

**29th  
Annual Report  
2018-19**



**Winsome Yarns Limited**

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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

Shri Manish Bagrodia  
Mrs. Mridula Goyal  
Shri Mukhtar Singh  
Shri Tilak Raj Dembla

Chairman and Managing Director  
Non-Independent Director  
Independent Director  
Independent Director

### **CHIEF FINANCIAL OFFICER**

Shri Anand Balkishan Sharma

### **G.M. (LEGAL) & COMPANY SECRETARY**

Shri Khushvinder Singhal

### **REGISTERED OFFICE**

WINSOME YARNS LIMITED  
SCO- 191-192, Sector 34-A  
Chandigarh – 160022

### **AUDITORS**

M/s Khandelvia and Sharma  
Chartered Accountants  
407, South-Ext. Plaza-II  
South Extension-2, New Delhi-110049

### **REGISTRAR AND SHARE TRANSFER AGENT**

Link Intime India Pvt. Limited  
Noble Heights, 1st Floor, Plot NH 2  
C-1 Block LSC, Near Savitri Market  
Janakpuri, New Delhi - 110058

### **CORPORATE IDENTITY NO. (CIN)**

L17115CH1990PLC010566

### **ISIN (EQUITY SHARE)**

INE784B01035

### **PERMANENT ACCOUNT NO. (PAN)**

AAACW1911H

**BSE SECURITY CODE** : 514348  
**NSE SYMBOL** : WINSOME

**GST NO.- (CHANDIGARH)** : 04AAACW1911H2ZR  
**GST NO.- (PUNJAB)** : 03AAACW1911H1ZU  
**GST NO.- (TAMILNADU)** : 33AAACW1911H1ZR

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**WINSOME YARNS LIMITED**

CIN : L17115CH1990PLC010566

Regd. Office : SCO 191-192, Sector 34-A, Chandigarh-160022

Phone No. : 0172-4612000, 2603966, 2662232, Fax No. 0172-4614000

E-mail : [cshare@winsomergroup.com](mailto:cshare@winsomergroup.com)**NOTICE**

NOTICE is hereby given that the 29th Annual General Meeting of the Members of Winsome Yarns Limited, will be held on Saturday, the 14th day of September, 2019 at 11.45 a.m. at PHD Chamber of Commerce and Industry, Regional Office, PHD House, Sector 31-A, Chandigarh to transact the following business:

**ORDINARY BUSINESS:****ITEM NO. 1**

To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2019 together with the Reports of the Board of Directors and Auditors thereon.

**ITEM NO. 2**

To appoint a Director in place of Shri Manish Bagrodia (DIN. 00046944), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

**ITEM NO. 3**

To reappoint Statutory Auditors of the Company and fix their remuneration, and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force) as may be applicable and pursuant to the recommendations of the Board of the Company, M/s. Khandelwal and Sharma, Chartered Accountants (FRN-510525C), having its office at 407, South-Ext. Plaza-II, South Extension-2, New Delhi-110049 be reappointed as statutory auditors of the Company for a period of four years, to hold office from the conclusion of this 29th Annual General Meeting (AGM) until the conclusion of the 33rd AGM at a remuneration to be decided by the Chairman and Managing Director of the Company in consultation with the Auditors plus applicable service tax and reimbursement of out of pocket expenses incurred by them for the purpose of audit."

**SPECIAL BUSINESS:****ITEM NO. 4**

To appoint M/s. Satish Dhingra & Company as Cost Auditor of the Company and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of Companies Act 2013, read with Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), and final policy of the Central Government on the subject, M/s Satish Dhingra & Company, Cost Accountants, (Firm registration number 102460), Panchkula, Haryana, be and are hereby appointed as Cost Auditor of the Company to conduct the audit of cost accounts for the financial year 2019-20.

**RESOLVED FURTHER THAT** pursuant to provisions of section 148(3) of the Companies Act, 2013 and Rules made thereunder, approval of the shareholders be and is hereby accorded for the remuneration of Rs. 75000/- (Rupees Seventy five thousand only) plus taxes and out-of pocket expenses payable to M/s Satish Dhingra & Company, Cost Accountants, appointed by the Board of Directors as cost auditor of the Company for the financial year 2019-20."

**ITEM NO. 5**

To re-appoint Mr. Manish Bagrodia as Managing Director and to fix his remuneration and to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**:

**"RESOLVED THAT** in accordance with the provisions of Sections 196, 197, 198 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Shri Manish Bagrodia (DIN: 00046944) as Chairman and Managing Director of the Company, for a period of 5 (five) years with effect from July 1, 2019 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with

liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and/ or remuneration as it may deem fit and as may be acceptable to Shri Manish Bagrodia, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

**FURTHER RESOLVED THAT** pursuant to the provisions of section 152 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the period of office of Mr. Manish Bagrodia, Chairman and Managing Director of the Company shall henceforth be made liable to retire by rotation and the reappointment of Managing Director as such Director of the Company on retirement by rotation shall not be deemed to constitute a break in his office of the Managing Director.

**FURTHER RESOLVED THAT** the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

#### **ITEM NO. 6**

To appoint Mrs. Mridula Goyal (DIN:08354018) as Non-Independent Woman Director of the Company and to consider and if thought fit, to pass, with or without modification(s), if any, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 160 and any other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013, the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Mridula Goyal (DIN:08354018), who was appointed as an Additional Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director be and is hereby appointed as Non-Independent Woman Director of the Company liable to retire by rotation.”

#### **ITEM NO. 7**

To appoint Mr. Tilak Raj Dembla (DIN:02605451) as Independent Director of the Company and to consider and if thought fit, to pass, with or without modification(s), if any, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 160 and any other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013, the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Tilak Raj Dembla (DIN:02605451), who was appointed as an Additional Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as Independent Director of the Company not liable to retire by rotation for a term of consecutive five years starting from the date of 29th Annual General Meeting to the conclusion of 34th Annual General Meeting of the Company.”

#### **ITEM NO. 8**

To appoint Mr. Mukhtar Singh (DIN:06525800) as Independent Director of the Company and to consider and if thought fit, to pass, with or without modification(s), if any, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 160 and any other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013, the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Mukhtar Singh (DIN:06525800), who was appointed as an Additional Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as Independent Director of the Company not liable to retire by rotation for a term of consecutive five years starting from the date of 29th Annual General Meeting to the conclusion of 34th Annual General Meeting of the Company.”

For and on behalf of the Board

Place : Chandigarh  
Dated : 12.08.2019

**Manish Bagrodia**  
Chairman & Managing Director

#### **NOTES :**

1. **Members who are holding the shares in demat form and not registered their PAN, Bank details and e-mail address so far are requested to register their PAN, Bank details and e-mail address with the Depository Participants (DP) where they are maintaining their demat account(s). Further the members who are holding the shares in physical form are requested to transfer their physical shares in demat account as soon as possible. The transfer of physical shares shall not be entertained (except transmission or transposition) after 5th December, 2018 as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018.**



2. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.
3. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
4. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
5. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
6. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/ RTA.
8. M/s Link Intime India Pvt. Limited, Noble Heights, 1<sup>st</sup> Floor, Plot NH 2, C-1 Block LSC, Near Savitri Market, Janakpuri, New Delhi - 110058 (Tele. 011-41410592-94, Fax No. 011-41410591) is acting as common agency for dematerialisation and physical transfer of shares of the Company.
9. The notice of AGM along with Annual Report is being sent by electronic mode to those members whose valid e-mail addresses are registered with the Company/Depositories, unless any member has requested for a physical copy of the same. The members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
10. Item No. 2 - Shri Manish Bagrodia aged about 51 years is M.Com, Diploma in Computer Applications having around 31 years of experience in Textile Industry. He is holding 52040 shares of the company. Presently, he is Chairman and Managing Director of Winsome Yarns Limited, and Directors of Winsome Yarns (Cyprus) Limited, IDS Infotech (UK) Limited and Confederation of Indian Textile Industry. He is also member of Audit Committee and Stakeholders Relationship Committee and Chairman of Risk Management Committee of Winsome Yarns Limited.
11. A Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business is annexed hereto.
12. The Register of Members and Share Transfer Books of the Company will remain closed on **03.09.2019 to 05.09.2019** (both days inclusive).

#### **Remote e-voting Procedure**

13. The instructions for shareholders voting electronically are as under:
  - (i) The remote E-voting period begins on **11.09.2019 at 9.00 a.m.** IST and ends on **13.09.2019 at 5.00p.m.** IST. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (**07.09.2019**), may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
  - (iii) Click on "Shareholders/ Members" tab.
  - (iv) 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.
  - (v) Next enter the Image Verification as displayed and Click on Login.
  - (vi) 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.
  - (vii) If you are a first time user follow the steps given below:

The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)

	<b>For Members holding shares in Demat Form and Physical Form</b>
PASSWORD	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 sequence number which is printed on the Covering Letter in the PAN field.</li> <li>In case the sequence 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 sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details or Date of Birth/ Date of Incorporation	Enter the Bank Details or Date of Birth/ Date of Incorporation in dd/mm/yyyy format as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>If the details are not recorded with the depository or company, please enter the member id/ folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the **EVSN of Winsome Yarns Limited** on which you choose to vote.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians.
- 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.
  - 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).
  - 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.
  - The list of accounts linked on 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.
  - 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).

Mr. Girish Madan, Practising Company Secretary (Membership No. FCS 5017), proprietor of M/s. Girish Madan and Associates has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The Scrutinizer shall within a period not exceeding three(3) working days 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.

The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website and on the website of CDSL within prescribed time limit from passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and the National Stock Exchange of India Limited.

## **THE EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013**

### **ITEM NO. 3**

#### **To reappoint M/s. Khandelia and Sharma, Chartered Accountants (FRN- 510525C), as Statutory Auditors of the Company.**

M/s. Khandelia and Sharma, Chartered Accountants were appointed as statutory auditors of the Company at 28<sup>th</sup> AGM held on 28<sup>th</sup> September 2018 for a period of one year.

The Board further approached to M/s Khandelia and Sharma, Chartered Accountants, (FRN- 510525C), New Delhi to be appointed as Statutory Auditors of the Company. The Firm M/s. Khandelia and Sharma, having its office at 407, South-Ext. Plaza-II, South Extension-2, New Delhi-110049 and possessing more then 28 years of experience in the field of auditing & management services, business advisory and corporate legal services, agreed to be Statutory Auditors of the Company for a period of four years and submitted their consent to the Board of Directors in this regard.

The Board of Directors of the Company recommended to appoint M/s. Khandelia and Sharma, Chartered Accountants as Statutory Auditors of the Company for a period of four years from the conclusion of 29<sup>th</sup> Annual General Meeting till the conclusion of 33<sup>rd</sup> Annual General Meeting of the Company, subject to the approval of shareholders of the Company at ensuing Annual General Meeting of the Company.

Accordingly, M/s. Khandelia and Sharma, Chartered Accountants are proposed to be appointed as statutory auditors of the company for a period of four years, commencing from the conclusion of 29<sup>th</sup> AGM till the conclusion of the 33<sup>rd</sup> AGM. The Board recommends this resolution for approval of the shareholders. None of the Directors, Key Managerial Personnel or their relatives is interested in this resolution.

### **ITEM NO. 4**

#### **To appoint M/s Satish Dhingra and Company as Cost Auditor of the Company.**

The Board of Directors after considering the recommendations of Audit and Nomination & Remuneration Committees have appointed M/s Satish Dhingra and Company, Cost Accountants, as Cost Auditor of Company for the Financial Year 2019-20 to conduct the Cost Audit of Cost Accounts of the Company on a total remuneration of Rs. 75000/- (Rupees Seventy five thousand only) plus taxes and out of pocket expenses. According to provisions of section 148 of Companies Act 2013 read with Companies (Audit & Auditors) Rules 2014, the remuneration of Cost Auditor is subject to the ratification of members of the Company.

The Board recommends this resolution for approval of the shareholders. None of the Directors, Key Managerial Personnel or their relatives is interested in this resolution.

### **ITEM NO. 5**

#### **To reappoint Mr. Manish Bagrodia as Managing Director of the Company for the period from 01.07.2019 to 30.06.2024.**

In terms of the provisions of the Companies Act, and the Articles of Association of the Company, the Nomination and Remuneration Committee of the Board and the Board of Directors have, at their meeting held on May 27, 2019, re-appointed Shri Manish Bagrodia as Managing Director of the Company for a further period of five years with effect from July 01, 2019, subject to the approval of shareholders of the Company and other authorities, if required, on the following terms and conditions as set out hereunder:

#### **I. REMUNERATION:**

- a) Salary:Rs.3,25,000/- per month in the grade of 3,25,000-25,000-4,50,000.
- b) 1% of Net Profit of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013.
- c) Perquisites:
  - i) **Housing:**
    - (a) Fully furnished residential accommodation. In case, the fully furnished residential accommodation is not provided, H.R.A. As per Company's Rule will be paid.

- (b) Expenses pertaining to gas, electricity, water and other utilities will be borne/reimbursed by the Company.
- ii) **Medical Reimbursement:** Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical charges for himself and family along with mediclaim policy premium paid by the company.
- iii) **Leave Travel Concession:** Reimbursement of actual traveling expenses incurred in India and/or Abroad once in a year in respect of himself and family.
- iv) **Club Fees:** Reimbursement of membership fee for clubs including admission and life membership fees.
- v) **Personal Accident Insurance:** Personal Accident Insurance Policy for an amount, the annual premium of which shall not exceed Rs. 10000/- p.a.
- vi) **Contribution to Provident Fund, Superannuation and Annuity Fund:** The Company's contribution to Provident and Superannuation or Annuity Fund as per the rules of the Company applicable to senior executives.
- vii) **Gratuity:** As per rules of the Company applicable to the senior executives, subject to a maximum ceiling as may prescribed in under the payment of Gratuity Act from time to time.
- viii) **Earned Privilege Leave:** As per the rules of the Company subject to the condition that the leave accumulated but not availed of will be allowed to be encashed for 15 days salary for every year completed services at the end of the tenure.
- d) Other Perquisites: Subject to an overall ceiling of remuneration stipulated in Section 197 and 198 of the Companies Act, 2013, other perquisites and/or allowances payable to the Managing Director shall be evaluated, wherever applicable, as per Income Tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force).

EXPLANATION: Perquisites shall be evaluated as per the Income Tax Rules, wherever applicable and in the absence of any such rules, perquisites shall be evaluated at actual cost.

In case, the Company has no profits or its profits are inadequate, then the remuneration shall be paid to him in accordance with the provisions of the Companies Act, 2013 read with Schedule V of the Act and other applicable provisions.

The Board recommends this resolution for approval of the shareholders. None of the Directors, Key Managerial Personnel or their relatives is interested in this resolution except Shri Manish Bagrodia.

#### **ITEM NO. 6**

##### **To appoint Mrs. Mridula Goyal as Non-Independent Director of the Company.**

Pursuant to the provisions of regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Companies (Appointment and Qualifications of Directors) and rules thereunder, every listed entity is required to have at least one Women Director on the Board. On the recommendation of the Nomination and Remuneration Committee, the Board of Directors in their meeting held on 08.02.2019 has appointed Mrs. Mridula Goyal (DIN:08354018) as an Additional Director of the Company.

The brief profile of Mrs. Mridula Goyal is given hereunder:-

Name of Director	Mrs. Mridula Goyal
DIN	DIN:08354018
Date of Birth	13.10.1950
Qualifications	M.Sc. (Zoology)
Directorship held in other Companies.	Nil
Membership/ Chairmanship of Committees.	Nil
Shareholding in the Company	Nil

None of the Directors and Key Managerial Personnel of the Company, or their relatives, except Shri Manish Bagrodia is interested in this Resolutions.

The Board recommends this Resolution for approval of the shareholders.

#### **ITEM NO. 7**

##### **To appoint Mr. Tilak Raj Dembla as Independent Director of the Company.**

Pursuant to the provisions of regulation 17(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Companies (Appointment and Qualifications of Directors) and rules thereunder, where the regular chairperson is a promoter of the listed entity, at least half of the board of directors of the listed entity shall consist of independent directors, who are not liable to retire by rotation. On the recommendation of the Nomination and Remuneration Committee, the Board of Directors in their meeting held on 05.08.2019 has appointed Mr. Tilak Raj

Dembla (DIN:02605451) as an Additional Director of the Company.

Mr. Tilak Raj Dembla has given a declaration to the Board that he meet the criteria of independence as provided under section 149(6) of Companies Act 2013. In the opinion of the Board, the Independent Director fulfill the conditions specified in Sections 149, 152, Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2014 and the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force) and such Director is independent of the management. Besides this, Board also considers that his continued association would be of immense benefit to the Company.

The brief profile of Mr. Tilak Raj Dembla is given hereunder:-

Name of Director	Mr. Tilak Raj Dembla
DIN	DIN:02605451
Date of Birth	26.04.1967
Qualifications	Graduate
Directorship held in other Companies.	Nil
Membership/ Chairmanship of Committees in other Companies.	Nil
Shareholding in the Company	Nil

Mr. Tilak Raj Dembla is interested individually in the Resolutions relating to his appointment. None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Resolutions.

The Board recommends this Resolution for approval of the shareholders.

#### **ITEM NO. 8**

##### **To appoint Mr. Mukhtar Singh as Independent Director of the Company.**

Pursuant to the provisions of regulation 17(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Companies (Appointment and Qualifications of Directors) and rules thereunder, where the regular chairperson is a promoter of the listed entity, at least half of the board of directors of the listed entity shall consist of independent directors, who are not liable to retire by rotation. On the recommendation of the Nomination and Remuneration Committee, the Board of Directors in their meeting held on 05.08.2019 has appointed Mr. Mukhtar Singh (DIN:06525800) as an Additional Director of the Company.

Mr. Mukhtar Singh has given a declaration to the Board that he meet the criteria of independence as provided under section 149(6) of Companies Act 2013. In the opinion of the Board, the Independent Director fulfill the conditions specified in Sections 149, 152, Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2014 and the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force) and such Director is independent of the management. Besides this, Board also considers that his continued association would be of immense benefit to the Company.

The brief profile of Mr. Mukhtar Singh is given hereunder:-

Name of Director	Mr. Mukhtar Singh
DIN	DIN:06525800
Date of Birth	08.01.1969
Qualifications	Commerce Graduate
Directorship held in other Companies.	Nil
Membership/ Chairmanship of Committees in other Companies.	Nil
Shareholding in the Company	Nil

Mr. Mukhtar Singh is interested individually in the Resolutions relating to his appointment. None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Resolutions.

The Board recommends this Resolution for approval of the shareholders.

For and on behalf of the Board

Place : Chandigarh  
Dated : 12.08.2019

**Manish Bagrodia**  
Chairman & Managing Director

**DIRECTORS' REPORT**

Dear Members,

We are pleased to present the 29th Annual Report of the Company and the audited statement of accounts for the year ended 31st March, 2019. A summary of the financial results is given below.

**SUMMARISED FINANCIAL RESULTS:**

(Rs. in lakhs)

<b>INCOME</b>	<b>Year Ended 31 March 2019</b>	<b>Year Ended 31 March 2018</b>
Revenue from operations	25025.28	33,305.42
Other income	204.01	182.20
<b>Total Income</b>	<b>25,229.29</b>	<b>33,487.62</b>
<b>EXPENSES</b>		
Cost of material consumed	15,084.57	21,858.25
Purchase of stock-in-trade	22.25	--
Excise duty	--	1.80
Change in inventories of finished goods, work in process and stock in trade	1,178.67	1,095.00
Employees benefit expenses	3354.07	3,523.83
Finance costs	26.27	36.88
Depreciation and amortisation	1,609.55	1,706.93
Other expenses	6,439.66	7,356.35
<b>Total Expense</b>	<b>27,715.04</b>	<b>35,579.04</b>
<b>Loss before exceptional items and tax</b>	<b>(2,485.75)</b>	<b>(2,091.42)</b>
Less: Exceptional items	(9016.05)	296.64
<b>Loss before tax</b>	<b>(11,501.80)</b>	<b>(1,794.78)</b>
Less/(-Add): Tax expense	--	--
Current tax	--	--
Deferred tax	--	--
<b>Loss after tax</b>	<b>(11,501.80)</b>	<b>(1,794.78)</b>
Other comprehensive income	14.79	12.87
<b>Total Comprehensive Income</b>	<b>(11,487.01)</b>	<b>(1,781.91)</b>

**OPERATIONS & PERFORMANCE:**

During the year under review, the Company's operations continued to be affected due to lack of sufficient working capital funds required for operations resulting in lower capacity utilisation and the gross margins have suffered due to high input costs as the Company is not able to negotiate fine pricing with its suppliers. Furthermore, the constraints of funds have effected Company's plans to undertake debottlenecking and regular capital expenditure as per industry norms and needed for proper maintenance and upkeep of its plant, machinery and equipment.

During the year ended 31.03.2019, the Company incurred a loss of Rs. 11,487.01 lakhs in comparison to the loss of Rs. 1781.91 lakhs for the previous year ended 31.03.2018. Your Company's turnover of Rs. 25229.29 lakhs was lower against the previous year turnover of Rs. 33487.62 lakhs for the aforementioned reasons. The Company has since undertaken manufacturing for third parties on job work basis, which contributes towards fixed costs of the Company.

**DEBT RESTRUCTURING:**

The Company's borrowings from secured lenders exceeding 83% of amount have since been assigned by the lending banks to Edelweiss Asset Reconstruction Company Limited (EARC), and the Company is in discussions with the Edelweiss Asset Reconstruction Company Limited for a structured payment plan of its dues, which on approval, will be binding on all lenders.

Edelweiss Asset Reconstruction Company Limited (EARC) has since filed an Application under Insolvency and Bankruptcy Code, 2016 (IBC), for initiating insolvency against the Company, and also Original Applications have been filed by lenders



before Debts Recovery Tribunal, Chandigarh. The Company alleges that the actions initiated by the lenders are not correct or valid.

The Company's net worth, which continues to be eroded, is expected to improve on complete implementation of the debt restructuring plan by the Company, which is under discussion/consideration with the EARC/Lenders, and the Company expects that the Application filed by EARC under IBC will be withdrawn.

**OUTLOOK:**

The performance of the Company during the current year depends on availability of raw material-cotton, at reasonable prices, and availability of funds for carrying out necessary repairs and maintenance at the manufacturing facilities of the Company and meeting working capital requirements. The Company considers currency stability, both of India and of countries wherein its customers are located, essential for consistent performance.

**SUBSIDIARY COMPANIES:**

According to the provisions of Section 129 of Companies Act, 2013, a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company.

As required by Indian Accounting Standard - 110 issued by the Ministry of Corporate Affairs, the consolidated financial statements, included in this Annual Report, incorporate the accounts of its subsidiary Companies namely Winsome Yarns (Cyprus) Limited (Unaudited 31.03.2019) and Winsome Yarns (FZE) (unaudited 31.03.2019, ceased operations, declared defunct effective 01.04.2014).

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited/ unaudited accounts in respect of subsidiaries are available on web site of the Company.

The ongoing business recessionary conditions in European Countries, caused negative effects to the three step down subsidiaries of the Company, namely, S.C. Winsome Romania, S.r.l., IMM Winsome Italia S.r.l. and S.C. Textil, S.r.l., which were placed under liquidation, and therefore, their Balance Sheets and other financial statements are not available; accordingly, the instant consolidated financial statements of the Company do not include the financials of the above named three subsidiary Companies.. The Company has made necessary provisions in the books of account to take care the losses in those subsidiaries.

The present status of these three subsidiary companies is given as under:-

Sr. No.	Name of Subsidiary	Start of liquidation process	Present status
1	IMM Winsome Italia S.r.l.	30.09.2008	Under Liquidation.
2	S.C. Winsome Romania S.r.l.	26.11.2008	Under Liquidation.
3	S.C. Textil S.r.l.	09.02.2010	Under Liquidation.

**DIVIDEND:**

Your Directors are unable to recommend any dividend on equity shares for the year under review.

**SHARE CAPITAL:**

During the year the company has not allotted any securities.

**DIRECTORS:**

- The Directors express their profound grief at the sad demise of Shri Satish Bagrodia (DIN : 00638647), their esteemed erstwhile colleague who was ex-chairman of the Company, on 5th March, 2019 and place on records their deep sense of appreciation for the invaluable services rendered by him during his association as MD/ Chairman of the Company.
- Shri Manish Bagrodia, Director, retires by rotation and being eligible, offers himself for re-election.
- None of the Directors are disqualified under the provisions of Section 164(2) of the Companies Act, 2013. The Directors have made the requisite disclosures, as under the provisions of Companies Act, 2013 and under the regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Mrs. Mridula Goyal has been appointed as Non Independent Woman Director of the Company w.e.f. 08.02.2019.
- Mr. Mukhtar Singh has been appointed as Independent Director of the Company w.e.f. 05.08.2019.
- Mr. Tilak Raj Dembla has been appointed as Independent Director of the Company w.e.f. 05.08.2019.
- Mr. Sunny Kumar had been appointed as Independent Director of the Company w.e.f. 04.01.2019 and resigned on 07.08.2019.

- (h) Mr. Kaushal Kashyap had been appointed as Independent Director of the Company w.e.f. 04.01.2019 and resigned on 09.08.2019.
- (i) Ms. Navpreet Kaur Boparai, Independent Director of the Company has resigned from the Directorship of the Company on 08.02.2019.
- (j) Mr. Pradeep Kumar, Independent Director of the Company has resigned from the Directorship of the Company on 08.02.2019.

**REAPPOINTMENT OF MANAGING DIRECTOR:**

In terms of the provisions of the Companies Act, and the Articles of Association of the Company, the Nomination and Remuneration Committee of the Board and the Board of Directors have, at their meeting held on May 27, 2019, re-appointed Shri Manish Bagrodia as Managing Director of the Company for a further period of five years with effect from July 01, 2019, subject to the approval of shareholders of the Company and other authorities, if required.

**BOARD EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 and under the regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual evaluation of its own performance, the directors individually, as well as the evaluation of the working of its Committees. At the meeting of the Board all the relevant factors that are material for evaluating the performance of individual Directors, the Board and its various committees were discussed in detail. A structured questionnaire each for evaluation of the Board, its various Committees and individual Directors was prepared and recommended to the Board by Nomination & Remuneration Committee for doing the required evaluation after taking into consideration the input received from the Directors covering various aspects of the Board's functioning and its Committees, execution and performance of specific duties, obligations and governance etc.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and Non- Independent Directors was also carried out by the Independent Directors at their separate meeting. The Directors expressed their satisfaction with the evaluation process.

**NO. OF BOARD MEETINGS:**

Seven board meetings were convened and held during the financial year 2018-19. The details thereof are given in the 'Corporate Governance Report'. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

**AUDITORS:**

M/s. Khandelia and Sharma, Chartered Accountants (Firm Registration Number: 510525C), who are Statutory Auditors of the Company hold office up to the forthcoming Annual General Meeting and are recommended for re-appointment for a period of four years from conclusion of 29th Annual General Meeting till conclusion 33rd AGM to audit the accounts of the Company. As required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained written confirmation from M/s. Khandelia and Sharma that their appointment, if made, would be in conformity with the limits specified in the said Section.

**AUDITORS' REPORT:**

M/s. Khandelia and Sharma, Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the financial year ended March 31, 2019. The statement of Impact of Audit Qualifications of Standalone and Consolidated Financials have been given after the respective Auditors' Reports.

**THE EXPLANATION/COMMENTS OF THE BOARD ON QUALIFICATION/ RESERVATION OR ADVERSE REMARKS GIVEN BY AUDITORS IN ITS REPORT FOR THE FINANCIAL YEAR 2018-19:**

Explanation of management on the audit qualifications contained in the Auditors' Report are given in the respective statements of impacts of audit qualifications of the standalone and consolidated financials.

**COST AUDITORS AND COST AUDIT REPORT:**

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of various activities are required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed M/s. Satish Dhingra and Company, Cost Accountants, to audit the cost accounts of the Company for the financial year 2019-20 on a remuneration as approved by the shareholders of the Company. The Board of Directors in their meeting held on 13.08.2018 has approved the Cost Audit Report for the financial year 2017-18 vide Resolution No. 162.19(5) and thereafter the cost audit report for the financial year 2017-18 had been filed on 14.01.2019 vide SRN-H41170010.



**SECRETARIAL AUDIT:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Sharma Sarin & Associates, a firm of Company Secretaries in practice (C.P. No. 2751) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the financial year ended 31st March, 2019 is annexed herewith as 'Annexure 'A' to this Report.

**PUBLIC DEPOSIT:**

During the year, 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.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

The Board of Directors acknowledge the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 in the preparation of annual accounts for the year ended on 31st March, 2019 and state that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) the directors had 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;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**KEY MANAGERIAL PERSONNEL:**

Shri Manish Bagrodia, Chairman and Managing Director, Shri Anand Balkishan Sharma, President (Corporate Finance) and Chief Financial Officer (CFO) and Shri K. V. Singhal, General Manager (Legal) & Company Secretary of the Company are the Key Managerial Personnel of the Company.

**CORPORATE GOVERNANCE:**

A separate report on 'Corporate Governance' is enclosed as a part of this Annual Report. A certificate from the Secretarial Auditor of the Company regarding compliance with Corporate Governance norms stipulated under the regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the Report on Corporate Governance.

**AUDIT COMMITTEE :**

The details pertaining to composition of audit committee and its meetings are included in the 'Corporate Governance' Report.

**RISK MANAGEMENT COMMITTEE:**

The Board of the Company has already formed a risk management committee to frame, implement and monitor the risk management plan for the Company. The committee is responsible for receiving the risk management plan and ensuring its effectiveness. The audit committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

**NOMINATION AND REMUNERATION COMMITTEE:**

During the financial year 2018-19, four meetings of the Nomination and Remuneration Committee of the Company were held on 18.05.2018, 28.09.2018, 04.01.2019 and 07.02.2019 in the presence of Shri Pradeep Kumar, Ms. Navpreet Kaur Boparai, Shri Sunny Kumar and Shri Kaushal Kashyap as its Members. The Committee formulated Remuneration Policy which is attached as Annexure 'B' and forms a part of this Report of the Directors.

**SEXUAL HARASSMENT COMMITTEE :**

As required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company had constituted the Internal Complaint Committees at all the work places of the Company. The composition of which and the contact numbers of the persons to be approached have been uploaded on the website of the company i.e.

www.winsomegroup.com and has been properly displayed on the Notice Boards at all the premises of the company including works and head office.

The Committees have been regularly addressing the staff/ workers, particularly the female staff/ workers to make them aware about their rights under the Act and as to how and to whom the complaint, if any can be lodged.

**RELATED PARTY TRANSACTIONS:**

All transactions entered into with related parties as defined under the Companies Act, 2013 and under the regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with the related parties during the financial year which were in conflict with the interest of the Company and hence, enclosing of Form AOC-2 is not required. Suitable disclosure as required by the Accounting Standard (AS 18) has been made in the notes to the Financial Statements.

All Related Party Transactions are placed before the Audit Committee and Board of the Company (Board). Prior omnibus approval of the Audit Committee and Board is obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and Board for their approval on a quarterly basis.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. None of the Directors has any pecuniary relationships or transactions vis-a-vis the Company.

**DECLARATION BY INDEPENDENT DIRECTORS:**

Necessary declarations have been obtained from the Independent Directors under sub-section (7) of Section 149 of the Companies Act, 2013.

**SIGNIFICANT AND MATERIAL ORDER:**

During the financial year, there was no significant and material order passed by any Court or any Tribunal against the Company.

**INTERNAL FINANCIAL CONTROLS:**

The Company has in place internal financial control systems, commensurate with the size and complexity of its operations to ensure proper recording of financial and operational information and compliance of various internal controls and other regulatory and statutory compliances. The internal auditor monitors and evaluates the efficacy and adequacy of internal control systems in the Company. Based on the report of the internal auditor, respective departments undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

**MINI HYDRO POWER PROJECTS:**

There are five mini hydro power projects of the Company situated at Sidhwan Canal, Distt. Ludhiana, Punjab. The details of the same are as under:

Site Name	Date of Commissioning	Quantum of Power being Generated
Barewal	Commissioned on 12th June, 2010	900 KW
Bharowal	Commissioned on 12th January, 2013	750 KW
Isewal	Commissioned on 15th July, 2011	900 KW
Mansian	Commissioned on 22nd Sep., 2010	500 KW
Raowal	Commissioned on 29th August, 2011	850 KW

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014, is annexed herewith as Annexure 'C'.

**ENERGY SAVING INITIATIVES :**

The Company is continually making its best efforts to save the energy consumption.

**ENVIRONMENT AND POLLUTION CONTROL:**

Top priority continues to be given to preservation of the environment by all the units of the Company. To combat pollution and strengthen the area ecology, considerable emphasis is placed on plantation of fragrant and shady trees. We are cautious of preserving water through recycling and rainwater harvesting to the extent possible. All manufacturing facilities

possess the required environmental clearance from the respective Pollution Control Boards and do comply with the relevant legislation.

The Company is well aware of its responsibility towards a better and clean environment. Our efforts in environment management go well beyond mere compliance with statutory requirements. The Company has always maintained harmony with nature by adopting eco-friendly technologies and upgrading the same from time to time incidental to its growth programmes.

**PARTICULARS OF EMPLOYEES:**

The prescribed particulars of employees required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as Annexure 'D' and forms a part of this Report of the Directors.

**EXTRACT OF ANNUAL RETURN:**

The details forming part of the extract of the Annual Return as provided under sub-section (3) of Section 92 of the Companies Act, 2013 is annexed herewith as Annexure 'E'.

**CASH FLOW ANALYSIS:**

In conformity with the provisions of regulations of Listing Regulations, the Cash Flow Statement for the financial year is annexed with financial statements.

**CONSOLIDATED ACCOUNTS:**

In accordance with Accounting Standards AS-21 on Consolidated Financial Statements, your Directors provide the Audited Consolidated Financial Statement of Winsome Yarns Limited, Winsome Yarns (Cyprus) Limited (unaudited 31.03.2019) and Winsome Yarns FZE (unaudited 31.03.2019, ceased operations, declared defunct effective 01.04.2014) in the Annual Report.

**INSURANCE:**

The properties of your Company have been adequately insured against fire, flood, earthquake and explosive risks etc.

**ACKNOWLEDGEMENTS:**

Your Directors thank the various Central and State Government Departments, Organizations and Agencies for the continued help and co-operation extended by them. The Directors also gratefully acknowledge all stakeholders of the Company viz. customers, members, dealers, vendors, banks and other business partners for the excellent support received from them during the year. The Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

Registered Office :  
SCO 191-192, Sector 34-A  
Chandigarh – 160022

On behalf of the Board

Dated : 12.08.2019

**Manish Bagrodia**  
Chairman & Managing Director

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **INTRODUCTION :**

Indian export of cotton yarn to the likes of the European Union (EU) and China slumped 25% in the past five years, while fabric export fell 7%.

China, the largest importer of cotton yarn, has replaced India with Vietnam and Indonesia, as they have duty-free access while Indian yarn carries a 3.5% import duty. Similarly, Indian exports of cotton yarn are subject to a 4% duty in the EU, while Vietnam and Indonesia have a 3.2% tariff and least developed countries (LDCs) get duty-free access.

The fall in cotton yarn and fabric exports is impacting the entire value chain - from farmers to spinners, weavers and knitters. There is considerable exportable surplus but we are not able to overcome the tariff disadvantage despite being competitive in both spinning and weaving.

The Cotton Textile Export Promotion Council (TEXPROCIL) takes part in national and international events to enhance the visibility of Indian products, advertises and promotes Indian products in various media vehicles such as fashion magazines, event-related pull-outs, India reports and leading trade magazines, and organises buyer-seller meets (BSM) and trade delegation visits.

The global cotton consumption has expanded at a CAGR of 3.1% and expected to grow further during 2019-2024. China, India, Pakistan, and Bangladesh are the largest cotton consumers in the world, accounting for more than 65% of global consumption.

For many years, China and India have been the major markets for cotton consumption. However, in recent years, cotton consumption has increased dramatically in Uzbekistan and Vietnam.

### **COMPANY OVERVIEW:**

During the year under review, the Company's operations continued to be affected due to lack of sufficient working capital funds required for operations resulting in lower capacity utilisation and the gross margins have suffered due to high input costs as the Company is not able to negotiate fine pricing with its suppliers. Furthermore, the constraints of funds have effected Company's plans to undertake debottlenecking and regular capital expenditure as per industry norms and needed for proper maintenance and upkeep of its plant, machinery and equipment.

