

# **27th Annual Report 2016-17**



**Winsome Yarns Limited**

---



**IS/ISO  
9001**



# **WINSOME YARNS LIMITED**

---

## **BOARD OF DIRECTORS**

Satish Bagrodia

Pradeep Kumar

Navpreet Kaur Boparai

Manish Bagrodia

Chairman

Independent Director

Independent Director (Woman)

Managing Director

## **PRESIDENT (CORPORATE FINANCE) AND CHIEF FINANCIAL OFFICER**

Anand Balkishan Sharma

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

K. V. Singhal

## **AUDITORS**

M/s Lodha & Co.

Chartered Accountants

12, Bhagat Singh Marg

New Delhi-110001

## **REGISTERED OFFICE**

SCO- 191-192, Sector 34-A,

Chandigarh - 160022

## **REGISTRAR AND SHARE TRANSFER AGENT**

Link Intime India Pvt. Limited

44, Community Centre, 2nd Floor

Near PVR, Naraina Industrial Area, Phase-1

New Delhi - 110028

## **CONTENTS**

Notice of AGM	1
Directors' Report & Annexures	6
Corporate Governance Report	30
Auditors' Report on Standalone Financials	40
Standalone Financials	52
Statement under Section 129	76
Auditors' Report on Consolidated Financials	77
Consolidated Financials	87

## **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@winsomegroup.com](mailto:cshare@winsomegroup.com)

### **Appeal to Members holding shares in Physical Mode:**

Members are requested to:

1. Get their shareholding converted in dematerialize form to receive the Annual Report, Notices etc. from the Company electronically.
2. Get their email-id registered by sending the scanned copy of their written request by email at [cshare@winsomegroup.com](mailto:cshare@winsomegroup.com) or send by post at the Registered office address of the Company.

### **Benefits of Dematerialization:**

- ✧ Investments in Demat form is easy and convenient.
- ✧ No problem of losing investment certificates.
- ✧ Transferring securities becomes easy.
- ✧ Lower costs when buying and selling of securities.
- ✧ Changes in personal details viz. Communication address and bank account number etc. will apply to all the securities held and need not be done separately.
- ✧ Receive all communication of the company electronically through email including Annual Report and Notices.

### **Appeal to Members holding shares in Demat mode:**

Please update your valid email-id with your Depository Participant (DP).



# WINSOME YARNS LIMITED

## 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 : kvsinghal@winsomergroup.com, cshare@winsomergroup.com

### NOTICE

NOTICE is hereby given that the 27th Annual General Meeting of the Members of Winsome Yarns Limited, will be held on Monday, the 4th day of September, 2017 at 11.30 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, 2017 together with the Reports of the Board of Directors and Auditors thereon.

##### ITEM NO. 2

To appoint a Director in place of Shri Satish Bagrodia (DIN. 00638647), 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 appoint M/s K. R. & Co., Chartered Accounts (Firm Registration No. 025217N) as Statutory Auditors of the Company for the year 2017-18 and to fix 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 139, 141, 142 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, M/s. K. R. & Co., Chartered Accountants (FRN-025217N) having its head office at PU-53, Vaisakha Enclave, Pitampura, New Delhi -110005, be appointed as the Auditors of the Company, to hold office from the conclusion of 27th Annual General Meeting until the conclusion of the 32nd AGM of the Company, since the tenure of M/s Lodha & Co., Chartered Accountants, (Firm Registration No. 301051E) is expired on 27th Annual General Meeting, subject to ratification of the appointment by the members at every Annual General Meeting in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder and that the Board of Directors be and is hereby authorized to fix such remuneration as may be recommended by the Audit Committee in consultation with the Auditors and that such remuneration may be paid as agreed upon between the Board of Directors and the Auditors."

#### SPECIAL BUSINESS:

##### ITEM NO. 4

To appoint M/s Balwinder and Associates as Cost Auditor 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 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 Balwinder & Associates, Cost Accountants, (Firm registration number 000030), Mohali, Punjab, be and are hereby appointed as Cost Auditor to conduct the audit of cost accounts of the Company for the financial year 2017-2018.

**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 Balwinder and Associates, Cost Accountants, appointed by the Board of Directors as cost auditor of the Company for the financial year 2017-18."

##### ITEM NO. 5

To appoint Ms. Navpreet Kaur Boparai (DIN: 00871195) as an 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:

# WINSOME YARNS LIMITED

**"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), Ms. Navpreet Kaur Boparai (DIN:00871195), who was appointed as an Additional Independent 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 an Independent Woman Director of the Company not liable to retire by rotation for a term of consecutive five years starting from the date of 27th Annual General Meeting to the conclusion of 32nd Annual General Meeting of the Company."

For and on behalf of the Board

Place : Chandigarh  
Dated : 30.05.2017

Manish Bagrodia  
Managing Director

## NOTES :

1. 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.
2. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
3. 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.
4. 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.
5. 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.
6. 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.
7. **Members who have not registered their e-mail addresses so far are requested to register their e-mail address with the Depository Participants (DP), who have hold the shares in demat form and with the Company, who have hold the shares in physical form for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.**
8. M/s Link Intime India Pvt. Limited, 44, Community Centre, 2nd Floor, Near PVR, Naraina Industrial Area, Phase-I, New Delhi-110028 (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 2016-17 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 Satish Bagrodia aged about 78 years is B.Sc. Engg. (Mech.), FIE. He has more than 51 years of experience of setting up and implementing Industrial Projects. He is holding 42900 shares of the company. Presently, he is Chairman of Winsome Yarns Limited. He is also member of Nomination and Remuneration Committee and 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 **21.08.2017 to 23.08.2017** (both days inclusive).

## Remote e-voting Procedure

13. The instructions for shareholders voting electronically are as under:
- (i) The E-voting period begins on **01.09.2017 at 9.00 a.m.** IST and ends on **03.09.2017 at 5.00 p.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 (**28.08.2017**, may cast their vote. 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" 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:

For Members holding shares in Demat Form and Physical Form.	
PASSWORD	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>* <i>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</i></p> <p>* <i>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.</i></p>
Date of Birth or Date of said incorporation	Enter the Date of Birth as recorded in your demat account or in the company records for the demat account or folio in dd/mm/yyyy format.
Bank Details	<p>Enter the Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>* <i>Please enter the DOB or Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id/ folio number in the Bank details field as mentioned in instruction (iv).</i></p>

- (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 for e-voting.
- (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.

# WINSOME YARNS LIMITED

---

- (xvii) If 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, Apple and Windows based mobiles. The m-Voting app can be downloaded from Google Play Store, App Store and the Windows Phone Store respectively. 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.evoting@cdslindia.com](mailto:www.evoting@cdslindia.com)
  - \* 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 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 along with the Scrutinizer's Report shall be placed on the Company's website and on the website of CDSL within two(2) days of 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

Pursuant to the provisions of the section 139 of Companies Act, 2013 read with Companies (Audit & Auditors) Rules 2014, no listed company shall appoint an Audit Firm (including its affiliate firm) for more than two terms of five consecutive years. The Act also provided for additional transition period of three years from the commencement of the Act i.e. 1st April, 2014.

M/s Lodha & Co, Chartered Accountants, were appointed as Statutory Auditors of Company since 1991. The shareholders in their 24<sup>th</sup> Annual General meeting held on 31<sup>st</sup> March, 2015 had re-appointed M/s Lodha & Co, Chartered Accountants, as Statutory Auditors of Company, for a period of three years i.e. from the conclusion of 24<sup>th</sup> Annual General Meeting of Company till the conclusion of 27<sup>th</sup> Annual General Meeting of the Company, subject to the ratification of their appointment by members of the company in every subsequent Annual General Meeting as per provisions of Section 139 of Companies Act 2013 read with Companies (Audit & Auditors) Rules 2014.

Therefore considering the aforesaid provisions, M/s Lodha & Co., Chartered Accountants, have completed their tenure including the additional transition period of three years and will thus be holding the office of Statutory Auditors up to the conclusion of 27<sup>th</sup> Annual General Meeting. Now the Company has to rotate its Statutory Auditors in this 27<sup>th</sup> Annual General Meeting.

Therefore as per provisions of Section 139, 141 & other applicable provisions of Companies Act 2013 read with Companies (Audit & Auditors) Rules 2014, the Board of the Company recommended to appoint M/s. K. R. & Co., Chartered Accountants (FRN-025217N) having its head office at PU-53, Vaisakha Enclave, Pitampura, New Delhi -110005, as Statutory Auditors of Company for a period of 5 years commencing from the conclusion of 27<sup>th</sup> Annual General Meeting of the Company till the conclusion of 32<sup>nd</sup> Annual General Meeting of the Company. M/s K. R. & Co. have consented to the said appointment vide their letter dated 29.04.2017 and confirmed that their appointment, if made, would be within the limits mentioned under provisions of section 141 of Companies Act 2013 and rules made thereunder read with Companies (Audit and Auditors) Rules 2014.

The resolution under this item seeks the approval of the Members for the said appointment of auditors. None of the Directors or Key Managerial Personnel of the Company or their respective relatives are concerned or interested in this resolution.

The Board recommends this resolution for approval of the shareholders.



**ITEM NO. 4**

The Board of Directors after considering the recommendations of Audit and Nomination & Remuneration Committees have appointed M/s Balwinder and Associates, Cost Accountants, as Cost Auditor of Company for the Financial Year 2017-18 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**

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 public Company is required to have at least one Women Director on the Board and should have at least one-half of the total number of directors as Independent directors, who are not liable to retire by rotation. On the recommendation of the Nomination and Remuneration Committee, the Board of Directors by circular resolution no. 3/2017-18 dated 19.05.2017 has appointed Ms. Navpreet Kaur Boparai as an Additional Independent Director of the Company for a term of consecutive five years.

Ms. Navpreet Kaur Boparai, Additional Independent Director of the Company, has given a declaration to the Board that she 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 Independent Director is independent of the management. Besides this, Board also considers that her continued association would be of immense benefit to the Company.

The brief profile of Ms. Navpreet Kaur Boparai is given hereunder:-

Name of Director	Ms. Navpreet Kaur Boparai
DIN	00871195
Date of Birth	17.07.1964
Brief Profile	Ms. Navpreet Kaur Boparai is B.Sc (Medical), M.A (English) and B.Ed. She is about 53 years old and has more than 18 years of experience to set up the various type of business. Earlier she was Director of M/s Queen Hills Builders and Promoters Pvt. Ltd and M/s Kapcon Projects Pvt. Ltd.
Qualifications	B.Sc (Medical), M.A (English) and B.Ed
Directorship held in other Companies	Nil
Membership/Chairmanship of Committees of other public Companies	Nil
Shareholding in the Company	Nil

Ms. Navpreet Kaur Boparai 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 : 30.05.2017

Manish Bagrodia  
Managing Director  
DIN:00046944

## DIRECTORS' REPORT

Dear Members,

We are pleased to present the 27th Annual Report of the Company and the audited statement of accounts for the year ended 31st March, 2017. A summary of the financial results is given below.

### SUMMARISED FINANCIAL RESULTS:

(Rs. in lacs)		
Financial Highlights	Year ended 31.03.2017	Year ended 31.03.2016
Revenue from Operations	37305.44	37886.60
Profit before Interest, Depreciation & Tax	186.87	(515.19)
Less: Interest	44.93	606.96
Profit/(Loss) before Depreciation	141.94	(1122.15)
Less: Depreciation	1742.18	1878.20
Profit/ (Loss) before Taxes	(1600.24)	(3000.35)
Exceptional items	--	--
Less : - Current Tax	--	--
- Previous year's Tax	5.97	--
- Deferred Tax	--	--
Net Profit/ (Loss) after Taxes	(1606.21)	(3000.35)
Add : Surplus brought forward from previous year	(27662.18)	(24661.83)
Balance Carried to Balance Sheet	(29268.39)	(27662.18)

### OPERATIONS & PERFORMANCE:

During the year under review, the Company's operations continued to be affected due to slackness in demand for finished products, non availability of adequate working capital for operations and constrained margins. Furthermore, the Company has not been able to undertake necessary and regular capital expenditure as per industry norms for proper maintenance and upkeep of plant and equipment due to paucity of funds.

The overall performance of the Company for the year ended 31.03.2017 was a net loss of Rs.1606.21 lacs in comparison to the net loss of Rs. 3000.35 lacs for the previous year ended 31.03.2016. Your Company's turnover of Rs. 37305.44 lacs was marginally lower against the previous year turnover of Rs. 37886.60 lacs.

### EROSION OF ENTIRE NET WORTH:

Consequent to erosion of entire net worth, the Company filed a reference before the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) under the Sick industrial companies (Special Provisions) Act. 1985, (SICA), which was registered, has since been repealed effective December 1, 2016.

The Company had discussions with its lenders for evolving a scheme of rehabilitation of its financial debts, which continued both during the period that the reference of the Company was under consideration before the Hon'ble BIFR and the period since repeal of SICA.

The Company's net worth, which continues to be eroded, is likely to substantially improve on complete implementation of the debt restructuring plan by the Company.

### OUTLOOK:

The Company's borrowings from secured lenders exceeding 80% 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 will be binding on all lenders on its finalisation.

The Company is in process of raising counter claim/s on the lenders at the appropriate recovery forum as per advise of its legal counsel.

The performance of the Company during the current year shall depend on availability of raw material-cotton at reasonable prices, and the Indian currency remaining stable with the currency of customers in importing countries.

**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 Accounting Standard - 21 issued by the Institute of Chartered Accountants of India the consolidated financial statements, included in this Annual Report, incorporate the accounts of its subsidiary Companies namely Winsome Yarns (Cyprus) Limited and Winsome Yarns (FZE) (as at 31.03.2016, unaudited, 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.

**ISO 9001/2008:**

Your Directors are pleased to inform you that your Company continues to be the holder of ISO 9001/2008 certificates.

**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:**

- Shri Satish 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 (Listing Regulations).
- The Punjab State Industrial Development Corporation Limited vide its letter dated 21.10.2016 withdrawn the nomination of Shri Suresh Kumar Singla from the Directorship of the Company and ceased to be director w.e.f. 21.10.2016.
- Shri Kollengode Padmanabhan Ramakrishnan, Independent Director of the Company resigned vide his letter dated 27.02.2017 and ceased to be director w.e.f. 27.02.2017.
- Pursuant to the provisions of clause (b) of sub section (1) of Section 167 of Companies Act, 2013, the Company has filed Form No. DIR-12 and ceased the nomination of Shri Brij Mohan Padha from the Directorship of the Company w.e.f. 08.02.2017.
- Ms. Navpreet Kaur Boparai has been appointed as Independent Woman Director of the Company w.e.f. 19.05.2017.

**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

# **WINSOME YARNS LIMITED**

---

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:**

Four board meetings were convened and held during the financial year 2016-17. 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:**

Pursuant to the provisions of the section 139 of Companies Act, 2013 read with Companies (Audit & Auditors) Rules 2014, no listed company shall appoint an Audit Firm (including its affiliate firm) for more than two terms of five consecutive years. The Act also provided for additional transition period of three years from the commencement of the Act i.e. 1st April, 2014.

M/s Lodha & Co, Chartered Accountants, were appointed as Statutory Auditors of the Company since 1991. The shareholders in their 24th Annual General Meeting held on 31st March, 2015 have re-appointed M/s Lodha & Co, Chartered Accountants, as Statutory Auditors of the Company, for a period of three years i.e. from the conclusion of 24th Annual General Meeting till the conclusion of 27th Annual General Meeting of the Company, subject to the ratification of their appointment by members of the company in every subsequent Annual General Meeting as per provisions of Section 139 of Companies Act 2013 read with Companies (Audit & Auditors) Rules 2014.

Therefore considering the aforesaid provisions, M/s Lodha & Co., Chartered Accountants, have completed their tenure including the additional transition period of three years and will thus be holding the office of Statutory Auditors up to the conclusion of 27th Annual General Meeting. Now the Company has to rotate its Statutory Auditors in 27th Annual General Meeting.

Therefore as per provisions of Section 139, 141 & other applicable provisions of Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014, the Board of the Company recommended to appoint M/s. K. R. & Co., Chartered Accountants (FRN-025217N) having its head office at PU-53, Vaisakha Enclave, Pitampura, New Delhi -110005, as Statutory Auditors of Company for a period of five years commencing from the conclusion of 27th Annual General Meeting till the conclusion of 32nd Annual General Meeting of the Company. M/s K. R. & Co. have consented to the said appointment vide their letter dated 29.04.2017 and confirmed that their appointment, if made, would be within the limits mentioned under provisions of section 141 of Companies Act, 2013 and rules made thereunder read with Companies (Audit and Auditors) Rules, 2014.

## **AUDITORS' REPORT:**

M/s Lodha & Co, Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the financial year ended March 31, 2017. 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 2016-17:**

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 stand alone 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. Balwinder and Associates, Cost Accountants, to audit the cost accounts of the Company for the financial year 2016-17 on a remuneration as approved by the shareholders of the Company. The Cost Audit Report for the financial year 2015-16 approved by the Board of Directors and passed the Circulation Resolution dated 25.09.2016 and thereafter the cost audit report for the financial year 2015-16 had been filed on 14.10.2016 vide SRN-G13870282.

## **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, 2017 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)© read with Section 134(5) of the Companies Act, 2013 in the preparation of annual accounts for the year ended on 31st March, 2017 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, 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 & RISK MANAGEMENT:**

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

## **RISK MANAGEMENT:**

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 2016-17, a meeting of the Nomination and Remuneration Committee of the Company was held on 30.05.2016 in the presence of Shri Pradeep Kumar as Chairman, Shri K. P. Ramakrishnan and Shri S. K. Singla as its Members. Shri Satish Bagrodia, member of the committee was granted the leave of absence. The Committee formulated Remuneration Policy which is attached as Annexure 'B' and forms a part of this Report of the Directors.

## **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. Prior omnibus approval of the Audit Committee 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 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.

# **WINSOME YARNS LIMITED**

---

## **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.

## **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'.

## **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 and Winsome Yarns FZE 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  
Dated : 30.05.2017

On behalf of the Board

Manish Bagrodia  
Managing Director  
DIN : 00046944

Pradeep Kumar  
Director  
DIN : 03052477

---

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

---

This report covers the operations and financial performance of the Company for the year ended 31st March, 2017 and forms part of the Directors' Report.

**MARKET SIZE:**

The Indian textiles industry, currently estimated at around US\$ 108 billion, is expected to reach US\$ 223 billion by 2021. The industry is the second largest employer after agriculture, providing employment to over 45 million people directly and 60 million people indirectly. The Indian Textile Industry contributes approximately 5 per cent to India's Gross Domestic Product (GDP), and 14 per cent to overall Index of Industrial Production (IIP).

**COMPANY OVERVIEW:**

During the period under review, the Company's operations continued to be affected due to slackness in demand for finished products, non availability of adequate working capital for operations and constrained margins. Furthermore, the Company could not undertake necessary and regular capital expenditure as per industry norms for proper maintenance and upkeep of plant and equipment in the previous years due to paucity of funds.

**OPPORTUNITIES:**

- The slowdown in the Chinese economy has rendered the cost of textile production in China high. Chinese textiles manufacturers have lost competitive advantages of lower cost of production in the last few months.
- This has offered an opportunity for Indian textiles sector to grab the market share of China in the developed world, especially the European Union and the United States, which cumulatively comprise around 60 per cent of the global export market. This is the right time to increase our market share in exports.

**SICKNESS/ CLOSURE OF TEXTILE MILLS:**

The incidence of sickness and closure in the organized textiles industry is a matter of concern. Textiles being the oldest and the largest industry of the country, it is but natural that at any given point of time some textiles units could be lying sick/ closed. One main-reasons of sickness/ closure of the industry include low productivity due to lack of modernization, stagnation in demand and inability of some units to expand in the export market, increase in the cost of inputs, difficulties in getting timely and adequate working capital and the availability of power, labour disputes, excess capacity, failure to diversify in emerging areas, poor management, etc.

**ECONOMIC OUTLOOK:**

The long term fundamentals of the Indian economy continue to be strong due to rising incomes, large investments and upcoming regime of GST. These growth drivers are expected to sustain over a long period of time. At the same time, there are some concerns due to uncertain global economic environment and slow recovery in developed markets.

**FINANCIAL PERFORMANCE:**

The overall performance of the Company for the year ended 31.03.2017 was a net loss of Rs.1606.21 lacs in comparison to the net loss of Rs. 3000.35 lacs for the previous year ended 31.03.2016. Your Company's turnover of Rs. 37305.44 lacs was marginally lower against the previous year turnover of Rs. 37886.60 lacs.



## **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 1409 employees of the Company as on 31.03.2017.

## **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, 2017, 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 No. MR-3****SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2017**

**[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 me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my 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, 2017** 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, 2017**, according to the Provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) 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 2016-17.**
  - (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 2016-17.**
  - (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 2016-17.**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **No such transaction during the financial year 2016-17.**
  - (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;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **No such transaction during the financial year 2016-17.**
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **No such transaction took place during the Financial Year 2016-17.**
- (vi) Other laws as applicable specifically to the Company:-
  - a) Environment Laws
  - b) Labour Laws
  - c) Tax laws (Income Tax, VAT, Excise and Service Tax)

# WINSOME YARNS LIMITED

---

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd.
- (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:

## **Companies Act 2013:-**

- (a) **During the year company was in process of appointment of an independent director, so that half of Board of Directors of the Company consists of independent directors. Further, the Company has appointed one independent woman director subsequent to March 31, 2017. The changes in the Composition of the Board of Directors that took place during the period under review were carried out in Compliance with the Provisions of the Companies Act 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**
- (b) **Women director of the Company has resigned w.e.f 03.06. 2016 and Company was in the process of the appointment of suitable women director on the Board and appointment was made on 19.05.2017.**
- (c) **The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except in respect of certain fixed assets (including assets of knitwear unit) where, the records as explained, are in process of compilation/ updation [Read with note no2.22(A)(iv)(b)&2.22(A)(iv)(d)] of the Notes of Accounts of the Financial Statement for the year 2016-17.**
- (d) (i) **In the Extraordinary General Meeting of the Company held on 28/06/20 10, the Members of the Company had approved the issue of new capital through Global Depository Receipts (GDRs), and 19,94,125 number of GDR of USD 6.64 each (each GDR converting / equivalent to 100 equity shares - being 1,99,4 1,250 nos. of equity shares of Rs. 10 each at Rs. 29.70 including premium) had been issued and allotted on 29/03/2011. 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 6,954,515 (INR 3721.05 Crores) stood remitted to India, which had been utilised for augmentation of working capital needs of the Company and a balance amount of US\$ 50,72,110 (INR 2679.34 Lacs) continues to remain invested in an overseas Money Market Fund outside India as on 31.03.2017, pending utilisation of such proceeds. The Company is regular in filing all due returns with the RBI.**  
  
(ii) **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.**

## **1. LABOUR LAWS & ENVIRONMENTAL LAWS:**

- a. We, further report that the Company has complied with all the provisions and procedures regarding renewal of licenses and NOC under the labour laws, environmental laws, etc.
- b. We, further report that the fire extinguishers and other safety equipment are in proper operating condition and are located where they are readily accessible.
- c. We, further report that 28 employees/workers of M/S Winsome Yarns Ltd., Village Kuranwala, Derabassi SAS Nagar, Mohali, Punjab had undergone the basic First Aid Course including CPR as per the syllabus of St. John Ambulance (India) on 21.11.2015 (valid for 3 years). The Company has constituted a team of first aid trained persons consisting of seven members with a view to provide first aid to the affected workers.
- d. We, further report that the company has complied with the environmental policies and has obtained various NOCs from the concerned departments as required by the company.

**TAX LAWS AND OTHER STATUTORY COMPLIANCES:**

a. We, further report that according to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including employee's state insurance Income Tax, Sales Tax, service tax, duty of Custom, duty of Excise, value added tax, Cess and any other material statutory dues with the appropriate authorities to the extent applicable except in respect of Provident Fund, Employee State Insurance dues & Punjab Welfare Fund were same found paid with certain delay (as stated in note no. 2.23 of the Notes of Accounts of the Financial Statement), according to the information and explanations given to us, there are no undisputed statutory dues payable for a period more than six months from the date they became payable as at 31st March 2017.

According to the information and explanations given to us, there are no undisputed statutory dues payable for a period more than six months from the date they became payable as at 31st March 2017.

We, further report that during the reporting period:

- 1) The Company has disclosed accidental cases falling under labour laws and the same has been reported to the concerned authority. As per the information provided by the management, there are no other industrial dispute cases, against the Company. However, there are other legal cases pending against the company.
- 2) Consequent to erosion of entire net worth, the Company filed a reference before the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) under the Sick industrial companies (Special Provisions) Act, 1985, (SICA), which was registered. Now w.e.f. December 1, 2016, it has been repealed.

We, further report that:

The changes in the Composition of the Board of Directors that took place during the period under review were carried out in Compliance with the Provisions of the Act, as on 30.05.2017.

Adequate notices were given to all the Directors to Schedule the Board meetings and Committee 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 meetings.

All decisions at the Board Meeting and Committee Meetings were 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.

Place: Chandigarh

Date: 30.05.2017

for Sharma Sarin & Associates

Company Secretaries

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.

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.

Place: Chandigarh  
Date: 30.05.2017

for Sharma Sarin & Associates  
Company Secretaries

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

**REMUNERATION POLICY****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 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 in this behalf 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**

a) Energy conservation measures taken :

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	Implemented	Department	Unit No.	Annual Power saving (Kwh in lacs)	Annual Amount Saving (Rs. lacs)
1	Conversion of T-5 Tube lamp in to LED Tube lamp	5669	Production	Entire	12.35	92.60
2	Optimization in suction pressure of the fan speed by replacing the motor Pulley from 220 mm to 190 mm and remove the closing sheets from the radial Fan suction .(same pascal 900)	1	BR Luwa	1	0.59	4.54
3	Optimisation in suction pressure by conversion of motor pulley of Radial Fan from 240mm to 236mm ,suction pressure 1320 pa to 1250 pa	1	CDG Luwa	3	0.31	2.29
4	Conversion of suction Fan by Installation of Sliro Master	4	Speed Frame	2	0.93	6.97
5	Power saving by Arresting Compressed Air ( CFM)	lot	Entire MC	ALL	6.47	48.53
6	Reduce orifice spinning pneumafil tube with energy saving impeller of pneumafil suction fan.	14	Ring Frame	1	1.81	13.59
	<b>TOTAL</b>				<b>22.45</b>	<b>168.51</b>

b) **The capital Investment on energy consumption equipment.**

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

c) **Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.**

There is saving of about Rs. 168.51 lacs.

d) **The steps taken by the Company for using alternate source 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

**B. TECHNOLOGY ABSORPTION**

(i) **Efforts made in 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.
- c) Expenditure on R&D ( Rs. in lacs )
- |   |                |
|---|----------------|
| Capital   | Nil            |
| Recurring   | Rs. 93.44 lacs |
| Total R & D expenditure as a percentage of total turnover = | 0.25%          |

**(ii) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.**

- 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 3 years reckoned from the beginning of the financial year).**

Nil

**C. FOREIGN EXCHANGE EARNING AND OUTGO**

	Current Year	(Rs. In lacs) Previous Year
(a) Foreign exchange earned in terms of actual inflow during the year	7964.36	3940.71
(b) Foreign exchange outgo in terms of actual	430.81	261.19

## 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 2016-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 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 2016-17	% increase in Remuneration in the Financial year 2016-17	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 <i>Chairman</i>	10000	--	0.31	--
2	Shri Manish Bagrodia <i>Managing Director</i>	1954284	--	60.15	0.05
3	Shri Pradeep Kumar <i>Independent Director</i>	75000	--	2.31	--
4	Shri K. P. Ramakrishnan <i>Independent Director</i>	75000	--	2.31	--
5	Shri S. K. Singla* <i>Nominee Director (PSIDC)</i>	15000	--	0.46	--
6	Shri B. M. Padha* <i>Nominee Director (PNB)</i>	--	--	--	--
7	Ms. Ishika Aggarwal <i>Independent Director</i>	--	--	--	--
8	Shri Anand Balkishan Sharma <i>Chief Financial Officer</i>	1864668	--	57.39	0.05
9	Shri K. V. Singhal <i>Company Secretary</i>	1269720	--	39.08	0.03

\*Sitting fee paid to the Nominating Institute/Bank.

