

## ***Lincoln Industries Limited***

(CIN: L51109WB1983PLC035957)

Registered Office: P – 36, India Exchange Place Extn., Kolkata - 700001

E-mail: [sacmill@hotmail.com](mailto:sacmill@hotmail.com); Website: [www.lincoln-industries.net](http://www.lincoln-industries.net)

Telephone: (033) 2225-4573; Fax: (033) 2225-4850

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### **NOTICE**

**NOTICE** is hereby given that the 37<sup>th</sup> Annual General Meeting of **Lincoln Industries Limited** will be held on Monday, the 21<sup>st</sup> day of December, 2020 at 3.00 p.m. IST through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM") to transact the following business:

### **ORDINARY BUSINESS**

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2020 together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Praveen Chand Dhandhanian (DIN: 00154048), who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution, relating to the appointment of the Auditors of the Company:

**"RESOLVED THAT** pursuant to Section 139 (2) and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder (including any statutory modifications or re-enactment(s) thereof for the time being in force), M/s. Chhaparia & Associates, Chartered Accountants, (Firm Registration No – 322169E), be and are hereby appointed as Statutory Auditors of the Company for a further period of five years so that to hold office from the conclusion of this Annual General Meeting until the conclusion of the Annual General Meeting to be held in 2025 on a remuneration as may be determined by the Board of Directors of the Company in consultation with the said Auditor."

#### **Registered Office:**

P-36, India Exchange Place Extn.

Kolkata - 700001

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Website: [www.lincoln-industries.net](http://www.lincoln-industries.net)

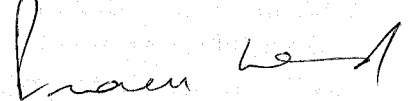
E-mail: [sacmill@hotmail.com](mailto:sacmill@hotmail.com)

Telephone: (033) 2225-4573

Fax: (033) 2225-4850

Dated: 11.11.2020

By Order of the Board  
For **Lincoln Industries Limited**



**Praveen Chand Dhandhanian**

Managing Director

(DIN: 00154048)

**NOTES:**

1. Explanatory Statement setting out material facts with respect to business at Item No. 3 in terms of Section 102 of the Companies Act, 2013 is enclosed and constitutes part of this Notice.

Additional information, pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, with respect to appointment of the Statutory Auditors of the Company, as proposed under Item No. 3 of this Notice, is also provided in the Explanatory Statement.

2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 20/2020 dated 5th May, 2020 read with General Circular No. 14/2020 dated 8th April, 2020 and General Circular No. 17/ 2020 dated 13th April, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. The procedure for participating in the meeting through VC/ OAVM is explained at Note No. 28. The venue of the meeting shall be deemed to be the Regd. Office of the Company i.e. P – 36, India Exchange Place Extn., Kolkata - 700001.
3. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
4. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
5. Additional information, pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings issued by The Institute of Company Secretaries of India, in respect of the Directors seeking appointment / re-appointment at this AGM, forms part of the Notice.
6. The attendance through VC/OAVM is restricted and hence will be made available to only 1000 Members on first come first served basis. However attendance of Members holding 2% or more of the shares of the Company, Institutional Investors as on closure of the business hours on 14<sup>th</sup> day of November, 2020, Promoters, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, Scrutinizer, etc. are allowed to attend the AGM without restriction of first come first served basis.

7. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Secretary of the Company by Monday, 14<sup>th</sup> December, 2020.
8. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at [sacmill@hotmail.com](mailto:sacmill@hotmail.com) from 18<sup>th</sup> December, 2020 (9:00 a.m. IST) to 20<sup>th</sup> December, 2020 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM. In the interest of time, each speaker is requested to express his / her views in 2 – 3 minutes.
9. However, shareholders may post their comments/queries (not more than 150 characters) in the chat box available on the Video Conferencing interface. Message posted by the shareholders will be dealt with accordingly.
10. Corporate Members are required to send to the company a duly certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, authorizing their representative to attend and vote at the AGM.
11. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
12. The Company's shares are available in demat mode. The shares of the company can be dematerialized under ISIN: INE911E01012. In terms of SEBI Circular, physical shares cannot be transferred on or after 01.04.2019. Members are requested to dematerialize the shares for operational convenience.

### 13. Voting through electronic means

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is offering e-voting facility to its Members in respect of the businesses to be transacted at the Thirty-seventh Annual General Meeting scheduled to be held on Monday, 21<sup>st</sup> December, 2020 at 3.00 p.m. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") to provide e-voting facilities. The e-voting particulars are set out below:

#### ELECTRONIC VOTING PARTICULARS

EVS (E-voting Sequence Number)	USER ID	PERMANENT ACCOUNT NUMBER (PAN)
201111003		

The Instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 18<sup>th</sup> December, 2020 (9:00 a.m. IST) to 20<sup>th</sup> December, 2020 (5:00 p.m. IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on 14<sup>th</sup> December, 2020 i.e. the cut-off date, may cast their vote electronically. The e- voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"><li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the folio number in the PAN field.</li><li>• In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 1 then enter RA00000001 in the PAN field.</li></ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"><li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares in the Dividend Bank details field.</li></ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.

- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e- voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Lincoln Industries Limited> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Non - Individual Shareholders and Custodians**
  - a. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - c. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - d. The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - e. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently

Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

14. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote through e-mail at [sacmill@hotmail.com](mailto:sacmill@hotmail.com) or [mdpl@cal.vsnl.net.in](mailto:mdpl@cal.vsnl.net.in) or [aklabhcs@gmail.com](mailto:aklabhcs@gmail.com) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) on or before 20<sup>th</sup> December, 2020 by 05:00 P.M. without which the vote shall not be treated as valid.
15. In case you have any queries or issues regarding e-voting, please contact the Company or Registrar & Share Transfer Agents or send mail to [sacmill@hotmail.com](mailto:sacmill@hotmail.com) or [mdpl@cal.vsnl.net.in](mailto:mdpl@cal.vsnl.net.in). You may also send mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or refer to the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com).
16. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company held on the cut-off date of 14<sup>th</sup> December, 2020.
17. The member already cast his/her vote through remote e-voting would not be allowed to cast vote again through e-voting at the AGM. However, he/she can attend the AGM.
18. Mr. A. K. Labh, Practicing Company Secretary ( FCS : 4848 ) of M/s. A. K. Labh & Co., Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner, whose e-mail address is [aklabhcs@gmail.com](mailto:aklabhcs@gmail.com).
19. The Scrutinizer shall within a period not exceeding 48 hrs from the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
20. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.lincoln-industries.net](http://www.lincoln-industries.net) and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company. On receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the Annual General Meeting.
21. Members holding shares in physical form are requested to notify immediately change of address, transfer, demat, ECS credit request, if any, to the Registrars and Transfer Agents of the Company i.e. M/s Maheshwari Datamatics Pvt. Ltd. at 23, R. N. Mukherjee Road, 5<sup>th</sup> Floor, Kolkata - 700 001. Tel No.: (033) 2243 5809 / 5029; 2248 2248; Fax No.: (033) 2248 4787; e-mail: [mdpl@cal.vsnl.net.in](mailto:mdpl@cal.vsnl.net.in) or [mdpldc@yahoo.com](mailto:mdpldc@yahoo.com) or [skchaubey@mdpl.in](mailto:skchaubey@mdpl.in).

22. Members may also note that the Notice of the 37<sup>th</sup> AGM and the Annual Report 2019-20 will be available on the Company's website, [www.lincoln-industries.net](http://www.lincoln-industries.net).
23. Members holding shares in demat mode are requested to notify any change in address, Bank Details, ECS Credit request to their respective depository participants and make sure that such changes are recorded by them.
24. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 15<sup>th</sup> December, 2020 to Monday, 21<sup>st</sup> December, 2020 (both days inclusive). Duly executed and stamped transfer deeds, along with the relative Share Certificates, should be submitted to the Company's Registrar & Share Transfer Agents before the closure of the Register of Members for registration of transfers.
25. Queries on accounts, if any, should be mailed to [sacmill@hotmail.com](mailto:sacmill@hotmail.com) at least seven days before the meeting.
26. The Securities & Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market transaction and off-market/private transaction including, transfer of shares held in physical form, deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholders, transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares and transposition of shares - when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.
27. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
- 28. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:**
- Members will be provided with a facility to attend the AGM through VC / OAVM through the CDSL e-voting system. Members may access the same at [www.evotingindia.com](http://www.evotingindia.com) under Members login by using the remote e- voting credentials. The link for VC / OAVM will be available in Members login where the EVSN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further Members can also use the OTP based login for logging into the e-voting system of CDSL.
  - Members can participate in the AGM through smart phone/laptop. However, for better experience and smooth participation it is advisable to join the Meeting using Google Chrome, through Laptops connected through broadband. Further Members will be required to use Internet with a good speed to avoid any disturbance during the meeting. Participating Members are requested to keep their device under 'Mute'

mode, except for pre-registered speakers, when invited to speak at the Meeting.

- iii. Participants connecting from Mobile Devices or Tablets or through Laptop via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- iv. The Members who are shareholders as on closure of the business hours on 14<sup>th</sup> November, 2020 are requested to join the AGM through VC/OAVM mode, 30 minutes before the scheduled time of the commencement of the Meeting and not later than 15 minutes after the commencement of the meeting by following the procedure mentioned in the Notice.
- v. Members who need assistance before or during the AGM, can contact CDSL on [evoting@cdsl.co.in](mailto:evoting@cdsl.co.in) or use Toll Free No.1800-222-990

**EXPLANATORY STATEMENT IN RESPECT OF THE ORDINARY BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 READ WITH REGULATION 30 OF SEBI (LODR) REGULATIONS, 2015**

**Item No.3**

The Company is proposing for appointment of statutory auditors of the company for the approval of the shareholders. Information required pursuant to the provisions of SEBI (LODR) Regulations, 2015 is mentioned hereunder:

**Reason for appointment:** M/s. Chhaparia & Associates, Chartered Accountants, (Firm Registration No – 322169E), were appointed as Statutory Auditors of the Company till the conclusion of this AGM as approved by the shareholders at Extra-ordinary General Meeting held on 12.12.2019.

**Terms of appointment:** M/s. Chhaparia & Associates, Chartered Accountants, (Firm Registration No – 322169E), are being proposed to be appointed as statutory auditors of the Company in terms of Section 139 of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014, as amended, for a period of 5 (five) years from the conclusion of this AGM till the conclusion of 42<sup>nd</sup> AGM of the Company to be held in 2025.

**Basis of recommendation for appointment:** Before recommending the appointment of M/s. Chhaparia & Associates, Chartered Accountants, (Firm Registration No – 322169E), as the statutory auditors, the Audit Committee considered various parameters like audit experience in the Company's operating segments, market standing of the firm, clientele served, etc., and found M/s. Chhaparia & Associates, Chartered Accountants, (Firm Registration No – 322169E), to be best suited to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company.

**Details and credentials of auditors:** M/s. Chhaparia & Associates, Chartered Accountants, (Firm Registration No – 322169E), was established in 01.04.2002. The Firm has qualified and experienced professionals who are expert in handling audits of various scale, diversifications and complexities. The Firm has reputed clientele base across the country.