### **FINANCIAL PERFORMANCE:**

During the year ended 31.03.2019, the Company incurred a loss of Rs. 11,487.01 lakhs in comparison to the loss of Rs. 1781.91 lakhs for the previous year ended 31.03.2018. Your Company's turnover of Rs. 25229.29 lakhs was lower against the previous year turnover of Rs. 33487.62 lakhs for the aforementioned reasons. The Company has since undertaken manufacturing for third parties on job work basis, which contributes towards fixed costs of the Company.

### **DEBT RESTRUCTURING:**

The Company's borrowings from secured lenders exceeding 83% of amount have since been assigned by the lending banks to Edelweiss Asset Reconstruction Company Limited (EARC), and the Company is in discussions with the Edelweiss Asset Reconstruction Company Limited for a structured payment plan of its dues, which on approval, will be binding on all lenders.

Edelweiss Asset Reconstruction Company Limited (EARC) has since filed an Application under Insolvency and Bankruptcy Code, 2016 (IBC), for initiating insolvency against the Company, and also Original Applications have been filed by lenders before Debts Recovery Tribunal, Chandigarh. The Company alleges that the actions initiated by the lenders are not correct or valid.

The Company's net worth, which continues to be eroded, is expected to improve on complete implementation of the debt restructuring plan by the Company, which is under discussion/consideration with the EARC/Lenders, and the Company expects that the Application filed by EARC under IBC will be withdrawn.

### **RISK MANAGEMENT:**

The company operates in the Textiles Industry, which is affected by variety factors linked to economic development in India and globally which, in turn, also affected global fund flows. Any economic event across the globe can have direct or indirect impact on your company. To mitigate this, Company has diversified its revenue stream across multiple verticals. Your Company's risk management system is a comprehensive and integrated framework comprising structured reporting and stringent controls. Through its approach it strives to identify opportunities that enhance organizational values while managing or mitigating risks that can adversely impact the company's future performance. Within the organization, every decision taken is after weighing the pros and cons of such a decision making taking note of the risk attributable.

**HUMAN RESOURCE:**

The Company keeps developing its organizational structure consistently over time. Efforts are made to follow excellent Human Resource practices. Adequate efforts of the staff and management personnel are directed on imparting continuous training to improve the management practices. The objective of your Company is to create a workplace where every person can achieve his or her full potential. The employees are encouraged to put in their best. Lot of hard work is put in to ensure that new and innovative ideas are given due consideration to achieve the short and long term objectives of your Company. There were 1327 employees of the Company as on 31.03.2019.

**CAUTIONARY STATEMENT:**

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations, predictions and assumptions may be "FORWARD LOOKING" within the meaning of applicable Laws and Regulations. Actual results may differ materially from those expressed herein, important factors that could influence the Company's operations include domestic economic Conditions affecting demand, supply, price conditions, and change in Government's regulations, tax regimes, other statutes and other factors such as industrial relations.

**MATERIAL DEVELOPMENT IN HUMAN RESOURCES/ INDUSTRIAL RELATION FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:**

The employees are satisfied and having good relationship with the Management.

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT:**

This is to confirm that the Company has adopted a Code of conduct for its employees including the director. It is confirmed that the Company has in respect of the financial Year ended 31st March, 2018, received from the Senior Management team of the Company and the members of the Board, a declaration of Compliance with the code of Conduct as applicable to them.

**FORM MO. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2019**

[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,

**WINSOME YARNS LIMITED**

We have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good corporate practices by WINSOME YARNS LIMITED Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the WINSOME YARNS LIMITED, Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the Audit period covering the Financial Year ended on 31st March, 2019 complied with the Statutory Provisions Listed hereunder and also that the Company has proper Board-processes and Compliance-Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers and Minute Books, Forms and Returns filed and other records maintained by WINSOME YARNS LIMITED for the Financial Year ended on 31st March, 2019 according to the Provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there-under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; No such transaction during the financial year 2018-19.
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Regulations 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; No such transaction during the financial year 2018-19.
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; No such transaction during the financial year 2018-19.
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; No such transaction during the financial year 2018-19.
  - f) 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; Not Applicable.
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; No such transaction during the financial year 2018-19And
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; No such transaction took place during the Financial Year 2018-19.
- vi. Other laws as applicable specifically to the Company:-
  - a) Environment Laws
  - b) Labour Laws
  - c) Tax laws (Income Tax & Indirect Taxes)We have also examined compliance with the applicable clauses of the following:
  - i. Secretarial Standards issued by The Institute of Company Secretaries of India.
  - ii. The Listing Agreements entered into by the Company with Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

- iii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

**1. FINANCIAL STATEMENTS:**

- a. *In view of accumulated losses of the Company as at the end of March 31, 2019, the net worth of the Company as at that date being negative, the decision of management of the Company to prepare the accounts of the Company on going concern basis for reasons that, (a) proposed rehabilitation plan of the Company is under discussions with majority of lenders, and (b) future business plans of the Company and expected cash flows therefore will suffice to service restructured debts of the Company, there would arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumptions as to going concern, and in the absence of impact of aforesaid assumptions having been un-ascertained, we are unable to comment thereon.*
- b. *The results for the quarter ended on March 31, 2019 and the year ended on March 31, 2018 are understated due to:*
- i) *Non provisioning of interest expenses on borrowings of Rs. 11168.88 Lakhs for the year ended on March 31, 2019 (Rs. 9671.90 Lakhs for the year ended on March 31, 2018), and further amount towards penal interest, penalty, etc. as may be charged by the lenders. In the absence of statement of account, the above amount has been arrived at as per estimates of the Company, and the aggregate unprovided amount in books of account of the Company is not ascertainable with accuracy).*
- ii) *Non provisioning against long outstanding receivables of Rs. 492.12 Lakhs (Rs. 9609.58 Lakhs as at March 31, 2018) including of overseas overdue trade receivables. Further the accounting for exchange fluctuation in respect of overseas trade receivables and export advances is not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, we are unable to comment its impact on financial statement.*
- iii) *Non provisioning against loans and advances (including other current assets) of Rs. 1331.29 Lakhs (Rs. 1569.63 Lakhs as at March 31, 2018)*
- c. *The company have investment in money market 4862.11 redeemable shares of USD 1,000 each in Arise Money Market Fund. As per information given to us, the balance above is as per rate of exchange prevailing at the time of investment, and is subject to adjustment in rate of foreign exchange and accruals on money market investments. In respect of its reliability/receipt, we are unable to comment. The non-accounting of investment at fair value and non recognition of exchange fluctuation in respect thereto is not in line with Ind AS 109 "Financial Instruments" and Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" respectively, which has the effect of understatement of investment by Rs. 793.73 Lakhs as at March 31, 2019 (Rs. 686.63 Lakhs as at March 31, 2018) overstatement of losses by Rs. 199.63.63 Lakhs for the year ended on March 31, 2019 (Rs. 10.63 Lakhs as at March 31, 2018).*
- d. *Regarding provisions in case of investments in subsidiaries, written off/ written back and adjustment/ set off of payment of receivables/ payables from/to overseas parties/suppliers, which is pending necessary approval of the competent authority.*
- e. *The Internal Control Systems need to be further strengthened in order that they are commensurate with the size of the Company and the nature of its business, more particularly in areas of, purchases and consumption of materials, charging of expenses, set-off of balances, and invoicing of sale of goods and services.*
- f. *Confirmation of balances and reconciliation thereof with respective parties are pending, which include balances pertaining to, accounts receivable and payable(including Associate Company/ies), bank balances, secured loans, other liabilities, loans and advances recoverable and contingent liabilities. All balances have been certified by the management of the Company. In the absence of the Company having aforementioned details, the impact thereof is unascertainable, and therefore, not being commented. Further strengthening of internal controls by the Company will provide greater reliability.*
- g. *During the course of our audit for the year ended March 31, 2019, the management of the Company informed to us that they noticed and found fraud in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch by its employee/s against which the management took action by lodging F.I.R. with the concerned Police Station and investigation in the matter is pending. The misappropriation of goods has been valued at Rs. 70.00 Lakhs against which some of the parties to whom goods were sold by the concerned employees have confirmed having received the goods and also confirmed to the Company as having made payment against the same.*



*The Company also filed its claim to insurance company under Employee Fidelity Insurance, effect whereof has been accounted in the books of account of the Company, considering the ongoing recovery process of its claims.*

*As per the information given to us by management of the company the matter is still pending and its status is same as it in previous financial year.*

## 2. TAX LAWS AND OTHER STATUTORY COMPLIANCES:

*We further report that according to the records of the Company, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, power board demand and cess that have not been deposited by the Company with appropriate authorities on account of dispute except dues of Income tax, sales tax and excise duty that have not been deposited with the appropriate authorities on account of dispute and the forum where these disputes pending are given below:*

Name of the statute	Nature of dues	Amount (Rs. In lakhs)	Period to which relates	Form where disputes pending
Income Tax Act, 1961	Income Tax	182.71	2005-2007	ITAT, CHANDGIARH
		94.43	2007-08	High Court, Punjab and Haryana
		3.03	2010-11	CIT (Appeals) Chandigarh
		*Nil	2011-12 to 2013-14	ITAT, CHANDGIARH
		*Nil	2015-16	CIT (Appeals) Chandigarh
Central/State Sales Tax	Sales Tax/Vat	5.80	1999-2000	Joint Director, Excise and Taxation, Chandigarh
		2.25	1993-1994	Sales Tax Tribunal, Punjab
		17.80	2003-2004	Deputy Excise and Taxation Commissioner (Appeal)
		38.78	2008-2009	Deputy Excise and Taxation Commissioner (Appeal)
		2.45	20017-18	DETC Cum Joint Director (Emf.), Patiala
		13.84	2010-11	Sales Tax Tribunal
		12.76	2011-12	Sales Tax Tribunal
Central Excise Act	Excise Duty	7.63	2008-2009	CESTAT, NEW DELHI
		5.04	2010-2011	
		13.42	2011-12	
Punjab State Power Corporation Limited	Power	14.25	2017-2018	Punjab State Power Corporation Limited

\* Demand raised by the Income Tax Department is NIL.

The Company has defaulted in repayment of loans and borrowings of bank. However, the Company has not taken loans from any bank, financial institutions, Government or debentures holders during the year. The lender wise default is as under:

Sr. No.	Name of bank	Total Default Amount (Rs. Lacs)	Maximum delay (in days)	Remarks
1.	Bank of India	2514.00	2100	Term loan
2.	Bank of Maharashtra	2506.00	2010	Term loan
3.	Indian Overseas Bank	2045.00	1918	Term loan
4.	ICICI Bank Ltd	611.00	2100	Working capital term loan and FITL
5.	Oriental Bank of Commerce	1965.00	2100	Term loan
6.	Canara Bank	12761.04	1825	Term loan and working capital loan – assigned to EARC
7.	Punjab National bank	14813.88	1901	Term loan and working capital loan – assigned to EARC



Sr. No.	Name of bank	Total Default Amount (Rs. Lacs)	Maximum delay (in days)	Remarks
8.	State Bank of Patiala	9789.44	1769	Term loan and working capital loan – assigned to EARC
9.	Dena Bank	3973.01	2008	Term loan –assigned to EARC
10.	UCO Bank	4244.62	1827	Term loan –assigned to EARC
11.	Union Bank of India	1467.46	2008	Term loan –assigned to EARC

EARC= Edelweiss Asset Reconstruction Company Ltd

We, further report that

The Board of Directors of the Company is duly re-constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors .

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.

All decisions at the Board Meeting and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure Compliance with Applicable Laws, Rules, Regulations and Guidelines.

for Sharma Sarin & Associates  
Company Secretaries

Place: Chandigarh  
Date : 27.05.2019

G.S. Sarin, Partner  
FCS No: 4025, CP No: 2751

The Secretarial Audit Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.

**'Annexure A'**

To,

The Members

**WINSOME YARNS LIMITED**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

for Sharma Sarin & Associates  
Company Secretaries

Place: Chandigarh  
Date : 27.05.2019

G.S. Sarin, Partner  
FCS No: 4025, CP No: 2751

**Extract From Nomination and Remuneration Policy:****POLICY RELATING TO THE REMUNERATION FOR THE MANAGING DIRECTOR, NON-EXECUTIVE/INDEPENDENT DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL.****General:**

- a. The remuneration/ compensation/ commission etc. to the Managing Director, Non-Executive/ Independent Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation/ commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b. The remuneration and commission to be paid to the Managing Director shall be in accordance with the percentage/ slabs / conditions as per the provisions of the Companies Act, 2013, and the Rules made thereunder.
- c. Increments to the existing remuneration / compensation structure linked to performance, should be clear and meet appropriate performance benchmarks and may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director.
- d. The Committee does not propose to fix the actual amounts of remuneration that may be payable to each individual key managerial personnel or senior management personnel. However, the management, whilst fixing the remuneration of any such key personnel must consider the following:
  - i) The Industry practice for the same level of employment/office.
  - ii) Past performance/seniority of the concerned appointee.
  - iii) The nature of duties and responsibilities cast upon such person by reason of his holding that office.
  - iv) The remuneration should be such that it provides adequate incentive to the person to give his best to the Company and feel essence of high satisfaction with his employment.
  - v) The perquisites to be given to Managing Director/s, KMP & Senior Management Personnel will be as per industry practice and as may be recommended by the Committee to the Board.

**Remuneration to Managing Director, KMP and Senior Management Personnel:**

The Managing Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required, reflecting the short and long term performance objectives appropriate to the working of the Company and its goals.

**Remuneration to Non- Executive / Independent Director:****a. Remuneration / Commission:**

The Committee noted that if the Company's net profits computed for the purpose under the applicable provisions of the Companies Act, 2013 so permits in future, the commission may be paid to executive and non-executive directors within the monetary limit fixed and approved by the Board subject to the overall limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

**b. Sitting Fees:**

The Non- Executive/ Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committees thereof as may be recommended by the Committee and approved by the Board provided that the amount of such fees shall not exceed amount prescribed by the Central Government from time to time. So far as the Sitting Fees are concerned, presently, for meetings of the various Committees, the same are at par for all the Committees. It should be suitably modified in due course keeping in mind the time and work involved for each of the Committees and the industry practice.

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information as required under Rule 8(3) of the Companies (Accounts) Rules, 2014.

**A. CONSERVATION OF ENERGY**

- i) The steps taken or impact on conservation of energy;

The Company has been giving high priority to conservation of energy by close monitoring of energy consuming equipments. All efforts are made for installing energy saving devices wherever required. The Company also saved the energy to implement the following during the year.

Sr. No.	Particular	Uom	Qty.	Deptt.	Unit	Annual Power saving Lakh Kwh	Annual Amount Saving (Rs. in lacs)
1	Installation of sliromaster on speed frame	No	2	Speed Frame	U2	0.46	2.99
2	Reduced the Power consumption by arresting the Air leakages in entire plant	CFM	138	Compressor	All	2.29	14.85
3	Balancing and monitoring of production & power consumption along with Ukg standard			Plant	All	10.32	67.08
4	Installation of VFD on C-4A card	No	10	Card	U1	0.23	1.46
5	Saving of Raw Water	KLD	54.3	Plant	All	0.21	1.35
6	Saving of Soft Water	KLD	37.31	Plant	All	0.25	1.63
7	Optimization of suction pressure in U-3 Carding by reducing fan pulley dia from 315 mm to 280 mm	No	1	Card	U3	1.61	10.48
	<b>Total</b>					<b>15.36</b>	<b>99.85</b>

- ii) The steps taken by the company for utilising alternate sources of energy;

The Company has already installed five micro hydel power projects with total generation capacity of 3.90 MW and the power so generated is being adjusted in the power bill raised by the electricity department for Derabassi plant.

- iii) The capital investment on energy conservation equipments;

Additional Investments, wherever required, are being made for reduction of consumption of energy.

**B. TECHNOLOGY ABSORPTION**

- i) The Efforts made towards technology absorption;

Research & Development ( R&D)

- a) Specific area in which R&D carried by the Company :

- Latest new technology has been adopted.

- b) Future plan of Action :

- This is an ongoing process and continuous improvements are being carried out in the Plant & Machinery maintenance and the quality of finished products.

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

- There has been benefit in respect of quality and Productivity of the product.

- Productivity International quality products.

- iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year). - Nil

- iv) The expenditure incurred on Research and Development.

Capital

Recurring

Total R & D expenditure as a percentage of total turnover

Nil  
Rs. 55.47 lacs  
= 0.22%

**C. FOREIGN EXCHANGE EARNING AND OUTGO; (Rs. In lacs)**

	<b>2018-19</b>	<b>2017-18</b>
(a) Foreign exchange earned in terms of actual inflow during the year	4518.88	5567.58
(b) Foreign exchange outgo in terms of actual outflow during the year	262.41	261.52

**ANNEXURE 'D'**
**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.**

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

(Amount in Rupees)

Sr. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for financial year 2018-19	% increase in Remuneration in the Financial year 2018-19	Ratio of remuneration of each Director to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company (as % of Revenue)
1	Shri Satish Bagrodia Chairman (Resigned on 26.06.2018)	--	--	--	--
2	Shri Manish Bagrodia Chairman and Managing Director	--	--	--	--
3	Shri Pradeep Kumar Independent Director (Resigned on 08.02.2019)	75000	--	3.18	--
4	Ms. Navpreet Kaur Boparai, Independent Director (Resigned on 08.02.2019)	75000	--	3.18	--
5	Shri Sunny Kumar Independent Director (Appointed on 04.01.2019)	25000	--	1.06	--
6	Shri Kaushal Kashyap Independent Director (Appointed on 04.01.2019)	20000	--	0.85	--
7	Mrs. Mridula Goyal Independent Director (Appointed on 08.02.2019)	20000	--	0.85	--
8	Shri Anand Balkishan Sharma Chief Financial Officer	1864668	--	78.96	0.07
9	Shri K. V. Singhal Company Secretary	1890708	--	80.07	0.08

- (ii) The median remuneration of employees of the Company during the financial year was Rs. 23614.
- (iii) In the financial year, there was an decrease of 10.81% in the median remuneration of employees.
- (iv) There were 1327 employees of Company as on March 31, 2019.
- (v) Relationship between average increase in remuneration and company performance:-  
The Loss after Tax for the financial year ended March 31, 2019 increased by 544.65% whereas the decrease in median remuneration was 10.81%. The average median remuneration was in line with the average of salary in the industry.
- (vi) Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:-

	(Rs. in lacs)
Average remuneration of Key Managerial Personnel (KMP) in 2018-19	12.52
Revenue	25025.28
Aggregate Remuneration of KMP (as % of revenue)	0.15%
Profit/ (Loss) before Tax (PBT)	(11487.01)
Remuneration of KMP (as % of PBT)	N.A.

- (vii) a) Variations in the market capitalization of the Company: The market capitalization as on March 31, 2019 was Rs. 735.36 lacs (Rs. 1470.71 lacs as on March 31, 2018).
- b) Price Earnings ratio of the Company as at March 31, 2019 was (0.06) and as at March 31, 2018 was (0.83).
- c) Percent increase over/ decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer in the year. The company has not made any public issue or rights issue of securities in the recent past, so comparison have not been made of current share price with public offer price. The Company's shares are listed on BSE Limited and National Stock Exchanges of India Limited.
- (viii) Average percentage increase made in the salaries of employees other than the key managerial personnel in the last financial year i.e. 2018-19 was about 0%, whereas the increase in the key managerial remuneration for the same financial year was 0%.
- (ix) There are no variable component of remuneration availed by the directors.
- (x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.
  - Not Applicable
- (xi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

**Form No. MGT - 9**

Extract of Annual Return as on the financial year ended on 31st March, 2019  
[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

- i. CIN L17115CH1990PLC010566
- ii. Registration Date 19th July, 1990
- iii. Name of the Company Winsome Yarns Limited
- iv. Category / Sub-Category of the Company Public Limited Company / Limited by Shares.
- v. Address of the Registered Office and Contact details  
SCO 191-192, Sector 34-A, Chandigarh-160022  
Phone No.: +91-172-2603966, 4612000, 4613000  
Fax No. +91-172-4614000  
Email : cshare@winsomegroup.com  
Website : www.winsomegroup.com
- vi. Whether Listed Company Yes  
BSE Limited and National Stock Exchange of India Ltd.
- vii. Name, Address and contact details of Registrar and Transfer Agent  
M/s Link Intime India Pvt. Limited  
Noble Heights, 1st Floor, Plot NH 2  
C-1 Block LSC, Near Savitri Market  
Janakpuri, New Delhi - 110058  
Phone No.: 011-41410592-94, Fax No. 011-41410591  
Email:delhi@linkintime.co.in, sunil.mishra@linkintime.co.in  
Website : www.linkintime.co.in

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All business activities contributing 10% or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/Service*	% to total turnover of the company#
1	Yarn	13111	93.14
2	Garments	13911/ 13912	6.86

As per National Industrial Classification – Ministry of Statistics and Programme Implementation. # On the basis of Gross Turnover.

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES.**

All business activities contributing 10% or more of the total turnover of the company shall be stated:

Sl. No.	Name of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
(i)	Winsome Yarns (Cyprus) Limited	--	Subsidiary of WYL	100	Section 2(87)
(ii)	Winsome Yarns FZE	--	Subsidiary of (i) above	100	Section 2(87)
(iii)	S. C. Winsome Romania srl	--	Subsidiary of (i) above	90	Section 2(87)
(iv)	I.M.M. Winsome Italia srl	--	Subsidiary of (iii) above	90	Section 2(87)
(v)	S. C. Textil srl	--	Subsidiary of (iv) above	90	Section 2(87)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**(i) Category-wise Share Holding**

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.(1) Promoters Indian</b>									
a) Individual/HUF	162122	--	162122	0.23	162122	--	162122	0.23	--
b) Central Government/ State Government	--	--	--	--	--	--	--	--	--
c) Banks / Financial Institutions	--	--	--	--	--	--	--	--	--
d) Bodies Corporate	27177487	--	27177487	38.44	27177487	--	27177487	38.44	--
e) Any other	--	--	--	--	--	--	--	--	--
<b>Sub-total (A) (1):</b>	<b>27339609</b>	<b>--</b>	<b>27339609</b>	<b>38.67</b>	<b>27339609</b>	<b>--</b>	<b>27339609</b>	<b>38.67</b>	<b>--</b>
<b>(2) Foreign</b>									
a) NRIs -Individuals	--	--	--	--	--	--	--	--	--
b) Other -Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corporate	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any Other	--	--	--	--	--	--	--	--	--
<b>Sub-total (A) (II):</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>27339609</b>	<b>--</b>	<b>27339609</b>	<b>38.67</b>	<b>27339609</b>	<b>--</b>	<b>27339609</b>	<b>38.67</b>	<b>--</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	11800	--	11800	0.02	11800	--	11800	0.02	--
b) Venture Capital Funds	--	--	--	--	--	--	--	--	--
c) Alternate Investment Fund	--	--	--	--	--	--	--	--	--
d) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
e) Foreign Portfolio Investor	9155403	--	9155403	12.95	9155403	--	9155403	12.95	--
f) Financial Institutions/ Banks	--	--	--	--	7800	--	7800	0.01	0.01
g) Insurance Companies	--	--	--	--	--	--	--	--	--
h) Provident Fund/ Pension Fund	--	--	--	--	--	--	--	--	--
d) State Government(s)	--	--	--	--	--	--	--	--	--
i) Others (Specify)	--	--	--	--	--	--	--	--	--
<b>Sub-total (B) (1)</b>	<b>9167203</b>	<b>--</b>	<b>9167203</b>	<b>12.97</b>	<b>9175003</b>	<b>--</b>	<b>9175003</b>	<b>12.98</b>	<b>0.01</b>
<b>(2) Non Institutions</b>									
a) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs.2 lakhs	9839864	762347	10602211	14.99	9582852	744447	10327299	14.61	-0.39
ii) Individual Shareholders holding nominal share capital in excess of Rs. 2 lakhs	14632339	--	14632339	20.69	11678634	--	11678634	16.52	-4.18
b) Others (Specify)									
(i) Trust	858446	--	858446	1.21	858446	--	858446	1.21	--

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(ii) HUF	1421680	--	1421680	2.01	1216664	--	1216664	1.72	-0.29
(iii) NRIs	437314	36900	474214	0.67	427123	36900	464023	0.66	-0.01
(iv) Unclaimed or Suspense Account	297500	--	297500	0.42	297100	--	297100	0.42	--
(v) Clearing Member	364705	--	364705	0.52	238168	--	238168	0.34	-0.18
(vi) Bodies Corporate	5544722	4600	5549322	7.85	9107683	4600	9112283	12.89	5.04
<b>Sub-total (B)(2)</b>	<b>33396570</b>	<b>803847</b>	<b>34200417</b>	<b>48.37</b>	<b>33406670</b>	<b>785947</b>	<b>34192617</b>	<b>48.36</b>	<b>-0.01</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>42563773</b>	<b>803847</b>	<b>43367620</b>	<b>61.33</b>	<b>42581673</b>	<b>785947</b>	<b>43367620</b>	<b>61.33</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
i. Promoter and Promoter Group	--	--	-	--	--	--	--	--	--
ii. Public	--	--	--	--	--	--	--	--	--
<b>GRAND TOTAL (A+B+C)</b>	<b>69903382</b>	<b>803847</b>	<b>70707229</b>	<b>100.00</b>	<b>69921282</b>	<b>785947</b>	<b>70707229</b>	<b>100.00</b>	<b>--</b>

**(ii) Shareholding of Promoters**

Sl. No.	Share holders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Shri Satish Bagrodia	42900	0.06	0.06	42900	0.06	0.06	--
2	Shri Manish Bagrodia	52040	0.07	0.07	52040	0.07	0.07	--
3	Shri Ashish Bagrodia	41400	0.06	0.06	41400	0.06	0.06	--
4	Smt. Sudha Bagrodia	11142	0.02	0.02	11142	0.02	0.02	--
5	Smt. Vandya Bagrodia	2000	--	--	2000	--	--	--
6	Smt. Shilpa Bagrodia	12640	0.02	0.02	12640	0.02	0.02	--
7	Satyam Combines (P) Ltd.	5765073	8.15	7.21	5765073	8.15	7.21	--
8	Shell Business (P) Limited	21412414	30.28	29.31	21412414	30.28	29.31	--
	<b>TOTAL</b>	<b>27339609</b>	<b>38.67</b>	<b>36.74</b>	<b>27339609</b>	<b>38.67</b>	<b>36.74</b>	<b>--</b>

**(iii) Change in Promoters' Shareholding**

S. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	27339609	38.67	--	--
2	Date wise increase/decrease in Promoters shareholding during the year specifying reasons for increase/decrease (e.g. allotment / transfer/ bonus/sweat equity etc):	--	--	--	--
3	At the end of the year	27339609	38.67	27339609	38.67



**(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)**

Sl. No.	Name	Shareholding		Date	Increase/ (decrease)	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares at the beginning (01.04.2018)/ end of the year (31.03.2019)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Aspire Emerging Fund	6355403	8.99	01.04.2018				
		6355403	8.99	31.03.2019			6355403	8.99
2	Capston Capital Partners	2800000	3.96	01.04.2018				
		2800000	3.96	31.03.2019			2800000	0.96
3	PSPL Stock Broking Pvt. Ltd	892869	1.26	01.04.2018				
				26.10.2018	199000	Transfer	693869	0.98
							693869	0.98
				31.03.2019			693869	0.98
4	Achin Vyapaar Pvt. Limited	858346	1.21	01.04.2018				
		858346	1.21	31.03.2019			858346	1.21
5	Salasar Holdings Pvt. Limited	697905	0.99	01.04.2018				
				7.09.2018	40000	Transfer	737905	1.04
				05.10.2018	-47905	Transfer	690000	0.98
		690000	0.98	31.03.2019			690000	0.98
6	Rajendra Kumar Sethia (HUF)	697669	0.99	1.04.2018				
		697669	0.99	31.03.2019			697669	0.99
7	Keshav Softech Pvt. Limited	668764	0.95	02.09.2018				
		668764		02.06.2019			668764	0.95
8	Shravan Kumar Bagla	290000	0.41	02.09.2018				
		290000	0.41	02.06.2019			290000	0.41
9	Mohammed Nasimullah	285625	0.40	02.09.2018				
		285625	0.40	02.06.2019			285625	0.40
10	Piyush Securities Pvt. Limited	274888	0.39	01.04.2018				
				13.04.2018	7734	Transfer	282622	0.40
				06.07.2018	-22176	Transfer	260446	0.37
				13.07.2018	25012	Transfer	285458	0.40
				20.07.2018	7100	Transfer	292558	0.41
				27.07.2018	10	Transfer	292568	0.41
				03.08.2018	11000	Transfer	303568	0.43
				14.09.2018	28	Transfer	303596	0.43
		303596	0.43	31.03.2019			303596	0.43
11	Anand Potato Cold Storage Private Limited	100000	0.14	01.04.2018				
				26.10.2018	341636	Transfer	441636	0.62
				02.11.2018	250119	Transfer	691755	0.98
		691755	0.98	31.03.2019			691755	0.98

# WINSOME YARNS LIMITED

Sl. No.	Name	Shareholding		Date	Increase/ (decrease)	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares at the beginning (01.04.2018)/ end of the year (31.03.2019)	% of total shares of the Company				No. of shares	% of total shares of the Company
12	Rishikesh Commercial Company Pvt. Limited	0	0.00	01.04.2018				
				12.10.2018	325000	Transfer	325000	0.46
				19.10.2018	79849	Transfer	404849	0.57
				26.10.2018	92998	Transfer	497847	0.70
				02.11.2018	47000	Transfer	544847	0.77
				09.11.2018	157494	Transfer	702341	0.99
		702341	0.99	31.03.2019			702341	0.99
13	Ganpati Stocks Pvt. Limited	0	0.00	01.04.2018				
				03.08.2018	12000	Transfer	12000	0.02
				10.08.2018	101759	Transfer	113759	0.16
				24.08.2018	9400	Transfer	123159	0.17
				31.08.2018	25000	Transfer	148159	0.21
				12.10.2018	10000	Transfer	158159	0.22
				19.10.2018	510000	Transfer	668159	0.94
				09.11.2018	25000	Transfer	693159	0.98
		693159	0.98	31.03.2019			693159	0.98

Top 10 shareholders at the beginning of the year (01.04.2018) and at the end of the year (31.03.2019).

## (v) Shareholding of Directors and Key Managerial Personnel (KMPs).

Sl. No.	Name	Shareholding		Date	Increase/ (decrease)	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares at the beginning (01.04.2018)/ end of the year (31.03.2019)	% of total shares of the Company				No. of shares	% of total shares of the Company
(A)	Directors*							
1	Shri Satish Bagrodia (Resigned on 26.06.2018)	42900	0.06					
		42900	0.06	--	--	--	42900	0.06
2	Shri Manish Bagrodia	52040	0.07					
		52040	0.07	--	--	--	52040	0.07
(B)	KMPs#							
1	Shri Anand Balkishan Sharma	--	--	--	--	--	--	--
2	Shri K. V. Singhal	--	--	--	--	--	--	--

**Note:** \* Names of only those directors who held shares at any time during the year have been mentioned.

# No KMPs held shares at any time during the year have been mentioned.

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/ accrued but not due for payment. (Rs. In lacs)

Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	55636.02	--	--	55636.02
ii) Interest due but not paid	1052.85	--	--	1052.85
iii) Interest accrued but not due.	--	--	--	--
<b>Total (i+ii+iii)</b>	<b>56688.87</b>	<b>--</b>	<b>--</b>	<b>56688.87</b>
<b>Change in Indebtedness during the financial year</b>				
i) Addition	--	--	--	--
ii) Reduction	--	--	--	--
<b>Net Change</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	55636.02	--	--	55636.02
ii) Interest due but not paid	1052.85	--	--	1052.85
iii) Interest accrued but not due.	--	--	--	--
<b>Total (i+ii+iii)</b>	<b>56688.87</b>	<b>--</b>	<b>--</b>	<b>56688.87</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director and/or Manager:**

(Rs. In lacs)

Sl. No.	Particulars of Remuneration	Name of the Managing Director / Manager	Total Amount
		<b>Shri Manish Bagrodia, Managing Director</b>	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	--	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	--	--
2	Stock Option		--
3	Sweat Equity		
4	Commission - as % of profit - others, specify...		-- --
5	Others, please specify {Co's contribution to Provident Fund (exempted portion)}		--
	<b>Total (A)</b>		--
	<b>Ceiling as per the Act</b>		N/A

**B. Remuneration to other Directors:#**

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Shri Pradeep Kumar#	Ms. Navpreet Kaur Boparai#	Shri Sunny Kumar#	Shri Kaushal Kashyap#	
1	<b>Independent Director</b>					
	• Fee for attending board/committee meetings.	75000	75000	25000	20000	195000
	• Commission.	--	--	--	--	--
	• Others, please specify.	--	--	--	--	--
	<b>Total (1)</b>	<b>75000</b>	<b>75000</b>	<b>25000</b>	<b>20000</b>	<b>195000</b>
2	<b>Other Non-Executive Directors</b>	Mrs. Mridula Goyal#	--	--	--	
	• Fee for attending board/committee meetings.	20000	--	--	--	20000
	• Commission.	--	--	--	--	--
	• Others, please specify.	--	--	--	--	--
	<b>Total (2)</b>	<b>20000</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>20000</b>
	<b>Total (B)=(1+2)</b>	<b>95000</b>	<b>75000</b>	<b>25000</b>	<b>20000</b>	<b>215000</b>
	Total Managerial Remuneration	175000	--	--	--	175000
	Overall Ceiling as per the Act	--	--	--	--	N/A\$

# only sitting fee paid to the Independent Directors and Non-Executive Directors.

\$ There is no net profits calculated as per section 198.

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD.**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO*	Company Secretary	CFO	Total (in Rs.)
1	Gross salary: (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	Not Applicable	1765362	1741092	3506454
			--	--	--
			--	--	--
2	Stock Option		--	--	--
3	Sweat Equity		--	--	--
4	Commission - As % of profit - Others, specify		-- --	-- --	-- --
5	Others, please specify : {Co's : Contribution to Provident Fund (exempted), Superannuation (exempted portion)}		125346	123576	248922
	<b>Total</b>		<b>1890708</b>	<b>1864668</b>	<b>3755376</b>

\*The Managing Director is also CEO of the Company.

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD /NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
B. DIRECTORS					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
C. OTHER OFFICERS IN DEFAULT					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--

**CORPORATE GOVERNANCE REPORT**
**1. Company's philosophy on code of Governance**

The Directors present the Company's Report on Corporate Governance pursuant to applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Winsome Yarns Limited believes that good Corporate Governance is essential to achieve long term corporate goals and enhance stakeholders' value. Thus Company's philosophy on Corporate Governance is aimed at the attainment of highest level of transparency, accountability and compliance of laws in all facets of operations, leading to best standards of Corporate Governance.

Winsome Yarns Limited belief that good ethics make good business sense and our business practices are in keeping with this spirit of maintaining the highest level of ethical standards. The implementation of Company's code of Insider Trading exemplifies this spirit of good ethics.

The Company complies with the requirements regarding Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

**2. Board of Directors**

The current strength of the Board of Directors (Board) of the Company is of four directors, who are senior, competent and eminent experts from diverse fields and professions. The Chairman and Managing Director is Executive Promoter Director. Two are Non-Executive Independent Directors and one is Non-Executive, Non-Independent (women) Director.

None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees (as specified in the regulations of the SEBI LODR, 2015), across all the Companies in which they are Directors. The necessary disclosures regarding Committee memberships have been made by the Directors.

