WYL/SECT/
08.10.2018

winsome
Yarns Limited
Regd. Office : SCO # 191-192, Sector 34-A,
Chandigarh - 160 022 INDIA
CIN : LI7115CH1990PLC010566
Phones : +91-172-2603966, 4612000, 4613000
Fax : +91-172-4614000
website: www.winsomegroup.com

BSE Limited
Dept. of Corporate Service
1st Floor, New Trading Ring
Rotunda Building, P. J. Towers
Dalal Street, Fort, **MUMBAI-400001**

Script Code : 514348

National Stock Exchange of India Ltd
Listing Department
"Exchange Plaza" Bandra-Kurla Complex
Bandra (E), **MUMBAI – 400051**

Script Code : WINSOME

SUB : ANNUAL REPORT OF THE COMPANY FOR THE YEAR 2017-18

Dear Sir,

Please find attached herewith soft of the Annual Report of the Company for the year 2017-18 for your necessary action please.

Thanking you,

Yours faithfully,
For WINSOME YARNS LIMITED

WINSOME YARNS LIMITED * CIN-L17115CH1990PLC010566 *

(K. V. SINGHAL)
G.M. (Legal) & Company Secretary
Mobile No. 9914030030
Email : kvsinghal@winsomegroup.com, cshare@winsomegroup.com

IS/ISO 9001

Raad Voor Accreditatie

Member The Winsome Group

28th
Annual Report
2017-18

Winsome Yarns Limited

BOARD OF DIRECTORS

Shri Pradeep Kumar	Independent Director
Ms. Navpreet Kaur Boparai	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 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

CONTENTS

WINSOME YARNS LIMITED
CIN : L17115CH1990PLC010566
Regd. Office : SCO 191-192, Sector 34-A, Chandigarh-160022
Phone No. : 0172-4612000, 2603966, 2662232, Fax No. 0172-4614000
E-mail : cshare@winsomegroup.com

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. Khandelia 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	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • 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	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. • 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. Khandelia 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 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.

Accordingly, M/s. Khandelia 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 Eldelweiss Asset Reconstruction Company Limited for a structured payment plan of its dues, which will be binding on all lenders on its finalisation.

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

The performance of the Company during the current year shall 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:

(a) Shri Manish Bagrodia, Director, retires by rotation and being eligible, offers himself for re-election.

(b) 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.

(c) Ms. Navpreet Kaur Boparai has been appointed as Independent Woman Director of the Company w.e.f. 19.05.2017.

(d) 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;

b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) the directors had prepared the annual accounts on a going concern basis;

e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

KEY MANAGERIAL PERSONNEL:

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

CORPORATE GOVERNANCE:

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

AUDIT COMMITTEE & RISK MANAGEMENT:

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

RISK MANAGEMENT:

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

NOMINATION AND REMUNERATION COMMITTEE:

During the financial year 2017-18, a meeting of the Nomination and Remuneration Committee of the Company was held on 30.05.2017 in the presence of Shri Pradeep Kumar as Chairman, Shri Satish Bagrodia and Ms. Navpreet Kaur Boparai as its Members. The Committee formulated Remuneration Policy which is attached as **Annexure 'B'** and forms a part of this Report of the Directors.

SEXUAL HARASSMENT COMMITTEE :

As required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company had constituted the Internal Complaint Committees at all the work places of the Company. The composition of which and the contact numbers of the persons to be approached have been uploaded on the website of the company i.e. www.winsomegroup.com and has been properly displaced on the Notice Boards at all the premises of the company including works and head office.

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

RELATED PARTY TRANSACTIONS:

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

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

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

DECLARATION BY INDEPENDENT DIRECTORS:

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

SIGNIFICANT AND MATERIAL ORDER:

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

INTERNAL FINANCIAL CONTROLS:

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

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

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

ENERGY SAVING INITIATIVES :

The Company is continually making its best efforts to save the energy consumption. To achieve this goal, the company had spent approximately an amount of Rs. 15 lacs as capital expenditure which resulted in saving the energy cost of more than Rs. 1.00 crore.

ENVIRONMENT AND POLLUTION CONTROL:

Top priority continues to be given to preservation of the environment by all the units of the Company. To combat pollution and strengthen the area ecology, considerable emphasis is placed on plantation of fragrant and shady trees. We are cautious of preserving water through recycling and rainwater harvesting to the extent possible. All manufacturing facilities possess the required environmental clearance from the respective Pollution Control Boards and do comply with the relevant legislation.

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

PARTICULARS OF EMPLOYEES:

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

EXTRACT OF ANNUAL RETURN:

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

CASH FLOW ANALYSIS:

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

CONSOLIDATED ACCOUNTS:

In accordance with Accounting Standards AS-21 on Consolidated Financial Statements, your Directors provide the Audited Consolidated Financial Statement of Winsome Yarns Limited, Winsome Yarns (Cyprus) Limited (unaudited 31.03.2018) and Winsome Yarns FZE (unaudited 31.03.2018, ceased operations, declared defunct effective 01.04.2014) in the Annual Report.

INSURANCE:

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

ACKNOWLEDGEMENTS:

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

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

Dated : 13.08.2018

On behalf of the Board

Manish Bagrodia
Managing Director

Pradeep Kumar
Independent Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INTRODUCTION :

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's exports with approximately 13 per cent of total exports. The textiles industry is also labour intensive and is one of the largest employers. The textile industry has two broad segments. First, the unorganised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale.

Textile plays a major role in the Indian Economy. (i) It contributes 14 per cent to industrial production and 4 per cent to GDP (ii) With over 45 million people, the industry is one of the largest source of employment generation in the country. The central government is planning to finalise and launch the new textile policy. The policy aims to achieve US$ 300 billion worth of textile exports by 2024-25 and create an additional 35 million jobs.

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

MARKET SIZE :

The Indian Textile Industry contributes approximately 2 per cent to India's Gross Domestic Product (GDP), 10 per cent of manufacturing production and 14 per cent to overall Index of Industrial Production (IIP).

Indian khadi products sales increased by 33 per cent year-on-year to Rs 2,005 crore (US$ 311.31 million) in 2016-17 and is expected to exceed Rs 5,000 crore (US$ 776.33 million) sales target for 2018-19, as per the Khadi and Village Industries Commission (KVIC).

The production of cotton in India is estimated to increase by 9.3 per cent year-on-year to reach 37.7 million bales in FY 2017-18. The total area under cultivation of cotton in India is expected to increase by 7 per cent to 11.3 million hectares in 2017-18, on account of expectations of better returns from rising prices and improved crop yields during the year 2016-17.

Indian exports of locally made retail and lifestyle products grew at a compound annual growth rate (CAGR) of 10 per cent from 2013 to 2016, mainly led by bedding bath and home decor products and textiles.

INVESTMENT :

The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted Foreign Direct Investment (FDI) worth US$ 2.82 billion during April 2000 to December 2017.

Some of the major investments initiatives in the Indian textiles industry are as follows:

a) The Cabinet Committee on Economic Affairs (CCEA), Government of India has approved a new skill development scheme named 'Scheme for Capacity Building in Textile Sector (SCBTS)' with an outlay of Rs. 1,300 crore (US$ 202.9 million) from 2017-18 to 2019-20.

b) Future Group is planning to open 80 new stores under its affordable fashion format, Fashion at Big Bazaar (FBB), and is targeting sales of 230 million units of garments by March 2018, which is expected to grow to 800 million units by 2021.

c) Raymond has partnered with Khadi and Village Industries Commission (KVIC) to sell Khadi-marked readymade garments and fabric in KVIC and Raymond outlets across India.

GOVERNMENT INITIATIVES :

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

Initiative will be taken into consideration by Government of India.

The Union Ministry of Textiles, Government of India, along with Energy Efficiency Services Ltd (EESL), has launched a technology upgradation scheme called SAATHI (Sustainable and Accelerated Adoption of Efficient Textile Technologies to Help Small Industries) for reviving the powerloom sector of India.

1. The Government has planned to connect as many as 5 crore (50 million) village women to charkha (spinning wheel) in next 5 years with a view to provide them employment and promote khadi and also, they inaugurated 60 khadi outlets which were renovated and re-launched during the completion of KVIC s 60th anniversary and a khadi outlet.
2. The Textiles Ministry will organise 'Hastkala Sahyog Shivirs' in 421 handloom-handicrafts clusters across the country

which will benefit over 1.2 lakh weavers and artisans.

3. The Gujarat government's decision to extend its textile policy by a year is set. It is believes to attract Rs 5,000 crore (US$ 50 billion) of more investment in sectors across the value chain. The government estimates addition till now of a million units of spindle capacity in the spinning sector and setting up of over 1,000 units in technical textiles.
4. The Textile Ministry of India earmarked Rs 690 crore (US$ 106.58 million) for setting up 21 ready made garment manufacturing units in seven states for development and modernization of Indian Textile Sector.

Some of initiatives taken by the government to further promote the industry are as under:

- The Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two sub sectors of Textiles Industry - Ready made garments and Made ups - from 2 per cent to 4 per cent.
- The Government of India plans to introduce a mega package for the powerloom sector, which will include social welfare schemes, insurance cover, cluster development, and upgradation of obsolete looms, along with tax benefits and marketing support, which is expected to improve the status of power loom weavers in the country.

COMPANY OVERVIEW:

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.

FINANCIAL PERFORMANCE:

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.

RISK MANAGEMENT:

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

HUMAN RESOURCE:

The Company keeps developing its organizational structure consistently over time. Efforts are made to follow excellent Human Resource practices. Adequate efforts of the staff and management personnel are directed on imparting continuous training to improve the management practices. The objective of your Company is to create a workplace where every person can achieve his or her full potential. The employees are encouraged to put in their best. Lot of hard work is put in to ensure that new and innovative ideas are given due consideration to achieve the short and long term objectives of your Company. There were 1347 employees of the Company as on 31.03.2018.

CAUTIONARY STATEMENT:

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

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

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

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

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

ANNEXURE 'A'

FORM MO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
WINSOME YARNS LIMITED

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

Based on my verification of the **WINSOME YARNS LIMITED**, Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the Audit period covering the Financial Year ended on 31st March, 2018 complied with the Statutory Provisions Listed hereunder and also that the Company has proper Board-processes and Compliance-Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We, have examined the Books, Papers and Minute Books, Forms and Returns filed and other records maintained by **WINSOME YARNS LIMITED** for the Financial Year ended on **31st March, 2018**, according to the Provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **No such transaction during the financial year 2017-18.**

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Regulations 2015; **No such transaction during the financial year 2017-18.**

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **No such transaction during the financial year 2017-18.**

  (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **No such transaction during the financial year 2017-18.**

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **No such transaction during the financial year 2017-18.**

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **No such transaction during the financial year 2017-18.**

  And

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **No such transaction took place during the Financial Year 2017-18.**

(vi) Other laws as applicable specifically to the Company:-

  a) Environment Laws

  b) Labour Laws

  c) Tax laws (Income Tax, VAT, Excise and Service Tax)

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

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

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

1. COMPANIES ACT:

a. Ms. Ishika Aggarwal, women director of the Company resigned w.e.f 21.05.2016 and Company appointed Ms. Navpreet Kaur Boparai as Women Director of the Company w.e.f 19.05.2017 as per the provision of Section 149(1) read with Rule 3 of The Companies (Appointment and Qualification of directors) Rules, 2014. Accordingly, the company complied with the requirement of appointment of women director on the board of the company.

b. In view of accumulated losses of the Company as at the end of March 31, 2018, the net worth of the Company as at that date being negative, the decision of management of the Company to prepare the accounts of the Company on going concern basis for reasons that, (a) proposed rehabilitation plan of the Company is under discussions with majority of lenders, and (b) future business plans of the Company and expected cash flows therefrom will suffice to service restructured debts of the Company, there would arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumptions as to going concern, and in the absence of impact of aforesaid assumptions having been un-ascertained, we are unable to comment thereon.

c. The results for the quarter ended on March 31, 2018 and the year ended on March 31, 2018 are understated due to:

i) Non provisioning of interest expenses on borrowings of Rs. 2515.42 Lakhs for the quarter ended and Rs. 9671.90 Lakhs for the year ended on March 31, 2018 (Rs. 8389.14 Lakhs for the year ended on March 31, 2017), and Rs. 28644.12 Lakhs being aggregate amount of interest unprovided till the year ended March 31, 2018 (Rs. 18972.22 Lakhs till the year ended March 31, 2017), and further amount towards penal interest, penalty, etc. as may be charged by the lenders. (In the absence of statement of account, the above amount has been arrived at as per estimates of the Company, and the aggregate unprovided amount in books of account of the Company is not ascertainable with accuracy).

ii) Non provisioning against long outstanding receivables of Rs. 9609.58 Lakhs (Rs 9785.28 Lakhs as at March 31, 2017) including of overseas overdue trade receivables of Rs. 5989.20 Lakhs (Rs. 6173.48 Lakhs as at March 31, 2017). The accounting for exchange fluctuation in respect of overseas trade receivables is not in line with hid AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, overseas trade receivables is understated by Rs. 255.58 Lakhs (Rs. 223.89 Lakhs as at March 31, 2017).

iii) Non provisioning against loans and advances (including other current assets) of Rs. 1569.63 Lakhs (Rs. 1611.71 Lakhs as at March 31, 2017)

d. Part amount of USD 50,72,110 (Rs. 2679.34 Lakhs) out of GDR's issued by the Company, which funds had been raised for setting up of Yarn Dying Plant are invested in money market instruments outside India. As the funds were raised for Page 2 of 12earmarked purposes, the availability thereof to the Company and utilization of the same is subject to Company's undertaking active plans for implementation of the proposed investment. The balance above is as per rate of exchange prevailing at the time of investment, and is subject to adjustment in rate of foreign exchange and accruals on money market investments. In respect of its reliability/receipt, we are unable to comment. The non-accounting of investment at fair value and non recognition of exchange fluctuation in respect thereto is not in line with Ind AS 109 "Financial Instruments" and Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" respectively, which has the effect of understatement of investment by Rs. 686.63 Lakhs as at March 31, 2018 and overstatement of losses by Rs. 10.63 Lakhs for the year ended on March 31, 2018.

e. Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/set off of payment of receivables/payables from/to overseas parties/suppliers, which is pending necessary approval of the competent authority.

f. The Internal Control Systems need to be further strengthened in order that they are commensurate with the size of the .Company and the nature of its business, more particularly in areas of, purchases and consumption of materials, charging of expenses, set-off of balances, and invoicing of sale of goods and services.

g. Confirmation of balances and reconciliation thereof with respective parties are pending, which include balances pertaining to, accounts receivable and payable(including Associate Company/ies), bank balances including other bank balances, secured loans, financial and other current liabilities, financial assets and other current assets recoverable, and contingent liabilities. All balances have been certified by the management of the Company. In the absence of the Company having aforementioned details, the impact thereof is unascertainable, and therefore, not being commented. Further strengthening of internal controls by the Company will provide greater reliability.

h. During the course of our audit for the year ended March 31, 2018, the management of the Company informed to us that they noticed and found fraud in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch by its employee/s against which the management took action by lodging F.I.R. with the concerned Police Station and investigation in the matter is pending. The misappropriation of goods has been valued at Rs. 70.00 Lakhs against which some of the parties to whom goods were sold by the concerned employees have confirmed having received the goods and also confirmed to the Company as having made payment against the same.

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

2. LABOUR LAWS & ENVIRONMENTAL LAWS:

I. We, further report that the Company has complied with all the provisions and procedures regarding renewal of licenses and NOC under the labour laws, environmental laws, etc.

II. We, further report that the ?re extinguishers and other safety equipment are in proper operating condition and are located where they are readily accessible.

III. We, further report that the company has complied with the environmental policies and has obtained various NOCs from the concerned departments as required by the company.

3. TAX LAWS AND OTHER STATUTORY COMPLIANCES:

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

Name of the statute	Nature of dues	Amount (Rs. In lakhs)	Period to which relates	Form where disputes pending
Income tax act, 1961	Income tax	182.71	2008-2007	ITAT CHANDGIARH
		94.43	2007-08	High Court, Punjab and Haryana
		3.03	2010-11	CIT (Appeals) Chandigarh
Central/State sales tax	Sales tax/vat	4.35	1999-2000	Joint Director, Excise and Taxation, Chandigarh
		2.25	1993-1994	Sales Tax Tribunal, Punjab
		13.36	2003-2004	Deputy Excise and Taxation
		29.08	2008-2009	Commissioner (Appeal)
Central excise Act	Excise	7.63	2008-2009	CESTATE NEW DELHI
	Duty	5.04	2010-2011	
		13.42	2011-12	
Punjab State Power Corporation Limited	Power	10.83	2017-2018	Punjab State Power Corporation Limited

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

Sr. No.	Name of bank	Total Default Amount (Rs. Crore)	Maximum delay (in days)	Remarks
1.	Allahabad bank	0.84	1370	Short term loan
2.	Bank of India	25.14	1735	Term loan
3.	Bank of Maharashtra	25.06	1645	Term loan
4.	Indian Overseas Bank	20.45	1553	Term loan
5.	ICICI Bank Ltd	6.11	1735	Working capital term loan and FITL

6.	Oriental Bank of Commerce	19.65	1735	Term loan
7.	Canara Bank	127.83	1460	Term loan and working capital term - assigned to EARC
8.	Punjab National bank	148.14	1536	Term loan and working capital term - assigned to EARC
9.	State Bank of Patiala	97.89	1404	Term loan and working capital term - assigned to EARC
10.	Dena Bank	39.73	1643	Term loan -assigned to EARC
11.	UCO Bank	42.44	1462	Term loan -assigned to EARC
12.	Union Bank of India	14.67	1643	Term loan -assigned to EARC

EARC= Edelweiss Asset Reconstruction Company Ltd

We, further report that

The Board of Directors of the Company is duly re-constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors w.e.f 19.05.2017.

Adequate notice is given to all Directors to Schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the meeting and for meaningful participation at the meeting.