## WINSOME YARNS LIMITED

- (ii) The median remuneration of employees of the Company during the financial year was Rs. 32492.
- (iii) In the financial year, there was an increase of 7.40% in the median remuneration of employees.
- (iv) There were 1409 permanent employees on the rolls of Company as on March 31, 2017.
- (v) Relationship between average increase in remuneration and Company performance:-  
The Loss after Tax for the financial year ended March 31, 2017 decreased by 46.47% whereas the increase in median remuneration was 7.40%. The average increase in median remuneration was in line with the increase of salary in the industry.
- (vi) Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:-

(Rs. in lacs)

<b>Average remuneration of Key Managerial Personnel (KMP) in 2016-17</b>	<b>16.96</b>
Revenue	37131
Aggregate Remuneration of KMP (as % of revenue)	0.14%
Profit/ (Loss) before Tax (PBT)	(1600.24)
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, 2017 was Rs. 1286.87 lacs (Rs. 1209.09 lacs as on March 31, 2016).
- b) Price Earnings ratio of the Company as at March 31, 2017 was (0.35) and as at March 31, 2016 was (0.40).
- 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. 2016-17 was 9% only in case of unskilled workers (Nil for skilled workers & staff), whereas the increase in the key managerial remuneration for the same financial year was also nil.
- (ix) There are no variable component of remuneration availed by the directors except the Managing Director
- (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; and
- (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, 2017**

[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	19 <sup>th</sup> 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 : <a href="mailto:cshare@winsomegroup.com">cshare@winsomegroup.com</a> Website : <a href="http://www.winsomegroup.com">www.winsomegroup.com</a>
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 44, Community Centre, 2nd Floor, Near PVR Naraina Industrial Area, Phase-I, New Delhi-110028 Phone No.: 011-41410592-94, Fax No. 011-41410591 Email: <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> Website : <a href="http://www.linkintime.co.in">www.linkintime.co.in</a>

**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	96.34
2	Garments	13911 / 13912	3.66

\* 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.**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
(i)	Winsome Yarns (Cyprus) Limited		Subsidiary of WYL	100	Section 2(6)
(ii)	Winsome Yarns FZE		Subsidiary of (i) above	100	Section 2(6)
(iii)	S. C. Winsome Romania srl		Subsidiary of (i) above	90	Section 2(6)
(iv)	I.M.M. Winsome Italia srl		Subsidiary of (iii) above	90	Section 2(6)
(v)	S. C. Textil srl		Subsidiary of (iv) above	90	Section 2(6)

# WINSOME YARNS LIMITED

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### (i) Category-wise Share Holding

Category of Shareholders	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) Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	162122	--	162122	0.23	162122	--	162122	0.23	--
b) Central Government/ State Government	--	--	--	--	--	--	--	--	--
c) Banks / Financial Institutions	1360000	--	1360000	1.93	--	--	--	--	-1.93
d) Bodies Corporate	25817487	--	25817487	36.51	27177487	--	27177487	38.44	1.93
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	11194251	--	11194251	15.83	6355403	--	6355403	8.98	-6.85
f) Financial Institutions/ Banks	--	--	--	--	--	--	--	--	--
g) Insurance Companies	--	--	--	--	--	--	--	--	--
h) Provident Fund/ Pension Fund	--	--	--	--	--	--	--	--	--
d) State Government(s)	--	--	--	--	--	--	--	--	--
i) Others (Specify)	--	--	--	--	--	--	--	--	--
<b>Sub-total (B) (1)</b>	<b>11206051</b>	<b>--</b>	<b>11206051</b>	<b>15.85</b>	<b>6367203</b>	<b>--</b>	<b>6367203</b>	<b>9.00</b>	<b>-6.85</b>
<b>(2) Non Institutions</b>									
<b>a) Individuals</b>									
i) Individual Shareholders holding nominal share capital upto Rs.2 lakhs	12728811	776412	13505223	19.10	11178977	767747	11946724	16.90	-2.20
ii) Individual Shareholders holding nominal share capital in excess of Rs. 2 lakhs	11774789	--	11774789	16.65	13830941	--	13830941	19.56	2.91
<b>b) Others (Specify)</b>									
(i) Trust	858346	--	858346	1.21	858346	--	858346	1.21	--
(ii) HUF	339184	--	339184	0.48	843451	--	843451	1.19	0.71
(iii) NRIs	502434	36900	539334	0.76	474101	36900	511001	0.72	-0.04
(iv) Clearing Member	317697	--	317697	0.45	568914	--	568914	0.80	0.35
(v) Bodies Corporate	4822396	4600	4826996	6.83	8436440	4600	8441040	11.94	5.11
<b>Sub-total (B)(2)</b>	<b>31343432</b>	<b>818137</b>	<b>32161569</b>	<b>45.48</b>	<b>36191170</b>	<b>809247</b>	<b>37000417</b>	<b>52.33</b>	<b>6.85</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>42549483</b>	<b>818137</b>	<b>43367620</b>	<b>61.33</b>	<b>42558373</b>	<b>809247</b>	<b>43367620</b>	<b>61.33</b>	<b>--</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
i. Promotor & promotor group	--	--	--	--	--	--	--	--	--
ii. Public	--	--	--	--	--	--	--	--	--
<b>GRAND TOTAL (A+B+C)</b>	<b>69889092</b>	<b>818137</b>	<b>70707229</b>	<b>100.00</b>	<b>69897982</b>	<b>809247</b>	<b>70707229</b>	<b>100.00</b>	<b>--</b>

**(ii) Shareholding of Promoters**

Sl.No.	Shareholder's 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 S. C. 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.	5096243	7.21	7.21	5765073	8.15	7.21	0.95
8	Shell Business (P) Limited	20721244	29.31	29.31	21412414	30.28	29.31	0.98
9	Punjab State Industrial Dev. Corporation Limited	1360000	1.93	–	–	–	–	-1.93
	<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 ( please specify, if there is no change)**

Sl.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 in shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares at the beginning (01.04.2016)/ end of the year (31.03.2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Aspire Emerging Fund	6355403	8.99	01.04.2016				
		6355403	8.99	31.03.2017			6355403	8.99
2	Ramapati Consultants Pvt Ltd.	24501	0.03	22.04.2016				
				29.04.2016	13383	Transfer	37884	0.05
				06.05.2016	223261	Transfer	261145	0.37
				27.05.2016	238000	Transfer	499145	0.71
				03.06.2016	47084	Transfer	546229	0.77
				10.06.2016	117085	Transfer	663314	0.94
				17.06.2016	20000	Transfer	683314	0.97
				24.06.2016	13010	Transfer	696324	0.98
				30.06.2016	26458	Transfer	722782	1.02
				01.07.2016	12650	Transfer	735432	1.04
				08.07.2016	3980	Transfer	739412	1.05

# WINSOME YARNS LIMITED

				22.07.2016	925	Transfer	740337	1.05
				05.08.2016	10550	Transfer	750887	1.06
				19.08.2016	9066	Transfer	759953	1.07
				26.08.2016	3516	Transfer	763469	1.08
				02.09.2016	284591	Transfer	1048060	1.48
				07.10.2016	-251800	Transfer	796260	1.13
				14.10.2016	-98200	Transfer	698060	0.99
		698060	0.99	31.03.2017			698060	0.99
3	Piyush Securities Pvt. Ltd	1061376	1.50	01.04.2016				
				08.04.2016	126809	Transfer	1188185	1.68
				15.04.2016	3000	Transfer	1191185	1.68
				06.05.2016	65000	Transfer	1256185	1.78
				13.05.2016	89500	Transfer	1345685	1.90
				20.05.2016	16000	Transfer	1361685	1.93
				27.05.2016	-450000	Transfer	911685	1.29
				07.10.2016	-25000	Transfer	886685	1.25
				06.01.2017	-150000	Transfer	736685	1.04
				03.02.2017	125779	Transfer	862464	1.22
				17.02.2017	-25951	Transfer	836513	1.18
		836513	1.18	31.03.2017			836513	1.18
4	Achin Vyapaar Pvt. Ltd	858346	1.21	01.04.2016				
		858346	1.21	31.03.2017			858346	1.21
5	Salasar Holding Pvt. Ltd	254	0.00	01.04.2016				
				29.07.2016	39500	Transfer	39754	0.06
				26.08.2016	127628	Transfer	167382	0.24
				02.09.2016	87372	Transfer	254754	0.36
				09.09.2016	214305	Transfer	469059	0.66
				16.09.2016	203846	Transfer	672905	0.95
				27.01.2017	130000	Transfer	802905	1.14
				17.02.2017	-105000	Transfer	697905	0.99
		697905	0.99	31.03.2017			697905	0.99
6	Piyush Trades and Credits Pvt. Ltd	250000	0.35	01.04.2016				
				06.05.2016	15000	Transfer	265000	0.37
				13.05.2016	10000	Transfer	275000	0.39
				20.05.2016	124000	Transfer	399000	0.56
				27.05.2016	100000	Transfer	499000	0.71
				03.06.2016	43912	Transfer	542912	0.77
				10.06.2016	36500	Transfer	579412	0.82
				17.06.2016	131654	Transfer	711066	1.01
				24.06.2016	35954	Transfer	747020	1.06
				26.08.2016	140420	Transfer	887440	1.26
				02.09.2016	50000	Transfer	937440	1.33
				07.10.2016	-110000	Transfer	827440	1.17
				14.10.2016	-140544	Transfer	686896	0.97
				06.01.2017	-150000	Transfer	536896	0.76
				03.02.2017	142036	Transfer	678932	0.96
		678932	0.96	31.03.2017			678932	0.96
7	Anjaneya Commercial Pvt. Ltd	10501	0.01	29.07.2016				
				05.08.2016	9959	Transfer	20460	0.03
				26.08.2016	38500	Transfer	58960	0.08
				02.09.2016	82000	Transfer	140960	0.20
				09.09.2016	245000	Transfer	385960	0.55
				16.09.2016	291985	Transfer	677945	0.96
		677945	0.96	31.03.2017			677945	0.96
8	PSPL Stock Broking Pvt. Ltd	118036	0.17	01.04.2016				
				06.05.2016	20000	Transfer	138036	0.20
				02.09.2016	50000	Transfer	188036	0.27
				16.09.2016	56000	Transfer	244036	0.35
				13.09.2016	47000	Transfer	2291036	0.41

# WINSOME YARNS LIMITED

				14.10.2016	140000	Transfer	431036	0.61
				03.02.2017	239000	Transfer	670036	0.95
		670036	0.95	31.03.2017			670036	0.95
9	Keshav Softech Pvt. Ltd	12210	0.02	29.07.2016				
				26.08.2016	54819	Transfer	67029	0.09
				02.09.2016	79000	Transfer	146029	0.21
				09.09.2016	247735	Transfer	393764	0.56
				16.09.2016	275000	Transfer	668764	0.95
		668764	0.95	31.03.2017			668764	0.95
10	Luxmi Investment Company Pvt. Ltd.	250000	0.35	02.09.2016				
				16.09.2016	200000	Transfer	450000	0.64
				23.09.2016	80000	Transfer	530000	0.75
				14.10.2016	137044	Transfer	667044	0.94
		667044	0.94	31.03.2017			667044	0.94
		919130	1.30	01.04.2016				
				15.04.2016	-112370	Transfer	806760	1.14
11	Shri Parasram Holding Pvt. Ltd			22.04.2016	-56290	Transfer	750470	1.06
				29.04.2016	-70000	Transfer	680470	0.96
				06.05.2016	-28900	Transfer	651570	0.92
				13.05.2016	50	Transfer	651620	0.92
				20.05.2016	-6207	Transfer	645413	0.91
				27.05.2016	-14615	Transfer	630798	0.89
				17.06.2016	-2000	Transfer	628798	0.89
				24.06.2016	2450	Transfer	631248	0.89
				30.06.2016	-5492	Transfer	625756	0.88
				01.07.2016	1600	Transfer	627356	0.89
				08.07.2016	-15890	Transfer	611466	0.86
				15.07.2016	3475	Transfer	614941	0.87
				22.07.2016	-1984	Transfer	612957	0.87
				29.07.2016	-7708	Transfer	605249	0.86
				05.08.2016	-10858	Transfer	594391	0.84
				12.08.2016	-40324	Transfer	554067	0.78
				19.08.2016	9160	Transfer	563227	0.80
				26.08.2016	-834	Transfer	562393	0.80
				02.09.2016	25206	Transfer	587599	0.83
				09.09.2016	-29214	Transfer	558385	0.79
				16.09.2016	-3140	Transfer	555245	0.79
				23.09.2016	129	Transfer	555374	0.79
				30.09.2016	-1211	Transfer	554163	0.78
				07.10.2016	-13401	Transfer	540762	0.76
				14.10.2016	21931	Transfer	562693	0.80
				21.10.2016	- 421916	Transfer	140777	0.20
				28.10.2016	-40750	Transfer	100027	0.14
				04.11.2016	58956	Transfer	158983	0.22
				11.11.2016	7750	Transfer	166733	0.24
				18.11.2016	4864	Transfer	171597	0.24
				25.11.2016	-10493	Transfer	161104	0.23
				02.12.2016	6400	Transfer	167504	0.24
				09.12.2016	-170	Transfer	167334	0.24
				16.12.2016	700	Transfer	168034	0.24
				23.12.2016	-4450	Transfer	163584	0.23
				30.12.2016	-1898	Transfer	161686	0.23
				06.01.2017	-5500	Transfer	156186	0.22
				13.01.2017	5212	Transfer	161398	0.23
				20.01.2017	8048	Transfer	169446	0.24
				27.01.2017	- 3925	Transfer	165521	0.23

# WINSOME YARNS LIMITED

				03.02.2017	2104	Transfer	167625	0.24
				10.02.2017	3082	Transfer	170707	0.24
				17.02.2017	-4223	Transfer	166484	0.24
				24.02.2017	-3542	Transfer	162942	0.23
				03.03.2017	10500	Transfer	173442	0.25
				10.03.2017	1308	Transfer	174750	0.25
				17.03.2017	-7370	Transfer	167380	0.24
				24.03.2017	-36	Transfer	167344	0.24
				31.03.2017	-27301	Transfer	140043	0.20
		140043	0.20	31.03.2017			140043	0.20
12	Guinness Securities Ltd	458900	0.65	01.04.2016				
				06.05.2016	37000	Transfer	495900	0.70
				13.05.2016	68284	Transfer	564184	0.80
				20.05.2016	25000	Transfer	589184	0.83
				27.05.2016	9400	Transfer	598584	0.85
				03.06.2016	-77859	Transfer	520725	0.74
				10.06.2016	-5000	Transfer	515725	0.73
				15.07.2016	-1000	Transfer	514725	0.73
				22.07.2016	1000	Transfer	515725	0.73
				29.07.2016	-25000	Transfer	490725	0.69
				05.08.2016	750	Transfer	491475	0.70
				25.11.2016	-1500	Transfer	489975	0.69
				02.12.2016	500	Transfer	490475	0.69
				03.02.2017	1000	Transfer	491475	0.70
		491475	0.70	31.03.2017			491475	0.70
13	Raju P	437320	0.62	01.04.2016				
		437320	0.62	31.03.2017			437320	0.62
14	Renu Khurana	400000	0.57	01.04.2016				
		400000	0.57	31.03.2017			400000	0.57
15	Karvy Stock Broking Ltd	361894	0.51	01.04.2016				
				08.04.2016	-2500	Transfer	359394	0.51
				15.04.2016	-500	Transfer	358894	0.51
				22.04.2016	-900	Transfer	357994	0.51
				29.04.2016	-11198	Transfer	346796	0.49
				06.05.2016	-5600	Transfer	341196	0.48
				13.05.2016	-1500	Transfer	339696	0.48
				27.05.2016	3175	Transfer	342871	0.48
				03.06.2016	-4950	Transfer	337921	0.48
				10.06.2016	5500	Transfer	343421	0.49
				17.06.2016	-50	Transfer	343371	0.49
				24.06.2016	-8700	Transfer	334671	0.47
				30.06.2016	-5300	Transfer	329371	0.47
				01.07.2016	-180	Transfer	329191	0.47
				08.07.2016	170	Transfer	329361	0.47
				15.07.2016	-4912	Transfer	324449	0.46
				22.07.2016	652	Transfer	325101	0.46
				29.07.2016	-2976	Transfer	322125	0.46
				05.08.2016	-850	Transfer	321275	0.45
				12.08.2016	-3237	Transfer	318038	0.45
				26.08.2016	-6809	Transfer	311229	0.44
				02.09.2016	-3638	Transfer	307591	0.44
				09.09.2016	-1000	Transfer	306591	0.43
				16.09.2016	-3200	Transfer	303391	0.43
				23.09.2016	-2084	Transfer	301307	0.43
				07.10.2016	-1629	Transfer	299678	0.42
				14.10.2016	-334	Transfer	299344	0.42
				04.11.2016	-2614	Transfer	296730	0.42
				11.11.2016	-200	Transfer	296530	0.42
				18.11.2016	-1500	Transfer	295030	0.42
				25.11.2016	-500	Transfer	294530	0.42

# WINSOME YARNS LIMITED

				02.12.2016	-743	Transfer	293787	0.42
				09.12.2016	720	Transfer	294507	0.42
				23.12.2016	-99	Transfer	294408	0.42
				30.12.2016	-1000	Transfer	293408	0.41
				06.01.2017	-1151	Transfer	292257	0.41
				13.01.2017	4871	Transfer	297128	0.42
				03.02.2017	-5543	Transfer	291585	0.41
				10.02.2017	-5501	Transfer	286084	0.40
				17.02.2017	-3048	Transfer	283036	0.40
				10.03.2017	-6	Transfer	283030	0.40
		283030	0.40	31.03.2017			283030	0.40
16	Siddharth Saraf	301316	0.43	01.04.2016				
				22.04.2016	100000	Transfer	401316	0.57
		401316	0.57	31.03.2017			401316	0.57
17	Vibhav Vineet Kumar Saraf	300000	0.42	01.04.2016				
				08.04.2016	26400	Transfer	326400	0.46
				15.04.2016	87164	Transfer	413564	0.58
				22.04.2016	102136	Transfer	515700	0.73
		515700	0.73	31.03.2017			515700	0.73
18	Mohammed Nasimullah	285625	0.40	01.04.2016				
		285625	0.40	31.03.2017			285625	0.40

Top 10 shareholders at the beginning of the year (01.04.2016) and at the end of the year (31.03.2017)

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

Sl.No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares at the beginning (01.04.2016)/ end of the year (31.03.2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
<b>(A) Directors*</b>								
1	Shri Satish Bagrodia	42900	0.06					
		42900	0.06	--	--	--	42900	0.06
2	Shri Manish Bagrodia	52040	0.07					
		52040	0.07	--	--	--	52040	0.07
<b>(B) KMPs#</b>								
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

(Rs. in lacs)

Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>	<b>55729.89</b>	--	--	<b>55729.89</b>
i) Principal Amount	1069.11	--	--	1069.11
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due.	--	--	--	--
<b>Total (i+ii+iii)</b>	<b>56799.00</b>	--	--	<b>56799.00</b>
<b>Change in Indebtedness during the financial year</b>				
i) Addition	--	--	--	--
ii) Reduction	--	--	--	--
<b>Net Change</b>	--	--	--	--
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	55729.89	--	--	55729.89
ii) Interest due but not paid	1069.11	--	--	1069.11
iii) Interest accrued but not due.	--	--	--	--
<b>Total (i+ii+iii)</b>	<b>56799.00</b>	--	--	<b>56799.00</b>

# WINSOME YARNS LIMITED

## 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	18.00 -- --	18.00
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)}		1.54
	Total (A)		19.54
	Ceiling as per the Act		N/A*

### B. Remuneration to other Directors:#

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount (Amount in Rs.)
1	<b>Independent Director</b>	Shri Pradeep Kumar	Shri K. P. Ramakrishnan	Ms. Ishika Aggarwal	
	• Fee for attending board / committee meetings. • Commission. • Others, please specify.	75000 -- --	75000 -- --	-- -- --	150000 -- --
	<b>Total (1)</b>	<b>75000</b>	<b>75000</b>	<b>--</b>	<b>150000</b>
2	<b>Other Non-Executive Directors</b>	Shri Satish Bagrodia	Shri S. K. Singla* (Nominee PSIDC)	Shri B. M. Padha* (Nominee PNB)	
	• Fee for attending board / committee meetings. • Commission. • Others, please specify.	10000 -- --	15000 -- --	-- -- --	25000 -- --
	<b>Total (2)</b>	<b>10000</b>	<b>15000</b>	<b>--</b>	<b>25000</b>
	<b>Total (B)=(1+2)</b>	<b>85000</b>	<b>90000</b>	<b>--</b>	<b>175000</b>
	Total Managerial Remuneration	<b>85000</b>	<b>90000</b>	<b>--</b>	<b>175000</b>
	Overall Ceiling as per the Act	--	--	--	N/A\$

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

\*Sitting fee paid to Nominating Institute/Bank.

\$ 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	1186476	1741092	2927568
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)}		83244	123576	206820
	Total		1269720	1864668	3134388

\*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 of the Board of the Company is a Non-Executive Promoter Director. The Managing Director is Executive Promoter Director and two Non-Executive Independent Directors. Out of two Independent Directors, Ms. Navpreet Kaur Boparai appointed as Woman Independent Director of the Company w.e.f. 19.05.2017.

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 31.03.2017 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	Chairman ship	Total
Shri Satish Bagrodia	Chairman (NED)	2	--	--	2	--	2
Shri Pradeep Kumar	INED	4	Yes	2	9	2	11
Shri K. P. Ramakrishnan (Ceased to be director w.e.f. 27.02.2017)	INED	4	Yes	--	--	--	--
Shri Manish Bagrodia	MD (Executive)	4	Yes	5 <sup>#</sup>	3	--	3
Shri Brij Mohan Padha (Nominee Director of PNB) (Ceased to be director w.e.f. 08.02.2017)	NED	--	--	--	--	--	--
Shri S.K. Singla (Nominee Director of PSIDC) (Ceased to be director w.e.f. 21.10.2016)	NED	2	--	--	--	--	--
Ms. Ishika Aggarwal@ (Ceased to be director w.e.f. 21.05.2016)	INED	--	--	--	--	--	--
Ms.Navpreet Kaur Boparai (Appointed w.e.f. 19.05.2017)	INED	--	--	--	--	--	--

\$ 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.

Four board meetings were held during the financial year 2016-17. The meetings were held on 30.05.2016, 12.08.2016, 13.11.2016 and 08.02.2017 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, 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, 2017. 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 2016-17 and present composition of the Committee are as below:

Name of members	Category	No. of meetings attended during the year 2016-2017
Shri Pradeep Kumar, Chairman	Independent/ Non-Executive	4
Shri K. P. Ramakrishnan, Member (Resigned w.e.f. 27.02.2017 from the Directorship)	Independent/ Non-Executive	4
Shri Manish Bagrodia, Member	Promoter/Executive	4
Ms. Navpreet Kaur Boparai, Member	Independent/ Non-Executive	(Appointed w.e.f. 19.05.2017)

# WINSOME YARNS LIMITED

During the financial year, the Audit Committee meetings were held on 30.05.2016, 12.08.2016, 13.11.2016 and 08.02.2017.

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 Company had already constituted a Nomination and Remuneration Committee comprising of two Independent/ Non-Executive Directors, one Nominee/ Non-Executive Director and one Promoter/ Executive Director to fulfill the requirements of the provisions of the Companies Act, 2013 and the listing agreement.

The attendance of the members during the financial year 2016-17 and present composition of the Committee are as below:

Name of members	Category	No. of meetings attended during the year 2016-2017
Shri Pradeep Kumar, Chairman	Independent/ Non-Executive	1
Shri K. P. Ramakrishnan, Member (Resigned w.e.f. 27.02.2017 from the Directorship)	Independent/ Non-Executive	1
Shri Satish Bagrodia, Member	Promoter/Non Executive	-
Ms. Navpreet Kaur Boparai, Member	Independent/ Non-Executive	(Appointed w.e.f. 19.05.2017)

During the financial year, the Nomination and Remuneration Committee meetings were held on 30.05.2016.

## 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 2016.17 are given below:

#### Non-Executive

(Amount in Rs.)

Name of Directors	Sitting Fees
Shri Satish Bagrodia	10000
Shri Pradeep Kumar	75000
Shri K. P. Ramakrishnan	75000
Shri S. K. Singla (PSIDC Nominee)*	15000
Shri Brij Mohan Padha (PNB Nominee)	--
Ms. Ishika Aggarwal	--
Total	175000

\* The sitting fee has been paid to the nominating Institution/ Bank.

**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. The details of the remuneration drawn by the Managing Director during the financial year (01.04.2016 to 31.03.2017) are as under:

(Rs. in lacs)

Name of Director	Salary	HRA	Perquisites*	Total
Shri Manish Bagrodia	12.86	5.14	1.54	19.54

\* Company's contribution to Provident Fund.

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. In view of the adverse performance of the Company, the Board of Directors of the Company has resolved not to make payment of commission to the Managing Director for the year ended 31st March, 2017.

**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 2016-17, four Stakeholders Relationship Committee meetings were held on 30.05.2016, 12.08.2016, 13.11.2016 and 08.02.2017. During the financial year, the total 17 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 2016-17 and present composition of the Committee are as below:

Name of members	Category	No. of meetings attended during the year 2016-2017
Shri K. P. Ramakrishnan, Chairman (Resigned w.e.f. 27.02.2017 from the Directorship)	Independent/Non-Executive	4
Shri Pradeep Kumar, Chairman	Independent/Non-Executive	4
Shri Manish Bagrodia, Member	Promoter/Executive	4
Ms. Navpreet Kaur Boparai, Member	Independent/Non-Executive	(Appointed w.e.f. 19.05.2017)

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 2016-17 and present composition of the Committee are as below.

Name of members	Category	No. of meetings attended during the year 2016-2017
Shri Manish Bagrodia, Chairman	Promoter/Executive	1
Shri Pradeep Kumar, Member	Independent/ Non-Executive	1
Shri K. P. Ramakrishnan, Member (Resigned w.e.f. 27.02.2017 from the directorship)	Independent/ Non-Executive	1
Shri Satish Bagrodia, Member	Promoter/Non-Executive	--

During the financial year 2016-17, the Risk Management Committee Meeting was held on 08-02-2017.

## 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 and Remuneration Committee, the Board of Directors and the members passed the resolution in their meeting held on 31.03.2015, and later on approval of Central Government on a monthly salary of Rs. 1.50 lacs for a period of 3 years received. The remuneration paid is mentioned in item 8(ii) of this report.
- (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 Listing Regulation, 2015 with Stock Exchanges.
- (viii) There were no material financial & commercial transactions by Senior Management as defined in the required regulations of the Listing 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 behaviour, actual or suspected fraud etc. and the same has been disclosed on the website of the Company.

## 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
2013-2014	PHD Chamber of Commerce and Industry, Regional Office PHD House, Sector 31-A, Chandigarh	31.03.2015	11.30 A.M.
2014-2015	PHD Chamber of Commerce and Industry, Regional Office PHD House, Sector 31-A, Chandigarh	23.09.2015	11.30 A.M.
2015-2016	PHD Chamber of Commerce and Industry, Regional Office PHD House, Sector 31-A, Chandigarh	28.09.2016	11.30 A.M.

