,839,217	7,109,850
c) Finished Goods	16,795,154	12,829,389
d) Stores & Spares	17,479,064	16,915,319
<b>Total Inventories</b>	<b>315,612,697</b>	<b>167,155,668</b>
Particulars	As at 31st March, 2017 Rs.	As at 31 <sup>st</sup> March, 2016 Rs.
<b>13 Trade Receivables</b>		
a) Unsecured		
Exceeding Six Months		
Considered Good	14,638,916	2,227,610
Others		
Considered Good	230,757,825	205,816,510
<b>Total Trade Receivable</b>	<b>245,396,741</b>	<b>208,044,120</b>
Particulars	As at 31st March, 2017 Rs.	As at 31 <sup>st</sup> March, 2016 Rs.
<b>14 Cash &amp; Cash Equivalents</b>		
a) Cash on hand	815,016	1,653,025
b) Balances with Scheduled Banks		
- In Current Account	309,227	10,214,234
- In Term Deposits Account	8,793,239	13,090,869
c) Balances with Non-Scheduled Banks	14,077	14,077
<b>Total Cash &amp; Cash Equivalents</b>	<b>9,931,559</b>	<b>24,972,204</b>



**Laxmi Cotspin Limited**  
Notes to the Financial Statements as at 31st March 2017

Particulars	As at 31st March, 2017 Rs.	As at 31 <sup>st</sup> March, 2016 Rs.
<b>15 Short Term Loans &amp; Advances</b>		
a) Advance to Suppliers and Service Providers	10,182,533	14,511,785
b) Loans & Advances to Others	1,940,149	912,920
c) Security Deposit	1,269,400	384,400
d) Other Loans and Advances		
- Advance Tax, TDS & TCS	8,225,016	5,558,147
<b>Total Short Term Loans &amp; Advances</b>	<b>21,617,097</b>	<b>21,367,252</b>
Particulars	As at 31st March, 2017 Rs.	As at 31 <sup>st</sup> March, 2016 Rs.
<b>16 Other Current Asset</b>		
a) Prepaid expenses	830,097	1,024,559
b) Balance with Government Authorities	646,760	1,028,897
c) Accrued Interest (TDR)	1,574,881	1,455,316
d) Interest Receivable (TUFS)	13,604,251	6,357,923
e) Other Receivables	15,839,157	23,223,598
<b>Total Other Current Assets</b>	<b>32,495,146</b>	<b>33,090,293</b>



## Laxmi Cotspin Limited

Notes to the Financial Statements as at 31st March, 2017

<b>17 Revenue From</b>		
Sale of Products		
Finished Goods	1,145,124,229	1,131,116,504
	1,145,124,229	1,131,116,504
<b>Particulars Of Sales Of Product</b>		
<b>(A) Export Sales</b>		
i) Cotton Yarn	57,846,355	89,992,557
<b>(B) Domestic Sales</b>		
i) Cotton Yarn	726,840,020	679,586,935
ii) Cotton Bales	214,009,215	265,359,473
iii) Cotton Seeds	127,636,067	79,423,374
iv) Cotton Waste	18,792,572	16,754,165
	1,145,124,229	1,131,116,504
<b>Other operating revenue</b>		
Jobwork Income		1,035,688
		1,035,688
<b>Total Revenue from operations</b>	<b>1,145,124,229</b>	<b>1,132,152,192</b>
P. 001/2017-18		
<b>18 Other Income</b>		
a) Duty Drawback & Incentives	1,879,009	510,440
b) Subsidy from NABARD		2,500,000
c) Other non-operating income		
a) Interest Income	1,157,395	309,345
b) Forex Gain & Loss	300,701	191,230
<b>Total Other Income</b>	<b>3,337,105</b>	<b>3,511,016</b>
<b>Total Revenue</b>	<b>1,148,461,334</b>	<b>1,135,663,208</b>
a) Opening Stock of Raw material	130,301,110	167,345,124
b) Purchases of Raw material	996,516,786	790,549,077
c) Add: Freight Expenses	7,557,234	2,796,456
	(270,499,262)	(130,301,110)
<b>Total Cost of Material Consumed</b>	<b>863,875,868</b>	<b>830,389,547</b>