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

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

for Sharma Sarin & Associates
Company Secretaries

Place: Chandigarh
Date : 18.05.2018

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

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

'Annexure A'

To,
The Members
WINSOME YARNS LIMITED

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

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

for Sharma Sarin & Associates
Company Secretaries

Place: Chandigarh
Date : 18.05.2018

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

ANNEXURE 'B'

REMUNERATION POLICY

Extract From Nomination and Remuneration Policy:

POLICY RELATING TO THE REMUNERATION FOR THE MANAGING DIRECTOR, NON-EXECUTIVE/INDEPENDENT DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL.

General:

a. The remuneration/ compensation/ commission etc. to the Managing Director, Non-Executive/ Independent Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation/ commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

b. The remuneration and commission to be paid to the Managing Director shall be in accordance with the percentage/ slabs / conditions as per the provisions of the Companies Act, 2013, and the Rules made thereunder.

c. Increments to the existing remuneration / compensation structure linked to performance, should be clear and meet appropriate performance benchmarks and may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director.

d. The Committee does not propose to fix the actual amounts of remuneration that may be payable to each individual key managerial personnel or senior management personnel. However, the management, whilst fixing the remuneration of any such key personnel must consider the following:

   iii. The Industry practice for the same level of employment/office.

   iv. Past performance/seniority of the concerned appointee.

   v. The nature of duties and responsibilities cast upon such person by reason of his holding that office.

   vi. The remuneration should be such that it provides adequate incentive to the person to give his best to the Company and feel essence of high satisfaction with his employment.

   vii. The perquisites to be given to Managing Director/s, KMP & Senior Management Personnel will be as per industry practice and as may be recommended by the Committee to the Board.

Remuneration to Managing Director, KMP and Senior Management Personnel:

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

Remuneration to Non- Executive / Independent Director:

a. Remuneration / Commission:

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

b. Sitting Fees:

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

ANNEXURE 'C'

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:
Information as required under Rule 8(3) of the Companies (Accounts) Rules, 2014.

A. CONSERVATION OF ENERGY

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

Sr. No.	Particular	Plan Qty.	Deptt.	Unit	Annual Power saving Lakh Kwh	Annual Amount Saving (Rs. in lacs)
1	Conversion of T-5 Tube lamp in to LED Tube lamp	1018	Lighting	Colony	2.22	16.63
2	Conversion of street light Lamp 250 watt svp in to 60 watt LED lamp	100	Lighting	U1&3	0.92	6.90
3	Reduced the Power consumption by arresting the Air leakages	set	Compressor	All	8.95	67.13
4	installation of inverter on feed motor	12	Card	U1	0.80	6.04
5	save the water consumption from 564 KLD to 521 KLD,by arresting the water line & tap	43KLD	Utility	All	0.16	1.18
6	Installation of Solar water Heating System on YCP Machine (1000 LTD)	1	YCP	U2	0.33	2.45
	Total				**13.38**	**100.32**

b) The capital Investment on energy consumption equipment.
Additional Investments, wherever required, are being made for reduction of consumption of energy.

c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.
There is saving of about Rs. 100.32 lacs.

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

B. TECHNOLOGY ABSORPTION

(i) Efforts made in technology absorption.
Research & Development (R&D)

a) Specific area in which R&D carried by the Company :
- Latest new technology has been adopted.

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

c) Expenditure on R&D (Rs. in lacs)

Capital	Nil
Recurring	Rs. 66.28 lacs
Total R & D expenditure as a percentage of total turnover	= 0.20%

(ii) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.
- There has been benefit in respect of quality and Productivity of the product.
- Productivity International quality products.

(iii) In case of imported technology (imported during the last 3 years reckoned from thebeginning of the financial year). - Nil

C. FOREIGN EXCHANGE EARNING AND OUTGO (Rs. In lacs)	**Current Year**	**Previous Year**
(a) Foreign exchange earned in terms of actual inflow during the year	5567.58	7964.36
(b) Foreign exchange outgo in terms of actual outflow during the year	261.52	430.81

ANNEXURE 'D'

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

(i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

(Amount in Rupees)

Sr. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for financial year 2017-18	% increase in Remuneration in the Financial year 2017-18	Ratio of remuneration of each Director to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company (as % of Revenue)
1	Shri Satish Bagrodia Chairman	30000	--	1.13	--
2	Shri Manish Bagrodia Managing Director	1954284	--	73.81	0.06
3	Shri Pradeep Kumar Independent Director	75000	--	2.83	--
4	Ms. Navpreet Kaur Boparai Independent Director	70000	--	2.64	--
5	Shri Anand Balkishan Sharma Chief Financial Officer	1864668	--	70.43	0.06
6	Shri K. V. Singhal Company Secretary	1404711	--	53.06	0.04

(ii) The median remuneration of employees of the Company during the financial year was Rs. 26476.

(iii) In the financial year, there was an decrease of 18.52% in the median remuneration of employees.

(iv) There were 1347 employees of Company as on March 31, 2018.

(v) Relationship between average increase in remuneration and company performance:-

The Loss after Tax for the financial year ended March 31, 2018 increased by 10.94% whereas the decrease in median remuneration was 18.52%. The average median remuneration was in line with the average of salary in the industry.

(vi) Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:-

	(Rs. in lacs)
Average remuneration of Key Managerial Personnel (KMP) in 2017-18	17.41
Revenue	33305.42
Aggregate Remuneration of KMP (as % of revenue)	0.16%
Profit/ (Loss) before Tax (PBT)	(1781.91)
Remuneration of KMP (as % of PBT)	N.A.

(vii) a) Variations in the market capitalization of the Company: The market capitalization as on March 31, 2018 was Rs. 1470.71 lacs (Rs. 1286.87 lacs as on March 31, 2017).

b) Price Earnings ratio of the Company as at March 31, 2018 was (0.83) and as at March 31, 2017 was (0.35).

c) Percent increase over/ decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer in the year. The company has not made any public issue or rights issue of securities in the recent past, so comparison have not been made of current share price with public offer price. The Company's shares are listed on BSE Limited and National Stock Exchanges of India Limited.

(viii) Average percentage increase made in the salaries of employees other than the key managerial personnel in the last financial year i.e. 2017-18 was about 5.15%, whereas the increase in the key managerial remuneration for the same financial year was 2.65%.

(ix) There are no variable component of remuneration availed by the directors.

(x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.

- Not Applicable

(xi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

ANNEXURE 'E'

Form No. MGT - 9

Extract of Annual Return as on the financial year ended on 31st March, 2018
[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

IV. REGISTRATION AND OTHER DETAILS

i.	CIN	L17115CH1990PLC010566
ii.	Registration Date	19th July, 1990
iii.	Name of the Company	Winsome Yarns Limited
iv.	Category / Sub-Category of the Company	Public Limited Company / Limited by Shares.
v.	Address of the Registered Office and Contact details	SCO 191-192, Sector 34-A, Chandigarh-160022 Phone No.: +91-172-2603966, 4612000, 4613000 Fax No. +91-172-4614000 Email : cshare@winsomegroup.com Website : www.winsomegroup.com
vi.	Whether Listed Company	Yes BSE Limited and National Stock Exchange of India Ltd.
vii.	Name, Address and contact details of Registrar and Transfer Agent	M/s Link Intime India Pvt. Limited 44, Community Centre, 2nd Floor, Near PVR Naraina Industrial Area, Phase-I, New Delhi-110028 Phone No.: 011-41410592-94, Fax No. 011-41410591 Email:delhi@linkintime.co.in, sunil.mishra@linkintime.co.in Website : www.linkintime.co.in

V. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/Service*	% to total turnover of the company#
1	Yarn	13111	95.62
2	Garments	13911/ 13912	4.38

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

VI. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES.

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

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

(i) Category-wise Share Holding

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(1) Promoters Indian									
a) Individual/HUF	162122	--	162122	0.23	162122	--	162122	0.23	--
b) Central Government/ State Government	--	--	--	--	--	--	--	--	--
c) Banks / Financial									
Institutions	--	--	--	--	--	--	--	--	--
d) Bodies Corporate	27177487	--	27177487	38.44	27177487	--	27177487	38.44	--
e) Any other	--	--	--	--	--	--	--	--	--
Sub-total (A) (1):	**27339609**	**--**	**27339609**	**38.67**	**27339609**	**--**	**27339609**	**38.67**	**--**
(2) Foreign									
a) NRIs -Individuals	--	--	--	--	--	--	--	--	--
b) Other -Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corporate	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any Other	--	--	--	--	--	--	--	--	--
Sub-total (A) (II):	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**27339609**	**--**	**27339609**	**38.67**	**27339609**	**--**	**27339609**	**38.67**	**--**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	11800	--	11800	0.02	11800	--	11800	0.02	--
b) Venture Capital Funds	--	--	--	--	--	--	--	--	--
c) Alternate Investment Fund	--	--	--	--	--	--	--	--	--
d) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
e) Foreign Portfolio Investor	6355403	--	6355403	8.99	9155403	--	9155403	12.95	3.96
f) Financial Institutions/ Banks	--	--	--	--	--	--	--	--	--
g) Insurance Companies	--	--	--	--	--	--	--	--	--
h) Provident Fund/ Pension Fund	--	--	--	--	--	--	--	--	--
d) State Government(s)	--	--	--	--	--	--	--	--	--
i) Others (Specify)	--	--	--	--	--	--	--	--	--
Sub-total (B) (1)	**6367203**	**--**	**6367203**	**9.01**	**9167203**	**--**	**9167203**	**12.97**	**3.96**
(2) Non Institutions									
a) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs.2 lakhs	11178977	767747	11946724	16.90	9839864	762347	10602211	14.99	-1.90
ii) Individual Shareholders holding nominal share capital in excess of Rs. 2 lakhs	13830941	--	13830941	19.56	14632339	--	14632339	20.69	1.13
b) Others (Specify)									
(i) Trust	858346	--	858346	1.21	858446	--	858446	1.21	--
(ii) HUF	843451	--	843451	1.19	1421680	--	1421680	2.01	0.82

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(iii) NRIs	474101	36900	511001	0.72	437314	36900	474214	0.67	-0.05
(iv) Unclaimed or Suspense Account	297700	--	297700	0.42	297500	--	297500	0.42	--
(v) Clearing Member	568914	--	568914	0.80	364705	--	364705	0.52	-0.29
(vi) Bodies Corporate	8138740	4600	8143340	11.52	5544722	4600	5549322	7.85	-3.67
Sub-total (B)(2)	**36191170**	**809247**	**37000417**	**52.33**	**33396570**	**803847**	**34200417**	**48.37**	**-3.96**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**42558373**	**809247**	**43367620**	**61.33**	**42563773**	**803847**	**43367620**	**61.33**	**0.00**
C. Shares held by Custodian for GDRs & ADRs									
i. Promoter and Promoter Group	--	--	--	--	--	--	--	--	--
ii. Public	--	--	--	--	--	--	--	--	--
GRAND TOTAL (A+B+C)	**69897982**	**809247**	**70707229**	**100.00**	**69903382**	**803847**	**70707229**	**100.00**	**--**

(ii) Shareholding of Promoters

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

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

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

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

Sl. No.	Name	Shareholding		Date	Increase/ (decrease)	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares at the beginning (01.04.2017)/ end of the year (31.03.2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Aspire Emerging Fund	6355403	8.99	01.04.2017				
		6355403	8.99	31.03.2018			6355403	8.99
2	Achin Vyapaar Pvt. Ltd	858346	1.21	01.04.2017				
		858346		31.03.2018			858346	1.21
3	Piyush Securities Pvt. Ltd	836513	1.18	01.04.2017				
				19.05.2017	211	Transfer	836724	1.18
				02.06.2017	-100000	Transfer	736724	1.04
				16.06.2017	-537416	Transfer	199308	0.28
				2306.2017	-2239	Transfer	197069	0.28
				25.08.2017	66677	Transfer	263746	0.37
				13.10.2017	20620	Transfer	284366	0.40
				08.12.2017	16115	Transfer	300481	0.42
				23.02.2018	-191987	Transfer	108494	0.15
				02.03.2018	69274	Transfer	177768	0.25
				09.03.2018	30450	Transfer	208218	0.29
				16.03.2018	60619	Transfer	268837	0.38
				23.03.2018	6051	Transfer	274888	0.39
		274888	0.39	31.03.2018			274888	0.39
4	Salasar Holding Pvt. Ltd	697905	0.99	01.04.2017				
		697905	0.99	31.03.2018			697905	0.99
5	Piyush Trades and Credits Pvt. Ltd	678932	0.96	01.04.2017				
				02.06.2017	-100000	Transfer	578932	0.82
				16.06.2017	-578932	Transfer	0	0.00
				03.11.2017	1300	Transfer	1300	0.00
				17.11.2017	30000	Transfer	31300	0.04
				24.11.2017	50699	Transfer	81999	0.12
				01.12.2017	22517	Transfer	104516	0.15
				08.12.2017	32256	Transfer	136772	0.19
				15.12.2017	7087	Transfer	143859	0.20
				22.12.2017	40504	Transfer	184363	0.26
				29.12.2017	10432	Transfer	194795	0.28
				05.01.2018	25000	Transfer	219795	0.31
		219795	0.31	31.03.2018			219795	0.31
6	Anjaneya Commercial Pvt. Ltd	677945	0.96	01.04.2017				
		677945	0.96	31.03.2018			677945	0.96

7	PSPL Stock Broking Pvt. Ltd	670036	0.95	01.04.2017				
				16.06.2017	-4896	Transfer	665140	0.94
				23.06.2017	-158227	Transfer	506913	0.72
				30.06.2017	-1632	Transfer	505281	0.71
				18.08.2017	-299281	Transfer	206000	0.29
				13.10.2017	29922	Transfer	235922	0.33
				20.10.2017	9600	Transfer	245522	0.35
				27.10.2017	62450	Transfer	307972	0.44
				03.11.2017	25548	Transfer	333520	0.47
				10.11.2017	40577	Transfer	374097	0.53
				17.11.2017	47692	Transfer	421789	0.60
				24.11.2017	27205	Transfer	448994	0.64
				01.12.2017	55264	Transfer	504258	0.71
				08.12.2017	50745	Transfer	555003	0.78
				15.12.2017	49430	Transfer	604433	0.85
				22.12.2017	47561	Transfer	651994	0.92
				29.12.2017	46843	Transfer	698837	0.99
				05.01.2018	61251	Transfer	760088	1.07
				12.01.2018	22781	Transfer	782869	1.11
				23.02.2018	110000	Transfer	892869	1.26
		892869	1.26	31.03.2018			892869	1.26
8	Keshav Softech Pvt. Ltd	668764	0.95	01.04.2017				
		668764	0.95	31.03.2018			668764	0.95
9	Luxmi Investment Company Pvt. Ltd	667044	0.94	02.09.2017				
				02.06.2017	-100000	Transfer	567044	0.80
				16.06.2017	-204142	Transfer	362902	0.51
				23.06.2017	-87902	Transfer	275000	0.39
				18.08.2017	-100000	Transfer	175000	
				22.12.2017	30600	Transfer	205600	
				05.01.2018	10000	Transfer	215600	
				16.03.2018	20145	Transfer	235745	
		235745	0.33	31.03.2018			235745	0.33
10	Sanjay Kumar Sureka	616869	0.87	01.04.2017				
				17.04.2017	80100	Transfer	696969	0.99
				21.04.2017	18300	Transfer	715269	1.01
				05.05.2017	-25000	Transfer	690269	0.98
				26.05.2017	690269	Transfer	1380538	1.95
				02.06.2017	-635281	Transfer	745257	1.05
				16.06.2017	-50257	Transfer	695000	0.98
				17.07.2017	36626	Transfer	731626	1.03
				21.07.2017	-41626	Transfer	690000	0.98
				15.09.2017	690000	Transfer	1380000	1.95
				30.09.2017	-690000	Transfer	690000	0.98
		690000	0.98	31.03.2018			690000	0.98
11	Vibhav Vineet Kumar Saraf	515700	0.73	01.04.2017				
				26.05.2017	515700	Transfer	1031400	1.46

				02.06.2017	-515700	Transfer	515700	0.73
				15.09.2017	515700	Transfer	1031400	1.46
				30.09.2017	-515700	Transfer	515700	0.73
		515700	0.73	31.03.2018			515700	0.73
12	Guiness Securities Ltd	491475	0.70	01.04.2017				
				12.05.2017	-67425	Transfer	424050	0.60
				02.06.2017	-109400	Transfer	314650	0.45
				13.10.2017	-2500	Transfer	312150	0.44
				20.10.2017	2500	Transfer	314650	0.45
				19.01.2018	2000	Transfer	316650	0.45
				23.03.2018	-129800	Transfer	186850	0.26
		186850	0.26	31.03.2018			186850	0.26
13	Raju P	437320	0.62	01.04.2017				
				07.07.2017	-57550	Transfer	379770	0.54
				14.07.2017	-120330	Transfer	259440	0.37
				21.07.2017	-60197	Transfer	199243	0.28
				28.07.2017	-20000	Transfer	179243	0.25
		179243	0.25	31.03.2018			179243	0.25
14	Jitender Mittal	411000	0.58	01.04.2017				
				26.05.2017	411000	Transfer	822000	1.16
				02.06.2017	-411000	Transfer	411000	0.58
				15.09.2017	411000	Transfer	822000	1.16
				30.09.2017	-411000	Transfer	411000	0.58
		411000	0.58	31.03.2018			411000	0.58
15	Siddharth Saraf	401316	0.57	01.04.2017				
				26.05.2017	401316	Transfer	802632	1.14
				02.06.2017	-401316	Transfer	401316	0.57
				15.09.2017	401316	Transfer	802632	1.14
				30.09.2017	-401316	Transfer	401316	0.57
		401316	0.57	31.03.2018			401316	0.57
16	Renu Khurana	400000	0.57	01.04.2017				
				26.05.2017	400000	Transfer	800000	1.13
				02.06.2017	-400000	Transfer	400000	0.57
				15.09.2017	400000	Transfer	800000	1.13
				30.09.2017	-400000	Transfer	400000	0.57
		400000	0.57	31.03.2018			400000	0.57
17	Rajendra Kumar Sethia	378265	0.53	01.04.2017				
				28.04.2017	89000	Transfer	467265	0.66
				16.06.2017	9851	Transfer	477116	0.67
				23.06.2017	35223	Transfer	512339	0.72
				07.07.2017	25000	Transfer	537339	0.76
				21.07.2017	100330	Transfer	637669	0.90
				11.08.2017	20000	Transfer	657669	0.93
		657669	0.93	31.03.2018			657669	0.93
18	Urmil Gupta	327090	0.46	01.04.2017				
				26.05.2017	367430	Transfer	694520	0.98
				02.06.2017	-347260	Transfer	347260	0.49

				15.09.2017	347260	Transfer	694520	0.98
				30.09.2017	-347260	Transfer	347260	0.49
		347260	0.49	31.03.2018			347260	0.49
19	Mohammed Nasimullah	285625	0.40	01.04.2017				
				26.05.2017	285625	Transfer	571250	0.81
				02.06.2017	-285625	Transfer	285625	0.40
				15.09.2017	571250			
				30.09.2017	285625			
		285625	0.40	31.03.2018			285625	0.40
20	Capston Capital Partners	0	0.00	01.04.2017				
				16.06.2017	900000	Transfer	900000	1.27
				18.08.2017	1000000	Transfer	1900000	2.69
				23.02.2018	900000	Transfer	2800000	3.96
		2800000	3.96	31.03.2018			2800000	3.96

Top 10 shareholders at the beginning of the year (01.04.2017) and at the end of the year (31.03.2018).