The names and categories of directors on the board, their attendance at board meetings during the year and at the last annual general meeting and the number of directorships in other Companies and committee memberships/ chairmanship held by the directors as on 12.08.2019 are given below:

Name of the Directors	Category	Attendance Particulars		No. of Directorship in other Companies	No. of Membership/ Chairmanship in Committees**		
		Board Meeting	Last AGM		Membership	Chairmanship	Total
Shri Manish Bagrodia	Chairman & MD (Executive)	7	Yes	3#	2	1	3
Shri Sunny Kumar (Appointed on 04.01.2019 and resigned on 07.08.2019)	INED	2		1	2	2	4
Shri Kaushal Kashyap (Appointed on 04.01.2019 and resigned on 09.08.2019)	INED	2		1	3	1	4
Mrs. Mridula Goyal (Appointed on 08.02.2019)	NED	2		--	4	--	4
Shri Satish Bagrodia (Resigned on 26.06.2018)	Chairman (NED)	--	--	--	--	--	--
Shri Pradeep Kumar (Resigned on 08.02.2019)	INED	5	Yes	--	--	--	--
Ms. Navpreet Kaur Boparai (Resigned on 08.02.2019)	INED	5	--	--	--	--	--
Shri Mukhtar Singh (Appointed on 05.08.2019)	INED	--	--	--	3	1	4
Shri Tilak Raj Dembla (Appointed on 05.08.2019)	INED	--	--	--	2	2	4

\$ Including Private Limited Company, # Including Foreign Companies, INED : Independent Non-Executive Director; NED : Non-Executive Director, MD : Managing Director

\*\*Includes membership/ chairmanship in committees other than Audit Committee and Stakeholders Relationship Committee.

Seven board meetings were held during the financial year 2018-19. The meetings were held on 18.05.2018, 13.08.2018, 28.09.2018, 14.11.2018, 04.01.2019, 08.01.2019 and 14.02.2019 and the maximum time gap between any two meetings was within the period prescribed under the Companies Act, 2013.

#### **Maximum tenure of Independent Directors**

The maximum tenure of Independent Directors shall be in accordance with the provisions of the Companies Act, 2013 and clarifications/ circulars issued by the Ministry of Corporate Affairs, in this regard, from time to time.

### **3. Code of Conduct**

The Company has framed a code of conduct for the members of the Board of Directors and Senior Management Personnel of the Company. The said code of conduct is available on the website of the Company. The declaration by Shri Manish Bagrodia, Chairman & Managing Director of the Company regarding compliance by the Board members and Senior Management Personnel, with the said code of conduct is given as Annexure 'A' to this report.

### **4. Whistle Blower Policy**

Pursuant to the provision of section 177(9) of the Companies Act, 2013 and as required under the provisions of regulations of the Listing Regulation, 2015, the Company has adopted the 'Whistle Blower Policy' and authorized to the Audit Committee of the Board to look after all the matters relating to Whistle Blower Policy and to submit its report to Board at regular intervals, on the receipt of any concerned matter, for any appropriate action.

### **5. Subsidiary Companies**

The note on the subsidiary companies has already been given in the Directors Report.

### **6. CEO/ CFO Certification**

The Managing Director (CEO) and the Chief Financial Officer (CFO) of the Company have certified to the Board that the requirements of the regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, inter-alia, dealing with the review of financial statements and cash flow statement for the year ended on 31st March, 2019. Their responsibility for establishing and maintaining internal control systems for financial reporting and evaluation of the effectiveness of the internal control system and making of necessary disclosures to the Auditors and the Audit Committee have been duly complied with. A certificate in this regard is given as Annexure 'B' to this report.

### **7. Audit Committee**

The Audit Committee functions in accordance with the terms of reference set out under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read together with Section 177 of the Companies Act, 2013, and additional responsibilities assigned to it by the Board of Directors. The Committee also reviews the reports of the Internal Auditors along with the comments of management. The functions of the Audit Committee among others, include approving and implementing the audit procedures, reviewing the financial reporting system, internal controls and procedures and ensuring compliance with regulatory guidelines.

The attendance of the members during the financial year 2018-19 and present composition of the Committee are as below:

<b>Name of members</b>	<b>Chairmanship/ Membership in the Committee</b>	<b>Category</b>	<b>No. of meetings attended during the year 2018-2019</b>
Shri Manish Bagrodia	Member	Promoter/Executive	4
Shri Kaushal Kashyap (Appointed as director on 04.01.2019 and resigned on 09.08.2019)	Chairman	Independent/ Non-Executive	1
Shri Sunny Kumar (Appointed as director on 04.01.2019 and resigned on 07.08.2019)	Member	Independent/ Non-Executive	1
Mrs. Mridula Goyal (Appointed on 08.02.2019 and ceased the membership on 19.07.2019)	Member	Non-Independent/ Non-Executive	1

<b>Name of members</b>	<b>Chairmanship/ Membership in the Committee</b>	<b>Category</b>	<b>No. of meetings attended during the year 2018-2019</b>
Shri Pradeep Kumar (Resigned on 08.02.2019)	Chairman	Independent/ Non-Executive	3
Ms. Navpreet Kaur Boparai (Resigned on 08.02.2019)	Member	Independent/ Non-Executive	3
Shri Mukhtar Singh (Appointed on 05.08.2019)	Chairman	Independent/ Non-Executive	--
Shri Tilak Raj Dembla (Appointed on 05.08.2019)	Member	Independent/ Non-Executive	--

During the financial year, the Audit Committee meetings were held on 18.05.2018, 13.08.2018, 14.11.2018 and 14.02.2019.

The Auditors, CFO and Internal Auditor were invitees to the meetings.

#### **8. Nomination and Remuneration Committee**

The brief description of Terms of Reference of Nomination and Remuneration Committee is to guide the Board in relation to the appointment and removal, identifying persons and to recommend/review remuneration of the directors including Managing Director/Executive Directors, Key Managerial Personnel (KMP) and Senior Management Personnel.

Remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in accordance with the existing industry practice.

The attendance of the members during the financial year 2018-19 and present composition of the Committee are as below:

<b>Name of members</b>	<b>Chairmanship/ Membership in the Committee</b>	<b>Category</b>	<b>No. of meetings attended during the year 2018-2019</b>
Shri Sunny Kumar (Appointed as director on 04.01.2019 and resigned on 07.08.2019)	Chairman	Independent/ Non-Executive	1
Shri Kaushal Kashyap (Appointed as director on 04.01.2019 and resigned on 09.08.2019)	Member	Independent/ Non-Executive	--
Mrs. Mridula Goyal (Appointed on 08.02.2019)	Member	Non-Independent/ Non-Executive	--
Shri Pradeep Kumar (Resigned on 08.02.2019)	Chairman	Independent/ Non-Executive	4
Shri Satish Bagrodia (Resigned on 26.06.2018)	Member	Promoter/ Non-Executive	--
Ms. Navpreet Kaur Boparai (Resigned on 08.02.2019)	Member	Independent/ Non-Executive	4
Shri Mukhtar Singh (Appointed on 05.08.2019)	Member	Independent/ Non-Executive	--
Shri Tilak Raj Dembla (Appointed on 05.08.2019)	Chairman	Independent/ Non-Executive	--

During the financial year, the Nomination and Remuneration Committee meeting were held on 18.05.2018, 28.09.2018, 04.01.2019 and 07.02.2019.



**Remuneration Policy**
**i). For Non-Executive Directors**

The Non-Executive Directors are paid remuneration by way of Sitting Fees. The Non-Executive Directors are entitled to sitting fees of Rs. 5000/- for each Board and Committee Meetings attended. The aforesaid sitting fees is within the limits prescribed under the sections/rules of Companies Act, 2013.

The details of remuneration paid to the Non-Executive Directors during the financial year 2018-19 are given below:

**Non-Executive**

(Amount in Rs.)

<b>Name of Directors</b>	<b>Sitting Fees</b>
Shri Satish Bagrodia	--
Shri Pradeep Kumar	75000
Ms. Navpreet Kaur Boparai	75000
Shri Sunny Kumar	25000
Shri Kaushal Kashyap	20000
Mrs. Mridula Goyal	20000
<b>Total</b>	<b>215000</b>

**ii). For Executive Director**

Shri Manish Bagrodia had been appointed as Managing Director of the Company for a period of five years with effect from 01.07.2014. There was no remuneration drawn by the Managing Director during the financial year from 01.04.2018 to 31.03.2019.

None of the Non-Executive Directors has any material financial interest in the Company apart from the remuneration by way of sitting fees received by them during the year.

**9. Stakeholders Relationship Committee :**

The Stakeholders Relationship Committee functions with the following objectives:

Redressing of Shareholders and Investors complaints, regarding transfer of shares, non-receipt of balance sheet, non-receipt of dividend, demat and remat the shares, change of address etc. During the financial year 2018-19, four Stakeholders Relationship Committee meetings were held on 18.05.2018, 13.08.2018, 14.11.2018 and 14.02.2019. During the financial year, the total 14 nos. of complaints were received, resolved & replied in time and no grievance was pending at the end of the financial year.

The attendance of the members during the financial year 2018-19 and present composition of the Committee are as below:

<b>Name of members</b>	<b>Chairmanship/ Membership in the Committee</b>	<b>Category</b>	<b>No. of meetings attended during the year 2018-2019</b>
Shri Manish Bagrodia	Member	Promoter/Executive	4
Shri Sunny Kumar (Appointed as director on 04.01.2019 and resigned on 07.08.2019)	Chairman	Independent/ Non-Executive	1
Shri Kaushal Kashyap (Appointed as director on 04.01.2019 and resigned on 09.08.2019)	Member	Independent/ Non-Executive	1
Mrs. Mridula Goyal (Appointed on 08.02.2019)	Member	Non-Independent/ Non-Executive	1
Shri Pradeep Kumar (Resigned on 08.02.2019)	Chairman	Independent/ Non-Executive	3
Ms. Navpreet Kaur Boparai (Resigned on 08.02.2019)	Member	Independent/ Non-Executive	3

Name of members	Chairmanship/ Membership in the Committee	Category	No. of meetings attended during the year 2018-2019
Shri Mukhtar Singh (Appointed on 05.08.2019)	Member	Independent/ Non-Executive	--
Shri Tilak Raj Dembla (Appointed on 05.08.2019)	Chairman	Independent/ Non-Executive	--

Shri Manish Bagrodia, Managing Director/ Shri K. V. Singhal, GM (Legal) & Company Secretary are the Compliance Officer of the Company for SEBI/ Stock Exchange/ROC related issues etc.

#### 10. Risk Management Committee

The Board of Directors of the Company had already constituted a Risk Management Committee of the Board. The attendance of the members during the financial year 2018-19 and present composition of the Committee are as below:

Name of members	Chairmanship/ Membership in the Committee	Category	No. of meetings attended during the year 2018-2019
Shri Manish Bagrodia	Chairman	Promoter/Executive	1
Shri Sunny Kumar (Appointed as director on 04.01.2019 and resigned on 07.08.2019)	Member	Independent/ Non-Executive	1
Shri Kaushal Kashyap (Appointed as director on 04.01.2019 and resigned on 09.08.2019)	Member	Independent/ Non-Executive	1
Mrs. Mridula Goyal (Appointed on 08.02.2019)	Member	Non-Independent/ Non-Executive	1
Shri Pradeep Kumar (Resigned on 08.02.2019)	Member	Independent/ Non-Executive	--
Shri Satish Bagrodia (Resigned on 26.06.2018)	Member	Promoter/ Non-Executive	--
Shri Mukhtar Singh (Appointed on 05.08.2019)	Member	Independent/ Non-Executive	--
Shri Tilak Raj Dembla (Appointed on 05.08.2019)	Member	Independent/ Non-Executive	--

During the year 2018-19, one meeting was held on 14.02.2019 of Risk Management Committee.

#### Risk Management

Risk encapsulates the element of uncertainty in business that may impact short-term and long-term corporate objectives. At Winsome Yarns Limited, our de-risking discipline identifies major risks through consistent and enterprise-wide solutions. The Company's risk management framework is driven by a comprehensive organization wide culture of governance. Only those decisions are taken that balance risks and rewards, ensuring that the Company's revenue-generation initiatives are consistent with the risks taken. Besides risk management conforms to the Company's overarching strategic direction and is consistent with shareholder's desired total returns and risk appetite.

Some of the major risks and their mitigation measures are discussed below:

##### i. Foreign exchange risk

The Company's policy is to actively manage its long term foreign exchange risk within the framework laid down by the Company's forex policy.

##### ii. Interest rate risk

Given the interest rate fluctuations, the Company has adopted a prudent and conservative risk mitigating strategy to minimize the interest costs.

**iii. Commodity price risk**

The Company is exposed to the risk of price fluctuation on raw materials as well as finished goods in all its products. The Company proactively manages these risks in inputs through forward booking, inventory management, proactive management of vendor development and relationships. The Company's strong reputation for quality, product differentiation and service, the existence of a powerful brand image and a robust marketing network mitigates the impact of price risk on finished goods.

**iv. Risk element in individual businesses**

Apart from the risks on account of interest rate, foreign exchange and regulatory changes, business of the Company is exposed to certain operating business risks, which are managed by regular monitoring and corrective actions.

**v. Compliance risks**

The Company is exposed to risks attached to various statutes and regulations including the Competition Act. The Company is mitigating these risks through regular reviews of legal compliances, through internal as well as external compliance audits.

**vi. People risks**

Retaining the existing talent pool and attracting new manpower are major risks. The Company has initiated various measures such as rollout of strategic talent management system; training and integration of learning activities.

**11. Disclosures**

- (i) All related party transactions have been entered into in the ordinary course of business and were placed periodically before the audit committee in summary form including transactions for which omnibus approval of the Audit Committee was taken. There were no material individual transactions with related parties which were not in the normal course of business, required to be placed before the audit committee and that may have potential conflict with the interest of the Company at large. All individual transactions with related parties or others were on an arm's length basis. Transactions with related parties as per requirements of Accounting Standard (AS) 18 – 'Related Party Information' are disclosed in Note no. 2.21 to the Financial Statements.
- (ii) All Accounting Standards mandatorily required have been followed without exception in preparation of the financial statements.
- (iii) Procedures for assessment of risk and its minimisation have been laid down by the Company and reviewed by the Board. These procedures are periodically reassessed to ensure that executive management controls risks through means of a properly defined framework.
- (iv) No money was raised by the Company through public issue, rights issue etc. in the last financial year.
- (v) The Company has one Managing Director on the Board whose appointment and remuneration has been reviewed/ approved by the Nomination & Remuneration Committee and Board of Directors, subject to approval of the shareholders in the Annual General Meeting scheduled to be held on 14.09.2019.
- (vi) The number of shares held by each director is mentioned in "Shareholding of Directors and Key Managerial Personnel (KMPs).
- (vii) Management Discussion and Analysis forms part of the Annual Report to the shareholders and it includes discussion on matters as required under the provisions of regulations of the SEBI (LODR) Regulation, 2015.
- (viii) There were no material financial & commercial transactions by Senior Management as defined in the required regulations of the SEBI (LODR) Regulation, 2015. where they have any personal interest that may have a potential conflict with the interests of the Company at large requiring disclosure by them to the Board of Directors of the Company.
- (ix) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.
- (x) The Company has established a vigil mechanism/whistle blower policy for directors and employees to report concerns about unethical behavior, actual or suspected fraud etc. and the same has been disclosed on the website of the Company.

**ADDENDUM :**

- (xi) The company has paid Rs.5 lacs towards Statutory Audit Fees, Rs.1 lac towards Tax Audit Fees, Rs.1.08 lac for other services excluding GST and Rs.0.53 lac paid as reimbursement of expenses to Statutory Auditors.
- (xii) A certificate from a Company Secretary in practice Sharma Sarin & Associates has been received stating that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI or MCA or any such statutory authority.

**12. Compliance Certificate**

Compliance Certificate for Corporate Governance from Secretarial Auditors of the Company is given as Annexure- 'C' to this report.

**13. General Body Meetings**

The last three Annual General Meetings of the Company were held as per the details given below :

Year	Venue	Date	Time
2015-2016	PHD Chamber of Commerce and Industry, Regional Office PHD House, Sector 31-A, Chandigarh	28.09.2016	11.30 A.M.
2016-2017	PHD Chamber of Commerce and Industry, Regional Office PHD House, Sector 31-A, Chandigarh	04.09.2017	11.30 A.M.
2017-2018	PHD Chamber of Commerce and Industry, Regional Office PHD House, Sector 31-A, Chandigarh	28.09.2018	3.30 P.M.

During the last three financial year, all resolutions, including one special resolutions on 31.03.2018 as set out in the said notice of General Meeting was passed by the shareholders. During the financial year, no postal ballots was used. At the forthcoming AGM, there is no item on the agenda that needs approval by Postal ballots.

**14. Details of Unclaimed Suspense Account of shares**

As per circular/ guidelines of Securities and Exchange Board of India(SEBI), the Company has opened a demat account on 07.05.2012 in the name of "WINSOME YARNS LIMITED-UNCLAIMED SUSPENSE ACCOUNT" and transferred the unclaimed shares in this account of those shareholders who had not claimed the shares after giving the notices to the respective shareholders.

The details of unclaimed shares are as under:-

Unclaimed shares' details as on 01.04.2018		Details of claimed shares during the financial year		Balance as on 31.03.2019	
No. of shareholders	No. of shares	No. of shareholders	No. of shares	No. of shareholders	No. of shares
1422	297500	2	400	1420	297100

The voting rights in respect of above unclaimed shares shall remain frozen till the rightful owner of such unclaimed shares.

**15. Means of Communications**

The financial results are published in widely circulating national & local dailies news papers such as Business Standard in English & Hindi, Financial Express in English and Jansatta in Hindi. The same are also being posted on the websites of BSE (www.bseindia.com) and NSE (www.nseindia.com) under the Scrip Code '514348' and 'WINSOME' respectively. The Company has also uploaded the same on the Company's website (www.winsomegroup.com).

**16. General Shareholder information**

Financial Year	1st April, 2018 to 31st March, 2019
Date of Annual General Meeting	Saturday, the 14th September, 2019
Venue & Time	PHD Chamber of Commerce & Industry, Sector 31-A, Chandigarh at 11.45 A.M.
Date of Book Closure	03.09.2019 to 05.09.2019 (both days inclusive)
Listing of equity shares on Stock Exchanges	BSE Limited (BSE) National Stock Exchange of India Ltd (NSE)
Demat ISIN Number	NSDL & CDSL : INE784B01035
Scrip Code	BSE – 514348, NSE – WINSOME

**Market price data :**

During the Financial Year, i.e. from 01.04.2018 to 31.03.2019, the month wise High and Low price of the equity shares of the Company on BSE and NSE were as under.

MONTHS	BSE		NSE	
	High	Low	High	Low
April 18	2.08	1.88	2.20	1.65
May 18	1.94	1.92	1.70	1.35
June 18	1.94	1.67	1.40	1.15
July 18	1.67	1.50	1.50	1.10
August 18	1.65	1.54	1.55	1.20
September 18	1.74	1.62	1.45	1.15
October 18	1.65	1.47	1.55	1.05
November 18	1.66	1.47	1.50	1.00
December 18	1.47	1.35	1.30	0.90
January 19	1.37	1.33	1.25	0.75
February 19	1.31	1.19	1.00	0.80
March 19	1.17	1.03	1.10	0.80

Source : [www.bseindia.com](http://www.bseindia.com), [www.nseindia.com](http://www.nseindia.com)

Annual Listing fee to BSE & NSE and Annual Custody fee to CSDL & NSDL for the year 2019-20 have been paid.

Registrar and Share Transfer Agent	M/s Link Intime India Pvt. Limited Noble Heights, 1st Floor, Plot NH 2, C-1 Block LSC Near Savitri Market, Janakpuri, New Delhi - 110058 Tele. No. 011-41410592-94, Fax No. 011-41410591 E-mail : <a href="mailto:delhi@linkintime.co.in">delhi@linkintime.co.in</a> , <a href="mailto:sunil.mishra@linkintime.co.in">sunil.mishra@linkintime.co.in</a>
Share Transfer System	Shares lodged in physical form with the RTA directly or through Company, are processed and returned, duly transferred, within the time period as prescribed in Regulation 40 of SEBI (LODR), Regulations 2015, except in cases which are under objection.  In respect of shares held in dematerialised mode, the transfer takes place instantaneously between the transferor, transferee through Depository Participant in electronic mode.
Compliance Officers E-mail IDs	Shri Manish Bagrodia, Managing Director and Shri K.V. Singhal, GM(Legal) and Company Secretary <a href="mailto:kvsinghal@winsomegroup.com">kvsinghal@winsomegroup.com</a> , <a href="mailto:cshare@winsomegroup.com">cshare@winsomegroup.com</a>

Distribution of shareholding as on 31st March, 2019.

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
01 - 500	9823	73.841	1698151	2.402
501 - 1000	1308	9.832	1161575	1.643
1001 - 2000	811	6.096	1359876	1.923
2001 - 3000	348	2.616	925745	1.309
3001 - 4000	161	1.210	586849	0.830
4001 - 5000	203	1.526	989155	1.399
5001 - 10000	301	2.263	2394600	3.387
10001 and above	348	2.616	61591278	87.107
<b>Total</b>	<b>13303</b>	<b>100.000</b>	<b>70707229</b>	<b>100.000</b>

Shareholding Pattern as on 31st March, 2019.

Category	No. of Shares	Percentage
Promoters & Promoter Group	27339609	38.67
Mutual Funds	11800	0.02
Foreign Portfolio Investors	9155403	12.95
Financial Institutions/ Banks	7800	0.01
Individual shareholders holding nominal share capital upto Rs. 2 lacs.	10327299	14.61
Individual shareholders holding nominal share capital in excess of Rs. 2 lacs.	11678634	16.52
Trust	858446	1.21
HUF Shareholding	1216664	1.72
NRI shareholding	464023	0.66
Unclaimed or Suspense Account	297100	0.42
Clearing Members	238168	0.34
Body Corporates shareholding	9112283	12.89
TOTAL	70707229	100.00

Details of shareholding of Directors in the Company as on 31.03.2019

Name of Director	No. of shares held
Shri Manish Bagrodia	52040

Dematerialisation of shares and liquidity.	Out of total 70707229 nos. of shares, 98.888% shares have been dematerialised upto 31.03.2019.
Outstanding GDRS/ ADRS/ Warrants or any convertible instruments, conversion date and likely impact on equity.	The Company has not issued during the year any GDRs/ADRs/Warrants or any convertible instruments, the conversion of which will have an impact on equity shares.
Plant Location (Yarn)	Village - Kurawala, Tehsil – Derabassi, Distt - Mohali (Punjab)
(Knitwear)	Winsome Knitwear (Prop. Winsome Yarns Limited) B-58, Industrial Area, Phase-VII, Mohali (PB)
Micro Hydel Power Projects	Barewal, Bharawal, Isewal, Mansion, Raawal at Sidhwan Bate, Distt. Ludhiana, Punjab
Address for correspondence	The Company Secretary Winsome Yarns Limited SCO 191-192, Sector 34-A Chandigarh-160022
E-mail IDs	kvsinghal@winsomegroup.com, cshare@winsomegroup.com
Website	www.winsomegroup.com

On behalf of the Board

Place: Chandigarh  
Dated : 12.08.2019

**Manish Bagrodia**  
Chairman & Managing Director

**ANNEXURE 'A'****DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT**

To,

The Board of Directors  
Winsome Yarns Limited  
SCO 191-192, Sector 34-A  
Chandigarh-160022

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to the Regulation 17 of the SEBI (LODR) Regulations, 2015 entered with Stock Exchanges to further strengthen corporate governance practices of the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non compliance thereof during the year ended 31st March, 2018.

Place : Chandigarh

Date : 27.05.2019

**Manish Bagrodia**

Chairman and Managing Director

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**ANNEXURE 'B'**

Compliance Certificate from Managing Director and Chief Financial Officer under regulation 17(8) of SEBI (LODR) Regulations, 2015 for the year 2018-19.

- A. We have reviewed financial statements and the cash flow statement for the year ended 31.03.2019 and that to the best of our knowledge and belief:
- 1 these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2 these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B To the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- D
- 1 There has not been any significant change in internal control over financial reporting during the year under reference;
  - 2 There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - 3 We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place : Chandigarh

Dated : 27.05.2019

**Anand Balkishan Sharma**

Chief Financial Officer

**Manish Bagrodia**

Chairman and Managing Director

**CERTIFICATE OF SECRETARIAL AUDITORS ON CORPORATE GOVERNANCE UNDER SEBI (LODR) REGULATIONS, 2015**

To the Members of

Winsome Yarns Limited

We, have examined the compliance of conditions of Corporate Governance by Winsome Yarns Limited, for the year ended March 31, 2019, as stipulated in Chapter IV of SEBI (LODR) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (LODR) Regulations, 2015.

We, state that such certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for Sharma Sarin & Associates  
Company Secretaries

Place: Chandigarh  
Date : 27.05.2019

G.S. Sarin, Partner  
FCS No: 4025, CP No: 2751

**CERTIFICATE**

(Pursuant to clause 10 of Part C of Schedule V of SEBI (LODR), Regulations, 2015)

In pursuance of sub clause (i) of clause 10 of Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015) in respect of Winsome Yarns Limited ( CIN: L17115CH1990PLC010566) I hereby certify that:

On the basis of written representation/ declaration received from the Directors and taken on record by the Board of Directors as on 31st March, 2019, none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of the Company by the Board/ Ministry of Corporate Affairs or any such Statutory Authority.

for Sharma Sarin & Associates  
Company Secretaries

Place: Chandigarh  
Date : 27.05.2019

G.S. Sarin, Partner  
FCS No: 4025, CP No: 2751



**INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS**

To the Members of Winsome Yarn Limited

**Report on the Audit of the Standalone Financial Statement**

**1. Qualified Opinion**

We have audited the accompanying Standalone Ind AS financial statements of Winsome Yarns Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in equity for the year then ended, and a summary of the 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, **except for the effects/possible effects of the matters described in paragraph under 'Basis of Qualified Opinion'**, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at March 31, 2019, and profit/loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**2. Basis for Qualified Opinion**

- i. In view of accumulated losses of the Company as at the end of March 31, 2019, the net worth of the Company as at that date being negative, continuous losses, negative cash flows and due to financial constraints, material uncertainty exists about the company ability to continue as going concern. The decision of management of the Company to prepare the accounts of the Company on going concern basis for reasons that, (a) proposed rehabilitation plan of the Company is under discussions with majority of lenders, and (b) future business plans of the Company and expected cash flows therefrom will suffice to service restructured debts of the Company, there would arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumptions as to going concern, and in the absence of impact of aforesaid assumptions having been unascertained, we are unable to comment thereon.
- ii. The Financial Statement for the year ended on March 31, 2019 are understated due to:
  - a) Non provisioning of interest expenses, on borrowings, of Rs. 11168.88 Lakhs for the year ended on March 31, 2019 (Rs. 9671.90 Lakhs for the year ended on March 31, 2018), and Rs. 39813.00 Lakhs being aggregate amount of interest unprovided till the year ended March 31, 2019 (Rs. 28644.12 Lakhs till the year ended March 31, 2018), and further amount towards penal interest, penalty, etc. as may be charged by the lenders. (In the absence of statement of account, the above amount has been arrived at as per estimates of the Company, and the aggregate unprovided amount in books of account of the Company is not ascertainable with accuracy).
  - b) Non provisioning against long outstanding receivables of Rs. 492.12 Lakhs (Rs. 9609.58 Lakhs as at March 31, 2018) including of overseas overdue trade receivables. Further the accounting for exchange fluctuation in respect of overseas trade receivables and export advances is not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, we are unable to comment its impact on financial statement.
- iii. Non provisioning against loans and advances (including other current assets) of Rs. 1331.29 Lakhs (Rs. 1569.63 Lakhs as at March 31, 2018).
- iv. The principles of Ind AS - 12 states that, the carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. However, the holding company has not provided any document related to review of deferred tax assets amounting to Rs. 44.36 Lakhs in its standalone financial statement as on 31st March, 2019. In the absence of such review of deferred tax assets, we are unable to comment upon possible impact on the standalone financial statement.
- v. As stated in note no. 10 of standalone financial statement, the company has investment in money market, 4862.11 redeemable shares of USD 1000 each in Arise Money Market Fund. As per information given to us, the balance above is as per rate of exchange prevailing at the time of investment, and is subject to adjustment in rate of foreign exchange and accruals on money market investments. In respect of its reliability /receipt, we are unable to comment. The non-accounting of investment at fair value and non-recognition of exchange fluctuation in respect thereto is not in line with Ind AS 109 "Financial Instruments" and Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" respectively, which has the effect of understatement of investment by Rs. 793.73 lakhs as at March 31 2019 (Rs. 686.63 lakhs as at March 31st 2018) overstatement of losses by Rs. 199.63 lakhs the year ended March 31st 2019. (Rs.10.63 lakhs as at March 31st 2018).
- vi. Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/ set off of

payment of receivables/payables from/to overseas parties/suppliers, which is pending necessary approval of the competent authority.

- vii. The Internal Control Systems need to be further strengthened in order that they are commensurate with the size of the Company and the nature of its business, more particularly in areas of, purchases and consumption of materials, charging of expenses, set-off of balances, and invoicing of sale of goods and services.
- viii. Confirmation of balances and reconciliation thereof with respective parties are pending, which include balances pertaining to, accounts receivable and payable (including Associate Company/ies), bank balances, secured loans, other liabilities, loans and advances recoverable and contingent liabilities. All balances have been certified by the management of the Company. In the absence of the Company having aforementioned details, the impact thereof is unascertainable, and therefore, not being commented. Further strengthening of internal controls by the Company will provide greater reliability.
- ix. As per the audit report of previous auditors for the year ended 31st March 2018, they noticed and found fraud in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch during the financial year 2017-18 by its employee/s against which the management took action by lodging F.I.R. with the concerned Police Station and investigation in the matter is pending. The misappropriation of goods has been valued at Rs. 70 Lakhs against which some of the parties to whom goods were sold by the concerned employees have confirmed having received the goods and also confirmed to the Company as having made payment against the same. The Company also filed its claim to insurance company under Employee Fidelity Insurance, effect whereof has been accounted in the books of account of the Company, considering the ongoing recovery process of its claims As per information given to us by management of the Company the matter is still pending and its status is same as it in previous financial year.

### **3. Emphasis of Matter**

We would like to draw attention to the following matters as stated in the notes to the financial statement:

- i. As stated in Note no. 8 in the standalone financial statement, as per information given to us, the company has made advance payment of Rs. 2268.50 Lakhs to Edelweiss Assets Reconstruction Company for advance against restructuring of loan. Loan outstanding from Edelweiss Assets Reconstruction Company amounting of Rs. 47049.46 Lakhs.
- ii. As stated in exceptional item in the standalone financial statement, the company has made provision for bad debts amounting of Rs. 9016.05 Lakhs as exceptional items.
- iii. We draw attention to the users of the financial statement of the company ended on 31st March, 2019, that the lender Edelweiss Assets Reconstruction Company Limited and Indian Overseas Bank has filed an application against company under section 7 of the Insolvency & Bankruptcy Code, 2016 before National Company Law Tribunal, Chandigarh Branch.

### **4. 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. There matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition, the matters described in the basis for qualified opinion paragraph are by their nature key audit matters.

### **5. 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, 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 the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate implementation and maintenance of 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 Ind AS 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 statement, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as application, matters related to going concern and using the going concern basis of

accounting unless management either intends to liquidate the company or its operations, or has no realistic alternative but to do so.

Those boards of directors are also responsible for overseeing the company's financial reporting process.

#### **6. Auditor's Responsibilities for the Audit of 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.

#### **7. Report on Other Legal and Regulatory Requirement**

- i. As required by the Companies (Auditor's Report) Order, 2016 (the Order) issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- ii. As required by section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit, except as stated in para under the head "Basis of Qualified Opinion".
  - b) Except for the effects/possible effects of the matters described in the "Basis of Qualified Opinion" paragraph above, in our opinion, proper books of account as required by law have been kept by the Company in so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) Except for the matter described in para under the "Basis for Qualified Opinion", in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
  - e) The matters described in the "Basis of Qualified Opinion" paragraph above, in opinion, may have an adverse effect on of the Company.
  - f) On the basis of written representations received from the directors as on March 31, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of section 164(2) of the Act.
  - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements- Refer Note no. 3.1 [read with Note no. 3.2(A)(b)(i), 3.2(A)(d) and 3.2(B)] to the standalone financial statement.
    - ii. Except as matter described under paragraph of "basis for qualified opinion" as required under the applicable law or Accounting Standards, The Company has made provision, for material foreseeable losses, if any, on long term contracts including derivative contracts, except to the extent and as explained in Note no 3.2 of the standalone financial statements.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Khandelja & Sharma  
Chartered Accountants  
Firm Registration No 510525C

CA. Arun Khandelja  
Partner  
Membership No. 089125

Place : New Delhi (Camp at Chandigarh)  
Date : 27-May-2019

**“ANNEXURE A” TO INDEPENDENT AUDITOR’S REPORT**

*(Annexure referred to in paragraph 6 on Report on Other Legal and Regulatory Requirements).*

- i. a) As per information and explanation given to us, the Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As per information and explanation given to us, the fixed assets related to Manufacturing operations of the Company have been physically verified by the management in a phased manner, which in our opinion need to further strengthen having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable freehold properties are held in the name of the Company. However, we have not been provided complete title deed of immovable property situated at Derabassi (Punjab) location.
- ii. According to the information, explanation and representation provided by the management, physical verification of inventory has been conducted at reasonable intervals by the management. However, we did not provide any occasion to overview the physical stock taking Further, according to information and explanation given to us no material discrepancy was noticed in such verification by management.
- iii. As informed to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, provisions of clause 3 (iii) of the Order is not applicable.
- iv. According to the information, explanation and representation provided by the management and based upon audit procedures performed, the Company has not given any loans, provided any guarantee or security in connection with any loan and/ or acquiring securities of any other body corporate.
- v. As explanation given to us and on the basis of our examination of the records, the Company has accepted deposits from public in violation of provisions of section 73 to 76 of companies act 2013 read with rule 3 of companies (acceptance of deposits) Rules, 2014.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the Company's products to which the said Rules apply and are of the opinion that prima facie, the prescribed records have been made and maintained. However; we have not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- vii. a. According to the information and explanations given to us and on the basis of our examination of the books of account and with reference to our Basis for qualified opinion, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, goods and service tax, service tax, customs duty, excise duty, cess, and other statutory dues applicable to it except, as specified in note no. 3.20 of standalone financial statement, dues of Employee State Insurance of Rs. 30.02 Lakhs and PWF of Rs. 1.97 Lakhs.  
According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at March 31, 2019, for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, power board demand and cess that have not been deposited by the Company with appropriate authorities on account of dispute except dues of income tax, sales tax and excise duty that have not been deposited with the appropriate authorities on account of dispute and the forum where these disputes pending are given below:

Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	182.71	2005-2007	ITAT, Chandigarh
	Income Tax	94.43	2007-08	High Court, Punjab and Haryana
	Income Tax	3.03	2010-11	CIT (Appeals), Chandigarh
	Income Tax	Nil*	2011-12 to 2013-14	ITAT, Chandigarh
	Income Tax	Nil*	2015-16	CIT (Appeals), Chandigarh

Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which relates	Forum where dispute is pending
Central/State Sales Tax	Sales Tax/VAT	5.80	1999-2000	Joint Director, Excise and Taxation, Chandigarh
	-do-	2.25	1993-1994	Sales Tax Tribunal, Punjab
	-do-	17.80	2003-2004	Deputy Excise and Taxation Commissioner (Appeal)
	-do-	38.78	2008-2009	-do-
	-do-	2.45	2017-18	DETC cum Joint Director (Enf.), Patiala
	-do-	13.84	2010-11	Sales Tax Tribunal
	-do-	12.76	2011-12	Sales Tax Tribunal
Central Excise Act	Excise Duty	7.63	2008-09	CESTAT, New Delhi
	-do-	5.04	2010-11	CESTAT, New Delhi
	-do-	13.42	2011-12	CESTAT, New Delhi
Punjab State Power Corporation Ltd	Power	14.25	2017-18	Punjab State Power Corporation Limited

\* Demand raised by the Income Tax Department is Nil.

This Para to be read with note no. 3.1(A) and 3.1(B) to the financial statements and para (x) of this Report under "Basis for Qualified Opinion".

- vii. In our opinion based on audit procedures performed and according the information and explanation given to us, the Company has defaulted in repayment of loans and borrowings to bank. However, the Company has not taken loans from any bank, financial institution, and Government or debenture holders during the year. The lender wise details of default is as under:

Sl. No.	Name of Bank	Total default amount (Rs. Lacs)	Maximum delay (in days)	Remarks
1.	Bank of India	2514.00	2100	Term Loan
2.	Bank of Maharashtra	2506.00	2010	Term Loan
3.	Indian Overseas Bank	2045.00	1918	Term Loan
4.	ICICI Bank Ltd.	611.00	2100	Working Capital Term Loan and FITL
5.	Oriental Bank of Commerce	1965.00	2100	Term Loan
6.	Canara Bank	12761.04	1825	Term Loan and Working Capital Loan - Assigned to EARC
7.	Punjab National Bank	14813.88	1901	Term Loan and Working Capital Loan - Assigned to EARC
8.	State Bank of Patiala	9789.44	1769	Term Loan and Working Capital Loan - Assigned to EARC
9.	Dena Bank	3973.01	2008	Term Loan - Assigned to EARC
10.	UCO Bank	4244.62	1827	Term Loan - Assigned to EARC
11.	United Bank of India	1467.46	2008	Term Loan - Assigned to EARC

EARC = Edelweiss Asset Reconstruction Company Ltd.