**Laxmi Cotspin Limited**

Notes to the Financial Statements as at 31st March, 2017

Particulars	Period Ended 31st March, 2017 Rs.	Year Ended 31 <sup>st</sup> March, 2016 Rs.
<b>20 Changes in inventories of finished goods, work-in-process and stock-in-trade</b>		
a) Opening Stock		
Finished Goods	12,829,389	24,079,926
Work In Process	7,109,850	6,318,432
	<b>19,939,239</b>	<b>30,398,358</b>
b) Closing Stock		
Finished Goods	16,795,154	12,829,389
Work in Process	10,839,217	7,109,850
	<b>27,634,371</b>	<b>19,939,239</b>
<b>Net (Increase)/Decrease in Stock</b>	<b>(7,695,131)</b>	<b>10,459,119</b>

Particulars	Period Ended 31st March, 2017 Rs.	Year Ended 31 <sup>st</sup> March, 2016 Rs.
<b>21 Employee Benefit Expenses</b>		
a) Salaries and wages	43,515,072	31,263,695
b) Directors remuneration	3,700,000	3,540,000
c) Contribution to provident & other funds	2,973,100	3,390,047
e) Staff Welfare expenses	2,802,105	1,800,642
<b>Total Employee Benefit Expenses</b>	<b>52,990,277</b>	<b>39,994,384</b>



## Laxmi Cotspin Limited

Notes to the Financial Statements as at 31st March, 2017

Particulars	Period Ended 31st March, 2017 Rs.	Year Ended 31 <sup>st</sup> March, 2016 Rs.
<b>22 Finance Cost</b>		
<b>a) Bank Charges</b>	1,165,433	938,899
	<b>1,165,433</b>	<b>938,899</b>
<b>b) Interest Expenses</b>		
i) Interest on Term Loan	1,693,259	13,305,826
ii) Interest on Working Capital Loan	14,892,788	14,415,760
iii) Interest on Pledge Loan	1,139,980	-
	<b>17,726,027</b>	<b>27,721,586</b>
<b>Total Finance Cost</b>	<b>18,891,460</b>	<b>28,660,486</b>
Particulars	Period Ended 31st March, 2017 Rs.	Year Ended 31 <sup>st</sup> March, 2016 Rs.
<b>23 Depreciation &amp; Amortization Expenses</b>		
a) Depreciation	57,233,026	69,028,508
<b>Total Depreciation &amp; Amortization Expenses</b>	<b>57,233,026</b>	<b>69,028,508</b>
Particulars	Period Ended 31st March, 2017 Rs.	Year Ended 31 <sup>st</sup> March, 2016 Rs.
<b>24 Other Expenses</b>		
a) Consumption of Stores and Spares and Packing Material	23,315,109	23,434,143
b) Consumption of Power and Fuel	71,538,494	79,565,699
c) Repair & Maintenance		
d) i) Plant and Machinery	878,480	880,258
e) ii) Office	268,875	561,676
d) Insurance	971,524	684,793
e) Office Expenses	696,159	824,592
f) Audit Fees	195,500	194,650
g) Legal, Professional and Subscription Charges	2,032,018	2,681,234
h) Rent, Rates & Taxes	2,801,321	1,607,870
j) Telecommunication Expenses	493,083	528,954
h) Travelling & Conveyance Expenses	654,852	771,597
k) Selling Expenses	21,159,342	17,965,091
<b>Total Other Expenses</b>	<b>125,004,757</b>	<b>129,700,556</b>



## Laxmi Cotspin Limited

Notes to the financial statement as at and for the period ended 31<sup>st</sup> March, 2017

### 1) Overview:

- i) Laxmi Cotspin Limited was originally incorporated under the Companies Act, 1956, as private limited company. In the year 2010, the management decided to go for expansion and the company was converted into a public Limited company and consequently the name of the company was changed to Laxmi Cotspin Limited pursuant to fresh certificate of incorporation issued by Registrar of Companies Mumbai, Maharashtra. LCL has spinning unit of 16,800 spindles and 48DR Ginning & Pressing unit at Samangaon, Dist. Jalna (Maharashtra).