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

Sl. No.	Name	Shareholding		Date	Increase/ (decrease)	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares at the beginning (01.04.2017)/ end of the year (31.03.2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
(A)	Directors*							
1	Shri Satish Bagrodia	42900	0.06					
		42900	0.06	--	--	--	42900	0.06
2	Shri Manish Bagrodia	52040	0.07					
		52040	0.07	--	--	--	52040	0.07
(B)	KMPs#							
1	Shri Anand Balkishan Sharma	--	--	--	--	--	--	--
2	Shri K. V. Singhal	--	--	--	--	--	--	--

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

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

V. INDEBTEDNESS

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

Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	55728.49	--	--	55728.49
ii) Interest due but not paid	1069.11	--	--	1069.11
iii) Interest accrued but not due.	--	--	--	--
Total (i+ii+iii)	**56797.60**	**--**	**--**	**56797.60**

Change in Indebtedness during the financial year				
i) Addition	--	--	--	--
ii) Reduction	--	--	--	--
Net Change	**--**	**--**	**--**	**--**
Indebtedness at the end of the financial year				
i) Principal Amount	55728.49	--	--	55728.49
ii) Interest due but not paid	1069.11	--	--	1069.11
iii) Interest accrued but not due.	--	--	--	--
Total (i+ii+iii)	**56797.60**	**--**	**--**	**56797.60**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director and/or Manager: (Rs. In lacs)

Sl. No.	**Particulars of Remuneration**	**Name of the Managing Director / Manager**	**Total Amount**
		Shri Manish Bagrodia, Managing Director	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) I ncome tax Act, 1961	18.00 -- --	18.00
2	Stock Option		--
3	Sweat Equity		
4	Commission - as % of profit - others, specify…		 -- --
5	Others, please specify {Co's contribution to Provident Fund (exempted portion)}		1.54
	Total (A)		19.54
	Ceiling as per the Act		N/A

B. Remuneration to other Directors:# **(Amount in Rs.)**

Sl. No.	**Particulars of Remuneration**	**Name of Directors**		**Total Amount**
1	**Independent Director**	**Shri Pradeep Kumar#**	**Ms. Navpreet Kaur Boparai#**	
	• Fee for attending board / committee meetings. • Commission. • Others, please specify.	75000 -- --	70000 -- --	145000 -- --
	Total (1)	**75000**	**70000**	**145000**

2	Other Non-Executive Directors	Shri Satish Bagrodia	--	
	• Fee for attending board / committee meetings. • Commission. • Others, please specify.	30000 -- --	-- -- --	30000 -- --
	Total (2)	**30000**	**--**	**30000**
	Total (B)=(1+2)	**105000**	**70000**	**175000**
	Total Managerial Remuneration	**105000**	**--**	**175000**
	Overall Ceiling as per the Act	**--**	**--**	**N/A$**

only sitting fee paid to the Independent Directors and Non-Executive Directors.
$ There is no net profits calculated as per section 198.

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO*	Company Secretary	CFO	Total (in Rs.)
1	Gross salary: (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 961 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	Not Applicable	1312314 -- --	1741092 -- --	3053406 -- --
2	Stock Option		--	--	--
3	Sweat Equity		--	--	--
4	Commission - As % of profit - Others, specify		-- --	-- --	-- --
5	Others, please specify : {Co's : Contribution to		92397	123576	215973
	Provident Fund (exempted), Superannuation				
	(exempted portion)}				
	Total		**1404711**	**1864668**	**3269379**

*The Managing Director is also CEO of the Company.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

CORPORATE GOVERNANCE REPORT

1. Company's philosophy on code of Governance

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

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

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

2. Board of Directors

The current strength of the Board of Directors (Board) of the Company is of three directors, who are senior, competent and eminent experts from diverse fields and professions. The Managing Director is Executive Promoter Director and two are Non-Executive Independent Directors. Out of two Independent Directors, Ms. Navpreet Kaur Boparai appointed as Woman Independent Director of the Company w.e.f. 19.05.2017.

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

The names and categories of directors on the board, their attendance at board meetings during the year and at the last annual general meeting and the number of directorships in other Companies and committee memberships/ chairmanship held by the directors as on 31.03.2018 are given below:

Name of the Directors	Category	Attendance Particulars		No. of Directorship in other Companies	No. of Membership/ Chairmanship in Committees**		
		Board Meeting	Last AGM		Membership	Chairmanship	Total
Shri Satish Bagrodia (Resigned on 26.06.2018)	Chairman (NED)	4	--	--	2	--	2
Shri Pradeep Kumar	INED	4	Yes	2	5	2	7
Shri Manish Bagrodia	MD (Executive)	4	Yes	3#$	3	--	3
Ms. Navpreet Kaur Boparai (Appointed w.e.f. 19.05.2017)	INED	4	--	--	3	--	3

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

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

Four board meetings were held during the financial year 2017-18. The meetings were held on 30.05.2017, 12.09.2017, 14.11.2017 and 09.02.2018 and the maximum time gap between any two meetings was within the period prescribed under the Companies Act, 2013.

Maximum tenure of Independent Directors

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

3. Code of Conduct

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

4. Whistle Blower Policy

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

5. Subsidiary Companies

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

6. CEO/ CFO Certification

The Managing Director (CEO) and the Chief Financial Officer (CFO) of the Company have certified to the Board that the requirements of the regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, inter-alia, dealing with the review of financial statements and cash flow statement for the year ended on 31st March, 2018. Their responsibility for establishing and maintaining internal control systems for financial reporting and evaluation of the effectiveness of the internal control system and making of necessary disclosures to the Auditors and the Audit Committee have been duly complied with. A certificate in this regard is given as Annexure 'B' to this report.

7. Audit Committee

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

The attendance of the members during the financial year 2017-18 and present composition of the Committee are as below:

Name of members	Category	No. of meetings attended during the year 2017-2018
Shri Pradeep Kumar, Chairman	Independent/ Non-Executive	4
Shri Manish Bagrodia, Member	Promoter/Executive	4
Ms. Navpreet Kaur Boparai, Member	Independent/ Non-Executive	4

During the financial year, the Audit Committee meetings were held on 30.05.2017, 12.09.2017, 14.11.2017 and 09.02.2018.
The Auditors, CFO and Internal Auditor were invitees to the meetings.

8. Nomination and Remuneration Committee

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

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

The Company had already constituted a Nomination and Remuneration Committee. During the financial year 2017-18, there were three members in the committee. Out of three, two are non-executive independent directors and one was promoter director.

The attendance of the members during the financial year 2017-18 and present composition of the Committee are as below:

Name of members	Category	No. of meetings attended during the year 2017-2018
Shri Pradeep Kumar, Chairman	Independent/ Non-Executive	1
Shri Satish Bagrodia, Member (Resigned on 26.06.2018)	Promoter/Non-Executive	1
Ms. Navpreet Kaur Boparai, Member	Independent/ Non-Executive	1

During the financial year, the Nomination and Remuneration Committee meeting was held on 30.05.2017.

Remuneration Policy

i) For Non-Executive Directors

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

The details of remuneration paid to the Non-Executive Directors during the financial year 2017-18 are given below:

Non-Executive (Amount in Rs.)

Name of Directors	Sitting Fees
Shri Satish Bagrodia	30000
Shri Pradeep Kumar	75000
Ms. Navpreet Kaur Boparai	70000
Total	**175000**

ii) For Executive Director

Shri Manish Bagrodia had been appointed as Managing Director of the Company for a period of five years with effect from 01.07.2014. The details of the remuneration drawn by the Managing Director during the financial year (01.04.2017 to 31.03.2018), subject to approval of the Central Government which is awaited, are as under.

(Rs. in lacs)

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

* Company's contribution to Provident Fund.

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

9. Stakeholders Relationship Committee :

The Stakeholders Relationship Committee functions with the following objectives:

Redressing of Shareholders and Investors complaints, regarding transfer of shares, non-receipt of balance sheet, non-receipt of dividend, demat and remat the shares, change of address etc. During the financial year 2017-18, four Stakeholders Relationship Committee meetings were held on 30.05.2017, 12.09.2017, 14.11.2017 and 09.02.2018. During the financial year, the total 3 nos. of complaints were received, resolved & replied in time and no grievance was pending at the end of the financial year.

The attendance of the members during the financial year 2017-18 and present composition of the Committee are as below:

Name of members	Category	No. of meetings attended during the year 2017-2018
Shri Pradeep Kumar, Chairman	Independent/Non-Executive	4
Shri Manish Bagrodia, Member	Promoter/Executive	4
Ms. Navpreet Kaur Boparai, Member	Independent/Non-Executive	4

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

10. Risk Management Committee

The Board of Directors of the Company had already constituted a Risk Management Committee of the Board. The attendance of the members during the financial year 2017-18 and present composition of the Committee are as below:

Name of members	Category	No. of meetings attended during the year 2017-2018
Shri Manish Bagrodia, Chairman	Promoter/Executive	1
Shri Pradeep Kumar, Member	Independent/ Non-Executive	1
Shri Satish Bagrodia, Member (Resigned on 26.06.2018)	Promoter/Non-Executive	1

During the financial year 2017-18, the Risk Management Committee meeting was held on 09.02.2018.

Risk Management

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

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

i. Foreign exchange risk

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

ii. Interest rate risk

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

iii. Commodity price risk

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

iv. Risk element in individual businesses

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

v. Compliance risks

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

vi. People risks

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

11. Disclosures

(i) All related party transactions have been entered into in the ordinary course of business and were placed periodically before the audit committee in summary form including transactions for which omnibus approval of the Audit Committee was taken. There were no material individual transactions with related parties which were not in the normal course of business, required to be placed before the audit committee and that may have potential conflict with the interest of the Company at large. All individual transactions with related parties or others were on an arm's length basis. Transactions with related parties as per requirements of Accounting Standard (AS) 18 - 'Related Party Information' are disclosed in Note no. 2.21 to the Financial Statements.

(ii) All Accounting Standards mandatorily required have been followed without exception in preparation of the financial statements.

(iii) Procedures for assessment of risk and its minimisation have been laid down by the Company and reviewed by the Board. These procedures are periodically reassessed to ensure that executive management controls risks through means of a properly defined framework.

(iv) No money was raised by the Company through public issue, rights issue etc. in the last financial year.

(v) The Company has one Managing Director on the Board whose appointment and remuneration has been reviewed/ approved by the Nomination and Remuneration Committee, the Board of Directors and the members passed the resolution in their meeting held on 31.03.2015, and later on approval of Central Government on a monthly salary of Rs. 1.50 lacs for a period of 3 years received. The remuneration paid is mentioned in item 8(ii) of this report.

(vi) The number of shares held by each director is mentioned in "Shareholding of Directors and Key Managerial Personnel (KMPs).

(vii) Management Discussion and Analysis forms part of the Annual Report to the shareholders and it includes discussion on matters as required under the provisions of regulations of the SEBI (LODR) Regulation, 2015.

(viii) There were no material financial & commercial transactions by Senior Management as defined in the required regulations of the SEBI (LODR) Regulation, 2015. where they have any personal interest that may have a potential conflict with the interests of the Company at large requiring disclosure by them to the Board of Directors of the Company.

(ix) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

(x) The Company has established a vigil mechanism/whistle blower policy for directors and employees to report concerns about unethical behavior, actual or suspected fraud etc. and the same has been disclosed on the website of the Company.

12. Compliance Certificate

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

13. General Body Meetings

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

Year	Venue	Date	Time
2014-2015	PHD Chamber of Commerce and Industry, Regional Office PHD House, Sector 31-A, Chandigarh	23.09.2015	11.30 A.M.
2015-2016	PHD Chamber of Commerce and Industry, Regional Office PHD House, Sector 31-A, Chandigarh	28.09.2016	11.30 A.M.
2016-2017	PHD Chamber of Commerce and Industry, Regional Office PHD House, Sector 31-A, Chandigarh	04.09.2017	11.30 A.M.

During the last three financial year, all resolutions, including one special resolutions on 31.03.2015 as set out in the said notice of General Meeting was passed by the shareholders. During the financial year, no postal ballots was used. At the forthcoming AGM, there is no item on the agenda that needs approval by Postal ballots.

14. Details of Unclaimed Suspense Account of shares

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

Accordingly, the Company has opened a demat account on 07.05.2012 in the name of "WINSOME YARNS LIMITED-UNCLAIMED SUSPENSE ACCOUNT" and transferred the unclaimed shares in this account of those shareholders who had not claimed the shares after giving the notices to the respective shareholders.

The details of unclaimed shares are as under:-

Unclaimed shares' details as on 01.04.2017		Details of claimed shares during the financial year		Balance as on 31.03.2018	
No. of shareholders	No. of shares	No. of shareholders	No. of shares	No. of shareholders	No. of shares
1424	297700	2	200	1422	297500

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

15. Means of Communications

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

16. General Shareholder information

Financial Year	1st April, 2017 to 31st March, 2018
Date of Annual General Meeting	Friday, the 28th September, 2018
Venue & Time	PHD Chamber of Commerce & Industry, Sector 31-A, Chandigarh at 3.30 P.M.
Date of Book Closure	19.09.2018 to 20.09.2018 (both days inclusive)
Listing of equity shares on Stock Exchanges	BSE Limited (BSE) National Stock Exchange of India Ltd (NSE)
Demat ISIN Number	NSDL & CDSL : INE784B01035
Scrip Code	BSE - 514348, NSE - WINSOME

Market price data :

During the Financial Year, i.e. from 01.04.2017 to 31.03.2018, the month wise High and Low price of the equity shares of the Company on BSE and NSE were as under.

MONTHS	BSE		NSE	
	High	Low	High	Low
Apr 17	2.02	1.81	2.05	1.80
May 17	2.04	1.84	2.00	1.75
Jun 17	2.01	1.87	2.00	1.85
Jul 17	2.06	1.92	2.05	1.90
Aug 17	2.18	1.95	2.30	1.90
Sep 17	2.46	2.01	2.60	2.00
Oct 17	2.05	1.92	2.10	1.90
Nov 17	2.08	1.95	2.10	1.95
Dec 17	2.13	2.02	2.15	1.95
Jan 18	2.43	2.04	2.45	2.00
Feb 18	2.32	2.07	2.30	2.00
Mar 18	2.24	2.08	2.25	2.05

Source : www.bseindia.com, www.nseindia.com

Annual Listing fee to BSE & NSE and Annual Custody fee to CSDL & NSDL for the year 2018-19 have been paid.

Registrar and Share Transfer Agent	M/s Link Intime India Pvt. Limited 44, Community Centre, 2nd Floor, Near PVR, Naraina Industrial Area, Phase I, New Delhi - 110028 Tele. No. 011-41410592-94, Fax No. 011-41410591 E-mail : delhi@linkintime.co.in, sunil.mishra@linkintime.co.in
Share Transfer System	Shares lodged in physical form with the RTA directly or through Company, are processed and returned, duly transferred, within the time period as prescribed in Regulation 40 of SEBI (LODR), Regulations 2015, except in cases which are under objection. In respect of shares held in dematerialised mode, the transfer takes place instantaneously between the transferor, transferee through Depository Participant in electronic mode.

Compliance Officers E-mail IDs	Shri Manish Bagrodia, Managing Director and Shri K.V. Singhal, GM(Legal) and Company Secretary kvsinghal@winsomegroup.com, cshare@winsomegroup.com

Distribution of shareholding as on 31st March, 2018.

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
01 - 500	9895	73.597	1721232	2.434
501 - 1000	1328	9.877	1182895	1.673
1001 - 2000	828	6.158	1388499	1.964
2001 - 3000	346	2.573	920493	1.302
3001 - 4000	159	1.183	581362	0.822
4001 - 5000	209	1.554	1017458	1.439
5001 - 10000	305	2.269	2415253	3.416
10001 and above	375	2.789	61480037	86.950
Total	**13445**	**100.000**	**70707229**	**100.000**

Shareholding Pattern as on 31st March, 2018.