- viii) According to the information and explanation given to us, the term loans were applied for the purposes for which the loans were obtained. The Company did not raise any money by way of initial public offer or further public offer and term loans during the year.
- ix) To the best of our knowledge and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company or any fraud on the Company by its officers or employees noticed or reported during the year.

- x) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid managerial remuneration during the year under review for which requisite approval is required by the provisions of section 197 read with schedule V of the companies act, 2013.
- xi) The Company is not a Nidhi company.
- xii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS standalone financial statements as required by the applicable accounting standards.
- xiii) The Company has not made any preferential allotment or private placement of shares of fully or partly convertible debentures during the year under review. Accordingly, we are not offering any comment with respect to compliance of requirement of section 42 of the Act and utilization of the money.
- xiv) On the basis of records made available to us and according to the information and explanation given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- xv) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Khandelia & Sharma**  
Chartered Accountants  
Firm Registration No 510525C

**CA. Arun Khandelia**  
Partner  
Membership No. 089125

Place : New Delhi (Camp at Chandigarh)  
Date : 27-May-2019

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**ANNEXURE 'B TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE  
STANDALONE FINANCIAL STATEMENTS OF WINSOME YARNS LTD.****Report on the Internal Financial Controls under Clause (I) of sub-section 3 of the section 143 of the Act.**

We have audited the internal financial controls over financial reporting of Winsome Yarns Limited ("the Company") as of March 31, 2019, in conjunction with our audit of the Ind AS 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 laying down 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 (Guidance Note) issued by the Institute Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the Act).

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Standards of Auditing, to the extent applicable to an audit of internal financial controls and the Guidance Note, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain the 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 Ind AS 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 internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS financial statements.

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

Because of its 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 to 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.

**Basis of Qualified Opinion**

We draw attention to the paragraph 2 "Basis for Qualified Opinion" of our main report and the same to be read with our comments as stated below:



According to the information and explanation given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2019:

1. The Company did not have appropriate internal control system for
  - a) Adjustment/Set off and written off/write back payment of receivables/payables.
  - b) Credit control policy and procedure.
  - c) No policy or procedure for receipt of balance confirmation of receivables, particularly overseas overdue receivables, bank balances, payables (including of an associate company), secured loans and other liabilities loans and advances.
2. The company did not have any extensive internal control system for follow up/recovery/adjustment of old outstanding receivables and payables including balance confirmation and reconciliation.

Material weakness is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects/possible effects of the material weaknesses described above and on the achievement of the objectives of control criteria, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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 ICAI.

We have considered the material weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the March 31, 2019 standalone financial statements of the Company and these material weaknesses does not affect our opinion on the standalone financial statements of the Company.

For **Khandelia & Sharma**  
Chartered Accountants  
Firm Registration No 510525C

**CA. Arun Khandelia**  
Partner  
Membership No. 089125

Place : New Delhi (Camp at Chandigarh)  
Date : 27-May-2019



**STATEMENT OF IMPACT OF AUDIT QUALIFICATIONS (FOR AUDIT REPORT WITH MODIFIED OPINION) SUBMITTED ALONG-WITH ANNUAL AUDITED FINANCIAL RESULTS– STANDALONE BASIS – WINSOME YARNS LIMITED**

**Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2019 [See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations 2016]**

(Rs. in Lakhs)

<b>I.</b>	<b>Sl. No.</b>	<b>Particulars</b>	<b>Audited Figure (as reported before adjusting for qualifications)</b>	<b>Adjusted Figures (audited figures after adjusting for qualifications)*</b>
	1	Turnover/ Total income	25229	25229
	2	Total Expenditure	27715	40707
	3	Net Profit/(Loss)	(11487)	(24479)
	4	Earnings Per Share	(16.25)	(34.62)
	5	Total Assets	33327	31504
	6	Total Liabilities	63263	103076
	7	Net Worth	(29936)	(71752)
	8	Any other financial item(s) (as felt appropriate by the management)	-	-

\* all adjustments are without tax effect.

**II. Audit Qualifications**

**(a) Details of Audit qualification**

Reference is invited to Para (4) of Independent Auditor's Report on Standalone audited financial results:

- (i) In view of accumulated losses of the Company as at the end of March 31, 2019, the net worth of the Company as at that date being negative, the decision of management of the Company to prepare the accounts of the Company on going concern basis for reasons that, (a) proposed rehabilitation plan of the Company is under discussions with majority of lenders, and (b) future business plans of the Company and expected cash flows therefrom will suffice to service restructured debts of the Company, there would arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumptions as to going concern, and in the absence of impact of aforesaid assumptions having been un-ascertained, we are unable to comment thereon
- (ii) The results for the quarter ended on March 31, 2019 and the year ended on March 31, 2019 are understated due to:
  - (a) Non provisioning of interest expenses on borrowings of Rs. 2905.99 Lakhs for the quarter ended and Rs. 11168.88 Lakhs for the year ended on March 31, 2019 (Rs. 2512.42 Lakhs for the quarter ended and Rs. 9671.90 Lakhs for the year ended on March 31, 2018), and Rs. 39813.00 Lakhs being aggregate amount of interest unprovided till the year ended March 31, 2019 (Rs. 28644.12 Lakhs till the year ended March 31, 2018), and further amount towards penal interest, penalty, etc. as may be charged by the lenders. (In the absence of statement of account, the above amount has been arrived at as per estimates of the Company, and the aggregate unprovided amount in books of account of the Company is not ascertainable with accuracy).
  - (b) Non provisioning against long outstanding receivables of Rs. 492.12 Lakhs (Rs. 9609.58 Lakhs as at March 31, 2018) including of overseas overdue trade receivables. Further the accounting for exchange fluctuation in respect of overseas trade receivables and export advances is not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, we are unable to comment its impact on financial statement.
- (iii) Non provisioning against loans and advances (including other current assets) of Rs.1331.29 Lakhs (Rs. 1569.63 Lakhs as at March 31, 2018).
- (iv) As stated in note no. 10 of standalone financial statement, investment in money market 4862.11 redeemable shares of USD 1000 each in Arise Money Market Fund. As per information given to us, the balance above

is as per rate of exchange prevailing at the time of investment, and is subject to adjustment in rate of foreign exchange and accruals on money market investments. In respect of its realisability/ receipt, we are unable to comment. The non-accounting of investment at fair value and non-recognition of exchange fluctuation in respect thereto is not in line with Ind AS 109 "Financial Instruments" and Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" respectively, which has the effect of understatement of investment by Rs. 793.73 lakhs as at March 31<sup>st</sup> 2019 (Rs. 686.63 lakhs as at March 31<sup>st</sup> 2018) overstatement of losses by Rs. 199.63 lakhs for the year ended March 31<sup>st</sup> 2019. (Rs. 10.63 lakhs as at March 31<sup>st</sup> 2018)

- (v) Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/set off of payment of receivables/payable from/to overseas parties/suppliers, which is pending necessary approval of the competent authority.
  - (vi) The Internal Control Systems need to be further strengthened in order that they are commensurate with the size of the Company and the nature of its business, more particularly in areas of, purchases and consumption of materials, charging of expenses, set-off of balances, and invoicing of sale of goods and services.
  - (vii) Confirmation of balances and reconciliation thereof with respective parties are pending, which include balances pertaining to, accounts receivable and payable (including Associate Company/ies), bank balances, secured loans, other liabilities, loans and advances recoverable, and contingent liabilities. All balances have been certified by the management of the Company. In the absence of the Company having aforementioned details, the impact thereof is unascertainable, and therefore, not being commented. Further strengthening of internal controls by the Company will provide greater reliability
  - (viii) As per the audit report of previous auditors for the year ended 31<sup>st</sup> March 2018, they noticed and found fraud in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch during the financial year 2017-18 by its employee/s against which the management took action by lodging F.I.R. with the concerned Police Station and investigation in the matter is pending. The misappropriation of goods has been valued at Rs. 70.00 Lakhs against which some of the parties to whom goods were sold by the concerned employees have confirmed having received the goods and also confirmed to the Company as having made payment against the same. The Company also filed its claim to insurance company under Employee Fidelity Insurance, effect whereof has been accounted in the books of account of the Company, considering the ongoing recovery process of its claims. As per information given to us by management of the Company the matter is still pending and its status is same as it in previous financial year.
- (b) Type of Audit Qualification  
Qualified Opinion
- (c) Frequency of Qualification
- In case of point no (i), (iv) and (v) – Appeared since F.Y. 2014-15
  - In case of point no (ii)(a) – Appeared since F.Y. 2013-14 (However, there is change in amount)
  - In case of point no (ii)(b) and (ii)(c) – Appeared since F.Y. 2003-04 (However, there is change in amount)
  - In case of point no (iii) – Appeared since F.Y. 2013-14
  - In case of point no (vi) – Appeared since F.Y. 2003-04
  - In case of point no. (vii)—Appeared in F.Y. 2017-18
- (d) For Audit Qualification(s) where the impact is quantified by the Auditor, Management views  
With regard to Auditors Qualification No. (ii)(a), (ii)(b), (iii), (iv) and (viii):-
- (ii) (a) Regarding non-provision of interest expenses, penal interest, penalty, etc. in respect of borrowings of the Company from banks - As stated in Note No. 3.24 of the Audited Financial Statement, due to continuous losses and financial tightness, the Company has not been able to fully pay due installments & interest on term loan on due dates, which resulted into classification of credit facilities as Non-Performing Assets couple with recall of facilities by lenders of the Company & certain overdue amount is continuing/ unpaid till date (as detailed in note no. 3.24 of audited financial statement for the year ended March 31, 2019). Interest on term loans and working capital including overdue amount, penal interest etc. (amount unascertained) has not been provided and as the same will be provided / interest for as and when paid/settled as the company is in process of discussion/applying for getting loans to be restructured by the lenders/ARC. Six of banks have assigned and transferred the total debts due from the Company along with the underlying rights, title and interests in financial assistances granted to the Company to an Asset Reconstruction Company (ARC).

- (ii) (b) Regarding non-provision against long outstanding receivables-As also explained in Note No. 3.8(a) of Audited Financial Statements, management view is that the receivables for period over one year of Rs. 492.12 Lakhs till 31.03.2019 (Rs. 9609.58 Lakhs till 31.03.2018), including of overseas overdue trade receivables. Further the accounting for exchange fluctuation in respect of overseas trade receivables and export advances is not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, we are unable to comment its impact on financial statement.
- (iii) Regarding non accounting of investment at fair value and non-recognition of exchange fluctuation in respect thereto, the management is of view that the money lying outside India is part of GDRs proceeds of the Company and is earmarked for utilization for setting up a Yarn Dying Plant, which could not be implemented for want of support of lenders. The Management of the Company is engaged in firming an active plan for implementation of its proposal for setting up of a Yarn Dying Plant, and upon its finalization, the aforesaid amount will be utilized for investment and on that date effect of any gain shall be accounted in the books of account of the Company.
- (vii) In previous year with regard to noticed fraud in the nature of shortage and misappropriation of goods stored at its Ludhiana Branch by the employee/s of the Company, the effect whereof has been accounted in the books of account of the Company, considering the ongoing recovery process and its claim.
- (e) For Audit Qualification(s) where the impact is not quantified by the Auditor:

  - (i) Management's estimation on the impact of audit qualification  
Not ascertainable
  - (ii) If management is unable to estimate the impact, reasons for the same  
With regard to Auditors Qualification No. (i), (iii), (iv), (v) and (vi):-

    - (i) Regarding net worth of the Company becoming negative and preparation of financial statements on going concern basis - Consequent to erosion of entire net worth, the Company filed Reference before the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) under Sick Industrial Company (Special Provisions) Act, 1985 (SICA), which was registered. The Company was in discussions with its lenders for evolving a scheme of rehabilitation of its financial debts, which continued during the period when the reference of the Company was under consideration before BIFR and also presently after the SICA has been repealed. Considering the proposed rehabilitation and future business plans of the Company, present business scenario, stable government policies for the business and expected cash flow in the near future as assessed by the Management, accounts of the Company are prepared on 'Going Concern' basis.
    - (iii) Regarding pending receipt of part money out of GDR issue – As also explained in Note no. 3.3 of the of the Audited Financial Statements that out of the proceeds of GDRs raised in F.Y. 2010-2011, an amount of USD 7,164,490 (INR 3873.75 Lakhs) stood remitted to India, which had been utilised for augmentation of working capital needs of the Company and a balance amount of USD 48,62,110 (INR 2568.41 Lakhs) continues to remain invested in an overseas Money Market Fund outside India as on 31.03.2019, pending utilization of such proceeds. The Company is filing all due returns regularly with RBI. Also the Depository of GDR issue had resigned w.e.f. 29.10.2014 and terminated the agreement w.e.f. 15-06-2015. The GDR had been de-listed from LuxSE w.e.f. 16.06.2015. The Company is in process to appoint new depository and seek relisting of GDR on LuxSE or any other overseas stock Exchange.
    - (iv) Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/ set off of payment of receivables/payable from/to overseas parties/suppliers, which is pending necessary approval of the competent authority. The management is in the process of obtaining necessary approvals from the competent authority.
    - (v) Regarding further strengthening the system of internal controls – Necessary steps have been initiated by the Company to further strengthen the system of internal controls w.r.t. purchases and consumption of inventory, booking of expenses, set off of balances, for the sale of goods and services, etc.
    - (vi) Regarding pending confirmation / reconciliation of balances of certain receivables (including overseas overdue receivables), bank balances, payable (including of an Associate Company/ies), secured loans, other liabilities, loans and advances etc; and contingent liability - The management is of the opinion that adjustment, if any, arising out of such reconciliation would not be material. Further, necessary steps have been initiated to further strengthen system of internal controls w.r.t. accounting of expenses, accounting of income (including sale of licenses and provision written back), payroll payments and of balance reconciliation/confirmation.

- (iii) Auditors' comments on (i) or (ii) above  
Refer details of audit qualification [para II(a) above]

**III. Signatories**

**Manish Bagrodia**  
Chariman and Managing Director

**Anand Balkishan Sharma**  
Chief Financial Officer

**Kaushal Kashyap**  
Audit Committee Chairman

Statutory Auditors  
For **Khandelia & Sharma**  
Chartered Accountants  
Firm Registration No. 510525C

**Arun Khandelia**  
Partner  
Membership No. 089125

Place : Chandigarh  
Date : 27-May-2019

**STANDALONE BALANCE SHEET AS AT MARCH 31, 2019**
**(Rs. Lakhs)**

<b>PARTICULARS</b>	<b>Notes</b>	<b>As at March 31, 2019</b>	<b>As at March 31, 2018</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<b>4 (a)</b>	20,668.80	22,239.01
Capital work in progress		-	-
Other intangibles assets	<b>4(b)</b>	27.08	10.50
Financial assets			
Investments	<b>5</b>	-	-
Loans	<b>6</b>	2.12	2.12
Deferred tax assets (net)	<b>7</b>	44.36	44.36
Other non current assets	<b>8</b>	3,160.37	2,566.27
		<b>23,902.73</b>	<b>24,862.26</b>
<b>Current assets</b>			
Inventories	<b>9</b>	2,868.69	4,237.55
Financial assets			
Loans	<b>6</b>	23.77	18.16
Investment	<b>10</b>	2,568.41	2,679.34
Trade receivables	<b>11</b>	1,735.52	12,185.22
Cash and cash equivalents	<b>12</b>	149.87	208.62
Other bank balances	<b>13</b>	30.66	32.36
Other financial assets	<b>14</b>	1,012.34	1,047.09
Current tax assets	<b>15</b>	109.83	99.84
Other current assets	<b>16</b>	925.66	1,066.92
		<b>9,424.75</b>	<b>21,575.10</b>
<b>TOTAL ASSETS</b>		<b>33,327.48</b>	<b>46,437.36</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	<b>17</b>	7,070.72	7,070.72
Other equity		(37,006.47)	(25,519.46)
		<b>(29,935.75)</b>	<b>(18,448.74)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred grant income	<b>18</b>	78.29	87.51
Provisions	<b>19</b>	201.76	192.22
		<b>280.05</b>	<b>279.73</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	<b>20</b>	55,636.02	55,728.50
<b>Trade payables</b>	<b>21</b>		
Outstanding dues of Micro and small enterprises		95.11	91.31
Outstanding dues of creditors other than Micro and small enterprises		4,209.05	5,554.32
Other financial liabilities	<b>22</b>	2,931.67	3,142.97
Deferred grant income	<b>18</b>	9.23	9.23
Other current liabilities	<b>23</b>	72.14	56.73
Provisions	<b>19</b>	29.96	23.31
		<b>62,983.18</b>	<b>64,606.37</b>
<b>Total liabilities</b>		<b>63,263.23</b>	<b>64,886.10</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>33,327.48</b>	<b>46,437.36</b>

**SIGNIFICANT ACCOUNTING POLICIES**
**2**
**NOTES TO THE FINANCIAL STATEMENTS**
**3-33**

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date.

For and on behalf of the Board

**Khandelia & Sharma**  
Chartered Accountants  
Firm Registration No. 510525C  
By the hand of

**Manish Bagrodia**  
Chairman & Managing Director  
DIN No. 00046944

**Mridula Goyal**  
Director  
DIN No. 08354018

**CA. Arun Khandelia**  
Partner  
Membership No. 089125  
May 27, 2019  
New Delhi (Camp at Chandigarh)

**KV Singhal**  
GM (Legal) and  
Company Secretary

**Anand Balkishan Sharma**  
President (Corporate Finance)  
and Chief Financial Officer

# WINSOME YARNS LIMITED

## STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(Rs. Lakhs)

PARTICULARS	Notes	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>INCOME</b>			
Revenue from operations	24	25,025.28	33,305.42
Other income	25	204.01	182.20
<b>Total Income</b>		<b>25,229.29</b>	<b>33,487.62</b>
<b>EXPENSES</b>			
Cost of material consumed		15,084.57	21,858.25
Purchase of stock-in-trade		22.25	-
Excise duty		-	1.80
Change in inventories of finished goods, work in process and stock in trade	26	1,178.67	1,095.00
Employees benefit expenses	27	3,354.07	3,523.83
Finance costs	28	26.27	36.88
Depreciation and amortisation	29	1,609.55	1,706.93
Other expenses	30	6,439.66	7,356.35
<b>Total Expense</b>		<b>27,715.04</b>	<b>35,579.04</b>
<b>Loss before exceptional items and tax</b>		<b>(2,485.75)</b>	<b>(2,091.42)</b>
Less: Exceptional items		(9,016.05)	296.64
<b>Loss before tax</b>		<b>(11,501.80)</b>	<b>(1,794.78)</b>
Less/(-Add): Tax expense			
Current tax		-	-
Deferred tax	7	-	-
<b>Loss after tax</b>		<b>(11,501.80)</b>	<b>(1,794.78)</b>
Other comprehensive income		14.79	12.87
<b>Total Comprehensive Income</b>		<b>(11,487.01)</b>	<b>(1,781.91)</b>
<b>Earnings per equity share [par value of Rs. 10 (Rs. 10) each]</b>			
1. Basic (Rs.)	31	(16.25)	(2.52)
2. Diluted (Rs.)	31	(16.25)	(2.52)

### SIGNIFICANT ACCOUNTING POLICIES

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### NOTES TO THE FINANCIAL STATEMENTS

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The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date.

For and on behalf of the Board

**Khandelia & Sharma**  
Chartered Accountants  
Firm Registration No. 510525C  
By the hand of

**Manish Bagrodia**  
Chairman & Managing Director  
DIN No. 00046944

**Mridula Goyal**  
Director  
DIN No. 08354018

**CA. Arun Khandelia**  
Partner  
Membership No. 089125  
May 27, 2019  
New Delhi (Camp at Chandigarh)

**KV Singhal**  
GM (Legal) and  
Company Secretary

**Anand Balkishan Sharma**  
President (Corporate Finance)  
and Chief Financial Officer

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED ON MARCH 31, 2019**

PARTICULARS	(Rs. Lakhs)	
	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>A. CASH FLOW FROM OPERATIONS</b>		
Loss before tax	(11,487.01)	(1,781.91)
<b>Adjustment for:</b>		
Depreciation	1,609.55	1,706.93
Amortisation of lease hold land	3.31	2.83
Prorata capital subsidy	(9.23)	(9.23)
(Profit)/Loss on sale of fixed assets	-	0.64
Interest expense	26.27	36.88
Interest income	(25.09)	(30.48)
<b>Operating profit before working capital changes</b>	<b>(9,882.20)</b>	<b>(74.34)</b>
<b>Adjustment for working capital changes:</b>		
<b>Increase/(Decrease) in financial liabilities</b>		
Trade payables	(1,341.47)	(552.50)
Revenue received in advance	(37.59)	288.38
Other payables	(173.71)	182.92
Increase/(Decrease) in other current liabilities	15.41	0.26
Increase/(Decrease) in provisions	16.20	29.83
<b>(Increase)/Decrease in financial assets</b>		
Trade and other receivables	10,449.70	(122.98)
Loans	(5.61)	0.01
Investment	110.93	(0.00)
Interest accrued but not due	-	30.04
Other loan	34.75	(75.89)
Increase/(Decrease) in other current assets	141.72	(85.22)
Increase/(Decrease) in other non current assets	(597.91)	(998.08)
Increase/(Decrease) in inventories	1,368.86	1,515.00
	<b>99.08</b>	<b>137.43</b>
Current tax liabilities (Net)	(9.98)	(2.68)
<b>Net cash flow from operating activities (A)</b>	<b>89.10</b>	<b>134.75</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(55.89)	(81.35)
Reductions to property, plant and equipment	-	0.25
Interest receipts	25.09	30.48
<b>Net cash used in investing activities (B)</b>	<b>(30.80)</b>	<b>(50.62)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(26.27)	(36.88)
<b>Increase/(Decrease) in financial liabilities</b>		
Proceeds from borrowings	(92.48)	0.01
Repayment of borrowings	-	-
<b>Net cash used in financing activities (C)</b>	<b>(118.75)</b>	<b>(36.87)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(60.45)</b>	<b>47.26</b>
Cash and cash equivalents - Opening balance	240.98	193.72
Cash and cash equivalents - Closing balance	180.53	240.98

(Figures in bracket represents cash outflow)

As per our report of even date.

For and on behalf of the Board

**Khandelia & Sharma**  
Chartered Accountants  
Firm Registration No. 510525C  
By the hand of

**Manish Bagrodia**  
Chairman & Managing Director  
DIN No. 00046944

**Mridula Goyal**  
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and Chief Financial Officer

May 27, 2019  
New Delhi (Camp at Chandigarh)

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

Particulars	(Rs. Lakhs)						
	Equity share capital (A)	OTHER EQUITY					Total equity attributable to equity holders of the Company (A)+(B)
		Securities premium reserve	Capital reserve	Retained earnings	Capital redemption reserve	Comprehensive Income	
<b>Balance as at April 1, 2017</b>	<b>7,070.72</b>	<b>5,181.95</b>	<b>261.03</b>	<b>(29,297.32)</b>	<b>124.44</b>	<b>(7.65)</b>	<b>(16,666.83)</b>
Loss for the year	-	-	-	(1,794.78)	-	12.87	(1,781.91)
<b>Balance as at March 31, 2018</b>	<b>7,070.72</b>	<b>5,181.95</b>	<b>261.03</b>	<b>(31,092.10)</b>	<b>124.44</b>	<b>5.22</b>	<b>(18,448.74)</b>
Loss for the year	-	-	-	(11,501.80)	-	14.79	(11,487.01)
<b>Balance as at Mar 31, 2019</b>	<b>7,070.72</b>	<b>5,181.95</b>	<b>261.03</b>	<b>(42,593.90)</b>	<b>124.44</b>	<b>20.01</b>	<b>(29,935.75)</b>

As per our report of even date.

**Khandelia & Sharma**  
Chartered Accountants  
Firm Registration No. 510525C  
By the hand of

**CA. Arun Khandelia**  
Partner  
Membership No. 089125  
May 27, 2019  
New Delhi (Camp at Chandigarh)

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**KV Singhal**  
GM (Legal) and  
Company Secretary

**Anand Balkishan Sharma**  
President (Corporate Finance)  
and Chief Financial Officer



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2019.**

1. **Corporate Information:** Winsome Yarns Limited (the Company) having CIN: L17115CH1990PLC010566 is a public company domiciled in India and incorporated under the provisions of Companies Act, 1956. Its shares are listed on the Bombay Stock Exchange and National Stock Exchange. The Company is engaged into manufacturing of Yarn, Knitwear and generation of power.

2. **BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**(A) Basis of preparation of financial statements**

**(a) Statement of Compliance**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (the Act), (Ind AS compliant Schedule III), as applicable to the Company.

Effective April 1, 2017, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 'First time adoption of Indian Accounting Standards', with April 1, 2016, as the transition date. The transition was carried out from Indian Accounting Principles Generally Accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**(b) Functional and presentation currency**

These financial statements are presented in Indian rupees (Rs.), which is the Company's functional currency. All amounts have been rounded to the nearest nearest Lakh unless otherwise indicated [10 Lakh = 1 Million].

**(c) Basis of Measurement**

The financial statements are prepared as a going concern basis under historical cost convention basis, except for certain items with significant uncertainty, which are measured at fair values.

**Determining the Fair Value**

While measuring the Fair Value of an asset or a liability, the Company used observable market data as far as possible. Fair values are categorised 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).

The fair value of trade receivables, trade payables and other Current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are Non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis.

Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value.

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 categorised in its entirety in the same level of the Fair Value hierarchy as the lowest level input that is significant to the entire measurement.

**(d) Use of Estimate**

The preparation of financial statements in conformity with the Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of the contingent asset and contingent liability at the date of the financial statements and reported amount of income and expenses during the period. Accounting estimates could change from period to period. Actual

results could differ from the estimates. Appropriate changes in estimate are made as the management become aware of the change in circumstances surrounding the estimates. Change in the estimates are reflected in the financial statements in the period in which the changes are made and, if material, their effect are disclosed in the notes to financial statements.

**(e) 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 issued by the Ministry of Corporate Affairs 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) Recent accounting pronouncement**

- (a) Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted.

- (b) Ind AS 116 on "Leases": On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116 on Leases. Ind AS 116 will replace the existing Ind AS 17 on Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the Lessee and the Lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit & Loss as per Ind AS 17. The Standard also contains enhanced disclosure requirements for lessees.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- a) Full retrospective: Retrospectively to each prior period presented applying Ind AS 8 on 'Accounting Policies, Changes in Accounting Estimates and Errors'.
- b) Modified retrospective: Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application. Under modified retrospective approach, the lessee records the lease liability at the present value of remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date certain practical expedients are available under both the methods.

On completion of the evaluation of the Ind AS 116, the Company found that underlying value of leased assets of the Company is of low value and accordingly applying Para 4 of Ind AS 116, no adjustment is required to be made to the leased assets of the Company. Therefore, the Company is carrying its leased assets as per earlier standard.

**(C) Significant accounting policies**

**a) Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of Property, Plant and Equipment recognised as at April 1, 2016 measured as per the previous GAAP. Cost

directly attributable to acquisition are capitalised until the Property, Plant and Equipment are ready for use as intended by the management.

Property, Plant and Equipment are derecognised from financial statements, either on disposal or when no economic benefits are expected from its use. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the Property, Plant and Equipment and the resultant gains or losses are recognized in the Statement of Profit and Loss. Property, Plant and Equipment, which are to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Depreciation on Property, Plant and Equipment commences when the these assets are ready for their intended use. Items of Property, Plant and Equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of these assets, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Depreciation on Property, Plant and Equipment purchased or sold during the year is proportionately charged.

Depreciation methods, useful lives and residual values of Property, Plant and Equipment are reviewed periodically, including at each financial year end by the management of the Company.

**b) Intangible Assets**

Intangible Assets are stated at cost of acquisition less accumulated amortisation. Specialized Software is amortised over an estimated useful period of six year. Amortisation is done on straight line basis.

**c) Impairment of non financial assets**

Property, Plant and Equipment are evaluated for recoverability, whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

**(D) Inventories**

- i. Inventories are valued at lower of cost or net realisable value except for scrap and by-products which are valued at net realisable value.
- ii. Cost of inventories of finished goods and work-in-process includes material cost, cost of conversion and other related overhead costs.
- iii. Cost of inventories of raw material, work-in-process and stores and spares is determined on weighted Average Cost Basis.

**(E) Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

**Financial Assets :**

**Recognition:** Financial assets include Investments, Trade receivables, Advances, Security Deposits, Cash and cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

**Classification:** Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

**Financial assets are classified as those measured at:**

- a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/ or interest.
- b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.
- c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

**In case of investment in equity shares**

- a) For subsidiaries, associates and joint ventures: Investments in equity instruments are measured at fair value and considered as deemed cost. The value is tested for impairment on periodical basis. Provision for diminution in long term investments is made only if such decline is other than temporary.
- b) For other than subsidiaries, associates and joint ventures: Investments in equity instruments are measured at FVTOCI.

**Debt instruments:**

Debt instruments are measured at amortised cost. Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised when the asset is derecognised or impaired. Interest income from these financial assets is included as part of other income using the effective interest rate method.

**Other:**

Trade receivables, Advances, Security Deposits, Cash and cash equivalents etc., are reclassified for measurement at amortised cost.

**Impairment:** The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since its initial recognition.

**Reclassification:** When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

**De-recognition:** Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

- a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;
- b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

**Financial Liabilities**

Initial and subsequent recognition: Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest rate method and adjusted to the liability figure disclosed in the Balance Sheet.

**De-recognition:** Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation in respect of the liabilities is discharged, cancelled and settled on expiry by the Company.

**Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**Equity Instruments**

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

**(F) Government Grants**

Group entities may receive government grants that require compliance with certain conditions related to the entity's operating activities or are provided to the entity by way of financial assistance on the basis of certain qualifying criteria

Government grants are recognised when there is reasonable assurance that the grant will be received, and the Group entity will comply with the conditions attached to the grant. Accordingly, government grants:

- a) related to or used for assets are included in the Balance Sheet as deferred income and recognised as income over the useful life of the assets.
- b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.
- c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

Capital subsidy under TUFs from the Ministry of Textiles on specified processing machinery has been treated as deferred income which is recognized on systematic and rational basis in proportion of the applicable depreciation over the useful life of the respective assets and is adjusted against the depreciation to the Statement of Profit and Loss.

Duty drawback / DEPB is recognised at the time of exports and the benefits in respect of advance license received by the Company against export made by it are recognised as and when goods are imported against them.

**(G) Claims, Provisions, Contingent assets and Liabilities:**

Claims lodged by and lodged against the Company are accounted in the year of payment or settlement thereof.

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is the best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

Contingent liabilities are not recognised but are disclosed by way of notes to the financial statements, after careful evaluation by the management of the facts and legal aspects of each matter involved. Contingent assets are neither recognised nor disclosed in the financial statements. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying the economic benefit has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs.

**(H) Recognition of revenue and expenditure**

- (i) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable. Revenue represents the net invoice value of goods and services provided to third parties after deducting discounts, volume rebates, outgoing taxes.

Revenue is recognised usually when all significant risks and rewards of ownership of the asset sold are transferred to the customer and the commodity has been delivered to the shipping agent. Revenue from sale of material by-products are included in revenue.

- (ii) **Interest and dividend income**

Interest income is recognised using Effective Interest Method (EIR).

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of financial instruments or a shorter period, where appropriate, to the gross carrying amount of the asset

or to the amortised cost of 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 but does not consider the expected credit loss.

Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

**(I) Borrowing Cost**

Borrowing Cost attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets upto the date when such assets are ready for intended use. Other borrowing costs are charged as expense in the year in which they are incurred.

**(J) Employee benefits**

Benefits such as salaries, wages and short term compensations etc. is recognized in the period in which the employee renders the related services.

The Company makes contributions to defined benefit schemes and defined contribution plans. Provident Fund contributions are in the nature of defined contribution scheme. Provident funds are deposited with government and recognised as an expense. The Company also make contribution to defined benefit plan i.e. gratuity plan. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of re-measurements are recognised immediately through other comprehensive income in the period in which they occur.

The employees of the Company are entitled to compensated leave for which the Company records the liability based on actuarial valuation computed using projected unit credit method. These benefits are unfunded.

Actual disbursements made, under the Workers' Voluntary Retirement Scheme are accounted as revenue expenses.

**(K) Taxes on income**

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

**(L) Foreign currency transactions and translation**

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts has been recognised over the life of the contract. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.

Non-monetary foreign currency items are carried at cost.

**(M) Prior period errors**

Prior Period Errors are omissions from, and misstatements in, prior period financial statements resulting from the failure to use, or the misuse of, reliable information that was available, or could not be reasonably expected to have been obtained, at the time of preparation of those financial statements.

Prior Period Errors have been corrected retrospectively in the financial statements. Retrospective application

means that the correction affects only prior period comparative figures, current period amounts are unaffected. Comparative amounts of each prior period presented which contain errors are restated. If however, an error relates to a reporting period that is before the earliest prior period presented, then the opening balances of assets, liabilities and equity of the earliest prior period presented has been restated by following IAS 8.

**(N) Earnings per share**

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also, the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

**(O) Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**Amendment to Ind AS-7**

Effective April 1, 2017, the Company adopted the amendment to Ind AS7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

**(P) Cash and cash equivalents**

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

**NOTE NO. 3:**

**3.1 Explanatory notes forming part of the Balance Sheet**

**(A) Contingent Liabilities, not provided for in respect of; (As certified by the management)**

**(Rs. in lakhs)**

Sl. No.	Particulars	2018-19	2017-18
(i)	Bills discounted with banks	-	109.91
(ii)	Sales Tax liability in respect of matters under appeal	107.95	81.35
(iii)	Excise duty show cause notices / matters under appeal	26.10	26.10
(iv)	Income Tax Demand	280.17	280.17
(v)	Customs duty saved Nil (Previous Year Rs. Nil) for import of capital good made against EPCG license. Against which export obligations amounting to Rs. 482.24 Lakhs (Previous Year Rs. 515.34 Lakhs) are pending against the EPCG licenses issued in earlier years. Non fulfilment of Export obligation will attract demand of Rs 85.42 Lakhs (Previous Year Rs. 91.22 Lakhs) (including interest and excluding penalty).		

**(B) In respect of certain disallowances and additions made by the Income Tax Authorities, appeals are pending before the Appellate Authorities and adjustments, if any, will be made after the same are finally determined.**

Considering the past experience, Management of the Company is of the view that there will not be any material financial impact on the Company upon aforesaid determination by the Appellate Authorities.

