

# *Annual Report*

## **2019-20**



**WINSOME YARNS LIMITED**

**CORPORATE INFORMATION**

<b>BOARD OF DIRECTORS</b>	: Shri Manish Bagrodia Mrs. Mridula Goyal Shri Rajiv Chadha Shri Tilak Raj Dembla	Chairman and Managing Director Non-Independent Director Independent Director Independent Director
<b>CHIEF FINANCIAL OFFICER</b>	: Shri Sanjay Sharma	
<b>COMPANY SECRETARY</b>	: Mrs. Aman Priya	
<b>REGISTERED OFFICE</b>	: WINSOME YARNS LIMITED SCO- 191-192, Sector 34-A Chandigarh – 160022	
<b>AUDITORS</b>	: M/s Khandelia and Sharma Chartered Accountants 407, South-Ext. Plaza-II South Extension-2, New Delhi-110049	
<b>REGISTRAR AND SHARE TRANSFER AGENT</b>	: Link Intime India Pvt. Limited 8. Noble Heights, 1st Floor, Plot NH 2 C-1 Block LSC, Near Savitri Market Janakpuri, New Delhi - 110058	
<b>CORPORATE IDENTITY NO. (CIN)</b>	: L17115CH1990PLC010566	
<b>ISIN (EQUITY SHARE)</b>	: INE784B01035	
<b>PERMANENT ACCOUNT NO. (PAN)</b>	: AAACW1911H	
<b>BSE SECURITY CODE</b>	: 514348	
<b>NSE SYMBOL</b>	: WINSOME	
<b>GST NO.- (CHANDIGARH)</b>	: 04AAACW1911H2ZR	
<b>GST NO.- (PUNJAB)</b>	: 03AAACW1911H1ZU	
<b>GST NO.- (TAMILNADU)</b>	: 33AAACW1911H1ZR	

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## NOTICE

NOTICE is hereby given that the 30th Annual General Meeting of the Members of Winsome Yarns Limited, will be held on Friday, the 11th day of December, 2020 at 11.15 a.m. at the registered office of the company at SCO 191-192, Ground Floor, Sector 34-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, 2020 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.

### **SPECIAL BUSINESS:**

#### **ITEM NO. 3**

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of Companies Act 2013, read with Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), and final policy of the Central Government on the subject, M/s Balwinder and Associates, Cost Accountants, (Firm registration number 000201), Mohali, Punjab, appointed by the Board of Directors as Cost Auditor of the Company, for conducting the audit of Cost Accounts of the Company for the financial year 2020-21, be and is hereby ratified and confirmed. Further, the Board of Directors of the Company, be and are hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.

**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. 20,000/- (Rupees twenty thousand only) plus taxes and out-of pocket expenses payable to the aforesaid Cost Auditor of the Company.”

#### **ITEM NO. 4**

To appoint Mr. Rajiv Chadha (DIN:08793211) as Independent Director of the Company and to consider and if thought fit, to pass, with or without modification(s), if any, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 160 and any other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013, the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Rajiv Chadha (DIN:08793211), who was appointed as an Additional Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as Independent Director of the Company not liable to retire by rotation for a term of consecutive five years starting from the date of 30th Annual General Meeting to the conclusion of 35th Annual General Meeting of the Company.”

For and on behalf of the Board  
**Manish Bagrodia**  
Chairman and Managing Director