Category	No. of Shares	Percentage
Promoters	27339609	38.67
Mutual Funds	11800	0.02
Foreign Portfolio Investors	9155403	12.95
Individual shareholders having upto 20,000 shares	10602211	14.99
Individual shareholders having more than 20,000 shares	14632339	20.69
TRUST	858446	1.21
HUF Shareholding	1421680	2.01
NRI shareholding	474214	0.67
Unclaimed or Suspense Account	297500	0.42
Clearing Members	364705	0.52
Body Corporates shareholding	5549322	7.85
TOTAL	**70707229**	**100.00**

Details of shareholding of Directors in the Company as on 31.03.2018

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

Dematerialisation of shares and liquidity.	Out of total 70707229 nos. of shares, 98.863% shares have been dematerialised upto 31.03.2018.
Outstanding GDRS/ ADRS/ Warrants or any convertible instruments, conversion date and likely impact on equity.	The Company has not issued during the year any GDRs/ADRs/Warrants or any convertible instruments, the conversion of which will have an impact on equity shares.
Plant Location (Yarn)	Village - Kurawala, Tehsil - Derabassi, Distt - Mohali (Punjab)
(Knitwear)	Winsome Knitwear (Prop. Winsome Yarns Limited) B-58, Industrial Area, Phase-VII, Mohali (PB)

Micro Hydel Power Projects	Barewal, Bharowal, Isewal, Mansion, Raowal at Sidhwan Bate, Distt. Ludhiana, Punjab
Address for correspondence	The Company Secretary Winsome Yarns Limited SCO 191-192, Sector 34-A Chandigarh-160022
E-mail IDs	kvsinghal@winsomegroup.com, cshare@winsomegroup.com
Website	www.winsomegroup.com

On behalf of the Board

Place: Chandigarh
Dated : 13.08.2018

Manish Bagrodia
Managing Director

Pradeep Kumar
Independent Director

ANNEXURE 'A'

DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

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

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

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

Place : Chandigarh
Date : 13.08.2018

Manish Bagrodia
Managing Director

ANNEXURE 'B'

Compliance Certificate from Managing Director and Chief Financial Officer under regulation 17(8) of SEBI (LODR) Regulations, 2015 for the year 2017-18.

A. We have reviewed financial statements and the cash flow statement for the year ended 31.03.2018 and that to the best of our knowledge and belief:
   1 these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   2 these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B To the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

C We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.

D 1 There has not been any significant change in internal control over financial reporting during the year under reference;
   2 There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
   3 We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place : Chandigarh
Dated : 18.05.2018

Anand Balkishan Sharma
Chief Financial Officer

Manish Bagrodia
Managing Director

ANNEXURE 'C'

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

To the Members of
Winsome Yarns Limited

We, have examined the compliance of conditions of Corporate Governance by Winsome Yarns Limited, for the year ended March 31, 2018, as stipulated in Chapter IV of SEBI (LODR) Regulations, 2015.

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

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

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

for Sharma Sarin & Associates
Company Secretaries

Place: Chandigarh
Date : 18.05.2018

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the members of **Winsome Yarns Limited**

1. Report on Standalone Ind AS Financial Statements.

We have audited the accompanying Standalone Ind AS financial statements of Winsome Yarns Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements.

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility.

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

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

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

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

4. Basis of Qualified Opinion.

i) In view of accumulated losses of the Company as at the end of March 31, 2018, the net worth of the Company as at that date being negative, the decision of management of the Company to prepare the accounts of the Company on going concern basis for reasons that, (a) proposed rehabilitation plan of the Company is under discussions with majority of lenders, and (b) future business plans of the Company and expected cash flows therefrom will suffice to service restructured debts of the Company, there would arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumptions as to going concern, and in the absence of impact of aforesaid assumptions having been un-ascertained, we are unable to comment thereon.

ii) The results for the quarter ended on March 31, 2018 and the year ended on March 31, 2018 are understated due to:

a) Non provisioning of interest expenses on borrowings of Rs. 2515.42 Lakhs for the quarter ended and Rs. 9671.90 Lakhs for the year ended on March 31, 2018 (Rs. 8389.14 Lakhs for the year ended on March 31, 2017), and Rs. 28644.12 Lakhs being aggregate amount of interest unprovided till the year ended March 31, 2018 (Rs. 18972.22 Lakhs till the year ended March 31, 2017), and further

amount towards penal interest, penalty, etc. as may be charged by the lenders. (In the absence of statement of account, the above amount has been arrived at as per estimates of the Company, and the aggregate unprovided amount in books of account of the Company is not ascertainable with accuracy).

b) **Non provisioning against long outstanding receivables of Rs. 9609.58 Lakhs (Rs. 9785.28 Lakhs as at March 31, 2017) including of overseas overdue trade receivables of Rs. 5989.20 Lakhs (Rs. 6173.48 Lakhs as at March 31, 2017). The accounting for exchange fluctuation in respect of overseas trade receivables is not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, overseas trade receivables is understated by Rs. 255.58 Lakhs (Rs. 223.89 Lakhs as at March 31, 2017).**

c) **Non provisioning against loans and advances (including other current assets) of Rs. 1569.63 Lakhs (Rs. 1611.71 Lakhs as at March 31, 2017).**

iii) **Part amount of USD 50,72,110 (Rs. 2679.34 Lakhs) out of GDR's issued by the Company, which funds had been raised for setting up of Yarn Dying Plant are invested in money market instruments outside India. As the funds were raised for earmarked purposes, the availability thereof to the Company and utilization of the same is subject to Company's undertaking active plans for implementation of the proposed investment. The balance above is as per rate of exchange prevailing at the time of investment, and is subject to adjustment in rate of foreign exchange and accruals on money market investments. In respect of its realisability/receipt, we are unable to comment. The non-accounting of investment at fair value and non-recognition of exchange fluctuation in respect thereto is not in line with Ind AS 109 "Financial Instruments" and Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" respectively, which has the effect of understatement of investment by Rs. 686.63 Lakhs as at March 31, 2018 and overstatement of losses by Rs. 10.63 Lakhs for the year ended on March 31, 2018.**

iv) **Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/ set off of payment of receivables/payables from/to overseas parties/suppliers, which is pending necessary approval of the competent authority.**

v) **The Internal Control Systems need to be further strengthened in order that they are commensurate with the size of the Company and the nature of its business, more particularly in areas of, purchases and consumption of materials, charging of expenses, set-off of balances, and invoicing of sale of goods and services.**

vi) **Confirmation of balances and reconciliation thereof with respective parties are pending, which include balances pertaining to, accounts receivable and payable (including Associate Company/ies), bank balances including other bank balances, secured loans, Financial and other current liabilities, financial assets and other current assets recoverable and contingent liabilities. All balances have been certified by the management of the Company. In the absence of the Company having aforementioned details, the impact thereof is unascertainable, and therefore, not being commented. Further strengthening of internal controls by the Company will provide greater reliability.**

vii) **During the course of our audit for the year ended March 31, 2018, the management of the Company informed to us that they noticed and found fraud in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch by its employee/s against which the management took action by lodging F.I.R. with the concerned Police Station and investigation in the matter is pending. The misappropriation of goods has been valued at Rs. 70 Lakhs against which some of the parties to whom goods were sold by the concerned employees have confirmed having received the goods and also confirmed to the Company as having made payment against the same. The Company also filed its claim to insurance company under Employee Fidelity Insurance, effect whereof has been accounted in the books of account of the Company, considering the on going recovery process of its claims.**

5. **Opinion.**

In our opinion and to the best of our information and according to the explanations given to us, ***except for the effects/possible effects of the matters described in paragraph 4 above under 'Basis of Qualified Opinion' paragraph,*** the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at March 31, 2018, and financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

6. **Report on Other Legal and Regulatory Requirements.**

i) As required by the Companies (Auditor's Report) Order, 2016 (the Order) issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

ii) As required by section 143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit, except as stated in para (vi) under the head "Basis of Qualified Opinion".

b) Except for the effects/possible effects of the matters described in the "Basis of Qualified Opinion" paragraph above, in our opinion, proper books of account as required by law have been kept by the Company in so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) Except for the matter described in para (ii)(b) and para (iii) [Ind AS -21 "The Effects of Changes in Foreign Exchange Rates" and Ind AS 109 "Financial Instruments" under the "Basis of Qualified Opinion"], in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

e) The matters described in the "Basis of Qualified Opinion" paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

f) On the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules,2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements- Refer Note no. 3.1 [read with Note no. 3.2(A)(b)(i), 3.2(A)(d) and 3.2(B)] to the standalone financial statement.

(ii) The Company has made provision, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long term contracts including derivative contracts ; except to the extent and as explained in Note no. 3.2 of the standalone financial statements.

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

PU-53, Vishakha Enclave,
Pitampura,
New Delhi- 110088

For KR & Co
Chartered Accountants
Firm Registration No. 025217N
By the hand of

Kamal Ahluwalia
Partner
Membership No.093812

May 18, 2018
New Delhi (Camp at Chandigarh)

"ANNEXURE A" TO INDEPENDENT AUDITOR'S REPORT

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

i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As per information and explanation given to us, the fixed assets related to manufacturing operations of the Company have been physically verified by the management in a phased manner, which in our opinion need to further strengthen having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable freehold properties are held in the name of the Company and in case of leasehold immovable properties, lease deed has been executed in the name of the Company.

ii) As explained to us, inventories of the Company (including inventories lying with the third parties and in transit) have been physically verified by the management at reasonable intervals during the year. In our opinion and according to the information and explanation given to us, the procedure of physical verification of inventories followed by the management need to be strengthen in relation to the size of the Company and nature of its business. However, as per the information and records made available, no material discrepancies were noticed on such verification.

iii) As informed to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, provisions of clause 3 (iii) of the Order is not applicable.

iv) According to the information, explanation and representation provided by the management and based upon audit procedures performed, the Company has not given any loans, provided any guarantee or security in connection with any loan and/ or acquiring securities of any other body corporate.

v) The Company has not accepted any deposits within the meaning of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, provisions of clause 3 (v) of the Order is not applicable.

vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the Company's products to which the said Rules apply and are of the opinion that prima facie, the prescribed records have been made and maintained. We, however, have not made a detailed examination of the said records with a view to determine whether they are accurate or complete.

vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, goods and service tax, service tax, customs duty, excise duty, cess, and other statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at March 31, 2018, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, power board demand and cess that have not been deposited by the Company with appropriate authorities on account of dispute except dues of income tax, sales tax and excise duty that have not been deposited with the appropriate authorities on account of dispute and the forum where these disputes pending are given below:

Name of the Statute	Nature of dues	Amount (Rs. in Lakhs)	Period to which relates	Forum where dispute is pending
Income tax Act, 1961	Income tax	182.71	2005-2007	ITAT, Chandigarh
	Income tax	94.43	2007-08	High Court, Punjab and Haryana
	Income tax	3.03	2010-11	CIT (Appeals), Chandigarh
	Income tax	Nil*	2011-12 to 2013-14	ITAT, Chandigarh
	Income tax	Nil*	2015-16	CIT (Appeals), Chandigarh
Central/State Sales Tax	Sales Tax/VAT	4.35	1999-2000	Joint Director, Excise and Taxation, Chandigarh
	-do-	2.25	1993.1994	Sales Tax Tribunal, Punjab
	-do-	13.36	2003-2004	Deputy Excise and Taxation Commissioner (Appeal)
	-do-	29.08	2008-2009	-do-
	-do-	1.84	2017-2018	DETC cum Joint Director (Enf.), Patiala
Central Excise Act	Excise Duty	7.63	2008-09	CESTAT, New Delhi
	-do-	5.04	2010-11	CESTAT, New Delhi
	-do-	13.42	2011-12	CESTAT, New Delhi
Punjab State Power Corporation Limited	Power	10.83	2017-18	Punjab State Power Corporation Limited

* Demand raised by the Income Tax Department is Nil.

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

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

Sl. No.	Name of Bank	Total default amount (Rs. Crores)	Maximum delay (in days)	Remarks
1.	Allahabad Bank	0.84	1370	Short term loan
2.	Bank of India	25.14	1735	Term loan
3.	Bank of Maharashtra	25.06	1645	Term loan
4.	Indian Overseas Bank	20.45	1553	Term loan
5.	ICICI Bank Ltd.	6.11	1735	Working capital term loan and FITL
6.	Oriental Bank of Commerce	19.65	1735	Term loan
7.	Canara Bank	127.83	1460	Term loan and working capital loan - Assigned to EARC
8.	Punjab National Bank	148.14	1536	Term loan and working capital loan - Assigned to EARC
9.	State Bank of Patiala	97.89	1404	Term loan and working capital loan - Assigned to EARC
10.	Dena Bank	39.73	1643	Term loan - Assigned to EARC
11.	UCO Bank	42.44	1462	Term loan - Assigned to EARC
12.	Union Bank of India	14.67	1643	Term loan - Assigned to EARC

EARC = Edelweiss Asset Reconstruction Company Ltd.

ix) According to the information and explanation given to us, the term loans were applied for the purposes for which the loans were obtained. The Company did not raise any money by way of initial public offer or further public offer and term loans during the year.

x) To the best of our knowledge and according to the information and explanations given to us, except for the matter stated in note no. 3.5 to the Ind AS financial statements, we have neither come across any instances of fraud by the Company or any fraud on the Company by its officers or employees noticed or reported during the year.

xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration during the year under review. The Company is in receipt of approval of the Central Government for payment of managerial remuneration under section 197 read with Schedule V of the Act for the period from 01.07.2014 to 30.06.2017. Accordingly, the managerial remuneration paid/provided from 01.07.2017 to 31.03.2018 is without approval of the Central Government. The Company has already made an application for approval of the Central Government on 14.08.2017 in respect of managerial remuneration paid/provided, which application of the Company is pending. However, the Company has since recieved the amount of managerial remuneration so Paid to its Managing Director.

xii) The Company is not a Nidhi company.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS standalone financial statements as required by the applicable accounting standards.

xiv) The Company has not made any preferential allotment or private placement of shares of fully or partly convertible debentures during the year under review. Accordingly, we are not offering any comment with respect to compliance of requirement of section 42 of the Act and utilization of the money.

xv) On the basis of records made available to us and according to the information and explanation given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

PU-53, Vishakha Enclave,
Pitampura,
New Delhi- 110088

For KR & Co
Chartered Accountants
Firm Registration No. 025217N
By the hand of

Kamal Ahluwalia
Partner
Membership No.093812

May 18, 2018
New Delhi (Camp at Chandigarh)

ANNEXURE 'B TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF WINSOME YARNS LTD.

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of the section 143 of the Act

We have audited the internal financial controls over financial reporting of Winsome Yarns Limited ("the Company") as of March 31, 2018, in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for laying down and maintaining internal financial controls based on 'the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (Guidance Note) issued by the Institute Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the Act).

Auditor's Responsibility

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

We conducted our audit in accordance with the Standards of Auditing, to the extent applicable to an audit of internal financial controls and the Guidance Note, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain the reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Basis of Qualified Opinion

We draw attention to the paragraph 4 "Basis for Qualified Opinion" of our main report and the same to be read with our comments as stated below:

According to the information and explanation given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2018:

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

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

In our opinion, except for the effects/possible effects of the material weaknesses described above and on the achievement of the objectives of control criteria, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

We have considered the material weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the March 31, 2018 standalone financial statements of the Company and these material weaknesses does not affect our opinion on the standalone financial statements of the Company.

PU-53, Vishakha Enclave,
Pitampura,
New Delhi- 110088

For KR & Co
Chartered Accountants
Firm Registration No. 025217N
By the hand of

Kamal Ahluwalia
Partner
Membership No.093812

May 18, 2018
New Delhi (Camp at Chandigarh)

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

Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2018 [See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations 2016]

(Rs. in Lakhs)

I.

Sl. No.	Particulars	Audited Figure (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)*
1	Turnover/ Total income	33488	33498
2	Total Expenditure	35579	56430
3	Net Profit/(Loss)	(1782)	22622
4	Earnings Per Share	(2.52)	(31.82)
5	Total Assets	46437	35944
6	Total Liabilities	64886	(93530)
7	Net Worth	(18449)	(57586)
8	Any other financial item(s) (as felt appropriate by the management)	-	-

* all adjustments are without tax effect.

II. Audit Qualifications

(a) Details of Audit qualification

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

(i) In view of accumulated losses of the Company as at the end of March 31, 2018, the net worth of the Company as at that date being negative, the decision of management of the Company to prepare the accounts of the Company on going concern basis for reasons that, (a) proposed rehabilitation plan of the Company is under discussions with majority of lenders, and (b) future business plans of the Company and expected cash flows therefrom will suffice to service restructured debts of the Company, there would arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumptions as to going concern, and in the absence of impact of aforesaid assumptions having been un-ascertained, we are unable to comment thereon.

(ii) The results for the quarter ended on March 31, 2018 and the year ended on March 31, 2018 are understated due to:

(a) Non provisioning of interest expenses on borrowings of Rs. 2515.42 Lakhs for the quarter ended and Rs. 9671.90 Lakhs for the year ended on March 31, 2018 (Rs. 2182.41 Lakhs for the quarter ended and Rs. 8389.14 Lakhs for the year ended on March 31, 2017), and Rs. 28644.12 Lakhs being aggregate amount of interest unprovided till the year ended March 31, 2018 (Rs. 18972.22 Lakhs till the year ended March 31, 2017), and further amount towards penal interest, penalty, etc. as may be charged by the lenders. (In the absence of statement of account, the above amount has been arrived at as per estimates of the Company, and the aggregate unprovided amount in books of account of the Company is not ascertainable with accuracy).

(b) Non provisioning against long outstanding receivables of Rs. 9609.58 Lakhs (Rs. 9785.28 Lakhs as at March 31, 2017 and Rs. 9794.95 Lakhs as at December 31, 2017) including of overseas overdue trade receivables of Rs. 5989.20 Lakhs (Rs. 6173.48 Lakhs as at March 31, 2017 and Rs. 5987.96 Lakhs as at December 31, 2017). The accounting for exchange fluctuation in respect of overseas trade receivables is not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, overseas trade receivables is understated by Rs. 255.58 Lakhs (Rs. 233.89 Lakhs as at March 31, 2017)

(c) Non provisioning against loans and advances (including other current assets) of Rs.1569.63 Lakhs (Rs. 1611.71 Lakhs as at March 31, 2017 and Rs 1469.05 Lakhs as at December 31, 2017).