**Proposed Fee:** As mutually agreed between the Board of Directors of the Company and the new auditors, M/s. Chhaparia & Associates, Chartered Accountants, (Firm Registration No – 322169E), subject to revisions in between as decided in due course.

**Last fee to the auditor:** The Company had paid a professional fee of Rs. 60,000/- to the Statutory Auditors i.e. M/s. Chhaparia & Associates, Chartered Accountants, (Firm Registration No – 322169E), with respect to statutory audit for the financial year 2019-20.

**Any material change and rationale for such change:** The proposed fees payable to M/s. Chhaparia & Associates, Chartered Accountants, (Firm Registration No – 322169E), is based on the fee proposal received at the time of selection of the Statutory Auditors by the Audit Committee in line with the Company's scale of operations and at par with the industrial norms.

M/s. Chhaparia & Associates, Chartered Accountants, (Firm Registration No – 322169E), have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution. This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

The Board of Directors recommends the Ordinary Resolution set out at Item no. 3 for your approval.

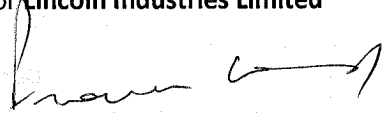
**Details of Directors seeking appointment/reappointment at the Annual General Meeting pursuant to Regulation 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standard on General Meeting (SS-2) as amended.**

<b>Name of the Director</b>	Mr. Praveen Chand Dhandhanian
<b>Category</b>	Managing Director
<b>DIN</b>	00154048
<b>Date of Birth</b>	29.04.1974
<b>Nationality</b>	Indian
<b>Date of Appointment</b>	21.07.2003
<b>Qualifications</b>	B.com
<b>Experience and Expertise</b>	More than 22 years of experience in Business and Finance management
<b>Number of Meetings of the Board attended during the year</b>	7
<b>List of Directorships :</b>	
Listed Companies	-
Other Companies	1
<b>List of Membership/Chairmanship of Committees of other Board</b>	Nil
<b>Number of shares held by him in the Company</b>	19550
<b>Relationship with any Director(s) and KMPs of the Company</b>	Spouse of Mrs. Rinku Dhandhanian, Director

**Registered Office:**

P-36, India Exchange Place Extn.  
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Telephone: (033) 2225-4573  
Fax: (033) 2225-4850  
Dated: 11.11.2020

By Order of the Board  
For **Lincoln Industries Limited**

  
**Praveen Chand Dhandhanian**  
Managing Director  
(DIN: 00154048)

# ***Lincoln Industries Limited***

(CIN: L51109WB1983PLC035957)

Registered Office: P – 36, India Exchange Place Extn., Kolkata - 700001

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## **DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors hereby present the 37<sup>th</sup> Annual Report and Audited financial statement of the Company for the year ended 31<sup>st</sup> March, 2020.

### **Financial Performance:**

The Company's financial performance for the year ended 31<sup>st</sup> March, 2020 is summarized below:

<b>Financial Result</b>	<b>Amount in Rs.</b>	
	<b>Year Ended 31.03.2020</b>	<b>Year Ended 31.03.2019</b>
<i>Total Revenue</i>	16,50,91,005	25,86,19,190
<i>Profit /(Loss) Before Tax</i>	(12,42,267)	(24,89,154)
<i>Profit /(Loss) After Tax</i>	36,62,931	(8,36,686)
<i>EPS</i>	0.70	(0.16)

### **Financial Performance**

During the financial year under review, total revenue decreased from Rs. 25,86,19,190/- to Rs. 16,50,91,005/- .Your Company reported a profit of Rs.36,62,931/-vis-à-vis loss of Rs. 8,36,686/-in the previous year.

In view of the outbreak of COVID-19 pandemic, Company's Offices has been closed as per lockdown directives issued by the Government since the last week of March, 2020 and normal operations has resumed gradually in a phased manner with restrictive attendance and proper sanitization with due permission of the local district authorities as applicable and in accordance with the guidelines stipulated by the Ministry of Home Affairs of the Government of India and the local authorities. In developing the assumptions relating to the possible future uncertainties in the economic conditions due to the pandemic, the Company, as at the date of the approval of these financial statements has used both internal and external sources of information. However, given the effect of this lockdown on the overall economic activity and in particular, on this industry, the impact assessment of COVID-19 on these financial statements is subject to significant estimation of uncertainties given its nature and duration. Accordingly, the actual impacts in future may be different from those estimated at the date of approval of these financial statements.

### **Dividend**

The Board of Directors regrets their inability to recommend any dividend for the financial year under report.

### **Change in the nature of business, if any**

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

### **Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future**

There were no significant and material orders passed by regulators or courts or tribunals impacting the going concern status and Company's operations in future.

### **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**

There were no material changes and commitments affecting the financial position of the Company occurring between March 31, 2020 and the date of this Report of the Directors.

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

The Company has no subsidiary / joint venture / associate as on 31.03.2020.

### **Share Capital**

The paid up Equity Share Capital as on March 31, 2020 was Rs. 5,24,50,000. During the year under review, the Company has not issued any shares or any convertible instruments.

### **Internal Financial Control**

The Company has in place an established internal control system designed to ensure proper recording of financial and operational information and compliance of various internal controls and other regulatory and statutory compliances. Code on Internal Control which require that the Directors review the effectiveness of internal controls and compliance controls, financial and operational risks, risk assessment and management systems and related party transactions, have been complied with.

### **Risk Management**

The Board members were informed about risk assessment and minimization procedures after which the Board formally adopted steps for framing, implementing and monitoring the risk management plan for the company.

### **Board of Directors**

In accordance with the provisions of Companies Act, 2013, Mr. Praveen Chand Dhandhanian (DIN: 00154048), Director of the Company retires by rotation and being eligible, offers himself for re-appointment.

### **Key Managerial Personnel**

The Company had the following persons as KMP as on 31.03.2020:

- a) Mr. Praveen Chand Dhandhanian – Managing Director
- b) Mr. Shyam Sunder Bhageria – Chief Financial Officer
- c) Mr. Nitin Gupta - Company Secretary

## **Meetings of Board and Committees:**

### **Board Meetings**

During the financial year 2019-2020, the Board met 7 times on 30.05.2019, 25.06.2019, 05.07.2019, 14.08.2019, 16.10.2019, 14.11.2019 and 14.02.2020.

### **Audit Committee Meetings**

During the financial year 2019-2020 the Committee met 4 times on 30.05.2019, 14.08.2019, 14.11.2019 and 14.02.2020.

### **Nomination and Remuneration Committee**

During the financial year 2019-2020, the Committee met once on 14.08.2019.

### **Stakeholders Relationship Committee**

During the financial year 2019-2020, the Committee met once on 30.03.2020

### **Board Evaluation**

The Nomination & Remuneration Committee laid down the policy and process of evaluation of Board of Directors. Under this policy a set of parameters to be used in the evaluation process has been determined for:

- i. Self evaluation of the Board Members
- ii. Evaluation of Non- Independent Directors' performance by Independent Directors.
- iii. Evaluation of Chairman's performance by Independent Directors.
- iv. Assessment of quantity, quality and timeliness of information to the Board

Using the parameters mentioned above and in accordance with Guidance Note on Board Evaluation issued by SEBI dated 05.01.2017, the evaluation of the Board Members was carried out.

### **Meeting of Independent Directors**

A separate meeting of Independent Directors was held on 31.12.2019 to evaluate performance of the Chairman of the Board, the Directors and the Board as a whole.

### **Declaration by Independent Directors and Board and Confirmation by the Board**

All Independent Directors of your Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013. The Board also hereby confirms that in its opinion the Independent Directors of the company fulfill the conditions / criteria specified under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, as amended, and also are independent of the management. The Independent Directors have also registered themselves in the databank with the Institute of Corporate Affairs of India as per Rule 6(1) of the Companies (Appointment and Qualifications of Directors) Rules, 2014.

### **Remuneration Policy**

Nomination and Remuneration Committee has formulated the Nomination, Remuneration and Evaluation Policy for Directors, Key Managerial Personnel (KMPs) and other employees in terms of the provisions of Section 178(3) of the Companies Act, 2013. The said policy which has been approved by the Board outlines the appointment criteria and qualifications, the term/ tenure of the Directors on the Board of Company and the matters related to remuneration of the Directors.

The Company's Remuneration Policy is available on the Company's website: [www.lincoln-industries.net](http://www.lincoln-industries.net) and is attached as **Annexure -1** and forms a part of this Report of the Directors.

### **Audit Committee**

The composition of the Audit Committee as on 31<sup>st</sup> March, 2020 is as follows:

1. Mr. Sushil Kumar Sureka - Chairman
2. Mr. Sushovan Saharoy
3. Mr. Praveen Chand Dhandhanian

### **Nomination & Remuneration Committee**

The composition of the Nomination & Remuneration Committee as on 31<sup>st</sup> March, 2020 is as follows:

1. Mr. Sushil Kumar Sureka - Chairman
2. Mr. Sushovan Saharoy
3. Mrs. Rinku Dhandhanian

### **Stakeholders Relationship Committee**

The composition of the Stakeholders relationship committee as on 31<sup>st</sup> March, 2020 is as follows:

1. Mr. Sushil Kumar Sureka - Chairman
2. Mr. Sushovan Saharoy
3. Mr. Praveen Chand Dhandhanian

### **Vigil Mechanism**

The Company has in place a vigil mechanism details of which are available on the Company's website [www.lincoln-industries.net](http://www.lincoln-industries.net)

### **Contracts and Arrangements with Related Party**

The Company follows a policy of disclosure of Related Party Transactions in each Meeting of the Audit Committee and also of the Board of Directors. The details of Related Party Transactions are enclosed as **Annexure -2**.

### **Loans, guarantees and investments**

The Company has not given any guarantee for loans taken by others from banks or financial institutions. The particulars of loans and advances given and investments made in securities under Section 186 of the Companies Act, 2013 has been provided in the financial statements of the Company.

### **Disclosure under Section 197 (12) and Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 as amended**

Information in accordance with the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, regarding employees is given in **Annexure-3** forming part of the Directors' Report.

### **Annual Return**

Pursuant to Section 92(3) of the Companies Act, 2013 read with Proviso under Rule 12(1) of the Companies (Management and Administration) Rules, 2014, as amended, the Annual Return is available on the Company's website at [www.lincoln-industries.net](http://www.lincoln-industries.net) and may be accessed through the web-link: [www.lincoln-industries.net/download/annualreports/annualreturn-2019-20.pdf](http://www.lincoln-industries.net/download/annualreports/annualreturn-2019-20.pdf)

### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

The prescribed particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached as **Annexure – 4** and forms a part of this Report of the Directors.

### **Directors' Responsibility Statement**

Pursuant to Section 134(3) (c) read with Section 134(5) of the Companies Act, 2013 the Directors of your Company confirm that -:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) the Directors have 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 at the end of the financial year and of the profit of the Company for that period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts on a going concern basis;
- (v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (vi) there is a proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### **Cost Audit & Cost Record**

The provisions of Companies Act, 2013 pursuant to Cost Audit and maintenance of Cost records does not apply on your Company.

### **Fraud**

There were no cases of any fraud as reported during the year.

### **Deposits**

The Company has not accepted any deposits from the public, and as such, there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 2014.