During the last three financial year, all resolutions, including one special resolutions on 31.03.2015 as set out in the respective notices of General Meetings 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

The Securities and Exchange Board of India (SEBI) vide its circular number CIR/CFD/DIL/10/2010 dated. 16th December, 2010 has amended the Clause 5A(II) of the Listing Agreement that the issuer Company shall transfer all undelivered/unclaimed shares, which were issued in PHYSICAL FORM pursuant to a public or any other issue, into one folio in the name of "Unclaimed Suspense Account".

Accordingly, 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 01.04.2016		Details of claimed shares during the financial year		Balance as on 31.03.2017	
No. of shareholders	No. of shares	No. of shareholders	No. of shares	No. of shareholders	No. of shares
1428	298300	4	600	1424	297700

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). The same are also being posted on the websites of BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://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](http://www.winsomegroup.com)).

# WINSOME YARNS LIMITED

## 16. General Shareholder information

<b>Financial Year</b>	<b>1st April, 2016 to 31st March, 2017</b>
Date of Annual General Meeting	Monday, the 4th September 2017
Venue & Time	PHD Chamber of Commerce & Industry, Sector 31-A, Chandigarh at 11.30 a.m.
Date of Book Closure	21.08.2017 to 23.08.2017 (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 01.04.2016 to 31.03.2017, 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
Apr 16	2.33	1.74	2.70	1.85
May 16	2.37	1.79	2.55	1.75
Jun 16	1.90	1.63	1.85	1.50
Jul 16	1.81	1.60	1.90	1.55
Aug 16	1.92	1.72	1.90	1.65
Sep 16	1.92	1.71	1.95	1.70
Oct 16	2.29	1.83	2.40	1.85
Nov 16	2.33	1.87	2.35	1.85
Dec 16	2.01	1.81	2.00	1.70
Jan 17	2.09	1.84	2.05	1.80
Feb 17	2.00	1.82	2.00	1.80
Mar 17	1.95	1.80	1.95	1.75

Annual Listing fee to BSE & NSE and Annual Custody fee to CSDL & NSDL for the year 2017-18 have already been paid.

Registrar and Share Transfer Agent	M/s Link Intime India Pvt. Limited 44, Community Centre, 2nd Floor, Near PVR, Naraina Industrial Area, Phase I, New Delhi – 110028 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@winsomergroup.com">kvsinghal@winsomergroup.com</a> <a href="mailto:cshare@winsomergroup.com">cshare@winsomergroup.com</a>



# WINSOME YARNS LIMITED

## Distribution of shareholding as on 31st March, 2017

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1 - 500	10125	71.813	1785669	2.525
501 - 1000	1488	10.553	1330600	1.882
1001 - 2000	903	6.405	1517520	2.146
2001 - 3000	396	2.809	1056665	1.494
3001 - 4000	172	1.220	629628	0.890
4001 - 5000	232	1.646	1134953	1.605
5001 - 10000	367	2.603	2909645	4.116
10001 and above	416	2.951	60342549	85.342
<b>Total</b>	<b>14099</b>	<b>100.000</b>	<b>70707229</b>	<b>100.000</b>

## Shareholding Pattern as on 31st March, 2017

Category	No. of shares	Percentage
Promoter and Promoter Group	27339609	38.67
Mutual Funds	11800	0.02
Foreign Portfolio Investors	6355403	8.99
Bodies Corporate	8441040	11.94
NRIs	511001	0.72
Trust	858346	1.21
HUF	843451	1.19
Clearing Members	568914	0.80
Indian Public	25777665	36.46
<b>Total</b>	<b>70707229</b>	<b>100.00</b>

## Details of shareholding of Directors in the Company as on 31.03.2017

Name of Director	No. of shares held
Shri Satish Bagrodia	42900
Shri Manish Bagrodia	52040

Dematerialisation of shares and liquidity.	Out of total 70707229 nos. of shares, 98.86% shares have been dematerialised upto 31.03.2017.
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)	<b>Village</b> - 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, Bharowal, Isewal, Mansion, Raowal 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	<a href="mailto:kvsinghal@winsomegroup.com">kvsinghal@winsomegroup.com</a> , <a href="mailto:cshare@winsomegroup.com">cshare@winsomegroup.com</a>
Website	<a href="http://www.winsomegroup.com">www.winsomegroup.com</a>

For and on behalf of the Board

Place : Chandigarh  
Dated : 30.05.2017

Manish Bagrodia  
Managing Director  
DIN : 00046944

Pradeep Kumar  
Director  
DIN: 03052477

## 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 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, 2017.

Place : Chandigarh  
Date : 30.05.2017

Manish Bagrodia  
Managing Director

---

## ANNEXURE 'B'

### Compliance Certificate from Managing Director and Chief Financial Officer under regulation 17(8) of SEBI (LODR) Regulations, 2015 for the year 2016-17.

- A. We have reviewed financial statements and the cash flow statement for the year ended 31.03.2017 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 and have disclosed to the auditors and audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps have been taken or propose 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 : 30.05.2017

Anand Balkishan Sharma  
Chief Financial Officer

Manish Bagrodia  
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, 2017, 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.

Place: Chandigarh  
Date: 30.05.2017

for Sharma Sarin & Associates  
Company Secretaries

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

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WINSOME YARNS LIMITED

### Report on the Standalone Financial Statements.

We have audited the accompanying standalone financial statements of WINSOME YARNS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement, and a summary of the significant accounting policies and other explanatory information for the year then ended.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

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

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

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

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

### Basis for Qualified opinion

#### Attention is drawn to:

- i. **Note no. 2.25 & note. no. 2.8(c) ,2.8(d)& 2.9(a) regarding non-provisioning of Interest Expenses of Rs. 18972.22 Lacs (Previous Year Rs. 10583.08 Lacs), penal interest, penalty etc (amount unascertainable) and written off/write back and Adjustment/set off of payment of receivables/payables from/to overseas parties/suppliers which is pending necessary approval respectively as stated in the said notes.**
- ii. **Note no. 2.14 regarding pending confirmation / reconciliation of balances of certain receivables (including overseas overdue receivables as stated in note no.2.8), bank balances, payables (including of an Associate Company), secured loans, other liabilities, loans and advances etc; and contingent liability being considered as certified by the management in the absence of full detail, in this respect impact is unascertainable and cannot be commented upon by us. In our view read with said note internal control needs to be further strengthened.**
- iii. **Note no. 2.8 (a)&(b) and note no. 2.11 regarding non-provision against receivables [including of overseas overdue debtors of amounting to Rs. 6173.48 lacs (Previous Year Rs. 6173.94 Lacs)][including accounting of exchange fluctuation of Rs. 897.41 Lacs (Previous Year Rs. 897.86 Lacs) till 31st March**

2017] and loans and advances(including other current assets) of Rs. 9785.28 Lacs(Previous Year Rs. 10357.62 Lacs)and Rs. 1611.71 lacs respectively(Previous Year Rs. 1743.40 Lacs) respectively. The accounting of exchange fluctuation is not in line with generally accepted accounting principles and Accounting Standards 11 (AS-11)-"The Effect of Changes in Foreign Exchange Rates".

- iv. Note no. 2.22(A)(iv)(a) to (d) regarding accounting of consumption of Raw Material and Stores & Spares as balancing figure and the valuation of inventories is as taken, valued and as certified by the management as stated in said note; the impact whereof on the statement of state of affairs and loss for the year not being ascertainable for the reason stated in the said note and cannot be commented upon by us.
- v. As stated in note no. 2.5 and as per the AS-28 (Impairment of Assets), the company have carried out assessment of value in use of assets of knitwear unit, by an independent professional firm, based on this estimated impairment loss is of amounting to Rs. 1349.90 Lacs (Previous Year Rs. 1853.72 Lacs) (net of depreciation). However, no provision against the same has been made by the company for the reason as explained in the said note. The Non-provision against impairment in value of above stated assets is not in line with AS-28.
- vi. Note no. 2.3 regarding pending receipt of part money of amounting to USD 50,72,110 (Rs. 2679.34 lacs)out of the GDR issue made by the company and as explained lying outside India [i.e. balance amount against GDR issue of 19,94,125 nos. made in financial year 2010-11, entitling 19,94,12,500 fully paid up equity shares of Re.1/- each at Rs.2.97 per share including premium (now 1,99,41,250 fully paid up equity shares of Rs.10/- each at Rs.29.70 including premium)].In respect of realisability/receipt we are unable to comment. As explained, above stated amount is invested in money market fund outside India, pending for utilization.
- vii. Note no. 2.23 (read with note no. 2.14) regarding non-provisions of Interest, Penalty etc. on delay/non payment of certain statutory dues on time w.r.t. Employee State Insurance, Provident Fund, Punjab Welfare Fund, Tax Deducted at source, Tax Collected at source, Service Tax and Sales tax etc. (amount unascertainable) and our inability to comment the impact on the loss for the year.
- viii. Note no. 2.12(b)[Read with Accounting policy- Note 1.1 of standalone financial statement]regarding the net worth of the Company become negative and preparation of financial statements by the management on "going concern basis", considering the future business plans and expected cash flows as stated in the said note. In the event of the same not being held to be a "going concern" and various assets and liabilities being consequently required to be adjusted with respect to their realizable value, the impact whereof has not been ascertained.
- ix. Note no. 2.27 regarding pending appointment of requisite number of independent directors as stated in the said note.
- x. In view of our comment under para(I) to (viii) above and on our comments in terms of the internal control system needs to be further strengthened to be made the same commensurate with the size of the Company and the nature of its business for the purchases and consumption of inventory, booking of the expenses, set off of balances and for the sale of goods and services.

We report that, without considering items mentioned in paragraph (ii),(iv), (vi) and (vii) above the impact of which could not be determined, had the impact of notes referred in paragraph (i) (iii) & (v) above been given to in these financial statements, the loss for the year would have been Rs. 33319.67 Lacs (as against the reported figures of Rs. 1606.21 Lacs), accumulated loss at the year end would have been Rs. 60981.85 Lacs ( as against the reported figure of Rs.29268.39 Lacs), Loans and advances (including other current assets)at the year end would have been Rs.1856.18 lacs ( as against the reported figure of Rs.3467.89 lacs), carrying value of fixed assets would have been Rs.22802.08 lacs ( as against the reported figure of Rs.24151.98 Lacs), trade receivables would have been Rs.2276.95 lacs (as against the reported figure of Rs.12062.24 lacs),other current liability at the year end would have been Rs.28973.49 Lacs ( as against the reported figure of Rs.10001.27 Lacs).

Our opinion was also qualified on the financial statements for the year ended 31st March 2016 in respect of matter reported in (i) to (x) above.

#### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the aforesaid standalone 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, of the state of affairs of the Company as at 31st March, 2017, and its loss and its cash flows for the year ended on that date.

---

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of audit, we give in the Annexure 'A' a statement on the matters specified in the paragraphs 3 and 4 of the order.
2. **As required by Section 143 (3) of the Act, we report that:**
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit, except as stated in para (ii) under the head "Basis of Qualified Opinion".
  - (b) Except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) Except for the matter described in para (iii) [AS-11"The Effect of Changes in Foreign Exchange Rates" and read with note no.2.8(a)] and para (v) (AS-28 "Impairment of Assets" and read with note no.2.5] under the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - (f) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
  - (h) As required by section 143(3)(I) of the Companies Act, 2013, and based on the checking of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, our separate report with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls is as per Annexure 'B'.
  - (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note no. 2.1 [read with Note no. 2.2(A)(ii)(a), 2.2(A)(iv) and 2.2(B)] to the standalone financial statements.
    - ii. The Company has made provision, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long term contracts including derivative contracts; except to the extent and as explained in Note no.2.2 of the standalone financial statements.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
    - iv. The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company - Refer Note no 2.26 to the standalone financial statements.

For LODHA & CO.,  
Chartered Accountants  
Firm's Registration No. 301051E

Place: Chandigarh  
Date: 30th May 2017

( GAURAV LODHA )  
Partner  
Membership No.507462

---

**Annexure "A" referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the Standalone Financial Statement of Winsome Yarns Limited for the year ended 31st March 2017:**

1.
  - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except in respect of certain fixed assets (including assets of knitwear unit) where, the records as explained, are in process of compilation/ updation [Read with note no 2.22(A)(iv)(b)&2.22(A)(iv)(d)].
  - b) As per information and explanations given to us, certain fixed assets have been physically verified by the Management according to the programme of physical verification once in every three years in phased manner, which in our opinion need to be further strengthen having regard to the size of the company and the nature of its fixed assets. The discrepancies noticed on such physical verification were not material [Read with note no 2.22(A)(iv)(b)&2.22(A)(iv)(d)].
  - 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 properties are held in the name of the company [read with note no 2.2 (A) (iii)].
2. As explained, only some of the inventories of the Company (including stock lying with the third parties and in transit) have been physically verified by the management during the year. In our opinion and according to information & explanations given to us, the procedures of physical verification of inventories followed by the management need to be strengthen in relation to the size of the Company and nature of its business [Read with note no. 2.22(A)(iv)(a) to (d)]. In the absence of detailed item wise quantitative records, we are not in position to comment whether discrepancies accounted for is correct and complete. However, as per the information made available the discrepancies noticed between the physical stock, to the extant physical verification carried out read with note no. 2.22(A)(iv) (a) to (d) and the book records were not material.
3. As informed to us, the Company has not granted any loan secured or unsecured to companies, firms, Limited Liabilities Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, we are not offering any comment on the provision of Clause 3(iii) (a), (b) & (c) of the Order.
4. According to the information, explanations and representations provided by the management and based upon audit procedures performed, we are of the opinion that in respect of loans, investments, guarantees and security, the Company has complied with the provisions of the Section 185 and 186 of the Companies Act, 2013.
5. In our opinion and according to the information and explanations given to us, the Company has complied with the directive issued by the Reserve Bank of India and the provisions of Section 73 to 76 of the Act or any other relevant provisions of the Act and the rules framed there under (to the extent applicable) with regard to deposit accepted from the public. We have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or other tribunal in this regard.
6. 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 are made applicable and are of the opinion that prima facie, the prescribed records have been made and maintained. We have, however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
7.
  - (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including employee's state insurance Income Tax, Sales Tax, service tax, duty of Custom, duty of Excise, value added tax, Cess and any other material statutory dues with the appropriate authorities to the extent applicable except in respect of Provident Fund, Employee State Insurance dues & Punjab Welfare Fund were same found paid with certain delay (and as stated in note no.2.23), according to the information and explanations given to us, there are no undisputed statutory dues payable for a period more than six months from the date they became payable as at 31st March 2017.
  - (b) According to the records and information and explanations given to us, there are no dues in respect of Custom Duty, Service Tax and value added tax that have not been deposited on account of any dispute. In our opinion based on the records and according to the information and explanations given to us, the dues in respect 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;



## WINSOME YARNS LIMITED

Name of the Statute	Nature of dues	Amount (Rs. in Lacs)	Period to which amount relates	Forum where dispute is pending
Central / State Sales Tax	Sales Tax/VAT	4.35	1999-2000	Joint Director Excise and Taxation, Chandigarh Sales Tax Tribunal Punjab
		2.25	1993-1994	
		13.36	2003-2004	Deputy Excise and Taxation Commissioner (Appeal)
		29.08	2008-2009	
Central Excise Act #	Excise Duty	67.45	2000-01 to 2004-05	CESTAT, New Delhi
	Excise Duty	35.54	2005-06 to 2008-09	CESTAT, New Delhi
	Excise Duty	15.97	2010-11	CESTAT, New Delhi
	Excise Duty	13.42	2011-12	CESTAT, New Delhi
Income tax Act	Income Tax	182.71	2005-2007	ITAT
	Income Tax	94.43	2007-08	High Court, Punjab and Haryana

# (Excluding show cause notices)

This para is to be read with note no.2.1 (A) and 2.1(B) and note no.2.14 AND para (ii) of "Basis for Qualified Opinion".

8. In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the company has defaulted in repayment of loans or borrowings to banks (this is to be read with note no.2.2). During the year Company has not taken loan from financial institution, government or debenture holders (This to be read with Note no. 5.6 for the continuing default). Lender wise default is as under:

S.No.	Particulars	Total Amount of Default (in Lacs)	Maximum Delay (in Days)	Remarks
1	Bank Of Maharashtra	980.68	1370	Term Loan
2	Bank Of India	980.68	1370	Term Loan
3	Indian Overseas Bank	784.72	1370	Term Loan
4	Oriental Bank of Commerce	784.52	1370	Term Loan
5	Bank Of Maharashtra	50.62	1370	Term Loan
6	Bank Of India	54.00	1370	Term Loan
7	Indian Overseas Bank	43.20	1370	Term Loan
8	Oriental Bank of Commerce	43.20	1370	Term Loan
9	ICICI BANK	440.52	1370	Working Capital Term Loan
10	ICICI BANK	88.00	731	FITL
11	ALLAHABAD BANK	70.83	1461	Short Term Loan
12	State Bank of Patiala	315.65	816	Term Loan - assigned to (EARC)
13	UCO Bank	4244.62	911	Term Loan - assigned to EARC
14	CANARA Bank	708.44	943	Term Loan - assigned to EARC
15	Punjab National Bank	7347.88	1227	Term Loan - assigned to EARC
16	Union Bank of India	1467.46	1227	Term Loan - assigned to EARC
17	DENA Bank	3973.01	1307	Term Loan - assigned to EARC
18	State Bank of Patiala	9473.79	758	Working Capital Loan - assigned to EARC
19	CANARA Bank	12074.22	911	Working Capital Loan - assigned to EARC
20	Punjab National Bank	7466.00	967	Working Capital Loan - assigned to EARC



9. According to the information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained. No money have been raised during the year by way of initial public offer or further public offer.
10. Based on the audit procedure performed and on the basis of information and explanations provided by the management, no material fraud [read with note no.2.3, 2.22(A)(iv) and our comments under the "Basis for Qualified Opinion paragraph"] by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the course of the audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, provisions of Clause 3(xii) of the Order is not applicable.
13. According to the information and explanations and records made available by the management of the Company and audit procedure performed, for transactions with the related parties during the year, the Company has complied with the provisions of Section 177 and 188 of the Act, where applicable. As explained and as per records, details of related party transactions have been disclosed in the standalone financial statements as per the applicable Accounting Standards (read with note no.2.14 of the standalone financial statement).
14. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, we are not offering any comment with respect to compliance of requirement of Section 42 of the Act and utilisation of the money.
15. On the basis of records made available to us and according to information and explanations given to us, the Company has not entered into non-cash transactions with the directors or persons connected with him. Accordingly, we are not offering comment with respect to compliance of Section 192 of the Act.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For LODHA & CO.,  
Chartered Accountants  
Firm Registration Number: 301051E

(GAURAV LODHA)  
(Partner)  
Membership No: 507462

Place: Chandigarh  
Date: 30th May 2017

#### **ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF WINSOME YARNS LIMITED.**

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

We have audited the internal financial controls over financial reporting of WINSOME YARNS LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

## Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, 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 qualified audit opinion on the Company's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls Over Financial Reporting.

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

## Inherent Limitations of Internal Financial Controls Over Financial Reporting.

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

## Basis for Qualified Opinion.

We draw attention to the paragraph "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 31st March 2017:

- (1) The Company didn't have any 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) Timely impairment testing
  - (d) Timely payment and accounting of statutory dues including interest and penalties.
  - (e) No Policy or procedure for receipt of balance confirmations of certain receivables (including overseas overdue receivables), bank balances, payables (including of an Associate Company), secured loans, other liabilities, loans and advances etc.
- (2) The Company didn't have any extensive internal control system for follow up/recovery/adjustment of old outstanding amount lying receivable (customers)/govt. authorities and also for balance confirmations and reconciliations.
- (3) Accounting of consumption of raw material and stores items as balancing figure (net of opening stock plus purchases) less (closing stock) instead of based on issue made and actual consumption department wise.

A '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 or interim 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 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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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 31st March 2017 standalone financial statements of the Company and these material weaknesses does not affect our opinion on the standalone financial statements of the Company.

For LODHA & CO.,  
Chartered Accountants  
Firm Registration Number: 301051E

(GAURAV LODHA)  
(Partner)  
Membership No: 507462

Place: Chandigarh  
Date: 30th May 2017

# WINSOME YARNS LIMITED

## STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS OF STANDALONE FINANCIALS FOR THE FINANCIAL YEAR ENDED 31.03 2017

1	Sr. No.	Particulars	(Rs. In Lacs, except for earnings per share)	
			Audited Figure (As reported before adjusting for qualifications)	Audited Figure (As reported After adjusting for qualifications)*
	1.	Turnover/Total Income	37305	37305
	2	Total Expenditure	38906	70625
	3	Net Profit/(Loss)	(1606)	(33320)
	4	Earning Per Share (Rs.)	(2.26)	(47.12)
	5	Total Assets	48344	35597
	6	Total Liabilities	64832	83804
	7	Net Worth	(16488)	(48207)
	8	Any other financial item(s) ( as felt appropriate by the management	-	-
		* all adjustments are without tax effect.		
2 (a)	<b>Audit Qualifications</b> <b>Detail of Audit Qualifications:</b>  Reference is invited to Para (3) of Independent Auditor's Report on Standalone audited financial results:			
(i)	Note No. 3 (and read with Note No. 2.12(b) of the Audited Financial Statement) of accompanying statement regarding net worth of the Company become negative and preparation of financial statements by the management on "going concern basis", considering the rehabilitation, future business plans and expected cash flows as stated in the said note. In the event of the same not being held to be a "going concern" and various assets and liabilities being consequently required to be adjusted with respect to their realizable value, the impact thereof has not be ascertained.			
(ii)	Note No. 4(e) & 6 (read with Note No. 2.25 of the Audited Financial Statement) of accompanying statement regarding non provisioning of Interest Expenses of Rs. 18,972.22 Lacs (Rs. 10,583.08 Lacs for the year ended 31.03.2016 and Rs. 16,789.22 Lacs for the quarter ended 31st December 2016), penal interest, penalty etc. (amount unascertainable).			
(iii)	Note No. 4 (i) (read with note no. 2.8(c), 2.8(d), and 2.9(a) of Audited Financial Statements) of accompanying statement regarding written off /written back and adjustment/set off of payment of receivables/ payables from/to overseas parties/ suppliers, pending necessary approval respectively as stated in the said notes.			
(iv)	Note No. 4(a) (read with Note No. 2.14 of the Audited Financial Statement) of the accompanying statement regarding pending confirmation / reconciliation of balances of certain receivables, (including overseas overdue receivables as stated in note no. 2.8 of Audited Financial Statements for the Year ended 31.03.2017) bank balances, payables (including of an Associate Company), secured loans, other liabilities, loans and advances etc; and contingent liability being considered as certified by the management in the absence of full detail, in this respect impact is unascertainable and cannot be commented upon by us. In our view read with said note internal control needs to be further strengthened.			
(v)	Note No. 4(b) (read with Note No. 2.8 (a)&(b) and Note no. 2.11 respectively of Audited Financial Statements) of the accompanying statement regarding non-provision against receivables (including of overseas overdue debtors of amounting to Rs. 6173.48 Lacs (Rs. 6173.94 Lacs as at 31st March 2016, and Rs. 5,532.77 Lacs as at 31st December 2016) [including accounting of exchange fluctuation of Rs. 897.41 lacs (Rs. 897.86 Lacs as at 31st March 2016, and Rs. 898.41 Lacs as at 31st December 2016)] of Rs. 9785.28 Lacs (Rs. 10,357.62 Lacs			

	as at 31st March 2016, and Rs. 9,141.47 Lacs as at 31st December 2016) and loans and advances (including other current assets) of Rs. 1611.71 Lacs (Rs. 1743.40 Lacs as at 31st March 2016 and Rs. 1,301.41 Lacs as at 31st December 2016) respectively. The accounting of exchange fluctuation is not in line with generally accepted accounting principles and Accounting Standards 11 (AS-11)-"The Effect of Changes in Foreign Exchange Rates".
(vi)	Note No. 4(c) (read with Note No. 2.22 (A) (iv)(a) to (d) of the Audited Financial Statements) of the accompanying statement regarding accounting of consumption of Raw Material and Stores & Spares as balancing figure and the valuation of inventories is as taken, valued and as certified by the management as stated in the said note; the impact whereof on the statement of state of affairs and loss for the year not being ascertainable for the reason stated in the said note and cannot be commented upon by us.
(vii)	The company have carried out assessment of value in use of assets [as per AS-28 (Impairment of Assets)] of knitwear unit (a CGU) by an independent professional firm, based on this estimated impairment loss is of amounting to Rs. 1,349.90 Lacs (net of depreciation) (Rs. 1,853.72 Lacs as at 31st March 2016 & Rs. 1,476.77 Lacs as at 31st December 2016). However, no provision against the same has been made by the company for the reason as explained in the said Note No. 4(d) (read with Note No. 2.5 of Audited Financial Statements) of the accompanying statement.
(viii)	Note No. 4(f) and 5 (read with Note No. 2.3 of the Audited Financial Statement) of the accompanying statement, regarding pending receipt of part money of amounting to USD 50,72,110 (Rs. 2679.34 lacs) out of the GDR issue made by the company and as explained lying outside India [i.e. balance amount against GDR issue of 19,94,125 nos. made in financial year 2010-11, entitling 19,94,12,500 fully paid up equity shares of Re.1/- each at Rs.2.97 per share including premium (now 1,99,41,250 fully paid up equity shares of Rs.10/- each at Rs.29.70 including premium)]. In respect of realisability /receipt we are unable to comment. As explained, above stated amount is invested in money market fund outside India, pending for utilization.
(ix)	Note No. 4(g) (read with Note No. 2.23 and 2.14 of the Audited Financial Statements) of the accompanying statement regarding non-provisions of Interest, Penalty etc. on delay/non-payment of certain statutory dues on time w.r.t. Employee State Insurance, Provident Fund, Punjab Welfare Fund, Tax Deducted at source, Tax Collected at Source, Service Tax and Sales Tax etc. (amount unascertainable) and our inability to comment the impact on the loss for the year.
(x)	Note No. 4(h) (read with Note No. 2.27 of the Audited Financial Statements) of the accompanying statement regarding pending appointment of requisite number of independent directors as on 31st March 2017.
(xi)	In view of our comment under para (i) to (ix) above and on our comments w.r.t. the internal control system which needs to be further strengthened to be made the same commensurate with the size of the Company and the nature of its business for the purchases and consumption of inventory, booking of the expenses, set off of balances and for the sale of goods and services.
(b)	<b>Type of Audit Qualification: Qualified Opinion</b>
(c)	<b>Frequency of Qualification</b> <ul style="list-style-type: none"> <li>* In case of point no (I), (iii), (ix), (x) and (xi) -Appeared since F.Y. 2014-15</li> <li>* In case of point no (ii) -Appeared since F.Y. 2013-14 (However, there is change in amount)</li> <li>* In case of point no (iv) -Appeared since F.Y. 2003-04</li> <li>* In case of point no (v) -Appeared since F.Y. 2003-04 (However, there is change in amount)</li> <li>* In case of point no (vi) -Appeared since F.Y. 2012-13</li> <li>* In case of point no (vii) -Appeared since F.Y. 2012-13 (However, there is change in amount)</li> <li>* In case of point no (viii) -Appeared since F.Y. 2013-14</li> </ul>
(d)	For Audit Qualification(s) where the impact is quantified by the Auditor, Management views.  With regard to Auditors Qualification No. (ii), (v) and (vii):-
(ii)	Regarding non-provision of interest expenses, penal interest, penalty, etc. - As stated in Note No. 25 of the Audited Financial Statement, due to continuous losses and financial tightness, the Company has not been able