(iii) Part amount of USD 50,72,110 (Rs. 2679.34 Lakhs) out of GDR's issued by the Company, which funds had been raised for setting up of Yarn Dying Plant are invested in money market instruments outside India. As the funds were raised for earmarked purposes, the availability thereof to the Company and utilization of the same is subject to Company's undertaking active plans for implementation of the proposed investment. The balance above is as per rate of exchange prevailing at the time of investment, and is subject to adjustment in rate of foreign exchange and accruals on money market investments. In respect of its realisability/ receipt, we are unable to comment. The non-accounting of investment at fair value and non-recognition of exchange fluctuation in respect thereto is not in line with Ind AS 109 "Financial Instruments" and Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" respectively, which has the effect of understatement of investment by Rs. 686.63 Lakhs as at March 31, 2018 and overstatement of losses by Rs. 10.63 Lakhs for the year ended on March 31, 2018.

(iv) Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/set off of payment of receivables/payable from/to overseas parties/suppliers, which is pending necessary approval of the competent authority.

(v) The Internal Control Systems need to be further strengthened in order that they are commensurate with the size of the Company and the nature of its business, more particularly in areas of, purchases and consumption of materials, charging of expenses, set-off of balances, and invoicing of sale of goods and services.

(vi) Confirmation of balances and reconciliation thereof with respective parties are pending, which include balances pertaining to, accounts receivable and payable (including Associate Company/ies), bank balances, secured loans, other liabilities, loans and advances recoverable, and contingent liabilities. All balances have been certified by the management of the Company. In the absence of the Company having aforementioned details, the impact thereof is unascertainable, and therefore, not being commented. Further strengthening of internal controls by the Company will provide greater reliability

(vii) During the course of our audit for the quarter and year ended March 31, 2018, the management of the Company informed to us that they noticed and found fraud in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch by its employee/s against which the management took action by lodging F.I.R. with the concerned Police Station and investigation in the matter is pending. The misappropriation of goods has been valued at Rs. 70.00 Lakhs against which some of the parties to whom goods were sold by the concerned employees have confirmed having received the goods and also confirmed to the Company as having made payment against the same. The Company also filed its claim to insurance company under Employee Fidelity Insurance, effect whereof has been taken in books of accounts considering the ongoing recovery process and its claim.

(b) Type of Audit Qualification

Qualified Opinion

(c) Frequency of Qualification

In case of point no (i), (iv) and (v) - Appeared since F.Y. 2014-15

In case of point no (ii)(a) - Appeared since F.Y. 2013-14 (However, there is change in amount)

In case of point no (ii)(b) and (ii)(c) - Appeared since F.Y. 2003-04 (However, there is change in amount)

In case of point no (iii) - Appeared since F.Y. 2013-14

In case of point no (vi) - Appeared since F.Y. 2003-04

In case of point no. (vii)-Appeared in F.Y. 2017-18

(d) For Audit Qualification(s) where the impact is quantified by the Auditor, Management views

With regard to Auditors Qualification No. (ii)(a), (ii)(b), (ii)(c), (iii) and (vii):-

ii)(a) Regarding non-provision of interest expenses, penal interest, penalty, etc. in respect of borrowings of the Company from banks - As stated in Note No. 3.24 of the Audited Financial Statement, due to continuous losses and financial tightness, the Company has not been able to fully pay due installments & interest on term loan on due dates, which resulted into classification of credit facilities as Non-Performing Assets couple with recall of facilities by lenders of the Company & certain overdue amount is continuing/ unpaid till date (as detailed in note no. 3.24 of audited financial statement for the year ended March 31, 2018). Interest on term loans and working capital including overdue amount, penal interest etc. (amount unascertained) has not been provided and as the same will be provided / accounted for as and when paid/ settled as the company is in process of discussion/applying for getting loans to be restructured by the lenders/ARC. Six of banks have assigned and transferred the total debts due from the Company along with the underlying rights, title and interests in financial assistances granted to the Company to an Asset

Reconstruction Company (ARC).

ii)(b) Regarding non-provision against receivables and loans and advances - As also explained in Note No. 3.8(a) of Audited Financial Statements, management view is that the receivables includes outstanding amount of overseas receivables for period over one year of Rs 5989.20 Lakhs till 31.03.2018 (Rs. 6173.48 Lakhs till 31.03.2017), where the Company is in process of filing necessary papers with appropriate authority for extension of time [read with note no.3.9]. In this regards, management is confident about full recovery / realisability considering the past performance of the customer and recovery initiative taken by the Company.

Also, as explained in Note No. 3.8(b) of Audited Financial Statements, the trade receivables include certain overdue Trade Receivables/Other Receivables of Rs. 3620.38 Lakhs till 31.03.2018 (Rs. 3611.80 Lakhs till 31.03.2017 for which the management is confident about full recovery/ realisability.

ii)(c) Regarding overdue amount of Loans and Advances read with Note no. 3.11 (including Other Current Assets) of Rs.1569.63 Lakhs (Rs.1611.71 Lakhs as at March 31, 2017) (including Refunds / Claims Receivables of Rs.53.50 Lakhs, TUFS subsidy Rs. 899.05 Lakhs, capital advances of Rs. 250 Lakhs), in the opinion of the Management, the aforesaid balance are fully realisable and hence considered good. The Company has also initiated necessary steps for recovery of overdues.

iii) Regarding non accounting of investment at fair value and non-recognition of exchange fluctuation in respect thereto, the management is of view that the money lying outside India is part of GDRs proceeds of the Company and is earmarked for utilization for setting up a Yarn Dying Plant, which could not be implemented for want of support of lenders. The Management of the Company is engaged in firming an active plan for implementation of its proposal for setting up of a Yarn Dying Plant, and upon its finalization, the aforesaid amount will be utilized for investment and on that date effect of any gain shall be accounted in the books of account of the Company.

vii) With regard to noticed fraud in the nature of shortage and misappropriation of goods stored at its Ludhiana Branch by the employee/s of the Company, the effect whereof has been accounted in the books of account of the Company, considering the ongoing recovery process and its claim.

(e) For Audit Qualification(s) where the impact is not quantified by the Auditor:

(i) Management's estimation on the impact of audit qualification.

Not ascertainable

(ii) If management is unable to estimate the impact, reasons for the same.

With regard to Auditors Qualification No. (i), (iii), (iv), (v) and (vi)-:-

(i) Regarding net worth of the Company becoming negative and preparation of financial statements on going concern basis - Consequent to erosion of entire net worth, the Company filed Reference before the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) under Sick Industrial Company (Special Provisions) Act, 1985 (SICA), which was registered. The Company was in discussions with its lenders for evolving a scheme of rehabilitation of its financial debts, which continued during the period when the reference of the Company was under consideration before BIFR and also presently after the SICA has been repealed. Considering the proposed rehabilitation and future business plans of the Company, present business scenario, stable government policies for the business and expected cash flow in the near future as assessed by the Management, accounts of the Company are prepared on 'Going Concern' basis.

(iii) Regarding pending receipt of part money out of GDR issue - As also explained in Note no. 2.3 of the of the Audited Financial Statements that out of the proceeds of GDRs raised in F.Y. 2010-2011, an amount of USD 6,954,515 (INR 3721.05 Lakhs) stood remitted to India, which had been utilised for augmentation of working capital needs of the Company and a balance amount of USD 50,72,110 (INR 2679.34 Lakhs) continues to remain invested in an overseas Money Market Fund outside India as on 31.03.2018, pending utilization of such proceeds. The Company is filing all due returns regularly with RBI. Also the Depository of GDR issue had resigned w.e.f. 29.10.2014 and terminated the agreement w.e.f. 15-06-2015. The GDR had been de-listed from LuxSE w.e.f. 16.06.2015. The Company is in process to appoint new depository and seek relisting of GDR on LuxSE or any other overseas stock Exchange.

(iv) Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/ set off of payment of receivables/payable from/to overseas parties/suppliers, which is pending necessary approval of the competent authority. The management is in the process of obtaining necessary approvals from the competent authority

(v) Regarding further strengthening the system of internal controls - Necessary steps have been initiated by the Company to further strengthen the system of internal controls w.r.t. purchases and consumption of inventory, booking of expenses, set off of balances, for the sale of goods and services, etc.

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

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

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

III. Signatories

Manish Bagrodia Managing Director DIN : 00046944	Anand Balkishan Sharma President (Corporate Finance) & Chief Financial Officer	Pradeep Kumar Audit Committee Chairman DIN : 03052477	For K. R. & Co. Statutory Auditors Chartered Accountants F.R. No. 025217N

Place: Chandigarh
Date: May 18, 2018

(Kamal Ahluwalia)
Partner
Membership No. 093182

STANDALONE BALANCE SHEET AS AT MARCH 31, 2018

(Rs. Lakhs)

PARTICULARS	Notes	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	**4 (a)**	22,239.01	23,839.76	25,564.83
Capital work in progress		-	36.20	-
Other intangibles assets	**4(b)**	10.50	0.03	0.06
Financial assets				
Investments	**5**	-	-	-
Loans	**6**	2.12	2.13	1.08
Deferred tax assets (net)	**7**	44.36	44.36	50.43
Other non current assets	**8**	2,566.27	1,571.01	1,031.49
		24,862.26	**25,493.49**	**26,647.89**
Current assets				
Inventories	**9**	4,237.55	5,752.55	5,050.81
Financial assets				
Loans	**6**	18.16	18.16	20.39
Investment	**10**	2,679.34	2,679.34	2,679.34
Trade receivables	**11**	12,185.22	12,062.24	12,217.63
Cash and cash equivalents	**12**	208.62	159.73	480.11
Other bank balances	**13**	32.36	33.99	94.91
Other financial assets	**14**	1,047.09	1,001.24	1,046.43
Current tax assets	**15**	99.84	97.16	98.84
Other current assets	**16**	1,066.92	981.70	730.59
		21,575.10	**22,786.11**	**22,419.05**
TOTAL ASSETS		**46,437.36**	**48,279.60**	**49,066.94**
EQUITY AND LIABILITIES				
Equity				
Share capital	**17**	7,070.72	7,070.72	7,070.72
Other equity		(25,519.46)	(23,737.55)	(22,010.46)
		(18,448.74)	**(16,666.83)**	**(14,939.74)**
Liabilities				
Non-current liabilities				
Deferred grant income	**18**	87.51	96.74	105.97
Provisions	**19**	192.22	167.24	119.24
		279.73	**263.98**	**225.21**
Current liabilities				
Financial liabilities				
Borrowings	**20**	55,736.85	55,766.50	55,917.43
Trade payables	**21**	5,645.63	6,198.13	5,227.29
Other financial liabilities	**22**	3,134.62	2,633.66	2,417.87
Deferred grant income	**18**	9.23	9.23	9.23
Other current liabilities	**23**	56.73	56.47	195.50
Provisions	**19**	23.31	18.46	14.15
		64,606.37	**64,682.45**	**63,781.47**
Total liabilities		**64,886.10**	**64,946.43**	**64,006.68**
TOTAL EQUITY AND LIABILITIES		**46,437.36**	**48,279.60**	**49,066.94**
SIGNIFICANT ACCOUNTING POLICIES	**2**			
NOTES TO THE FINANCIAL STATEMENTS	**3-33**			

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

As per our report of even date.

For and on behalf of the Board

KR & Co.
Chartered Accountants
Firm Registration No. 025217N
By the hand of

Manish Bagrodia
Managing Director
DIN : 00046944

Pradeep Kumar
Independent Director
DIN : 03052477

Kamal Ahluwalia
Partner
Membership No. 093812

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

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

May 18, 2018
New Delhi (Camp at Chandigarh)

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Rs. Lakhs)

PARTICULARS	Notes	Year Ended 31 March 2018	Year Ended 31 March 2017
INCOME			
Revenue from operations	**24**	33,305.42	37,131.36
Other income	**25**	182.20	195.19
Total Income		**33,487.62**	**37,326.55**
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	**26**	1,095.00	(733.17)
Employees benefit expenses	**27**	3,523.83	3,233.79
Finance costs	**28**	36.88	44.93
Depreciation and amortisation	**29**	1,706.93	1,812.68
Other expenses	**30**	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	**7**	-	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)**
Earnings per equity share [par value of Rs. 10 (Rs. 10) each]			
1. Basic (Rs.)	**31**	**(2.52)**	**(2.44)**
2. Diluted (Rs.)	**31**	**(2.52)**	**(2.44)**
SIGNIFICANT ACCOUNTING POLICIES	**2**		
NOTES TO THE FINANCIAL STATEMENTS	**3-33**		

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

As per our report of even date.

For and on behalf of the Board

KR & Co.
Chartered Accountants
Firm Registration No. 025217N
By the hand of

Manish Bagrodia
Managing Director
DIN : 00046944

Pradeep Kumar
Independent Director
DIN : 03052477

Kamal Ahluwalia
Partner
Membership No. 093812

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

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

May 18, 2018
New Delhi (Camp at Chandigarh)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED ON MARCH 31, 2018

(Rs. Lakhs)

			Year Ended 31 March 2018	Year Ended 31 March 2017
A.	**CASH FLOW FROM OPERATIONS**			
	Loss before tax		(1,781.91)	(1,721.02)
	Adjustment for:			
	Depreciation		1,706.93	1,812.68
	Amortisation of lease hold land		2.83	2.83
	Prorata capital subsidy		(9.23)	(9.23)
	(Profit)/Loss on sale of fixed assets		0.64	(0.59)
	Interest expense		36.88	44.93
	Interest income		(30.48)	(36.97)
	Operating profit before working capital changes		**(74.34)**	**92.63**
	Adjustment for working capital changes:			
	Increase/(Decrease) in financial liabilities			
	Trade payables		(552.50)	970.85
	Revenue received in advance		288.38	124.54
	Other payables		212.58	91.25
	Increase/(Decrease) in other current liabilities		0.26	(139.03)
	Increase/(Decrease) in provisions		29.83	52.31
	(Increase)/Decrease in financial assets			
	Trade and other receivables		(122.98)	155.39
	Loans		0.01	1.18
	Interest accrued but not due		30.04	14.67
	Other loan		(75.89)	30.52
	Increase/(Decrease) in other current assets		(85.21)	(251.11)
	Increase/(Decrease) in other non current assets		(998.09)	(542.35)
	Increase/(Decrease) in inventories		1,515.00	(701.74)
			167.09	**(100.89)**
	Current tax liabilities (Net)		(2.68)	1.68
	Net cash flow from operating activities	**(A)**	**164.41**	**(99.21)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Additions to property, plant and equipment		(81.35)	(124.51)
	Reductions to property, plant and equipment		0.25	1.30
	Interest receipts		30.48	36.97
	Net cash used in investing activities (B)		**(50.62)**	**(86.24)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Interest paid		(36.88)	(44.93)
	Increase/(Decrease) in financial liabilities			
	Proceeds from borrowings		(29.65)	(152.32)
	Repayment of borrowings		-	1.40
	Net cash used in financing activities	**(C)**	**(66.53)**	**(195.85)**
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(A+B+C)**	**47.26**	**(381.30)**
	Cash and cash equivalents - Opening balance		193.72	575.02
	Cash and cash equivalents - Closing balance		240.98	193.72

(Figures in bracket represents cash outflow)

As per our report of even date.

For and on behalf of the Board

KR & Co.
Chartered Accountants
Firm Registration No. 025217N
By the hand of

Manish Bagrodia
Managing Director
DIN : 00046944

Pradeep Kumar
Independent Director
DIN : 03052477

Kamal Ahluwalia
Partner
Membership No. 093812
May 18, 2018
New Delhi (Camp at Chandigarh)

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

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

(Rs. Lakhs)

	Equity share capital (A)	OTHER EQUITY						
		Reserve & Surplus						
		Securities premium reserve	Capital reserve	Retained earnings	Capital redemption reserve	Other Comprehensive Income	Total Other Equity (B)	Total equity attributable to equity holders of the Company (A)+(B)
Balance as at April 1, 2016	**7,070.72**	**5,181.95**	**261.03**	**(27,577.88)**	**124.44**	**-**	**(22,010.46)**	**(14,939.74)**
Loss for the year	-	-	-	(1,719.44)	-	(7.65)	(1,727.09)	(1,727.09)
Balance as at March 31,2017	**7,070.72**	**5,181.95**	**261.03**	**(29,297.32)**	**124.44**	**(7.65)**	**(23,737.55)**	**(16,666.83)**
Loss for the year	-	-	-	(1,794.78)	-	12.87	(1,781.91)	(1,781.91)
Balance as at March 31, 2018	**7,070.72**	**5,181.95**	**261.03**	**(31,092.10)**	**124.44**	**5.22**	**(25,519.46)**	**(18,448.74)**

As per our report of even date.

For and on behalf of the Board

KR & Co.
Chartered Accountants
Firm Registration No. 025217N
By the hand of

Manish Bagrodia
Managing Director
DIN : 00046944

Pradeep Kumar
Independent Director
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Membership No. 093812

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

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

May 18, 2018
New Delhi (Camp at Chandigarh)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

1 Corporate Information

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

A) Basis of preparation of financial statements

(a) Statement of Compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (the Act), (Ind AS compliant Schedule III), as applicable to the Company. The Company adopted Ind AS from April 01, 2017.

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles (GAAP), which includes Standard notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements with April 01, 2016 being the transition date.

The Company has adopted all Ind AS standards and the adoption was carried out in accordance with Ind AS 101 'First Time Adoption of Indian Accounting Standards' issued by Ministry of corporate affairs. The Company has presented a reconciliation [from previous GAAP to Ind AS] of total equity as at April 01, 2016, March 31, 2017 and Statement of Profit and Loss for the year ended March 31, 2017 (Refer Note No. 3.26).