### **Corporate Social Responsibility (CSR)**

The provisions of Sections 135 of the Companies Act, 2013 relating to Corporate Social Responsibility is not applicable to the Company.

### **Listing**

The Equity Shares of the Company continues to be listed with Calcutta and Delhi Stock Exchange. Since, Delhi Stock Exchange has been derecognized by SEBI, henceforth the Company is listed only on the Calcutta Stock Exchange. The Company has made an application for delisting of shares from Calcutta Stock Exchange and the same is under process.

### **Corporate Governance**

Corporate Governance is not applicable to the company in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Auditors and Auditors Qualifications**

M/s. Chhaparia & Associates, Chartered Accountants, (Firm Registration No – 322169E), were appointed as Statutory Auditors of the Company till the conclusion of the ensuing AGM as approved by the shareholders at Extra-ordinary General Meeting held on 12.12.2019.

The Board of Directors proposes to appoint M/s. Chhaparia & Associates, Chartered Accountants, (Firm Registration No – 322169E), as the Statutory Auditors of the Company subject to the approval of the shareholders at the ensuing Annual General Meeting to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of 42<sup>nd</sup> Annual General Meeting. The proposed Auditors have given their consent together with a certificate that the appointment, if made, shall be in accordance with the conditions specified in Rule 4 of the Companies (Audit and Auditors) Rules, 2014.

The observations made in the Auditor's Report, have been suitably explained in the Notes on Financial Statement which are self-explanatory.

### **Secretarial Audit & Observations:**

Secretarial Audit was conducted during the year by Mr. Asit Kumar Labh, Practicing Company Secretary (ACS-32891, CP No.- 14664) in accordance with the provisions of Section 204 of the Companies Act, 2013. The Secretarial Auditor's Report is attached as **Annexure – 5** and forms a part of this Report of the Directors and does not contain any observation / adverse remark.

### **Internal Audit & Controls**

In terms of Section 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014, M/s VKC & Co., Kolkata was the Internal Auditor for the Company during the financial year.

Internal Auditors' findings are discussed and suitable corrective actions are taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

### **Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

There were no cases/ complaints reported under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act during the financial year under review.

### **Secretarial Standards**

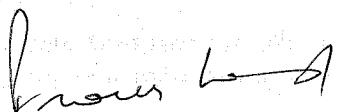
The Board of Directors hereby affirms that your Company has adhered to the Secretarial Standards as prescribed by the Institute of Company Secretaries of India during the financial year under report.

### **Acknowledgement**

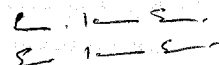
Your Directors wish to place on record their appreciation of assistance and co-operation received from bankers, lenders, suppliers, customers, Government authorities, employees & other stake holders.

Place: Kolkata  
Date: 11.11.2020

On behalf of the Board of Directors  
For Lincoln Industries Limited



**Praveen Chand Dhandhania**  
Managing Director  
(Din: 00154048)



**Sushil Kumar Sureka**  
Director  
(Din: 00154068)

## **Remuneration Policy of LINCOLN INDUSTRIES LIMITED**

LIL's remuneration strategy is aimed at attracting and retaining high standard of relevant talent. The Remuneration Policy, therefore, is market-led and takes into account the competitive circumstance of each business situation of the Company so as to attract and retain high quality talent fulfilling the requisite qualification and leverage performance significantly.

### **PREAMBLE**

Pursuant to Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. In order to align with the provisions of the Companies Act, 2013 and the amended Listing Agreement from time to time, the Board on 31<sup>st</sup> July, 2014 changed the nomenclature of the "Remuneration Committee" as "Nomination and Remuneration Committee" and reconstituted the Committee with two non-executive Independent Directors and one executive Director as Member of the Committee

### **Remuneration of Manager, Directors, Company Secretary, CFO Etc.**

Remuneration of Manager under the Companies Act, 2013 ('Manager') and the Executive Directors, if any, the Company Secretary, Chief Financial Officer (CFO) and immediately one level below Senior Employees of the Company is determined by the Board of Directors ('Board') of the Company within the broad Policy formulated by the Nomination and Remuneration Committee comprising only Non-Executive Directors and in conformity with the relevant provisions of the Companies Act, 2013 and also subject to the approval of the Shareholders in their General Meeting. The aforesaid personnel are entitled to performance bonus for each financial year up to such an amount as may be determined by the Board. Such remuneration is linked to short and long term performance objectives appropriate to the working of the Company and its goals as well as the group to which the Company belongs to as well as on the concerned employee's qualification and the grade and the overall performance of such employee of the Company as a whole.

Commission of the Non-Executive and the Independent Directors of the Company is determined by the Board based, inter alia, on Company performance and the prevailing regulatory provisions and is payable on a uniform basis to reinforce the principle of collective responsibility. Non-Executive Directors and the Independent Directors are also entitled to sitting fees for attending Meetings of the Board and Committees thereof, the quantum of which is determined by the Board within the limits as laid down in the Articles of Association of the Company. The sitting fees shall be determined by the Board for attending each meeting of the Board, Audit Committee, Nomination and Remuneration Committee and Stakeholders 'Relationship Committee. The Non-Executive and the Independent Directors may be reimbursed out of pocket expenses for attending Board and Committee Meetings of the Company at a city other than the one in which they reside.

**Service Contracts, Severance Fee and Notice Period:**

The appointment of the Manager, the Executive Directors, if any, the Company Secretary, CFO and immediately one level below Senior Employees of the Company is governed by resolutions passed by the Board and the Shareholders of the Company, which cover the terms and conditions of such appointment read with the service rules of the Company. A separate Service Contract is not entered into by the Company with those elevated to the Board from the management cadre, since they already have a Service Contract with the Company. There is no separate provision for payment of severance fee under the resolutions governing the appointment of Manager and Executive Directors, if any, who have all been drawn from amongst the management cadre. The prevailing statutory provisions will however, apply. As per his terms of appointment, a notice of three month's is required to be given by the concerned employee, as the case may be, seeking to vacate office and such resignation takes effect upon the expiration of such notice or its earlier acceptance by the Board.

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

**1. Details of contracts or arrangements or transactions not at arm's length basis: NIL**

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

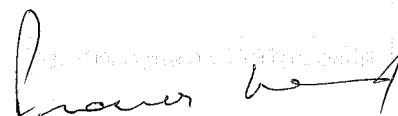
<p>a) Name(s) of the related party and nature of relationship – Mr. Praveen Chand Dhandhanian, Managing Director</p> <p>(b) Nature of contracts/arrangements/transactions – Director's Remuneration</p> <p>(c) Duration of the contracts / arrangements/transactions – 01.04.2019 – 31.03.2020</p> <p>(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Rs. 0.60 lakhs</p> <p>(e) Date(s) of approval by the Board, if any:</p> <p>(f) Amount paid as advances, if any: Nil</p>
<p>a) Name(s) of the related party and nature of relationship – Mr. Nitin Gupta-Company Secretary</p> <p>(b) Nature of contracts/arrangements/transactions – Remuneration</p> <p>(c) Duration of the contracts / arrangements/transactions – 01.04.2019 – 31.03.2020</p> <p>(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Rs. 1.08 lakhs</p> <p>(e) Date(s) of approval by the Board, if any:</p> <p>(f) Amount paid as advances, if any: Nil</p>
<p>a) Name(s) of the related party and nature of relationship – Mr. Shyam Sundar Bhageria - CFO</p> <p>(b) Nature of contracts/arrangements/transactions – Remuneration</p> <p>(c) Duration of the contracts / arrangements/transactions – 01.04.2019 – 31.03.2020</p> <p>(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Rs. 4.50 lakhs</p> <p>(e) Date(s) of approval by the Board, if any:</p> <p>(f) Amount paid as advances, if any: Nil</p>
<p>a) Name(s) of the related party and nature of relationship – Mr. Praveenchand Dhandhanian, Managing Director</p> <p>(b) Nature of contracts/arrangements/transactions -Rent</p> <p>(c) Duration of the contracts / arrangements/transactions – 01.04.2019-30.03.2020</p> <p>(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Rs. 0.60 lakhs</p> <p>(e) Date(s) of approval by the Board, if any:</p> <p>(f) Amount paid as advances, if any: Nil</p>

<p>a) Name(s) of the related party and nature of relationship – P &amp; P Highrise Pvt. Ltd.</p> <p>(b) Nature of contracts/arrangements/transactions – Rent</p> <p>(c) Duration of the contracts / arrangements/transactions – 01.04.2019-31.03.2020</p> <p>(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Rs. 0.60 lakhs</p> <p>(e) Date(s) of approval by the Board, if any:</p> <p>(f) Amount paid as advances, if any: Nil</p>
<p>a) Name(s) of the related party and nature of relationship – Prem Chand Dhandhanian (HUF)</p> <p>(b) Nature of contracts/arrangements/transactions – Rent</p> <p>(c) Duration of the contracts / arrangements/transactions – 01.04.2019-31.03.2020</p> <p>(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Rs. 0.24 lakhs</p> <p>(e) Date(s) of approval by the Board, if any:</p> <p>(f) Amount paid as advances, if any: Nil</p>
<p>a) Name(s) of the related party and nature of relationship – Original Commotrade LLP</p> <p>(b) Nature of contracts/arrangements/transactions – Interest income</p> <p>(c) Duration of the contracts / arrangements/transactions – 01.04.2019-31.03.2020</p> <p>(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Rs. 4.10 lakhs</p> <p>(e) Date(s) of approval by the Board, if any:</p> <p>(f) Amount paid as advances, if any: Nil</p>
<p>a) Name(s) of the related party and nature of relationship – Sri Annapurna Cotton Mills &amp; Industries Ltd.</p> <p>(b) Nature of contracts/arrangements/transactions – Interest income</p> <p>(c) Duration of the contracts / arrangements/transactions – 01.04.2019-31.03.2020</p> <p>(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Rs. 17.15 lakhs</p> <p>(e) Date(s) of approval by the Board, if any:</p> <p>(f) Amount paid as advances, if any: Nil</p>
<p>a) Name(s) of the related party and nature of relationship – Original Commotrade LLP</p> <p>(b) Nature of contracts/arrangements/transactions – Share of Profit from LLP firm</p> <p>(c) Duration of the contracts / arrangements/transactions – 01.04.2019-31.03.2020</p> <p>(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Rs. 36.41 lakhs</p> <p>(e) Date(s) of approval by the Board, if any:</p> <p>(f) Amount paid as advances, if any: Nil</p>
<p>a) Name(s) of the related party and nature of relationship – Pragati Dealmark LLP</p> <p>(b) Nature of contracts/arrangements/transactions – Share of Profit from LLP firm</p> <p>(c) Duration of the contracts / arrangements/transactions – 01.04.2019-31.03.2020</p> <p>(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Rs.(21.62) lakhs</p> <p>(e) Date(s) of approval by the Board, if any:</p> <p>(f) Amount paid as advances, if any: Nil</p>