**(C) Estimated amount of Capital contracts remaining to be executed on Capital Account and not provided for is Nil (Previous year Nil) and net of advances is Nil (Previous year Nil), as certified by the management.**



**3.2.**

- (A) a) The loans from Banks are further secured by unconditional and irrevocable personal guarantees of promoters, promoters group/ associate companies and secured/ to be secured by pledge of 51% (Fifty one percent) of equity share capital (present /future) of the company or 100% of shares held/ to be held by promoters, promoters group/ associate companies, whichever is lower.
- b) (i) Appeals filed by the Company against its Lenders, viz., Bank of Maharashtra and Edelweiss Asset Reconstruction Company Limited, under section 17 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act, 2002) before the Hon'ble Debt Recovery Tribunal, Chandigarh (DRT), against notice u/s 13(4) of the SARFAESI Act, 2002 issued by the aforesaid lenders, were admitted and are pending adjudication before the Hon'ble DRT. The Company has alleged that the action taken by the aforementioned lenders was incorrect in law, and the Company has a claim for damages suffered by it.
- (ii) The Company's request to the lending banks from time to time seeking permission for renewal and continuation of "Holding-on operations" in the banking accounts of the Company (which were unilaterally and intermittently stopped by the lending banks on several occasions earlier) were not accepted and funds of the Company aggregating Rs.152.25 Lakhs (previous year Rs. 152.25 Lakhs) are lying in the current accounts/fixed deposit accounts with the lending banks. The stuck-up funds of the Company are accounted as part of Bank Balances in Note No. 12 and 13 of the financial statements. The Company had filed a Civil Suit before Civil Judge (Junior Division), Chandigarh for recovery of Rs. 42.16 Lakhs lying in the current account with State Bank of Patiala (since merged with State Bank of India) and the Hon'ble Civil Judge has been pleased to direct State Bank of Patiala to remit the amount lying in current account to Edelweiss Asset Reconstruction Company Ltd. (EARC), being assignee of debts of State Bank of India and the amount to be so released to EARC will be adjusted as per mutually agreed final restructuring between the Company and EARC. The Company shall adjust the balance of its borrowings in the year in which the aforesaid amount is remitted by State Bank of India to EARC.
- c) The Lender Banks (Canara Bank, State Bank of Patiala, Punjab National Bank, UCO Bank, Union Bank of India, Dena Bank) of the Company which held more than 80% of total outstanding loans of the Company have assigned and transferred their debts along with underlying rights, benefits and obligations to Edelweiss Asset Reconstruction Company Limited (EARC). The Company is in discussion with its lenders for evolving a scheme of rehabilitation and/or restructuring of its financial debts which continued both during the period that the Reference of the Company was under consideration before the Hon'ble Board for Industrial and Financial Reconstruction and the period since repeal of the Sick Industrial (Special Provisions) Act, 1985. [Read with Note No. 20(b)].
- d) Canara Bank, State Bank of Patiala, UCO Bank, Oriental Bank of Commerce, Dena Bank (now merged with Bank of Baroda), Indian Overseas Bank, Bank of India and Bank of Maharashtra had filed an Original Application under section 19(1) of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 before the Hon'ble Debt Recovery Tribunal (DRT) at Chandigarh, which is pending adjudication. Besides this, Edelweiss Asset Reconstruction Company Ltd. being assignee of Punjab National Bank and United Bank of India has also separately filed an application under section 19(1) of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 before the Hon'ble Debt Recovery Tribunal (DRT) at Chandigarh, which is pending adjudication.
- e) The Company is in discussion with the Edelweiss Asset Reconstruction Company Limited (EARC) for a structured payment plan of its dues, which is likely to be binding on all lenders on its finalization.
- f) The Company had settled the dues of Allahabad Bank and the effect thereof has been accounted in books of account of the Company.
- (B) Certain winding-up petitions filed against the Company by its creditors, including persons claiming to be creditors, had been adjourned sine-die by the Hon'ble Punjab and Haryana High Court. There have no proceedings in the matters thereafter.

- 3.3 (a)** In the Extraordinary General Meeting of the Company held on June 28, 2010, the Members of the Company had approved the issue of new capital through Global Depository Receipts (GDRs). Accordingly, 19,94,125 number of GDR of USD 6.64 each (each GDR converting / equivalent to 100 equity shares – being 1,99,41,250 nos. of equity shares of Rs. 10 each at Rs. 29.70 including premium) had been issued by the Company and allotted on March 29, 2011. The GDR were listed for trading at the Luxembourg Stock Exchange (LuxSE). Out of the proceeds of GDRs raised in 2011, an amount of USD 7,164,490 (Rs. 3873.75 Lakhs) stood remitted to India, which had been utilised for augmentation of working capital needs of the Company, and balance amount of USD 48,62,110 (Rs. 2568.41 Lakhs) continues to remain invested in an overseas Money Market Fund pending utilisation for purposes for which the funds were raised. The balances stated above are as per rate of exchange of relevant currencies prevailing at the time of making investment in Money Market Fund, and will be finally



adjusted with the actual amounts, including accruals thereon, if any, on settlement of Money Market Fund amount. The Company is regular in filing all due returns with Reserve Bank of India.

The Company has not measured the aforesaid investments at fair value as the effect thereof shall be accounted on settlement of investment in Money Market Fund.

- (b) The Depository of GDR issue had resigned w.e.f. October 29, 2014 and terminated the agreement w.e.f. June 15, 2015. The GDR had been de-listed from LuxSE w.e.f. June 16, 2015. The Company is in process to appoint new depository and seek relisting of GDR on LuxSE or any other overseas stock Exchange.

- 3.4** Research and Development Expenditure (as certified by management) amounting to Rs. 55.47 Lakhs (Previous Period Rs. 66.28 Lakhs) have been debited to Statement of Profit and Loss during the year.
- 3.5** In earlier year a fraud had come to be discovered by the Company in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch (Punjab), committed by its employee/s. A complaint was lodged with the concerned Police Station and First Information Report was registered by the Authorities, and investigation in the matter is pending. The loss of goods is valued at about Rs. 70.00 Lakhs. It has since revealed that some of the parties to whom goods were allegedly sold by the concerned employees have confirmed their receipt and also confirmed having made payment therefor. The Company is hopeful of full recovery of loss from the Insurance Company under Employee Fidelity Insurance, and has accounted the same in its books of account.
- 3.6** Three Step down subsidiaries of the Company are under liquidation, namely (i) S.C. Winsome Romania s.r.l, Romania, (ii) IMM Winsome Italia s.r.l, Italy, and (iii) S.C. Textil s.r.l, Romania. The Company through its subsidiary company had made investment amounting to Euro 828 (Equivalent to Rs.0.54 Lakhs) in these step down subsidiaries. Necessary provisions in the books of account in respect of the investment amount and outstanding recoverable (as debtors) of Rs. 257.82 Lakhs had been made in earlier years.
- 3.7** As per the terms of Agreement entered between Company and private equity partners /sellers, the Company was to invest through a subsidiary, i.e., Winsome Yarn (Cyprus) Ltd. (WYCL) in a JV Company namely, Newcocot s.r.l., an amount of Euro 4.64 millions {approx Rs. 3500.42 Lakhs as on 31.03.16 (including exchange gain/loss)}. In earlier years, the Company had made investment in equity and preference share capital of WYCL for an aggregate amount of EURO 2.55 million (Equivalent to Rs. 1517.25 Lakhs). The JV Company is under liquidation, and pending approval of RBI for writing-off the investment, the Company had earlier made provision for diminution in value of its investment of Rs. 1517.25 Lakhs.
- 3.8** (a) The Company has made provision for doubtful debts of (i) Rs. 5989.20 Lakhs (previous year: Nil) in respect of debts due from certain overseas customers, and (ii) Rs. 3026.85(previous year: Nil) against overdue trade receivables/ other receivables during the current financial year. The provision for doubtful debts has been made on the basis of continuous evaluation and assessment of recoverability of trade receivables, which is undertaken on regular basis.

**3.9 Details of Traded Goods:**

(Rs. in lakhs)

Particulars	Cotton Yarn	Industrial Fabric	Total
Opening Stock	NIL (NIL)	NIL (NIL)	NIL (NIL)
Purchase	22.25 (NIL)	NIL (NIL)	22.25 (NIL)
Sales	22.25 (NIL)	NIL (NIL)	22.25 (NIL)
Closing Stock	NIL (NIL)	NIL (NIL)	NIL (NIL)

- 3.10** Overdue amount include Financial Assets including Other Current Assets of Rs. 1331.29 Lakhs (previous year Rs. 1569.63 Lakhs) (including Refunds / Claims Receivables of Rs.3.47 Lakhs, TUFs subsidy Rs. 899.05 Lakhs, capital advances of Rs. 250 Lakhs). In the opinion of the Management, the aforesaid balance are fully realisable and hence considered good.
- 3.11** The accumulated losses of the Company having exceeded its net worth, based on the audited accounts for the period ended September 30, 2014, the Company, accordingly, filed a Reference with the Hon'ble Board for Industrial and Financial Reconstruction, in terms of its statutory obligation under section 15 of the Sick Industrial Companies

(Special Provisions) Act, 1985 (SICA). The Company's Reference was registered on April 10, 2015. SICA has since been repealed with effect from December 01, 2016 and the Reference of the Company stood abated. The Company's net worth, which is eroded, is likely to substantially improve on complete implementation of the proposed debt restructuring and negotiated settlement payment plan of the Company, which is pending consideration of majority lenders. Considering the proposed restructuring plan and future business plans of the Company, present business scenario, and expected cash flow in future period as assessed by the Management, the accounts of the Company have been prepared on 'Going Concern' basis.

**3.12** Balances of certain Trade Receivables (including overseas overdue trade receivables as stated in note no. 3.8), Bank Balances including other bank balances, Trade Payables (including of Associate Company of amounting Nil), Secured Borrowings, Other Financial Liabilities and Financial Assets including other current assets are in process of confirmation/ reconciliation. Contingent liabilities (read with note no. 3.1) are as as certified by the management. The management is of the opinion that adjustment, if any, arising out of such reconciliation and confirmation would not be material. Further, necessary steps have been initiated to further strengthen system of internal controls in this regard.

**3.13 Employees Benefits:**

a) **Defined Contribution Plan:**

Contribution to Defined Contribution Plan, i.e. contribution to provident fund amounting to Rs.157.22 Lakhs (Previous year Rs. 172.61 Lakhs) has been recognized as expense for the period under sub-head 'Contributions to Provident and other Funds' and under head 'Employee Benefit Expenses' of the Statement of Profit and Loss.

b) **Defined Benefit Plan:**

The employee's gratuity fund is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

(Rs. in Lakhs)

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2018-19	2017-18	2018-19	2017-18
<b>I. Amount to be recognized in the Balance sheet</b>				
Present Value of Obligation as at 31.03.2019	176.16	160.70	55.56	54.82
Fair value of plan assets as at 31.03.2019	-	-	-	-
Funded Status [surplus/(Deficit)]	(176.16)	(160.70)	(55.56)	(54.82)
Net Assets/(Liability) Recognized in Balance Sheet	(176.16)	(160.70)	(55.56)	(54.82)
<b>II. Expenses recognized during the period</b>				
Current Service Cost	41.32	47.19	14.02	13.78
Interest Cost	12.06	10.79	4.10	4.06
Expected Return on Plan Assets	-	-	-	-
Actuarial (gain)/ loss	(14.79)	(12.87)	(0.26)	23.54
Net Expenses Recognized	53.38	57.98	17.86	41.39
<b>III. Reconciliation of opening and closing balance of Defined Benefit Obligation</b>				
Present Value of Obligation at the beginning of the period	160.70	134.89	54.82	50.81
Current Service Cost	41.32	47.19	14.02	13.78
Interest Cost	12.06	10.79	4.10	4.06
Actuarial (gain)/ loss on obligations	(14.79)	(12.87)	(0.26)	23.54
Benefit Paid	23.13	19.30	17.12	37.37
Present Value of Obligation as at the end of the period	176.16	160.70	55.56	54.82

<b>IV. Actuarial / Demographic assumptions:-</b>				
Indian Assure Lives Mortality Table	2012-14	2006-08	2012-14	2006-08
Discount rate (Per annum)	7.50%	8.00%	7.50%	8.00%
Expected Return on Plan Assets (Per annum)	8.00%	8.00%	8.00%	8.00%
Estimated rate of increase in compensation level	5.00%	5.00%	5.00%	5.00%
Retirement Age	58 Years			
Withdrawal Rate (All Ages)	10%			
Disability	No explicit allowance			
Leave Accumulation Ratio	0.58 (PY 0.58)			

- (i) The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.
- (ii) The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches with that of the liabilities.

**3.14** The Company has not received full information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (Act) and hence, disclosure relating to amount unpaid as at year end together with interest paid/ payable have been given based on the information so far available with the Company/ identified by the Company's management. As required by section 22 of the above said Act, the following information is disclosed: The necessary adjustments for interest accrual shall be provided upon receipt of complete information which is under process.

(Rs. In Lakhs)

Sl. No.	Particulars	2018-19	2017-18
a)	(i) Principal amount remaining unpaid at the end of the accounting year (ii) Interest due on above	96.37 2.73	- -
b)	The amount of interest paid by the buyer alongwith amount of payment made to the supplier beyond the appointed date.	-	-
c)	The amount of interest accrued and remaining unpaid at the end of financial year	2.73	-
d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the period) but without adding interest specified under this act.	-	-
e)	The amount of further interest due and payable in succeeding year, until such interest is fully paid.	2.73	-

**3.15** The Company has given interest free loan/ advances in the nature of loan, to employees, in the ordinary course of its business. No loan/ advances in the nature of loans have been given to employees/ others for the purpose of investment in securities of the Company.

### **3.16 Segment Reporting**

- (i) The Company is engaged only in one line of business namely Textile (Yarn and Knitting)
- (ii) The segment revenue in geographical segments considered for disclosure is as follow:
- (a) Revenue inside India includes sales to customers located within India.
- (b) Revenue outside India includes sales to customers located outside India.
- Information about geographical segments (by location of customers)

**(Rs. in Lakhs)**

Sl.	Particulars	India	Outside India	Total
(i)	External Revenue-Sale*	19,874.90 (27,333.57)	5,150.38 (5,971.85)	25,025.28 (33,305.42)
(ii)	Carrying amount of segment assets by location of assets	30,473.59 (37,795.08)	131.29 (5,818.73)	30,604.88 (43613.81)

\*Includes Export Incentives of Rs. 90.75 Lakhs (Previous Period Rs. 202.86 Lakhs) as part of Sales outside India.

**3.17** As on March 31, 2019, the Company has net deferred tax assets (on timing difference including of carry over losses and unabsorbed depreciation). However, considering the losses incurred in recent past by the Company, deferred tax assets have been restricted to the amount of deferred tax liability for want of virtual certainty of its realisation in near future.

### **3.18 Related party disclosures**

(A) List of "Related party & Relationship disclosures" are given below: (as identified by the management)

#### **(a) Subsidiary Companies**

- (i) Winsome Yarns (Cyprus) Limited (100% Subsidiary)
- (ii) Winsome Yarns FZE (Subsidiary of (i) above)
- (iii) S.C. Winsome Romania s.r.l (Subsidiary of (i) above)
- (iv) I.M.M. Winsome Italia s.r.l (Subsidiary of (iii) above)
- (v) S.C. Textil s.r.l. (Subsidiary of (iv) above)

#### **(b) Key management personnel and their relatives.**

- Shri Manish Bagrodia Chairman and Managing Director
- Shri Anand Bal Kishan Sharma^ Chief Financial Officer
- Shri K.V. Singhal^ Company Secretary
- Smt. Kalpana Sharma^ Wife of Chief Financial Officer
- Smt. Manju Singhal^ Wife of Company Secretary

#### **(c) Organizations where Key Management Personnel & their relative have significant influence**

- Star Point Financial Services (Pvt.) Ltd.
- Shell Business Pvt. Ltd.
- Satyam Combines Pvt. Ltd.
- Winsome Textile Industries Limited^

### **Transactions with the Related Parties during the year ended 2018-19**

**(Rs. in Lakhs)**

Particulars	2018-19	2017-18
Winsome Textile Industries Limited		
- Expenses incurred on our behalf	0.36	0.24
- Expenses incurred on their behalf/adjustments	568.37	0.18
- Balance Outstanding as at period end Receivable / (Payable)	-	(568.37)
Shri Satish Bagrodia		
- Sitting Fees	-	0.30
Shri Manish Bagrodia		
- Remuneration	-	-
Shri Anand Bal Kishan Sharma^		
- Salary	18.65	18.65
Shri K .V. Singhal^		
- Salary	18.91	14.05

Starpoint Financial Services Pvt. Ltd.		
- Rent	19.12	18.99
- Balance Outstanding as at period end Receivable / (Payable)	(17.50)	(17.37)
S.C. Winsome Romania		
- Balance Outstanding as at period end Receivable / (Payable)	7.22	7.22
IMM Winsome Italia		
- Balance Written off		
- Balance Outstanding as at period end Receivable / (Payable)	149.18	149.18
Winsome Yarn (Cyprus) Ltd.		
- Receivable / (Payable)	20.98	20.98
Smt. Kalpana Sharma		
- Salary	12.13	12.13
Smt. Manju Singhal		
-Salary (Upto 30 <sup>th</sup> June 2018)	1.47	5.52

^ pursuant to Companies Act 2013

**3.19 (A)**
**(i) Details of WIP:-**

(Rs. in Lakhs)

Particulars	2018-19	2017-18
Mixing Material	756.00	971.95
Fleece	107.03	525.47
Winding	62.62	158.10
Garments	221.35	144.50
<b>Total</b>	<b>1147.00</b>	<b>1800.02</b>

**(ii) Raw Material Consumed (Net of adjustment of waste):-**

(Rs. in Lakhs)

Particulars	2018-19	2017-18
Cotton	12,841.57	18,629.60
Others	2,243.00	3,228.65
<b>Total</b>	<b>15,084.57</b>	<b>21858.25</b>

**(iii) Total Value of Raw Materials and Stores & Spares consumed**

(Rs. in Lakhs)

Particulars	Raw Material				Stores & Spares			
	2018-19	%	2017-18	%	2018-19	%	2017-18	%
Imported	147.26	0.98	142.62	0.65	52.07	4.27	67.19	4.48
Indigenous	14,937.31	99.02	21,715.63	99.35	1,165.98	95.73	1,433.89	95.52
<b>Total</b>	<b>15,084.57</b>	<b>100.00</b>	<b>21,858.25</b>	<b>100.00</b>	<b>1,218.05</b>	<b>100.00</b>	<b>1501.08</b>	<b>100.00</b>

Profit or loss on sale of stores/raw materials remains adjusted in their respective consumption accounts.

**(B) CIF Value of imports:**

(Rs in Lakhs)

Particulars	2018-19	2017-18
Spare Parts & Components	52.07	67.19
Raw Material	147.26	142.62

**(C) Earnings in Foreign Exchange**
**(Rs in Lakhs)**

Particulars	2018-19	2017-18
Exports of goods on FOB basis(excluding export through export houses)	4,518.88	5,567.28

**(D) Expenditure in Foreign currency:**
**(Rs. in Lakhs)**

Particulars	2018-19	2017-18
Foreign Traveling	16.14	23.52
Commission on sales	12.80	10.53
Others	34.14	17.66

**3.20** Due to financial tightness and losses Company could not make due payments against various statutory dues ( PF, ESIC, PWF etc.) on time and pending for payment at close of the period are on account of ESI Rs. 30.02 Lakhs and PWF Rs. 1.97 Lakhs, All these amounts have since been paid. Penal interest and penalty in this regard (amount unascertained) if any, will be accounted for as and when the same will be paid.

**3.21 (a)** The Foreign Currency Exposure that are not hedged by a derivative instrument or otherwise are as follows (as certified by the management):

Particulars	Domestic Currency	Amount in Document Currency		Amount in INR (In Lakhs)	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018
Sundry Debtors	USD	3,82,864.74	1,20,79,307.00	259.80	7,558.83
Advance From Customer	USD	9,36,542.46	10,16,265.00	559.11	605.70
Sundry Creditors	HKD	3,009.40	3009.40	0.27	0.25
	Euro	28,839.19	8,405.81	22.40	6.74
	USD	3,16,492.39	2,03,828.35	218.89	132.86
	CHF	21,516.16	25,937.35	14.94	17.67
	GBP	-	210.82	-	0.19
Advance To Suppliers	EURO	31,734.08	56,048.58	21.05	39.96
	USD	95,706.8	77,347.93	62.73	48.49
	HKD	15,042.21	12,092.66	1.29	1.00
	GBP	488.45	488.45	0.36	0.36
	CHF	-	-	-	-
	JPY	24,420.00	24,420.00	0.12	0.12
Foreign Commission Payable	USD	94,640.46	86,525.88	65.36	55.24

(b) Forward contract taken to hedge the foreign currency receivables are outstanding as at 31/03/2019 Rs. Nil (Previous Year Rs. Nil)

**3.22** Financial Statements of subsidiary Companies namely Winsome Yarns (Cyprus) Limited and Winsome Yarns FZE for the year ended 31.03.2019 is unaudited and is as certified by the management.

**3.23** The Company and a decree holder compromised the claim in the execution proceedings, and for reasons of default of the decree holder and the Company the parties are renegotiating the compromise.

**3.24** Due to continuous losses and acute financial strain for reasons beyond the control of the Company, the Company was unable to pay due instalments and interest on term loan and certain overdue amounts are continuing till date . Provision for upto date interest, as calculated/estimated by the Management on secured loans and short term borrowings being Rs. 16085.32 Lakhs (Including Rs. 11849.38 Lakhs, previous year) and Rs. 23727.68 Lakhs (Including Rs. 16794.74 Lakhs, previous year) respectively has not been made in the books of account. The Company's proposal for restructuring of its borrowings is under discussion/consideration with the majority lender, which is likely to be binding on all lenders of the Company [Read with Note No. 3.2 (A)(c)]. The Company will account the effect to its liability on account of debts and interest in line with the restructuring scheme upon its sanction.

### 3.25 Financial risk management

#### i. Financial instrument by category

- a) Investment in equity shares of subsidiaries are measured in accordance with Ind AS 27 in its Separate financial statements as issued by "Ministry of Corporate Affairs", Government of India.
- b) For amortised cost instruments, carrying value represents the best estimate of fair value except investment in other instruments.

#### ii. Risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

##### A) Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits. Other financial assets measured at amortized cost includes loans to employees, security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensures the amounts are within defined limits.

Credit risk management: The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

- a) Low credit risk
- b) Moderate credit risk
- c) High credit risk

Credit risk exposures: The Company's trade receivables, wherever they are substantially exceeding the credit period, may have a loss of credit inbuilt in the outstanding amount. The Company will recognise loss of credit outstanding, if any, on outcome of its efforts for recovery.

##### B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains adequate liquidity for meeting its obligations by monitoring the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows from the operations.

##### C) Market risk

Market risk is the risk of changes in the market prices on account of foreign exchange rates, interest rates and Commodity prices, which shall affect the Company's income or the value of its holdings of its financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the returns.

##### a) Currency risk

The Company undertakes transactions denominated in foreign currency (mainly US Dollar and GBP), which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency, except the Company's net investments in foreign operations (with a functional currency other than Indian Rupee), are subject to reinstatement risks.

##### b) Interest rate risk

- i) **Assets:** The company's fixed deposits, are carried at fixed rate. Therefore, not subject to interest rate risk as defined in Ind AS 107 issued by "Ministry of Corporate Affairs, Government of India" since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.
- ii) **Liabilities:** The Company had borrowings from banking institutions, majority whereof are assigned to an Asset Reconstruction Company (ARC). The outstanding of banks and ARC is since classified as Non-Performing Loans and the Company has not recognised interest as an expenses thereon. The liability on account of interest rate will be accounted on approval and implementation of the debt settlement and repayment plan, including inter-alia, amount on account of interest rate risk.

**NOTES FORMING PART OF AUDITED STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED ON MARCH 31, 2019**
**4(A) PROPERTY, PLANT AND EQUIPMENT**
**(Rs. Lakhs)**

Particulars	Land	Buildings*	Plant & Machinery	Furniture & Fixtures*	Office equipments	Vehicles	Total
<b>Gross carrying value</b>							
<b>As at April 1, 2017</b>	341.09	8,643.25	39,960.81	369.75	76.73	62.31	49,453.94
- Additions*	-	-	55.82	0.06	50.28	-	106.16
- Disposals	-	-	-	-	-	17.76	17.76
<b>As at March 31, 2018</b>	341.09	8,643.25	40,016.63	369.81	127.01	44.55	49,542.34
- Additions	-	-	33.50	-	3.37	-	36.87
- Disposals	-	-	-	-	-	-	-
<b>As at March 31, 2019</b>	<b>341.09</b>	<b>8,643.25</b>	<b>40,050.13</b>	<b>369.81</b>	<b>130.38</b>	<b>44.55</b>	<b>49,579.21</b>
<b>Depreciation and Impairment</b>							
<b>As at April 1, 2017</b>	-	2,739.00	22,417.52	340.75	65.99	50.92	25,614.18
Depreciation charged during the year	-	258.82	1,429.62	5.87	8.35	3.36	1,706.02
Adjustments	-	-	-	-	-	16.87	16.87
<b>As at March 31, 2018</b>	-	2,997.82	23,847.14	346.62	74.34	37.41	27,303.33
Depreciation charged during the year	-	258.81	1,332.20	2.44	11.88	1.78	1,607.11
Adjustments	-	0.01	-	-	0.02	-	0.03
<b>As at March 31, 2019</b>	<b>-</b>	<b>3,256.62</b>	<b>25,179.34</b>	<b>349.06</b>	<b>86.20</b>	<b>39.19</b>	<b>28,910.41</b>
<b>Net Book Value</b>							
<b>As at March 31, 2019</b>	341.09	5,386.63	14,870.79	20.75	44.18	5.36	<b>20,668.80</b>
<b>As at March 31, 2018</b>	341.09	5,645.43	16,169.49	23.19	52.67	7.14	<b>22,239.01</b>
<b>As at April 1, 2017</b>	341.09	5,904.25	17,543.29	29.00	10.74	11.39	<b>23,839.76</b>

**4(B) DEPRECIATION**
**(Rs. Lakhs)**

Particulars	Specialized Software	Total
<b>Gross carrying value</b>		
<b>As at April 1, 2017</b>	63.67	63.67
- Additions	11.39	11.39
- Disposals	-	-
<b>As at March 31, 2018</b>	75.06	75.06
- Additions	19.02	19.02
- Disposals	-	-
<b>As at March 31, 2019</b>	<b>94.08</b>	<b>94.08</b>
<b>Depreciation and Impairment</b>		
<b>As at April 1, 2017</b>	63.64	63.64
Depreciation charged during the year	0.92	0.92
- Disposals	-	-
<b>As at March 31, 2018</b>	64.56	64.56
Depreciation charged during the year	2.44	2.44
Adjustments	-	-
<b>As at March 31, 2019</b>	<b>67.00</b>	<b>67.00</b>
<b>Net Book Value</b>		
<b>As at March 31, 2019</b>	27.08	<b>27.08</b>
<b>As at March 31, 2018</b>	10.50	<b>10.50</b>
<b>As at April 1, 2017</b>	0.03	<b>0.03</b>

\*Building and Furniture & Fixtures includes capital expenditure incurred on assets not owned by the Company of Rs. 41.18 Lakhs (Gross) and Rs. 56.94 Lakhs (Gross) (Previous year: Rs. 41.18 Lakhs and Rs. 56.94 Lakhs) respectively, and Nil and Rs. 2.85 Lakhs (Previous year: Nil and Rs. 2.85 Lakhs) respectively.



**Notes:**

- (i) The Company's land at Derabassi, Punjab comprises a common passage (Passage Land), which is used by the owner of adjoining land as there is no direct access road available to him. The said owner of adjoining land filed an application in the Court of Additional Civil Judge, Dera Bassi, Punjab, under order 39 Rule 1 and 2 read with section 151 of CPC, 1908, seeking amongst others, restraint against the Company from selling or transferring or in any manner dealing with the Passage Land or causing any restriction on the use of Passage Land. The Company is contesting the aforesaid application before the Court and the matter is pending.
- (ii) Certain employees of the Company, who are paying rent and maintenance charges to the Company for use of residential quarters occupied by them at the spinning mill of the Company situated at Village Kuranwala, Barwala Road, Dera Bassi, Punjab and knitwear unit of the Company situated at Plot No. B-58, Phase VII, Industrial Area, SAS Nagar, Mohali, Punjab obtained permanent injunction from the Hon'ble Civil Judge (Junior Division), Dera Bassi, Punjab and the Hon'ble Court of Civil Judge (Junior Division), SAS Nagar, Mohali vide order dated 05.08.2017 and 13.10.2017 respectively, against the Company from dispossessing them from the residential quarters located in the premise of the Company at Village Kuranwala, Barwala Road, Dera Bassi, Punjab and Plot No. B-58, Phase VII, Industrial Area, SAS Nagar, Mohali, Punjab and further stopping the ingress and outgress of their vehicles and evicting them forcibly from the said residential quarters only till their employment continues with the Company.
- (iii) A tenant having shop situated in the spinning mill complex of the Company situated at Village Kuranwala, Barwala Road, Dera Bassi, Punjab, paying rent to the Company, obtained permanent injunction from the Hon'ble Court of Civil Judge (Junior Division), Dera Bassi, Punjab vide order dated August 12, 2015 against the Company from interfering in the peaceful possession of the tenant and further restrained the Company from dispossessing the tenant otherwise than in due course of law from the aforesaid shop.

Particulars	(Rs. Lakhs)	
	As at March 31, 2019	As at March 31, 2018
<b>5 INVESTMENTS</b>		
<i><b>In equity shares of subsidiary company</b></i>		
Winsome Yarns (Cyprus) Limited	446.25	446.25
1,01,710 (March 31, 2018: 1,01,710)		
equity shares of 1 Euro (March 31, 2018: 1 Euro) each		
Less: Provision for Diminution in value of Investment	446.25	446.25
	-	-
<i><b>In preference shares of subsidiary company</b></i>		
Winsome Yarns (Cyprus) Limited	1,071.00	1,071.00
1,80,000 (March 31, 2018: 1,80,000)		
equity shares of 1 Euro (March 31, 2018) each		
Less: Provision for Diminution in Investment (Refer Note No. 3.7)	1,071.00	1,071.00
	-	-
	-	-
	-	-
<b>Aggregate amount of unquoted investments</b>	<b>1,517.25</b>	<b>1,517.25</b>
<b>Aggregate amount of Diminution in value of investments</b>	<b>1,517.25</b>	<b>1,517.25</b>
<b>6 LOANS</b>		
Unsecured, considered good		
Security deposits		
Non- Current	2.12	2.12
Current	23.77	18.16
	<b>25.89</b>	<b>20.28</b>

# WINSOME YARNS LIMITED

## 7 DEFERRED TAX ASSETS (NET)

Particulars	March 31, 2019	March 31, 2018	Charged to Statement of Profit and Loss for the year ended March 31, 2019
i) Deferred tax asset (DTA)			
MAT credit entitlement	44.36	44.36	-
DTA on accumulated losses (to the extent of DTL)	(3,465.98)	(3,606.08)	140.10
	<u>(3,421.62)</u>	<u>(3,561.72)</u>	<u>140.10</u>
ii) Deferred tax liabilities (On Property, plant and equipment)	(3,465.98)	(3,606.08)	140.10
	<u>(3,465.98)</u>	<u>(3,606.08)</u>	<u>140.10</u>
Net deferred tax assets/(liabilities) (i-ii)			
[Refer Note No. 3.17]	<u>44.36</u>	<u>44.36</u>	<u>-</u>

(Rs. Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
-------------	-------------------------	-------------------------

## 8 OTHER NON CURRENT ASSETS

Unsecured, Considered Good Capital advance	250.00	250.00
Unsecured, Considered Good Advance other than capital advance		
Prepaid expense	1.76	3.84
Security deposit with Government	401.50	401.50
Advance against leasing	238.61	242.42
Advance against restructuring	2,268.50	1,668.51
	<u>3,160.37</u>	<u>2,566.27</u>

## 9 INVENTORIES

Production supplies	469.99	706.82
Stores and spares	112.00	128.78
Work in progress	1,147.00	1,800.02
Finished goods*	857.61	1,383.26
Waste	282.09	218.67
	<u>2,868.69</u>	<u>4,237.55</u>

\*Includes in transit Rs.18.77 Lakhs (Previous Year Rs. 176.97 Lakhs)

The suppliers of raw material (cotton) having an outstanding of Rs. 1,727.42 Lakhs (Previous year 2,302.51 Lakhs) are holding constructive pledge over, (i) goods supplied by them and (ii) goods manufactured out of the goods supplied, which pledge is enforceable in his favour in the event of invoices of suppliers remain unpaid by the Company. The aforementioned pledge and recovery is exercisable in conjunction with similar rights available to the suppliers in respect of amounts recoverable from customers of the Company as stated in Note 11 hereinafter.

# WINSOME YARNS LIMITED

(Rs. Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>10 INVESTMENTS</b>		
Investment in Money Market		
4862.11 (4862.11) redeemable shares of USD 1000 (USD 1000) each in Arise Money Market Fund (Refer Note No. 3.3)	2,568.41	2,679.34
	<b>2,568.41</b>	<b>2,679.34</b>
<b>11 TRADE RECEIVABLES</b>		
Unsecured, considered good	1,735.52	12,185.22
Unsecured, Considered Doubtful	10,351.71	1,344.88
	12,087.23	13,530.10
Less: Allowances for Credit impaired/ Losses	10,351.71	1,344.88
<b>Total Trade Receivable</b>	<b>1,735.52</b>	<b>12,185.22</b>
The suppliers of raw material (cotton) having an outstanding of Rs. 1,727.42 Lakhs (Previous year 2,302.51 Lakhs) are holding a lien on the amounts recoverable from customers of the Company to whom goods manufactured out of materials supplied by the suppliers were sold, which lien is exercisable in the event of invoices of suppliers remaining unpaid. The aforementioned lien and recovery is exercisable in conjunction with rights of constructive pledge available to the suppliers in respect of materials as stated in Note 9 hereinbefore.		
<b>12 CASH AND CASH EQUIVALENTS</b>		
Balances with banks in current accounts	149.86	208.61
Cash in hand	0.01	0.01
	<b>149.87</b>	<b>208.62</b>
<b>13 OTHER BANK BALANCES</b>		
<b>Earmarked balance</b>		
- On Margin money account	-	1.70
- On Fixed deposits account*	30.66	30.66
	<b>30.66</b>	<b>32.36</b>
*Lodged with banks as margin money and includes fixed deposits with maturity of more than 3 months.		
<b>14 OTHER FINANCIAL ASSETS</b>		
Interest subsidy receivable (Under TUFs)	899.05	899.05
Interest accrued but not due	3.47	3.47
Other loan	109.82	144.57
	<b>1,012.34</b>	<b>1,047.09</b>
<b>15 CURRENT TAX ASSETS</b>		
Advance income tax including TDS	109.83	99.84
	<b>109.83</b>	<b>99.84</b>

# WINSOME YARNS LIMITED

(Rs. Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>16 OTHER CURRENT ASSETS</b>		
Unsecured, Considered Good Refunds/Claims receivables	505.94	448.65
Unsecured, Considered Doubtful Refunds/Claims receivables	50.03	50.03
	555.97	498.68
Less : Allowance for doubtful Refunds/Claims receivables/Credit Impaired	50.03	50.03
	505.94	448.65
Unsecured, Considered Good		
Prepaid expenses	17.41	20.74
Balance with Government Authority	67.81	71.72
Export incentive receivable	43.88	57.18
Advance against leasing	3.31	2.83
Advances to suppliers	287.31	465.80
	<b>925.66</b>	<b>1,066.92</b>
<b>17 EQUITY SHARE CAPITAL</b>		
<b>Authorized Share Capital</b>		
8,50,00,000 (March 31, 2018: 8,50,00,000)		
equity shares of Rs. 10 (March 31, 2018: Rs. 10) each	8,500.00	8,500.00
	8,500.00	8,500.00
<b>Issued Share Capital</b>		
7,10,86,829 (March 31, 2018: 7,10,86,829)		
equity shares of Rs. 10 (March 31, 2018: Rs. 10) each	7,108.68	7,108.68
	7,108.68	7,108.68
<b>Subscribed and paid up Capital</b>		
7,07,07,229 (March 31, 2018: 7,07,07,229)		
equity shares of Rs. 10 (March 31, 2018: Rs.10) each fully paid up	7,070.72	7,070.72
	7,070.72	7,070.72

## Notes:

- a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:

Particulars	March 31, 2019		March 31, 2018	
	Number	Rs. Lakhs	Number	Rs. Lakhs
Outstanding at the beginning of the year	70707229	7,070.72	70707229	7,070.72
Outstanding at the end of the year	70707229	7,070.72	70707229	7,070.72

- b) Terms/rights attached to equity shares

The Company has only one class of Equity Shares having face value of Rs. 10/- each (Previous Year Rs. 10/- each) in its issued, subscribed and paid up equity share capital. Each shareholder is entitled to one vote per share. Each shareholder has the right in profit/surplus in proportion to amount paid up with respect to share holding [Read with Note No. 3.3(b)].

In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets, if any, in proportionate to their individual shareholding in the paid up equity capital of the Company.

## WINSOME YARNS LIMITED

c) Details of equity shares held by shareholders holding more than 5% shares in the Company:

Particulars	March 31, 2019		March 31, 2018	
	Number	% holding	Number	% holding
i) Shell Business (P) Ltd.	21412414	30.28%	21412414	30.28%
ii) Satyam Combines (P) Ltd.	5765073	8.15%	5765073	8.15%
iii) Aspire Emerging Funds	6355403	8.99%	6355403	8.99%

d) No bonus issue, buy back of shares and issue of shares other than cash in last five years.