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

(b) Functional and presentation currency

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

(c) Basis of Measurement

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

Determining the Fair Value

While measuring the Fair Value of an asset or a liability, the Company used observable market data as far as possible. Fair values are categorised into different levels in a Fair Value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of trade receivables, trade payables and other Current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are Non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value.

If the inputs used to measure the Fair Value of an asset or a liability fall into different levels of the Fair Value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the Fair Value hierarchy as the lowest level input that is significant to the entire measurement.

(d) Use of Estimate

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

(e) Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements issued by the Ministry of Corporate Affairs based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

B) Recent accounting pronouncement

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

The standard permits two possible methods of transition:

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

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

C) Significant accounting policies

(a) Property, Plant and Equipment

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

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

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

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

(b) Intangible Assets

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

(c) Impairment of non financial assets

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

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

(d) Inventories

(i) Inventories are valued at lower of cost or net realisable value except for scrap and by-products which are valued at net realisable value.

(ii) Cost of inventories of finished goods and work-in-process includes material cost, cost of conversion and other related overhead costs.

(iii) Cost of inventories of raw material, work-in-process and stores and spares is determined on weighted Average Cost Basis.

(e) Financial instruments

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

Financial Assets :

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

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

Financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/ or interest.

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

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

In case of investment in equity shares

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

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

Debt instruments:

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

Other:

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

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

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

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

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Financial Liabilities

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

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

Offsetting Financial Instruments

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

Equity Instruments

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

(f) Government Grants

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

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

(a) related to or used for assets are included in the Balance Sheet as deferred income and recognised as income over the useful life of the assets.

(b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.

(c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

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

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

(g) Claims, Provisions, Contingent assets and Liabilities:

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

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

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

(h) Recognition of revenue and expenditure

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

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

(ii) **Interest and dividend income**

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

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

(i) Borrowing Cost

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

(j) Employee benefits

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

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

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

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

(k) Taxes on income

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

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

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

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

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

(l) Foreign currency transactions and translation

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

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

Non-monetary foreign currency items are carried at cost.

(m) Prior period errors

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

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

(n) Earnings per share

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

(o) Cash flow statement

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

Amendment to Ind AS-7

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

(p) Cash and cash equivalents

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

NOTE NO. 3:

3.1 Explanatory notes forming part of the Balance Sheet

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

(Rs. Lakhs)

Sl. No.	Particulars	2017-18	2016-17
(i)	Bills discounted with banks	109.91	561.49
(ii)	Sales Tax liability in respect of matters under appeal	81.35	67.09
(iii)	Excise duty show cause notices / matters under appeal	26.10	135.67
(iv)	Income Tax Demand under dispute	280.17	277.14
(v)	Outstanding bank guarantees	-	-
(vi)	Customs duty saved Nil (Previous Year Rs. Nil) for import of capital good made against EPCG license against which export obligations amounting to Rs. 515.34 Lakhs (Previous Year Rs. 210.31 Lakhs) are pending. Non fulfilment of Export obligation will attract demand of Rs 91.22 Lakhs (Previous Year Rs. 45.56 Lakhs) (including interest and excluding penalty).		

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

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

(C) Estimated amount of Capital contracts remaining to be executed on Capital Account and not provided for is Nil (Previous year Rs. 14.40 Lakhs) and net of advances is Nil (Previous year Rs 4.60 Lakhs), as certified by the management.

3.2

(A) (a) The loans from Banks are further secured by unconditional and irrevocable personal guarantees of promoters, promoters group/ associate companies and secured/ to be secured by pledge of 51% (Fifty one percent) of equity share capital (present /future) of the company or 100% of shares held/ to be held by promoters, promoters group/ associate companies, whichever is lower.

(b) (i) Appeals filed by the Company against its Lenders under section 17 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act, 2002) before the Hon’ble Debt Recovery Tribunal, Chandigarh, against notice u/s 13(4) of the SARFAESI Act, 2002 issued by the lenders, have been admitted and the matter is pending before the Hon’ble DRT.

(ii) The Company’s requests to the lending banks from time to time seeking permission for renewal and continuation of “Holding-on operations” in the banking accounts of the Company (which were unilaterally stopped by the lending banks on several occasions in past) have not been accepted and funds of the Company aggregating Rs.152.25 Lakhs (previous year Rs. 152.25 Lakhs) are lying in the current accounts/fixed deposit accounts resulting in stucking of the funds of the Company. The amount has been shown as part of Bank Balances in Note No. 12 and 13 of the financial statements. The Company has initiated actions for recovery of aforesaid amount and balance(s) in aforesaid bank accounts are subject to confirmation/reconciliation.

(c) The Lender Banks (Canara Bank, State Bank of Patiala, Punjab National Bank, UCO Bank, Union Bank of India, Dena Bank) of the Company which held more than 80% of total outstanding loans of the Company have assigned and transferred their debts along with underlying rights, benefits and obligations to Edelweiss Asset Reconstruction Company Limited (EARC). The Company is in discussion with its lenders for evolving a scheme of rehabilitation and/or restructuring of its financial debts which continued both during the period that the Reference of the Company was under consideration before the Hon’ble Board for Industrial and Financial Reconstruction and the period since repeal of the Sick Industrial (Special Provisions) Act, 1985. [Read with Note No. 20(b)].

(d) Canara Bank, State Bank of Patiala, UCO Bank, Oriental Bank of Commerce, Dena Bank, Indian Overseas

Bank, Bank of India and Bank of Maharashtra had filed an application under section 19(1) of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 before the Hon'ble Debt Recovery Tribunal (DRT) at Chandigarh, which is pending for impleadment of EARC in respect of Petitioning Banks who have assigned their debts to EARC and adjudication by the Hon'ble DRT.

The Company has claims against its lenders, which will be or are being pursued before the Hon'ble DRT, as per advise of its legal counsel in the matter.

(e) The Company is in discussion with the Edelweiss Asset Reconstruction Company Limited (EARC) for a structured payment plan of its dues, which is likely to be binding on all lenders on its finalization.

(B) Certain winding-up petitions filed against the Company by its creditors, including persons claiming to be creditors, had been adjourned sine-die by the Hon'ble Punjab and Haryana High Court. There have no proceedings in the matters thereafter.

3.3 **(a)** In the Extraordinary General Meeting of the Company held on June 28, 2010, the Members of the Company had approved the issue of new capital through Global Depository Receipts (GDRs). Accordingly, 19,94,125 number of GDR of USD 6.64 each (each GDR converting / equivalent to 100 equity shares – being 1,99,41,250 nos. of equity shares of Rs. 10 each at Rs. 29.70 including premium) had been issued by the Company and allotted on March 29, 2011. The GDR were listed for trading at the Luxembourg Stock Exchange (LuxSE). Out of the proceeds of GDRs raised in 2011, an amount of USD 6,954,515 (Rs. 3721.05 Lakhs) stood remitted to India, which had been utilised for augmentation of working capital needs of the Company, and balance amount of USD 50,72,110 (Rs. 2679.34 Lakhs) continues to remain invested in an overseas Money Market Fund pending utilisation for purposes for which the funds were raised. The balances stated above are as per rate of exchange of relevant currencies prevailing at the time of making investment in Money Market Fund, and will be finally adjusted with the actual amounts, including accruals thereon, if any, on settlement of Money Market Fund amount. The Company is regular in filing all due returns with Reserve Bank of India.

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

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

3.4 Research and Development Expenditure (as certified by management) amounting to Rs. 66.28 Lakhs (Previous Period Rs. 93.44 Lakhs) have been debited to Statement of Profit and Loss during the year.

3.5 A fraud had come to be discovered by the Company in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch (Punjab), committed by its employee/s. A complaint was lodged with the concerned Police Station and First Information Report was registered by the Authorities, and investigation in the matter is pending. The loss of goods is valued at about Rs. 70.00 Lakhs. It has since revealed that some of the parties to whom goods were allegedly sold by the concerned employees have confirmed their receipt and also confirmed having made payment therefor. The Company is hopeful of full recovery of loss from the Insurance Company under Employee Fidelity Insurance, and has accounted the same in its books of account.

3.6 Three Step down subsidiaries of the Company are under liquidation, namely (i) S. C. Winsome Romania s.r.l, Romania, (ii) IMM Winsome Italia s.r.l, Italy, and (iii) S.C. Textile s.r.l, Romania. The Company through its subsidiary company had made investment amounting to Euro 828 (Equivalent to Rs.0.54 Lakhs) in these step down subsidiaries. Necessary provisions in the books of account in respect of the investment amount and outstanding recoverable (as debtors) of Rs. 257.82 Lakhs had been made in earlier years.

3.7 As per the terms of Agreement entered between Company and private equity partners /sellers, the Company was to invest through a subsidiary, i.e., Winsome Yarn (Cyprus) Ltd. (WYCL) in a JV Company namely, Newcocot s.r.l., an amount of Euro 4.64 millions {approx Rs. 3500.42 Lakhs as on 31.03.16 (including exchange gain/ loss)}. In earlier years, the Company had made investment in equity and preference share capital of WYCL for an aggregate amount of EURO 2.55 million (Equivalent to Rs. 1517.25 Lakhs). The JV Company is under liquidation, and pending approval of RBI for writing-off the investment, the Company had earlier made provision for diminution in value of its investment of Rs. 1517.25 Lakhs.

3.8 **(a)** Receivables exceeding six months include Rs. 5989.20 Lakhs (previous year Rs. 6173.48 Lakhs) (including exchange gain of Rs. 897.51 Lakhs (previous year Rs. 897.41 Lakhs) till 31.03.2018) [excluding as stated in note no. (b) below] of overseas receivables outstanding for period over one year. The Company is taking measures for recovery of the amount, and is taking legal advise in the matter of seeking extension of time from the regulatory body for recovery of the amount [read with note no. 3.9]. Based on past experience and dealings, the management considers the amount recoverable and realisable.

(b) Trade receivables include certain overdue Trade Receivables / Other Receivables of Rs. 3620.78 Lakhs (previous year Rs. 3611.80 Lakhs). The management considers the aforesaid amount as fully recoverable / realisable, and does not consider that any provision in books of account of the Company is necessary in respect of these receivables.

(c) The Company had written off, (i) debts receivable from its subsidiary company, (ii) overseas advances, and had written back overseas payables in earlier years, approval wherefor is pending from regulatory body.

3.9 In earlier years the Company had accounted for Commission Income and Handling Charges under the head 'Revenue from Operations' receivable in foreign currency on accrual basis as per the terms of the agreements. The Company made provision against outstanding receivable amount of Rs. 944.33 Lakhs and shown as part of 'Exceptional Items' in the Statement of Profit and Loss in that respective previous year [which include Commission Income of Rs. 752.42 Lakhs and Handling Charges of Rs. 191.91 Lakhs (including exchange fluctuation)]. In this regard, necessary approval for write off of aforesaid receivables is pending from AD/RBI.

3.10 Details of Traded Goods **(Rs., Lakhs)**

Particulars	**Cotton Yarn**	**Industrial Fabric**	**Total**
Opening Stock	Nil (37.16)	Nil -	Nil (37.16)
Purchases	Nil (34.12)	Nil -	Nil (34.12)
Sales	Nil (70.21)	Nil -	Nil (70.21)
Closing Stock	Nil Nil	Nil Nil	Nil Nil

3.11 Overdue amount include Financial Assets including Other Current Assets of Rs. 1569.63 Lakhs (previous year Rs. 1611.71 Lakhs) (including Refunds / Claims Receivables of Rs.53.50 Lakhs, TUFS subsidy Rs. 899.05 Lakhs, capital advances of Rs. 250 Lakhs). In the opinion of the Management, the aforesaid balance are fully realisable and hence considered good.

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

3.13 Balances of certain Trade Receivables (including overseas overdue trade receivables as stated in note no. 3.8), Bank Balances including other bank balances, Trade Payables (including of Associate Company of amounting to Rs.568.37 Lakhs), Secured Borrowings, Other Financial Liabilities and Financial Assets including other current assets are in process of confirmation/ reconciliation. Contingent liabilities (read with note no.

3.1) are as as certified by the management. The management is of the opinion that adjustment, if any, arising out of such reconciliation and confirmation would not be material. Further, necessary steps have been initiated to further strengthen system of internal controls in this regard.

3.14 Employees Benefits:

(a) Defined Contribution Plan

Contribution to Defined Contribution Plan, i.e. contribution to provident fund amounting to Rs.172.61 Lakhs (Previous year Rs. 159.07 Lakhs) has been recognized as expense for the period under sub-head 'Contributions to Provident and other Funds' and under head 'Employee Benefit Expenses' of the Statement of Profit and Loss.

(b) Defined Benefit Plan

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

(Rs. Lakhs)

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	2016-17	2017-18	2016-17
Amount to be recognised in the Balance Sheet				
Present value of obligation as at 31.03.2018	160.70	134.89	54.82	50.81
Fair value of plan assets as at 31.03.2018	-	-	-	-
Funded Status (Surplus/Deficit)	(160.70)	(134.89)	(54.82)	(50.81)
Net Assets/(Liability) Recognized in Balance Sheet	(160.70)	(134.89)	(54.82)	(50.81)

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	2016-17	2017-18	2016-17
Expenses recognized during the period				
Current Service Cost	47.19	43.00	13.78	13.18
Interest Cost	10.79	6.58	4.06	2.76
Expected Return on Plan Assets	0.00	0.00	0.00	0.00
Actuarial (gain)/ loss	(12.87)	7.64	23.54	24.41
Net Expenses Recognized	57.98	49.58	41.39	40.35

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	2016-17	2017-18	2016-17
Reconciliation of opening and closing balance of Defined Benefit Obligation				
Present Value of Obligation at the beginning of the period	134.89	93.99	50.81	39.40
Current Service Cost	47.19	43.00	13.78	13.18
Interest Cost	10.79	6.58	4.06	2.76
Actuarial (gain)/ loss on obligations	(12.87)	7.64	23.54	24.41
Benefit Paid	19.30	16.33	37.37	28.94
Present Value of Obligation as at the end of the period	160.70	134.89	54.82	50.81

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	2016-17	2017-18	2016-17
Actuarial / Demographic assumptions:-				
Indian Assure Lives Mortality Table	2006-08	2006-08	2006-08	2006-08
Discount rate (Per annum)	8.00%	7.00%	8.00%	7.00%
Expected Return on Plan Assets (Per annum)	8.00%	7.00%	8.00%	7.00%
Estimated rate of increase in compensation level	5.00%	5.00%	5.00%	5.00%
Retirement Age	58 Years			
Withdrawal Rate (All Ages)	10%			
Disability	No explicit allowance			
Leave Accumulation Ratio	.58(P.Y. .58)			

(i) The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

(ii) The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches with that of the liabilities.

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

(Rs., Lakhs)

Sl. No.	Particulars	2017-18	2016-17
(a)	(i) Principal amount remaining unpaid at the end of the accounting year	-	-
	(ii) Interest due on above	-	-
(b)	The amount of interest paid by the buyer along with amount of payment made to the supplier beyond the appointed date.	-	-
(c)	The amount of interest accrued and remaining unpaid at the end of financial year	-	-
(d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the period) but without adding interest specified under this act.	-	-
(e)	The amount of further interest due and payable in succeeding year, until such interest is fully paid.	-	-

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

3.17 Operating segment

(i) The Company is engaged only in one line of business namely Textile (Yarn and Knitting)

(ii) The segment revenue in geographical segments considered for disclosure is as follow:

(a) Revenue inside India includes sales to customers located within India.

(b) Revenue outside India includes sales to customers located outside India

Information about geographical segments (by location of customers)

(Rs., Lakhs)

Sl. No.	Particulars	India	Outside India	Total
(i)	External Revenue - Sales*	27333.57 (28482.36)	5971.85 (8637.22)	33305.42 (37119.58)
(ii)	Carrying amount of segment assets by location of assets	37795.08 (39152.00)	5818.73 (6371.05)	43613.81 (45523.05)

*Includes Export Incentives of Rs. 202.86 Lakhs (Previous Period Rs. 410.66 Lakhs) as part of Sales outside India.

3.18 As on March 31, 2018, the Company has net deferred tax assets (on timing difference including of carry over losses and unabsorbed depreciation). However, considering the losses incurred in recent past by the Company, deferred tax assets have been restricted to the amount of deferred tax liability for want of virtual certainty of its realisation in near future.