Place : Chandigarh  
Dated : 13.11.2020

**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). Members holding shares in physical form can submit their PAN, Bank details and e-mail address to the Company/RTA.
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. M/s Link Intime India Pvt. Limited, Noble Heights, 1st Floor, Plot NH 2, C-1 Block LSC, Near Savitri Market, Janakpuri, New Delhi - 110058 (Tele. 011-41410592-94, Fax No. 011-41410591) is acting as common agency (RTA) for dematerialisation and physical transfer of shares of the Company.
8. 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.
9. Item No. 2 - Shri Manish Bagrodia aged about 52 years is M.Com, Diploma in Computer Applications having around 32 years of experience in Textile Industry. He is holding 52040 shares of the company. Presently, he is Chairman and Managing Director of Winsome Yarns Limited, and Directors of Confederation of Indian Textile Industry, Winsome Yarns (Cyprus) Limited, IDS Infotech (UK) Limited, Manimahesh Power Pvt. Limited and Revti Business Pvt. Limited. He is also member of Audit Committee and Stakeholders Relationship Committee and Chairman of Risk Management Committee of Winsome Yarns Limited.
10. A Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business is annexed hereto, if required.
11. The Register of Members and Share Transfer Books of the Company will remain closed on 05.12.2020 to 11.12.2020 (both days inclusive).

**Remote e-voting Procedure**

12. The instructions for shareholders voting electronically are as under:
  - (i) The remote E-voting period begins on 08.12.2020 at 9.00 a.m. IST and ends on 10.12.2020 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 (04.12.2020), may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
  - (iii) Click on "Shareholders/ Members" tab.
  - (iv) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (v) Next enter the Image Verification as displayed and Click on Login. (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used. (vii) If you are a first time user follow the steps given below:

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

<b>For Members holding shares in Demat Form and Physical Form.</b>	
<b>PASSWORD</b>	<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"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on the Covering Letter in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
<b>Dividend Bank Details or Date of Birth/ Date of Incorporation</b>	<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"> <li>If the details are not recorded with the depository or company, please enter the member id/ folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

(viii) After entering these details appropriately, click on "SUBMIT" tab

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN of Winsome Yarns Limited on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the Instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Shareholders and Custodians.

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a compliance User should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked on the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

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

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

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

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

##### **ITEM NO. 3**

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

The Board of Directors after considering the recommendation of Audit Committee has appointed M/s Balwinder and Associates, Cost Accountants, as Cost Auditor of Company for the Financial Year 2020-21 to conduct the Cost Audit of Cost Accounts of the Company on a total remuneration of Rs. 20,000/- (Rupees Twenty 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. 4**

###### **To appoint Mr. Rajiv Chadha as Independent Director of the Company.**

Pursuant to the provisions of regulation 17(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Companies (Appointment and Qualifications of Directors) and rules thereunder, where the regular chairperson is a promoter of the listed entity, at least half of the board of directors of the listed entity shall consist of independent directors, who are not liable to retire by rotation. On the recommendation of the Nomination and Remuneration Committee, the Board of Directors in their meeting held on 05.08.2019 has appointed Mr. Rajiv Chadha (DIN:08793211) as an Additional Director of the Company.

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

The brief profile of Mr. Rajiv Chadha is given hereunder:-

Name of Director	Mr. Rajiv Chadha
DIN:	08793211
Date of Birth	05.04.1950
Qualifications	BBA, MBA
Directorship held in other Companies.	Nil
Membership/ Chairmanship of Committees in other Companies.	Nil
Shareholding in the Company	Nil

Mr. Rajiv Chadha 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.

Place : Chandigarh  
Dated : 13.11.2020

For and on behalf of the Board  
**Manish Bagrodia**  
Chairman and Managing Director

## DIRECTORS' REPORT

Dear Members,

We are pleased to present the 30th Annual Report of the Company and the audited statement of accounts for the year ended 31st March, 2020. A summary of the financial results is given below.

<b>INCOME</b>	<b>Year ended 31.03.2020</b>	<b>Year ended 31.03.2019</b>
Revenue from operations	10685.44	25025.28
Other income	119.40	204.01
<b>Total Income</b>	<b>10804.84</b>	<b>25229.29</b>
<b>EXPENSES</b>		
Cost of material consumed	4208.26	15084.57
Purchase of stock-in-trade	284.69	22.25
Excise duty	—	--
Change in inventories of finished goods, work in process and stock in trade	1268.49	1178.67
Employees benefit expenses	2593.73	3354.07
Finance costs	5.95	26.27
Depreciation and amortisation	1525.26	1609.55
Other expenses	4325.92	6439.66
<b>Total Expense</b>	<b>14212.30</b>	<b>27715.04</b>
Loss before exceptional items and tax	(3407.46)	(2485.75)
Less: Exceptional items	(1414.10)	(9016.05)
Loss before tax	(4821.56)	(11501.80)
Less/(-Add):		
Tax expense	—	--
Current tax	—	--
Deferred tax	44.36	—
Loss after tax	(4865.92)	(11501.80)
Other comprehensive income	64.95	14.79
<b>Total Comprehensive Income</b>	<b>(4800.97)</b>	<b>(11487.01)</b>