(Rs. Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>18 DEFERRED GRANT INCOME</b>		
<b>Non current</b>		
Unamortized grant	78.29	87.51
	<b>78.29</b>	<b>87.51</b>
<b>Current</b>		
Unamortized grant	9.23	9.23
	<b>9.23</b>	<b>9.23</b>
<b>19 PROVISIONS</b>		
<b>Non current</b>		
Provision for employee benefit		
Gratuity	154.20	145.98
Leave encashment	47.56	46.24
	<b>201.76</b>	<b>192.22</b>
<b>Current</b>		
Provision for employee benefit		
Gratuity	21.95	14.72
Leave encashment	8.01	8.59
	<b>29.96</b>	<b>23.31</b>
<b>20 BORROWINGS</b>		
<b>Secured</b>		
Loan payable on demand		
to Banks	8,146.04	8,216.91
to EARC	47,049.46	47,071.07
Working capital term loan	440.52	440.52
	<b>55,636.02</b>	<b>55,728.50</b>

- a) Loan repayable on demand consists of term loans and working capital facilities, which is secured by mortgage of immovable properties situated at (i) Village Khurawala, Tehsil Derabassi, Distt. Mohali (Punjab), (ii) Plot No. B-58, Industrial Area, Phase - VII, Mohali (Punjab), and (iii) Hydro Project situated at Ludhiana. It is further secured by hypothecation of Company's all movable properties including moveable plant and machinery, spares, tools and accessories, both present and future along with charge on current assets of the Company in respect of working capital facilities. The mortgage and charge shall rank pari-passu 'inter se' between banks.

- b) Six banks have assigned and transferred the total debts of Rs. 47049.46 Lakhs due from the Company along with the underlying rights, titles and interests in financial assistances granted to the Company to Edelweiss Asset Reconstruction Company Limited (EARC) during the financial year 2015-16 (Canara Bank: Rs.12761.05 Lakhs, State Bank of Patiala: Rs.9,789.44 Lakhs, Punjab National Bank: Rs.14813.88 Lakhs, UCO Bank: Rs.4244.62 Lakhs, Dena Bank: Rs.3973.01 Lakhs, Union Bank of India: Rs.1467.46 Lakhs).
- c) The total debts of the Company were recalled by lending banks and accordingly, the Company has classified the same as Borrowings under current liabilities. However, the Company's proposal for restructuring of its debts with majority lender is under consideration; upon approval thereof, the outstanding amount of borrowings shall be classified and presented in the financial statements.
- d) Working Capital Term Loans of Rs.440.52 Lakhs (P.Y. 440.52 Lakhs ) (As per CDR terms) are secured by way of first pari-passu charge on fixed assets and second pari-passu charge on current assets. Since, the same had been recalled by banks, they has been classified under current liabilities.
- e) All the aforesaid credit facilities mentioned here in above are also guaranteed by a director and an ex-director of the Company and by Pledge of Shares of the Company held by the Promoter Group read with Note no 3.2(A)(a).

Particulars	(Rs. Lakhs)	
	As at March 31, 2019	As at March 31, 2018
<b>21 TRADE PAYABLES</b>		
Total outstanding dues of Micro and small enterprises*	95.11	91.31
Total outstanding dues of creditors other than Micro and small enterprises	4,209.05	5,554.32
	<b>4,304.16</b>	<b>5,645.63</b>
*Refer Note No. 3.14		
Trade payables towards raw material suppliers include Rs. 1,727.42 Lakhs (Previous year 2,302.51 Lakhs) who have constructive pledge and lien over materials supplied, materials manufactured out of materials supplied, and amounts recoverable from customers to whom the goods are sold.		
<b>22 OTHER FINANCIAL LIABILITIES</b>		
Interest accrued and due on borrowings	1,052.85	1,069.11
Interest accrued but not due	-	-
Bank overdraft	30.41	8.35
Revenue received in advance	659.94	697.53
Other payables		
Capital payables (Refer Note No. 3.14)	7.50	7.50
Others	1,180.97	1,360.48
	<b>2,931.67</b>	<b>3,142.97</b>
<b>23 OTHER CURRENT LIABILITIES</b>		
Statutory dues and taxes	72.14	56.73
	<b>72.14</b>	<b>56.73</b>

# WINSOME YARNS LIMITED

(Rs. Lakhs)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>24 REVENUE FROM OPERATIONS</b>		
<i>Sale of products</i>		
- Yarns*	21,198.81	29,320.62
- Knitwear*	1,706.74	1,456.53
<b>(A)</b>	<b>22,905.55</b>	<b>30,777.15</b>
<i>Sale of services</i>		
- Job work charges	352.24	10.41
<b>(B)</b>	<b>352.24</b>	<b>10.41</b>
<i>Other operating revenue</i>		
- Waste sales	1,754.74	2,499.74
- Sale of scraps	12.75	18.12
<b>(C)</b>	<b>1,767.49</b>	<b>2,517.86</b>
<b>Net Revenue from operations</b>	<b>(A+B+C) 25,025.28</b>	<b>33,305.42</b>
*Includes duty drawback & DEPB of Rs. 90.75 Lakhs (P.Y. 202.86 Lakhs)		
<b>25 OTHER INCOME</b>		
Interest received	25.09	30.48
Foreign exchange rate difference (net)	115.36	44.32
Provisions written back	-	65.70
Deferred grant income	9.23	9.23
Gain/Loss on waiver of W.C. Loan	53.94	-
Miscellaneous income	0.39	32.47
	<b>204.01</b>	<b>182.20</b>

# WINSOME YARNS LIMITED

(Rs. Lakhs)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>26 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROCESS AND STOCK IN TRADE</b>		
Closing Stock		
Finished goods		
- Yarn	635.35	1,001.91
- Knitwear	222.26	381.35
	<u>857.61</u>	<u>1,383.26</u>
Work in process		
- Yarn	925.65	1,655.52
- Knitwear	221.35	144.50
	<u>1,147.00</u>	<u>1,800.02</u>
	<b>(A) 2,004.61</b>	<b>3,183.28</b>
Less: Opening Stock		
Finished goods		
- Yarn	1,001.91	1,776.27
- Knitwear	381.35	309.62
	<u>1,383.26</u>	<u>2,085.89</u>
Work in process		
- Yarn	1,655.52	2,148.31
- Knitwear	144.50	44.08
	<u>1,800.02</u>	<u>2,192.39</u>
	<b>(B) 3,183.28</b>	<b>4,278.28</b>
<b>(Increase) /Decrease in inventories</b>	<b>(B-A) 1,178.67</b>	<b>1,095.00</b>
<b>27 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, wages, bonus, etc.	3,117.72	3,272.73
Contribution to provident and other funds	161.71	172.61
Employees welfare	74.64	78.49
	<u>3,354.07</u>	<u>3,523.83</u>
<b>28 FINANCE COSTS</b>		
Interest paid on:		
Borrowings	26.27	36.88
	<u>26.27</u>	<u>36.88</u>
<b>29 DEPRECIATION AND AMORTISATION</b>		
Depreciation	1,607.11	1,706.02
Amortisation	2.44	0.91
	<u>1,609.55</u>	<u>1,706.93</u>



# WINSOME YARNS LIMITED

(Rs. Lakhs)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>30 OTHER EXPENSES</b>		
Stores and spares consumed	1,218.05	1,501.08
Power and fuel	2,517.20	2,533.64
Repairs and maintenance		
- Building	11.65	28.71
- Plant and machinery	31.87	33.65
- Others	63.70	46.70
Processing and dyeing charges	482.15	1,172.27
Material handling charges	15.29	14.05
Lease rent of land	3.31	2.83
Rent	32.13	32.04
Rates and taxes	0.84	0.96
Printing and stationery	4.69	5.10
Director's meeting fees	2.15	1.83
Insurance	45.61	52.65
Delay payment charges	379.45	430.45
Bank charges	16.68	7.12
Traveling and conveyance	260.02	292.38
Postage, telegrams and telephones	29.85	43.91
Legal and professional charges	215.90	149.69
Loss on sale of fixed assets	-	0.64
Charity and donation	0.60	0.85
Provisions written back	32.36	-
<b>Payment to auditor</b>		
- Audit fees	5.00	5.00
- Tax audit fees	1.00	1.00
- Other services	1.08	1.70
- Reimbursement of expenses	0.53	0.72
Fair value adjustment on security deposit	-	0.01
Commission on sales	114.56	207.46
Freight and handling charges	537.04	474.69
Advertisement and other selling expenses	236.71	136.19
Miscellaneous	180.24	179.03
	<b>6,439.66</b>	<b>7,356.35</b>

## 31 EARNINGS PER SHARE

EPS is calculated by dividing the profit after tax attributable to the equity shareholders by the weighted average of the number of equity shares outstanding during the year. Numbers used for calculating basic and diluted earnings per equity share are as stated below:

## WINSOME YARNS LIMITED

(Rs. Lakhs)

Particulars		Year Ended 31 March 2019	Year Ended 31 March 2018	
(a)	Net (loss)/profit available for equity shareholders	Rs. Lakhs	(11,487.01)	(1,781.91)
(b)	Weighted average number of equity shares outstanding for calculation of			
-	Basic and diluted earnings per share	Nos. Lakhs	707.07	707.07
(c)	Nominal value	Rs.	10.00	10.00
(d)	Earnings per share (a)/(b)			
-	Basic and diluted	Rs.	(16.25)	(2.52)
-	Diluted	Rs.	(16.25)	(2.52)

**32** Figures have been rounded off to the nearest Rupees in lakhs.

**33** Figures of the previous year have been regrouped/recast, wherever necessary, to confirm to current years presentation.

The above accompanying notes are an integral part of the standalone financial statements.

For and on behalf of the Board

**Khandelia & Sharma**  
Chartered Accountants  
Firm Registration No. 510525C  
By the hand of

**Manish Bagrodia**  
Chairman & Managing Director  
DIN No. 00046944

**Mridula Goyal**  
Director  
DIN No. 08354018

**CA. Arun Khandelia**  
Partner  
Membership No. 089125  
May 27, 2019  
New Delhi (Camp at Chandigarh)

**KV Singhal**  
GM (Legal) and  
Company Secretary

**Anand Balkishan Sharma**  
President (Corporate Finance)  
and Chief Financial Officer

**Form AOC-1**
**Statement containing salient features of the financial statement of subsidiaries  
for the year ended 31.03.2019**

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

**Part "A": Subsidiaries**

(Rs. In Lacs)

Sl. No.	Particulars	(A)	(B)
1	Name of the subsidiary.	Winsome Yarns (Cyprus) Ltd., Cyprus	Winsome Yarns FZE, UAE (Subsidiary of Winsome Yarns (Cyprus) Ltd.)
2	Reporting, period for the subsidiary concerned, if different from the holding company's reporting period.	31. Mar. 2019	31. Mar. 2019
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Euro @77.66	AED @18.90
4	Share capital.	1980.27	6.61
5	Reserves & surplus.	(2024.43)	25.05
6	Total assets.	NIL	48.25
7	Total Liabilities.	44.16	16.59
8	Investments.	NIL	NIL
9	Turnover.	NIL	NIL
10	Profit/ (Loss) before taxation.	(6.15)	NIL
11	Provision for taxation.	NIL	NIL
12	Profit/ (Loss) after taxation.	(6.15)	NIL
13	Proposed Dividend.	NIL	NIL
14	% of shareholding.		
15	Names of subsidiaries which are under liquidation process.	<i>Name of the Subsidiaries:</i>	<i>Start of liquidation process:</i>
		S.C. Winsome Romania s.r.l. (Subsidiary of Winsome Yarns (Cyprus) Ltd)	26.11.2008
		IMM Winsome Italia s.r.l. (Subsidiary of S.C. Winsome Ramanian s.r.l.)	30.09.2008
		S.C. Textil s.r.l. (Subsidiary of IMM Winsome Italia S.r.l.)	09.02.2010

## **INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

To the Members of **Winsome Yarn Limited**

### **Report on the Audit of the Consolidated Financial Statement**

#### **1. Qualified Opinion.**

We have audited the accompanying Consolidated Ind AS financial statements of Winsome Yarns Limited (hereinafter referred to as **"the Holding Company"**) and its subsidiaries (the holding company and its subsidiaries together referred to as **"the Group"**) which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in equity for the year then ended, and notes to the Consolidated Financial Statement, 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, **except for the effects/possible effects of the matters described in paragraph under 'Basis of Qualified Opinion'**, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs of the Group as at March 31, 2019, and its consolidated profit/loss including other consolidated comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

#### **2. Basis for Qualified Opinion.**

- i) In view of accumulated losses of the Group as at the end of March 31, 2019, the net worth of the Group as at that date being negative, continuous losses, negative cash flows and due to financial constraints, material uncertainty exists about the Group ability to continue as going concern. The decision of management of the Group to prepare the accounts of the Company on going concern basis for reasons that, (a) proposed rehabilitation plan of the Holding Company is under discussions with majority of lenders, and (b) future business plans of the Group and expected cash flows therefrom will suffice to service restructured debts of the Holding Company, there would arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumptions as to going concern, and in the absence of impact of aforesaid assumptions having been un-ascertained, we are unable to comment thereon.
- ii) The Consolidated Financial Statement for the year ended on March 31, 2019 are understated due to:
  - a) Non provisioning of interest expenses, on borrowings, of Rs. 11168.88 Lakhs for the year ended on March 31, 2019 (Rs. 9671.90 Lakhs for the year ended on March 31, 2018), and Rs. 39813.00 Lakhs being aggregate amount of interest unprovided till the year ended March 31, 2019 (Rs. 28644.12 Lakhs till the year ended March 31, 2018), and further amount towards penal interest, penalty, etc. as may be charged by the lenders. (In the absence of statement of account, the above amount has been arrived at as per estimates of the Group, and the aggregate unprovided amount in books of account of the Group is not ascertainable with accuracy).
  - b) Non provisioning against long outstanding receivables of Rs. 492.12 Lakhs (Rs. 9609.58 Lakhs as at March 31, 2018) including of overseas overdue trade receivables. Further the accounting for exchange fluctuation in respect of overseas trade receivables and export advances is not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, we are unable to comment its impact on consolidated financial statement.
- iii) Non provisioning against loans and advances (including other current assets) of Rs. 1331.29 Lakhs (Rs. 1569.63 Lakhs as at March 31, 2018).
- iv) The principles of Ind AS-12 states that, the carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. However, the holding company has not provided any document related to review of deferred tax assets amounting to Rs. 44.36 Lakhs in its consolidated financial statement as on 31st March, 2019. In the absence of such review of deferred tax assets, we are unable to comment upon possible impact on the consolidated financial statement.
- v) As stated in note no. 9 of consolidated financial statement, the holding company have investment in money market 4862.11 redeemable shares of USD 1000 each in Arise Money Market Fund. As per information given to us, the balance above is as per rate of exchange prevailing at the time of investment, and is subject to adjustment in rate of foreign exchange and accruals on money market investments. In respect of its realisability/receipt, we are unable to comment. The non-accounting of investment at fair value and non-recognition of exchange fluctuation in respect thereto is not in line with Ind AS 109 "Financial Instruments" and Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" respectively, which has the effect of understatement of investment by Rs. 793.73 lakhs as at March 31st 2019 (Rs. 686.63 lakhs as at March 31st 2018) overstatement of losses by Rs. 199.63 lakhs for the year ended March 31st 2019. (Rs. 10.63 lakhs as at March 31st 2018).
- vi) Regarding written off/written back and adjustment/ set off of payment of receivables/payables from/to overseas parties/suppliers, which is pending necessary approval of the competent authority by the holding company.
- vii) The Internal Control Systems need to be further strengthened in order that they are commensurate with the

- size of the Group and the nature of its business, more particularly in areas of, purchases and consumption of materials, charging of expenses, set-off of balances, and invoicing of sale of goods and services.
- viii) Confirmation of balances and reconciliation thereof with respective parties are pending, which include balances pertaining to, accounts receivable and payable (including Associate Company/ies), bank balances, secured loans, other liabilities, loans and advances recoverable, and contingent liabilities. All balances have been certified by the management of the Company. In the absence of the Company having aforementioned details, the impact thereof is unascertainable, and therefore, not being commented. Further strengthening of internal controls by the Company will provide greater reliability
  - ix) As per the audit report of previous auditors for the year ended 31st March 2018, they noticed and found fraud in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch during the financial year 2017-18 by its employee/s against which the management of Holding Company took action by lodging F.I.R. with the concerned Police Station and investigation in the matter is pending. The misappropriation of goods has been valued at Rs. 70 Lakhs against which some of the parties to whom goods were sold by the concerned employees have confirmed having received the goods and also confirmed to the holding Company as having made payment against the same. The Holding Company also filed its claim to insurance company under Employee Fidelity Insurance, effect whereof has been accounted in the books of account of the Company, considering the ongoing recovery process of its claims and as per information given to us by management of the Holding Company the matter is still pending and its status is same as it is previous financial year.
  - x) We have not been provided the financial statement/financial information of subsidiary companies (1) Winsome Yarns (Cyprus) Ltd., (2) Winsome Yarns FZE, (3) S.C. Winsome Romania s.r.l, (4) I.M.M Winsome Italia s.r.l and (5) S.C. Textil s.r.l, Therefore, we are unable to comment about any possible effect of these subsidiary companies in consolidated financial statement for the period ending 31st March 2019.

### **3. Emphasis of Matter**

We would like to draw attention to the following matters as stated in the notes to the financial statement:

- i. As stated in Note no. 7 of the consolidated financial statement, as per information given, to us, the holding company has made advance payment of Rs. 2268.50 Lakhs to Edelweiss Assets Reconstruction Company for advance against restructuring of loan. Loan outstanding from Edelweiss Assets Reconstruction Company amounting of Rs. 47049.46 Lakhs.
- ii. As stated in exceptional item in the consolidated financial statement, the company has made provision for bad debts amounting of Rs. 9016.05 Lakhs as exceptional items
- iii. We draw attention to the users of the financial statement of the holding company for the year ended on 31st March, 2019, that the lender Edelweiss Assets Reconstruction Company Limited and Indian Overseas Bank has filed an application against the holding company under section 7 of the Insolvency & Bankruptcy Code, 2016 before National Company Law Tribunal, Chandigarh Branch.

### **4. Key Audit Matters.**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. There matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition, the matters described in the basis for qualified opinion paragraph are by their nature key audit matters.

### **5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements.**

The Holding Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group entities 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group entities.

**6. Auditor's Responsibilities for the Audit of Consolidated Financial Statements.**

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

**7. Other Matters.**

We did not audit the financial statements of subsidiaries of the Company included in consolidated Ind AS financial statements for the year ended March 31, 2019, whose financial statements as prepared by the management reflect total assets of Rs. 48.08 Lakhs as at March 31, 2019, as well as total revenue of Nil and total net loss after tax of Rs. 6.16 Lakhs for the year ended on that date. These financial statements and other financial information have not been audited by other auditors but these are certified by the management and have been furnished to us by them, and our opinion on the consolidated Ind AS financial results, to the extent have been derived from such management certified financial statements as at March 31, 2019.

**8. Report on Other Legal and Regulatory Requirement**

- i. As required by section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit, except as stated in para under the head "Basis for Qualified Opinion".
  - b) Except for the effects/possible effects of the matters described in the "Basis of Qualified Opinion" paragraph above, in our opinion, proper books of account as required by law have been kept by the Company in so far as it appears from our examination of those books.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) Except for the possible effect mentioned in Para under the "Basis for Qualified Opinion", the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
  - e) The matters described in the "Basis of Qualified Opinion" paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.
  - f) On the basis of written representations received from the directors of the holding company as on March 31, 2019, taken on record by the Board of Directors of the holding company, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of section 164 (2) of the Act.
  - g) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. Company has disclosed the impact of pending litigations on its financial position in its Consolidated financial statements- Refer Note no 3.2 [read with Note no. 3.3(A)(b)(i), 3.3(A)(d) and 3.3(B)1 to the Consolidated financial statement.
    - ii. Except as matter described under paragraph of qualified opinion as required under the applicable law or Accounting Standards, The holding company has made provision, for material foreseeable losses, if any, on long term contracts including derivative contracts; except to the extent and as explained in Note no. 3.3 of the Consolidated financial statements.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Khandelvia & Sharma  
Chartered Accountants  
Firm Registration No. 510525C

CA. Arun Khandelvia  
Partner  
Membership No. 089125

Place : New Delhi (Camp at Chandigarh)  
Date : 27-May-2019

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**ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE  
CONSOLIDATED FINANCIAL STATEMENTS OF WINSOME YARNS LTD.****Report on the Internal Financial Controls under Clause (i) of sub-section 3 of the section 143 of the Act**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2019, we have audited the internal financial controls over financial reporting of Winsome Yarns Limited (hereinafter referred to as "the Holding Company").

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

The respective Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the holding 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 Accountant of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") issued by the ICAI and the Standards of Auditing, issued by the 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 issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirement and plan and perform the audit to obtain the 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 internal financial controls system over financial reporting of the Holding Company.

**Meaning of Internal Financial Controls over Financial Reporting**

Holding 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. Holding Company's internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Holding Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Holding Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Holding Company's assets that could have a material effect on the financial statements.

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

Because of its 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 to 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.

**Basis of Qualified Opinion**

We draw attention to the paragraph 2 "Basis for Qualified Opinion" of our main report and the same to be read with our comments as stated below:

According to the information and explanation given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2019:

1. The Company did not have appropriate internal control system for
  - a) Adjustment/Set off and written off/write back payment of receivables/payables.
  - b) Credit control policy and procedure.
  - c) No policy or procedure for receipt of balance confirmation of receivables, particularly overseas overdue receivables, bank balances, payables (including of an associate company), secured loans and other liabilities and loans and advances.
2. The company did not have any extensive internal control system for follow up/recovery/ adjustment of old outstanding receivable/ payables including balance confirmation and reconciliation.

Material weakness is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects/possible effects of the material weaknesses described above and on the achievement of the objectives of control criteria, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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 ICAI.

We have considered the material weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the March 31, 2019. Consolidated financial statements of the Company and these material weaknesses does not affect our opinion on the Consolidated financial statements of the Company.

For Khandelia & Sharma  
Chartered Accountants  
Firm Registration No. 510525C

CA. Arun Khandelia  
Partner  
Membership No. 089125

Place : New Delhi (Camp at Chandigarh)  
Date : 27-May-2019



**STATEMENT OF IMPACT OF AUDIT QUALIFICATIONS (FOR AUDIT REPORT WITH MODIFIED OPINION) SUBMITTED ALONG-WITH ANNUAL AUDITED FINANCIAL RESULTS– CONSOLIDATED BASIS – WINSOME YARNS LIMITED**

**Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2019 [See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations 2016]**

(Rs. in Lakhs)

I.	Sl. No.	Particulars	Audited Figure (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)*
	1	Turnover/ Total income	25229	25229
	2	Total Expenditure	27721	40713
	3	Net Profit/(Loss)	(11493)	(24485)
	4	Earnings Per Share	(16.25)	(34.63)
	5	Total Assets	33376	31552
	6	Total Liabilities	63296	103109
	7	Net Worth	(29921)	(71557)
	8	Any other financial item(s) (as felt appropriate by the management)	-	-

\* all adjustments are without tax effect.

**II. Audit Qualifications**

**(a) Details of Audit qualification**

Reference is invited to Para (4) of Independent Auditor's Report on Consolidated audited financial results:

- (i) In view of accumulated losses of the Company as at the end of March 31, 2019, the net worth of the Company as at that date being negative, the decision of management of the Company to prepare the accounts of the Company on going concern basis for reasons that, (a) proposed rehabilitation plan of the Company is under discussions with majority of lenders, and (b) future business plans of the Company and expected cash flows therefrom will suffice to service restructured debts of the Company, there would arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumptions as to going concern, and in the absence of impact of aforesaid assumptions having been un-ascertained, we are unable to comment thereon
- (ii) The results for the quarter ended on March 31, 2019 and the year ended on March 31, 2019 are understated due to:
  - (a) Non provisioning of interest expenses on borrowings of Rs. 2905.99 Lakhs for the quarter ended and Rs. 11168.88 Lakhs for the year ended on March 31, 2019 (Rs. 2512.42 Lakhs for the quarter ended and Rs. 9671.90 Lakhs for the year ended on March 31, 2018), and Rs. 39813.00 Lakhs being aggregate amount of interest unprovided till the year ended March 31, 2019 (Rs. 28644.12 Lakhs till the year ended March 31, 2018), and further amount towards penal interest, penalty, etc. as may be charged by the lenders. (In the absence of statement of account, the above amount has been arrived at as per estimates of the Company, and the aggregate unprovided amount in books of account of the Company is not ascertainable with accuracy).
  - (b) Non provisioning against long outstanding receivables of Rs. 492.12 Lakhs (Rs. 9609.58 Lakhs as at March 31, 2018) including of overseas overdue trade receivables. Further the accounting for exchange fluctuation in respect of overseas trade receivables and export advances is not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, we are unable to comment its impact on financial statement.
  - (c) Non provisioning against loans and advances (including other current assets) of Rs.1331.29 Lakhs (Rs. 1569.63 Lakhs as at March 31, 2018).
- (iii) Part amount of USD 48,62,110 (Rs. 2568.41 Lakhs) out of GDR's issued by the Company, which funds had been raised for setting up of Yarn Dying Plant are invested in money market instruments outside India. As

the funds were raised for earmarked purposes, the availability thereof to the Company and utilization of the same is subject to Company's undertaking active plans for implementation of the proposed investment. The balance above is as per rate of exchange prevailing at the time of investment, and is subject to adjustment in rate of foreign exchange and accruals on money market investments. In respect of its realisability/ receipt, we are unable to comment. The non-accounting of investment at fair value and non-recognition of exchange fluctuation in respect thereto is not in line with Ind AS 109 "Financial Instruments" and Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" respectively, which has the effect of understatement of investment by Rs. 793.73 Lakhs as at March 31, 2019 (Rs. 686.63 lakhs as at March 31<sup>st</sup> 2018) overstatement of losses by Rs. 199.63 lakhs for the year ended March 31<sup>st</sup> 2019. (Rs. 10.63 lakhs as at March 31<sup>st</sup> 2018).

- (iv) Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/set off of payment of receivables/payable from/to overseas parties/suppliers, which is pending necessary approval of the competent authority.
  - (v) The Internal Control Systems need to be further strengthened in order that they are commensurate with the size of the Company and the nature of its business, more particularly in areas of, purchases and consumption of materials, charging of expenses, set-off of balances, and invoicing of sale of goods and services.
  - (vi) Confirmation of balances and reconciliation thereof with respective parties are pending, which include balances pertaining to, accounts receivable and payable (including Associate Company/ies), bank balances, secured loans, other liabilities, loans and advances recoverable, and contingent liabilities. All balances have been certified by the management of the Company. In the absence of the Company having aforementioned details, the impact thereof is unascertainable, and therefore, not being commented. Further strengthening of internal controls by the Company will provide greater reliability
  - (vii) As per the audit report of previous auditors for the year ended 31<sup>st</sup> March 2018, they noticed and found fraud in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch during the financial year 2017-18 by its employee/s against which the management took action by lodging F.I.R. with the concerned Police Station and investigation in the matter is pending. The misappropriation of goods has been valued at Rs. 70.00 Lakhs against which some of the parties to whom goods were sold by the concerned employees have confirmed having received the goods and also confirmed to the Company as having made payment against the same. The Company also filed its claim to insurance company under Employee Fidelity Insurance, effect whereof has been accounted in the books of account of the Company, considering the ongoing recovery process of its claims. As per information given to us by management of the Company the matter is still pending and its status is same as it in previous financial year.
- (b) Type of Audit Qualification  
Qualified Opinion
- (c) Frequency of Qualification
- In case of point no (i), (iv) and (v) – Appeared since F.Y. 2014-15
  - In case of point no (ii)(a) – Appeared since F.Y. 2013-14 (However, there is change in amount)
  - In case of point no (ii)(b) and (ii)(c) – Appeared since F.Y. 2003-04 (However, there is change in amount)
  - In case of point no (iii) – Appeared since F.Y. 2013-14
  - In case of point no (vi) – Appeared since F.Y. 2003-04
  - In case of point no (vii) – Appeared in F.Y. 2017-18
- (d) For Audit Qualification(s) where the impact is quantified by the Auditor, Management views  
With regard to Auditors Qualification No. (ii)(a), (ii)(b), (iii), (iv) and (viii):-
- (ii) (a)** Regarding non-provision of interest expenses, penal interest, penalty, etc. in respect of borrowings of the Company from banks - As stated in Note No. 3.23 of the Consolidated Audited Financial Statement, due to continuous losses and financial tightness, the Company has not been able to fully pay due installments & interest on term loan on due dates, which resulted into classification of credit facilities as Non-Performing Assets couple with recall of facilities by lenders of the Company & certain overdue amount is continuing/ unpaid till date (as detailed in note no. 3.23 of Consolidated Audited Financial Statement for the year ended March 31, 2019). Interest on term loans and working capital including overdue amount, penal interest etc. (amount unascertained) has not been provided and as the same will be provided / accounted for as and when paid/settled as the company is in process of discussion/ applying for getting loans to be restructured by the lenders/ARC. Six of banks have assigned and

- transferred the total debts due from the Company along with the underlying rights, title and interests in financial assistances granted to the Company to an Asset Reconstruction Company (ARC).
- (ii) (b) Regarding non-provision against long outstanding receivables-As also explained in Note No. 3.8(a) of Audited Financial Statements, management view is that the receivables for period over one year of Rs. 492.12 Lakhs till 31.03.2019 (Rs. 9609.58 Lakhs till 31.03.2018), including of overseas overdue trade receivables. Further the accounting for exchange fluctuation in respect of overseas trade receivables and export advances is not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, we are unable to comment its impact on financial statement.
  - (ii) (c) Regarding overdue amount of Loans and Advances read with Note No. 3.11 (including Other Current Assets) of Rs.1331.29 Lakhs (Rs.1569.63 Lakhs as at March 31, 2018) (including TUFs subsidy Rs. 899.05 Lakhs, capital advances of Rs. 250 Lakhs), in the opinion of the Management, the aforesaid balance are fully realisable and hence considered good. The Company has also initiated necessary steps for recovery of overdues.
  - (iii) Regarding non accounting of investment at fair value and non-recognition of exchange fluctuation in respect thereto, the management is of view that the money lying outside India is part of GDRs proceeds of the Company and is earmarked for utilization for setting up a Yarn Dying Plant, which could not be implemented for want of support of lenders. The Management of the Company is engaged in firming an active plan for implementation of its proposal for setting up of a Yarn Dying Plant, and upon its finalization, the aforesaid amount will be utilized for investment and on that date effect of any gain shall be accounted in the books of account of the Company.
  - (vii) With regard to noticed fraud in the nature of shortage and misappropriation of goods stored at its Ludhiana Branch by the employee/s of the Company, the effect whereof has been accounted in the books of account of the Company, considering the ongoing recovery process and its claim.
- (e) For Audit Qualification(s) where the impact is not quantified by the Auditor:
- (i) Management's estimation on the impact of audit qualification  
Not ascertainable
  - (ii) If management is unable to estimate the impact, reasons for the same  
With regard to Auditors Qualification No. (i), (iii), (iv), (v) and (vi):-
  - (i) Regarding net worth of the Company becoming negative and preparation of financial statements on going concern basis – Consequent to erosion of entire net worth, the Company filed Reference before the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) under Sick Industrial Company (Special Provisions) Act, 1985 (SICA), which was registered. The Company was in discussions with its lenders for evolving a scheme of rehabilitation of its financial debts, which continued during the period when the reference of the Company was under consideration before BIFR and also presently after the SICA has been repealed. Considering the proposed rehabilitation and future business plans of the Company, present business scenario, stable government policies for the business and expected cash flow in the near future as assessed by the Management, accounts of the Company are prepared on 'Going Concern' basis.
  - (iii) Regarding pending receipt of part money out of GDR issue – As also explained in Note no. 3.4 of the of the Audited Financial Statements that out of the proceeds of GDRs raised in F.Y. 2010-2011, an amount of USD 7,164,490 (INR 3873.75 Lakhs) stood remitted to India, which had been utilized for augmentation of working capital needs of the Company and a balance amount of USD 48,62,110 (INR 2568.41 Lakhs) continues to remain invested in an overseas Money Market Fund outside India as on 31.03.2019, pending utilization of such proceeds. The Company is filing all due returns regularly with RBI. Also the Depository of GDR issue had resigned w.e.f. 29.10.2014 and terminated the agreement w.e.f. 15-06-2015. The GDR had been de-listed from LuxSE w.e.f. 16.06.2015. The Company is in process to appoint new depository and seek relisting of GDR on LuxSE or any other overseas stock Exchange.
  - (iv) Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/ set off of payment of receivables/payable from/to overseas parties/suppliers, which is pending necessary approval of the competent authority. The management is in the process of obtaining necessary approvals from the competent authority
  - (v) Regarding further strengthening the system of internal controls – Necessary steps have been initiated by the Company to further strengthen the system of internal controls w.r.t. purchases and consumption of inventory, booking of expenses, set off of balances, for the sale of goods and services, etc.

(vi) Regarding pending confirmation / reconciliation of balances of certain receivables (including overseas overdue receivables), bank balances, payable (including of an Associate Company/ies), secured loans, other liabilities, loans and advances etc; and contingent liability – The management is of the opinion that adjustment, if any, arising out of such reconciliation would not be material. Further, necessary steps have been initiated to further strengthen system of internal controls w.r.t. accounting of expenses, accounting of income (including sale of licenses and provision written back), payroll payments and of balance reconciliation/confirmation.

(iii) Auditors' comments on (i) or (ii) above

Refer details of audit qualification [para II(a) above]

### III. Signatories

**Manish Bagrodia**

Chariman and Managing Director

**Anand Balkishan Sharma**

Chief Financial Officer

**Kaushal Kashyap**

Audit Committee Chairman

Statutory Auditors

For **Khandelia & Sharma**

Chartered Accountants

Firm Registration No. 510525C

**Arun Khandelia**

Partner

Membership No. 089125

Place : Chandigarh

Date : 27-May-2019

# WINSOME YARNS LIMITED

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2019

(Rs. Lakhs)

PARTICULARS	Notes	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4 (a)	20,668.80	22,239.01
Capital work in progress		-	-
Other intangibles assets	4(b)	27.08	10.50
Financial assets			
Loans	5	2.12	2.12
Deferred tax assets (net)	6	44.36	44.36
Other non current assets	7	3,160.37	2,566.27
		<b>23,902.73</b>	<b>24,862.26</b>
<b>Current assets</b>			
Inventories	8	2,868.69	4,237.55
Financial assets			
Loans	5	23.77	18.16
Investment	9	2,568.41	2,679.34
Trade receivables	10	1,777.33	12,224.56
Cash and cash equivalents	11	156.14	214.52
Other bank balances	12	30.66	32.36
Other financial assets	13	1,012.34	1,047.69
Current tax assets	14	109.83	99.84
Other current assets	15	925.66	1,066.92
		<b>9,472.83</b>	<b>21,620.94</b>
<b>TOTAL ASSETS</b>		<b>33,375.56</b>	<b>46,483.20</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	7,070.72	7,070.72
Other equity		(36,991.36)	(25,500.78)
		<b>(29,920.64)</b>	<b>(18,430.06)</b>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Deferred grant income	17	78.29	87.51
Provisions	18	201.76	192.22
		<b>280.05</b>	<b>279.73</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	19	55,636.02	55,728.50
<b>Trade payables</b>	20		
Outstanding dues of Micro and small enterprises		95.11	91.31
Outstanding dues of creditors other than Micro and small enterprises		4,217.25	5,562.79
Other financial liabilities	21	2,956.44	3,161.66
Deferred grant income	17	9.23	9.23
Other current liabilities	22	72.14	56.73
Provisions	18	29.96	23.31
		<b>63,016.15</b>	<b>64,633.53</b>
<b>Total liabilities</b>		<b>63,296.20</b>	<b>64,913.26</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>33,375.56</b>	<b>46,483.20</b>

### SIGNIFICANT ACCOUNTING POLICIES

2

### NOTES TO THE FINANCIAL STATEMENTS

3-32

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date.