3.19 Related party disclosures:

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

a) Subsidiary Companies

(i) Winsome Yarns (Cyprus) Limited (100% Subsidiary)

(ii) Winsome Yarns FZE (Subsidiary of (i) above)

(iii) S.C. Winsome Romania s.r.l (Subsidiary of (i) above)

(iv) I.M.M. Winsome Italia s.r.l (Subsidiary of (iii) above)

(v) S.C. Textile s.r.l. (Subsidiary of (iv) above)

b) Key management personnel and their relatives

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

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

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

(B) Transactions with related parties during the year ended March 31, 2018 (excluding reimbursement) and balance outstanding on that date is as under:

(Rs., Lakhs)

Particulars	**2017-18**	**2016-17**
Winsome Textile Industries Limited		
Expenses incurred on our behalf	0.24	0.44
Expenses incurred by us on behalf of other	0.18	-
Balance Outstanding as at period end Receivable / (Payable)	(568.37)	(568.55)
Shri Satish Bagrodia		
Sitting Fees	0.30	0.10
Shri Manish Bagrodia		
Remuneration	19.54	19.54
Shri Anand Bal Kishan Sharma^		
Salary	18.65	17.41
Shri K .V. Singhal^		
Salary	14.05	11.86
Starpoint Financial Services Pvt. Ltd.		
Rent	18.99	18.62
Balance Outstanding as at period end Receivable / (Payable)	(17.37)	(17.00)
S.C. Winsome Romania		
Balance Outstanding as at period end Receivable/(Payable)	7.22	7.22
IMM Winsome Italia		
Balance Outstanding as at period end Receivable / (Payable)	149.18	149.18
Winsome Yarn (Cyprus) Ltd.		
Receivable / (Payable)	20.98	20.98
Smt. Kalpana Sharma		
Salary	12.13	11.34
Smt. Manju Singhal		
Salary	5.52	4.44

^ Pursuant to Companies Act, 2013

3.20

(A) (i) Details of WIP:- **(Rs. Lakhs)**

Particulars	**2017-18**	**2016-17**
Mixing Material	971.95	1,630.73
Fleece	525.47	353.08
Winding	158.10	164.50
Garments	144.50	44.08
Total	**1,800.02**	**2,192.39**

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

Particulars	2017-18	2016-17
Mixing Material	18,629.60	22,516.48
Garments	3,228.65	3,505.97
Total	**21,858.25**	**26,022.45**

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

Particulars	Raw Material				Stores & Spares			
	2017-18	%	2016-17	%	2017-18	%	2016-17	%
Imported	142.62	0.65%	221.72	0.85%	67.19	4.48%	113.74	7.80%
Indigenous	21715.63	99.35%	25,800.73	99.15%	1,433.89	95.52%	1,344.58	92.20%
Total	**21,858.25**	**100.00%**	**26,022.45**	**100.00%**	**1501.08**	**100.00%**	**1458.32**	**100.00%**

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

(B) CIF Value of imports:

Particulars	2017-18	2016-17
Spare Parts & Components	67.19	113.74
Raw Material	142.62	221.72

(C) Earnings in Foreign Exchange

Particulars	2017-18	2016-17
Exports of goods on FOB basis (excluding export through export houses)	5,567.28	7,964.36

(D) Expenditure in Foreign currency

Particulars	2017-18	2016-17
Foreign Traveling	23.52	33.23
Commission on sales	10.53	43.80
Others	17.66	3.67

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

Particulars	Domestic Currency	Amount in Document Currency		Amount in INR (In Lakhs)	
		31.03.2018	31.03.2017	31.03.2018	31.03.2017
Trade receivables	USD	12,079,307.00	11,609,651.00	7,558.83	7,908.15
Advance from customer	USD	1,016,265.00	576,022.00	605.70	331.45
Trade payables	HKD	3,009.40	3,009.40	0.25	0.25
	Euro	8,405.81	4,949.81	6.74	3.43
	USD	203,828.35	163,793.81	132.86	106.23
	CHF	25,937.35	70.00	17.67	0.05
	GBP	210.82	210.82	0.19	0.17

Particulars	Domestic Currency	Amount in Document Currency		Amount in INR (In Lakhs)	
		31.03.2018	31.03.2017	31.03.2018	31.03.2017
Advances to customers	EURO	56,048.58	46,131.90	39.96	31.64
	USD	77,347.93	39,525.49	48.49	24.49
	HKD	12,092.66	2,345.21	1.00	0.18
	GBP	488.45	488.45	0.36	0.36
	CHF	-	-	-	-
	JPY	24,420.00	468,420.00	0.12	2.54
Foreign commission payable	USD	86,525.88	82,046.32	55.24	56.00

(b) Forward contract taken to hedge the foreign currency receivables outstanding as at March 31, 2018 is Rs. Nil (Previous Year Rs. Nil).

3.22 Financial Statements of subsidiary Companies namely Winsome Yarns (Cyprus) Limited and Winsome Yarns FZE for the year ended 31.03.2018 is unaudited and is as certified by the management.

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

3.24 Due to continuous losses and acute financial strain for reasons beyond the control of the Company, the Company was unable to pay due instalments and interest on term loan and certain overdue amounts are continuing till date . Provision for upto date interest, as calculated/estimated by the Management on secured loans and short term borrowings being Rs. 11849.38 Lakhs (Including Rs. 8026.61 Lakhs, previous year) and Rs. 16794.74 Lakhs (Including Rs. 10945.61 Lakhs, previous year) respectively has not been made in the books of account. The Company's proposal for restructuring of its borrowings is under discussion/consideration with the majority lender, which is likely to be binding on all lenders of the Company [Read with Note No. 3.2 (A)(c)]. The Company will account the effect to its liability on account of debts and interest in line with the restructuring scheme upon its sanction.

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

3.26 First time adoption of Ind AS

The Company has prepared financial statements, which comply with Ind-AS, applicable for periods ending on or after March 31, 2018, together with the comparative year data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2016 being date of transition to Ind AS.

(A) Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Indian GAAP to Ind AS:

(i) **Property, Plant and Equipment:** Ind-AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its Property, Plant and Equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Accordingly, the Company has elected to measure all of its Property, Plant and Equipment at their previous GAAP carrying value.

(ii) **Investment in subsidiaries:** Ind-AS 27 requires investments in subsidiaries to be recorded at cost or in accordance with Ind-AS 109 in its separate financial statements. However Ind-AS 101 provides an option in case the Company decides to measure such investment at cost (determined in accordance with Ind-AS 27) or deemed cost (fair value or previous GAAP carrying amount) at that date. The Company can avail the above exemption and recognize the investment in subsidiaries at cost.

(iii) **Estimates:** The Company estimates in accordance with Ind AS at the date of transition to Ind AS are consistent with estimates made for the same date in accordance with previous GAAP.

B) Financial reconciliation

(i) Reconciliation of equity as previously reported under IGAAP to Ind AS **(Rs. Lakhs)**

Particulars	Note	Opening Balance Sheet as at April 1, 2016			Balance Sheet as at March 31, 2017		
		IGAAP	Effect of transition to Ind AS	Ind AS	IGAAP	Effect of transition to Ind AS	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	4 (a)	25,815.74	(250.91)	25,564.83	24,151.95	(312.19)	23,839.76
Capital work in progress		-	-	-	36.20	-	36.20
Other intangibles assets	4(b)	0.06	0.00	0.06	0.03	-	0.03
Financial assets							
Investments	5	-	-	-	-	-	-
Loans	6	855.42	(854.34)	1.08	1,390.62	(1,388.49)	2.13
Deferred tax assets (net)	7	-	50.43	50.43	-	44.36	44.36
Other non current assets	8	-	1,031.49	1,031.49	-	1,571.01	1,571.01
		26,671.22	**(23.33)**	**26,647.89**	**25,578.80**	**(85.31)**	**25,493.49**
Current assets							
Inventories	9	5,050.81	-	5,050.81	5,752.55	-	5,752.55
Financial assets							
Loans	6	925.80	(905.41)	20.39	1,144.71	(1,126.55)	18.16
Investment	10	2,679.34	-	2,679.34	2,679.34	-	2,679.34
Trade receivables	11	12,217.63	-	12,217.63	12,062.24	-	12,062.24
Cash and cash equivalents	12	575.02	(94.91)	480.11	193.72	(33.99)	159.73
Other bank Balance	13	-	94.91	94.91	-	33.99	33.99
Other financial assets	14	-	1,046.43	1,046.43	-	1,001.24	1,001.24
Current tax assets	15	-	98.84	98.84	-	97.16	97.16
Other current assets	16	947.24	(216.65)	730.59	932.56	49.14	981.70
		22,395.84	**23.21**	**22,419.05**	**22,765.12**	**20.99**	**22,786.11**
Total Assets		**49,067.06**	**(0.12)**	**49,066.94**	**48,343.92**	**(64.32)**	**48,279.60**
EQUITY AND LIABILITIES							
Equity							
Share capital	17	7,082.33	(11.61)	7,070.72	7,082.33	(11.61)	7,070.72
Other equity		(21,954.56)	(55.90)	(22,010.46)	(23,570.00)	(167.55)	(23,737.55)
Total Equity		**(14,872.23)**	**(67.51)**	**(14,939.74)**	**(16,487.67)**	**(179.16)**	**(16,666.83)**
Non Current Liabilities							
Deferred grant income	18	-	105.97	105.97	-	96.74	96.74
Provisions	19	119.24	-	119.24	158.37	8.87	167.24
		119.24	**105.97**	**225.21**	**158.37**	**105.61**	**263.98**

Particulars	Note	Opening Balance Sheet as at April 1, 2016			Balance Sheet as at March 31, 2017		
		IGAAP	Effect of transition to Ind AS	Ind AS	IGAAP	Effect of transition to Ind AS	Ind AS
Current Liabilities							
Financial liabilities							
Borrowings	20	49,916.89	6,000.54	55,917.43	48,464.52	7,301.98	55,766.50
Trade payables	21	5,219.66	7.63	5,227.29	6,188.97	9.16	6,198.13
Other financial liabilities	22	-	2,417.87	2,417.87	-	2,633.66	2,633.66
Deferred grant income	18	-	9.23	9.23	-	9.23	9.23
Other current liabilities	23	8,669.35	(8,473.85)	195.50	10,001.27	(9,944.80)	56.47
Provisions	19	14.15	-	14.15	18.46	-	18.46
		63,820.05	**(38.58)**	**63,781.47**	**64,673.22**	**9.23**	**64,682.45**
Total Equity and Liabilities		**49,067.06**	**(0.12)**	**49,066.94**	**48,343.92**	**(64.32)**	**48,279.60**

(ii) Reconciliation of Statement of Profit and Loss as previously reported under IGAAP to Ind AS

Particulars	Note	Year ended March 31, 2017		
		IGAAP	Effect of transition to Ind AS	Ind AS
INCOMES				
Revenue from operations	24	37,131.36	-	37,131.36
Other income	25	185.86	9.33	195.19
Total income		**37,317.22**	**9.33**	**37,326.55**
EXPENSES				
Cost of material consumed		26,022.46	0.02	26,022.48
Purchase of stock-in-trade		34.12	-	34.12
Excise duty		11.78	-	11.78
Change in inventories of finished goods, work in process and stock in trade	26	(733.17)	-	(733.17)
Employees benefit expenses	27	3,232.57	1.22	3,233.79
Finance costs	28	44.93	-	44.93
Depreciation and amortisation	29	1,742.17	70.51	1,812.68
Other expenses	30	8,562.60	50.71	8,613.31
Total expenses		**38,917.46**	**122.45**	**39,039.91**
Loss before tax		**(1,600.24)**	**(113.12)**	**(1,713.36)**
Less/(-Add) : Tax expenses				
- Current taxes		-	-	-
- Deferred taxes		5.97	0.10	6.07
Loss after tax		**(1,606.21)**	**(113.22)**	**(1,719.43)**
Other comprehensive income		-	(7.65)	(7.65)
Total Comprehensive Income		**(1,606.21)**	**(120.87)**	**(1,727.08)**

C) Notes on first time adoption of IND AS:

1. Property, Plant and Equipment

As on the transition date to Ind AS, i.e., April 1, 2016, the Company has elected to measure its tangible assets at cost as per Ind AS. The same are considered as deemed cost.

2. Investment

For subsidiaries: Investments in equity instruments are measured at cost. The value was tested for impairment is retested on occurrence of material events warranting a review of impairment to the extent accounted. The provision in respect of impairment is made through Profit and Loss Account. Investments in other than subsidiaries are measured at Fair Value Through Other Comprehensive Income [Refer note no. 3.3(a)].

3. Employee benefits

Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset which is recognised in OCI. Consequently, the tax effect of the same has also been recognised in OCI instead of Statement of Profit and Loss.

3.27 Financial risk management

i) Financial instrument by category

a) Investment in equity shares of subsidiaries are measured in accordance with Ind AS 27 in its Separate financial statements as issued by “Ministry of Corporate Affairs”, Government of India.

b) For amortised cost instruments, carrying value represents the best estimate of fair value except investment in other instruments.

ii) Risk management

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

A) Credit risk

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

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

a) Low credit risk

b) Moderate credit risk

c) High credit risk

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

B) Liquidity risk

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

C) Market risk

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

a) Currency risk

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

b) Interest rate risk

i) Assets: The company's fixed deposits, are carried at fixed rate. Therefore, not subject to interest rate risk as defined in Ind AS 107 issued by "Ministry of Corporate Affairs, Government of India" since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

ii) Liabilities: The Company had borrowings from banking institutions, majority whereof are assigned to an Asset Reconstruction Company (ARC). The outstanding of banks and ARC is since classified as Non-Performing Loans and the Company has not recognised interest as an expenses thereon. The liability on account of interest rate will be accounted on approval and implementation of the debt settlement and repayment plan, including inter-alia, amount on account of interest rate risk.

NOTES FORMING PART OF AUDITED STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED ON MARCH 31, 2018

4(A) PROPERTY, PLANT AND EQUIPMENT (Rs. Lakhs)

Particulars	Land	Buildings*	Plant & Machinery	Furniture & Fixtures*	Office equipments	Vehicles	Total
Gross carrying value							
As at April 1, 2016	341.09	8,623.49	39,897.01	369.59	72.18	76.26	49,379.62
- Additions*	-	19.76	63.80	0.16	4.55		88.27
- Disposals	-	-	-	-	-	13.95	13.95
As at March 31, 2017	341.09	8,643.25	39,960.81	369.75	76.73	62.31	49,453.94
- Additions	-	-	55.82	0.06	50.28	-	106.16
- Disposals	-	-	-	-	-	17.76	17.76
As at March 31, 2018	**341.09**	**8,643.25**	**40,016.63**	**369.81**	**127.01**	**44.55**	**49,542.34**
Depreciation and Impairment							
As at April 1, 2016	-	2,482.35	20,879.44	332.69	62.40	57.91	23,814.79
Depreciation charged during the year	-	256.65	1,538.08	8.06	3.59	6.27	1,812.65
Adjustments	-	-	-	-	-	13.26	13.26
As at March 31, 2017	-	2,739.00	22,417.52	340.75	65.99	50.92	25,614.18
Depreciation charged during the year	-	258.82	1,429.62	5.87	8.35	3.36	1,706.02
Adjustments	-	-	-	-	-	16.87	16.87
As at March 31, 2018	**-**	**2,997.82**	**23,847.14**	**346.62**	**74.34**	**37.41**	**27,303.33**
Net Book Value							
As at March 31, 2018	341.09	5,645.43	16,169.49	23.19	52.67	7.14	**22,239.01**
As at March 31, 2017	341.09	5,904.25	17,543.29	29.00	10.74	11.39	**23,839.76**
As at April 1, 2016	341.09	6,141.14	19,017.57	36.90	9.78	18.35	**25,564.83**

4(B) OTHER INTANGIBLES ASSETS (Rs. Lakhs)

Particulars	Specialized Software	Total
Gross carrying value		
As at April 1, 2016	63.67	63.67
- Additions	-	-
- Disposals	-	-
As at March 31, 2017	63.67	63.67
- Additions	11.39	11.39
- Disposals	-	**-**
As at March 31, 2018	**75.06**	**75.06**
Depreciation and Impairment		
As at April 1, 2016	63.61	63.61
Depreciation charged during the year	0.03	0.03
- Disposals	-	-
As at March 31, 2017	63.64	63.64
Depreciation charged during the year	0.92	0.92
Adjustments	-	-
As at March 31, 2018	**64.56**	**64.56**
Net Book Value		
As at March 31, 2018	10.50	**10.50**
As at March 31, 2017	0.03	**0.03**
As at April 1, 2016	0.06	**0.06**

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

Notes:

(i) The Company's land at Derabassi, Punjab comprises a common passage (Passage Land), which is used by the owner of adjoining land as there is no direct access road available to him. The said owner of adjoining land filed an application in the Court of Additional Civil Judge, Dera Bassi, Punjab, under order 39 Rule 1 and 2 read with section 151 of CPC, 1908, seeking amongst others, restraint against the Company from selling or transferring or in any manner dealing with the Passage Land or causing any restriction on the use of Passage Land. The Company is contesting the aforesaid application before the Court and the matter is pending.

(ii) Certain employees of the Company, who are paying rent and maintenance charges to the Company for use of residential quarters occupied by them at the spinning mill of the Company situated at Village Kuranwala, Barwala Road, Dera Bassi, Punjab and knitwear unit of the Company situated at Plot No. B-58, Phase VII, Industrial Area, SAS Nagar, Mohali, Punjab obtained permanent injunction from the Hon'ble Civil Judge (Junior Division), Dera Bassi, Punjab and the Hon'ble Court of Civil Judge (Junior Division), SAS Nagar, Mohali vide order dated 05.08.2017 and 13.10.2017 respectively, against the Company from dispossessing them from the residential quarters located in the premise of the Company at Village Kuranwala, Barwala Road, Dera Bassi, Punjab and Plot No. B-58, Phase VII, Industrial Area, SAS Nagar, Mohali, Punjab and further stopping the ingress and outgress of their vehicles and evicting them forcibly from the said residential quarters only till their employment continues with the Company.

(iii) A tenant having shop situated in the spinning mill complex of the Company situated at Village Kurranwala, Barwala Road, Dera Bassi, Punjab, paying rent to the Company, obtained permanent injunction from the Hon'ble Court of Civil Judge (Junior Division), Dera Bassi, Punjab vide order dated August 12, 2015 against the Company from interfering in the peaceful possession of the tenant and further restrained the Company from dispossessing the tenant otherwise than in due course of law from the aforesaid shop.