### OPERATIONS & PERFORMANCE:

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

During the year ended 31.03.2020, the Company incurred a loss of Rs. 4800.97 lakhs in comparison to the loss of Rs. 11487.01 lakhs for the previous year ended 31.03.2019. Your Company's turnover of Rs. 10804.84 lakhs was lower against the previous year turnover of Rs. 25229.29 lakhs for the aforementioned reasons. The Company has since undertaken manufacturing for third parties on job work basis, which contributes towards fixed costs of the Company.

**DEBT RESTRUCTURING:**

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

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

The Financial Commissioner of the State of Punjab has since determined that the Agreements for Assignment of debt by lenders of the Company to EARC are insufficiently stamped, and therefore, defective. The Company is seeking advise from its Counsel in the matter.

NCLT vide its order dated 17-03-2020 had dismissed the application filed by EARC. Indian Overseas Bank has initiated insolvency proceedings against the Company before NCLT which is being contested by the Company.

Further, the Company's net worth, which continues to be eroded, is expected to improve on complete implementation of the debt restructuring plan by the Company, which is under discussion/consideration with the EARC/Lenders.

**INITIATION OF MSME REGISTRATION:**

In view of the recently notified criteria for classification of MSME, the Company has applied on 18th July, 2020 for registration as a Medium Enterprise under MSME Act.

**OUTLOOK AND IMPACT OF COVID-19 PANDEMIC:**

In the wake of the global COVID-19 pandemic, and in compliance with the directives of Government of India/State Governments, Winsome Yarns Limited ("the Company") has adopted several measures to ensure the safety and well being of all its employees. In work place, the Company has implemented heightened hygiene, health and sanitation measures and is promoting social distancing.

In view of the 21-days nationwide lockdown announced by the Government of India (GOI) with effect from March 25, 2020 to April 14, 2020 ("Phase 1"), 19-days nationwide lockdown from April 15, 2020 to May 03, 2020 ("Phase 2"), 14-days nationwide lockdown from May 04, 2020 to May 17, 2020 ("Phase 3") and 14-days nationwide lockdown from May 18, 2020 to May 31, 2020 ("Phase 4") besides the "Janta Curfew" on March 22, 2020, to control the spread of COVID-19 pandemic, the Company's operations related to manufacturing unit, warehouses, and offices are disrupted. The impact of COVID-19 pandemic on the Company's operations cannot be fully ascertained at this point.

Based on the guidelines issued by the GOI, various ministries/ departments of State Government, the Company commenced its operations and is operating at below optimal level of its normal capacity .

We would like to further inform you that the safety and well-being of the employees, customers, vendors, business partners and the communities in which we live and work is of paramount importance to us. The Company has issued few key guidelines for employees which include:

- ▶ Mandatory self-declaration of good health before joining;
- ▶ Wearing of face-masks, face shield, regular sanitization of personal items, work-stations, premises and maintaining social distancing;
- ▶ Thorough sanitization of all workplaces regularly, & other official vehicles after each trip.

The performance of the Company during the current year depends on availability of raw material-cotton, at reasonable prices, demand of yarn which depends on sentiments of customers which is subdued for the time being on account of world wide spread of pandemic and availability of funds for carrying out necessary repairs and maintenance at the manufacturing facilities of the Company and meeting working capital requirements..

**TRADING OF EQUITY SHARES OF THE COMPANY**

The NSE and BSE had suspended trading of the Equity shares of the company due to delay in payment of certain amounts to the NSE and BSE. The delay occurred due to a technical glitch in the banking network wherefrom the payment was initiated by the Company. The Company has represented to the Stock Exchanges for review and revocation of their decision to suspend trading, and has also filed an appeal against the decision of the Stock Exchanges before SAT.