	<p>to make payments, including towards installments of borrowings, and obligations towards payment of interest both in respect of term loans and working capital as they fell due. There are certain overdue amount - for details see note no. 5.6 of audited financial statement for the year ended 31st March 2017. Interest on term loans and working capital, including overdue amount, penal interest, etc. for the period October 2014 to March 2017 (amount unascertained) has not been provided in books of account, and that the same will be provided / accounted for as and when the Company final settlement of liability takes place with the respective lender. Six banks have assigned and transferred their debts due from the Company, alongwith the underlying rights, title and interests in financial assistances granted to the Company, to an Asset Reconstruction Company. The Company's discussions for restructuring of its debts have been ongoing with the lenders; and the Company has reached an arrangement with the Asset Reconstruction Company for structured payment thereof. Pending finality of settlement, the Company considers the debts due to the banks and Asset Reconstruction Company as part of Long Term Borrowings.</p>
(v)	<p>Regarding non-provision against receivables and loans and advances - As also explained in Note No. 2.8(a) of Audited Financial Statements, management view is that the receivables exceeding six months includes outstanding amount of overseas receivables for period over one year of Rs. 6173.48 Lacs (including exchange gain of Rs. 897.41 lacs till 31.03.2017)[excluding as stated in note no. 2.8 (b) below], where company is in process of filing necessary papers with appropriate authority for extension of time [read with note no.2.9 (a)]. In this regards, management is confident about full recovery / realisability considering the past performance of the customer and recovery initiative taken by the Company.</p> <p>Also, as explained in Note No. 2.8(b) of Audited Financial Statements, the trade receivables include certain overdue Trade Receivables/Other Receivables of Rs. 3611.80 lacs for which the management is confident about full recovery/realisability.</p> <p>Further, for the overdue amount of Loans and Advances (including Other Current Assets) of Rs. 1611.71 lacs (including Refunds / Claims Receivables of Rs.33.51 Lacs, TUFS subsidy Rs. 899.05 lacs, capital advances of Rs. 250 lacs), 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.</p>
(vii)	<p>Regarding non-provision against impairment (as per AS-28) in value of assets of Knitwear Unit (CGU), the management will reassess the value of CGU and the resulting impairment loss on sanction by the lenders of corrective Action Plan or Reworking of its Debts, and adjustment of impairment and lenders liability, if any, will be accounted in books of account of the company concurrently therewith.</p>
(e)	<p><b>For Audit Qualification(s) where the impact is not quantified by the Auditor:</b></p>
(i)	<p>Management's estimation on the impact of audit qualification: <b>Not ascertainable</b></p>
(ii)	<p>If management is unable to estimate the impact, reasons for the same.</p> <p>With regard to Auditors Qualification No. (I), (iii), (iv), (vi), (viii), (ix), (x) and (xi):-</p>
	<p>(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 its Reference before the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) under Sick Industrial Company (Special Provisions) Act, 1985 (SICA), which had since been registered. The Company has been in discussions with its lenders for working out a scheme of rehabilitation of its financial debts. For reasons that SICA was repealed with effect from December 1, 2016, the restructuring plan of the Company will now be an outcome of bilateral arrangements to be arrived at between the Company and the lenders. In case of lenders who have assigned their debt to an Asset Reconstruction Company, the Company has since reached an arrangement for structured payment of its outstandings 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.</p> <p>(iii) Regarding written off/ written back and adjustment/set off of payment of receivables/ payables from/to overseas parties/ suppliers pending necessary approvals - the management is in the process of obtaining necessary approvals from the regulatory authorities.</p>

	<p>(iv) Regarding pending confirmation / reconciliation of balances of certain receivables (including overseas overdue receivables), bank balances, payables (including of an Associate Company), 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.</p> <p>(vi) Regarding accounting of consumption of Raw Material and Stores &amp; Spares as balancing figure and the valuation of inventories is as taken, valued and as certified by the management - As per the management, accounting is being done as per past practice through system on issue based consumption and in view of security arrangement in place, the management is confident that there will not be any material adjustment on updation/completion of records of physical verification of inventory.</p> <p>(viii) Regarding pending receipt of part money out of GDR issue - As also explained in Note no. 2.3 of the Audited Financial Statements that out of the proceeds of GDRs raised in F.Y. 2010-2011, an amount of USD 6,954,515 (INR 3721.05 Crores) stood remitted to India, which had been utilised for augmentation of working capital needs of the Company and a balance amount of US\$ 50,72,110 (INR 2679.34 Lacs) continues to remain invested in an overseas Money Market Fund outside India as on 31.03.2017, pending utilisation 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.</p> <p>(ix) Regarding non-provisions of Interest, Penalty, etc on delay/non-payment of statutory dues - Due to financial strains and losses Company could not make due payments against various statutory dues on due time which have subsequently 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.</p> <p>(x) Regarding pending appointment of requisite number of independent directors as on 31st March 2017 - Subsequent to the balance sheet date i.e. 31st March 2017, the Company has appointed an Independent Director.</p> <p>(xi) 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.</p>				
(iii)	<p><b>Auditors' comments on (i) or (ii) above.</b></p> <p>Refer details of audit qualification [para II(a) above]</p>				
III.	<p><b>Signatories</b></p> <table><tr><td>Manish Bagrodia Managing Director DIN: 00046944</td><td>Anand Balkishan Sharma President (Corporate Finance) &amp; Chief Financial Officer</td><td>Pradeep Kumar Audit Committee Chairman DIN: 03052477</td><td>For Lodha &amp; Co, Statutory Auditor Chartered Accountants Firm Registration No. 301051E</td></tr></table> <p style="text-align: right;">(Gaurav Lodha) Partner Membership No. 507462</p> <p>Place: Chandigarh Date: 30-May-2017</p>	Manish Bagrodia Managing Director DIN: 00046944	Anand Balkishan Sharma President (Corporate Finance) & Chief Financial Officer	Pradeep Kumar Audit Committee Chairman DIN: 03052477	For Lodha & Co, Statutory Auditor Chartered Accountants Firm Registration No. 301051E
Manish Bagrodia Managing Director DIN: 00046944	Anand Balkishan Sharma President (Corporate Finance) & Chief Financial Officer	Pradeep Kumar Audit Committee Chairman DIN: 03052477	For Lodha & Co, Statutory Auditor Chartered Accountants Firm Registration No. 301051E		



# WINSOME YARNS LIMITED

## AUDITED BALANCE SHEET AS AT 31st MARCH 2017

(Rs. in lacs)

PARTICULARS	NOTE No.	As at 31st Mar 2017	At at 31st Mar 2016
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	3	7082.33	7082.33
(b) Reserves & Surplus	4	(23570.00)	(21954.56)
		(16487.67)	(14872.23)
<b>(2) Non- Current Liabilities</b>			
(a) Long Term Borrowings	5	48464.52	49916.89
(b) Long Term Provisions	7	158.37	119.24
		48622.89	50036.13
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	8	--	--
(b) Trade Payables	9	6188.97	5219.66
(c) Other Current Liabilities	10	10001.27	8669.35
(d) Short Term Provisions	11	18.46	14.15
		16208.70	13903.16
<b>TOTAL</b>		<b>48343.92</b>	<b>49067.06</b>
<b>II. ASSETS</b>			
<b>(1) Non- Current Assets</b>			
(a) Fixed Assets	12		
(i) Tangible Assets		24151.95	25815.74
(ii) Intangible Assets	13	0.03	0.06
(iii) Capital Work-in-Progress	6	36.20	--
(b) Non Current Investment		--	--
(c) Deferred Tax Asset (Net)		--	--
(d) Long term loans & advances	14	1390.62	855.42
		25578.80	26671.22
<b>(2) Current Assets</b>			
(a) Current Investment	15	2679.34	2679.34
(b) Inventories	16	5752.55	5050.82
(c) Trade receivables	17	12062.24	12217.63
(d) Cash & bank balances	18	193.72	575.02
(e) Short term Loans & Advances	19	1144.71	925.80
(f) Other Current Assets	19 A	932.56	947.23
		22765.12	22395.84
<b>TOTAL</b>		<b>48343.92</b>	<b>49067.06</b>
Significant Accounting Policies & Explanatory Notes are an integral part of the financial statement	1 & 2		

As per our report of even date

For **LODHA & CO.**

Chartered Accountants

FRN: 301051E

**Gaurav Lodha**

Partner

M.No. 507462

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

**K V Singhal**  
GM (Legal) and  
Company Secretary

**Manish Bagrodia**  
Managing Director  
DIN 00046944

For and on behalf of Board

**Navpreet Kaur Boparai**  
Director  
DIN 00871195

Place: Chandigarh  
Date: 30-May-2017



# WINSOME YARNS LIMITED

## STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED OF 31st March 2017

(Rs. in lacs)

PARTICULARS	NOTE No.	For the year ended 31st Mar 2017	For the year ended 31st Mar 2016
<b>I. Revenue from operations</b>			
Sales(Gross)	20	37131.36	37467.73
Less : Excise Duty		11.78	--
Net Sales		37119.58	37467.73
<b>II. Other Income</b>	21	185.86	418.87
<b>III. Total Revenue ( I+II )</b>		<b>37305.44</b>	<b>37886.60</b>
<b>IV. Expenses :</b>			
Cost of Material consumed		26022.45	25739.71
Purchase of stock-in-trade		34.12	136.65
Change in inventories of finished goods, work in progress and stock in Trade	22	(733.17)	(524.78)
Employee benefit expense	23	3232.57	2766.62
Financial costs	24	44.93	606.96
Depreciation and amortization expense	25	1742.18	1878.20
Other Expenses	26	8562.60	10283.59
<b>Total Expenses (IV)</b>		<b>38905.68</b>	<b>40886.95</b>
<b>V. Profit before exceptional items and tax ( III-IV)</b>		<b>(1600.24)</b>	<b>(3000.35)</b>
<b>VI. Exceptional Items</b>		--	--
<b>VII. Profit before tax(V-VI)</b>		<b>(1600.24)</b>	<b>(3000.35)</b>
<b>VIII. Tax Expense:</b>			
–Current Tax		--	--
–Previous Years Tax		5.97	--
–Deferred Tax {Refer Note no. 2.19}		--	--
<b>IX. Profit/(Loss) form the period from continuing operations (VII-VIII)</b>		<b>(1606.21)</b>	<b>(3000.35)</b>
<b>X.Profit /(Loss)from discontinuing operations</b>		--	--
<b>XI. Tax expense of discontinuing operations</b>		--	--
<b>XII. Profit/(Loss) from discontinuing operations( X-XI)</b>		--	--
<b>XIII. Profit/(Loss) for the period (IX+XII)</b>		<b>(1606.21)</b>	<b>(3000.35)</b>
<b>XIV. Earning per equity share :</b>			
- Basic (Rs.)		(2.26)	(4.24)
- Diluted(Rs.)		(2.26)	(4.24)
Significant Accounting Policies & Explanatory Notes are an integral part of the financial statement	1 & 2		

As per our report of even date

For **LODHA & CO.**

Chartered Accountants

FRN: 301051E

**Gaurav Lodha**

Partner

M.No. 507462

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

**K V Singhal**  
GM (Legal) and  
Company Secretary

For and on behalf of Board

**Manish Bagrodia**  
Managing Director  
DIN 00046944

**Navpreet Kaur Boparai**  
Director  
DIN 00871195

Place: Chandigarh  
Date: 30-May-2017

# WINSOME YARNS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2017

(Rs. in lacs)

PARTICULARS	For the year ended 31st Mar 2017	For the year ended 31st Mar 2016
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS</b>	<b>(1600.24)</b>	<b>(3000.35)</b>
<b>Adjustment for:</b>		
Depreciation	1748.58	1884.60
Amortization of Leasehold Land	2.83	2.83
Pro rata Capital Subsidy	(9.23)	(9.23)
Effect of Exchange Fluctuation	44.95	(11.61)
(Profit)/Loss on sale of fixed assets	(0.59)	(2.87)
Interest expense	44.93	606.96
Provision for doubtful debts & advances	--	1510.95
Provision for doubtful debts & advances written back	(147.23)	(76.98)
Interest income	(36.97)	1647.27
	47.03	848.64
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		
<b>Adjustment for:</b>		
Trade & other receivable	(484.82)	(778.00)
Inventories	(701.73)	(765.70)
Trade & other Payables	1035.66	1122.73
	(150.89)	(420.97)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(103.86)</b>	<b>427.67</b>
Direct Taxes Paid	--	--
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(103.86)</b>	<b>427.67</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(124.48)	(5.71)
Sale of fixed assets	1.30	13.62
Purchase of Investments	--	--
Interest Received	41.59	55.66
	(81.59)	63.57
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(81.59)</b>	<b>63.57</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(44.93)	(2129.90)
Proceeds from borrowings	(152.32)	32455.46
Repayment of borrowings	1.40	(30527.75)
	(195.85)	(202.18)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(195.85)</b>	<b>(202.18)</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>	<b>(381.30)</b>	<b>289.07</b>
<b>Opening balance</b>		
Cash & Cash Equivalents	480.11	144.62
Others	94.91	141.33
	575.02	285.95
<b>Closing balance</b>		
Cash & Cash Equivalents	159.73	480.11
Others	33.99	94.91
	193.72	575.02

As per our report of even date

For **LODHA & CO.**  
Chartered Accountants  
FRN: 301051E

**Gaurav Lodha**  
Partner  
M.No. 507462

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

**K V Singhal**  
GM (Legal) and  
Company Secretary

**Manish Bagrodia**  
Managing Director  
DIN 00046944

**Navpreet Kaur Boparai**  
Director  
DIN 00871195

For and on behalf of Board

Place: Chandigarh  
Date: 30-May-2017

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31st MARCH 2017.

### NOTE No. 1 SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE ACCOUNTS

#### 1.1. Basis of Accounting

The Financial Statements are prepared as a 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 (the Act) 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 principles and mandatory accounting standards.

#### 1.2. Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and the estimates are recognised in the period in which the results are known /materialized.

#### 1.3. Revenue Recognition

Revenue represents the net invoice value of goods and services provided to third parties after deducting discounts, volume rebates, outgoing sales taxes and duties, and are 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. Revenues from sale of material by-products are included in revenue.

Interest income is recognised on accrual basis in the income statement.

#### 1.4. 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.

#### 1.5. Fixed Assets

Fixed Assets are stated at cost of acquisition inclusive of freight, duties, taxes and installation expenses less accumulated depreciation and impairment loss, if any.

#### 1.6. Expenditure during Construction Period

All pre-operative project expenditure (net of income accrued) incurred upto the date of commercial production is capitalized and the same are allocated to the respective assets on the completion of the construction period.

#### 1.7. Depreciation

- i. Depreciation on fixed assets is provided using Straight Line Method over their useful life as prescribed under Schedule II of the Companies Act, 2013. In respect of additions/extensions forming an integral part of existing plants and on the revised carrying amount of the assets identified as impaired on which depreciation is provided over residual life of the respective fixed assets (read with para (ii) below). Continuous process plants as defined in Schedule II have been considered on technical evaluation.
- ii. Depreciation on additions/disposals is provided pro-rata with reference to the month of addition/ disposal.
- iii. Amortisation of leasehold land and buildings is done in proportion to the period of lease.
- iv. Capital Expenditure on assets not owned are written off over the duration of contract or ten years, whichever is lower.
- v. Fixed Assets costing Rs. 5000/- or less has been depreciated fully in the year of purchase.

#### 1.8. Intangible Assets

Intangible Assets are stated at cost of acquisition less accumulated amortisation. Technical know-how is amortised over the useful life of the underlying plant.

Specialized Software is amortised over an estimated useful period of six year. Amortisation is done on straight line basis.

## 1.9. 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 & spares is determined on weighted Average Cost Basis.

## 1.10. Investments

Long Term Investments are stated at cost. Provision for diminution in long term investments is made only if such decline is other than temporary. Current investments are carried at lower of cost or market price. Investments in foreign currency are stated at the rate of exchange prevalent on the date of investment.

## 1.11. Foreign Currency Transactions

- I. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- II. 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.
- III. Non-monetary foreign currency items are carried at cost.

## 1.12. Employees Benefits

### I) Defined Contribution Plan:

Employee benefits in the form of Provident Fund (with Government Authorities) are considered as defined contribution plan and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

### II) Defined Benefit Plan:

Retirement benefits in the form of Gratuity & Long Term compensated leaves are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

- III) Other short term absences are provided based on past experience of leave availed. Actuarial gain/losses, if any, are immediately recognised in the Statement of Profit and Loss.

## 1.13. Government Grants

- I. Grants relating to fixed assets are shown as deduction from the gross value of fixed assets and those of the nature of project subsidy are credited to Capital Reserves.
- II. Other Government grants including incentives are credited to Statement of Profit and Loss or deducted from the related expenses.
- III. 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 & Loss.
- IV. 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.

## 1.14. Provision for Current and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is reasonable/virtual certainty that asset will be realised in future.

**1.15** An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the statement of Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

**1.16. Provision, Contingent Liabilities and Contingent assets**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements. The claims raised by the company pending determination and adjudication are considered contingent and are accounted in the books of account on receipt.

## NOTE NO. 2:

### 2.1 EXPLANATORY NOTES FORMING PART OF THE ACCOUNT

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

(Rs. in lacs)

S.No.	Particulars	2016-17	2015-16
(i)	Bills discounted with banks	561.49	181.80
(ii)	Sales Tax liability in respect of matters under appeal	67.09	64.64
(iii)	Excise duty show cause notices / matters under appeal	135.67	647.24
(iv)	Income Tax Demand	277.14	277.14
(v)	Outstanding bank guarantees	--	56.09
(vi)	Customs duty saved Rs.Nil (Previous Year Rs. Nil) for import of capital good made against EPCG license against which export obligations amounting to Rs.210.31 lacs (Previous Year Rs. 975.47 lacs) are pending.Non fulfillment of Export obligation will attract demand of Rs. 45.56 lacs (Previous Year Rs. 187.50 lacs) (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 Rs. 14.40 lacs (Previous period Rs. Nil) net of advances Rs. 4.60 lacs (Previous period Rs. Nil), as certified by management.

**2.2 (A)**

(i) 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.

(ii) (a) Appeals filed by the Company against its Lenders 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, against notice u/s 13(4) of the SARFAESI Act, 2002 issued by the lenders, have been admitted and the matter is pending before the Hon'ble DRT.

(b) The Company's requests to the lenders from time to time seeking permission for renewal and continuation of "Holding-on operations" in the banking accounts of the company (which were unilaterally stopped by the banks on several occasions) have not been accepted and funds of the Company aggregating Rs. 152.25 lacs ( previous year Rs. 150.72 lacs) are lying in the current accounts/fixed deposit accounts resulting in sticking of the funds of the company. The amount is shown as part of Bank Balances in Note 18 of the Financial Statements. The Company has initiated actions for recovery of aforesaid amount and balance(s) in aforesaid bank accounts are subject to confirmation/reconciliation.

- (iii) 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 M/s 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. 5.1(b)].
- (iv) Canara Bank, State Bank of Patiala, UCO Bank, Oriental Bank of Commerce, Dena Bank, Indian Overseas Bank, Bank of India and Bank of Maharashtra had 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 impleadment of EARC in respect of Petitioning Banks who have assigned their debts EARC and adjudication by the Hon'ble DRT.
- (v) The Company is in discussion with the Edelweiss Asset Reconstruction Company Limited (EARC) for a structured payment plan of its dues, which will be binding on all lenders on its finalization.
- (vi) The Company is raising or has raised counter claim/s on the lender banks before the appropriate forum, as per advice of legal counsel in the matter. The counter claim of the Company against lender banks, which have assigned their debts to EARC is subject to failure of counter parties to the arrangement, to successfully implement the arrangement.
- (B)** The Company is in discussions with parties to settle matters in relation to: (a) petition filed by a lender bank of the Company before the Hon'ble High Court of Punjab and Haryana at Chandigarh, seeking winding up of the Company for non-payment of dues, and (b) petition filed by an overseas party for recovery of amount in lieu of obligations performed by the said party (the party had extended credit facilities to a subsidiary company on the basis of letter issued by the Company), which liabilities are un-provided in books of account.
- 2.3** (a) In the Extraordinary General Meeting of the Company held on 28/06/2010, the Members of the Company had approved the issue of new capital through Global Depository Receipts (GDRs), and 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 and allotted on 29/03/2011. 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 6,954,515 (INR 3721.05 Crores) stood remitted to India, which had been utilised for augmentation of working capital needs of the Company and a balance amount of US\$ 50,72,110 (INR 2679.34 lacs) continues to remain invested in an overseas Money Market Fund outside India as on 31.03.2017, pending utilisation of such proceeds. The Company is regular in filing all due returns with RBI.
- (b) 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.
- 2.4** Research and Development Expenditure (as certified by management) amounting to Rs. 93.44 lacs (Previous Period Rs. 76.78 lacs ) have been debited to Statement of Profit and Loss during the year.
- 2.5** In accordance with Accounting Standard 28-' Impairment of Assets', the Company has identified its garmenting manufacturing facility (Knitwear Unit) located at Village B-58, Industrial Area Phase-VII, Mohali (Punjab), [Cash Generating Units (CGU)]. The CGU is engaged in manufacture of sweaters, pullover and garments of various sizes. Considering the continuing past losses of the CGU, during the period ended 30th September 2013, the Company on the basis of projected scale of operations and prevailing market conditions assessed that the recoverable value of the above CGU would be lower as compared to the carrying value, thus, indicating impairment. As a result of the impairment testing carried out as at 30th September 2013 by an independent expert, impairment loss of Rs. 2996.00 lacs was estimated based on a comparison of the carrying value of the asset vis-a-vis recoverable value. Post the assessment of aforesaid impairment value of CGU, the Company has already charged an amount of Rs. 1646.10 lacs on account of depreciation till the year end, and accordingly, the assessed amount of impairment loss has since been reduced to Rs. 1349.90 lacs. The Management of the Company is of the view that in the recent past with growth in the textile market (Consumption) in general and considering the increasing demand for knitwear in the domestic market, the loss of impairment, if any would be much lower the amount as assessed/estimated by the independent expert. The aforesaid report of independent expert is under consideration of Board of Directors of the Company and accordingly impairment loss will be accounted as and when finally assessed.
- 2.6** Step down subsidiaries (three nos.) are under liquidation, namely M/s S. C. Winsome Romania s.r.l, Romania, M/s IMM Winsome Italia s.r.l, Italy and M/s S.C.Textil s.r.l, Romania. The Company through its subsidiary company have made investment amounting to Euro 828 (Equivalent to Rs.0.54 lacs) in these subsidiaries. Necessary provisions in the books of account in respect of the investment amount and outstanding recoverable (as debtors) of Rs. 257.82 lacs had been made in earlier years.

- 2.7** As per the terms of Agreement entered between Company and private equity partners /sellers, the Company was to invest through a subsidiary i.e. WYCL (Winsome Yarn (Cyprus) Ltd) in a JV Company M/s Newcocot s.r.l. total amounting to Euro 4.64 millions {approx Rs. 3500.42 lacs as on 31.03.16 (including exchange gain/loss)}. In earlier years, the Company had made investment in equity and preference share capital of its above stated subsidiary on aggregate amount of EURO 2.55 million (Equivalent to Rs.1517.25 lacs). Considering the fact that its JV Company is under liquidation, pending approval of RBI for write off, the Company had made provision for diminution in the value of its investment of Rs. 1517.25 lacs in earlier years.
- 2.8** (a) Receivables exceeding six months includes outstanding amount of overseas receivables for period over one year of Rs. 6173.48 lacs (Previous year Rs.6173.94 lacs) (including exchange gain of Rs. 897.41 lacs (Previous year Rs.897.86 lacs) till 31.03.2017) [excluding as stated in note no. (b) below], where company is in process of filing necessary papers with appropriate authority for extension of time [read with note no.2.9 (a)]. In this regards, management is confident about full recovery/realisability considering the past performance of the customer and recovery initiative taken by the Company.
- (b) The trade receivable include certain overdue Trade Receivables/Other Receivables of Rs. 3611.80 lacs. (Previous year Rs. 4183.68 lacs) Considering the fact that management is confident about full recovery/realisability, no provision made in the books of account during the year.
- (c)
- (i) Debts (receivables) exceeding six months of Rs. 50.07 lacs (including previous year Rs. 49.96 lacs, provision made in earlier years) and receivable from a Subsidiary Company have been written off, pending necessary approval of the AD/RBI.
  - (ii) Certain Overseas Advances of Rs. 47.76 lacs (including provided/written off in previous year Rs. 43.86 lacs) have been written off, pending necessary approval of the AD/RBI.
  - (iii) Certain Overseas payables of Rs. 187.04 lacs (including previous year Rs. 185.77 lacs) have been written back/written off, pending necessary approval of the AD/RBI.
- (d) In earlier years, certain adjustment/ set off in account of overseas receivables account of Rs. 92.43 lacs have been carried out, where full detail could not be made available to the auditors as company is in process of compiling information/details etc.
- 2.9.** (a) In earlier years, the company had accounted for Commission Income & Handling charges under head 'Revenue from Operations' receivable in foreign currency on accrual basis as per the terms of agreements. The Company has made provision against outstanding receivable amount of Rs. 944.33 lacs and shown as part of "Exceptional Items" in the Statement of Profit & Loss in that respective previous year [which include commission income of Rs. 752.42 lacs and Rs. 191.91 lacs for Handling Charges (including exchange fluctuations)]. In this regard necessary approval for write off is pending from AD/RBI.
- (b) Prior period adjustments Rs. 88.78 lacs (Previous Year Rs. 118.02 lacs) (net) :- Includes (i) legal & professional Rs. 3.82 lacs (Previous Year Rs. 17.18 lacs) (ii) Sales Rs. Nil (Previous Year (Dr) Rs. 4.94 lacs) (iii) Raw Material Handling charges Rs. 14.66 lacs (Previous Year Rs. Nil ) (iv) Interest\* Rs. Nil (Previous Year Rs. 38.24 lacs) (v) Trade discount Rs. Nil (Previous Year Rs. 28.71 lacs) (vi) Factory Maintenance Rs. 6.26 lacs (Previous Year Rs. Nil ) (vii) Delay payment charges Rs. 61.75 lacs (Previous Year Rs. Nil ) (viii) Others Rs. 2.29 lacs (Previous Year Rs. 28.96 lacs).

\*Packing credit subsidy not recoverable as assessed by the management has been charged to Interest expenses.

- (c) Prior period income adjustment Rs. 136.60 lacs (Previous Year Rs. Nil) includes (i) Reversal of Raw Material handling Charges Rs 3.81 lacs (Previous Year Rs. Nil) (ii) Reversal of delay payment charges Rs. 133.42 lacs (Previous Year Rs. Nil).