For and on behalf of the Board

**Khandelia & Sharma**  
Chartered Accountants  
Firm Registration No. 510525C  
By the hand of

**Manish Bagrodia**  
Chairman & Managing Director  
DIN No. 00046944

**Mridula Goyal**  
Director  
DIN No.08354018

**CA. Arun Khandelia**  
Partner  
Membership No. 089125

**KV Singhal**  
GM (Legal) and  
Company Secretary

**Anand Balkishan Sharma**  
President (Corporate Finance)  
and Chief Financial Officer

May 27, 2019  
New Delhi (Camp at Chandigarh)

# WINSOME YARNS LIMITED

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(Rs. Lakhs)

PARTICULARS	Notes	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>INCOME</b>			
Revenue from operations	23	25,025.28	33,305.42
Other income	24	204.01	182.20
<b>Total Income</b>		<b>25,229.29</b>	<b>33,487.62</b>
<b>EXPENSES</b>			
Cost of material consumed		15,084.57	21,858.25
Purchase of stock-in-trade		22.25	-
Excise duty		-	1.80
Change in inventories of finished goods, work in process and stock in trade	25	1,178.67	1,095.00
Employees benefit expenses	26	3,354.07	3,523.83
Finance costs	27	26.27	36.88
Depreciation and amortisation	28	1,609.55	1,706.93
Other expenses	29	6,445.81	7,361.56
<b>Total Expense</b>		<b>27,721.19</b>	<b>35,584.25</b>
<b>Profit(Loss) before exceptional items and tax</b>		<b>(2,491.90)</b>	<b>(2,096.63)</b>
Less: Exceptional items		(9,016.05)	296.64
<b>Profit(Loss) before tax</b>		<b>(11,507.95)</b>	<b>(1,799.99)</b>
Less/(-Add): Tax expense			
Current tax		-	-
Deferred tax	6	-	-
<b>Profit(Loss) after tax</b>		<b>(11,507.95)</b>	<b>(1,799.99)</b>
Other comprehensive income		14.79	12.87
<b>Total Comprehensive Income</b>		<b>(11,493.16)</b>	<b>(1,787.12)</b>
<b>Earnings per equity share [par value of Rs. 10 (Rs. 10) each]</b>			
1. Basic (Rs.)	30	(16.25)	(2.53)
2. Diluted (Rs.)	30	(16.25)	(2.53)

### SIGNIFICANT ACCOUNTING POLICIES

2

### NOTES TO THE FINANCIAL STATEMENTS

3-32

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date.

For and on behalf of the Board

**Khandelia & Sharma**

Chartered Accountants

Firm Registration No. 510525C

By the hand of

**Manish Bagrodia**

Chairman & Managing Director

DIN No. 00046944

**Mridula Goyal**

Director

DIN No.08354018

**CA. Arun Khandelia**

Partner

Membership No.: 089125

May 27, 2019

New Delhi (Camp at Chandigarh)

**KV Singhal**

GM (Legal) and  
Company Secretary

**Anand Balkishan Sharma**

President (Corporate Finance)  
and Chief Financial Officer

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED ON MARCH 31, 2019**
**(Rs. Lakhs)**

<b>PARTICULARS</b>	<b>Year Ended March 31, 2019</b>	<b>Year Ended March 31, 2018</b>
<b>A. CASH FLOW FROM OPERATIONS</b>		
Loss before tax	(11,493.16)	(1,787.12)
<b>Adjustment for:</b>		
Depreciation	1,609.55	1,706.93
Amortisation of lease hold land	3.31	2.83
Prorata capital subsidy	(9.23)	(9.23)
(Profit)/Loss on sale of fixed assets	-	0.64
Interest expense	26.27	36.88
Interest income	(25.09)	(30.48)
<b>Operating profit before working capital changes</b>	<b>(9,888.35)</b>	<b>(79.55)</b>
<b>Adjustment for working capital changes:</b>		
<b>Increase/(Decrease) in financial liabilities</b>		
Trade payables	(1,341.74)	(549.97)
Revenue received in advance	(37.59)	288.38
Other payables	(167.63)	184.00
Increase/(Decrease) in other current liabilities	15.41	0.26
Increase/(Decrease) in provisions	16.20	29.83
<b>(Increase)/Decrease in financial assets</b>		
Trade and other receivables	10,447.23	(123.00)
Loans	(5.61)	0.01
Investment	110.93	-
Interest accrued but not due	-	30.04
Other loan	35.35	(75.74)
Increase/(Decrease) in other current assets	141.73	(85.22)
Increase/(Decrease) in other non current assets	(597.92)	(998.09)
Increase/(Decrease) in inventories	1,368.86	1,515.00
	<b>96.87</b>	<b>135.95</b>
Current tax liabilities (Net)	(9.98)	(2.68)
<b>Net cash flow from operating activities (A)</b>	<b>86.89</b>	<b>133.27</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(55.89)	(81.34)
Reductions to property, plant and equipment	-	0.25
Interest receipts	25.09	30.48
<b>Net cash used in investing activities (B)</b>	<b>(30.80)</b>	<b>(50.61)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(26.27)	(36.88)
<b>Increase/(Decrease) in financial liabilities</b>		
Proceeds from borrowings	(92.48)	0.01
Repayment of borrowings	-	-
<b>Net cash used in financing activities (C)</b>	<b>(118.75)</b>	<b>(36.87)</b>
<b>D. CHANGE IN CURRENCY TRANSLATION RESERVE ARISING ON CONSOLIDATION</b>		
Effect of currency translation on bank balance	(D)	2.58
		1.49
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>	<b>(60.08)</b>	<b>47.28</b>
Cash and cash equivalents - Opening balance	246.88	199.60
Cash and cash equivalents - Closing balance	186.80	246.88

**(Figures in bracket represents cash outflow)**

As per our report of even date.

For and on behalf of the Board

**Khandelia & Sharma**  
Chartered Accountants  
Firm Registration No. 510525C  
By the hand of

**Manish Bagrodia**  
Chairman & Managing Director  
DIN No. 00046944

**Mridula Goyal**  
Director  
DIN No. 08354018

**CA. Arun Khandelia**  
Partner  
Membership No. 089125  
May 27, 2019  
New Delhi (Camp at Chandigarh)

**KV Singhal**  
GM (Legal) and  
Company Secretary

**Anand Balkishan Sharma**  
President (Corporate Finance)  
and Chief Financial Officer

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

Particulars	(Rs. Lakhs)							
	Equity share capital (A)	OTHER EQUITY						Total equity attributable to equity holders of the group (A)+(B)
		Securities premium reserve	Capital reserve	Retained earnings	Foreign currency translation reserve	Capital redemption reserve	Other Comprehensive Income	Total Other Equity (B)
Balance as at April 1, 2017	7,070.72	5,181.95	261.03	(29,638.96)	364.01	124.44	(7.65)	(23,715.18)
Loss for the year	-	-	-	(1,799.99)	1.52	-	12.87	(1,785.60)
Balance as at March 31, 2018	7,070.72	5,181.95	261.03	(31,438.94)	365.53	124.44	5.22	(25,500.78)
Loss for the year	-	-	-	(11,507.95)	2.58	-	14.79	(11,490.58)
Balance as at Mar 31, 2019	7,070.72	5,181.95	261.03	(42,946.89)	368.11	124.44	20.01	(36,991.36)

As per our report of even date.

**Khandelia & Sharma**  
Chartered Accountants  
Firm Registration No. 510525C  
By the hand of

**CA. Arun Khandelia**

Partner  
Membership No. 089125  
May 27, 2019  
New Delhi (Camp at Chandigarh)

For and on behalf of the Board

**Manish Bagrodia**  
Chairman & Managing Director  
DIN No. 00046944

**Mridula Goyal**  
Director  
DIN No. 08354018

**KV Singhal**  
GM (Legal) and  
Company Secretary

**Anand Balkishan Sharma**  
President (Corporate Finance)  
and Chief Financial Officer



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2019.**

1. **Corporate Information:** Winsome Yarns Limited (the Company) is a Public Limited Company. The Company and its subsidiaries collectively referred to as "the Group" and is primarily engaged into manufacturing of Yarn, Knitwear and generation of power. The consolidated financial statements as at March 31, 2019 present the financial position of the Group.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**(A) Basis of Preparation of Financial Statements**

**(a) Statement of compliance**

The financial statements of the group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (the Act), (Ind AS compliant Schedule III), as applicable to the group.

Effective April 1, 2017, the group have adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 'First time adoption of Indian Accounting Standards', with April 1, 2016, as the transition date. The transition was carried out from Indian Accounting Principles Generally Accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**(b) Functional and presentation currency**

These financial statements are presented in Indian rupees (Rs.), which is the Company's functional currency. All amounts have been rounded to the nearest nearest Lakh unless otherwise indicated [10 Lakh = 1 Million].

**(c) Basis of measurement**

The financial statements are prepared as a going concern basis under historical cost convention basis, except for certain items with significant uncertainty, which are measured at fair values.

**Determining the fair value**

While measuring the Fair Value of an asset or a liability, the group used observable market data as far as possible. Fair values are categorised 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).

The fair value of trade receivables, trade payables and other Current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are Non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis.

Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value.

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 categorised in its entirety in the same level of the Fair Value hierarchy as the lowest level input that is significant to the entire measurement.

**(d) Use of estimate**

The preparation of financial statements in conformity with the Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of the contingent asset and contingent liability at the date of the financial statements and reported amount of income and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from the estimates. Appropriate changes in estimate are made as the management become aware of the change in circumstances surrounding the estimates. Change in the estimates are reflected in the financial statements in the period in which the changes are made and, if material, their effect are disclosed in the notes to financial statements.

**(e) 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 issued by the Ministry of Corporate Affairs 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) Recent Accounting Pronouncement**

- (a)** Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Group will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted.

- (b)** Ind AS 116 on "Leases": On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116 on Leases. Ind AS 116 will replace the existing Ind AS 17 on Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the Lessee and the Lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit & Loss as per Ind AS 17. The Standard also contains enhanced disclosure requirements for lessees.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- a)** Full retrospective: Retrospectively to each prior period presented applying Ind AS 8 on 'Accounting Policies, Changes in Accounting Estimates and Errors'.
- b)** Modified retrospective: Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application. Under modified retrospective approach, the lessee records the lease liability at the present value of remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date certain practical expedients are available under both the methods.

On completion of the evaluation of the Ind AS 116, the Group found that underlying value of leased assets of the Group is of low value and accordingly applying Para 4 of Ind AS 116, no adjustment is required to be made to the leased assets of the Group. Therefore, the Group is carrying its leased assets as per earlier standard.

**(C) Significant Accounting Policies**

**(a) Property, plant and equipment**

Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. For this purpose, cost includes deemed cost which represents the carrying value of Property, Plant and Equipment recognised as at April 1, 2016 measured as per the previous GAAP. Cost directly attributable to acquisition are capitalised until the Property, Plant and Equipment are ready for use as intended by the management.

Property, Plant and Equipment are derecognised from financial statements, either on disposal or when no economic benefits are expected from its use. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the Property, Plant and Equipment and the resultant gains or losses are recognized in the Statement of Profit and Loss. Property, Plant and Equipment, which are to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Depreciation on Property, Plant and Equipment commences when these assets are ready for their intended use. Items of Property, Plant and Equipment are depreciated in a manner that amortizes the cost (or other amount substituted for cost) of these assets, less its residual value, over their useful lives as specified in Schedule II of the Companies Act, 2013 on a straight line basis. Depreciation on Property, Plant and Equipment purchased or sold during the year is proportionately charged.

Depreciation methods, useful lives and residual values of Property, Plant and Equipment are reviewed periodically, including at each financial year end by the management of the Group.

**(b) Intangible assets**

Intangible Assets are stated at cost of acquisition less accumulated amortisation. Specialized Software is amortised over an estimated useful period of six year. Amortisation is done on straight line basis.

**(c) Impairment of non financial assets**

Property, Plant and Equipment are evaluated for recoverability, whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

**(d) Inventories**

- i. Inventories are valued at lower of cost or net realisable value except for scrap and by-products which are valued at net realisable value.
- ii. Cost of inventories of finished goods and work-in-process includes material cost, cost of conversion and other related overhead costs.
- iii. Cost of inventories of raw material, work-in-process and stores and spares is determined on weighted Average Cost Basis.

**(e) Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date when the Group commits to purchase or sell the asset.

**Financial Assets :**

**Recognition:** Financial assets include Investments, Trade receivables, Advances, Security Deposits, Cash and cash equivalents. Such assets are initially recognised at transaction price when the Group becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

**Classification:** Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

**Financial assets are classified as those measured at:**

- a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/ or interest.
- b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

- c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

**In case of investment in equity shares**

For other than subsidiaries, associates and joint ventures: Investments in equity instruments are measured at FVTOCI.

**Debt instruments:**

Debt instruments are measured at amortised cost. Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised when the asset is derecognised or impaired. Interest income from these financial assets is included as part of other income using the effective interest rate method.

**Other:**

Trade receivables, Advances, Security Deposits, Cash and cash equivalents etc., are reclassified for measurement at amortised cost.

**Impairment:** The Group assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since its initial recognition.

**Reclassification:** When and only when the business model is changed, the Group shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

**De-recognition:** Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Group has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

- a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;
- b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

**Financial Liabilities**

Initial and subsequent recognition: Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest rate method and adjusted to the liability figure disclosed in the Balance Sheet.

**De-recognition:** Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation in respect of the liabilities is discharged, cancelled and settled on expiry by the Group.

**Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**Equity Instruments**

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

**(f) Government Grants**

The Group entities may receive government grants that require compliance with certain conditions related to the entity's operating activities or are provided to the entity by way of financial assistance on the basis of certain qualifying criteria

Government grants are recognised when there is reasonable assurance that the grant will be received, and the Group entity will comply with the conditions attached to the grant. Accordingly, government grants:

- a) related to or used for assets are included in the Balance Sheet as deferred income and recognised as income over the useful life of the assets.
- b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.
- c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

Capital subsidy under TUFs from the Ministry of Textiles on specified processing machinery has been treated as deferred income which is recognized on systematic and rational basis in proportion of the applicable depreciation over the useful life of the respective assets and is adjusted against the depreciation to the Statement of Profit and Loss.

Duty drawback / DEPB is recognised at the time of exports and the benefits in respect of advance license received by the Company against export made by it are recognised as and when goods are imported against them.

**(g) Claims, Provisions, contingent assets and liabilities:**

Claims lodged by and lodged against the Group are accounted in the year of payment or settlement thereof.

Provisions are recognised when, as a result of a past event, the Group has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is the best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

Contingent liabilities are not recognised but are disclosed by way of notes to the financial statements, after careful evaluation by the management of the facts and legal aspects of each matter involved. Contingent assets are neither recognised nor disclosed in the financial statements. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying the economic benefit has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs.

**(h) Recognition of revenue and expenditure**

- (i) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable. Revenue represents the net invoice value of goods and services provided to third parties after deducting discounts, volume rebates, outgoing taxes.

Revenue is recognised usually when all significant risks and rewards of ownership of the asset sold are transferred to the customer and the commodity has been delivered to the shipping agent. Revenue from sale of material by-products are included in revenue.

**(ii) Interest and dividend income**

Interest income is recognised using Effective Interest Method (EIR).

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of financial instruments or a shorter period, where appropriate, to the gross carrying amount of the asset or to the amortised cost of financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit loss.

Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

**(i) Borrowing cost**

Borrowing Cost attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets upto the date when such assets are ready for intended use. Other borrowing costs are charged as expense in the year in which they are incurred.

**(j) Employee benefits**

Benefits such as salaries, wages and short term compensations etc. is recognized in the period in which the employee renders the related services.

The Group makes contributions to defined benefit schemes and defined contribution plans. Provident Fund contributions are in the nature of defined contribution scheme. Provident funds are deposited with government and recognised as an expense. The Group also make contribution to defined benefit plan i.e. gratuity plan. The cost of providing benefits under the defined benefit obligation is calculated by independent actuary using the projected unit credit method. Service costs and net interest expense or income is reflected in the Statement of Profit and Loss. Gain or Loss on account of re-measurements are recognised immediately through other comprehensive income in the period in which they occur.

The employees of the Group are entitled to compensated leave for which the Group records the liability based on actuarial valuation computed using projected unit credit method. These benefits are unfunded.

Actual disbursements made, under the Workers' Voluntary Retirement Scheme are accounted as revenue expenses.

**(k) Taxes on income**

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

**(l) Foreign currency transactions and translation**

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts has been recognised over the life of the contract. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.

Non-monetary foreign currency items are carried at cost.

**(m) Prior period errors**

Prior Period Errors are omissions from, and misstatements in, prior period financial statements resulting from the failure to use, or the misuse of, reliable information that was available, or could not be reasonably expected to have been obtained, at the time of preparation of those financial statements.

Prior Period Errors have been corrected retrospectively in the financial statements. Retrospective application means that the correction affects only prior period comparative figures, current period amounts are unaffected. Comparative amounts of each prior period presented which contain errors are restated. If however, an error relates to a reporting period that is before the earliest prior period presented, then the opening balances of assets, liabilities and equity of the earliest prior period presented has been restated by following IAS 8.

**(n) Earnings per share**

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Group by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Group by the weighted average number of equity shares considered for deriving basic earnings per equity share and also, the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.



**(o) Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

**Amendment to Ind AS-7**

Effective April 1, 2017, the Group adopted the amendment to Ind AS7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

**(p) Cash and cash equivalents**

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

**3. EXPLANATORY NOTES FORMING PART OF THE BALANCE SHEET**
**3.1 Principles of Consolidation**

- i. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profit or losses as per Indian Accounting Standard (Ind AS) 110 "Consolidated Financial Statements" as prescribed under section 133 of Companies Act, 2013.
- ii. Consolidated financial statements (CFS) comprised the financial statements of Winsome Yarns Limited and its subsidiaries namely Winsome Yarns (Cyprus) Limited, Cyprus and Step down subsidiary Winsome Yarns FZE, UAE.
- iii. (a) List of subsidiaries:

Sl. No.	Name of the Subsidiaries	% of Shareholding	Nature of Interest	Country of Incorporation	Year Ending	Period
1.	Winsome Yarns (Cyprus) Limited(WYCL)	100	Direct	Cyprus	31.03.2019	12 Months
2.	S.C. Winsome Romania S.R.L.(SCWR)	90	Indirect	Romania	(b)@	NA
3.	Winsome Yarns FZE (WYF)	100	Indirect	U.A.E	31.03.2019	12 Months
4.	I.M.M Winsome Italia S.R.L.(WIS)	100	Indirect	Italy	(b)@	NA
5.	S.C. Textil S.R.L.(TS)	100	Indirect	Romania	(b)@	NA

- (b) @ Companies are under liquidation, hence not considered for consolidation. Further, as per the past year, financial statements of S.C. Winsome Romania S.R.L., I.M.M. Winsome Italia S.R.L., and S.C. Textil S.R.L. neither been prepared nor been made available to the Auditors.
- iv. (a) The Financial Statements of step down subsidiary namely S.C. Winsome Romania S.R.L. had been excluded from consolidation as the same is under liquidation. Further the insolvency of S.C. Winsome Romania S.R.L. has not yet been confirmed by the relevant court. Accordingly, management certified standalone financial statements of Winsome Yarns (Cyprus) Limited and Winsome Yarns FZE have been considered for consolidation.
- (b) Winsome Yarns FZE has ceased operations and has remained dormant during the period.
- (c) S.C. Winsome Romania S.R.L. is holding 100% shares (investment) of IMM Winsome Italia S.R.L. Italy and the later Company holds 100% shares (investment) of S.C. Textil S.R.L. Romania.
- v. The Consolidated Financial Statements have been prepared based on line-by-line consolidation using uniform accounting policies for like transactions and other event in similar circumstances. The effects of intra-group transactions and balances are eliminated in consolidation.
- vi. The differences between the costs to the Holding Company of its investment in the subsidiary Companies over the holding company's portion of equity of the subsidiary is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

- vii. Since foreign subsidiaries are in same line of business which functions in different regulatory environment, certain policies such as in respect of depreciation/amortization, retirement benefits, preliminary expenditures etc. are different than the policies followed by the holding company are disclosed in their respective financial statements.
- viii. Operations of foreign subsidiaries have been considered by the management as non-integral; thus items of the assets and liabilities, both monetary and non-monetary, have been translated at the exchange rates prevailing at the end of the year and items of income and expenses have been translated at the average rate prevailing during the year. Resulting exchange differences arising on translation of said items have been transferred to Foreign Currency Translation Reserve Account. The Financial Statements are prepared as going-concern under historical cost convention on an accrual basis except those with significant uncertainty and in accordance with mandatory accounting standard under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule 2014 and the relevant provisions of the Act. Accounting policies not stated explicitly otherwise are consistent with generally accepted accounting principals and mandatory accounting standards.

**3.2 (A) Contingent Liabilities, not provided for in respect of; (As certified by the management)**

		(Rs. Lakhs)	
Sl. No.	Particulars	2018-19	2017-18
(i)	Bills discounted with banks	-	109.91
(ii)	Sales Tax liability in respect of matters under appeal	107.95	81.35
(iii)	Excise duty show cause notices / matters under appeal	26.10	26.10
(iv)	Income Tax Demand	280.17	280.17
(v)	Customs duty saved Nil (Previous Year Rs. Nil) for import of capital good made against EPCG license. Against which export obligations amounting to Rs. 482.24 Lakhs (Previous Year Rs. 515.34 Lakhs) are pending against the EPCG licenses issued in earlier years. Non fulfilment of Export obligation will attract demand of Rs 85.42 Lakhs (Previous Year Rs. 91.22 Lakhs) (including interest and excluding penalty).		

- (B) In respect of certain disallowances and additions made by the Income Tax Authorities, appeals are pending before the Appellate Authorities and adjustments, if any, will be made after the same are finally determined. Considering the past experience, Management of the Company is of the view that there will not be any material financial impact on the Company upon aforesaid determination by the Appellate Authorities.
- (C) Estimated amount of Capital contracts remaining to be executed on Capital Account and not provided for is Nil (Previous year Nil) and net of advances is Nil (Previous year Nil ), as certified by the management.

**3.3.**

- (A) a) The loans from Banks are further secured by unconditional and irrevocable personal guarantees of promoters, promoters group/ associate companies and secured/ to be secured by pledge of 51% (Fifty one percent) of equity share capital (present /future) of the company or 100% of shares held/ to be held by promoters, promoters group/ associate companies, whichever is lower.
- b) (i) Appeals filed by the Company against its Lenders, viz., Bank of Maharashtra and Edelweiss Asset Reconstruction Company Limited, under section 17 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act, 2002) before the Hon'ble Debt Recovery Tribunal, Chandigarh (DRT), against notice u/s 13(4) of the SARFAESI Act, 2002 issued by the aforesaid lenders, were admitted and are pending adjudication before the Hon'ble DRT. The Company has alleged that the action taken by the aforementioned lenders was incorrect in law, and the Company has a claim for damages suffered by it.
- (ii) The Company's request to the lending banks from time to time seeking permission for renewal and continuation of "Holding-on operations" in the banking accounts of the Company (which were unilaterally and intermittently stopped by the lending banks on several occasions earlier) were not accepted and funds of the Company aggregating Rs.152.25 Lakhs (previous year Rs. 152.25 Lakhs) are lying in the current accounts/fixed deposit accounts with the lending banks. The stuck-up funds of the Company are accounted as part of Bank Balances in Note No. 12 and 13 of the financial statements. The Company had filed a Civil Suit before Civil Judge (Junior Division), Chandigarh for recovery of Rs. 42.16 Lakhs lying in the current account with State Bank of Patiala (since merged with State Bank of India) and the Hon'ble Civil Judge has been pleased to direct State Bank of Patiala to remit the amount lying in current account to Edelweiss Asset Reconstruction Company Ltd. (EARC), being assignee of debts of State Bank of India and the



amount to be so released to EARC will be adjusted as per mutually agreed final restructuring between the Company and EARC. The Company shall adjust the balance of its borrowings in the year in which the aforesaid amount is remitted by State Bank of India to EARC.

- c) The Lender Banks (Canara Bank, State Bank of Patiala, Punjab National Bank, UCO Bank, Union Bank of India, Dena Bank) of the Company which held more than 80% of total outstanding loans of the Company have assigned and transferred their debts along with underlying rights, benefits and obligations to Edelweiss Asset Reconstruction Company Limited (EARC). The Company is in discussion with its lenders for evolving a scheme of rehabilitation and/or restructuring of its financial debts which continued both during the period that the Reference of the Company was under consideration before the Hon'ble Board for Industrial and Financial Reconstruction and the period since repeal of the Sick Industrial (Special Provisions) Act, 1985. [Read with Note No. 20(b)].
  - d) Canara Bank, State Bank of Patiala, UCO Bank, Oriental Bank of Commerce, Dena Bank (now merged with Bank of Baroda), Indian Overseas Bank, Bank of India and Bank of Maharashtra had filed an Original Application under section 19(1) of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 before the Hon'ble Debt Recovery Tribunal (DRT) at Chandigarh, which is pending adjudication. Besides this, Edelweiss Asset Reconstruction Company Ltd. being assignee of Punjab National Bank and United Bank of India has also separately filed an application under section 19(1) of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 before the Hon'ble Debt Recovery Tribunal (DRT) at Chandigarh, which is pending adjudication.
  - e) The Company is in discussion with the Edelweiss Asset Reconstruction Company Limited (EARC) for a structured payment plan of its dues, which is likely to be binding on all lenders on its finalization.
  - f) The Company had settled the dues of Allahabad Bank and the effect thereof has been accounted in books of account of the Company.
- (B) Certain winding-up petitions filed against the Company by its creditors, including persons claiming to be creditors, had been adjourned sine-die by the Hon'ble Punjab and Haryana High Court. There have no proceedings in the matters thereafter.
- 3.4 (a) In the Extraordinary General Meeting of the Company held on June 28, 2010, the Members of the Company had approved the issue of new capital through Global Depository Receipts (GDRs). Accordingly, 19,94,125 number of GDR of USD 6.64 each (each GDR converting / equivalent to 100 equity shares – being 1,99,41,250 nos. of equity shares of Rs. 10 each at Rs. 29.70 including premium) had been issued by the Company and allotted on March 29, 2011. The GDR were listed for trading at the Luxembourg Stock Exchange (LuxSE). Out of the proceeds of GDRs raised in 2011, an amount of USD 7,164,490 (Rs. 3873.75 Lakhs) stood remitted to India, which had been utilised for augmentation of working capital needs of the Company, and balance amount of USD 48,62,110 (Rs. 2568.41 Lakhs) continues to remain invested in an overseas Money Market Fund pending utilisation for purposes for which the funds were raised. The balances stated above are as per rate of exchange of relevant currencies prevailing at the time of making investment in Money Market Fund, and will be finally adjusted with the actual amounts, including accruals thereon, if any, on settlement of Money Market Fund amount. The Company is regular in filing all due returns with Reserve Bank of India.
- The Company has not measured the aforesaid investments at fair value as the effect thereof shall be accounted on settlement of investment in Money Market Fund.
- (b) The Depository of GDR issue had resigned w.e.f. October 29, 2014 and terminated the agreement w.e.f. June 15, 2015. The GDR had been de-listed from LuxSE w.e.f. June 16, 2015. The Company is in process to appoint new depository and seek relisting of GDR on LuxSE or any other overseas stock Exchange.
- 3.5 Research and Development Expenditure (as certified by management) amounting to Rs. 55.47 Lakhs (Previous Period Rs. 66.28 Lakhs ) have been debited to Statement of Profit and Loss during the year.
- 3.6 In earlier year a fraud had come to be discovered by the Company in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch (Punjab), committed by its employee/s. A complaint was lodged with the concerned Police Station and First Information Report was registered by the Authorities, and investigation in the matter is pending. The loss of goods is valued at about Rs. 70.00 Lakhs. It has since revealed that some of the parties to whom goods were allegedly sold by the concerned employees have confirmed their receipt and also confirmed having made payment therefor. The Company is hopeful of full recovery of loss from the Insurance Company under Employee Fidelity Insurance, and has accounted the same in its books of account.
- 3.7 The Group has given interest free loan/ advances in the nature of loan, to employees, in the ordinary course of its business. No loan/ advances in the nature of loans have been given to employees/ others for the purpose of investment in securities of the Company.
- 3.8 (a) The Company has made provision for doubtful debts of (i) Rs. 5989.20 Lakhs (previous year: Nil) in respect of debts due from certain overseas customers, and (ii) Rs. 3026.85 (previous year: Nil) against overdue trade receivables/other receivables during the current financial year. The provision for doubtful debts has been made

on the basis of continuous evaluation and assessment of recoverability of trade receivables, which is undertaken on regular basis.

**3.9 Details of Traded Goods:**
**(Rs. Lakhs)**

Particulars	Cotton Yarn	Industrial Fabric	Total
Opening Stock	NIL (NIL)	NIL (NIL)	NIL (NIL)
Purchase	22.25 (NIL)	NIL (NIL)	22.25 (NIL)
Sales	22.25 (NIL)	NIL (NIL)	22.25 (NIL)
Closing Stock	NIL (NIL)	NIL (NIL)	NIL (NIL)

**3.10** Overdue amount include Financial Assets including Other Current Assets of Rs. 1331.29 Lakhs (previous year Rs. 1569.63 Lakhs) (including Refunds / Claims Receivables of Rs. 3.47 Lakhs, TUFs subsidy Rs. 899.05 Lakhs, capital advances of Rs. 250 Lakhs). In the opinion of the Management, the aforesaid balance are fully realisable and hence considered good.

**3.11** The accumulated losses of the Company having exceeded its net worth, based on the audited accounts for the period ended September 30, 2014, the Company, accordingly, filed a Reference with the Hon'ble Board for Industrial and Financial Reconstruction, in terms of its statutory obligation under section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). The Company's Reference was registered on April 10, 2015. SICA has since been repealed with effect from December 01, 2016 and the Reference of the Company stood abated. The Company's net worth, which is eroded, is likely to substantially improve on complete implementation of the proposed debt restructuring and negotiated settlement payment plan of the Company, which is pending consideration of majority lenders. Considering the proposed restructuring plan and future business plans of the Company, present business scenario, and expected cash flow in future period as assessed by the Management, the accounts of the Company have been prepared on 'Going Concern' basis.

**3.12** Balances of certain Trade Receivables (including overseas overdue trade receivables as stated in note no. 3.8), Bank Balances including other bank balances, Trade Payables (including of Associate Company of amounting Nil), Secured Borrowings, Other Financial Liabilities and Financial Assets including other current assets are in process of confirmation/ reconciliation. Contingent liabilities (read with note no. 3.1) are as as certified by the management. The management is of the opinion that adjustment, if any, arising out of such reconciliation and confirmation would not be material. Further, necessary steps have been initiated to further strengthen system of internal controls in this regard.

**3.13 Employees Benefits:**
**a) Defined Contribution Plan:**

Contribution to Defined Contribution Plan, i.e. contribution to provident fund amounting to Rs.157.22 Lakhs (Previous year Rs. 172.61 Lakhs) has been recognized as expense for the period under sub-head 'Contributions to Provident and other Funds' and under head 'Employee Benefit Expenses' of the Statement of Profit and Loss.

**b) Defined Benefit Plan:**

The employee's gratuity fund is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

(Rs. Lakhs)

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2018-19	2017-18	2018-19	2017-18
<b>I. Amount to be Recognized in the Balance Sheet</b>				
Present Value of Obligation as at 31.03.2019	176.16	160.70	55.56	54.82
Fair value of plan assets as at 31.03.2019	-	-	-	-
Funded Status [surplus/(Deficit)]	(176.16)	(160.70)	(55.56)	(54.82)
Net Assets/(Liability) Recognized in Balance Sheet	(176.16)	(160.70)	(55.56)	(54.82)
<b>II. Expenses Recognized During the Period</b>				
Current Service Cost	41.32	47.19	14.02	13.78
Interest Cost	12.06	10.79	4.10	4.06
Expected Return on Plan Assets	-	-	-	-
Actuarial (gain)/ loss	(14.79)	(12.87)	(0.26)	23.54
Net Expenses Recognized	53.38	57.98	17.86	41.39
<b>III. Reconciliation of Opening and Closing Balance of Defined Benefit Obligation</b>				
Present Value of Obligation at the beginning of the period	160.70	134.89	54.82	50.81
Current Service Cost	41.32	47.19	14.02	13.78
Interest Cost	12.06	10.79	4.10	4.06
Actuarial (gain)/ loss on obligations	(14.79)	(12.87)	(0.26)	23.54
Benefit Paid	23.13	19.30	17.12	37.37
Present Value of Obligation as at the end of the period	176.16	160.70	55.56	54.82
<b>IV. Actuarial/Demographic Assumptions:-</b>				
Indian Assure Lives Mortality Table	2012-14	2006-08	2012-14	2006-08
Discount rate (Per annum)	7.50%	8.00%	7.50%	8.00%
Expected Return on Plan Assets (Per annum)	8.00%	8.00%	8.00%	8.00%
Estimated rate of increase in compensation level	5.00%	5.00%	5.00%	5.00%
Retirement Age	58 Years			
Withdrawal Rate (All Ages)	10%			
Disability	No explicit all.wance			
Leave Accumulation Ratio	0.58 (PY 0.58)			

- (i) The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.
- (ii) The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches with that of the liabilities.

**3.14** The Company has not received full information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (Act) and hence, disclosure relating to amount unpaid as at year end together with interest paid/ payable have been given based on the information so far available with the Company/ identified by the Company's management. As required by section 22 of the above said Act, the following information is disclosed: The necessary adjustments for interest accrual shall be provided upon receipt of complete information which is under process.

(Rs. Lakhs)

Sl. No.	Particulars	2018-19	2017-18
a)	(i) Principal amount remaining unpaid at the end of the accounting year	96.37	-
	(ii) Interest due on above	2.73	-
b)	The amount of interest paid by the buyer alongwith amount of payment made to the supplier beyond the appointed date.	-	-
c)	The amount of interest accrued and remaining unpaid at the end of financial year	2.73	-
d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the period) but without adding interest specified under this act.	-	-
e)	The amount of further interest due and payable in succeeding year, until such interest is fully paid.	2.73	-

**3.15 Segment Reporting**

- (i) The Company is engaged only in one line of business namely Textile (Yarn and Knitting)
- (ii) The segment revenue in geographical segments considered for disclosure is as follow:
  - (a) Revenue inside India includes sales to customers located within India.
  - (b) Revenue outside India includes sales to customers located outside India.

Information about geographical segments (by location of customers)

(Rs. Lakhs)

Sl. No.	Particulars	India	Outside India	Total
(i)	External Revenue-Sale*	19,874.90 (27,333.57)	5,150.38 (5,971.85)	25,025.28 (33,305.42)
(ii)	Carrying amount of segment assets by location of assets	30,473.58 (37,795.08)	131.29 (5,818.73)	30,604.87 (43613.81)

\*Includes Export Incentives of Rs. 90.75 Lakhs (Previous Period Rs. 202.86 Lakhs) as part of Sales outside India.

**3.16** As on March 31, 2019, the Company has net deferred tax assets (on timing difference including of carry over losses and unabsorbed depreciation). However, considering the losses incurred in recent past by the Company, deferred tax assets have been restricted to the amount of deferred tax liability for want of virtual certainty of its realisation in near future.