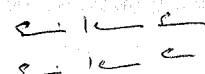
<p>a) Name(s) of the related party and nature of relationship – Original Commotrade LLP</p> <p>(b) Nature of contracts/arrangements/transactions – Loans and advances given</p> <p>(c) Duration of the contracts / arrangements/transactions – 01.04.2019-31.03.2020</p> <p>(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Rs.56.00 lakhs</p> <p>(e) Date(s) of approval by the Board, if any:</p> <p>(f) Amount paid as advances, if any: Nil</p>
<p>a) Name(s) of the related party and nature of relationship – Sri Annapurna Cotton Mills &amp; Industries Ltd.</p> <p>(b) Nature of contracts/arrangements/transactions – Loans and advances given</p> <p>(c) Duration of the contracts / arrangements/transactions – 01.04.2019-31.03.2020</p> <p>(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Rs.254.00 lakhs</p> <p>(e) Date(s) of approval by the Board, if any:</p> <p>(f) Amount paid as advances, if any: Nil</p>
<p>a) Name(s) of the related party and nature of relationship – Original Commotrade LLP</p> <p>(b) Nature of contracts/arrangements/transactions – Receipt of Loans and advances given</p> <p>(c) Duration of the contracts / arrangements/transactions – 01.04.2019-31.03.2020(d)</p> <p>(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Rs.329.38 lakhs</p> <p>(e) Date(s) of approval by the Board, if any:</p> <p>(f) Amount paid as advances, if any: Nil</p>
<p>a) Name(s) of the related party and nature of relationship – Sri Annapurna Cotton Mills &amp; Industries Ltd.</p> <p>(b) Nature of contracts/arrangements/transactions – Receipt of Loans and advances given</p> <p>(c) Duration of the contracts / arrangements/transactions – 01.04.2019-31.03.2020</p> <p>(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Rs.35.75 lakhs</p> <p>(e) Date(s) of approval by the Board, if any:</p> <p>(f) Amount paid as advances, if any: Nil</p>

Place: Kolkata

Date: 11.11.2020



Praveen Chand Dhandhan  
Managing Director  
(Din: 00154048)



Sushil Kumar Sureka  
Director  
(Din: 00154068)

**ANNEXURE – 3****PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2016**

Name of the Director / CEO / CFO / Company Secretary / Manager	Designation	(i) Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2019-20	(ii) Percentage increase in Remuneration during 2019-20
Mr. Praveenchand Dhandhanania	Managing Director	0.5:1	Nil
Ms. Rinku Dhnadhanania	Director	-	-
Mr. Sushil Kumar Sureka	Director	-	-
Mr. Sushovan Saharoy	Director	-	-
Mr. Shyam Sunder Bhageria	CFO	3.8:1	50%
Mr. Nitin Gupta	CS	0.9:1	Nil

Sl. No.	Description	Remarks
iii.	the percentage increase in the median remuneration of employees in the financial year;	31.95%
iv.	the number of permanent employees on the rolls of company;	16
v.	average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Average Salary increase of non-manual employees is 84.80%  Average Salary increase of managerial employees is 63.49%
vi.	It is hereby affirmed that the remuneration to managerial personnel referred to above is as per the remuneration policy of the Company.	

**PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2016**

It is hereby affirmed that:

- (i) No employee was in receipt of remuneration for the year in aggregate of more than Rs. 1.02 Crores (if employed throughout the financial year);
- (ii) No employee was in receipt of remuneration for any part of the year at a rate which in aggregate was more than Rs. 8.5 lacs per month (if employed for a part of the financial year);
- (iii) No employee was in receipt of remuneration in excess of that drawn by the Managing Director of Whole-time Director or Manager nor holds by himself or along with his spouse and dependent children more than two percent of the equity shares of the Company.

**Top Ten Employees in terms of Remuneration drawn for F.Y. 2019-20:**

Sl. No.	Name	Designation	Remuneration (in Rs.)	Nature of Employment	Qualification and Experience	Date of Commencement of Employment	Age	Last Employment Held	% of equity shares held	Whether relative of any Director / Manager
1	SHYAM SUNDER	MANAGER	450000/-	Permanent	10 <sup>th</sup>	01/05/2005	45	NA	Nil	No
2	YOGESH SHARMA	ACCOUNTANT	440000/-	Permanent	B.A	15/10/2005	34	NA	Nil	No
3	ANIL KUMAR	ACCOUNTANT	356000/-	Permanent	B.COM	01/11/2006	33	NA	Nil	No
4	ROOP DAS SWAMI	SUPERVISOR	228000/-	Permanent	8 <sup>th</sup>	01/05/2005	49	NA	Nil	No
5	LAKHAN YADAAV	CLERK	212000/-	Permanent	9 <sup>th</sup>	01/04/2014	27	NA	Nil	No
6	PREMJEET SINGH	PURCHASER	277333	Permanent	12 <sup>th</sup>	10/09/2019	36	NA	Nil	No
7	SURESH KUMAR	SUPERVISOR	163333/-	Permanent	10 <sup>th</sup>	10/09/2019	35	NA	Nil	No
8	RAJKUMAR JAISWARA	ACCOUNTANT	126000/-	Permanent	B. COM	01/04/2019	44	NA	Nil	No
9	HOSIYAR SINGH	CLERK	97500/-	Permanent	10 <sup>th</sup>	01/04/2019	30	NA	Nil	No
10	RAJESH MITTAL	ELECTRICIAN	97500/-	Permanent	12 <sup>th</sup>	01/04/2019	35	NA	Nil	No

Information pursuant to clause (m) of sub-section (3) of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2020.

**A) CONSERVATION OF ENERGY:**

- (i) Energy conservation measures taken and impact of the measures:

Energy optimization schemes and pollution control measures have been fully incorporated in the design and engineering of the plant. The company continues to lay a great deal of emphasis on conservation of energy.

- (ii) Steps taken for utilisation of alternate sources of energy:

The company continues to lay a great deal of emphasis on conservation of energy and utilization of alternate sources of energy.

- (iii) Capital Investment on energy conservation equipments:

The company maintained satisfactory and acceptable pollution control measures and environmental management system during the year.

**B) TECHNOLOGY ABSORPTION:**

- (i) The efforts made towards technology absorption:

The company has an in-house Research and Development Department which always keeps on adopting latest development in improving quality and productivity thereby making the products most cost effective.

- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

The company has always been aware of the latest technological development and has adopted them to attain high levels of quality at lowest cost of production.

- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): **NIL**

- (iii) Expenditure incurred on Research and Development:

The expenditure incurred on Research and Development was commensurate with the scale of operation of the Company.

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

There was no Foreign Exchange earnings and outgo during the financial year under review.

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31.03.2020**

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

**To**

**The Members,**

**Lincoln Industries Limited**

P – 36, India Exchange Place Extn.

2<sup>nd</sup> Floor, Kolkata - 700 001

West Bengal

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Lincoln Industries Limited**, P-36, India Exchange Place Extn., 2<sup>nd</sup> Floor, Kolkata – 700001; West Bengal (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31.03.2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

## **Auditors' Responsibility**

Maintenance of Secretarial Records is the responsibility of the management of the Company. My responsibility is to express an opinion on existence of adequate Board process and compliance management system, commensurate to the size of the Company, based on these secretarial records as shown to me during the said audit and also based on the information furnished to me by the officers' and the agents of the Company during the said audit.

I have followed the audit practices and processes as were appropriate to the best of my understanding to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed, provide a reasonable basis for my opinion.

I have not verified the correctness, appropriateness and bases of financial records, books of accounts and decisions taken by the Board and by various committees of the Company during the period under scrutiny. I have checked the Board process and compliance management system to understand and to form an opinion as to whether there is an adequate system of seeking approval of respective committees of the Board, of the Board, of the members of the Company and of other authorities as per the provisions of various statutes as mentioned hereinafter.

Wherever required I have obtained the management representation about the compliance of the laws, rules and regulations and happening of events, etc.

I have relied upon the accuracy of the documents and information as shared by the Company with me through appropriate Information Technology tools to assist me in completing the secretarial audit work during lock down period due to unprecedented situation prevailing in the Country due to CoVID-19 virus pandemic and the same is subject to physical verification by me post normalization of the situation.

The Compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. My examination was limited to the verification of compliance procedures on test basis.

My report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness or accuracy with which the management has conducted the affairs of the Company.

***I report that,*** I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2020 according to the provisions of (*as amended*):

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) Secretarial Standards as issued by The Institute of Company Secretaries of India;
- (iii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**I further report that,** having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has generally complied with the provisions of the laws to the extent of their applicability to the Company during the financial year ended 31.03.2020 and my examination and reporting is based on the documents, records and files as produced and shown to me and the information and explanations as provided to me by the Company and its management and to the best of my judgment and understanding of the applicability of the different enactments upon the Company.

Further, to the best of my knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws.

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

During the period under review, provisions of the following regulations/guidelines/standards were not applicable to the Company:

- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (ii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (v) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

**I further report that :**

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place

during the period under review were carried out in compliance with the provisions of the Act.

- (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (c) Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.
- (d) There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that:**

- (a) In view of the outbreak of COVID-19 pandemic, Company's Offices have been closed as per lockdown directives issued by the Government since the last week of March, 2020 and normal operations has resumed gradually in a phased manner with restrictive attendance and proper sanitization with due permission of the local district authorities as applicable and in accordance with the guidelines stipulated by the Ministry of Home Affairs of the Government of India and the local authorities.

**Sd/-**

**(Asit Kumar Labh)**  
**Practicing Company Secretary**  
**ACS – 32891 / C.P. No. – 14664**  
**UDIN: A032891B001223498**

**Place: Kolkata**  
**Dated: 11.11.2020**



# CHHAPARIA & ASSOCIATES

Chartered Accountants

SHANTINIKETAN BUILDING, 8, CAMAC STREET,  
5TH FLOOR, SUITE-2 & 15, KOLKATA-700 017  
PH. : 2282-4241, 4213, 4752 & 6444, 3052-2086/87/88,  
Website : www.chhapariaassociates.com

## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
**Lincoln Industries Limited**

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

#### **Opinion**

We have audited the standalone financial statements of **Lincoln Industries Limited** ('the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2020, the Statement of Profit and Loss for the year ended on that date, the Cash Flow Statement for the year ended on that date, the Statement of Changes in Equity and Notes to the Financial Statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India of the state of affairs of the Company as at 31<sup>st</sup> March, 2020, its Profit for the year ended on that date and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

#### **Information other than the Standalone Financial Statements and Auditors' Report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including the Annexures to the Board's Report, but does not include the financial statements and our auditor's report thereon.

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



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In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report such fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give, in the **Annexure A**, a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;



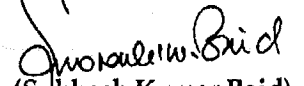
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- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts;
- d. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except non-provision of Employees Benefits in terms of Accounting Standard-15, the amount of which cannot be ascertained;
- e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2020, and taken on record by the Board of Directors, none of the directors are disqualified as on 31<sup>st</sup> March, 2020, 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 attach herewith a report on the same in Annexure B
- g. 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 does not have any pending litigations which would impact its financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Chhaparia & Associates  
Chartered Accountants  
FRN : 322169E

  
(Subhash Kumar Baid)  
Partner

Membership No. 064917  
UDIN: 20064917AAAACT7271

Place : Kolkata

Dated : The 31<sup>st</sup> day of July, 2020.