## 2.10. Details of Traded Goods:

(Rs. in lacs)

Particulars	Cotton Yarn	Industrial Fabric	Total
Opening Stock	37.16 (NIL)	NIL (NIL)	37.16 (NIL)
Purchase	34.12 (136.65)	NIL (NIL)	34.12 (136.65)
Sales	70.21 (117.98)	NIL (NIL)	70.21 (117.98)
Closing Stock	NIL (37.16)	NIL (NIL)	NIL (37.16)



# WINSOME YARNS LIMITED

- 2.11. Overdue amount include Short Term Loans and Advances (including Other Current Assets) of Rs. 1611.71 lacs (Previous year Rs.1743.40 lacs) (including Refunds / Claims Receivables of Rs.33.51 lacs, TUFS subsidy Rs. 899.05 lacs, capital advances of Rs. 250 lacs). 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.
- 2.12.
- In the opinion of the Board, the Current Assets, Loans and Advances appearing in the Company's Balance Sheet as at the year-end would have a realizable value in the normal course of business, which would be at least equal to the respective amounts at which they are stated in the Balance Sheet.
  - The accumulated losses of the Company having exceeded its net worth, based on the audited accounts for the period ended 30th September 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) 1985 (SICA). The Company's Reference was registered on 10th April 2015. SICA has since been repealed with effect from 1st December 2016. The company's net worth, which continued to be eroded, is likely to substantially improve on complete implementation of the debt restructuring plan of the company. Considering the proposed rehabilitation 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.
- 2.13. Since it is not possible to ascertain with reasonable certainty/ accuracy the amount of accrual in respect of certain insurance and other claims and interest on overdue bills, the same continued to be accounted for on settlement/ acceptance basis.
- 2.14. Balances of certain Trade Receivables (including overseas overdue trade receivables as stated in note no. 2.8), Bank Balances (including bills discounted and outstanding Letter of Credit), Trade Payables (including of Associate Company of amounting to Rs.568.55 lacs), Secured Loans, Other Liabilities and Loans & Advances are in process of confirmation/ reconciliation. Contingent liabilities (read with note no. 2.1) has been considered as certified by the management as full details could not be made available to auditors. 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.
- 2.15. **Employees Benefits:**
- Defined Contribution Plan:**  
Contribution to Defined Contribution Plan, i.e. contribution to provident fund amounting to Rs.159.07 lacs (Previous Period Rs. 145.38 lacs) has been recognized as expense for the period under head 'Contributions to Provident and other Funds' of the Statement of Profit and Loss.
  - Defined Benefit Plan:**  
The employee' 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 Lacs)

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2016-17	2015-16	2016-17	2015-16
<b>I. Amount to be recognized in the Balance sheet</b>				
Present Value of Obligation as at 31.03.2017	126.02	93.99	50.81	39.40
Fair value of plan assets as at 31.03.2017	--	--	--	--
Funded Status [surplus/(Deficit)]	(126.02)	(93.99)	(50.81)	(39.40)
Net Assets/(Liability) Recognized in Balance Sheet	(126.02)	(93.99)	(50.81)	(39.40)



<b>II. Expenses recognized during the period</b>				
Current Service Cost	32.51	22.79	13.18	10.09
Interest Cost	6.58	7.22	2.76	3.46
Expected Return on Plan Assets	--	--	--	--
Actuarial (gain)/ loss	9.28	(14.34)	24.41	32.17
Net Expenses Recognized	48.37	15.67	40.35	45.72
<b>III. Reconciliation of opening and closing balance of Defined Benefit Obligation</b>				
Present Value of Obligation at the beginning of the period	93.99	90.22	39.40	43.22
Current Service Cost	32.51	22.79	13.18	10.09
Interest Cost	6.58	7.22	2.76	3.46
Actuarial (gain)/ loss on obligations	9.28	(14.34)	24.41	32.17
Benefit Paid	16.34	(11.90)	28.93	(49.54)
Present Value of Obligation as at the end of the period	126.02	93.99	50.81	39.40
<b>IV. Actuarial / Demographic assumptions:-</b>				
Indian Assure Lives Mortality Table	2006-08	2006 08	2006-08	2006-08
Discount rate (Per annum)	7.00%	8.00%	7.00%	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)			

- (iii) The estimate of rate of escalation in salary considered in actuarial valuation, take 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.
- (iv) The principal assumptions are the discount rate & 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 that of the liabilities.

**2.16** 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 management. As required by section 22 of the above said Act the following information is disclosed:

(Rs. In Lacs)

S. No.	Particulars	2016-17	2015-16
a)	(i) Principal amount remaining unpaid at the end of the accounting year (ii) Interest due on above	-	-
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	-	-
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.	-	-

# WINSOME YARNS LIMITED

**2.17** 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.

## **2.18 Segment Reporting**

- (i) The Company is 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 lacs)

S. No.	Particulars	India	Outside India	Total
(i)	External Revenue-Sale*	28,482.36 (32,794.03)	8,637.22 (4,673.70)	37,119.58 (37,467.73)
(ii)	Carrying amount of segment assets by location of assets	39,152.00 (39,431.14)	6,371.05 (6,807.32)	45,523.05 (46,238.46)

\*Includes Export Incentives of Rs. 410.66 lacs (Previous Period Rs. 158.75 lacs)

**2.19** As on 31st March 2017 the Company has net deferred tax assets (including of carry over losses and unabsorbed depreciation). However, considering the losses in recent past, deferred tax has been restricted to the amount of liability.

## **2.20 Earnings per share.**

Basis for calculation of Basic and Diluted Earnings per Share is as under:

Particulars	2016-17	2015-16
Net Profit/(Loss) attributable to Equity Shareholders (Rs. in lacs)	(1606.21)	(3000.35)
Weighted average number of equity shares for Basic EPS	7,07,07,229	7,07,07,229
Nominal Value per equity share (Rs.)	10	10
Basic/Diluted EPS (Rs.)	(2.26)	(4.24)

## **2.21 Related party disclosures**

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 Satish Bagrodia Chairman
- Shri Manish Bagrodia 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 period ended 2016-17.**

(Rs. in lacs)

Particulars	2016-17	2015-16
Winsome Textile Industries Limited		
- Expenses incurred on our behalf	0.44	0.99
- Expenses incurred by us on behalf of other	-	0.17
Balance Outstanding as at period end Receivable / (Payable)	(568.55)	(568.78)
Shri Satish Baarodia		
- Sitting Fees	0.10	0.35
Shri Manish Baarodia		
- Remuneration	19.54	19.54
Shri Anand Bal Kishan Sharma^		
-Salary	17.41	17.41
Shri K .V. Singhal^		
- Salary	11.86	11.86
Starpoint Financial Services Pvt. Ltd.		
- Rent	18.62	29.10
- Balance Outstanding as at period end Receivable / (Payable)	(17.00)	(26.22)
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	11.34	11.34
Smt. Manju Singhal		
-Salary	4.44	4.44

^ pursuant to Companies Act 2013

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

(Rs. In Lacs)

Particulars	2016 -17	2015 -16
Mixing Material	1630.73	1188.21
Fleece	353.08	155.53
Winding	164.50	156.02
Garments	44.08	37.73
<b>Total</b>	<b>2192.39</b>	<b>1537.49</b>

## WINSOME YARNS LIMITED

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

(Rs. In Lacs)

Particulars	2016 - 17	2015 - 16
Cotton	22516.48	23157.80
Others	3505.97	2581.91
Total	26022.45	25739.71

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

(Rs. in lacs)

Particular	Raw Material				Stores & Spares			
	2016-17	%	2015-16	%	2016 -17	%	2015-16	%
Imported	221.72	0.85	156.13	0.61	113.74	7.80	24.78	1.71
Indigenous	25800.73	99.15	25583.58	99.39	1344.58	92.20	1426.86	98.29
Total	26022.45	100.00	25739.71	100.00	1458.32	100.00	1451.64	100.00

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

### (iv)

- Quantitative Consumption of raw material and stores & spares is derived as net of opening stock plus purchases less closing stock as item wise records as per system report while valuation has been certified by the Management.
- The Company is in process of carrying out item wise reconciliation between item wise physical stock of Fixed Assets and inventories. To the extent assets and inventories have been physically verified by the management, no material discrepancies have been observed between the book record and physical quantity.
- In view of Para (a) above, closing inventory of stock-in- process and finished goods has been considered as taken, valued and certified by the Management after providing against old /non-moving inventory as assessed/estimated by the Management and/or based on contracts /subsequent sales realization.
- In view of security arrangement in place, the management is confident that there will not be any material adjustment on updation/completion of records of physical verification of inventory and fixed assets.

### (B) CIF Value of imports:

(Rs. In Lacs)

Particulars	2016 - 17	2015 - 16
Spare Parts & Components	113.74	24.78
Raw Material	221.72	156.13

### (C) Earnings in Foreign Exchange

(Rs. in Lacs)

Particulars	2016 -16	2015 -16
Exports of goods on FOB basis (excluding export through export houses)	7964.36	3940.71

## (D) Expenditure in Foreign currency:

(Rs. in lacs)

Particulars	2016 - 17	2015 - 16
Foreign Traveling	33.23	11.96
Commission on sales	43.80	64.65
Others	18.32	3.67

**2.23** Due to financial strains and losses Company could not make due payments against various statutory dues (TDS, TCS, PF, ESIC, PWF, Service Tax, Sales Tax etc.) on due time and pending for payment at close of the period are on account of Provident Fund Rs.29.34 lacs, ESI Rs. 6.77 Lacs and PWF Rs. 2.25 Lacs, which have subsequently 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 by the Company.

**2.24** (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 lacs)	
		31.03.2017	31.03.2016	31.03.2017	31.03.2016
Sundry Debtors	USD	11,609,651	10,961,457.09	7908.15	7,481.32
Advance From Customer	USD	576,022	360,722.41	331.45	191.23
Sundry Creditors	HKD	3009.40	3,009.40	0.25	0.26
	Euro	4949.81	8,991.75	3.43	6.78
	USD	163793.81	248,927.76	106.23	164.94
	CHF	70.00	--	0.05	--
	GBP	210.82	210.82	0.17	0.20
Advance To Suppliers	EURO	46131.90	33,491.46	31.64	22.49
	USD	39525.49	31,364.30	24.49	18.26
	HKD	2345.21	2,345.21	0.18	0.17
	GBP	488.45	488.45	0.36	0.36
	CHF	--	12,709.15	--	7.16
	JPY	468420.00	--	2.54	--
Foreign Commission Payable	USD	82046.32	54640.25	56.00	36.31

(b) Forward contract taken to hedge the foreign currency receivables are outstanding as at 31/03/2016 Rs. Nil (Previous Period Rs. Nil)

**2.25** (i) Due to continuous losses and acute financial strain, the Company was unable to pay due instalments and interest of term loan and certain overdue amount is continuing/ unpaid till date (as detailed in note no. 5.6). No provision for interest, as calculated/estimated by the Management on secured loans and short term borrowings amounting to Rs. 8026.61 lacs (Including Rs.4574.10 lacs previous year) and Rs. 10954.61 lacs (Including Rs.6008.98 lacs previous year) respectively (of Banks) has been made in the books of account. The Company's proposal for restructuring of its borrowings is under discussion with the Edelweiss Asset Reconstruction Company Limited (EARC), holder of 83% of aggregate debts of the Company which will be binding on all lenders of the Company (Read with Note No. 2.2 (iii)). The Company will be giving effect to its liability on account of debts and interest in line with the sanction of restructuring scheme upon its sanction.

(ii) Pending receipt of old dues against the TUFS subsidy against the claim filed by the Company with the Ministry of Textiles, Government of India, the Company has not recognized the claim amount of TUFS subsidy till the year ended March 31, 2017 amounting to Rs. 1801.20 lacs (including Rs. 1801.20 lacs previous year).

**2.26** Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016.

## WINSOME YARNS LIMITED

	SBNs	Other Denomination notes	Total
Closing cash in hand as on 08.11.2016	0.86	1.90	2.76
(+) Permitted receipts	--	11.79	11.79
(-) Permitted payments	--	7.04	7.04
(-) Amount deposited in Banks	0.86	4.30	5.16
Closing cash in hand as on 30.12.2016	--	2.36	2.36

- 2.27** During the year company was in process of appointing an independent director so that half of Board of Directors of the company consists of independent directors. Further, the Company has appointed one independent woman director subsequent to March 31, 2017.
- 2.28** Financial Statements of a subsidiary Company namely Winsome Yarns FZE for the year ended 31.03.2017 is unaudited and as certified by the management.
- 2.29** Figures for the previous year have been re-grouped/recast wherever considered necessary to make them comparable with those of current year.

As per our report of even date

For **LODHA & CO.**  
Chartered Accountants  
FRN: 301051E

**Gaurav Lodha**

Partner  
M.No. 507462

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

**K V Singhal**  
GM (Legal) and  
Company Secretary

**For and on behalf of Board**

**Manish Bagrodia**  
Managing Director  
DIN 00046944

**Navpreet Kaur Boparai**  
Director  
DIN 00871195

Place: Chandigarh  
Date: 30-May-2017

# WINSOME YARNS LIMITED

PARTICULARS	(Rs. in lacs)	
	As at 31st March 2017	As at 31st March 2016
<b>NOTE 3 - SHARE CAPITAL AUTHORISED*</b>		
8,50,00,000 Equity Shares of Re.10/- each (Previous Year 8,50,00,000 Equity Shares of Re.10/- each)	<b>8500.00</b>	8500.00
<b>ISSUED</b>		
7,10,86,829 Equity Shares of Re.10/- each (Previous Year 7,10,86,829 Equity Shares of Re.10/- each)	<b>7108.68</b>	7108.68
<b>SUBSCRIBED &amp; PAID UP*</b>		
7,07,07,229 Equity Shares of Rs.10/- each (Previous Year 7,07,07,229 Equity Shares of Re.10/- each)	<b>7070.72</b>	7070.72
Amount Paid-up on shares forfeited	<b>11.61</b>	11.61
	<b>7082.33</b>	7082.33

## 2. Rights of Shareholders

- 2.1** 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 have the right in profit/surplus in proportion to amount paid up with respect to share holding. [ Read with Note No. 2.3(b)]
- 2.2** 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.

## 3. Details of Shareholders holding more than 5%

Name of Shareholder	As on 31.03.2017 No. of Shares held	As on 31.03.2016 No. of Shares held
Shell Business (P) Ltd	<b>21,412,414</b>	2,07,21,244
Satyam Combines (P) Ltd	<b>57,65,073</b>	50,96,243
Aspire Emerging Funds	<b>63,55,403</b>	63,55,403

## 4. Reconciliation of Share capital

Particulars	Nos.	Nos.
Shares outstanding as at the beginning of the year	<b>7,07,07,229</b>	7,07,07,229
Issued during the year (a)	--	--
Buyback during the year	--	--
Shares outstanding as at the end of the year	<b>7,07,07,229</b>	7,07,07,229

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

# WINSOME YARNS LIMITED

PARTICULARS	(Rs. in lacs)			
	As at 31st March 2017		As at 31st March 2016	
NOTE 4- RESERVES & SURPLUS				
<b>Capital Reserve</b>				
As per last Balance sheet	261.03		261.03	
Add: Addition	—		—	
Less : Adjustment	—	261.03	—	261.03
<b>Capital Redemption Reserve</b>				
As per Balance sheet	124.44		124.44	
Add: Addition	--		--	
Less: Adjustment	--	124.44		124.44
<b>Securities Premium Account</b>				
As per last Balance sheet	5181.95		5181.95	
Add: Addition	--		--	
Less: Adjustment	--	5181.95	--	5181.95
<b>State Investment Subsidy</b>				
As per last Balance sheet	25.00		25.00	
Add: Addition	—		—	
Less: Adjustment	--	25.00	--	25.00
<b>Capital Subsidy Reserve</b>				
As per last Balance sheet	115.20		124.43	
Add: Addition	--		—	
Less: Adjustment	9.23	105.97	9.23	115.20
<b>Statement of Profit &amp; Loss Account</b>				
Surplus in statement of profit and loss from Previous year	(27662.18)		(24661.83)	
Profit/(Loss) for the year	(1606.21)		(3000.35)	
Surplus in statement of profit and loss carried to balance sheet		(29268.39)		(27662.18)
		(23570.00)		(21954.56)

## NOTE-5- LONG TERM BORROWINGS

SECURED LOANS (Refer Note No. 2.2)

(Rs. in lacs)

PARTICULARS	As at 31st March 2017 Non Current	As at 31st March 2017 Current	As at 31st March 2016 Non Current	As at 31st March 2016 Current
<b>Term Loans:</b>				
-From Banks	1393.45	6823.45	2845.82	5371.09
-Working Capital Term Loan	--	440.52	--	440.52
<b>Vehicle Loan:</b>				
-Term Loans -from EARC	47071.07	--	--	1.39
	47071.07		47071.07	--
	48464.52	7263.97	49916.89	5813.00
Less: Current maturity of Long term borrowings	--	7263.97	--	5813.00
(Amount disclosed under other current				
(Liabilities Note No. 10)	48464.52	--	49916.89	-



**5.1(a)** Term Loan of Rs. 8146.08 lacs (PY. Rs 8146.09 Lacs) from banks, Term loan of Rs. 13496.80 Lacs (PY. Rs. Nil) from Banks which in current year was transferred to Edelweiss Asset Reconstruction Company Limited (EARC) but charge is yet to be modified & Term Loan of Rs.4560.27 Lacs (PY Rs. Nil) from EARC are secured by mortgage of Immovable properties situated at Village Kurawala, Distt Mohali, at Plot No.B-58, Industrial Area Phase - VII, Mohali and Hydro Project situated at Ludhiana and by hypothecation of all the company's movable properties (save & except book debts) including moveable plant & machinery, spares, tools and accessories both present and future, subject to the prior charges created / to be created in favour of Company's bankers on specified movable assets for the working capital facilities of Rs. 29014.01 lacs which in current year has been transferred to EARC but charge is yet to be modified except for Rs. 9473.79 Lacs of one bank whose charge was modified. The mortgage and charges created / to be created shall rank pari-passu 'inter-se' between the Banks and (ii) Term loan of Rs.70.82 Lacs (PY Rs. 70.82 Lacs) from a bank which is secured by sub-servient charges on fixed assets. The loans are repayable in quarterly installments and maturity profile is as follows:

Repayment	1-2 years	2-3 years	after 3 years
(Rs.in lacs)	1393.45	--	--

**5.1(b)** Six banks have assigned and transferred the total debts of Rs. 47071.07 Lacs due from the company along with the underlying rights, titles & interests in financial assistances granted to the company to Edelweiss Asset Reconstruction Company Limited(EARC) during FY-2015-16. Pending final settlement from EARC, the company has shown the debts due to the above stated banks under Long term borrowings. (Canara Bank Rs.12782.66 Lacs, State Bank of Patiala Rs.9,789.44 Lacs, Punjab National Bank Rs.14813.88 lacs, UCO Bank Rs.4244.62 lacs, Dena Bank Rs.3973.01 lacs, Union Bank of India Rs.1467.46 lacs)

**5.2** Working Capital Term Loans of Rs.440.52 Lacs (P.Y. 440.52 Lacs ) (As per CDR terms) are secured by way of first pari-passu charge on Fixed Assets & second pari-passu charge on current assets. The loans are repayable in quarterly installments and maturity profile is as follows:-

Repayment	1-2 years	2-3 years	after 3 years
(Rs.in lacs)	--	--	--

**5.3** All the aforesaid credit facilities mentioned here in above are also guaranteed by two directors of the Company and by Pledge of Shares of the Company held by the Promoter Group read with Note no 2.2(A)(i).

**5.4** Vehicle Finance of Rs.Nil (Previous year Rs. 1.39 Lacs) is secured by hypothetical of specific assets purchased under such arrangements. Maturity Profile of vehicle loan is as under:-

Repayment	1-2 years	2-3 years	after 3 years
(Rs.in lacs)	--	--	--

**5.5** The lenders to the Company are holding collateral security in the nature of personal guarantees given by Chairman of Board of Directors of the Company, Managing Director of the Company, and corporate Guarantees from certain Companies considered as promoter group companies and additionally pledge of 25,979,609 fully paid up equity shares of the Company.

**5.6a.** Delay repayment of principal and Interest amount of long term Borrowing from Banks (Loans of which are not assigned)

Rs.in lacs

Sr.No.	Default	Due Date	Amount outstanding as on 31.03.17	Subsequent Payments	Date of Payment	Delay	Outstanding
1	Principal	31.3.16	333.24	--	--	425 days	333.24
2	Principal	31.12.15	333.24	--	--	516 days	333.24
3	Principal	30.9.15	333.24	--	--	608 days	333.24
4	Principal	30.6.15	333.24	--	--	700 days	333.24
5	Principal	31.3.15	394.73	--	--	791 days	394.73
6	Principal	31.12.14	365.57	--	--	881 days	365.57
7	Principal	30.9.14	365.57	--	--	973 days	365.57
8	Principal	30.6.14	365.57	--	--	1065 days	365.57
9	Principal	31.3.14	357.28	--	--	1156 days	357.28
10	Principal	31.12.13	357.28	--	--	1246 days	357.28
11	Principal	30.9.13	357.28	--	--	1338 days	357.28
12	Principal	30.6.13	353.90	--	--	1430 days	353.90
13	Principal	31.3.13	70.83	--	--	1521 days	70.83
	<b>Total Principal</b>		<b>4320.97</b>				<b>4320.97</b>

## WINSOME YARNS LIMITED

14	Interest	31/05/13	0.74	--	--	1460 days	0.74
15	Interest	30/06/13	10.14	--	--	1430 days	10.14
16	Interest	31/07/13	22.61	--	--	1399 days	22.61
17	Interest	31/08/13	29.23	--	--	1368 days	29.23
18	Interest	30/09/13	60.48	--	--	1338 days	60.48
19	Interest	31/10/13	68.80	--	--	1307 days	68.80
20	Interest	30/11/13	76.10	--	--	1277 days	76.10
21	Interest	31/12/13	79.70	--	--	1246 days	79.70
22	Interest	31/01/14	77.83	--	--	1215 days	77.83
23	Interest	28/02/14	71.38	--	--	1187 days	71.38
24	Interest	31/03/14	80.83	--	--	1156 days	80.83
25	Interest	30/04/14	78.39	--	--	1126 days	78.39
26	Interest	31.5.14	80.59	--	--	1095 days	80.59
27	Interest	30.6.14	79.75	--	--	1065 days	79.75
28	Interest	31.7.14	81.98	--	--	1034 days	81.98
29	Interest	31.8.14	83.25	--	--	1003 days	83.25
30	Interest	30.9.14	84.12	--	--	973 days	84.12
	<b>Total Interest</b>		<b>1065.92</b>	--	--		<b>1065.92</b>

(Read with Note No. 2.14 & 2.25)

### b. Delay repayment of total debt amount from Banks (Loans of which are assigned to EARC)

	Amount (Rs.in lacs)	Date of Assignment	Maximum Delay
Edelweiss ARC-SBOP TL	315.65	Sep 24, 15	816
Edelweiss ARC-UCO TL	4244.62	Jun 30, 15	911
Edelweiss ARC-CANARA TL	708.44	Dec 30, 15	943
Edelweiss ARC-PNB TL	7347.88	Dec 10, 15	1227
Edelweiss ARC-UBI TL	1467.46	Dec 29, 15	1277
Edelweiss ARC-DENA TL	3973.01	Jan 28, 16	1307
Edelweiss ARC-SBOP WC	9473.79	Sep 24, 15	758
Edelweiss ARC-CANARA WC	12074.22	Dec 30, 15	911
Edelweiss ARC-PNB WC	7466.00	Dec 10, 15	967
<b>Total</b>	<b>47071.08</b>		

### NOTE-6 DEFERRED TAX

	As at 31.03.2017	As at 31.03.2016
<b>(A) Deferred Tax Liability (DTL)</b>		
Tax impact on difference between book value of depreciable assets and written down value for tax purposes	4388.30	4559.58
Total (A)	4388.30	4559.58
<b>(B) Deferred Tax Assets (DTA)</b>		
Tax impact of expenses charged to Profit & Loss account but allowance under Tax Laws deferred.	80.17	65.81
Tax impact on doubtful debts & advances	531.28	87.70
Tax impact of unabsorbed depreciation and business losses (To the extent of deferred Tax liabilities)	3776.85	4406.07
Total (B)	4388.30	4559.58
<b>Deferred Tax Asset / (Liability) (Net) { Refer Note 2.19} (A-B)</b>	--	--

### NOTE-7 LONG TERM PROVISIONS

Provision for Employees Benefits	158.37	119.24
	158.37	119.24

### NOTE-8 SHORT TERM BORROWINGS

#### SECURED LOANS

Working capital demand loan from Banks	--	--
	--	--

# WINSOME YARNS LIMITED

(Rs. in lacs)

PARTICULARS	As at 31st March 2017	As at 31st March 2016
-------------	--------------------------	--------------------------

## NOTE-9-- TRADE PAYABLES

- Total outstanding dues of micro enterprises and small enterprises (Refer Note No.2.16)	--	--
- Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer Note No.2.16)	6188.97	5219.66
	<u>6188.97</u>	<u>5219.66</u>

## NOTE-10 OTHER CURRENT LAIBILITIES

Current maturities of long term borrowings	7263.97	5813.00
Interest accrued and due on borrowings	1069.11	1069.11
Book Overdraft with Banks	38.01	187.54
Interest accrued but not due	--	0.01
Advance From Customers	409.15	284.61
Capital payables (Ref. No. 2.16)	16.67	41.75
Statutory Dues	56.47	195.50
Others ( Ref. No. 2.16)	1147.89	1077.83
	<u>10001.27</u>	<u>8669.35</u>

## NOTE-11 SHORT TERM PROVISIONS

Provision for employee Benefits:	<u>18.46</u>	<u>14.15</u>
----------------------------------	--------------	--------------

## Note 12. FIXED ASSETS

(Rs. In lacs)

Nature of Assets	Gross Carrying Amount				Depreciation/Amortisation				Net Carrying Amount	
	As at 01.04.2016	Additions	Sale/ Adjustment	As at 31.03.2017	As at 01.04.2016	For the Year	Sale/ Adjustment	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
<b>Tangible</b>										
Freehold Land	341.09	--	--	341.09	--	--	--	--	341.09	341.09
Leasehold Land	280.27	--	--	280.27	29.36	2.83	--	32.19	248.08	250.91
Buildings*	8623.49	19.77	--	8643.26	2482.35	256.65	--	2739.00	5904.26	6141.14
Plant & Machinery	39897.01	63.80	--	39960.81	20879.44	1473.98	--	22353.42	17607.39	19017.56
Furniture & Fixture*	369.59	0.16	--	369.75	332.69	8.06	--	340.75	29.00	36.90
Office Equipments	72.18	4.55	--	76.73	62.40	3.59	--	65.99	10.74	9.78
Vehicles	76.26	--	13.95	62.31	57.91	6.27	13.26	50.92	11.39	18.35
<b>Total (A)</b>	<b>49659.89</b>	<b>88.28</b>	<b>13.95</b>	<b>49734.22</b>	<b>23844.15</b>	<b>1751.38</b>	<b>13.26</b>	<b>25582.27</b>	<b>24151.95</b>	<b>25815.73</b>
Previous Year	49722.01	5.71	67.83	49659.89	22013.81	1887.41	57.07	23844.15	25815.74	27708.20
<b>Intangible</b>										
Specialized Software	63.67	--	--	63.67	63.61	0.03	--	63.64	0.03	0.07
<b>Total (B)</b>	<b>63.67</b>	<b>--</b>	<b>--</b>	<b>63.67</b>	<b>63.61</b>	<b>0.03</b>	<b>--</b>	<b>63.64</b>	<b>0.03</b>	<b>0.07</b>
Previous Year	63.67	--	--	63.67	63.58	0.03	--	63.61	0.06	0.09
<b>Grand Total</b>	<b>49723.56</b>	<b>88.28</b>	<b>13.95</b>	<b>49797.89</b>	<b>23907.76</b>	<b>1751.41</b>	<b>13.26</b>	<b>25645.91</b>	<b>24151.98</b>	<b>25815.80</b>
Previous Year	49785.68	5.71	67.83	49723.56	22077.39	1887.44	57.07	23907.76	25815.80	27708.29

\*Building and Furniture & Fixtures includes capital expenditure incurred on assets/addition not owned by the Company Rs. 41.18 Lacs (Gross) and Rs. 56.94 Lacs (Gross) (Previous year Rs. 41.18 Lacs and Rs. 56.94 Lacs) and net Rs. NIL and Rs. 2.85 Lacs, respectively (Previous year Rs. Nil and Rs. 2.85 Lacs respectively).