### 2) Significant Accounting Policies and Notes on Accounts:

#### Note 2.1 Significant Accounting Policies:

##### i) Basis of Preparation of Financial Statements:

The financial statements are prepared under the historical cost convention, on going concern basis and in terms of the Accounting Standards notified by Companies (Accounting Standard) Rules, 2006 in compliance with Section 133 of the Companies Act, 2013 (erstwhile Section 211(3C) of the Companies Act, 1956). The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis to the extent measurable and where there is certainty of ultimate realization in respect of income. Accounting policies not specifically referred to otherwise are consistent and in consonance with the generally accepted accounting principles in India. The accounting policies have been consistently applied by the Group and are consistent with those used in previous year.

##### ii) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities and commitments at the end of the reporting period and results of operations during the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual result and estimates are recognized in the period in which the results are known/ materialized.

##### iii) Valuation of Inventories:

- a) Raw materials and stores & spares are valued at lower of cost, computed on net realizable value. Cost includes the purchase price as well as incidental expenses. Cotton Waste is valued at estimated realizable value. However, in case of raw materials, stores & spares held for use in the production of finished goods are not written down below cost if the finished products are expected to be sold at or above cost.



- b) Work-in-process is valued at lower of estimated cost or net realizable value and finished goods are valued at lower of weighted average cost or net realizable value. Cost for this purpose includes direct cost and appropriate administrative and other overheads.
- c) Finished goods are valued at the lower of cost or net realizable value. Cost included cost of materials, conversion cost and related overheads paid or payable on such goods.
- d) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

iv) **Cash and Cash Equivalents (For purpose of Cash Flow Statement):**

-Cash flow statement has been prepared under indirect method as set out in the Accounting standard (AS 3) issued by the ICAI.

v) **Fixed Assets – Depreciation:**

a) **Tangible Assets:**

Tangible Assets are stated at cost less accumulated depreciation and impairment losses, if any. Costs include costs of acquisitions or constructions, including incidental expenses thereto and other attributable costs of bringing the asset to its working condition for its intended use and are net of available duty/tax credits.

b) **Capital work-in-progress:**

Expenditure related to and incurred on implementation of new/ expansion-cum-modernization projects is included under capital work-in-progress and the same is allocated to the respective tangible asset on completion of its construction/erection.

c) **Depreciation:**

Depreciation on fixed assets is provided under straight-line method based on the estimated useful life of the Assets as follows and useful life specified in schedule II to the Companies Act, 2013 and depreciation on the assets acquired/ sold during the year is provided on pro-rata basis from/to the month of addition/deduction.

Asset Class	Estimated Useful Life*
Factory Building	30 Years
Building (Other than factory Building) Other than RCC frame structure	30 Years
Plant and Machinery (Continuous process plant for which no special rate has been prescribed)	8 Years
Computer and Data Processing Units	3 Years
Electrical Installations	10 Years
Vehicles - Motor buses, Motor lorries, Motor cars and Motor taxies other than those used in a business of running on them hire	8 Years
Furniture and fittings	10 Years
Office equipments and Misc. Fixed Assets	5 Years

\* Note: The above useful life is as per management estimate.





**vi) Revenue Recognition:**

- a) Sales are exclusive of sales tax and net off trade discount, returns and rate difference. Other income is accounted on accrual basis whereas dividend is accounted as and when right to receive arises.
- b) Interest Income is recognized on time proportion basis.

**vii) Foreign Currency Transactions:**

- Foreign currency transactions are recorded at the rate of exchange prevailing at the date of the transaction. Monetary foreign currency assets and liabilities are translated at the year-end exchange rates and resultant gains / losses are recognized in the statement of profit & loss for the year, except to the extent that they relate to new projects till the date of capitalization which are carried to capital work-in progress and those relating to fixed assets which are adjusted to the carrying cost of the respective assets.