# CHHAPARIA & ASSOCIATES

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## LINCOLN INDUSTRIES LIMITED

### ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. In respect of its fixed assets :

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As per information and explanations given to us, a substantial portion of fixed assets were physically verified by the management during the year and in our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) As per information and explanations given to us, the title deeds of the Immovable Properties are held in the name of the company.

ii. In respect of its inventories :

- (a) As explained to us, the inventories were physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to information and explanations given to us, the procedures of verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) As explained to us, the inventories were physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material and have been properly dealt with in the accounts.

iii. According to the information and explanations given to us with regard to loans, secured or unsecured, granted by the Company to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013, we report as follows:

- (a) The Company has granted loan to one Company covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of such loans are not prejudicial to the Company's interest.
- (b) In respect of the loan covered under the register maintained under section 189 of the Act, the schedule of repayment of the principal and payment of Interest amount has been stipulated and payment of interest and principal are regular.



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- (c) In our opinion and according to the information given to us there are no amounts of loans granted to companies, firms, LLPs or other parties covered in the register maintained under section 189 of the Act which are outstanding for more than ninety days.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with provisions of section 185 and section 186 of the Companies Act, 2013 in respect of granting of loans and making any investment. The Company has not providing any guarantees and giving securities.
- v. The Company has not accepted any deposits from the public within the meaning of the provisions of section 73 to 76 of the Companies Act, 2013 and rules made there under. Hence clause 3(v) of the Order is not applicable to the Company.
- vi. In our opinion and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Hence, clause 3(vi) of the said Order is not applicable to the Company.
- vii. In respect of statutory dues:
- (a) According to the information and explanations given to us, in our opinion, the Company has been generally regular in depositing undisputed statutory dues including income tax, goods and service tax, cess and any other material statutory dues as applicable to it with the appropriate authorities. According to the information and explanation given to us, there were no undisputed dues payable in respect of the above as at the end of the year for a period exceeding six months from the date they became due for payment.
- (b) According to the information and explanations given to us and the records of the Company, there are no amounts due, in respect of income tax or cess etc, which have not been deposited by the Company on account of any dispute as on 31<sup>st</sup> March, 2020 except for the following.
- | Name of the Statutes         | Nature of the Dues | Period to which the amount relates | Forum where dispute is pending | Amount under dispute, not yet deposited(₹) |
|------------------------------|--------------------|------------------------------------|--------------------------------|--|
| Income Tax Laws (Income Tax) | Income Tax         | A.Y. 2010-11                       | CIT Appeal, Kolkata            | 6,135,250/-                                |
- viii. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of loans and borrowings to any financial institutions, banks or Government.
- ix. The company has not raised any money during the year by way of initial public offer or further public offer but has taken term loans and it has been applied for the purpose for which term loan was taken.



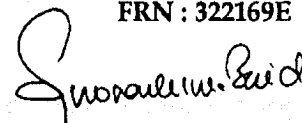
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- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employee has been noticed or reported during the year.
- xi. In our opinion, since the Company is a private limited company, the provisions of section 197 of the Act are not applicable to the Company. Hence, clause 3(xi) of the said Order is not applicable to the Company.
- xii. The company is not a Nidhi company. Hence, clause 3(xii) is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the transactions entered into by the Company with related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the Financial Statements, as required by the Accounting Standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, clause 3(xiv) of the said Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him/her. Hence, clause 3(xv) of the said Order is not applicable to the Company.
- xvi. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, clause 3(xvi) of the said Order is not applicable to the Company.

For Chhaparia & Associates  
Chartered Accountants  
FRN : 322169E



(Subhash Kumar Baid)  
Partner

Membership No. 064917  
UDIN: 20064917AAAACT7271

Place : Kolkata  
Dated : The 31<sup>st</sup> day of July, 2020.



# CHHAPARIA & ASSOCIATES

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## LINCOLN INDUSTRIES LIMITED ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of **Lincoln Industries Limited** ("the Company") as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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 have 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.



# CHHAPARIA & ASSOCIATES

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## Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the 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 31<sup>st</sup> March, 2020, 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 issued by the Institute of Chartered Accountants of India.

For Chhaparia & Associates  
Chartered Accountants

FRN : 322169E

(Subhash Kumar Baid)

Partner

Membership No. 064917

UDIN: 20064917AAAAC7271

Place : Kolkata

Dated : The 31<sup>st</sup> day of July, 2020.

# LINCOLN INDUSTRIES LIMITED

Amount in ₹

## BALANCE SHEET AS AT 31ST MARCH 2020

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Property, Plant & Equipment	1	13,166,280	15,829,984
(b) Financial Assets			
(i) Investments	2	37,973,297	44,115,818
(ii) Trade Receivable		-	1,069,911
(c) Deferred Tax Assets	3	2,550,084	-
(d) Other Non Current Assets	4	4,205,655	3,773,676
<b>Current Assets</b>			
(a) Inventories	5	504,521	516,028
(b) Financial Assets			
(i) Trade Receivable	6	3,796,280	781,713
(ii) Cash and cash equivalents	7	608,072	458,478
(iii) Loans	8	23,368,684	26,969,235
(iv) Other Financial Assets	9	12,659,363	11,103,526
(c) Other Current Assets	10	564,975	2,445,656
<b>TOTAL ASSETS</b>		<b>99,397,212</b>	<b>107,064,025</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	11	52,450,000	52,450,000
(b) Other equity	12	44,470,831	44,923,675
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
(a) Deferred Tax Liabilities (net)	3	-	3,739,359
(b) Other Non-Current Liabilities	13	-	42,600
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14	1,168,810	5,233,238
(ii) Other Financial Liabilities	15	120,002	34,436
(b) Other Current Liabilities	16	1,187,570	640,717
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>99,397,212</b>	<b>107,064,025</b>

Significant Accounting Policies

Notes forming part of the Financial Statements

1 to 39

In terms of our report of even date annexed

For Chhaparia & Associates

Chartered Accountants

FRN: 322169E

*Subhash Kumar Baid*

(Subhash Kumar Baid)

Partner

Membership No. 064917

For and on behalf of the Board

Chief Financial Officer

Shyam Sunder Bhageria

Pan: AGDPB2968B

Director

Sushil Kumar Sureka

DIN: 00154068

Place : Kolkata

Dated : The 31st day of July, 2020

Company Secretary

Nitin Gupta

Pan: AQNPG8747P

Director

Praveen Chand Dhandhanian

DIN: 00154048

**LINCOLN INDUSTRIES LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020**

Particulars	Note No.	2019-2020	2018-2019
<b>I Income</b>			
Revenue from Operations	17	155,922,056	251,129,107
Other Income	18	9,168,949	7,490,083
<b>Total Income (I)</b>		<b>165,091,005</b>	<b>258,619,190</b>
<b>II Expenses</b>			
Cost of Materials Consumed	19	144,856,764	213,432,466
Purchase of stock-in-trade	20	-	19,858,093
Changes in inventories of finished goods and Stock-in-Trade	21	-	6,779,112
Employee Benefits Expense	22	6,094,800	5,818,298
Finance Costs	23	330,488	880,840
Depreciation Expense	1	2,006,248	2,467,762
Other Expenses	24	13,044,973	11,871,773
<b>Total Expenses (II)</b>		<b>166,333,272</b>	<b>261,108,344</b>
<b>III Profit/(loss) before Exceptional items &amp; tax (I-II)</b>		<b>(1,242,267)</b>	<b>(2,489,154)</b>
<b>IV Add : Exceptional Item</b>		<b>-</b>	<b>-</b>
<b>V Profit/(loss) before tax (III-IV)</b>		<b>(1,242,267)</b>	<b>(2,489,154)</b>
<b>VI Tax Expense :</b>			
Current Tax		-	-
Less: MAT Credit Entitlement		-	-
Deferred Tax		(4,905,198)	(1,652,468)
Earlier Years		-	-
Net Tax Expense		(4,905,198)	(1,652,468)
<b>VII Profit/(loss) for the Year (V-VI)</b>		<b>3,662,931</b>	<b>(836,686)</b>
<b>VIII Other Comprehensive Income</b>			
A. Items that will not be reclassified to Profit & Loss			
(a) Equity Instruments through other comprehensive income-net change in fair value		(5,500,021)	2,263,926
(b) Income Tax relating to items that will not be reclassified to Profit & Loss		1,384,245	3,484,268
<b>Total Other Comprehensive Income</b>		<b>(4,115,776)</b>	<b>5,748,194</b>
<b>IX Total Comprehensive Income for the period (VII+VIII)</b>		<b>(452,844)</b>	<b>4,911,508</b>
<b>X Paid-up equity share capital (Face Value of ₹10 each)</b>		<b>5,245,000</b>	<b>5,245,000</b>
<b>XI Reserves/other equity (other than revaluation reserve)</b>		<b>-</b>	<b>-</b>
<b>XII Earnings Per Equity Share (F. V. of ₹ 10/- each) :</b>	<b>25</b>		
Basic		0.70	(0.16)
Diluted		0.70	(0.16)

Significant Accounting Policies

Notes forming part of the Financial Statements

1 to 39

In terms of our report of even date annexed

**For Chhaparia & Associates**

Chartered Accountants

FRN: 322169E

*Subhash Kumar Baid*

(Subhash Kumar Baid)

Partner

Membership No. 064917

**For and on behalf of the Board**

*Shyam Sunder Bhageria*  
Chief Financial Officer  
Shyam Sunder Bhageria  
Pan: AGDPB2968B

*Sushil Kumar Sureka*  
Director  
Sushil Kumar Sureka  
DIN: 00154068

*Nitin Gupta*  
Company Secretary  
Nitin Gupta  
Pan: AQNPG8747P

*Praveen Chand Dhandhan*  
Director  
Praveen Chand Dhandhan  
DIN: 00154048

Place : Kolkata

Dated : The 31st day of July, 2020

**LINCOLN INDUSTRIES LIMITED****STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020**

Particulars	Equity Share Capital	Surplus in the Statement of Profit and Loss		Total
		Revenue Reserve		
Balance at April 1, 2018	524,50,000	60,93,605	339,18,562	924,62,167
Profit / (Loss) for the year	-	-	49,11,508	49,11,508
Balance at March 31, 2019	524,50,000	60,93,605	388,30,070	973,73,675
Profit / (Loss) for the year	-	-	(4,52,844)	(4,52,844)
Balance at March 31, 2020	524,50,000	60,93,605	383,77,226	969,20,831

Significant Accounting Policies  
Notes forming part of the Financial Statements

In terms of our report of even date annexed

For Chhaparia & Associates

Chartered Accountants

FRN: 322169E

*Subhash Kumar Baid*

(Subhash Kumar Baid)