**3.17 Related party disclosures**

**(A)** List of "Related party & Relationship disclosures" are given below: (as identified by the management)

**(a) Subsidiary Companies**

- (i) Winsome Yarns (Cyprus) Limited (100% Subsidiary)

- (ii) Winsome Yarns FZE (Subsidiary of (i) above)
- (iii) S.C. Winsome Romania s.r.l (Subsidiary of (i) above)
- (iv) I.M.M. Winsome Italia s.r.l (Subsidiary of (iii) above)
- (v) S.C. Textil s.r.l. (Subsidiary of (iv) above)

**(b) Key management personnel and their relatives.**

- Shri Manish Bagrodia Chairman and Managing Director
- Shri Andreas Alexiou Director
- Shri Stelios Sivitanides Director
- Maria Michail Geogiade Director
- Shri Anand Bal Kishan Sharma^ Chief Financial Officer
- Shri K.V. Singhal^ Company Secretary
- Smt. Kalpana Sharma^ Wife of Chief Financial Officer
- Smt. Manju Singhal^ Wife of Company Secretary

**(c) Organizations where Key Management Personnel & their relative have significant influence**

- Star Point Financial Services (Pvt.) Ltd.
- Shell Business Pvt. Ltd.
- Satyam Combines Pvt. Ltd.
- Winsome Textile Industries Limited^

**(B) Transactions with the Related Parties during the year ended 2018-19**
**(Rs. Lakhs)**

Particulars	2018-19	2017-18
<b>Winsome Textile Industries Limited</b>		
- Expenses incurred on our behalf	0.36	0.24
- Expenses incurred on their behalf/adjustments	568.37	0.18
Balance Outstanding as at period end Receivable / (Payable)	-	(568.37)
<b>Shri Satish Bagrodia</b>		
- Sitting Fees	-	0.30
<b>Shri Manish Bagrodia</b>		
- Remuneration	-	-
<b>Shri Anand Bal Kishan Sharma^</b>		
- Salary	18.65	18.65
<b>Shri K .V. Singhal^</b>		
- Salary	18.91	14.05
<b>Starpoint Financial Services Pvt. Ltd.</b>		
- Rent	19.12	18.99
- Balance Outstanding as at period end Receivable /(Payable)	(17.50)	(17.37)
<b>S.C. Winsome Romania</b>		
- Balance Outstanding as at period endReceivable /(Payable)	7.22	7.22
<b>IMM Winsome Italia</b>		
- Balance Written off		
- Balance Outstanding as at period end Receivable /(Payable)	149.18	149.18
<b>Winsome Yarn (Cyprus) Ltd.</b>		
- Receivable / (Payable)	20.98	20.98
<b>Smt. Kalpana Sharma-Salary</b>	<b>12.13</b>	<b>12.13</b>
Smt. Manju Singhal		
- Salary (Upto 30 <sup>th</sup> June 2018)	1.47	5.52

^ pursuant to Companies Act 2013

**3.18**
**(A) (i) Details of WIP:-**
**(Rs. Lakhs)**

Particulars	2018-19	2017-18
Mixing Material	756.00	971.95
Fleece	107.03	525.47
Winding	62.62	158.10
Garments	221.35	144.50
<b>Total</b>	<b>1147.00</b>	<b>1800.02</b>

**(ii) Raw Material Consumed (Net of adjustment of waste):-**
**(Rs. Lakhs)**

Particulars	2018-19	2017-18
Cotton	12,841.57	18,629.60
Others	2,243.00	3,228.65
<b>Total</b>	<b>15,084.57</b>	<b>21858.25</b>

**(iii) Total Value of Raw Materials and Stores & Spares Consumed**
**(Rs. Lakhs)**

Particulars	Raw Material				Stores & Spares			
	2018-19	%	2017-18	%	2018-19	%	2017-18	%
Imported	147.26	0.98	142.62	0.65	52.07	4.27	67.19	4.48
Indigenous	14,937.31	99.02	21,715.63	99.35	1,165.98	95.73	1,433.89	95.52
<b>Total</b>	<b>15,084.57</b>	<b>100</b>	<b>21,858.25</b>	<b>100</b>	<b>1,218.05</b>	<b>100</b>	<b>1501.08</b>	<b>100</b>

Profit or loss on sale of stores/raw materials remains adjusted in their respective consumption accounts.

**(B) CIF Value of Imports:**
**(Rs. Lakhs)**

Particulars	2018-19	2017-18
Spare Parts & Components	52.07	67.19
Raw Material	147.26	142.62

**(C) Earnings in Foreign Exchange**
**(Rs. Lakhs)**

Particulars	2018-19	2017-18
Exports of goods on FOB basis (excluding export through export houses)	4,518.88	5,567.28

**(D) Expenditure in Foreign Currency:**
**(Rs. Lakhs)**

Particulars	2018-19	2017-18
Foreign Traveling	16.14	23.52
Commission on sales	12.80	10.53
Others	34.14	17.66

**3.19** Due to financial tightness and losses Company could not make due payments against various statutory dues (PF, ESIC, PWF etc.) on time and pending for payment at close of the period are on account of ESI Rs. 30.02 Lakhs and PWF Rs. 1.97 Lakhs, All these amounts have since been paid. Penal interest and penalty in this regard (amount unascertained) if any, will be accounted for as and when the same will be paid.

**3.20 (a)** The Foreign Currency Exposure that are not hedged by a derivative instrument or otherwise are as follows (as certified by the management):

Particulars	Domestic Currency	Amount in Document Currency		Amount in INR (In Lakhs)	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018
Sundry Debtors	USD	3,82,864.74	1,20,79,307.00	259.80	7,558.83
Advance From Customer	USD	9,36,542.46	10,16,265.00	559.11	605.70
Sundry Creditors	HKD	3,009.40	3009.40	0.27	0.25
	Euro	28,839.19	8,405.81	22.40	6.74
	USD	3,16,492.39	2,03,828.35	218.89	132.86
	CHF	21,516.16	25,937.35	14.94	17.67
	GBP	-	210.82	-	0.19
Advance To Suppliers	EURO	31,734.08	56,048.58	21.05	39.96
	USD	95,706.8	77,347.93	62.73	48.49
	HKD	15,042.21	12,092.66	1.29	1.00
	GBP	488.45	488.45	0.36	0.36
	CHF	-	-	-	-
	JPY	24,420.00	24,420.00	0.12	0.12
Foreign Commission Payable	USD	94,640.46	86,525.88	65.36	55.24

(b) Forward contract taken to hedge the foreign currency receivables are outstanding as at 31/03/2019 Rs. Nil (Previous Year Rs. Nil)

**3.21** Financial Statements of subsidiary Companies namely Winsome Yarns (Cyprus) Limited and Winsome Yarns FZE for the year ended 31.03.2019 is unaudited and is as certified by the management.

**3.22** As Winsome Yarns FZE ceased operations and had been defunct from last three years, Winsome Yarns (Cyprus) Limited impaired its investment in Winsome Yarns FZE of Euro 6676.00 out of Euro 6677.00 in earlier year.

**3.23** Due to continuous losses and acute financial strain for reasons beyond the control of the Company, the Company was unable to pay due instalments and interest on term loan and certain overdue amounts are continuing till date. Provision for upto date interest, as calculated/estimated by the Management on secured loans and short term borrowings being Rs. 16085.32 Lakhs (Including Rs. 11849.38 Lakhs, previous year) and Rs. 23727.68 Lakhs (Including Rs. 16794.74 Lakhs, previous year) respectively has not been made in the books of account. The Company's proposal for restructuring of its borrowings is under discussion/consideration with the majority lender, which is likely to be binding on all lenders of the Company [Read with Note No. 3.2 (A)(c)]. The Company will account the effect to its liability on account of debts and interest in line with the restructuring scheme upon its sanction.

### **3.24 Financial Risk Management**

#### **i. Financial instrument by category**

For amortised cost instruments, carrying value represents the best estimate of fair value except investment in other debentures.

#### **ii. Risk management**

The Group's activities expose it to market risk, liquidity risk and credit risk. The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

#### **A) Credit Risk**

Credit risk is the risk that a counterparty fails to discharge its obligation to the Group. The Group's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits. Other financial assets measured at amortized cost includes loans to employees, security deposits and others. Credit risk related to other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensures the amounts are within defined limits.

Credit risk management: The Group assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

- a) Low credit risk
- b) Moderate credit risk
- c) High credit risk

Credit risk exposures: The Group's trade receivables, wherever they are substantially exceeding the credit period, may have a loss of credit inbuilt in the outstanding amount. The Group will recognise loss of credit outstanding, if any, on outcome of its efforts for recovery.

**B) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Group maintains adequate liquidity for meeting its obligations by monitoring the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows from the operations.

**C) Market Risk**

Market risk is the risk of changes in the market prices on account of foreign exchange rates, interest rates and Commodity prices, which shall affect the Group's income or the value of its holdings of its financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the returns.

**a) Currency risk**

The Group undertakes transactions denominated in foreign currency (mainly in US Dollar and GBP), which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency are subject to reinstatement risks.

**b) Interest rate risk**

i) **Assets:** i) Assets: The Group's fixed deposits are carried at fixed rate. Therefore, not subject to interest rate risk as defined in Ind AS 107 issued by "Ministry of Corporate Affairs, Government of India" since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

ii) **Liabilities:** The Company had borrowings from banking institutions, majority whereof are assigned to an Asset Reconstruction Company (ARC). The outstanding of banks and ARC is since classified as Non-Performing Loans and the Company has not recognised interest as an expenses thereon. The liability on account of interest rate will be accounted on approval and implementation of the debt settlement and repayment plan, including inter-alia, amount on account of interest rate risk.

**3.25 Addittional Information to the Consolidated Financial Statement [to be read with note no. 3.1 (iii)]:**

Name of the Entity	Net Assets, i.e., Total Assets minus Total Liabilities		Share in Profit/ Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount (Rs. In Lakhs)	As % of Consolidated Net Assets	Amount (Rs. In Lakhs)	As % of Consolidated Net Assets	Amount (Rs. In Lakhs)	As % of Consolidated Net Assets	Amount (Rs. In Lakhs)
<b>Parent:</b>								
Winsome Yarns Limited	100.05%	(29,935.75)	99.95%	(11501.80)	100.00%	14.79	99.95%	(11487.01)
<b>Subsidiary (Foreign)</b>								
Winsome Yarns (Cyprus) Limited	0.15%	(44.25)	0.05%	(6.15)	0.00%	-	0.05%	(6.15)
Winsome Yarns FZE	-0.10%	31.35	0.00%	-	0.00%	-	0.00%	-
Total Eliminations	-0.10%	28.01	0.00%	-	0.00%	-	0.00%	-
<b>Consolidated Net</b>								
<b>Assets/Loss after Tax</b>	<b>100.00%</b>	<b>(29,920.64)</b>	<b>100.00%</b>	<b>(11507.95)</b>	<b>100.00%</b>	<b>14.79</b>	<b>100.00%</b>	<b>(11493.16)</b>



**NOTES FORMING PART OF AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED ON MARCH 31, 2019**
**4(A) PROPERTY, PLANT AND EQUIPMENT**
**(Rs. Lakhs)**

Particulars	Land	Buildings*	Plant & Machinery	Furniture & Fixtures*	Office equipments	Vehicles	Total
<b>Gross carrying value</b>							
<b>As at April 1, 2017</b>	341.09	8,643.25	39,960.81	369.75	76.73	62.31	49,453.94
- Additions*	-	-	55.82	0.06	50.28	-	106.16
- Disposals	-	-	-	-	-	17.76	17.76
<b>As at March 31, 2018</b>	341.09	8,643.25	40,016.63	369.81	127.01	44.55	49,542.34
- Additions	-	-	33.50	-	3.37	-	36.87
- Disposals	-	-	-	-	-	-	-
<b>As at March 31, 2019</b>	<b>341.09</b>	<b>8,643.25</b>	<b>40,050.13</b>	<b>369.81</b>	<b>130.38</b>	<b>44.55</b>	<b>49,579.21</b>
<b>Depreciation and Impairment</b>							
<b>As at April 1, 2017</b>	-	2,739.00	22,417.52	340.75	65.99	50.92	25,614.18
Depreciation charged during the year	-	258.82	1,429.62	5.87	8.35	3.36	1,706.02
Adjustments	-	-	-	-	-	16.87	16.87
<b>As at March 31, 2018</b>	-	2,997.82	23,847.14	346.62	74.34	37.41	27,303.33
Depreciation charged during the year	-	258.81	1,332.20	2.44	11.88	1.78	1,607.11
Adjustments	-	0.01	-	-	0.02	-	0.03
<b>As at March 31, 2019</b>	-	<b>3,256.62</b>	<b>25,179.34</b>	<b>349.06</b>	<b>86.20</b>	<b>39.19</b>	<b>28,910.41</b>
<b>Net Book Value</b>							
<b>As at March 31, 2019</b>	341.09	5,386.63	14,870.79	20.75	44.18	5.36	<b>20,668.80</b>
<b>As at March 31, 2018</b>	341.09	5,645.43	16,169.49	23.19	52.67	7.14	<b>22,239.01</b>
<b>As at April 1, 2017</b>	341.09	5,904.25	17,543.29	29.00	10.74	11.39	<b>23,839.76</b>

**4(b) DEPRECIATION**
**(Rs. Lakhs)**

Particulars	Specialized Software	Total
<b>Gross carrying value</b>		
<b>As at April 1, 2017</b>	63.67	63.67
-Additions	11.39	11.39
-Disposals	-	-
<b>As at March 31, 2018</b>	75.06	75.06
-Additions	19.02	19.02
-Disposals	-	-
<b>As at March 31, 2019</b>	<b>94.08</b>	<b>94.08</b>
<b>Depreciation and Impairment</b>		
<b>As at April 1, 2017</b>	63.64	63.64
Depreciation charged during the year	0.92	0.92
-Disposals	-	-
<b>As at March 31, 2018</b>	64.56	64.56
Depreciation charged during the year	2.44	2.44
Adjustments	-	-
<b>As at March 31, 2019</b>	<b>67.00</b>	<b>67.00</b>
<b>Net Book Value</b>		
<b>As at March 31, 2019</b>	27.08	<b>27.08</b>
<b>As at March 31, 2018</b>	10.50	<b>10.50</b>
<b>As at April 1, 2017</b>	0.03	<b>0.03</b>

\*Building and Furniture & Fixtures includes capital expenditure incurred on assets not owned by the Company of Rs. 41.18 Lakhs (Gross) and Rs. 56.94 Lakhs (Gross) (Previous year: Rs. 41.18 Lakhs and Rs. 56.94 Lakhs) respectively, and Nil and Rs. 2.85 Lakhs (Previous year: Nil and Rs. 2.85 Lakhs) respectively.

**Notes:**

- (i) The Company's land at Derabassi, Punjab comprises a common passage (Passage Land), which is used by the owner of adjoining land as there is no direct access road available to him. The said owner of adjoining land filed an application in the Court of Additional Civil Judge, Dera Bassi, Punjab, under order 39 Rule 1 and 2 read with section 151 of CPC, 1908, seeking amongst others, restraint against the Company from selling or transferring or in any manner dealing with the Passage Land or causing any restriction on the use of Passage Land. The Company is contesting the aforesaid application before the Court and the matter is pending.
- (ii) Certain employees of the Company, who are paying rent and maintenance charges to the Company for use of residential quarters occupied by them at the spinning mill of the Company situated at Village Kuranwala, Barwala Road, Dera Bassi, Punjab and knitwear unit of the Company situated at Plot No. B-58, Phase VII, Industrial Area, SAS Nagar, Mohali, Punjab obtained permanent injunction from the Hon'ble Civil Judge (Junior Division), Dera Bassi, Punjab and the Hon'ble Court of Civil Judge (Junior Division), SAS Nagar, Mohali vide order dated 05.08.2017 and 13.10.2017 respectively, against the Company from dispossessing them from the residential quarters located in the premise of the Company at Village Kuranwala, Barwala Road, Dera Bassi, Punjab and Plot No. B-58, Phase VII, Industrial Area, SAS Nagar, Mohali, Punjab and further stopping the ingress and outgress of their vehicles and evicting them forcibly from the said residential quarters only till their employment continues with the Company.
- (iii) A tenant having shop situated in the spinning mill complex of the Company situated at Village Kurranwala, Barwala Road, Dera Bassi, Punjab, paying rent to the Company, obtained permanent injunction from the Hon'ble Court of Civil Judge (Junior Division), Dera Bassi, Punjab vide order dated August 12, 2015 against the Company from interfering in the peaceful possession of the tenant and further restrained the Company from dispossessing the tenant otherwise than in due course of law from the aforesaid shop.

**(Rs. Lakhs)**

Particulars	March 31, 2019	March 31, 2018
<b>5 LOANS</b>		
Unsecured, considered good		
Security deposits		
Non-Current	2.12	2.12
Current	23.77	18.16
	<b>25.89</b>	<b>20.28</b>

**6 DEFERRED TAX ASSETS (NET)**

Particulars	March 31, 2019	March 31, 2018	Charged to Statement of Profit and Loss for the year ended March 31, 2019
i) Deferred tax asset (DTA)			
MAT credit entitlement	44.36	44.36	-
DTA on accumulated losses (to the extent of DTL)	(3,465.98)	(3,606.08)	140.10
	<b>(3,421.62)</b>	<b>(3,561.72)</b>	<b>140.10</b>
ii) Deferred tax liabilities (On Property, plant and equipment)	(3,465.98)	(3,606.08)	140.10
	<b>(3,465.98)</b>	<b>(3,606.08)</b>	<b>140.10</b>
Net deferred tax assets/(liabilities) (i-ii) [Refer Note No. 3.16]	<b>44.36</b>	<b>44.36</b>	<b>-</b>

# WINSOME YARNS LIMITED

(Rs. Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>7 OTHER NON CURRENT ASSETS</b>		
Unsecured, Considered Good Capital advance	250.00	250.00
Unsecured, Considered Good Advance other than Capital advance		
Prepaid expense	1.76	3.84
Security deposit with Government	401.50	401.50
Advance against leasing	238.61	242.42
Advance against restructuring	2,268.50	1,668.51
	<b>3,160.37</b>	<b>2,566.27</b>
<b>8 INVENTORIES</b>		
Production supplies	469.99	706.82
Stores and spares	112.00	128.78
Work in progress	1,147.00	1,800.02
Finished goods*	857.61	1,383.26
Waste	282.09	218.67
	<b>2,868.69</b>	<b>4,237.55</b>
*Includes in transit Rs.18.77 Lakhs (Previous Year Rs. 176.97 Lakhs)		
The suppliers of raw material (cotton) having an outstanding of Rs. 1,727.42 Lakhs (Previous year 2,302.51 Lakhs) are holding constructive pledge over, (i) goods supplied by them and (ii) goods manufactured out of the goods supplied, which pledge is enforceable in his favour in the event of invoices of suppliers remain unpaid by the Company. The aforementioned pledge and recovery is exercisable in conjunction with similar rights available to the suppliers in respect of amounts recoverable from customers of the Company as stated in Note 10 hereinafter.		
<b>9 INVESTMENTS</b>		
Investment in Money Market		
4862.11 (4862.11) redeemable shares of USD 1000 (USD 1000) each in Arise Money Market Fund (Refer Note No. 3.4)		
	2,568.41	2,679.34
	<b>2,568.41</b>	<b>2,679.34</b>
<b>10 TRADE RECEIVABLES</b>		
Unsecured, Considered Good	1,777.33	12,224.56
Unsecured, Considered Doubtful	10,351.71	1,344.88
	12,129.04	13,569.44
Less: Allowances for Credit impaired/ Losses	10,351.71	1,344.88
	<b>1,777.33</b>	<b>12,224.56</b>

The suppliers of raw material (cotton) having an outstanding of Rs. 1,727.42 Lakhs (Previous year 2,302.51 Lakhs) are holding a lien on the amounts recoverable from customers of the Company to whom goods manufactured out of materials supplied by the suppliers were sold, which lien is exercisable in the event of invoices of suppliers remaining unpaid. The aforementioned lien and recovery is exercisable in conjunction with rights of constructive pledge available to the suppliers in respect of materials as stated in Note 8 hereinbefore.

# WINSOME YARNS LIMITED

(Rs. Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>11 CASH AND CASH EQUIVALENTS</b>		
Balances with banks in current accounts	154.94	213.39
Cash in hand	1.20	1.13
	<u>156.14</u>	<u>214.52</u>
<b>12 OTHER BANK BALANCES</b>		
<b>Earmarked balance</b>		
- On Margin money account	-	1.70
- On Fixed deposits account*	30.66	30.66
	<u>30.66</u>	<u>32.36</u>
*Lodged with banks as margin money and includes fixed deposits with maturity of more than 3 months.		
<b>13 OTHER FINANCIAL ASSETS</b>		
Interest subsidy receivable (Under TUFS)	899.05	899.05
Interest accrued but not due	3.47	3.47
Other loan	109.82	145.17
	<u>1,012.34</u>	<u>1,047.69</u>
<b>14 CURRENT TAX ASSETS</b>		
Advance income tax including TDS	109.83	99.84
	<u>109.83</u>	<u>99.84</u>
<b>15 OTHER CURRENT ASSETS</b>		
Unsecured, Considered Good Refunds/Claims receivables	505.94	448.65
Unsecured, Considered Doubtful Refunds/Claims receivables/Credit Impaired	50.03	50.03
	555.97	498.68
Less : Allowance for doubtful Refunds/Claims receivables	50.03	50.03
	505.94	448.65
Unsecured, Considered Good		
Prepaid expenses	17.41	20.74
Balance with Government Authority	67.81	71.72
Export incentive receivable	43.88	57.18
Advance against leasing	3.31	2.83
Advances to suppliers	287.31	465.80
	<u>925.66</u>	<u>1,066.92</u>

# WINSOME YARNS LIMITED

(Rs. Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>16 EQUITY SHARE CAPITAL</b>		
<b>Authorized Share Capital</b>		
8,50,00,000 (March 31, 2018: 8,50,00,000)		
equity shares of Rs.10 (March 31, 2018) each	8,500.00	8,500.00
	<b>8,500.00</b>	<b>8,500.00</b>
<b>Issued Share Capital</b>		
7,10,86,829 (March 31, 2018: 7,10,86,829)		
equity shares of Rs.10 (March 31, 2018: Rs.10) each	7,108.68	7,108.68
	<b>7,108.68</b>	<b>7,108.68</b>
<b>Subscribed and paid up Capital</b>		
7,07,07,229 (March 31, 2018: 7,07,07,229)		
equity shares of Rs.10 (March 31, 2018: Rs.10 ) each fully paid up	7,070.72	7,070.72
	<b>7,070.72</b>	<b>7,070.72</b>

## Notes:

- a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:

Particulars	March 31, 2019		March 31, 2018	
	Number	Rs. Lakhs	Number	Rs. Lakhs
Outstanding at the beginning of the year	70707229	7,070.72	70707229	7,070.72
Outstanding at the end of the of year	70707229	7,070.72	70707229	7,070.72

- b) Terms/rights attached to equity shares

The Company has only one class of Equity Shares having face value of Rs. 10/- each (Previous Year Rs. 10/- each) in its issued, subscribed and paid up equity share capital. Each shareholder is entitled to one vote per share. Each shareholder has the right in profit/surplus in proportion to amount paid up with respect to share holding [Read with Note No. 3.4(b)].

In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets, if any, in proportionate to their individual shareholding in the paid up equity capital of the Group.

- c) Details of equity shares held by shareholders holding more than 5% shares in the Company:

Particulars	March 31, 2019		March 31, 2018	
	Number	% holding	Number	% holding
i) Shell Business (P) Ltd.	21412414	30.28	21412414	30.28
ii) Satyam Combines (P) Ltd.	5765073	8.15	5765073	8.15
iii) Aspire Emerging Funds	6355403	8.99	6355403	8.99

- d) No bonus issue, buy back of shares and issue of shares other than cash in last five years.

# WINSOME YARNS LIMITED

(Rs. Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>17 DEFERRED GRANT INCOME</b>		
<b>Non current</b>		
Unamortized grant	78.29	87.51
	<b>78.29</b>	<b>87.51</b>
<b>Current</b>		
Unamortized grant	9.23	9.23
	<b>9.23</b>	<b>9.23</b>
<b>18 PROVISIONS</b>		
<b>Non current</b>		
Provision for employee benefit		
Gratuity	154.20	145.98
Leave encashment	47.56	46.24
	<b>201.76</b>	<b>192.22</b>
<b>Current</b>		
Provision for employee benefit		
Gratuity	21.95	14.72
Leave encashment	8.01	8.59
	<b>29.96</b>	<b>23.31</b>
<b>19 BORROWINGS</b>		
<b>Secured</b>		
Loan payable on demand		
to Banks	8,146.04	8,216.91
to EARC	47,049.46	47,071.07
Working capital term loan	440.52	440.52
	<b>55,636.02</b>	<b>55,728.50</b>
a) Loan repayable on demand consists of term loans and working capital facilities, which is secured by mortgage of immovable properties situated at (i) Village Khurawala, Tehsil Derabassi, Distt. Mohali (Punjab), (ii) Plot No. B-58, Industrial Area, Phase - VII, Mohali (Punjab), and (iii) Hydro Project situated at Ludhiana. It is further secured by hypothecation of Company's all movable properties including moveable plant and machinery, spares, tools and accessories, both present and future along with charge on current assets of the Company in respect of working capital facilities. The mortgage and charge shall rank pari-passu 'inter se' between banks.		
b) Six banks have assigned and transferred the total debts of Rs. 47049.46 Lakhs due from the Company along with the underlying rights, titles and interests in financial assistances granted to the Company to Edelweiss Asset Reconstruction Company Limited (EARC) during the financial year 2015-16 (Canara Bank: Rs.12761.05 Lakhs, State Bank of Patiala: Rs. 9,789.44 Lakhs, Punjab National Bank: Rs.14813.88 Lakhs, UCO Bank: Rs. 4244.62 Lakhs, Dena Bank: Rs. 3973.01 Lakhs, Union Bank of India: Rs.1467.46 Lakhs).		
c) The total debts of the Company were recalled by lending banks and accordingly, the Company has classified the same as Borrowings under current liabilities. However, the Company's proposal for restructuring of its debts with majority lender is under consideration; upon approval thereof, the outstanding amount of borrowings shall be classified and presented in the financial statements.		
d) Working Capital Term Loans of Rs. 440.52 Lakhs (P.Y. 440.52 Lakhs ) (As per CDR terms) are secured by way of first pari-passu charge on fixed assets and second pari-passu charge on current assets. Since, the same had been recalled by banks, they has been classified under current liabilities.		

## WINSOME YARNS LIMITED

- e) All the aforesaid credit facilities mentioned here in above are also guaranteed by a director and an ex-director of the Company and by Pledge of Shares of the Company held by the Promoter Group read with Note no 3.3(A)(a).

(Rs. Lakhs)		
Particulars	As at March 31, 2019	As at March 31, 2018
<b>20 TRADE PAYABLES</b>		
Total outstanding dues of Micro and small enterprises*	95.11	91.31
Total outstanding dues of creditors other than Micro and small enterprises	4,217.25	5,562.79
*Refer Note No. 3.14	<b>4,312.36</b>	<b>5,654.10</b>
Trade payables towards raw material suppliers include Rs. 1,727.42 Lakhs (Previous year 2,302.51 Lakhs) who have constructive pledge and lien over materials supplied, materials manufactured out of materials supplied, and amounts recoverable from customers to whom the goods are sold.		
<b>21 OTHER FINANCIAL LIABILITIES</b>		
Interest accrued and due on borrowings	1,052.85	1,069.11
Interest accrued but not due	-	-
Book overdraft	30.76	8.71
Revenue received in advance	659.94	697.53
Other payables		
Capital payables (Refer Note No. 3.14)	7.50	7.50
Others	1,205.39	1,378.81
	<b>2,956.44</b>	<b>3,161.66</b>
<b>22 OTHER CURRENT LIABILITIES</b>		
Statutory dues and taxes	72.14	56.73
	<b>72.14</b>	<b>56.73</b>

(Rs. Lakhs)		
Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>23 REVENUE FROM OPERATIONS</b>		
<i>Sale of products</i>		
- Yarns*	21,198.81	29,320.62
- Knitwear*	1,706.74	1,456.53
<b>(A)</b>	<b>22,905.55</b>	<b>30,777.15</b>
<i>Sale of services</i>		
- Job work charges	352.24	10.41
<b>(B)</b>	<b>352.24</b>	<b>10.41</b>
<i>Other operating revenue</i>		
- Waste sales	1,754.74	2,499.74
- Sale of scraps	12.75	18.12
<b>(C)</b>	<b>1,767.49</b>	<b>2,517.86</b>
<b>Net Revenue from operations</b>	<b>(A+B+C) 25,025.28</b>	<b>33,305.42</b>

\*includes duty drawback & DEPB of Rs. 90.75 Lakhs (P.Y. 202.86 Lakhs)

# WINSOME YARNS LIMITED

(Rs. Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>24 OTHER INCOME</b>		
Interest received	25.09	30.48
Foreign exchange rate difference (net)	115.36	44.32
Provisions written back	-	65.70
Deferred grant income	9.23	9.23
Gain/Loss on waiver of W.C. Loan	53.94	-
Miscellaneous income	0.39	32.47
	<b>204.01</b>	<b>182.20</b>
<b>25 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROCESS AND STOCK IN TRADE</b>		
Closing Stock		
Finished goods		
- Yarn	635.35	1,001.91
- Knitwear	222.26	381.35
	857.61	1,383.26
Work in process		
- Yarn	925.65	1,655.52
- Knitwear	221.35	144.50
	1,147.00	1,800.02
<b>(A)</b>	<b>2,004.61</b>	<b>3,183.28</b>
Less : Opening Stock		
Finished goods		
- Yarn	1,001.91	1,776.27
- Knitwear	381.35	309.62
	1,383.26	2,085.89
Work in process		
- Yarn	1,655.52	2,148.31
- Knitwear	144.50	44.08
	1,800.02	2,192.39
<b>(B)</b>	<b>3,183.28</b>	<b>4,278.28</b>
<b>(Increase) /Decrease in inventories</b>	<b>(B-A) 1,178.67</b>	<b>1,095.00</b>
<b>26 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, wages, bonus, etc.	3,117.72	3,272.73
Contribution to provident and other funds	161.71	172.61
Employees welfare	74.64	78.49
	<b>3,354.07</b>	<b>3,523.83</b>
<b>27 FINANCE COSTS</b>		
Interest paid on:		
Borrowings	26.27	36.88
	<b>26.27</b>	<b>36.88</b>



# WINSOME YARNS LIMITED

(Rs. Lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>28 DEPRECIATION AND AMORTISATION</b>		
Depreciation	1,607.11	1,706.02
Amortisation	2.44	0.91
	<b>1,609.55</b>	<b>1,706.93</b>
<b>29 OTHER EXPENSES</b>		
Stores and spares consumed	1,218.05	1,501.08
Power and fuel	2,517.20	2,533.64
Repairs and maintenance		
- Building	11.65	28.71
- Plant and machinery	31.87	33.65
- Others	63.70	46.70
Processing and dyeing charges	482.15	1,172.27
Material handling charges	15.29	14.05
Lease rent of land	3.31	2.83
Rent	32.13	32.04
Rates and taxes	0.84	0.96
Printing and stationery	4.77	5.15
Director's meeting fees	2.54	2.20
Insurance	45.61	52.65
Delay payment charges	379.45	430.45
Bank charges	16.68	7.12
Traveling and conveyance	260.02	292.38
Postage, telegrams and telephones	29.85	43.91
Legal and professional charges	220.67	153.59
Loss on sale of fixed assets	-	0.64
Charity and donation	0.60	0.85
Provisions written back	32.36	-
<b>Payment to auditor</b>		
- Audit fees	5.63	5.60
- Tax audit fees	1.00	1.00
- Other services	1.08	1.70
- Reimbursement of expenses	0.53	0.72
Fair value adjustment on security deposit	-	0.01
Commission on sales	114.56	207.46
Freight and handling charges	537.04	474.70
Advertisement and other selling expenses	236.71	136.19
Miscellaneous	180.52	179.31
	<b>6,445.81</b>	<b>7,361.56</b>

**30 EARNINGS PER SHARE**

EPS is calculated by dividing the profit after tax attributable to the equity shareholders by the weighted average of the number of equity shares outstanding during the year. Numbers used for calculating basic and diluted earnings per equity share are as stated below:

<b>Particulars</b>		<b>Year Ended 31 March 2019</b>	<b>Year Ended 31 March 2018</b>
(a) Net (loss)/profit available for equity shareholders	Rs. Lakhs	(11,493.16)	1,787.12
(b) Weighted average number of equity shares outstanding for calculation of			
- Basic and diluted earnings per share	Nos. Lakhs	707.07	707.07
(c) Nominal value	Rs.	10.00	10.00
(d) Earnings per share (a)/(b)			
- Basic and diluted	Rs.	(16.25)	(2.53)
- Diluted	Rs.	(16.25)	(2.53)

**31** Figures have been rounded off to the nearest Rupees in lakhs.

**32** Figures of the previous year have been regrouped/recast, wherever necessary, to confirm to current years presentation.

The above accompanying notes are an integral part of the consolidated financial statements.

For and on behalf of the Board

**Khandelia & Sharma**

Chartered Accountants

Firm Registration No. 510525C

By the hand of

**Manish Bagrodia**

Chairman & Managing Director

DIN No. 00046944

**Mridula Goyal**

Director

DIN No. 08354018

**CA. Arun Khandelia**

Partner

Membership No. 089125

May 27, 2019

New Delhi (Camp at Chandigarh)

**KV Singhal**

GM (Legal) and  
Company Secretary

**Anand Balkishan Sharma**

President (Corporate Finance)  
and Chief Financial Officer

## WINSOME YARNS LIMITED

Registered Office : SCO # 191-192, Sector 34-A, Chandigarh – 160022

CIN : L17115CH1990PLC010566

Telephone : 0172-2603966, 4612000, 4613000, Fax : 0172-4614000, Email : [cshare@winsomegroup.com](mailto:cshare@winsomegroup.com)

### ATTENDANCE SLIP

Please complete the Attendance Slip and hand it over at the time of Annual General Meeting

Folio No./ DP ID/ Client ID :
No. of shares :
Name of Member(s) :
Registered Address :
Email :

I/We hereby record my presence at the **29<sup>th</sup> ANNUAL GENERAL MEETING** of the Company at PHD Chamber of Commerce and Industry, Regional Office, PHD House, Sector 31-A, Chandigarh on 14<sup>th</sup> September, 2019 at 11:45 a.m.

.....  
Signature of the member(s)

.....  
Name of proxyholder

.....  
Signature of proxy

**Note : No gifts or coupons would be given for attending the Meeting.**

RESOLUTION NO.	RESOLUTIONS	VOTING	
ORDINARY BUSINESS		FOR	AGAINST
1	To Adopt Audited Financial Statement of the Company for the Financial Year ended 31.03.2019 together with the Reports of the Board of Directors and Auditors thereon.		
2	To appoint a Director in place of Shri Manish Bagrodia, who retires by rotation and being eligible offers himself for re-appointment.		
3	To appoint M/s. Khandelvia and Sharma, Chartered Accountants as Statutory Auditors of the Company for a period of four years and to fix their remuneration.		
SPECIAL BUSINESS			
4	To appoint M/s. Satish Dhillon & Company as Cost Auditor of the Company and to fix their remuneration.		
5	To re-appoint Mr. Manish Bagrodia as Managing Director of the Company for a period of five years and to fix his remuneration.		
6	To appoint Mrs. Mridula Goyal as Non-Independent Woman Director of the Company.		
7	To appoint Mr. Tilak Raj Dembla as Independent Director of the Company.		
8	To appoint Mr. Mukhtar Singh as Independent Director of the Company.		

- For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Annual General Meeting.
- It is optional to put a 'X' in the appropriate column 'AGAINST' the Resolutions and 'Y' 'FOR' the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she think appropriate.



## WINSOME YARNS LIMITED

Registered Office : SCO # 191-192, Sector 34-A, Chandigarh – 160022

CIN : L17115CH1990PLC010566

Telephone : 0172-2603966, 4612000, 4613000, Fax : 0172-4614000, Email : [cshare@winsomegroup.com](mailto:cshare@winsomegroup.com)

### PROXY FORM

*(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)*

Folio No./ DP ID/ Client ID :
No. of shares :
Name of Member(s) :
Registered Address :
Email :

I /We, being the member(s) of .....shares of the above named company, hereby appoint:

- (1) Name:..... Email id:.....  
Address.....  
..... Signature.....or failing him;
- (2) Name:..... Email id:.....  
Address.....  
..... Signature.....or failing him;
- (3) Name:..... Email id:.....  
Address.....  
..... Signature.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **29<sup>th</sup> Annual General Meeting** of the company, to be held on 14<sup>th</sup> September, 2019 at 11:45 a.m. at PHD Chamber of Commerce and Industry, Regional Office, PHD House, Sector 31-A, Chandigarh and at any adjournment thereof.

Signed this .....day of September, 2019.

Signature of shareholder.....

Signature of proxyholder(s).....

Please affix Revenue Stamp of appropriate value
---

#### Note :

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.



# ROUTE MAP of the place where holding the Annual General Meeting.



If undelivered, please return to:  
**Winsome Yarns Limited**  
Regd. Office: SCO 191-192,  
Sector 34 A, Chandigarh - 160 022  
INDIA