

WINSOME YARNS LIMITED

25TH ANNUAL REPORT **2014-15**



Winsome Yarns Limited



**IS/ISO
9001**



BOARD OF DIRECTORS

Shri Satish Bagrodia	Chairman
Shri Pradeep Kumar	Independent Director
Shri K. P. Ramakrishnan	Independent Director
Shri Suresh Kumar Singla	Director (PSIDC-Nominee)
Shri Brij Mohan Padha	Director (PNB-Nominee)
Ms. Ishika Aggarwal	Independent Director (Woman)
Shri Manish Bagrodia	Managing Director

CHIEF FINANCIAL OFFICER

Shri Anand Balkishan Sharma

G.M. (LEGAL) & COMPANY SECRETARY

Shri K. V. Singhal

AUDITORS

M/s Lodha & Co.
Chartered Accountants
12, Bhagat Singh Marg
New Delhi-110001

BANKERS

Canara Bank
State Bank of Patiala
Punjab National Bank

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

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NOTICE

NOTICE is hereby given that the 25th Annual General Meeting of the Members of Winsome Yarns Limited, will be held on Wednesday, the 23rd day of September, 2015 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 Statement of the Company for the Financial Year ended March 31, 2015 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 ratify the appointment of M/s Lodha & Co., Chartered Accounts (Firm Registration No. 301051E) as Statutory Auditors of the Company for the year 2015-16 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, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the Company hereby ratify the appointment M/s Lodha & Co., Chartered Accountants, (Firm Registration No. 301051E) as the Statutory Auditors of the Company for the financial year 2015-16 to hold the office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting at a remuneration to be decided by the Managing Director of the Company in consultation with the Auditors plus applicable service tax and re-imbursment of out of pocket expenses incurred by them for the purpose of audit.”

SPECIAL BUSINESS:**ITEM NO. 4**

To appoint Ms. Ishika Aggarwal as an Independent Director of the Company and to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 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 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Ishika Aggarwal (DIN:07143844), 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 his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for a term of consecutive five years starting from the date of this Annual General Meeting to the conclusion of 30th Annual General Meeting of the Company.”

ITEM NO. 5

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 2015-2016 at a remuneration to be proposed by the Managing Director in consultation with the Cost Auditor, subject to approval of the shareholders of the Company.

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 service tax 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 2015-16.”

For and on behalf of the Board

Place : Chandigarh
Dated : 28.05.2015

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, 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. According to section 205(A)(5) of the Companies Act, 1956, the unclaimed/ unpaid dividend for the year 2006-07 have been transferred to Investor Education and Protection Fund on 21.11.2014. As per amended section 205B, nothing contained in this section shall apply to any person claiming to be entitled to any money transferred to the fund referred to in section 205C on and after the commencement of the Companies (Amendment) Act, 1999.
10. The notice of AGM along with Annual Report 2014-15 is being sent by electronic mode to those Members whose 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.
11. Item No. 2 - Shri Satish Bagrodia aged about 76 years is B.Sc. Engg. (Mech.), FIE. He has more than 49 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.
12. A Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business is annexed hereto.
13. The Register of Members and Share Transfer Books of the Company will remain closed on **09.09.2015 to 11.09.2015** (both days inclusive).

E-voting Procedure

14. The instructions for shareholders voting electronically are as under:
 - (i) The E-voting period begins on **20.09.2015 at 9.00 a.m.** IST and ends on **22.09.2015 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 (**16.09.2015**), 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.
 - (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 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.	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> 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. 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.
Date of Birth or Date of Incorporation	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
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> <ul style="list-style-type: none"> 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 Dividend Bank details field as mentioned in instruction (iv).

- (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.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (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) Note for Non – Individual Shareholders and Custodians.
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - 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 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.
- (xix) 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, under help section or write an email to 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.

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The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website and on the website of CDSL within 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. 4

Pursuant to the provisions of clause 49 of Listing Agreements, entered with the Stock Exchanges and section 149 of Companies Act 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2014, which came in to effect from April 1, 2014, every listed public Company is required to have at least one-third 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 in their meeting held on 31.03.2015, the Board of Directors by resolution no. 4/2015 dated 31.03.2015 has appointed Ms. Ishika Aggarwal as an Additional Independent Director of the Company for a term of consecutive five years.