Partner

Membership No. 064917

Place : Kolkata

Dated : The 31st day of July, 2020

For and on behalf of the Board

*Shyam Sunder Bhageria*

Chief Financial Officer

Shyam Sunder Bhageria

Pan: AGDPB2968B

*Nitin Gupta*

Company Secretary

Nitin Gupta

Pan: AQNPG8747P

*Sushil Kumar Sureka*

Director

Sushil Kumar Sureka

DIN: 00154068

*Praveen Chand Dhandhan*

Director

Praveen Chand Dhandhan

DIN: 00154048

# LINCOLN INDUSTRIES LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2020

Particulars	2019-2020	2018-2019
<b>A. Cash Flow from Operating Activities</b>		
Profit Before Tax	(1,242,267)	(2,489,154)
Adjustments for :		
Depreciation Expense	2,006,248	2,467,762
Finance Costs	330,488	880,840
Loss on Sale of Investment	38,058	100,000
Interest Income	(2,477,770)	(1,873,054)
Interest on Income Tax Return	(46,943)	-
Profit from Sale of Fixed Assets	(4,960,328)	-
Profit from Partnership Firm	(1,479,317)	(5,617,029)
<b>Operating Profit Before Working Capital Changes</b>	<b>(7,831,831)</b>	<b>(6,530,635)</b>
<b>Movements in Working Capital :</b>		
(Increase) / Decrease in Inventories	11,507	14,682,265
(Increase) / Decrease in Trade Receivables	(1,944,656)	11,670,716
(Increase) / Decrease in Advances & Other Receivables	1,772,103	(5,429,940)
Increase / (Decrease) in Other Liabilities	589,818	45,402
Increase / (Decrease) in Trade Payable	-	(1,408,941)
<b>Cash Generated from / (used in) Operations</b>	<b>(7,403,059)</b>	<b>13,028,867</b>
Direct Taxes Paid (net of refunds)	(391,036)	-
<b>Net Cash flow from / (used in) Operating Activities</b>	<b>(7,794,095)</b>	<b>13,028,867</b>
<b>B. Cash Flow from Investing Activities</b>		
Share of Reserve in LLP	-	5,465,794
Sale of Fixed Assets	5,617,784	-
(Increase) / Decrease in Investment	642,500	-
(Increase) / Decrease in Loan	3,600,551	-
Interest Income	2,477,770	1,873,054
<b>Net Cash from / (used in) Investing Activities</b>	<b>12,338,605</b>	<b>7,338,848</b>
<b>C. Cash Flow from Financing Activities</b>		
Finance Cost	(330,488)	(880,840)
Increase / (Decrease) in Short-Term Borrowings	(4,064,428)	(19,821,271)
<b>Net Cash from / (used in) Financing Activities</b>	<b>(4,394,916)</b>	<b>(20,702,111)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>149,594</b>	<b>(334,396)</b>
<b>Cash and Cash Equivalents at beginning of the year</b>	<b>458,478</b>	<b>792,874</b>
<b>Cash and Cash Equivalents at end of the year</b>	<b>608,072</b>	<b>458,478</b>

Significant Accounting Policies

Notes forming part of the Financial Statements

In terms of our report of even date annexed

For Chhaparia & Associates

Chartered Accountants

FRN: 322169E

*Subhash Kumar Baid*

(Subhash Kumar Baid)

Partner

Membership No. 064917

Place : Kolkata

Dated : The 31st day of July, 2020

*Shyam Sunder Bhageria*  
Chief Financial Officer  
Shyam Sunder Bhageria  
Pan: AGDPB2968B

*Nitin Gupta*  
Company Secretary  
Nitin Gupta  
Pan: AQNPG8747P

For and on behalf of the Board

*Sushil Kumar Sureka*  
Director  
Sushil Kumar Sureka  
DIN: 00154068

*Praveen Chand Dhandhanian*  
Director  
Praveen Chand Dhandhanian  
DIN: 00154048

## LINCOLN INDUSTRIES LIMITED

### Notes to the Financial Statements for the year ended 31 March 2020

#### 1 Company Overview

Lincoln Industries Limited ("the Company") is a public company incorporated in India on 28th February, 1983 having its registered office at P 36, India Exchange Place, 2nd Floor, Kolkata-700001. The company is listed on the Calcutta Stock Exchange. The Company is principally engaged in the business of ginning, pressing and oil mill. The company has its operating plant located at Bhuna (Haryana) and Khajuwala (Rajasthan).

#### 2 Basis of preparation

##### a) Statement of Compliance

These financial statements are prepared in accordance with the provisions of the Companies Act, 2013 ('Act') (to the extent notified) and Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. The Ind AS are prescribed under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

##### b) Functional and presentation currency

The financial statements are presented in Indian Rupees ('Rs') which is Company's presentation currency. The functional currency of the Company is also Indian Rupees ('Rs').

##### c) Basis of measurement

The financial statements have been prepared on historical cost convention on the accrual basis, except certain financial assets and financial liabilities have been measured at fair value.

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

##### d) Use of judgments and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

#### Critical accounting judgements and key sources of estimation uncertainty: Key assumptions-

##### (i) Useful lives of Property, plant and equipment:

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

##### (ii) Fair value measurement of financial instruments:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using certain valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

##### (iii) Recognition and measurement of provisions and contingencies:

The certain key assumptions about the likelihood and magnitude of an outflow of resources. Provision is towards known contractual obligation, litigation cases and pending assessments in respect of taxes, duties and other levies, if any, in respect of which management believes that there are present obligations and the settlement of such obligations are expected to result in outflow of resources, to the extent provided for.

##### e) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments.

## LINCOLN INDUSTRIES LIMITED

### Notes to the Financial Statements for the year ended 31 March 2020

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

### 3 Significant accounting policies

#### a) Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

#### b) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### i. Financial Assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Trade receivables are initially measured at transaction price. Regular way purchase and sale of financial assets are accounted for at trade date.

##### Subsequent measurement

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

- Amortised cost
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVTPL)

##### Financial assets at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest rate (EIR) amortisation is included in finance income in the profit or loss.

##### Financial assets at FVTOCI

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### Financial assets at FVTPL

A financial asset which is not classified in any of the above categories are measured at FVTPL.

Financial assets included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit & Loss.

##### Other equity investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

##### Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

#### ii. Financial liability

##### Initial recognition and measurement

Financial liabilities are initially recognised at fair value plus any transaction cost that are attributable to the acquisition of the financial liabilities except financial liabilities at fair value through profit or loss which are initially measured at fair value.

## LINCOLN INDUSTRIES LIMITED

### Notes to the Financial Statements for the year ended 31 March 2020

#### Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in following categories:

- Financial liabilities through profit or loss (FVTPL)
- Financial liabilities at amortised cost

#### Financial liabilities through FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

#### Financial liabilities at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and any gain or loss on derecognition are recognised in profit or loss.

Interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

#### Derecognition

A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

#### iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### c) Property, Plant and Equipment

##### i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. Borrowing costs directly attributable to the acquisition or construction of those qualifying property, plant and equipment, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.

Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under 'Other current assets'.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

##### ii. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

##### iii. Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

##### iv. Depreciation and amortisation

Depreciation and amortisation for the year is recognised in the Statement of Profit and Loss.

Depreciation on Property, Plant and Equipment are provided on written down value method over the useful lives of assets, at the rates and in the manner specified in Part C of Schedule II of the Act.

Freehold land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted as appropriate.

## LINCOLN INDUSTRIES LIMITED

### Notes to the Financial Statements for the year ended 31 March 2020

#### d) Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a written down value basis over their estimated useful lives. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Estimated useful life of the Computer Software is 5 years.

#### e) Inventories

Inventories which comprise raw materials, finished goods, stock in trade, packing materials, stores and spares are measured at the lower of cost and net realisable value.

Inventories are valued at the lower of cost or net realizable value on the first-in first-out (FIFO) formula. Cost includes purchase price, duties, transport & handling costs and other costs directly attributable to the acquisition and bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

Assessment of net realisable value is made at each subsequent reporting date. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

#### f) Impairment

##### i. Impairment of financial instruments: financial assets

Expected credit losses are recognized for all financial assets subsequent to initial recognition other than financial assets in FVTPL category.

For financial assets other than trade receivables, as per Ind AS 109, the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Company's trade receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall.

##### ii. Impairment of non-financial assets

The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest Company of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

#### g) Employee Benefits

##### i. Short-term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

##### ii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company makes specified monthly contributions towards Provident Fund. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

##### iii. Defined benefit plans

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act 1972.

#### h) Provisions (other than for employee benefits)

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

## LINCOLN INDUSTRIES LIMITED

### Notes to the Financial Statements for the year ended 31 March 2020

#### i) Revenue Recognition

Sales are measured at the fair value of consideration received or receivable. Sales recognized is net of Goods and Service tax, intermediary sales, rebates other indirect taxes and discount.

#### j) Leases

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. The minimum lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Statement of Profit and Loss.

#### k) Recognition of dividend income, interest income or expense

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Interest income is recognised using the effective interest method. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, payment, extension, call and similar options) but does not consider the expected credit losses.

#### l) Income tax

Income tax expense comprises of current and deferred tax. Current tax and deferred tax is recognized in the statement of profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

##### i. Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

##### ii. Deferred tax

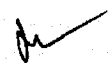
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

#### m) Earnings per Share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



# LINCOLN INDUSTRIES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

I PROPERTY, PLANT AND EQUIPMENT								Amount in ₹
PARTICULARS	Leasehold Land	Building	Plant and Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Total	
<b>GROSS BLOCK</b>								
As At 1-April-2018	24,620	13,081,052	12,543,916	14,469	100	346,690	26,010,847	
Additions during the year	-	-	-	-	-	-	-	
Deductions during the year	-	-	-	-	-	-	-	
As At 31-March-2019	24,620	13,081,052	12,543,916	14,469	100	346,690	26,010,847	
Additions during the year	-	-	-	-	-	-	-	
Deductions during the year	-	-	1,222,839	-	-	77,636	1,300,475	
As At 31-March-2020	24,620	13,081,052	11,321,077	14,469	100	269,054	24,710,372	
<b>DEPRECIATION</b>								
As At 1-April-2018	-	2,598,360	4,968,642	-	-	146,099	7,713,101	
Charge for the year	-	1,047,305	1,388,699	-	-	31,758	2,467,762	
As At 31-March-2019	-	3,645,665	6,357,341	-	-	177,857	10,180,863	
Charge for the year	-	942,092	1,039,718	-	-	24,438	2,006,248	
Reversal for the Year	-	-	595,831	-	-	47,188	643,019	
As At 31-March-2020	-	4,587,757	6,801,228	-	-	155,107	11,544,092	
<b>NET BLOCK</b>								
As At 31-March-2019	24,620	9,435,387	6,186,575	14,469	100	168,833	15,829,984	
As At 31-March-2020	24,620	8,493,295	4,519,849	14,469	100	113,947	13,166,280	
<b>Net Carrying amount</b>								
As At 31st-March-2019	24,620	9,435,387	6,186,575	14,469	100	168,833	15,829,984	
As At 31st-March-2020	24,620	8,493,295	4,519,849	14,469	100	113,947	13,166,280	

### Notes

The block of land includes, land held in the name of the erstwhile Partnership firm Auroma Coke Manufacturers and is yet to be registered in the name of the Company.