**viii) Government Grants, Subsidy and Incentives:**

- a) Interest subsidy received or receivable on Term Loan taken under Technology Up Gradation Fund Scheme (TUFs) Subsidy are reduced from the term loan interest being a revenue nature. TUFs subsidy on Interest pertaining to pre-operative period is attributable to the cost of acquisition/installation of fixed assets till the commencement of commercial production is capitalized.
- b) State Government Incentive under Maharashtra Government Capital Subsidy (TUFs) is accounted on accrual basis and considered as a capital receipt, as subsidy amount is linked to investment made by company. The same has been transferred to Capital reserve of the company.

**ix) Employee Benefits:**

Expenses & liabilities in respect of employee benefits are recorded in accordance with Accounting Standard (AS)-15 - 'Employee Benefits'.

**a) Short term employees' benefits:**

Company has recognized all such benefits like salary, wages on accrual basis i.e. in the period in which the employees renders related services and at actual cost i.e. undiscounted basis.

**b) Post-employment benefits: Defined Contribution Plan:**

State governed provident fund, insurance and labour welfare schemes are defined contribution plan of company. The company recognizes all such benefits on accrual basis i.e. charge to revenue in the period in which the employee's renders related services and at amount of actual fixed contribution.

**c) Gratuity:**

It is provided as & when due. During the year, the company has not provided for gratuity since none of the employees have crossed five years of continuous service with the company.

**d) Leave Encashment:**

The Company has a HR policy that all the employees have to compulsorily avail their leave in the year itself & no carry forward as well encashment is allowed. In view of the above no provision for leave encashment is made in the books.



**x) Borrowing Cost:**

- In Accordance with AS 16 'Borrowing Cost', Borrowing costs net of Technology Up Gradation Finance Scheme (TUFS) related to a qualifying asset is worked out on the basis of actual utilization of funds out of project specific loans and/or other borrowings to the extent identifiable with the qualifying asset and is capitalized with the cost of qualifying asset. Other borrowing costs net of TUFS incurred during the period are charged to statement of profit and loss.

**xi) Segment Accounting:**

- The company is engaged mainly in Cotton products consisting of various types of cotton yarn, Cotton bales, and Cotton seeds. The company operates in one geographical segment viz. India, therefore no geographical segments is reported in accordance with AS 17- 'Segment Reporting'.

**xii) Taxes on Income:**

- a) Taxes on income are accounted for in accordance with Accounting Standard (AS) 22 on "Accounting for Taxes on Income". Tax Expenses comprise of Current Tax and Deferred Tax.
- b) Current Tax expense comprises taxes on income from operations in India. The Income Tax is determined at amount expected to pay for recoverable from the authorities in accordance with the provisions of the Income Tax Act, 1961.
- c) Deferred Tax Expense and Benefit is recognized on timing difference being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets and Liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date.
- d) The company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

**xiii) Earnings Per Share:**

- Basic Earnings per share is computed by dividing the Profit/ (Loss) after tax (Including the post tax effect of extra ordinary items, if any) by the weighted average number of equity shares outstanding during the year. Basic and Diluted EPS are same because the company has not issued any of the shares having a dilutive effect on the original shareholders. Refer Notes on accounts 2.2 (vi) to the financial statements.



## **Note 2.2 Notes on Accounts**

### **i) Contingent Liability:**

#### **a) Guarantees by banks on behalf of the company:**

- The company has given Bank Guarantee in favor of MSEB against the electricity consumption is Rs. 90.51 Lakhs.
- The company has given Bank Guarantee in favor of Director of Agriculture Marketing Maharashtra State Pune Rs. 3 Lakhs.
- The company has given Bank Guarantee in favour of Dy. Commissioner of Customs against Imported Spare Clearance of Rs. 5.03 Lacs.
- The company has given Bank guarantee in favour of DGFT for export obligation is Rs. 9.66 Lacs.

#### **b) Claims against the company not acknowledged as debt:**

##### **- In respect of Sales Tax matters:**

Sales tax department has worked out VAT demand Rs. 13,47,287/- by disallowing the proportionate Input VAT on account of non-submission of Form 'F' and purchases made from those dealers i.e., short/non-filers of VAT Returns. Against the same company has filed appeal with higher authorities.

