

**28th
Annual Report
2017-18**



Winsome Yarns Limited

BOARD OF DIRECTORS

Shri Pradeep Kumar
Ms. Navpreet Kaur Boparai
Shri Manish Bagrodia

Independent Director
Independent Director (Woman)
Managing Director

CHIEF FINANCIAL OFFICER

Shri Anand Balkishan Sharma

G.M. (LEGAL) & COMPANY SECRETARY

Shri K. V. Singhal

AUDITORS

M/s K. R. & Co.
Chartered Accountants
PU-53, Vishakha Enclave
Pitampura, New Delhi-110088

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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WINSOME YARNS LIMITED

CIN : L17115CH1990PLC010566

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

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

E-mail : cshare@winsomergroup.com**NOTICE**

NOTICE is hereby given that the 28th Annual General Meeting of the Members of Winsome Yarns Limited, will be held on Friday, the 28th day of September, 2018 at 3.30 p.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, 2018 together with the Reports of the Board of Directors and Auditors thereon.

ITEM NO. 2

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

ITEM NO. 3

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

“RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable and pursuant to the recommendations of the Audit Committee, M/s. Khandelwal and Sharma, Chartered Accountants (FRN- 510525C), having its office at 407, South-Ext. Plaza-II, South Extension-2, New Delhi-110049 be appointed as statutory auditors of the Company for a period of one year, to hold office from the conclusion of this 28th Annual General Meeting (AGM) until the conclusion of the 29th AGM in place of M/s. K. R. & Co., Chartered Accountants (Firm Registration No. 025217N) who submitted their unwillingness to be ratified to be statutory auditors of the company at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company.”

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 2018-2019.

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 2018-19.”

ITEM NO. 5

To approve the payment of remuneration to the Managing Director of the Company for remaining period of his appointment from 01.07.2017 to 30.06.2019, and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**:

“RESOLVED THAT in accordance with the provisions of Sections 197, 198 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the payment of remuneration to Shri Manish Bagrodia as Managing Director of the Company for the balance period of two years i.e. from 01.07.2017 to 30.06.2019 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said remuneration as it may deem fit and as may be acceptable to Shri Manish Bagrodia, subject to the same not exceeding the limits specified under Schedule V to the

Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

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

For and on behalf of the Board

Place : Chandigarh
Dated : 13.08.2018

Manish Bagrodia
Managing Director

NOTES :

1. **Members who are holding the shares in demat form and not registered their PAN, Bank details and e-mail address so far are requested to register their PAN, Bank details and e-mail address with the Depository Participants (DP) where they are maintaining their demat account(s). Further the members who are holding the shares in physical form are requested to transfer their physical shares in demat account as soon as possible. The transfer of physical shares shall not be entertained (except transmission or transposition) after 5th December, 2018 as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018.**
2. A member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.
3. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
4. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
5. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
6. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/ RTA.
8. M/s Link Intime India Pvt. Limited, 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 is being sent by electronic mode to those members whose valid e-mail addresses are registered with the Company/Depositories, unless any member has requested for a physical copy of the same. The members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
10. Item No. 2 - Shri Manish Bagrodia aged about 50 years is M.Com, Diploma in Computer Applications having around 30 years of experience in Textile Industry. He is holding 52040 shares of the company. Presently, he is Managing Director of Winsome Yarns Limited, and Directors of Inde Dutch Engineering & Aerospace Services Ltd., IDS-Argus Healthcare Services Pvt. Limited, Winsome Yarns (Cyprus) Limited, IDS Infotech (UK) Limited and Confederation of Indian Textile Industry. He is also member of Audit Committee and Stakeholders Relationship Committee and Chairman of Risk Management Committee of Winsome Yarns Limited.
11. A Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business is annexed hereto.
12. The Register of Members and Share Transfer Books of the Company will remain closed on **19.09.2018 to 20.09.2018** (both days inclusive).

Remote e-voting Procedure

13. The instructions for shareholders voting electronically are as under:

(i) The remote E-voting period begins on **25.09.2018 at 9.00 a.m.** IST and ends on **27.09.2018 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 (**21.09.2018**), may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (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.
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> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on the Covering Letter in the PAN field. 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.
Dividend Bank Details or Date of Birth/ Date of Incorporation	<p>Enter the Bank Details or Date of Birth/ Date of Incorporation in dd/mm/yyyy format as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> 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 on which you choose to vote.
- xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take a print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvii) If a demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.

xix) Note for Non - Individual Shareholders and Custodians.

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com 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 linked on the login 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.

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, 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.

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. 3

To appoint M/s. Khandelias and Sharma, Chartered Accountants (FRN- 510525C), as Statutory Auditors of the Company.