Ms. Ishika Aggarwal, 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 Clause 49 of 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. Ishika Aggarwal is given hereunder:-

Name of Director	Ms. Ishika Aggarwal
DIN	07143844
Date of Birth	20.11.1983
Brief Profile	Ms. Ishika Aggarwal, a Masters in Business Administration from France has overall experience of more than 10 years in various aspects of management. She has worked with two of the big four audit/ consulting firms of India. During her engagement with Ernst & Young as Risk Analyst and with Deloitte Consulting, Strategy and Operations, she worked of projects like Finance Shared Services project for a leading telecom service provider, Captive Strategy project for a leading global financial services firm, vendor management project for a leading resource organisation, diagnostic for finance shared services at a leading hospital chain and was core tam member representing Deloitte as knowledge partner at All India Management Association. Presently she is a Freelance Consultant.
Qualifications	Bachelor of Science and Masters of Business Administration
Directorship held in other Companies.	Nil
Membership/ Chairmanship of Committees of other public Companies .	Nil
Shareholding in the Company	Nil

Ms. Ishika Aggarwal is interested individually in the Resolutions relating to her appointment. None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Resolutions.

The Board recommends this Resolution for approval of the shareholders.

ITEM NO. 5

The Board of Directors after considering the recommendations of Audit Committee have appointed M/s Balwinder and Associates, Cost Accountants, as Cost Auditor of Company for the Financial Year 2015-16 to conduct the Cost Audit of Cost Accounts of the Company on a total remuneration of Rs. 75000/- (Rupees Seventy five thousand only) plus service tax 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.

For and on behalf of the Board

Place : Chandigarh
Dated : 28.05.2015

Manish Bagrodia
Managing Director

DIRECTORS' REPORT

Dear Members,

We are pleased to present the 25th Annual Report of the Company and the audited statement of accounts for the year ended 31st March, 2015. A summary of the financial results is given below. The performance of the Company during the year has been adversely affected due to higher input costs on the one hand and pressure on selling prices on the other, because of demand recession. Labour relations at all the plants are cordial and an atmosphere of mutual trust and confidence prevails.

SUMMARISED FINANCIAL RESULTS:

Financial Hilights	Year ended 31.03.2015* (Rs. in lacs)	Year ended 30.09.2014 (Rs. in lacs)
Revenue from Operations	20452.49	40660.72
Profit before Interest, Depreciation & Tax	(3525.83)	(1909.55)
Less: Interest	275.29	6133.15
Profit /(Loss) before Depreciation	(3801.12)	(8042.70)
Less: Depreciation	873.59	2176.27
Profit/ (Loss) before Taxes	(4674.71)	(10218.97)
Exceptional items	–	944.33
Less : – Current Tax	–	–
– Previous years Tax	–	–
– Deferred Tax	–	–
Net Profit/ (Loss) after Taxes	(4674.71)	(11163.30)
Add : Surplus brought forward from previous year	(19903.09)	(8739.79)
Balance Carried to Balance Sheet	(24577.80)	(19903.09)

* Period from 01.10.2014 to 31.03.2015 (6 months)

OPERATIONS & PERFORMANCE:

During the period under review, the Company's operation remained at near similar levels as previous year. However, due to accumulated losses of earlier years, the Company continued to face a strain on its working capital resources, which in turn impacted the overall profitability and capacity utilization of the plant. Despite the liquidity constraints the Company continued maintaining production activity at all its facilities, and was able to retain its dealings with suppliers and customers.

The overall performance of the Company for the period of 6 months ended 31.03.2015 was a loss of Rs. 4674.71 lacs in comparison to the net loss of Rs. 11163.30 lacs of previous period of 12 months ended 30.09.2014. During the period under review, your Company has achieved a turnover of Rs. 20452.49 lacs against the previous year's (12 months) turnover of Rs.40660.72 lacs.

During the period under review the Company was unable to fulfill its sales commitments to its customers as no financial assistance or utilisation of sanctioned facilities was available to the Company, and that the latter has had to suffer losses and make provisions for loss in value of inventories and was unable to recover full amounts from its several customers outstanding for long. The Company expects that the lenders will accede to its requests and permit dealings to the Company so that business is not lost and operations stabilize at higher levels.

EROSION OF ENTIRE NET WORTH:

Consequent to accumulated losses of the Company exceeding its net worth during the accounting period ended 30th September 2014, and the Company having become a sick industrial company within the meaning of section 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act. 1985, a Reference was filed by the Company before the Hon'ble Board for Industrial and Financial Reconstruction (BIFR).

The Company will be proposing a comprehensive scheme for restructuring of its business and affairs, and is keen that the said scheme is considered and approved by all stakeholders, and sanctioned by the Hon'ble BIFR. The scheme to be proposed by the Company will incorporate the restructuring as may have been sanctioned by lenders and other stakeholders by such time.