## NOTE - 13-- NON-CURRENT INVESTMENTS

### Unquoted

#### Subsidiary Companies (Wholly owned)

101710 Equity Shares of Winsome Yarns (Cyprus) Ltd. face value of 1 EURO each	446.25	446.25
(Previous year 101710 shares of 1 EURO each)	446.25	446.25

Less: Provision for Diminution in Investment- (Ref. No. No. 2.7)

<b>A</b>	<u>--</u>	<u>--</u>
----------	-----------	-----------

# WINSOME YARNS LIMITED

PARTICULARS	(Rs. in lacs)	
	As at 31st March 2017	As at 31st March 2016
1800000 Preference Shares of Winsome Yarns (Cyprus) Limited of 1 Euro each (Previous Year 1800000 shares)	1071.00	1070.00
Less: Provision for Diminution in Investment (Refer Note No. 2.7)	1071.00	1071.00
<b>B</b>	--	--
<b>(A+B)</b>	--	--
Aggregate amount of unquoted investment	1517.25	1517.25
Aggregate amount of provision for diminution in value of investment	1517.25	1517.25
<b>NOTE - 14 LONG TERM LOANS &amp; ADVANCES</b> (Unsecured, considered good unless otherwise stated)		
Capital Advances	250.00	250.00
<b>Security Deposits</b>		
With Govt	401.50	401.50
With Others	20.50	21.59
Advance against Restructuring	663.24	113.24
Other Loans & advances	11.02	18.67
-MAT Credit Entitlement	44.36	50.43
	1390.62	855.42
<b>NOTE - 15 CURRENT INVESTMENTS</b>		
Investment in Money Market	2679.34	2679.34
(5072.11 redeemable shares of USD 1000 each in Aries Money Market Fund) (previous year 5072.11 redeemable shares of USD 1000 each) Ref note no. 2.3	2679.34	2679.34
<b>NOTE - 16 INVENTORIES</b> (At lower of cost and net realizable value) (As taken, valued and certified by the management)		
Raw Materials	1059.18	1001.44
Stock in Process	2192.39	1537.49
Stores & Spares	139.61	135.56
Finished Goods *	2085.89	2007.62
Waste (At net realizable value)	275.48	368.70
	5752.55	5050.82
*Includes in transit Rs.159.44 Lacs (Previous Year Rs. 396.16 Lacs)		
<b>NOTE - 17 TRADE RECEIVABLES</b> (Unsecured, considered good unless otherwise stated )		
- Exceeding Six months from due date		
-Good	9885.78	10317.61
-Doubtful	1372.66	1440.24
Less : Provision for Doubtful Debts	1372.66	1440.24
	9885.78	10317.61
- Other Debts	2176.46	1900.02
	12062.24	12217.63
<b>NOTE - 18 CASH &amp; BANK BALANCES</b>		
<b>CASH &amp; CASH EQUIVALENTS</b>		
Cash in hand ( As certified by management)		
<b>Balances with Banks</b>	0.01	0.01
-On Current Accounts	159.72	480.10
<b>Earmarked balances</b>		
- On Margin Account	3.33	1.69
-On Fixed Deposit Account ( Lodged with Banks as Margin Money )#	30.66	93.22
	193.72	575.02
# includes FDRs with maturity of more than 3 months		

# WINSOME YARNS LIMITED

PARTICULARS	(Rs. in lacs)	
	As at 31st March 2017	As at 31st March 2016
<b>NOTE – 19 SHORT TERM LOANS &amp; ADVANCES</b> (Unsecured, Considered Good unless otherwise stated)		
Advance Income Tax including TDS	97.16	98.84
Refunds/Claims Receivable	111.96	105.69
( Net of Provision for Doubtful Claim receivable of Rs. 346.67 lacs) (Previous year Rs. 346.67 lacs)		
Balances with government authorities	62.82	68.96
Export Incentives Receivable	115.91	69.54
Advances to suppliers	636.59	434.49
Others	120.27	148.28
	<u>1144.71</u>	<u>925.80</u>
<b>NOTE – 19 A OTHER CURRENT ASSETS</b>		
Interest Subsidy Receivable (Under TUFS)	899.05	899.05
Interest Accrued	33.51	48.18
	<u>932.56</u>	<u>947.23</u>
<b>NOTE-20 REVENUE FROM OPERATION</b>		
Sale of Product		
-Yarns*	33571.20	34420.28
-Knitwear*	1326.07	496.00
-Trading Sale Knitwear	--	58.44
-Trading Sale Yarns	70.21	59.53
(A)	<u>34967.48</u>	<u>35034.26</u>
<b>Sale of Services</b>		
-Job Charges	31.45	80.91
(B)	<u>31.45</u>	<u>80.91</u>
<b>Other operating revenue</b>		
Waste Sales	2114.45	2339.04
Sale of Scrap	17.98	13.53
(C)	<u>2132.43</u>	<u>2352.57</u>
Less : Excise Duty	11.78	--
<b>Net Revenue from operations      Total (A+B+C)</b>	<u>37119.58</u>	<u>37467.73</u>
*includes duty drawback & DEPB of Rs. 410.66 lacs (P.Y Rs. 158.75Lacs)		
<b>NOTE -21 OTHER INCOME</b>		
Interest Received	36.97	55.66
Profit on Sale of Fixed Assets	0.59	2.87
Liability/Balances written back ( Net )	147.23	76.99
Miscellaneous Income	1.07	283.35
	<u>185.86</u>	<u>418.87</u>

# WINSOME YARNS LIMITED

PARTICULARS	(Rs. in lacs)	
	As at 31st March 2017	As at 31st March 2016
<b>NOTE -22 CHANGE IN INVENTORIES OF FINISHED GOODS, WIP STOCK AND STOCK IN TRADE</b>		
<b>Closing Stock</b>		
Finished Goods (Yarn)		
- Yarn	1776.27	1749.87
- Knitwear	309.62	257.75
	<u>2085.89</u>	<u>2007.62</u>
<b>Stock in Process</b>		
- Yarn	2148.31	1499.76
- Knitwear	44.08	37.73
	<u>2192.39</u>	<u>1537.49</u>
(A)	<u>4278.28</u>	<u>3545.11</u>
<b>Less : Opening Stock</b>		
Finished Goods (Yarn)		
- Yarn	1749.87	1288.59
- Knitwear	257.75	304.02
	<u>2007.62</u>	<u>1592.61</u>
<b>Stock in Process</b>		
- Yarn	1499.76	1329.43
- Knitwear	37.73	98.29
	<u>1537.49</u>	<u>1427.72</u>
(B)	<u>3545.11</u>	<u>3020.33</u>
Differential excise duty on (increase)/decrease in stock (Increase) /Decrease in Stocks(B-A+C))	(C) <u>--</u>	<u>--</u>
	<u>(733.17)</u>	<u>(524.78)</u>
<b>NOTE-23 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages, Bonus, etc	3006.56	2547.61
Contribution to Provident & Other Funds	162.70	147.20
Employees Welfare	63.31	71.80
	<u>3232.57</u>	<u>2766.62</u>
<b>NOTE-24 FINANCIAL EXPENSES</b>		
Interest on Borrowings	44.93	606.96
	<u>44.93</u>	<u>606.96</u>
<b>NOTE-25 DEPRECIATION &amp; AMORTISATION EXPENSES</b>		
Depreciation	1751.38	1887.40
Less : Prorata Capital Subsidy	9.23	9.23
Amortisation	0.03	0.03
	<u>1742.18</u>	<u>1878.20</u>

# WINSOME YARNS LIMITED

PARTICULARS	(Rs. in lacs)	
	As at 31st March 2017	As at 31st March 2016
<b>NOTE-26 OTHER EXPENSES</b>		
Stores & Spares consumed	1458.32	1451.64
Power & Fuel	3534.79	4375.60
Repairs & Maintenance		
-Building	23.61	18.80
-Plant & Machinery	45.83	50.04
-others	72.98	66.14
Processing Charges & Dyeing Charges	1232.71	866.76
Material Handling Charges	27.08	41.69
Rent	48.45	61.21
Rates & Taxes	1.54	4.42
Printing & Stationery	4.75	6.91
Director sitting Fee	2.01	2.42
Insurance	53.79	57.57
Delay Payment Charges (Interest payment to cotton suppliers)	254.03	281.37
Bank Charges	8.44	4.56
Travelling & Conveyance	249.85	246.78
Postage, Telegrams and Telephones	42.06	30.81
Legal & Professional Charges	195.50	220.71
Charity & Donation	5.60	0.66
Provision for Doubtful Debts	--	1164.28
Provision for Doubtful Advances	--	346.67
Exchange Rate Difference (net)	79.27	15.79
-Audit Fees	5.78	5.81
-Tax audit Fees	0.40	0.41
-Other services	1.43	5.22
-Reimbursement of expenses	0.93	3.05
Commission on sales	350.27	256.62
Freight & Handling Charges	333.44	251.82
Advertisement & Other Selling Expenses	298.86	279.72
Miscellaneous Expenses	230.88	166.11
	<b>8562.60</b>	<b>10283.59</b>

**FORM-AOC1**
**Statement containing salient features of the financial statement of subsidiaries for the year ended 31.03.2017**

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

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. 2017	31. Mar. 2017
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Euro @69.28	AED @17.64
4	Share capital.	1766.59	6.18
5	Reserves & surplus.	(1795.77)	23.39
6	Total assets.	0.75	45.06
7	Total Liabilities.	29.93	15.49
8	Investments.	NIL\$	NIL
9	Turnover.	NIL	NIL
10	Profit/ (Loss) before taxation.	(186.03)	NIL
11	Provision for taxation.	NIL	NIL
12	Profit/ (Loss) after taxation.	(186.03)	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

\$ Investment in subsidiaries Impaired during the year.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WINSOME YARNS LIMITED

### Report on the Consolidated Financial Statements.

We have audited the accompanying consolidated 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**") comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements.

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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; the 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

### Basis for Qualified opinion

#### Attention is drawn to:

- i. **Note no. 2.18 & note. No. 2.6(c) & 2.6(d) & 2.7 (a)] regarding non-provisioning of Interest Expenses of Rs. 18972.22 Lacs (Previous Year Rs. 10583.08 Lacs), penal interest, penalty etc. (amount unascertainable) AND written off/written back and Adjustment/set off of payment of receivables/payables from/to overseas parties/suppliers which is pending necessary approval respectively as stated in the said notes.**
- ii. **Note No. 2.10 regarding pending confirmation / reconciliation of balances of certain receivables (including overseas overdue receivables as stated in note no.2.6) , bank balances, payables (including of an Associate Company), secured loans, other liabilities, loans and advances etc; and contingent liability being considered as certified by the management in the absence of full detail, in this respect impact is unascertainable and cannot be commented upon by us. In our view read with said note internal control needs to be further strengthened.**

## WINSOME YARNS LIMITED

- iii. Note no. 2.6 (a)&(b) and Note no. 2.8 regarding non-provision against receivables [including of overseas overdue debtors of amounting to Rs. 6173.48 lacs (Previous Year Rs. 6173.94 Lacs)] [including accounting of exchange fluctuation of Rs. 897.41 lacs (Previous Year Rs. 897.86 Lacs) till 31<sup>st</sup> March 2017] and loans and advances (including other current assets) of Rs. 9785.28 Lacs (Previous Year Rs. 10357.62 Lacs) and Rs. 1611.71 Lacs (Previous Year Rs. 1743.40 Lacs) respectively. The accounting of exchange fluctuation is not in line with generally accepted accounting principles and Accounting Standards 11 (AS-11)-“The Effect of Changes in Foreign Exchange Rates”.
- iv. Note no. 2.16(i)(a) to (d) regarding accounting of consumption of Raw Material and Stores & Spares as balancing figure and the valuation of inventories is as taken, valued and as certified by the management as stated in said note; the impact whereof on the statement of state of affairs and loss for the year not being ascertainable for the reason stated in the said note and cannot be commented upon by us.
- v. As stated in note no. 2.5 and as per the AS-28 (Impairment of Assets), the company have carried out assessment of value in use of assets of knitwear unit, by an independent professional firm, based on this estimated impairment loss is of amounting to Rs. 1349.90 Lacs (Previous Year 1853.72 Lacs) (net of depreciation). However, no provision against the same has been made by the company for the reason as explained in the said note. The Non-provision against impairment in value of above stated assets is not in line with AS-28.
- vi. Note no. 2.4 regarding pending receipt of part money of amounting to USD 50,72,110 (Rs. 2679.34 lacs) out of the GDR issue made by the company and as explained lying outside India [i.e. balance amount against GDR issue of 19,94,125 nos. made in financial year 2010-11, entitling 19,94,12,500 fully paid up equity shares of Re.1/- each at Rs.2.97 per share including premium (now 1,99,41,250 fully paid up equity shares of Rs.10/- each at Rs.29.70 including premium)]. In respect of realisability/receipt we are unable to comment. As explained, above stated amount is invested in money market fund outside India, pending for utilization.
- vii. Note no. 2.17 (read with note no. 2.10) regarding non-provisions of Interest, Penalty etc. on delay/non payment of certain statutory dues on time w.r.t. Employee State Insurance, Provident Fund, Punjab Welfare Fund, Tax Deducted at source, Tax Collected at source and Service Tax and Sales tax etc. (amount unascertainable) and our inability to comment the impact on the loss for the year.
- viii. Note no. 2.9 regarding the net worth of the Company become negative and preparation of financial statements by the management on “going concern basis”, considering the future business plans and expected cash flows as stated in the said note. In the event of the same not being held to be a “going concern” and various assets and liabilities being consequently required to be adjusted with respect to their realizable value, the impact whereof has not been ascertainable.
- ix. Note no. 2.21 regarding pending appointment of requisite number of independent directors as stated in the said note.
- x. In view of our comment under para (i) to (ix) above and on our comments in terms of the internal control system needs to be further strengthened to be made the same commensurate with the size of the Company and the nature of its business for the purchases and consumption of inventory, booking of the expenses, set off of balances and for the sale of goods and services.

We report that, without considering items mentioned in paragraph (ii),(iv), (vi) and (vii) above the impact of which could not be determined, had the impact of notes referred in paragraph (i) (iii) & (v) above been given to in these consolidated financial statements, the loss for the year would have been Rs.33,505.40 Lacs (as against the reported figures of Rs. 1,792.26 Lacs), accumulated loss at the period end would have been Rs.61,323.19 Lacs (as against the reported figure of Rs.29,610.05 Lacs), Loans and advances at the period end would have been Rs.1,856.93 Lacs (as against the reported figure of Rs.3,468.64 Lacs), carrying value of fixed assets would have been Rs.22,802.08 Lacs (as against the reported figure of Rs.24,151.98 Lacs), trade receivables would have been Rs.2,316.24 Lacs (as against the reported figure of Rs.12,101.52 Lacs), other current liability at the period end would have been Rs.28,991.08 Lacs (as against the reported figure of Rs.10,018.86 Lacs).

Our opinion was also qualified on the financial statements for the year ended 31<sup>st</sup> March 2016 in respect of matter reported in (i) to (x) above.

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matters described in the Basis for Qualified Opinion paragraph*, the aforesaid consolidated 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, of the Consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2017, and its consolidated loss and its consolidated cash flows for the year ended on that date.

### Other Matters

- (a) We did not audit the financial statements/financial information of one subsidiary, whose financial statements/financial information reflect total assets of Rs. 0.75 Lacs and net assets of Rs. 7.25 Lacs as at 31<sup>st</sup> March 2017, total revenues of Nil and net cash (inflow)/outflow amounting to Rs. Nil for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report have been furnished to us by the management and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of subsidiary and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

The above subsidiary is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in the respective country and which have been audited by other auditor under generally accepted auditing standards applicable in the respective country. The Company's management has converted the financial statements of the above subsidiary located outside India from accounting principles generally accepted in the respective country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of above subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the company and audited by us.

- (b) We did not audit the financial statements/financial information of one subsidiary, whose financial statements/financial information reflect total assets of Rs. 45.17 Lacs and net assets of Rs.29.64 Lacs as at 31<sup>st</sup> March 2017, total revenue of Nil for the year ended 31<sup>st</sup> March 2017 and net cash (inflow)/outflow amounting to Rs. Nil for the year ended on that date as considered in the consolidated financial statements. These financial statements/financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and our report in terms of sub-section (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial statements/financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.

- (c) In case of note No.2.1 (iii) (b) regarding three companies as stated in the said note neither been prepared nor been made available to us, as explained the same are under liquidation.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditors and the financial statements/financial information certified by the Management.

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

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements **except as stated in para (iii) under the head "Basis of Qualified Opinion"**.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, Except for the effect of the matter described in para (iv) [AS-11 "The Effect of Changes in Foreign Exchange Rates" and read with note no.2.6(a) and para (vi) (AS-28 "Impairment of Assets" and read with note no 2.5] under the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.
- f) On the basis of the written representations received from the directors of the Holding Company and the reports of the other statutory auditors of its subsidiary company as on 31st March, 2017, none of the directors of the Group's Companies is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

- g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The consolidated financial statement has disclosed the impact of pending litigations on its consolidated financial position of the Group – Refer Note no. 2.2 [read with Note no. 2.3(A)(ii)(a), 2.3(A)(iv) and 2.3(B)] to the consolidated financial statements.
  - (ii) Provision has been made in the consolidated financial statements, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long term contracts including derivative contracts; except to the extent and as explained in Note no.2.3 of the consolidated financial statements.
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.
  - (iv) The Holding Company has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016 and these are in accordance with the books of accounts maintained by the Holding Company - Refer Note no 2.19 to the consolidated financial statements.

**For LODHA & CO.**

Chartered Accountants

Firm's Registration No. 301051E

**(GAURAV LODHA)**

Partner

Membership No. 507462

Place: Chandigarh

Date: 30th May 2017

### **ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of **WINSOME YARNS LIMITED** ("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 Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("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.

---

## Auditors' Responsibility

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

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

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

## 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 (1) 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; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Holding Company; and (3) 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 the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Basis for Qualified Opinion

We draw attention to the paragraph "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 31st March 2017:

- (1) The Holding Company didn't have any 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) Timely impairment testing
  - (d) Timely payment and accounting of statutory dues including interest and penalties.
  - (e) No Policy or procedure for receipt of balance confirmations of certain receivables (including overseas overdue receivables), bank balances, payables (including of an Associate Company), secured loans, other liabilities, loans and advances etc.

- (2) The Holding Company didn't have any extensive internal control system for follow up/recovery/ adjustment of old outstanding amount lying receivable (customers)/govt. authorities and also for balance confirmations and reconciliations.
- (3) Accounting of consumption of raw material and stores items as balancing figure (net of opening stock plus purchases less closing stock) instead of based on issue made and actual consumption department wise.

A '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 Holding 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 on the achievement of the objectives of control criteria, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the 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 Accountants of India.

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 31<sup>st</sup> March 2017 consolidated financial statements of the Company and these material weaknesses does not affect our opinion on the consolidated financial statements of the Company.

### **Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting does not cover two subsidiary companies which are companies incorporated outside India whose financial statements are considered in the consolidated financial statements.

For LODHA & CO.,  
Chartered Accountants  
Firm's Registration No. 301051E

(GAURAV LODHA)  
Partner  
Membership No: 507462

Place: Chandigarh  
Date: 30th May 2017

## STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS OF CONSOLIDATED FINANCIALS FOR THE FINANCIAL YEAR ENDED MARCH 2017

1. Sr. No.	Particulars	(Rs. In Lacs, except for earnings per share)	
		Audited Figure (As reported before adjusting for qualifications)	Audited Figure (As reported After adjusting for qualifications)*
1.	Turnover/Total Income	37305	37305
2	Total Expenditure	39092	70811
3	Net Profit/(Loss)	(1792)	(33506)
4	Earning Per Share (In Rs.)	(2.53)	(47.39)
5	Total Assets	48390	35643
6	Total Liabilities	64855	83827
7	Net Worth	(16465)	(48184)
8	Any other financial item(s) (as felt appropriate by the management)	-	-
	* all adjustments are without tax effect.		
2	<b>Audit Qualifications</b>		
a.	<b>Detail of Audit Qualifications:</b>		
(i)	Reference is invited to Para (3) of Independent Auditor's Report on Consolidated audited financial results: Note No. 3 (and read with Note No. 2.9 of the Consolidated Audited Financial Statement) of accompanying statement regarding net worth of the Company become negative and preparation of financial statements by the management on "going concern basis", considering the rehabilitation, future business plans and expected cash flows as stated in the said note. In the event of the same not being held to be a "going concern" and various assets and liabilities being consequently required to be adjusted with respect to their realizable value, the impact thereof has not been ascertained.		
(ii)	Note No. 4(e) & 6 (read with Note No. 2.18 of the Consolidated Audited Financial Statement) of accompanying statement regarding non provisioning of Interest Expenses of Rs. 18,972.22 Lacs (Rs. 10,583.08 Lacs for the year ended 31.03.2016), penal interest, penalty etc. (amount unascertainable).		
(iii)	Note No. 4 (i) (read with note no. 2.6(c), 2.6(d), and 2.7(a) of Consolidated Audited Financial Statements) of accompanying statement regarding written off /written back and adjustment/set off of payment of receivables/ payables from/to overseas parties/ suppliers, pending necessary approval respectively as stated in the said notes.		
(iv)	Note No. 4(a) (read with Note No. 2.10 of the Consolidated Audited Financial Statement) of the accompanying statement regarding pending confirmation / reconciliation of balances of certain receivables, (including overseas overdue receivables as stated in note no. 2.6 of Consolidated Audited Financial Statements for the Year ended 31.03.2017) bank balances, payables (including of an Associate Company), secured loans, other liabilities, loans and advances etc; and contingent liability being considered as certified by the management in the absence of full detail, in this respect impact is unascertainable and cannot be commented upon by us. In our view read with said note internal control needs to be further strengthened.		
(v)	Note No. 4(b) (read with Note No. 2.6 (a)&(b) and Note no. 2.8 respectively of Consolidated Audited Financial Statements) of the accompanying statement regarding non-provision against receivables [including of overseas overdue debtors of amounting to Rs. 6173.48 Lacs (Rs. 6173.94 Lacs as at 31st March 2016) {including accounting of exchange fluctuation of Rs. 897.41 lacs (Rs. 897.86 Lacs as at 31st March 2016)}] of Rs. 9785.28 Lacs (Rs. 10,357.62 Lacs as at 31st March 2016) and loans and advances (including other current assets) of Rs. 1611.71 Lacs (Rs. 1743.40 Lacs as at 31st March 2016) respectively. The accounting of exchange fluctuation is not in line with generally accepted accounting principles and Accounting Standards 11 (AS-11) - "The Effect of Changes in Foreign Exchange Rates".		



## WINSOME YARNS LIMITED

<p>(vi)</p> <p>(vii)</p> <p>(viii)</p> <p>(ix)</p> <p>(x)</p> <p>(xi)</p> <p><b>(b)</b></p> <p><b>(c)</b></p> <p><b>(d)</b></p>	<p>Note No. 4(c) (read with Note No. 2.16 (a) to (d) of the Consolidated Audited Financial Statements) of the accompanying statement regarding accounting of consumption of Raw Material and Stores &amp; Spares as balancing figure and the valuation of inventories is as taken, valued and as certified by the management as stated in the said note; the impact whereof on the statement of state of affairs and loss for the year not being ascertainable for the reason stated in the said note and cannot be commented upon by us.</p> <p>The company have carried out assessment of value in use of assets [as per AS-28 (Impairment of Assets)] of knitwear unit (a CGU) by an independent professional firm, based on this estimated impairment loss is of amounting to Rs. 1,349.90 Lacs (net of depreciation) (Rs. 1,853.72 Lacs as at 31<sup>st</sup> March 2016). However, no provision against the same has been made by the company for the reason as explained in the said Note No. 4(d) (read with Note No. 2.5 of Consolidated Audited Financial Statements) of the accompanying statement.</p> <p>Note No. 4(f) and 5 (read with Note No. 2.4 of the Consolidated Audited Financial Statement) of the accompanying statement, regarding pending receipt of part money of amounting to USD 50,72,110 (Rs. 2679.34 lacs) out of the GDR issue made by the company and as explained lying outside India [i.e. balance amount against GDR issue of 19,94,125 nos. made in financial year 2010-11, entitling 19,94,12,500 fully paid up equity shares of Re.1/- each at Rs.2.97 per share including premium (now 1,99,41,250 fully paid up equity shares of Rs.10/- each at Rs.29.70 including premium)]. In respect of realisability /receipt we are unable to comment. As explained, above stated amount is invested in money market fund outside India, pending for utilization.</p> <p>Note No. 4(g) (read with Note No. 2.17 and 2.10 of the Consolidated Audited Financial Statements) of the accompanying statement regarding non-provisions of Interest, Penalty etc. on delay/non-payment of certain statutory dues on time w.r.t. Employee State Insurance, Provident Fund, Punjab Welfare Fund, Tax Deducted at source, Tax Collected at Source, Service Tax and Sales Tax etc. (amount unascertainable) and our inability to comment the impact on the loss for the year.</p> <p>Note No. 4(h) (read with Note No. 2.21 of the Consolidated Audited Financial Statements) of the accompanying statement regarding pending appointment of requisite number of independent directors as on 31st March 2017.</p> <p>In view of our comment under para (i) to (ix) above and on our comments w.r.t. the internal control system which needs to be further strengthened to be made the same commensurate with the size of the Company and the nature of its business for the purchases and consumption of inventory, booking of the expenses, set off of balances and for the sale of goods and services.</p> <p><b>Type of Audit Qualification : Qualified Opinion</b></p> <p><b>Frequency of Qualification</b></p> <ul style="list-style-type: none"> <li>• In case of point no (i), (iii), (ix), (x) and (xi) – Appeared since F.Y. 2014-15</li> <li>• In case of point no (ii) – Appeared since F.Y. 2013-14 (However, there is change in amount)</li> <li>• In case of point no (iv) – Appeared since F.Y. 2003-04</li> <li>• In case of point no (v) – Appeared since F.Y. 2003-04 (However, there is change in amount)</li> <li>• In case of point no (vi) – Appeared since F.Y. 2012-13</li> <li>• In case of point no (vii) – Appeared since F.Y. 2012-13 (However, there is change in amount)</li> <li>• In case of point no (viii) – Appeared since F.Y. 2013-14</li> </ul> <p>For Audit Qualification(s) where the impact is quantified by the Auditor, Management views: With regard to Auditors Qualification No. (ii), (v) and (vii):-</p>
---	---



(ii)	<p>Regarding non-provision of interest expenses, penal interest, penalty, etc. - As stated in Note No. 2.18 of the Consolidated Audited Financial Statement, due to continuous losses and financial tightness, the Company has not been able to make payments, including towards installments of borrowings, and obligations towards payment of interest both in respect of term loans and working capital as they fell due. There are certain overdue amount - for details see note no. 5.6 of audited financial statement for the year ended 31st March 2017. Interest on term loans and working capital, including overdue amount, penal interest, etc. for the period October 2014 to March 2017 (amount unascertained) has not been provided in books of account, and that the same will be provided / accounted for as and when the Company final settlement of liability takes place with the respective lender. Six banks have assigned and transferred their debts due from the Company, alongwith the underlying rights, title and interests in financial assistances granted to the Company, to an Asset Reconstruction Company. The Company's discussions for restructuring of its debts have been ongoing with the lenders; and the Company has reached an arrangement with the Asset Reconstruction Company for structured payment thereof. Pending finality of settlement, the Company considers the debts due to the banks and Asset Reconstruction Company as part of Long Term Borrowings.</p>
(v)	<p>Regarding non-provision against receivables and loans and advances - As also explained in Note No. 2.6(a) of Consolidated Audited Financial Statements, management view is that the receivables exceeding six months includes outstanding amount of overseas receivables for period over one year of Rs. 6173.48 Lacs (including exchange gain of Rs. 897.41 lacs till 31.03.2017)[excluding as stated in note no. 2.6 (b) below], where company is in process of filing necessary papers with appropriate authority for extension of time [read with note no. 2.9]. In this regards, management is confident about full recovery / realisability considering the past performance of the customer and recovery initiative taken by the Company.</p> <p>Also, as explained in Note No. 2.6(b) of Consolidated Audited Financial Statements, the trade receivables include certain overdue Trade Receivables/Other Receivables of Rs. 3611.80 lacs for which the management is confident about full recovery/realisability.</p> <p>Further, for the overdue amount of Loans and Advances (including Other Current Assets) of Rs. 1611.71 lacs (including Refunds / Claims Receivables of Rs.33.51 Lacs, TUFS subsidy Rs. 899.05 lacs, capital advances of Rs. 250 lacs), 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.</p>
(vii)	<p>Regarding non-provision against impairment (as per AS-28) in value of assets of Knitwear Unit (CGU), the management will reassess the value of CGU and the resulting impairment loss on sanction by the lenders of corrective Action Plan or Reworking of its Debts, and adjustment of impairment and lenders liability, if any, will be accounted in books of account of the company concurrently therewith.</p>
(e)	<p><b>For Audit Qualification(s) where the impact is not quantified by the Auditor:</b></p>
(i)	<p>Management's estimation on the impact of audit qualification. <b>Not ascertainable</b></p>
(ii)	<p>If management is unable to estimate the impact, reasons for the same:</p>
	<p>With regard to Auditors Qualification No. (i), (iii), (iv), (vi), (viii), (ix), (x) and (xi):-</p> <p>(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 its Reference before the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) under Sick Industrial Company (Special Provisions) Act, 1985 (SICA), which had since been registered. The Company has been in discussions with its lenders for working out a scheme of rehabilitation of its financial debts. For reasons that SICA was repealed with effect from December 1, 2016, the restructuring plan of the Company will now be an outcome of bilateral arrangements to be arrived at between the Company and the lenders. In case of lenders who have assigned their debt to an Asset Reconstruction Company, the Company has since reached an arrangement for structured payment of its outstandings 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.</p> <p>(iii) Regarding written off/ written back and adjustment/set off of payment of receivables/ payables from/to overseas parties/ suppliers pending necessary approvals - the management is in the process of obtaining necessary approvals from the regulatory authorities.</p>