M/s. K. R. & Co., Chartered Accountants were appointed as auditors at 27th AGM held on 4th September 2017 for a period of five years, subject to ratification by members at every AGM until the conclusion of the 32nd AGM of the Company. Statutory Auditor M/s K. R. & Co. had submitted to the Board their unwillingness to be ratified as Statutory Auditor of the company vide its letter dated 15.05.2018 for remaining period of their appointment. The Board approached M/s Khandelias and Sharma, Chartered Accountants, (FRN- 510525C), New Delhi to be Statutory Auditors of the Company. The Firm M/s. Khandelias and Sharma, having its office at 407, South-Ext. Plaza-II, South Extension-2, New Delhi-110049, is comprising of Six Chartered Accountants and possessing 28 years of experience in the field of auditing & management services, business advisory and corporate legal services. M/s Khandelias and Sharma agreed to be Statutory Auditors of the Company. The Board of Directors of the Company recommended to appoint M/s. Khandelias and Sharma, Chartered Accountants as Statutory Auditors of the Company from the conclusion of 28th Annual General Meeting till the conclusion of 29th Annual General Meeting of the Company, subject to the approval of shareholders of the Company at ensuing Annual General Meeting of the Company.

Accordingly, M/s. Khandelias and Sharma, Chartered Accountants are proposed to be appointed as statutory auditors of the company for a period of one year, commencing from the conclusion of 28th AGM till the conclusion of the 29th AGM. None of the Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at item No. 3 of the notice.

ITEM NO. 4

To appoint M/s Balwinder and Associates as Cost Auditor of the Company.

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 2018-19 to conduct the Cost Audit of Cost Accounts of the Company on a total remuneration of Rs. 75000/- (Rupees Seventy five thousand only) plus taxes and out of pocket expenses. According to provisions of section 148 of Companies Act 2013 read with Companies (Audit & Auditors) Rules 2014, the remuneration of Cost Auditor is subject to the ratification of members of the Company.

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

ITEM NO. 5

To approve the payment of remuneration to the Managing Director of the Company for remaining period of his appointment from 01.07.2017 to 30.06.2019.

Mr. Manish Bagrodia's was appointed as the Managing Director of the Company for a period of five years w.e.f. 01.07.2014 to 30.06.2019 at a remuneration of Rs. 3,25,000/- per month in the grade of Rs. 3,25,000-25,000-4,50,000 by the Shareholders of the company in its meeting held on 31.03.2015, subject to the approval of Central Government. Central Government vide its letter dated 04.01.2016 had accorded its approval for the appointment of Mr. Manish Bagrodia as Managing Director of the Company for a period of five years but approved the payment of remuneration of Rs. 18,00,000/- (Rupees eighteen lacs only) per annum for a period of three years from 01.07.2014 to 30.06.2017.

Accordingly, for payment of remuneration for the balance period of his appointment of two years, the consent of Central Government is required. The Nomination and Remuneration Committee and the Board of Directors had at their meeting held on 18.05.2018 recommended to seek the approval of shareholders for Payment of remuneration to managing director for balance Period of two years on the following terms and Conditions as set out hereunder:

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

I. REMUNERATION:

- a) Basic Salary:Rs.3,25,000/- per month in the grade of 3,25,000-25,000-4,25,000.
- b) 1% of Net Profit of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013.
- c) Perquisites:
 - i) **Housing:**
 - (a) Fully furnished residential accommodation. In case, the fully furnished residential accommodation is not provided, H.R.A. As per Company's Rule will be paid.
 - (b) Expenses pertaining to gas, electricity, water and other utilities will be borne/reimbursed by the Company.
 - ii) **Medical Reimbursement:**Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical charges for himself and family along with mediclaim policy premium paid by the Company.
 - iii) **Leave Travel Concession:** Reimbursement of actual traveling expenses incurred in India and/or Abroad once in a year in respect of himself and family.
 - iv) **Club Fees:**Reimbursement of membership fee for clubs including admission and life membership fees.
 - v) **Personal Accident Insurance:**Personal Accident Insurance Policy for an amount, the annual premium of which shall not exceed Rs. 10000/- p.a.
 - vi) **Contribution to Provident Fund, Superannuation and Annuity Fund:**The Company's contribution to Provident and Superannuation or Annuity Fund as per the rules of the Company applicable to senior executives.
 - vii) **Gratuity:**As per rules of the Company applicable to the senior executives, subject to a maximum ceiling as may prescribed in under the payment of Gratuity Act from time to time.
 - viii) **Earned Privilege Leave:**As per the rules of the Company subject to the condition that the leave accumulated but not availed of will be allowed to be encashed for 15 days salary for every year completed services at the end of the tenure.
- d) Other Perquisites:

Subject to an overall ceiling of remuneration stipulated in Section 197 and 198 of the Companies Act, 2013, other perquisites and/or allowances payable to the Managing Director shall be evaluated, wherever applicable, as per Income Tax Act,1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force).

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

Except Shri Manish Bagrodia, none of the other Directors, Key Managerial Personnel or their relatives is interested in this resolution. The board recommends these resolutions for approval of the shareholders.

For and on behalf of the Board

Place : Chandigarh
Dated : 13.08.2018

Manish Bagrodia
Managing Director

DIRECTORS' REPORT

Dear Members,

We are pleased to present the 28th Annual Report of the Company and the audited statement of accounts for the year ended 31st March, 2018. A summary of the financial results is given below.