OUTLOOK:

The Company's restructuring last carried out in 2009 is no longer under the monitoring of CDR Forum. However the Company has submitted rehabilitation cum settlement proposal to all its lenders and is hopeful of its early consideration.

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The Management of the Company is discussing various options for restructuring of debts and its proposal to the lenders is based, inter-alia, on the following:

- Restructuring / realignment / re-sizing of its the debts in accordance with various Guidelines and precedents, which will help reduce costs on account of interest.
- Improving operational efficiencies, and rationalization of manpower and other costs.
- Continually developing lower cost variants of value added yarns.
- Disposal of noncore assets to generate funds to augment working capital resources.

The Company's proposal to its lenders also envisages that petitions and applications pending before various Courts, amongst others, under Recovery of Debts Due to Banks and Financial Institutions Act, 1993 Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, will stand compromised with both parties giving up their respective claims and the Company being required to pay restructured amount of debt.

The lenders had appointed a Techno-Economic expert to assess viability of the Company's plant and its operations, which report is awaited, and a decision in the matter may emerge soon thereafter.

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 31.03.2015, 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 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:

- Ms. Ishika Aggarwal has been appointed as an Additional Director on 31.03.2015 of the Company for a period of five years pursuant to the provisions of Sections 149, 152 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. Ishika Aggarwal is Bachelor of Science and Masters of Business Administration. This had also fulfill the requirement of having a woman Director on the Board of Directors under the Companies Act, 2013.
- Shri K. P. Ramakrishnan has been appointed as an Additional Director on 29.11.2014 of the Company for a period of five years pursuant to the provisions of Sections 149, 152 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). Shri K. P. Ramakrishnan is B.Tech (Metallurgy) from IIT, Chennai. He has around 36 years of experience in Banking Sector and has worked at various levels in different locations in India. He retired as Chief General Manager from IDBI Bank in 2014.

- (c) Shri B. M. Padha was nominated as director of the Company by Punjab National Bank and the Board of the Company has appointed w.e.f. 18.10.2014 as Nominee Director of the Company.
- (d) Shri Satish Bagrodia, Director, retires by rotation and being eligible, offers himself for re-election.
- (e) 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 required under the provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement.

BOARD EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual evaluation of its own performance, the directors individually, as well as the evaluation of the working of its Committees. At the meeting of the Board all the relevant factors that are material for evaluating the performance of individual Directors, the Board and its various committees were discussed in detail. A structured questionnaire each for evaluation of the Board, its various Committees and individual Directors was prepared and recommended to the Board by Nomination & Remuneration Committee for doing the required evaluation after taking into consideration the input received from the Directors covering various aspects of the Board's functioning and its Committees, execution and performance of specific duties, obligations and governance etc.

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

NO. OF BOARD MEETINGS:

Three board meetings were convened and held during the financial year 2014-15, comprising a period of 6 months from 01.10.2014 to 31.03.2015. The details thereof are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

AUDITORS:

M/s. Lodha & Co., Chartered Accountants (Firm Registration Number: 301051E), who are Statutory Auditors of the Company hold office up to the forthcoming Annual General Meeting and are recommended for re-appointment to audit the accounts of the Company for the Financial Year 2015-16. As required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained written confirmation from M/s Lodha & Co. that their appointment, if made, would be in conformity with the limits specified in the said Section.

AUDITORS' REPORT:

The Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the financial year ended March 31, 2015. The explanation/ comments of the Board on every qualification/ reservation or adverse remarks given by the Auditor in its report is annexed herewith as **Annexure 'A'**.

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 2015-16 on a remuneration to be decided by the Managing Director of the Company in consultation with the Cost Auditor, subject to approval of the shareholders of the company. The Cost Audit of Textile Industry was not required for the financial year 2014-15.

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. Girish Madan & Associates, a firm of Company Secretaries in practice (C.P. No. 3577) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the financial year ended 31st March, 2015 is annexed herewith as **'Annexure 'B'** 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

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in terms of the Companies (Acceptance of Deposits) Rules, 2014.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors acknowledge the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 in the preparation of annual accounts for the year ended on 31st March, 2015 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 Clause 49 of the Listing Agreement 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 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:

The Nomination and Remuneration Committee of the Company comprising Shri Pradeep Kumar as Chairman, Shri Satish Bagrodia, Shri K. P. Ramakrishnan and Shri S. K. Singla as its Members, met two times during the year. The Committee formulated Remuneration Policy which is attached as **Annexure 'C'** 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 Clause 49 of the Listing Agreement 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-à-vis the Company.