# WINSOME YARNS LIMITED

	<p>(iv) Regarding pending confirmation / reconciliation of balances of certain receivables (including overseas overdue receivables), bank balances, payables (including of an Associate Company), 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.</p> <p>(vi) Regarding accounting of consumption of Raw Material and Stores &amp; Spares as balancing figure and the valuation of inventories is as taken, valued and as certified by the management - As per the management, accounting is being done as per past practice through system on issue based consumption and in view of security arrangement in place, the management is confident that there will not be any material adjustment on updation/completion of records of physical verification of inventory.</p> <p>(viii) Regarding pending receipt of part money out of GDR issue - As also explained in Note no. 2.4 of the Consolidated Audited Financial Statements that out of the proceeds of GDRs raised in F.Y. 2010-2011, an amount of USD 6,954,515 (INR 3721.05 Crores) stood remitted to India, which had been utilised for augmentation of working capital needs of the Company and a balance amount of US\$ 50,72,110 (INR 2679.34 Lacs) continues to remain invested in an overseas Money Market Fund outside India as on 31.03.2017, pending utilisation 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.</p> <p>(ix) Regarding non-provisions of Interest, Penalty, etc on delay/non-payment of statutory dues - Due to financial strains and losses Company could not make due payments against various statutory dues on due time which have subsequently 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.</p> <p>(x) Regarding pending appointment of requisite number of independent directors as on 31st March 2017 - Subsequent to the balance sheet date i.e. 31st March 2017, the Company has appointed an Independent Director.</p> <p>(xi) 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.</p>				
(iii)	<p><b>Auditors' comments on (i) or (ii) above</b> Refer details of audit qualification [para II(a) above]</p>				
III.	<p>Signatories</p> <table><tr><td>Manish Bagrodia Managing Director DIN: 00046944</td><td>Anand Balkishan Sharma President (Corporate Finance) &amp; Chief Financial Officer</td><td>Pradeep Kumar Audit Committee Chairman DIN: 03052477</td><td>For Lodha &amp; Co, Statutory Auditor Chartered Accountants Firm Registration No. 301051E</td></tr></table> <p>(Gaurav Lodha) Partner Membership No. 507462</p> <p>Place: Chandigarh Date: 30-May-2017</p>	Manish Bagrodia Managing Director DIN: 00046944	Anand Balkishan Sharma President (Corporate Finance) & Chief Financial Officer	Pradeep Kumar Audit Committee Chairman DIN: 03052477	For Lodha & Co, Statutory Auditor Chartered Accountants Firm Registration No. 301051E
Manish Bagrodia Managing Director DIN: 00046944	Anand Balkishan Sharma President (Corporate Finance) & Chief Financial Officer	Pradeep Kumar Audit Committee Chairman DIN: 03052477	For Lodha & Co, Statutory Auditor Chartered Accountants Firm Registration No. 301051E		

# WINSOME YARNS LIMITED

## CONSOLIDATED AUDITED BALANCE SHEET AS AT 31st MARCH 2017

(Rs. in Lacs)

PARTICULARS	Note No.	As at 31st Mar 2017	As at 31st Mar 2016
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	3	7082.33	7082.33
(b) Reserves & Surplus	4	(23547.62)	(21759.09)
		(16465.29)	(14676.76)
<b>(2) Non- Current Liabilities</b>			
(a) Long Term Borrowings	5	48464.53	49916.89
(b) Long Term Provisions	7	158.37	119.24
		48622.90	50036.13
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	8	--	--
(b) Trade Payables	9	6194.90	5219.66
(c) Other Current Liabilities	10	10018.86	8688.65
(d) Short Term Provisions	11	18.46	14.15
		16232.22	13922.46
<b>TOTAL</b>		<b>48389.83</b>	<b>49281.83</b>
<b>II. ASSETS</b>			
<b>(1) Non- Current Assets</b>			
(a) Fixed Assets	12		
(i) Tangible Assets		24151.95	25815.73
(ii) Intangible Assets		0.03	0.07
(iii) Capital Work-in-Progress		36.20	--
(b) Non Current Investment	13	--	--
(c) Deferred Tax Asset (Net)	6	--	--
(d) Long term loans & advances	14	1390.62	855.42
		25578.80	26671.22
<b>(2) Current Assets</b>			
(a) Current Investment	15	2679.34	2679.34
(b) Inventories	16	5752.55	5050.82
(c) Trade receivables	17	12101.52	12446.37
(d) Cash & bank balances	18	199.60	581.37
(e) Short term Loans & Advances	19	1145.46	905.48
(f) Other Current Assets	19 A	932.56	947.23
		22811.03	22610.61
<b>TOTAL</b>		<b>48389.83</b>	<b>49281.83</b>
Significant Accounting Policies & Explanatory Notes are an integral part of the financial statement	1 & 2		

As per our report of even date

For **LODHA & CO.**

Chartered Accountants

FRN: 301051E

**Gaurav Lodha**

Partner

M.No. 507462

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

**K V Singhal**  
GM (Legal) and  
Company Secretary

For and on behalf of Board

**Manish Bagrodia**  
Managing Director  
DIN 00046944

**Navpreet Kaur Boparai**  
Director  
DIN 00871195

Place: Chandigarh  
Date: 30-May-2017

# WINSOME YARNS LIMITED

## CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED OF 31st March 2017

(Rs. in Lacs)

PARTICULARS	Note No.	For the year ended 31st Mar 2017	For the year ended 31st Mar 2016
<b>I. Revenue from operations</b>			
Sales(Gross)	20	37131.36	37474.15
Less : Excise Duty		11.78	--
Net Sales		37119.58	37474.15
<b>II. Other Income</b>	21	185.86	429.77
<b>III. Total Revenue ( I+II)</b>		37305.44	37903.92
<b>IV. Expenses:</b>			
Cost of Material consumed		26022.45	25739.71
Purchase of stock-in-trade		34.12	141.55
Change in inventories of finished goods, work in progress and stock in Trade	22	(733.17)	(524.78)
Employee benefit expense	23	3232.57	2766.62
Financial costs	24	44.93	606.96
Depreciation and amortization expense	25	1742.18	1878.20
Other Expenses	26	8748.65	10285.80
<b>Total Expenses (IV)</b>		39091.73	40894.06
<b>V. Profit before exceptional items and tax ( III-IV)</b>		(1786.29)	(2990.14)
<b>VI. Exceptional Items</b>		--	4.77
<b>VII. Profit before tax(V-VI)</b>		(1786.29)	(2994.91)
<b>VIII. Tax Expense:</b>			
–Current Tax		--	--
–Previous Years Tax		--	--
–Deferred Tax {Refer Note no. 2.13}		5.97	--
<b>IX. Profit/(Loss) form the period from continuing operations (VII-VIII)</b>		(1792.26)	(2994.91)
<b>X. Profit /(Loss)from discontinuing operations</b>		--	--
<b>XI. Tax expense of discontinuing operations</b>		--	--
<b>XII. Profit/(Loss) from discontinuing operations( X-XI)</b>		--	--
<b>XIII. Profit/(Loss) for the period (IX+XII)</b>		(1792.26)	(2994.91)
<b>XIV. Earning per equity share :</b>			
- Basic (Rs.)		(2.53)	(4.23)
- Diluted(Rs.)		(2.53)	(4.23)
Significant Accounting Policies & Explanatory Notes are an integral part of the financial statement	1 & 2		

As per our report of even date

For **LODHA & CO.**

Chartered Accountants

FRN: 301051E

**Gaurav Lodha**

Partner

M.No. 507462

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

**K V Singhal**  
GM (Legal) and  
Company Secretary

For and on behalf of Board

**Manish Bagrodia**  
Managing Director  
DIN 00046944

**Navpreet Kaur Boparai**  
Director  
DIN 00871195

Place: Chandigarh  
Date: 30-May-2017

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2017

PARTICULARS	For the year ended 31st Mar 2017 (Rs. in lacs)	For the year ended 31st Mar 2016 (Rs. in lacs)
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS</b>	(1786.29)	(2990.14)
<b>Adjustment for:</b>		
Depreciation	1748.58	1884.60
Amortization of Leasehold Land	2.83	2.83
Pro rata Capital Subsidy	(9.23)	(9.23)
Effect of Exchange Fluctuation	44.95	(11.56)
(Profit)/Loss on sale of fixed assets	(0.59)	(2.87)
Interest expense	44.93	606.96
Written off Bad Debts	183.01	--
Provision for doubtful debts & advances	--	1164.28
Provision for doubtful debts & advances written back	(147.23)	(87.88)
Interest income	(36.97)	(55.66)
	<b>1830.28</b>	<b>3491.47</b>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>43.99</b>	<b>501.33</b>
<b>Adjustment for:</b>		
Trade & other receivable	(499.42)	(427.76)
Inventories	(701.72)	(765.70)
Trade & other Payables	1039.56	1088.24
	<b>(161.58)</b>	<b>(105.22)</b>
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(117.59)</b>	<b>396.11</b>
Direct Taxes Paid	--	--
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(117.59)</b>	<b>396.11</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(124.48)	(5.71)
Sale of fixed assets	1.30	13.62
Purchase of Investments	--	--
Interest Received	41.59	55.66
	<b>(81.59)</b>	<b>63.57</b>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(81.59)</b>	<b>63.57</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(44.93)	(2129.90)
Proceeds from borrowings	(152.00)	32455.46
Repayment of borrowings	1.39	(30527.77)
	<b>(195.54)</b>	<b>(202.21)</b>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(195.54)</b>	<b>(202.21)</b>
<b>(D) CHANGE IN CURRENCY FLUCTUATION RESERVE ARISING ON CONSOLIDATION</b>		
Effect on Exchange Fluctuation on Bank Balance	12.95	26.92
<b>Net Increase/(decrease) in cash and cash equivalents</b>	<b>(381.77)</b>	<b>284.39</b>
<b>Opening balance</b>		
Cash & Cash Equivalents	486.46	155.65
Others	94.91	141.33
	<b>581.37</b>	<b>296.98</b>
<b>Closing balance</b>		
Cash & Cash Equivalents	165.61	486.46
Others	33.99	94.91
	<b>199.60</b>	<b>581.37</b>

As per our report of even date

For **LODHA & CO.**  
Chartered Accountants  
FRN: 301051E

**Gaurav Lodha**  
Partner  
M.No. 507462

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

**K V Singhal**  
GM (Legal) and  
Company Secretary

For and on behalf of Board

**Manish Bagrodia**  
Managing Director  
DIN 00046944

**Navpreet Kaur Boparai**  
Director  
DIN 00871195

Place: Chandigarh  
Date: 30-May-2017

## **NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31st MARCH 2017.**

### **NOTE No. 1 SIGNIFICANT ACCOUNTING POLICIES OF HOLDING COMPANY FORMING PART OF THE ACCOUNTS**

#### **1.1. Basis of Accounting**

The Financial Statements are prepared as a 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 (the Act) 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 principles and mandatory accounting standards.

#### **1.2. Use of Estimates**

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and the estimates are recognised in the period in which the results are known /materialized.

#### **1.3. Revenue Recognition**

Revenue represents the net invoice value of goods and services provided to third parties after deducting discounts, volume rebates, outgoing sales taxes and duties, and are 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. Revenues from sale of material by-products are included in revenue.

Interest income is recognised on accrual basis in the income statement.

#### **1.4. 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.

#### **1.5. Fixed Assets**

Fixed Assets are stated at cost of acquisition inclusive of freight, duties, taxes and installation expenses less accumulated depreciation and impairment loss, if any.

#### **1.6. Expenditure during Construction Period**

All pre-operative project expenditure (net of income accrued) incurred upto the date of commercial production is capitalized and the same are allocated to the respective assets on the completion of the construction period.

#### **1.7. Depreciation**

- i. Depreciation on fixed assets is provided using Straight Line Method over their useful life as prescribed under Schedule II of the Companies Act, 2013. In respect of additions/extensions forming an integral part of existing plants and on the revised carrying amount of the assets identified as impaired on which depreciation is provided over residual life of the respective fixed assets. (read with para (ii) below).Continuous process plants as defined in Schedule II have been considered on technical evaluation.
- ii. Depreciation on additions/disposals is provided pro-rata with reference to the month of addition/ disposal.
- iii. Amortisation of leasehold land and buildings is done in proportion to the period of lease.
- iv. Capital Expenditure on assets not owned are written off over the duration of contract or ten years, whichever is lower.
- v. Fixed Assets costing Rs. 5000/- or less has been depreciated fully in the year of purchase.

#### **1.8. Intangible Assets**

Intangible Assets are stated at cost of acquisition less accumulated amortisation. Technical know-how is amortised over the useful life of the underlying plant.

Specialized Software is amortised over an estimated useful period of six year. Amortisation is done on straight line basis.

**1.9. 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 & spares is determined on weighted Average Cost Basis.

**1.10. Investments**

Long Term Investments are stated at cost. Provision for diminution in long term investments is made only if such decline is other than temporary. Current investments are carried at lower of cost or market price. Investments in foreign currency are stated at the rate of exchange prevalent on the date of investment.

**1.11. Foreign Currency Transactions**

- I. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- II. 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.
- III. Non monetary foreign currency items are carried at cost.

**1.12. Employees Benefits**

- I) Defined Contribution Plan:  
Employee benefits in the form of Provident Fund (with Government Authorities) are considered as defined contribution plan and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.
- II) Defined Benefit Plan:  
Retirement benefits in the form of Gratuity & Long Term compensated leaves are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.
- III) Other short term absences are provided based on past experience of leave availed. Actuarial gain/losses, if any, are immediately recognised in the Statement of Profit and Loss.

**1.13. Government Grants**

- I. Grants relating to fixed assets are shown as deduction from the gross value of fixed assets and those of the nature of project subsidy are credited to Capital Reserves.
- II. Other Government grants including incentives are credited to Statement of Profit and Loss or deducted from the related expenses.
- III. 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 & Loss.
- IV. 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.

**1.14. Provision for Current and Deferred Tax**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is reasonable/virtual certainty that asset will be realised in future.



# WINSOME YARNS LIMITED

## 1.15. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the statement of Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

## 1.16. Provision, Contingent Liabilities and Contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements. The claim raised by the company pending determination and adjudication are considered contingent and are accounted in the books of account on receipt.

## NOTE NO.2.

### 2.1 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 unrealized profits or losses as per Accounting Standard 21 - Consolidated Financial Statements as per 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;

S. No.	Name of the Subsidiary	% of Shareholding	Nature of Interest	Country of Incorporation	Year Ending	Period
1.	Winsome Yarns (Cyprus) Limited(WYCL)	100	Direct	Cyprus	31.03.2017	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	31.03.2017	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 audited standalone financial statements of Winsome Yarns (Cyprus) Limited & unaudited Winsome Yarns FZE have been considered.
- (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 a line-by-line consolidation using uniform accounting policies for like transactions and other events in similar circumstances. The effects of intra-group transactions and balances are eliminated in consolidation.
- VI. The difference 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 expenditure 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 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 a 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 (the Act) 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 principles and mandatory accounting standards.

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

S.No.	Particulars	2015 16	2014 15
(i)	Bills discounted with banks	561.49	181.80
(ii)	Sales Tax liability in respect of matters under appeal	67.09	64.64
(iii)	Excise duty show cause notices / matters under appeal	135.67	647.24
(iv)	Income Tax Demand	277.14	277.14
(v)	Outstanding bank guarantees	-	56.09
(vi)	Customs duty saved Rs. Nil (Previous year Rs. Nil lacs) for import of capital good made against EPCG license against which export obligations amounting to Rs. 210.31 lacs (Previous year Rs. 975.47 lacs) are pending. Non fulfillment of Export obligation will attract demand of Rs 45.56 Lacs (Previous year Rs. 187.50 lacs) (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 Rs. 14.40 lacs (Previous year Rs. Nil) net of payment Rs. 4.60 lacs (Previous year Rs. Nil), as certified by the management.

- 2.3 (A) (i) 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.

- (ii) (a) Appeals filed by the Company against its Lenders 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, against notice u/s 13(4) of the SARFAESI Act, 2002 issued by the lenders, have been admitted and the matter is pending before the hon'ble DRT.

- (b) The Company's requests to the lenders from time to time seeking permission for renewal and continuation of "Holding-on operations" in the banking accounts of the Company (which were unilaterally stopped by the banks on several occasions) have not been accepted and funds of the Company aggregating Rs.152.25 lacs (previous period Rs. 150.72 lacs) are lying in the current accounts/fixed deposit accounts resulting in sticking of the funds of the Company. The amount has been shown as part of Bank Balances in Note 18 of the Financial Statements. The Company has initiated actions for recovery of aforesaid amount and balance(s) in aforesaid bank accounts are subject to confirmation/reconciliation.

- (iii) 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 M/s 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. 5.1(b)].

- (iv) Canara Bank, State Bank of Patiala, UCO Bank, Oriental Bank of Commerce, Dena Bank, Indian Overseas Bank, Bank of India and Bank of Maharashtra had 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 impleadment of EARC in respect of Petitioning Banks who have assigned their debts EARC and adjudication by the Hon'ble DRT.
  - (v) The Company is in discussion with the Edelweiss Asset Reconstruction Company Limited (EARC) for a structured payment plan of its dues, which will be binding on all lenders on its finalization.
  - (vi) The Company is raising or has raised counter claim/s on the lender banks before the appropriate forum, as per advice of legal counsel in the matter. The counter claim of the Company against lender banks, which have assigned their debts to EARC is subject to failure of counter parties to the arrangement, to successfully implement the arrangement.
  - (B) The Company is in discussions with parties to settle matters in relation to: (a) petition filed by a lender bank of the Company before the Hon'ble High Court of Punjab and Haryana at Chandigarh, seeking winding up of the Company for non-payment of dues and (b) petition filed by an overseas party for recovery of amount in lieu of obligations performed by the said third party (the party had extended credit facilities to a subsidiary company on the basis of letter issued by the Company), which liabilities are un-provided in books of account.
- 2.4 (a) In the Extraordinary General Meeting of the Company held on 28/06/2010, the Members of the Company had approved the issue of new capital through Global Depository Receipts (GDRs), and 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 and allotted on 29/03/2011. 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 6,954,515 (INR 3721.05 Crores) stood remitted to India, which had been utilised for augmentation of working capital needs of the Company and a balance amount of US\$ 50,72,110 (INR 2679.34 Lacs) continues to remain invested in an overseas Money Market Fund outside India as on 31.03.2017, pending utilisation of such proceeds. The Company is regular in filing all due returns with RBI.
- (b) 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.
- 2.5 In accordance with Accounting Standard 28-' Impairment of Assets', the Company has identified its garmenting manufacturing facility (Knitwear Unit) located at Village B-58, Industrial Area Phase – VII, Mohali (Punjab), [Cash Generating Units (CGU)]. The CGU is engaged in manufacture of sweaters, pullover and garments of various sizes. Considering the continuing past losses of the CGU, during the period ended 30th September 2013, the Company on the basis of projected scale of operations and prevailing market conditions assessed that the recoverable value of the above CGU would be lower as compared to the carrying value, thus, indicating impairment. As a result of the impairment testing carried out as at 30th September 2013 by an independent expert, impairment loss of Rs. 2996.00 Lacs was estimated based on a comparison of the carrying value of the asset vis-a-vis recoverable value. Post the assessment of aforesaid impairment value of CGU, the Company has already charged an amount of Rs. 1646.10 Lacs on account of depreciation till the year end, and accordingly, the assessed amount of impairment loss has since been reduced to Rs. 1349.90 Lacs. The Management of the Company is of the view that in the recent past with growth in the textile market (Consumption) in general and considering the increasing demand for knitwear in the domestic market, the loss of impairment, if any would be much lower the amount as assessed/estimated by the independent expert. The aforesaid report of independent expert is under consideration of Board of Directors of the Company and accordingly impairment loss will be accounted as and when finally assessed.
- 2.6 (a) Receivables exceeding six months includes outstanding amount of overseas receivables for period over one year of Rs. 6173.48 Lacs (Previous year Rs.6173.94 lacs)(including exchange gain of Rs. 897.41 lacs (Previous year Rs.897.86 lacs) till 31.03.2017)[excluding as stated in note no. (b) below], where company is in process of filing necessary papers with appropriate authority for extension of time [read with note no.2.9 (a)]. In this regards, management is confident about full recovery / realisability considering the past performance of the customer and recovery initiative taken by the Company.
- (b) The trade receivable include certain overdue Trade Receivables/Other Receivables of Rs.3611.80 lacs. (Previous year Rs.4183.68 lacs)Considering the fact that management is confident about full recovery/realisability, no provision has been made in the books of account during the year.
- (c) (i) Debts (receivables)exceeding six months of Rs.50.07 lacs (including previous year Rs.49.96 Lacs, provision made in earlier years) and receivable from a Subsidiary Company have been written off, pending necessary approval of the AD/RBI.

- (ii) Certain Overseas Advance of Rs. 47.76 lacs (including provided/written off in previous year Rs. 43.86 lacs,) have been written off, pending necessary approval of the AD/RBI.
- (iii) Certain Overseas payables of Rs. 187.04 lacs (including previous year Rs.185.77 Lacs) have been written back/written off, pending necessary approval of the AD/RBI.
- (d) In earlier Year, certain adjustment/ set off in account of overseas receivables account of Rs. 92.43 Lacs have been carried out, where full detail could not be made available to the auditors as company is in process of compiling information's/details etc.
- 2.7. In earlier years, the company had accounted for Commission Income & Handling charges under head 'Revenue from Operations' receivable in foreign currency on accrual basis as per the terms of agreements. The Company has made provision against outstanding receivable amount of Rs. 944.33 Lacs and shown as part of "Exceptional Items" in the Statement of Profit & Loss in that respective previous year [which include commission income of Rs. 752.42 Lacs and Rs. 191.91 Lacs for Handling Charges (including exchange fluctuations)]. In this regard necessary approval for write off is pending from AD/RBI.
- 2.8. Overdue amount include Short Term Loans and Advances (including Other Current Assets) of Rs. 1611.71 lacs (Previous year Rs.1743.40 lacs)(including Refunds / Claims Receivables of Rs.33.51 Lacs, TUFS subsidy Rs. 899.05 lacs, capital advances of Rs. 250 lacs). 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.
- 2.9. The accumulated losses of the Company having exceeded its net worth, based on the audited accounts for the period ended 30<sup>th</sup> September 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) 1985 (SICA), The Company's Reference was registered on 10<sup>th</sup> April 2015. SICA has since been repealed with effect from 01<sup>st</sup> December 2016. The Company's net worth, which continued to be eroded, is likely to substantially improve on complete implementation of the debt restructuring plan of the Company. Considering the proposed rehabilitation 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.
- 2.10. Balances of certain Trade Receivables (including overseas overdue trade receivables as stated in note no. 2.8), Bank Balances (including bills discounted and outstanding Letter of Credit), Trade Payables (including of Associate Company of amounting to Rs.568.55 lacs), Secured Loans, Other Liabilities and Loans & Advances are in process of confirmation/ reconciliation. Contingent liabilities (read with note no. 2.1) has been considered as certified by the management as full details could not be made available to auditors. 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
- 2.11. (i) Auditors of the subsidiary company namely M/s Winsome Yarns (Cyprus) Limited (WYCL) has drawn attention regarding existence of a material uncertainty which may cast significant doubt as to Company's ability to continue as going concern in view of continuous losses and significant erosion of net worth of the company.
- (ii) Post 1st July, 2014 the company WYCL is required to apply certain new standards as per IFRS interpretation etc. for preparing the financial statement as per IFRS which company did not apply. However, as reported impact could not be material at this account.

## 2.12. Segment Reporting

- (i) The Company is 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 Lacs)

S. No.	Particulars	India	Outside India	Total
(i)	External Revenue-Sale*	28,482.36 (32,794.03)	8,637.22 (4,680.12)	37,119.58 (37,474.15)
(ii)	Carrying amount of segment assets by location of assets	39,197.92 (39,431.14 )	6371.06 (7,022.09)	45,568.97 (46,453.23)
(iii)	Capital Expenditure	- (-)	- -	- (-)

\* Includes Export Incentives of Rs. 410.66 Lacs (Previous Period Rs. 158.75 Lacs).

## WINSOME YARNS LIMITED

**2.13** As on 31st March 2017 the Company has net deferred tax assets (including of carry over losses and unabsorbed depreciation). However, considering the losses in recent past, deferred tax has been restricted to the amount of liability.

**2.14 Earnings per share:**

Basis for calculation of Basic and Diluted Earnings per Share is as under:

Particulars	2016-17	2015-16
Net Profit/(Loss) attributable to Equity Shareholders (Rs. in Lacs)	(1,792.26)	(2,994.91)
Weighted average number of equity shares for Basic EPS	7,07,07,229	7,07,07,229
Nominal Value per equity share (Rs.)	10	10
Basic/Diluted EPS (Rs.)	(2.53)	(4.23)

**2.15 Related party disclosures**

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

(A) Subsidiary Companies

- (i) (I) S.C. Winsome Romania s.r.l
- (II) I.M.M. Winsome Italia s.r.l (Subsidiary of (i) above)
- (III) S.C. Textil s.r.l. (Subsidiary of (II) above)

(B) Key management personnel and their relatives.

- Shri Satish Bagrodia Chairman
- Shri Manish Bagrodia 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^

Transactions with the Related Parties during the period ended 2016-17.