**SUBSIDIARY COMPANIES:**

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

As required by Indian Accounting Standard - 110 issued by the Ministry of Corporate Affairs, the consolidated financial statements, included in this Annual Report, incorporate the accounts of its subsidiary Companies namely Winsome Yarns (Cyprus) Limited (Unaudited 31.03.2020) and Winsome Yarns (FZE) (unaudited 31.03.2020, 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 business recessionary conditions in European Countries earlier on account of financial crises and now spread of Covid-19, , 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 financial year 2019-20, there was no change in the securities of the Company.

**DIRECTORS:**

- (a) Mr. Manish Bagrodia, Director, retires by rotation and being eligible, offers himself for re-election.
- (b) Mr. Mukhtar Singh has been appointed as Independent Director of the Company w.e.f. 05.08.2019 and resigned w.e.f. 14.07.2020.
- (c) Mr. Tilak Raj Dembla has been appointed as Independent Director of the Company w.e.f. 05.08.2019.
- (d) Mr. Sunny Kumar has resigned from the directorship of the Company w.e.f. 07.08.2019.
- (e) Mr. Kaushal Kashyap has resigned from the directorship of the Company w.e.f. 09.08.2019.
- (f) Mr. Rajiv Chadha has been appointed as Independent Director of the Company w.e.f. 14.07.2020.

**DECLARATION/ DISCLOSURES BY DIRECTORS:**

The Directors have made the requisite declaration/ disclosures under the provisions of Companies Act, 2013 and under the regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. None of the Directors is disqualified under the provisions of Section 164(2) of the Companies Act, 2013.

**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:**

Five board meetings were convened and held during the financial year 2019-20. 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 Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the members of the Company in its 29th Annual General Meeting held on 14th September, 2019 approved reappointment of M/s. Khandelvia and Sharma, Chartered Accountants (Firm Registration Number: 510525C) as the Statutory Auditors of the Company for another period of four consecutive years from the conclusion of 29th Annual General Meeting till the conclusion of 33rd Annual General Meeting of the Company.

Further, as per the notification dated 7th May 2018, issued by Ministry of Corporate Affairs, the appointment of Statutory Auditors, is no more required to be ratified by members of the Company in every Annual General Meeting.

#### **AUDITORS' REPORT:**

M/s. Khandelvia and Sharma, Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the financial year ended March 31, 2020. 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 2019-20:**

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:**

M/s Satish Dhingra & Company, Cost Accountants were appointed as Cost Auditor of the Company for auditing the cost accounts records for the financial year 2019-20 under provisions of Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014. Further the Company has made and maintained proper cost records as specified by the central government under section 148 of the Companies Act, 2013 for its business activities carried out during the year.

Further, the Board recommended to appoint M/s. Balwinder and Associates, Cost Accountants as Cost Auditors of the Company for the financial year 2020-21 on a remuneration to be decided by the shareholders in their forthcoming Annual General Meeting. The Company has received written confirmation(s) from M/s. Balwinder and Associates, Cost Accountants, to the effect that their appointment, if made, would be in accordance with the provisions of section 148 of the Companies Act, 2013 and that they are not disqualified for such appointment within the meaning of section 141 of the Companies Act, 2013 read with The Companies (Audit & Auditors) Rules, 2014.

#### **FILING OF COST AUDIT REPORT:**

The Board of Directors in their meeting held on 08.11.2019 vide Resolution No. 171.17(7) has approved the Cost Audit Report for the financial year 2018-19 and thereafter the cost audit report for the financial year 2018-19 duly signed by the Cost Auditor and Authorised Signatory of the Company had been filed on 04.03.2020 vide SRN-R34688796.

#### **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 for the financial year 2020-21. The Secretarial Audit Report for the financial year ended 31st March, 2020 is annexed herewith as **ANNEXURE 'A'** to this Report.