##### **- In respect of civil suits against the company:**

- On account of cancellation of forward contract for Supply of cotton bales, the Cotton Association of India (CAI) has given decision against Company and directed to pay compensation of Rs. 34, 27,251/- to the aggrieved party. Against the said order, the company has filed appeal with civil court.

ii) Sundry creditors, Sundry debtors and advance are subject to confirmation. Further in the opinion of the management the current assets, loans and advances have the value for realization in the ordinary course of business at least equal to the amount at which it's stated in the accounts.

iii) The company is in the process of compiling the information about the status of their suppliers or creditors those falls under small-scale industrial undertaking as defined The Micro Small and Medium Enterprises Developments Act 2006 (MSMED Act). Therefore, no information is being provided in current year.

#### **iv) Payments to auditors:**

	<b>31<sup>st</sup> March, 2017</b>	<b>31<sup>st</sup> March, 2016</b>
Statutory Audit Fees	1,20,000	1,20,000
Tax Audit	75,500	74,650
<b>Total</b>	<b>1,95,500</b>	<b>1,94,650</b>



v) The Deferred tax liability comprises of following:

Particulars	31/03/2017	31/03/2016
<b>Deferred Tax Liability</b>		
On account of Timing Difference (Depreciation)	80,97,020	58,64,827
<b>Total (a)</b>	<b>80,97,020</b>	<b>58,61,739</b>
<b>Deferred Tax Assets</b>		
On Account of Disallowances	(15,13,857)	(5,73,004)
<b>Total (b)</b>	<b>(15,13,857)</b>	<b>(5,73,004)</b>
<b>Net Deferred Tax Liability</b>	<b>65,83,163</b>	<b>52,91,823</b>
Less: - Provision up to previous year	52,91,823	1,28,49,551
<b>Deferred Tax (Liability) /Assets (Net) for the year</b>	<b>12,91,340</b>	<b>(75,57,728)</b>

vi) Earnings per share is worked out as under:

Earnings per Share	31/03/2017	31/03/2016
<b>Profit After Tax (Balance available for Equity Shareholders)</b>	<b>2,64,86,250</b>	<b>3,13,26,134</b>
No. of shares outstanding	1,71,47,670	1,71,47,670
Weighted Average number of equity shares used as denominator for calculating of EPS (No)	1,71,47,670	1,71,47,670
<b>Basic and Diluted Earnings Per Share of face value of Rs 10 each (₹)</b>	<b>1.56</b>	<b>1.83</b>

vii) As per accounting standard 18, issued by the Institute of Chartered Accountants of India (ICAI), the disclosure of transactions with related parties as defined in the accounting standard are given below:

Sr. No.	Name of the related Party	Relation/Key Personnel
1	Mr. Shivratan Mundada	Key Managerial Person (Director of LCL)
2	Mr. Sanjay Rathi	
3	Gayatri Ginning and Pressing Private Limited (GGPPL)	One of the Director's Son's Company



a) Disclosure in respect of material transactions with related parties during the year:

Nature of Transaction	Shivratan Mundada	Sanjay Rathi	GGPPL
Services Received	-	37,00,000	-
Material Purchases	2,89,293	-	8,89,64,427
Material Sales	-	-	1,12,39,573

viii) Previous Year Figures regrouped/rearranged/reclassified where ever necessary to confirm to current year grouping & classifications.

In terms of our report of even date

For & on behalf of the Board of Directors

For M/s. C N A & Associates  
Chartered Accountants  
FRN 128929-W

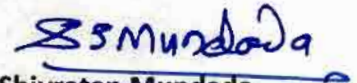


CA Anand Partani  
(Partner)  
M.No. 117766





Sanjay Rathi  
(Managing Director)  
DIN 00182739



Shivratan Mundada  
(Director)  
DIN 00349668

Dated: 26<sup>th</sup> May, 2017  
Place: Aurangabad.