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# LINCOLN INDUSTRIES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

		Amount in ₹
2	NON-CURRENT INVESTMENTS	31st March 2020
	(long-term, other than trade, value at cost)	31st March 2019
	In Unquoted Equity Instruments	
	(fully paid up of face value of ₹10 each)	
	80,000 (P.Y. 80,000) Shares of Sri Annapurna Cotton Mills & Ind Ltd.	710,786
	400,800 (P.Y. 400,800) Shares of Calvin Barter Private Limited	11,760,717
	196,000 (P.Y. 196,000) Shares of Dhancot Fibres Private Limited	21,083,124
	118,626 (P.Y. 118,626) Shares of P & P Highrise Private Limited	8,889,889
	In Limited Liability Partnership:	
	Original Commotrade LLP	1,427,660
	Pragati Dealmark LLP	240,642
	Investment in Government or Trust Securities (at amortised cost)	3,000
		<u>37,973,297</u>
		<u>44,115,818</u>

Note:

Original Commotrade LLP				
Name of the Partners	Share of Profit		Total Capital	
	31st March 2020	31st March 2019	31st March 2020	31st March 2019
Mukul Dhandhanania	0.006%	0.006%	90	90
Premalata Dhandhanania	0.001%	0.001%	10	10
Pravesh Dhandhanania	45.001%	-	642,500	-
Lincoln Industries Limited	54.992%	99.993%	785,160	1,427,660

Pragati Dealmark LLP				
Name of the Partners	Share of Profit		Total Capital	
	31st March 2020	31st March 2019	31st March 2020	31st March 2019
Melody Commercial LLP	47.31%	47.31%	3,000,000	3,000,000
Subhdata Dealers LLP	48.89%	48.89%	3,100,000	3,100,000
Lincoln Industries Limited	3.80%	3.80%	240,642	240,642

3	DEFERRED TAX ASSETS/(LIABILITIES) (net)	31st March 2020	31st March 2019
	Deferred Tax Assets :		
	Tax Impact arising on brought forward business loss, difference in fair value of Investment and unabsorbed depreciation	3,212,649	2,752,891
	Deferred tax liabilities		
	Tax Impact of difference in W.D.V. of fixed assets as per Income Tax Act and Companies Act	662,565	6,492,250
	Deferred tax assets/(liabilities) (net)	<u>2,550,084</u>	<u>(3,739,359)</u>

4	OTHER NON CURRENT ASSETS	31st March 2020	31st March 2019
	(Unsecured, considered good)		
	Security Deposits	2,130,306	2,136,306
	Other Advances	50,000	50,000
	Income Tax Advances (net of provisions)	2,025,349	1,587,370
		<u>4,205,655</u>	<u>3,773,676</u>

5	INVENTORIES	31st March 2020	31st March 2019
	(valued at lower of cost and net realisable value)		
	Stores and Spares	302,616	201,020
	Packing Materials	201,905	315,008
		<u>504,521</u>	<u>516,028</u>

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# LINCOLN INDUSTRIES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

6	TRADE RECEIVABLE	31st March 2020	31st March 2019
	Unsecured, considered good		
	Trade Receivable	3,796,280	781,713
		<u>3,796,280</u>	<u>781,713</u>
7	CASH AND BANK BALANCES	31st March 2020	31st March 2019
	Cash and Cash Equivalents:		
	Balances with Banks		
	In Current Accounts	201,718	189,177
	Cash in Hand	406,354	269,301
		<u>608,072</u>	<u>458,478</u>
8	CURRENT LOANS	31st March 2020	31st March 2019
	(unsecured, considered good)		
	Loans to Related Parties	23,368,684	26,969,235
		<u>23,368,684</u>	<u>26,969,235</u>
9	OTHER FINANCIAL ASSETS	31st March 2020	31st March 2019
	Unsecured, considered good		
	Bank deposits (including interest accrued)	409,162	294,584
	Recoverable from Bank	44,121	44,121
	Current Capital Account with LLP	12,206,080	10,764,821
		<u>12,659,363</u>	<u>11,103,526</u>
10	OTHER CURRENT ASSETS	31st March 2020	31st March 2019
	Advance to Vendors	-	4,000
	Advance to employees	26,167	-
	Balance with Goods and Service Tax Department	538,808	2,441,656
		<u>564,975</u>	<u>2,445,656</u>
11	SHARE CAPITAL	31st March 2020	31st March 2019
	<u>Authorised :</u>		
	60,00,000 (P.Y. 60,00,000) Equity Shares of ₹10/- each	60,000,000	60,000,000
		<u>60,000,000</u>	<u>60,000,000</u>
	<u>Issued, Subscribed &amp; Fully Paid-up :</u>		
	52,45,000 (P.Y. 52,45,000) Equity Shares of ₹ 10/- each	52,450,000	52,450,000
		<u>52,450,000</u>	<u>52,450,000</u>
	Total Share Capital	<u>52,450,000</u>	<u>52,450,000</u>

(a) Terms / Rights attached to Equity Shares

Equity Shares:

Each equity share is entitled to dividend as proposed by the board of directors. Every share is having one vote. In case of winding up, the share holder is entitled to distribution in equal proportion of balance remaining after payment to all creditors.

(b) Details of Shareholders holding more than 5 % shares in the Company

	31st March 2020		31st March 2019	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Equity Shares of ₹ 10 each fully paid-up				
Name of the Shareholders				
Dhancot Fibres Private Limited	2,100,000	40.04%	2,100,000	40.04%
Ankit Dealers Private Limited	500,000	9.53%	500,000	9.53%
Drake Commercial Private Limited	350,000	6.67%	350,000	6.67%

# LINCOLN INDUSTRIES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

12	RESERVES AND SURPLUS	31st March 2020	31st March 2019
	General Reserve	6,093,605	6,093,605
	Surplus in the Statement of Profit and Loss :		
	Opening Balance	38,830,070	33,918,562
	Add : Profit for the year	(452,844)	4,911,508
	Closing Balance	38,377,226	38,830,070
		<u>44,470,831</u>	<u>44,923,675</u>

13	OTHER NON-CURRENT LIABILITY	31st March 2020	31st March 2019
	Other Payable	-	42,600
		<u>-</u>	<u>42,600</u>

14	SHORT TERM BORROWINGS	31st March 2020	31st March 2019
	Secured:		
	Working Capital Loan from Bank	1,168,810	5,233,238
		<u>1,168,810</u>	<u>5,233,238</u>

(a) Working Capital Loan from State Bank of India is secured by :

- (i) Working Capital facility from bank is secured by hypothecation of all stocks of the Company and additionally secured by way of hypothecation of the entire moveable machinery installed/to be installed in the factory. The said facilities are further secured by equitable mortgage of property standing in the name of the Director and also by his personal guarantee.

15	OTHER CURRENT FINANCIAL LIABILITY	31st March 2020	31st March 2019
	Statutory Liabilities	92,001.96	34,436.00
	Payable to Employees	28,000.00	-
		<u>120,001.96</u>	<u>34,436.00</u>

16	OTHER CURRENT LIABILITY	31st March 2020	31st March 2019
	Payable for Expenses	1,187,501	136,675
	Other Payable	69	504,042
		<u>1,187,570</u>	<u>640,717</u>

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**LINCOLN INDUSTRIES LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

17	REVENUE FROM OPERATIONS	2019-2020	Amount in ₹
			2018-2019
	Sale of Products		
	Finished Goods	148,541,634	229,069,471
	Traded Goods	-	22,059,636
	Sale of Service		
	Ginning & Pressing Charges	7,380,422	-
		<u>155,922,056</u>	<u>251,129,107</u>
18	OTHER INCOME	2019-2020	2018-2019
	Interest Income	2,477,770	1,873,054
	Profit on from Limited Liability Partnership Firm	1,479,317	5,617,029
	Profit from Sale of Fixed Assets	4,960,328	-
	Discount Received	204,591	-
	Other Non-Operating Income	46,943	-
		<u>9,168,949</u>	<u>7,490,083</u>
19	COST OF MATERIALS CONSUMED	2019-2020	2018-2019
	Inventory at the beginning of the year	-	7,628,693
	Add: Purchases during the year	144,856,764	205,803,773
		<u>144,856,764</u>	<u>213,432,466</u>
	Less : Inventory at the end of the year	-	-
		<u>144,856,764</u>	<u>213,432,466</u>
20	PURCHASE OF STOCK-IN-TRADE	2019-2020	2018-2019
	Purchase of stock-in-trade	-	19,858,093.00
		<u>-</u>	<u>19,858,093.00</u>
21	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE	2019-2020	2018-2019
	Inventories at the beginning of the year :		
	Finished Goods	-	5,181,216
	Stock-in-Trade	-	1,597,896
		<u>-</u>	<u>6,779,112</u>
	Inventories at the end of the year :		
	Finished Goods	-	-
	Stock-in-Trade	-	-
		<u>-</u>	<u>-</u>
	(Increase) / Decrease in Inventories :		
	Finished Goods	-	5,181,216
	Stock-in-Trade	-	1,597,896
		<u>-</u>	<u>6,779,112</u>
22	EMPLOYEE BENEFITS EXPENSE	2019-2020	2018-2019
	Salaries, Bonus & Other Allowances	6,021,750	5,661,148
	Contribution to provident and other funds	13,050	49,500
	Staff Welfare Expenses	60,000	107,650
		<u>6,094,800</u>	<u>5,818,298</u>

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# LINCOLN INDUSTRIES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

23	FINANCE COSTS	2019-2020	2018-2019
	Interest Expense	330,488	880,840
		<u>330,488</u>	<u>880,840</u>
24	OTHER EXPENSES	2019-2020	2018-2019
	<b>Other Manufacturing Expenses</b>		
	Consumption of Stores, Spares and Tools	469,877	1,225,376
	Repairs to Machineries	158,194	232,816
		<u>628,071</u>	<u>1,458,192</u>
	<b>Other Administrative and Selling Expenses</b>		
	Advertisement	14,940	12,780
	Bank Charges	198,885	113,507
	Brokerage Paid	428,050	689,720
	Quality Rebate & Discount allowed	725,820	1,106,523
	Repairs & Maintenance		
	a) To Building	16,090	-
	Loss on Sale of Investments	38,058	-
	Legal & Professional Charges	262,638	379,658
	Membership and Subscription Charges	32,750	31,250
	Power and Fuel	3,605,239	4,382,302
	Packing Materials Consumed	1,845,745	1,866,947
	Printing and Stationery	47,749	44,800
	Postage Expenses	35,957	41,568
	<u>Auditors' remuneration:</u>		
	Audit Fees	60,000	60,000
	Insurance Charges	28,569	75,368
	Filing Fees	12,000	-
	Sundry Balances written off	-	236,592
	Travelling & Conveyance	41,125	102,028
	Telephone Charges	22,142	32,328
	Rent, Rates & Taxes	4,103,722	740,525
	Office Expenses	55,775	58,570
	General Expenses	841,648	439,115
		<u>13,044,973</u>	<u>11,871,773</u>
25	EARNINGS PER SHARE (EPS)	2019-2020	2018-2019
	The calculation of Earnings Per Share (EPS) has been made in accordance with Indian Accounting Standard - 33. A statement on calculation of Basic and Diluted EPS is as under :		
	Net Profit After Tax	3,662,931	(836,686)
	Add: Extra ordinary Expenses/Income -	-	-
	Profit before consideration of Extraordinary items	3,662,931	(836,686)
	Weighted average number of Equity Shares outstanding	5,245,000	5,245,000
	Basic Earnings Per Share [Face Value of Rs.10 each]	0.70	(0.16)
	Add: Weighted number of potential equity shares on account of Employees Stock Options	-	-
	Weighted average number of Equity Shares outstanding [inclusive dilutive ESOP shares outstanding]	5,245,000	5,245,000
	Diluted Earnings Per Share [Face value of Re. 1 each]	0.70	(0.16)

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# LINCOLN INDUSTRIES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

27 INCOME TAXES	2019-2020	2018-2019
<b>A Amount recognised in profit or loss</b>		
<b>Deferred tax</b>		
Deferred tax for the year	(4,905,198)	(1,652,468)
<b>B Income tax recognised in other comprehensive income</b>		
<b>Deferred tax</b>		
On items that will not be reclassified to profit or loss		
- Fair valuation of equity instruments	1,384,245	3,484,268
	1,384,245	3,484,268
Income tax expense reported in the Standalone Statement of Profit and Loss (a+b)	(3,520,953)	1,831,800

28 EMPLOYEE BENEFITS	2019-2020	2018-2019
<b>(a) Defined contribution plans:</b>		
Contribution to defined contribution plans, recognised as expense for the year are as under:		
Particulars		
Employer's contribution to Provident Fund	13,050	49,500
Total		

## 29 SEGMENT INFORMATION

As per Ind AS 108- "Operating Segment", segment information has been provided under the Notes to Consolidated Financial Statements. Please refer note 17 for revenue from sale of products.