SUMMARISED FINANCIAL RESULTS:

(Rs. in lakhs)

INCOME	Year Ended 31 March 2018	Year Ended 31 March 2017
Revenue from operations	33,305.42	37,131.36
Other income	182.20	195.19
Total Income	33,487.62	37326.55
EXPENSES		
Cost of material consumed	21,858.25	26,022.48
Purchase of stock-in-trade	-	34.12
Excise duty	1.80	11.78
Change in inventories of finished goods, work in process and stock in trade	1,095.00	(733.17)
Employees benefit expenses	3,523.83	3,233.79
Finance costs	36.88	44.93
Depreciation and amortisation	1,706.93	1,812.68
Other expenses	7,356.35	8,613.31
Total Expense	35,579.04	39,039.92
Loss before exceptional items and tax	(2,091.42)	(1,713.37)
Less: Exceptional items	296.64	-
Loss before tax	(1,794.78)	(1,713.37)
Less/(-Add): Tax expense	-	-
Current tax	-	-
Deferred tax	-	6.07
Loss after tax	(1,794.78)	(1,719.44)
Other comprehensive income	12.87	(7.65)
Total Comprehensive Income	(1,781.91)	(1,727.09)

OPERATIONS & PERFORMANCE:

During the year under review, the Company's operations continued to be affected due to non availability of working capital for operations resulting in lower capacity utilisation and constrained margins due to high cost of Raw Material at uneconomical buying. Furthermore, the Company has not been able to undertake necessary debottlenecking and regular capital expenditure as per industry norms for proper maintenance and upkeep of plant and equipment due to paucity of funds.

During the year ended 31.03.2018, company incurred a loss of Rs. 1781.91 lakhs in comparison to the loss of Rs. 1727.09 lakhs for the previous year ended 31.03.2017. Your Company's turnover of Rs. 33487.62 lakhs was lower against the previous year turnover of Rs. 37326.55 lakhs due to lower capacity utilisation caused by non availability of working capital funds.

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 improve on complete implementation of the debt restructuring plan by the Company which is under discussion/consideration with the EARC/Lenders.

OUTLOOK:

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

The performance of the Company during the current year shall once again 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 (Unaudited 31.03.20018) and Winsome Yarns (FZE) (unaudited 31.03.2018, ceased operations, declared defunct effective 01.04.2014).

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

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

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

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

DIVIDEND:

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

SHARE CAPITAL:

During the year the company has not allotted any securities.

DIRECTORS:

- Shri Manish Bagrodia, Director, retires by rotation and being eligible, offers himself for re-election.
- None of the Directors are disqualified under the provisions of Section 164(2) of the Companies Act, 2013. The Directors have made the requisite disclosures, as under the provisions of Companies Act, 2013 and under the regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Ms. Navpreet Kaur Boparai has been appointed as Independent Woman Director of the Company w.e.f. 19.05.2017.
- Shri Satish Bagrodia, Chairman of the Company has resigned from the Directorship of the Company with effect from 26.06.2018.

BOARD EVALUATION:

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

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

NO. OF BOARD MEETINGS:

Four board meetings were convened and held during the financial year 2017-18. 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:

Statutory Auditor M/s K. R. & Co. had submitted to the Board their unwillingness to be ratified as Statutory Auditor of the company for remaining period of their appointment. The Board approached M/s Khandelia and Sharma, Chartered Accountants, (FRN- 510525C), New Delhi to be Statutory Auditors of the Company. The Firm M/s. Khandelia and Sharma, having its office at 407, South-Ext. Plaza-II, South Extension-2, New Delhi-110049, is comprising of Six Chartered Accountants and possessing 28 years of experience in the field of auditing & management services, business advisory and corporate legal services. M/s Khandelia and Sharma agreed to be Statutory Auditors of the Company.

The Board of Directors of the Company recommended to appoint M/s. Khandelia and Sharma, Chartered Accountants as Statutory Auditors of the Company from the conclusion of 28th Annual General Meeting till the conclusion of 29th Annual General Meeting of the Company, subject to the approval of shareholders of the Company at ensuing Annual General Meeting of the Company.

AUDITORS' REPORT:

M/s K. R. & Co., Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the financial year ended March 31, 2018. 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 2017-18:

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

COST AUDITORS AND COST AUDIT REPORT:

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of various activities are required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed M/s. Balwinder and Associates, Cost Accountants, to audit the cost accounts of the Company for the financial year 2018-19 on a remuneration as approved by the shareholders of the Company. The Cost Audit Report for the financial year 2016-17 approved by the Board of Directors vide Circulation Resolution No. 11/2017-18 dated 25.09.2017 passed on 27.09.2017 and thereafter the cost audit report for the financial year 2016-17 had been filed on 25/10/2017 vide SRN-G57912701.

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, 2018 is annexed herewith as 'Annexure 'A' to this Report.

PUBLIC DEPOSIT:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors acknowledge the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 in the preparation of annual accounts for the year ended on 31st March, 2018 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;