(Rs. in lacs)

Particulars	2016-17	2015-16
<b>Winsome Textile Industries Limited</b>		
Expenses incurred on our behalf	0.44	0.99
Expenses incurred by us on behalf of other	-	0.17
Balance Outstanding as at period end		
Receivable / (Payable)	(568.55)	(568.78)
<b>Shri Satish Bagrodia</b>		
Sitting Fees	0.10	0.35
<b>Shri Manish Bagrodia</b>		
Remuneration	19.54	19.54

# WINSOME YARNS LIMITED

<b>Shri Anand Bal Kishan Sharma<sup>^</sup></b>		
-Salary	17.41	17.41
<b>Shri K .V. Singhal<sup>^</sup></b>		
- Salary	11.86	11.86
<b>Starpoint Financial Services Pvt. Ltd.</b>		
Rent	18.62	29.10
Balance Outstanding as at period end		
Receivable / (Payable)	(17.00)	(26.22)
<b>S.C. Winsome Romania</b>		
Balance Outstanding as at period end		
Receivable / (Payable)	7.22	7.22
<b>IMM Winsome Italia</b>		
Balance Written off		
Balance Outstanding as at period end	149.18	149.18
Receivable / (Payable)		
<b>Winsome Yarn (Cyprus) Ltd.</b>		
Receivable / (Payable)	20.98	20.98
<b>Smt. Kalpana Sharma</b>		
-Salary	11.34	11.34
<b>Smt. Manju Singhal</b>		
-Salary	4.44	4.44

<sup>^</sup> pursuant to Companies Act 2013

- 2.16** (i)
- (a) Quantitative Consumption of raw material and stores & spares is derived as net of opening stock plus purchases less closing stock as item wise records as per system report while valuation has been certified by the Management.
- (b) The Company is in process of carrying out item wise reconciliation between item wise physical stock of Fixed Assets and inventories. To the extent assets and inventories have been physically verified by the management, no material discrepancies have been observed between the book record and physical quantity.
- (c) In view of Para (a) above, closing inventory of stock-in- process and finished goods has been considered as taken, valued and certified by the Management after providing against old /non-moving inventory as assessed/estimated by the Management and/or based on contracts /subsequent sales realization.
- (d) In view of security arrangement in place, the management is confident that there will not be any material adjustment on updation/completion of records of physical verification of inventory and fixed assets.
- 2.17** Due to financial strains and losses Company could not make due payments against various statutory dues (TDS, TCS, PF, ESIC, PWF, Service Tax, Sales Tax etc.) on due time and pending for payment at close of the period are on account of Provident Fund Rs. 29.34 lacs, ESI Rs. 6.77 and PWF Rs. 2.25 Lacs which have subsequently been paid. Penal interest and penalty in this regard (amount unascertained) if any, will be accounted for as and when the same is paid by the Company.
- 2.18** (i). Due to continuous losses and acute financial strain, the Company was unable to pay due installments and interest of term loan and certain overdue amount is continuing/ unpaid till date (as detailed in note no. 5.6). No provision for interest, as calculated/estimated by the Management on secured loans and short term borrowings amounting to Rs. 8026.61 Lacs (Including Rs.4574.10 Lacs previous year) and Rs. 10945.61 lacs (Including Rs.6008.98 Lacs previous year) respectively (of Banks) has been made in the books of account. The Company's proposal for restructuring of its borrowings is under discussion with the Edelweiss Asset Reconstruction Company Limited (EARC), holder of 83% of aggregate debts of the Company which will be binding on all lenders of the Company (Read with Note No. 2.2 (iii)). The Company will be giving effect to its liability on account of debts and interest in line with the sanction of restructuring scheme upon its sanction.

## WINSOME YARNS LIMITED

- (ii) Pending receipt of old dues against the TUFS subsidy claim filed by the Company with the Ministry of Textiles, Government of India, the Company has not recognized the claim amount of TUFS subsidy till the year ended March 31, 2017 amounting to Rs. 1801.20 Lacs (including Rs. 1801.20 Lacs previous year).

**2.19. Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016.**

	<b>SBNs</b>	<b>Other Denomination notes</b>	<b>Total</b>
Closing cash in hand and as on 08.11.2016	0.86	1.90	2.76
(+) Permitted receipts	0	11.79	11.79
(-) Permitted payments	0	7.04	7.04
(-) Amount deposited in Banks	0.86	4.30	5.16
Closing cash in hand as on 30.12.2016	0	2.36	2.36

**2.20.** As Winsome Yarns FZE has ceased operations and been defunct from last two year, Winsome Yarns (Cyprus) Limited has impaired its investment in Winsome Yarns FZE of € 6676.00 out of € 6677.00.

**2.21** During the year company was in process of appointing an independent director so that half of Board of Directors of the company consists of independent directors. The Company has appointed one independent woman director subsequent to March 31, 2017.

**2.22. Additional information to the Consolidated Financial Statement [to be read with note no.2.1(iii)] :-**

Name of the Entity	Net Assets i.e. Total Assets Minus Total Liabilities		Share in Profit/ (Loss)	
	As % of Consolidated Net Assets	Amount (Rs in Lacs)	As % of Consolidated Profit or Loss	Amount (Rs in Lacs)
<b>Parent:</b>				
Winsome Yarns Limited	100.14%	(16487.67)	89.62%	(1606.21)
<b>Subsidiary (Foreign)</b>				
Winsome Yarns (Cyprus) Limited	0.22%	(36.99)	10.38%	(186.03)
Winsome Yarns FZE	-0.18%	29.64	0.00%	0.00
Total Eliminations	-0.18%	29.73	0.00%	-
<b>Consolidated Net Assets/Loss after Tax</b>	<b>100.00%</b>	<b>(16,465.29)</b>	<b>100.00%</b>	<b>(1792.26)</b>

**2.23** Figures for the previous period have been re-grouped/recast wherever considered necessary to make them comparable with those of current period.

As per our report of even date

For LODHA & CO.  
Chartered Accountants  
FRN: 301051E

For and on behalf of Board

Gaurav Lodha  
Partner  
M.No. 507462

Anand Balkishan Sharma  
President (Corporate Finance)  
& Chief Financial Officer

K V Singhal  
GM (Legal) and  
Company Secretary

Manish Bagrodia  
Managing Director  
DIN 00046944

Navpreet Kaur Boparai  
Director  
DIN 00871195

Place: Chandigarh  
Date: 30.05.2017

# WINSOME YARNS LIMITED

(Rs. in lacs)

PARTICULARS	As at 31st March 2017	As at 31st Mar 2016
<b>NOTE 3 - SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
8,50,00,000 Equity Shares of Re.10/- each	8500.00	8500.00
(Previous Year 8,50,00,000 Equity Shares of Re.10/- each)		
<b>ISSUED</b>		
7, 10, 86, 829 Equity Shares of Re.10/- each	7108.68	7108.68
(Previous Year 7,10,86,829 Equity Shares of Re.10/- each)		
<b>SUBSCRIBED &amp; PAID UP</b>		
7,07,07,229 Equity Shares of Rs.10/- each	7070.72	7070.72
(Previous Year 7,07,07,229 Equity Shares of Re.10/- each)		
Amount Paid-up on shares forfeited	11.61	11.61
	<b>7082.33</b>	<b>7082.33</b>

## 2. Rights of Shareholders

- 2.1** 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 have the right in profit/surplus in proportion to amount paid up with respect to share holding. [Read with Note No. 2.3(b)].
- 2.2** 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.

## 3. Details of Shareholders holding more than 5%

Name of Shareholder	As on 31.03.2017 No. of Shares held	As on 31.03.2016 No. of Shares held
Shell Business (P) Ltd	2,14,12,414	2,07,21,244
Satyam Combines (P) Ltd	57,65,073	50,96,243
Aspire Emerging Funds	63,55,403	63,55,403

## 4. Reconciliation of Share capital

	Nos	Nos
Shares outstanding as at the beginning of the year	7,07,07,229	7,07,07,229
Issued during the year	--	--
Buyback during the year	--	--
Shares outstanding as at the end of the year	7,07,07,229	7,07,07,229

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

## NOTE 4- RESERVES & SURPLUS

### -Capital Reserve

As per last Balance sheet	261.03	261.03
Add: Addition	--	--
Less Adjustment	--	--
	<b>261.03</b>	<b>261.03</b>

### -Capital Redemption Reserve

As per Balance sheet	124.44	124.44
Add: Addition	--	--
Less Adjustment	--	--
	<b>124.44</b>	<b>124.44</b>

### -Securities Premium Account

As per last Balance sheet	5181.95	5181.95
Add: Addition	--	--
Less Adjustment	--	--
	<b>5181.95</b>	<b>5181.95</b>

### -State Investment Subsidy

As per last Balance sheet	25.00	25.00
Add: Addition	--	--
Less Adjustment	--	--
	<b>25.00</b>	<b>25.00</b>

### -Capital Subsidy Reserve

As per last Balance sheet	115.21	124.43
Add: Addition	--	--
Less Adjustment	9.23	9.23
	<b>105.98</b>	<b>115.20</b>

### -Foreign Currency Translation Reserve

As per last Balance sheet	351.08	324.15
Add: Addition	12.95	26.93
Less: Adjustment	--	--
	<b>364.03</b>	<b>351.08</b>

### -Statement of Profit & Loss Account

Surplus in statement of profit and loss from Previous year	(27817.79)	(24822.88)
Profit/(Loss) for the year	(1792.26)	(2994.91)
Surplus in statement of profit and loss carried to balance sheet	<b>(29610.05)</b>	<b>(27817.79)</b>
	<b>(23547.62)</b>	<b>(21759.09)</b>



# WINSOME YARNS LIMITED

				(Rs. In Lacs)
Particulars	As at 31.03.2017 Non Current	As at 31.03.2017 Current	As at 31.03.2016 Non Current	As at 31.03.2016 Current
<b>NOTE-5- LONG TERM BORROWINGS</b>				
<b>SECURED LOANS (Refer Note No. 2.2)</b>				
<b>Term Loans</b>				
- from Banks	1393.45	6823.45	2845.82	5371.09
Working Capital Term Loan	--	440.52	--	440.52
<b>Vehicle Loan</b>	--	--	--	1.39
<b>Term Loans -from ARC</b>	47071.08	--	47071.07	--
	48464.53	7263.97	49916.89	5813.00
Less: Current maturity of Long term borrowings	--	7263.97	--	5813.00
(Amount disclosed under other current liabilities Note No.10 )	48464.53	--	49916.89	--
<b>NOTE-6 DEFERRED TAX</b>				
<b>Deferred Tax Liability (DTL)</b>			As at 31.03.2017	As at 31.03.2016
Tax impact on difference between book value of depreciable assets and written down value for tax purposes			4388.30	4559.58
Total (A)			4388.30	4559.58
<b>Deferred Tax Assets (DTA)</b>				
Tax impact of expenses charged to Profit & Loss			80.17	65.81
Account but allowance under tax laws deferred				
Tax impact on doubtful debts & advances			531.28	87.70
Tax impact of unabsorbed depreciation and business losses (To the extent of Deferred Tax Liabilities			3776.85	4406.07
Total (B)			4388.30	4559.58
<b>Deferred Tax Asset / (Liability) (Net) { Refer Note 2.13}</b>			--	--
<b>NOTE-7 LONG TERM PROVISIONS</b>				
Provision for Employees Benefits			158.37	119.24
			158.37	119.24
<b>NOTE-8 SHORT TERM BORROWINGS</b>				
<b>SECURED LOANS</b>				
Working capital demand loan from Banks			--	--
			--	--
<b>NOTE-9 TRADE PAYABLES</b>				
- Total outstanding dues of micro enterprises and small enterprises			--	--
- Total outstanding dues of creditors other than micro enterprises and small enterprises			6194.90	5219.66
			6194.90	5219.66
<b>NOTE-10 OTHER CURRENT LAIBILITES</b>				
Current maturities of long term borrowings			7263.97	5813.00
Interest accrued and due on borrowings			1069.11	1069.11
Book Overdraft with Banks			38.32	187.54
Interest accrued but not due			--	0.01
Advance From Customers			409.15	284.61
-Capital payables			16.67	41.75
-Statutory Dues			56.47	195.50
-Others			1165.17	1097.11
			10018.86	8688.65



# WINSOME YARNS LIMITED

(Rs. In lacs)

As at  
31st March 2017

As at  
31st March 2016

## NOTE-11 SHORT TERM PROVISIONS

Provision for employee Benefits:

18.46	14.15
<u>18.46</u>	<u>14.15</u>

## NOTE NO. 12 FIXED ASSETS

(Rs. in lacs)

Nature of Assets	Gross Carrying Amount				Depreciation/Amortisation				Net Carrying Amount	
	As at 1.04.2016	Additions	Sale/ Adjustment	As at 31.03.2017	As at 1.04.2016	For the Year	Sale/ Adjustment	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Tangible										
Freehold Land	341.09	--	--	341.09	--	--	--	--	341.09	341.09
Leasehold Land	280.27	--	--	280.27	29.36	2.83	--	32.19	248.08	250.91
Buildings*	8623.49	19.77	--	8643.26	2482.35	256.65	--	2739.00	5904.26	6141.14
Plant & Machinery	39897.01	63.80	--	39960.81	20879.44	1473.98	--	22353.42	17607.39	19017.55
Furniture & Fixture*	369.59	0.16	--	369.75	332.69	8.06	--	340.75	29.00	36.90
Office Equipments	72.18	4.55	--	76.73	62.40	3.59	--	65.99	10.74	9.78
Vehicles	76.26	--	13.95	62.31	57.91	6.27	13.26	50.92	11.39	18.36
<b>Total (A)</b>	<b>49659.89</b>	<b>88.28</b>	<b>13.95</b>	<b>49734.22</b>	<b>23844.15</b>	<b>1751.38</b>	<b>13.26</b>	<b>25582.27</b>	<b>24151.95</b>	<b>25815.73</b>
Previous Year	49722.01	5.71	67.83	49659.89	22013.81	1887.41	57.07	23844.15	25815.74	27708.20
Intangible										
Specialized Software	63.67	--	--	63.67	63.61	0.03	--	63.64	0.03	0.07
<b>Total (B)</b>	<b>63.67</b>	<b>--</b>	<b>--</b>	<b>63.67</b>	<b>63.61</b>	<b>0.03</b>	<b>--</b>	<b>63.64</b>	<b>0.03</b>	<b>0.07</b>
Previous Year	63.67	--	--	63.67	63.58	0.03	--	63.61	0.06	0.09
<b>Grand Total</b>	<b>49723.56</b>	<b>88.28</b>	<b>13.95</b>	<b>49797.89</b>	<b>23907.76</b>	<b>1751.41</b>	<b>13.26</b>	<b>25645.91</b>	<b>24151.98</b>	<b>25815.80</b>
Previous Year	49785.68	5.71	67.83	49723.56	22077.39	1887.44	57.07	23907.76	25815.80	27708.29

\*Building and Furniture & Fixtures includes capital expenditure incurred on assets/addition not owned by the Company Rs. 41.18 Lacs (Gross) and Rs. 56.94 Lacs (Gross) (Previous year Rs. 41.18 Lacs and Rs. 56.94 Lacs) and net Rs. NIL and Rs. 2.85 Lacs, respectively (Previous year Rs. Nil and Rs. 2.85 Lacs respectively).

## NOTE – 13 NON-CURRENT INVESTMENTS

### Unquoted

#### Subsidiary Companies (Wholly owned)

90 Equity Shares of S.C. Winsome Romania S.r.l. face value of RON 30 each (Previous year 90 shares of RON 30 each)

Less : Provision for Diminution in Investment

0.52	0.52
<u>0.52</u>	<u>0.52</u>
--	--

1800000 Preference Shares of Winsome Yarns (Cyprus)

Limited of 1 Euro each (Previous Year 1800000 shares)

Less : Provision for Diminution in Investment

--	--
<u>--</u>	<u>--</u>

Aggregate amount of unquoted investment

Aggregate amount of provision for diminution in value of investment

0.52	0.52
<u>0.52</u>	<u>0.52</u>

## NOTE – 14 LONG TERM LOANS & ADVANCES

(Unsecured, considered good unless otherwise stated)

Capital Advances	250.00	250.00
Security Deposits	--	--
With Govt	401.50	401.50
With Others	20.50	21.59
Advance Against Restructuring	663.24	113.24
Other Loans & advances	11.02	18.66
-MAT Credit Entitlement	44.36	50.43
	<u>1390.62</u>	<u>855.42</u>

# WINSOME YARNS LIMITED

	(Rs. In lacs)	
	As at 31st March 2017	As at 31st March 2016
<b>NOTE – 15 CURRENT INVESTMENTS</b>		
Investment in Money Market	2679.34	2679.34
(5072.11 redeemable shares of USD 1000 each in Aries Money Market Fund) (previous year 5072.11 redeemable shares of USD 1000 each) Ref note no. 2.4	<u>2679.34</u>	<u>2679.34</u>
<b>NOTE – 16</b>		
<b>INVENTORIES (At lower of cost and net realizable value)</b>		
(As taken, valued and certified by the management)		
Raw Materials	1059.18	1001.44
Stock in Process	2192.39	1537.49
Stores & Spares	139.61	135.57
Finished Goods *	2085.89	2007.62
Waste (At net realizable value)	275.48	368.70
	<u>5752.55</u>	<u>5050.82</u>
*Includes in transit Rs.159.44Lacs (Previous Year Rs.396.16 Lacs)		
<b>NOTE – 17 TRADE RECEIVABLES</b>		
(Unsecured, considered good unless otherwise stated )		
- Exceeding Six months from due date		
-Good	9925.06	10357.75
-Doubtful	1372.66	1440.24
Less : Provision for Doubtful Debts	<u>1372.66</u>	<u>1440.24</u>
	9925.06	10357.75
- Other Debts	<u>2176.46</u>	<u>2088.62</u>
Total	<u>12101.52</u>	<u>12446.37</u>
<b>NOTE – 18 CASH &amp; BANK BALANCES</b>		
<b>CASH &amp; CASH EQUIVALENTS</b>		
Cash in hand (as certified by management)	1.12	1.15
Balances with Banks		
-On Current Accounts	164.49	485.31
<b>Earmarked balances</b>		
- On Margin Account	3.33	1.69
- On Fixed Deposit Account ( Lodged with Banks as Margin )\$	<u>30.66</u>	<u>93.22</u>
	<u>199.60</u>	<u>581.37</u>
\$ Includes FDR's with maturity of more than 3 months		
<b>NOTE – 19 SHORT TERM LOANS &amp; ADVANCES</b>		
(Unsecured, Considered Good unless otherwise stated)		
Advance Income Tax including TDS	97.16	98.84
Refunds/Claims Receivable	116.96	105.69
( Net of Provision for Doubtful Claim receivable of Rs.346.67 lacs)		
Balances with government authorities*	62.82	68.96
Advance against Restructuring	115.91	69.54
Advances to suppliers	636.59	413.50
Others	121.02	148.96
	<u>1145.46</u>	<u>905.48</u>
<b>NOTE – 19 A</b>		
Interest Subsidy Receivable (Under TUFS)	899.05	899.05
Interest Accrued	<u>33.51</u>	<u>48.18</u>
	<u>932.56</u>	<u>947.23</u>

# WINSOME YARNS LIMITED

Particulars	(Rs. In lacs)	
	As at 31st March 2017	As at 31st March 2016
<b>NOTE-20 REVENUE FROM OPERATION</b>		
<b>Sale of Product</b>		
-Yarns*	33571.20	34420.28
-Knitwear*	1326.07	496.00
-Trading Sale Knitwear	--	58.44
-Trading Sale Yarns	70.21	65.95
(A)	<u>34967.48</u>	<u>35040.67</u>
<b>Sale of Services</b>		
-Job Charges	31.45	80.91
(B)	<u>31.45</u>	<u>80.91</u>
<b>Other operating revenue</b>		
Waste Sales	2114.45	2339.04
Sale of Scrap	17.98	13.53
(C)	<u>2132.43</u>	<u>2352.56</u>
<b>Less : Excise Duty</b>	11.78	--
<b>Net revenue from operation (Total A+B+C)</b>	<u>37119.58</u>	<u>37474.15</u>
*includes duty drawback & DEPB of Rs 410.66 lacs (P.Y 157.75 Lacs)		
<b>NOTE -21 OTHER INCOME</b>		
Interest Received	36.97	55.66
Profit on Sale of Fixed Assets	0.59	2.87
Liability/Balances written back ( Net )	147.23	87.89
Miscellaneous Income	1.07	283.35
	<u>185.86</u>	<u>429.77</u>
<b>NOTE -22 CHANGE IN INVENTORIES OF FINISHED GOODS, WIP STOCK AND STOCK IN TRADE</b>		
<b>Closing Stock</b>		
Finished Goods		
- Yarn	1776.27	1749.87
- Knitwear	309.62	257.75
	<u>2085.89</u>	<u>2007.62</u>
<b>Stock in Process</b>		
- Yarn	2148.31	1499.76
- Knitwear	44.08	37.73
	<u>2192.39</u>	<u>1537.49</u>
(A)	<u>4278.28</u>	<u>3545.11</u>
<b>Less : Opening Stock</b>		
<b>Finished Goods (Yarn)</b>		
- Yarn	1749.87	1288.59
- Knitwear	257.75	304.02
	<u>2007.62</u>	<u>1592.61</u>
<b>Stock in Process</b>		
- Yarn	1499.76	1329.43
- Knitwear	37.73	98.29
	<u>1537.49</u>	<u>1427.72</u>
(B)	<u>3545.11</u>	<u>3020.33</u>
Differential excise duty on (increase)/decrease in stock	--	--
(Increase) /Decrease in Stocks(B-A+C))	<u>(733.17)</u>	<u>(524.78)</u>

# WINSOME YARNS LIMITED

	(Rs. In lacs)	
	As at 31st March 2017	As at 31st March 2016
<b>NOTE-23 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages, Bonus, etc	3006.56	2547.61
Contribution to Provident & Other Funds	162.70	147.21
Employees Welfare	63.31	71.80
	<u>3232.57</u>	<u>2766.62</u>
<b>NOTE-24 FINANCIAL EXPENSES</b>		
Interest on Borrowings	44.93	606.96
	<u>44.93</u>	<u>606.96</u>
<b>NOTE-25 DEPRECIATION &amp; AMORTISATION EXPENSES</b>		
Depreciation	1751.38	1887.40
Less : Prorata Capital Subsidy	9.23	9.23
Amortisation	0.03	0.03
	<u>1742.18</u>	<u>1878.20</u>
<b>NOTE-26 OTHER EXPENSES</b>		
Stores & Spares consumed	1458.32	1451.64
Power & Fuel	3534.79	4375.60
Repairs & Maintenance		
-Building	23.61	18.80
-Plant & Machinery	45.83	50.04
-others	72.98	66.14
Processing Charges & Dyeing Charges	1232.71	866.76
Material Handling Charges	27.08	41.69
Rent	48.45	61.21
Rates & Taxes	1.89	4.42
Printing & Stationery	4.75	6.96
Director sitting Fee	2.43	2.84
Insurance	53.79	57.57
Delay Payment Charges (Interest payment to cotton suppliers)	254.03	281.37
Bank Charges	9.09	5.21
Traveling & Conveyance	249.85	246.78
Postage, Telegrams and Telephones	42.06	30.84
Legal & Professional Charges	196.28	220.71
Charity & Donation	5.60	0.66
Amount Written Off	183.01	--
Provision for Doubtful Debts	--	1164.28
Provision for Doubtful Advances	--	346.67
Exchange Rate Difference (net)	79.59	15.92
- Audit Fees	6.28	6.45
- Tax audit Fees	0.40	0.41
- Other services	1.43	5.22
-Reimbursement of expenses	<u>0.93</u>	<u>3.05</u>
Commission on sales	350.27	256.62
Freight & Handling Charges	333.44	251.82
Advertisement & Other Selling Expenses	298.86	279.72
Miscellaneous Expenses	230.90	166.40
	<u>8748.65</u>	<u>10285.80</u>

**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@winsomergroup.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 :

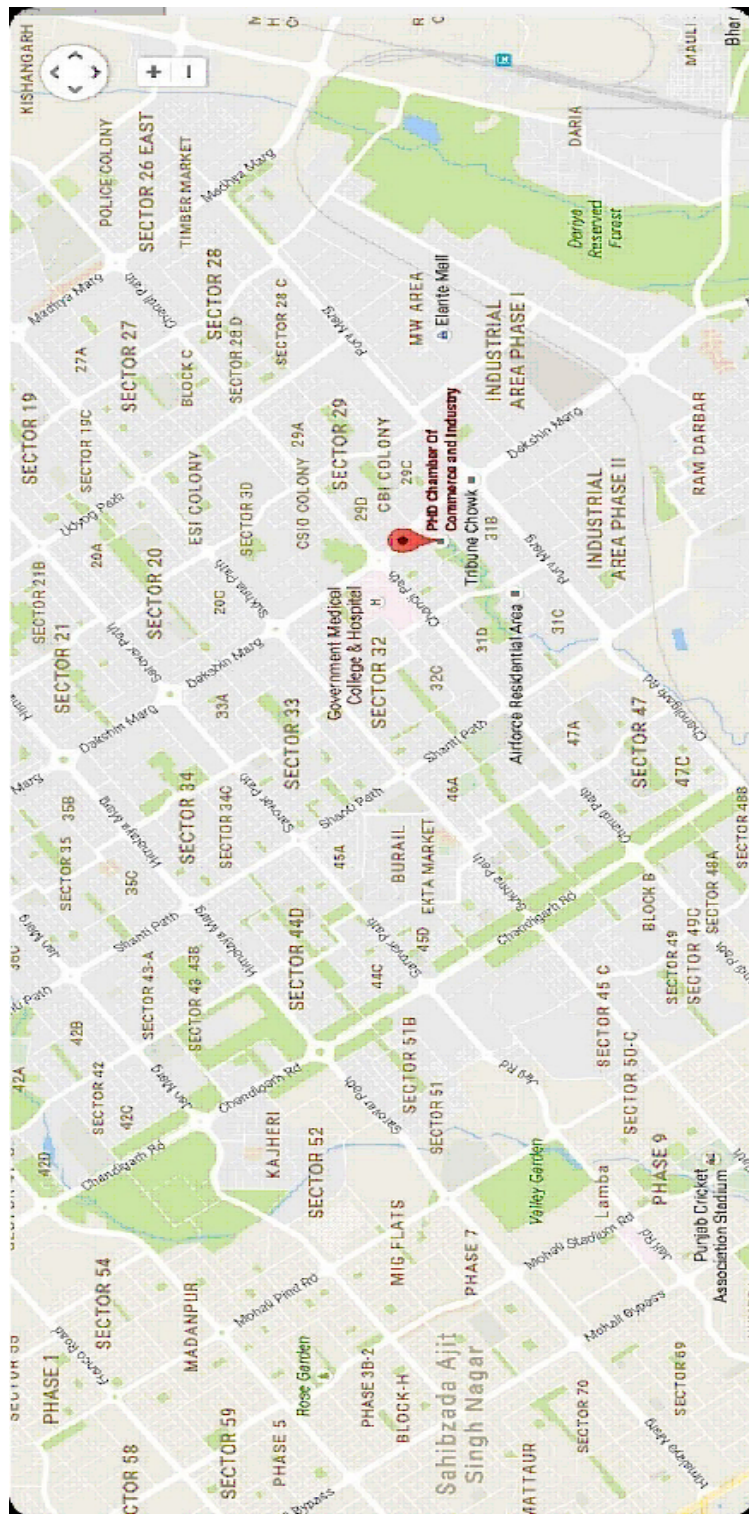
Email :

I/We hereby record my presence at the **27th ANNUAL GENERAL MEETING** of the Company at PHD Chamber of Commerce and Industry, Regional Office, PHD House, Sector 31-A, Chandigarh on Monday the **4th of September, 2017 at 11.30 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	OPTIONAL	
ORDINARY BUSINESS		FOR	AGAINST
1	Adoption of Audited Financial Statement of the Company for the Financial Year ended 31.03.2017 together with the Reports of the Board of Directors and Auditors thereon.		
2	Appoint a Director in place of Shri Satish Bagrodia, who retires by rotation and being eligible offers himself for re-appointment.		
3	To appoint M/s.K. R. & Co., Chartered Accountants, as Statutory Auditors of the company and fixing their remuneration.		
SPECIAL BUSINESS			
4	Appointment of M/s Balwinder and Associates as Cost Auditor of the Company and fixing their remuneration.		
5	To appoint Ms.Navpreet Kaur Boparai as Independent Director of the company.		

# ROUTE MAP of place where holding the Annual General Meeting



**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

**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:.....Address.....  
Email id:.....Signature.....or failing him;.....
- (2) Name:.....Address.....  
Email id:.....Signature.....or failing him;.....
- (3) Name:.....Address.....  
Email id:.....Signature.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **27th Annual General Meeting** of the company, to be held on Monday, the **4th September, 2017 at 11.30 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, 2017.

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.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Annual General Meeting.
3. 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.

If undelivered, please return to:  
Winsome Yarns Limited  
Regd. Office: SCO 191-192,  
Sector 34 A, Chandigarh - 160 022  
INDIA

*japnika 9815559966*