## 30 RELATED PARTY DISCLOSURES

As per Ind AS 24, the disclosures of transactions with the related parties are given below:

(i) List of related parties and also related parties with whom transactions have taken place and relationships:

(a) Key Managerial Personnel

Mr. Praveen Chand Dhandhanania	(Director)
Mr. Sushil Kumar Sureka	(Director)
Mr. Rinku Dhandhanania	(Director)
Mr. Sushovan Saharoy	(Director)
Mr. Nitin Gupta	(Company Secretary)
Mr. Shyam Sunder Bhageria	(Chief Financial Officer)

(b) Other Related Parties

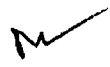
Dhancot Fibres Private Limited  
Prem Chand Dhandhanania (HUF)  
P & P Highrise Private Limited  
Original Commotrade LLP  
Pragati Dealmark LLP  
Sri Annapurna Cotton Mills & Inds. Ltd.



# LINCOLN INDUSTRIES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(ii) Disclosure of related party transactions:		Amount (₹ lakhs)
Nature of Transactions	2019-2020	2018-2019
Director's Remuneration		
Praveen Chand Dhandhan	0.60	0.60
Salary Paid		
Nitin Gupta	1.08	1.08
Shyam Sunder Bhageria	4.50	3.00
Rent		
Praveen Chand Dhandhan	0.60	0.60
P & P Highrise Private Limited	0.60	1.20
Prem Chand Dhandhan (HUF)	0.24	-
Interest Income		
Original Commotrade LLP	4.10	-
Sri Annapurna Cotton Mills & Inds. Ltd.	17.15	-
Share of Profit from Limited Liability Partnership Firms		
Original Commotrade LLP	36.41	55.90
Pragati Dealmark LLP	(21.62)	0.27
Loans and Advances Given		
Original Commotrade LLP	56.00	263.00
Sri Annapurna Cotton Mills & Inds. Ltd.	254.00	-
Receipt of Loan and Advances Given		
Original Commotrade LLP	329.38	-
Sri Annapurna Cotton Mills & Inds. Ltd.	35.75	-
(iii) Outstanding Balances		
Loans and Advances Receivables		
Original Commotrade LLP	-	269.69
Sri Annapurna Cotton Mills & Inds. Ltd.	233.69	-



# LINCOLN INDUSTRIES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Amount in ₹

### 31 Financial instruments and related disclosures

#### 31.1 Fair value measurement

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchange in a current transaction between willing parties, other than in forced or liquidation sale.

The Company has established the following fair value hierarchy that categories the value into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: The hierarchy uses quoted (adjusted) prices in active markets for identical assets or liabilities. The fair value of all bonds which are traded in the stock exchanges is valued using the closing price or dealer quotations as at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on company specific estimates. The mutual fund units are valued using the closing net asset value. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The management assessed that trade receivables, cash and cash equivalent, trade payable and other financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of there instruments.

#### 31.2 Financial instruments by

The following table shows fair values of financial assets and liabilities, including their levels in financial hierarchy, together with the carrying amounts shown in the statement of financial position. The table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Particulars	Note	31st March 2020		31st March 2019	
		Carrying amount	Fair value Level 3	Carrying amount	Fair value Level 3
<b>A. Financial assets:</b>					
<b>a) Measured at amortised cost</b>					
Trade receivables	6	3,796,280	-	1,851,624	-
Cash and cash equivalents	7	608,072	-	458,478	-
Loans	8	23,368,684	-	26,969,235	-
Other financial assets	9	12,659,363	-	11,103,526	-
<b>b) Measured at fair value through profit or loss</b>					
Investments	2	1,025,802	1,025,802	1,668,302	1,668,302
<b>c) Measured at fair value through other comprehensive income</b>					
Investments	2	36,944,495	36,944,495	42,444,516	42,444,516
<b>B. Financial liabilities:</b>					
<b>a) Measured at amortised cost</b>					
Borrowings	14	1,168,810	-	5,233,238	-

## LINCOLN INDUSTRIES LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Amount in ₹

#### 31.3 Financial Risk Management

The Company has exposure to the following risks arising from financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

##### Risk management framework

The Company's principal financial liabilities comprises of borrowings and other payables. The main purpose of these financial liabilities is to finance the Company operations. The Company's principal financial assets include trade and other receivables, and cash & cash equivalents that derive directly from its operations.

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

##### (i) Credit risk

Credit risk is the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company receivables from customers. Credit arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/investing activities, including deposits with bank. The Company has no significant concentration of credit risk with any counterparty. The carrying amount of financial assets represent the maximum credit risk exposure.

##### Trade receivable

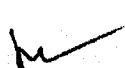
The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

##### Exposure to credit risks

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. Details of concentration percentage of revenue generated from top customer and top five customers are stated below :

Particulars	Year ended		Year ended	
	%	Amount	%	Amount
Revenue from top customer	14.58%	22,730,818	20.22%	50,781,064
Revenue from top five	42.23%	65,840,403	55.27%	138,807,610

Trade receivables are primarily unsecured and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and by continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per simplified approach, the Company makes provision of expected credit loss on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk.



# LINCOLN INDUSTRIES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Amount in ₹

**(ii) Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's finance team is responsible for liquidity, funding as well as settlement management. In addition, Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

**Exposure to liquidity risk**

The table below provides details regarding the remaining contractual maturities of financial liabilities and investments at the reporting date based on contractual undiscounted payments.

Particulars	Less than 1 year	1-5 years	> 5 years	Total
<b>As at 31 March 2020</b>				
Borrowings	1,168,810	-	-	1,168,810
	1,168,810	-	-	1,168,810
<b>As at 31 March 2019</b>				
Borrowings	5,233,238	-	-	5,233,238
	5,233,238	-	-	5,233,238

**(iii) Market risk**

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments, receivables, payables and borrowings.

**(a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates related primarily to the Company's short term borrowing with floating interest rates. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

**Exposure to interest rate risk**

The interest rate profile of the Company's interest bearing financial instruments at the end of the reporting period are as follows:

Particulars	31st March 2020	31st March 2019
<b>Fixed rate instruments</b>		
Financial assets	12,659,363	11,103,526
Financial liabilities	-	-
	12,659,363	11,103,526
<b>Variable rate instruments</b>		
Financial assets	-	-
Financial liabilities	(1,168,810)	(5,233,238)
	(1,168,810)	(5,233,238)

**Sensitivity analysis**

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitive analysis.

# LINCOLN INDUSTRIES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Amount in ₹

### Cash flow sensitivity analysis for variable rate instrumen

A reasonably possible change of 100 basis points in variable rate instruments at the reporting dates would have increased or decreased profit or loss by the amounts shown below.

Particulars	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2020</b>				
Variable rate instruments	(11,688)	11,688	(8,746)	8,746
<b>Cash flow sensitivity (net)</b>	<b>(11,688)</b>	<b>11,688</b>	<b>(8,746)</b>	<b>8,746</b>
<b>31 March 2019</b>				
Variable rate instruments	(52,332)	52,332	(38,726)	38,726
<b>Cash flow sensitivity (net)</b>	<b>(52,332)</b>	<b>52,332</b>	<b>(38,726)</b>	<b>38,726</b>

**(b) Equity price risk**

The Company is not exposed to equity risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

**(c) Currency risk**

The Company does not have currency risks since it is not exposed to any foreign currency transaction.

### 32 CAPITAL MANAGEMENT

The Company's management objective are :

The Company monitors capital on the basis of carrying amount of equity including retained earnings as presented on the face of Balance Sheet. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. There is no change in the overall capital risk management strategy as compared to the last year.

Particulars		31st March 2020	31st March 2019
Total debt (Bank and other borrowings)	A	1,168,810	5,233,238
Equity	B	96,920,831	97,373,675
Liquid investments including bank deposits	C	608,072	458,478
Debt to Equity (A / B)		0.01	0.05
Debt to Equity (net) [(A-C) / B]		0.01	0.05

### 33 MICRO, SMALL AND MEDIUM ENTERPRISES

Based on the informations available with the Company, the Company does not owe any sum to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006.

35 CONTINGENT LIABILITIES	31st March 2020	31st March 2019
Income Tax Liability against which the Company has preferred appeal	6,135,250	6,135,250

### 36 CORPORATE SOCIAL RESPONSIBILITY:

Corporate Social Responsibility as mentioned in Schedule VII read with Section 135 of the Co Act 2013 is not applicable to the company.

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## LINCOLN INDUSTRIES LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Amount in ₹

- 37 COVID-19 pandemic has been rapidly spreading throughout the world, including India. Government in India has taken significant measures to curb the spread of the virus including imposing mandatory lockdowns and restrictions in activities. Consequently, Company's offices had to be closed down for a considerable period of time, including after the year end. The Company is monitoring the situation closely taking into account directives from the Governments. Management believes that it has taken into account all the possible impacts of known events arising from COVID-19 pandemic and the resultant lockdowns in the preparation of the financial statements including but not limited to its assessment of Company's liquidity and going concern, recoverable values of its long and short term advances and the net realisable values of other assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of the pandemic, the Company, as at the date of approval of these financial statements has used both internal and external sources of information. However, given the effect of these lockdowns on the overall economic activity and in particular on this industry, the impact assessment of COVID-19 on this financial statement is subject to significant estimation uncertainties given its nature and duration. Accordingly, the actual impacts in future may be different from those estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions and consequential impact on its financial position.

### 38 PREVIOUS YEAR FIGURES

The figures for the previous years have been regrouped and/or reclassified wherever necessary to make them comparable.

### 39 APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved for issue by the Board of Directors on 31st July, 2020.

In terms of our report of even date annexed

For Chhaparia & Associates

Chartered Accountants

FRN: 322169E

(Subhash Kumar Baid)

Partner

Membership No. 064917

Place : Kolkata

Dated : The 31st day of July, 2020

Chief Financial Officer

Shyam Sunder Bhageria

Pan: AGDPB2968B

Company Secretary

Nitin Gupta

Pan: AQNPG8747P

For and on behalf of the Board

Director

Sushil Kumar Goenka

DIN: 00154068

Director

Praveen Chand Dhandhanania

DIN: 00154048