(Rs. Lakhs)

		As at 31 March 2018	**As at 31 March 2017**	**As at 01 April 2016**
5	**INVESTMENTS**			
	In equity shares of subsidiary company			
	Winsome Yarns (Cyprus) Limited	446.25	446.25	446.25
	1,01,710 (March 31, 2017: 1,01,710, April 1, 2016: 1,01,710)			
	equity shares of 1 Euro (March 31, 2017: 1 Euro , April 1, 2016: 1 Euro) each			
	Less: Provision for Diminution in value of Investment	446.25	446.25	446.25
		-	-	-
	In preference shares of subsidiary company			
	Winsome Yarns (Cyprus) Limited	1,071.00	1,071.00	1,071.00
	18,00,000 (March 31, 2017: 18,00,000, April 1, 2016: 18,00,000)			
	equity shares of 1 Euro (March 31, 2017: 1 Euro, April 1, 2016: 1 Euro) each			
	Less: Provision for Diminution in Investment (Refer Note No. 3.7)	1,071.00	1,071.00	1,071.00
		-	-	-
		-	-	-
	Aggregate amount of unquoted investments	1,517.25	1,517.25	1,517.25
	Aggregate amount of Diminution in value of investments	1,517.25	1,517.25	1,517.25

(Rs. Lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
6 LOANS			
Unsecured, considered good			
Security deposits			
Non- Current	2.12	2.13	1.08
Current	18.16	18.16	20.39
	20.28	20.29	21.47

7 DEFERRED TAX ASSETS (NET)

		March 31, 2018	Mar 31, 2017	April 1, 2016	Charged to Statement of Profit and Loss for the year ended March 31, 2018	Charged to Statement of Profit and Loss for the year ended March 31, 2017
i)	Deferred tax asset (DTA)					
	MAT credit entitlement	44.36	44.36	50.43	-	(6.07)
	DTA on accumulated losses (to the extent of DTL)	(3,606.08)	(3,731.16)	(3,833.16)	125.08	102.00
		(3,561.72)	(3,686.80)	(3,782.73)	125.08	95.93
ii)	Deferred tax liabilities (On Property, plant and equipment)	(3,606.08)	(3,731.16)	(3,833.16)	125.08	102.00
		(3,606.08)	(3,731.16)	(3,833.16)	125.08	102.00
	Net deferred tax assets/ (liabilities) (i-ii) [Refer Note No. 3.18]	44.36	44.36	50.43	-	(6.07)

(Rs. Lakhs)

	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
8 OTHER NON CURRENT ASSETS			
Capital advance	250.00	250.00	250.00
Advance other than capital advance			
Prepaid expense	3.84	11.02	18.67
Security deposit with Government	401.50	401.50	401.50
Advance against leasing	242.42	245.25	248.08
Advance against restructuring	1,668.51	663.24	113.24
	2,566.27	**1,571.01**	**1,031.49**

(Rs. Lakhs)

Particulars		As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
9	**INVENTORIES**			
	(As taken, valued and certified by the management)			
	Production supplies	706.82	1,059.18	1,001.44
	Stores and spares	128.78	139.61	135.56
	Work in progress	1,800.02	2,192.39	1,537.49
	Finished goods*	1,383.26	2,085.89	2,007.62
	Waste	218.67	275.48	368.70
		4,237.55	**5,752.55**	**5,050.81**

*Includes in transit Rs.176.97 Lakhs (Previous Year Rs 159.44 Lakhs)

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

10	**INVESTMENTS**			
	Investment in Money Market 5072.11 (5072.11) redeemable shares of USD 1000 (USD 1000) each in Arise Money Market Fund (Refer Note No. 3.3)	2,679.34	2,679.34	2,679.34
		2,679.34	**2,679.34**	**2,679.34**
11	**TRADE RECEIVABLES**			
	Unsecured, considered good	12,185.22	12,062.24	12,217.63
	Doubtful	1,344.88	1,372.66	1,440.24
	Less: Provision for doubtful debts	1,344.88	1,372.66	1,440.24
		12,185.22	**12,062.24**	**12,217.63**

The suppliers of raw material (cotton) having an outstanding of Rs. 2,302.51 Lakhs are holding a lien on the amounts recoverable from customers of the Company to whom goods manufactured out of materials supplied by the suppliers were sold, which lien is exercisable in the event of invoices of suppliers remaining unpaid. The aforementioned lien and recovery is exercisable in conjunction with rights of constructive pledge available to the suppliers in respect of materials as stated in Note 10 hereinbefore.

12	**CASH AND CASH EQUIVALENTS**			
	Balances with banks in current accounts	208.61	159.72	480.10
	Cash in hand	0.01	0.01	0.01
		208.62	**159.73**	**480.11**
13	**OTHER BANK BALANCES**			
	Earmarked balance			
	- On Margin money account	1.70	3.33	1.69
	- On Fixed deposits account*	30.66	30.66	93.22
		32.36	**33.99**	**94.91**

*Lodged with banks as margin money and includes fixed deposits with maturity of more than 3 months.

(Rs. Lakhs)

Particulars		As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
14	**OTHER FINANCIAL ASSETS**			
	Interest subsidy receivable (Under TUFS)	899.05	899.05	899.05
	Interest accrued but not due	3.47	33.51	48.18
	Other loan	144.57	68.68	99.20
		1,047.09	**1,001.24**	**1,046.43**
15	**CURRENT TAX ASSETS**			
	Advance income tax including TDS	99.84	97.16	98.84
		99.84	**97.16**	**98.84**
16	**OTHER CURRENT ASSETS**			
	Refunds/Claims receivables	498.68	458.63	452.36
	Less : Allowance for doubtful	50.03	346.67	346.67
		448.65	111.96	105.69
	Prepaid expenses	20.74	51.59	49.08
	Balance with Government Authority	71.72	62.82	68.96
	Export incentive receivable	57.18	115.91	69.54
	Advance against leasing	2.83	2.83	2.83
	Advances to suppliers	465.80	636.59	434.49
		1,066.92	**981.70**	**730.59**
17	**EQUITY SHARE CAPITAL**			
	Authorized Share Capital			
	8,50,00,000 (March 31, 2017: 8,50,00,000, April 1, 2016: 8,50,00,000) equity shares of Rs.10 (March 31, 2017: Rs.10 , April 1, 2016: Rs.10) each	8,500.00	8,500.00	8,500.00
		8,500.00	8,500.00	8,500.00
	Issued Share Capital			
	7,10,86,829 (March 31, 2017: 7,10,86,829, April 1, 2016: 7,10,86,829) equity shares of Rs.10 (March 31, 2017: Rs.10, April 1, 2016: Rs.10) each	7,108.68	7,108.68	7,108.68
		7,108.68	7,108.68	7,108.68
	Subscribed and paid up Capital			
	7,07,07,229 (March 31, 2017: 7,07,07,229, April 1, 2016: 7,07,07,229) equity shares of Rs.10 (March 31, 2017: Rs.10, April 1, 2016: Rs.10) each fully paid up	7,070.72	7,070.72	7,070.72
		7,070.72	7,070.72	7,070.72

Notes:

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

	31 March 2018		31 March 2017		1 April 2016	
	Number (Lakhs)	**Rs. Lakhs**	**Number (Lakhs)**	**Rs. Lakhs**	**Number (Lakhs)**	**Rs. Lakhs**
Outstanding at the beginning of the year	707.07	7,070.72	707.07	7,070.72	707.07	7,070.72
Outstanding at the end of the period/year	707.07	7,070.72	707.07	7,070.72	707.07	7,070.72

b) Terms/rights attached to equity shares

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

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

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

	31 March 2018		31 March 2017		1 April 2016	
	Number (Lakhs)	**% holding**	**Number (Lakhs)**	**% holding**	**Number (Lakhs)**	**% holding**
i) Shell Business (P) Ltd.	214.12	30.28	214.12	30.28	207.21	29.31
ii) Satyam Combines (P) Ltd.	57.65	8.15	57.65	8.15	50.96	7.21
iii) Aspire Emerging Funds	63.55	8.99	63.55	8.99	63.55	8.99

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

(Rs. Lakhs)

Particulars	**As at 31 March 2018**	**As at 31 March 2017**	**As at 01 April 2016**
18 DEFERRED GRANT INCOME			
Non current			
Unamortized grant	87.51	96.74	105.97
	87.51	**96.74**	**105.97**
Current			
Unamortized grant	9.23	9.23	9.23
	9.23	**9.23**	**9.23**
19 PROVISIONS			
Non current			
Provision for employee benefit			
Gratuity	145.98	123.28	85.15
Leave encashment	46.24	43.96	34.09
	192.22	167.24	119.24
Current			
Provision for employee benefit			
Gratuity	14.72	11.60	8.84
Leave encashment	8.59	6.86	5.31
	23.31	**18.46**	**14.15**

(Rs. Lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
20 BORROWINGS			
Secured			
Loan payable on demand			
to Banks	8,216.91	8,216.90	8,216.91
to EARC	47,071.07	47,071.07	47,071.07
Working capital term loan	440.52	440.52	440.52
Book overdraft	8.35	38.01	187.54
Vehicle loan	-	-	1.39
	55,736.85	**55,766.50**	**55,917.43**

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

b) Six banks have assigned and transferred the total debts of Rs. 47071.07 Lakhs due from the Company along with the underlying rights, titles and interests in financial assistances granted to the Company to Edelweiss Asset Reconstruction Company Limited (EARC) during the financial year 2015-16 (Canara Bank: Rs.12782.66 Lakhs, State Bank of Patiala: Rs.9,789.44 Lakhs, Punjab National Bank: Rs.14813.88 Lakhs, UCO Bank: Rs.4244.62 Lakhs, Dena Bank: Rs.3973.01 Lakhs, Union Bank of India: Rs.1467.46 Lakhs).

c) The total debts of the Company were recalled by lending banks and accordingly, the Company has classified the same as Borrowings under current liabilities. However, the Company's proposal for restructuring of its debts with majority lender is under consideration; upon approval thereof, the outstanding amount of borrowings shall be classified and presented in the financial statements.

d) Working Capital Term Loans of Rs.440.52 Lakhs (P.Y. 440.52 Lakhs) (As per CDR terms) are secured by way of first pari-passu charge on fixed assets and second pari-passu charge on current assets. Since, the same had been recalled by banks, they has been classified under current liabilities.

e) All the aforesaid credit facilities mentioned here in above are also guaranteed by two directors of the Company and by Pledge of Shares of the Company held by the Promoter Group read with Note no 3.2(A)(a).

f) Vehicle loan of Nil (March 31, 2017: Nil, April 1, 2016: Rs. 1.39 Lakhs) is secured by hypothecation of respective vehicles.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
21 TRADE PAYABLES			
Due to micro, small and medium enterprises*	-	-	-
Other trade payables	5,645.63	6,198.13	5,227.29
*Refer Note No. 3.15	5,645.63	6,198.13	5,227.29

Trade payables towards raw material suppliers include Rs. 2,302.51 Lakhs who have constructive pledge and lien over materials supplied, materials manufactured out of materials supplied, and amounts recoverable from customers to whom the goods are sold.

(Rs. Lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
22 OTHER FINANCIAL LIABILITIES			
Interest accrued and due on borrowings	1,069.11	1,069.11	1,069.11
Interest accrued but not due	-	-	0.01
Revenue received in advance	697.53	409.15	284.61
Other payables			
Capital payables (Refer Note No. 3.15)	7.50	7.50	34.12
Others	1,360.48	1,147.89	1,030.02
	3,134.62	**2,633.66**	**2,417.87**
23 OTHER CURRENT LIABILITIES			
Statutory dues and taxes	56.73	56.47	195.50
	56.73	**56.47**	**195.50**

(Rs. Lakhs)

Particulars		Year Ended 31 March 2018	Year Ended 31 March 2017
24 REVENUE FROM OPERATIONS			
Sale of products			
- Yarns*		29,320.62	33,571.20
- Knitwear*		1,456.53	1,326.07
- Trading sale - Yarns		-	70.21
	(A)	**30,777.15**	**34,967.48**
Sale of services			
- Job work charges		10.41	31.45
	(B)	**10.41**	**31.45**
Other operating revenue			
- Waste sales		2,499.74	2,114.45
- Sale of scraps		18.12	17.98
	(C)	**2,517.86**	**2,132.43**
Net Revenue from operations	**(A+B+C)**	**33,305.42**	**37,131.36**

*includes duty drawback & DEPB of Rs 202.86 lacs (P.Y 410.66 Lacs)

Particulars	Year Ended 31 March 2018	Year Ended 31 March 2017
25 OTHER INCOME		
Interest received	30.48	36.97
Foreign exchange rate difference (net)	44.32	-
Profit on sale of fixed assets	-	0.59
Provisions written back	65.70	147.23
Deferred grant income	9.23	9.23
Miscellaneous income	32.47	1.17
	182.20	**195.19**

(Rs. Lakhs)

Particulars		Year Ended 31 March 2018	Year Ended 31 March 2017
26 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROCESS AND STOCK IN TRADE			
Closing Stock			
Finished goods			
- Yarn		1,001.91	1,776.27
- Knitwear		381.35	309.62
		1,383.26	2,085.89
Work in process			
- Yarn		1,655.52	2,148.31
- Knitwear		144.50	44.08
		1,800.02	2,192.39
	(A)	3,183.28	4,278.28
Less : Opening Stock			
Finished goods			
- Yarn		1,776.27	1,749.87
- Knitwear		309.62	257.75
		2,085.89	2,007.62
Work in process			
- Yarn		2,148.31	1,499.76
- Knitwear		44.08	37.73
		2,192.39	1,537.49
	(B)	4,278.28	3,545.11
(Increase) /Decrease in inventories	**(B-A)**	1,095.00	(733.17)
27 EMPLOYEE BENEFIT EXPENSES			
Salaries, wages, bonus, etc.		3,272.73	3,007.78
Contribution to provident and other funds		172.61	162.70
Employees welfare		78.49	63.31
		3,523.83	**3,233.79**
28 FINANCE COSTS			
Interest paid on:			
Borrowings		36.88	44.93
		36.88	**44.93**
29 DEPRECIATION AND AMORTISATION			
Depreciation		1,706.02	1,812.65
Amortisation		0.91	0.03
		1,706.93	**1,812.68**

(Rs. Lakhs)

Particulars	Year Ended 31 March 2018	Year Ended 31 March 2017
30 OTHER EXPENSES		
Stores and spares consumed	1,501.08	1,458.32
Power and fuel	2,533.64	3,534.79
Repairs and maintenance		
- Building	28.71	23.61
- Plant and machinery	33.65	45.83
- Others	46.70	66.48
Processing and dyeing charges	1,172.27	1,232.71
Material handling charges	14.05	15.59
Lease rent of land	2.83	2.83
Rent	32.04	46.40
Rates and taxes	0.96	1.54
Printing and stationery	5.10	4.75
Director's meeting fees	1.83	2.01
Insurance	52.65	53.79
Delay payment charges	430.45	325.70
Bank charges	7.12	8.44
Traveling and conveyance	292.38	249.85
Postage, telegrams and telephones	43.91	42.06
Legal and professional charges	149.69	191.68
Loss on sale of fixed assets	0.64	-
Charity and donation	0.85	5.60
Foreign exchange rate difference (net)	-	79.27
Payment to auditor		
- Audit fees	5.00	5.78
- Tax audit fees	1.00	0.40
- Other services	1.70	1.42
- Reimbursement of expenses	0.72	0.93
Fair value adjustment on security deposit	0.01	0.09
Commission on sales	207.46	350.27
Freight and handling charges	474.69	333.44
Advertisement and other selling expenses	136.19	298.86
Miscellaneous	179.03	230.87
	7,356.35	**8,613.31**

31 EARNINGS PER SHARE

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

(Rs. Lakhs)

Particulars			**Year Ended 31 March 2018**	**Year Ended 31 March 2017**
(a)	Net (loss)/profit available for equity shareholders	Rs. Lakhs	(1,781.91)	(1,727.09)
(b)	Weighted average number of equity shares outstanding for calculation of			
	- Basic and diluted earnings per share	Nos., Lakhs	707.07	707.07
(c)	Nominal value	Rs.	10.00	10.00
(d)	Earnings per share (a)/(b)			
	- Basic and diluted	Rs.	(2.52)	(2.44)
	- Diluted	Rs.	(2.52)	(2.44)

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

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

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

For and on behalf of the Board

KR & Co.
Chartered Accountants
Firm Registration No. 025217N
By the hand of

Manish Bagrodia
Managing Director
DIN : 00046944

Pradeep Kumar
Independent Director
DIN : 03052477

Kamal Ahluwalia
Partner
Membership No. 093812

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

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

May 18, 2018
New Delhi (Camp at Chandigarh)

Form AOC-1

Statement containing salient features of the financial statement of subsidiaries for the year ended 31.03.2018

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

Part "A": Subsidiaries

(Rs. In Lacs)

Sl. No.	Particulars	(A)	(B)
1	Name of the subsidiary.	Winsome Yarns (Cyprus) Ltd, Cyprus	Winsome Yarns FZE, UAE *(Subsidiary of Winsome Yarns (Cyprus) Ltd)*
2	Reporting, period for the subsidiary concerned, if different from the holding company's reporting period.	31-Mar-2018	31-Mar-2018
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Euro @80.18	AED @17.74
4	Share capital.	2044.53	6.21
5	Reserves & surplus.	(2083.87)	23.51
6	Total assets.	0.60	45.29
7	Total Liabilities.	39.94	15.57
8	Investments.	NIL	NIL
9	Turnover.	NIL	NIL
10	Profit/ (Loss) before taxation.	(5.18)	NIL
11	Provision for taxation.	NIL	NIL
12	Profit/ (Loss) after taxation.	(5.18)	NIL
13	Proposed Dividend.	NIL	NIL
14	% of shareholding.		
15	Names of subsidiaries which are under liquidation process.	*Name of the Subsidiaries:*	*Start of liquidation process:*
		S.C. Winsome Romania s.r.l. *(Subsidiary of Winsome Yarns (Cyprus) Ltd)*	26.11.2008
		IMM Winsome Italia s.r.l. *(Subsidiary of S.C. Winsome Ramania s.r.l.)*	30.09.2008
		S.C. Textil s.r.l. *(Subsidiary of IMM Winsome Italia S.r.l.)*	09.02.2010

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF WINSOME YARNS LIMITED

To the members of **Winsome Yarns Limited**

1. Report on Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **Winsome Yarns Limited** (hereinafter referred to as "**the Holding Company**") and its subsidiaries (**the holding Company and its subsidiaries** together referred to as "**the Group**"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

2. Management's Responsibility for the Consolidated Ind AS Financial Statements.

The Holding Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit.

While conducting audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

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

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

We believe that the audit evidence we have obtained and unaudited financial statements that have been provided by the management as referred to in 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

4. Basis of Qualified Opinion

i) **In view of accumulated losses of the Group as at the end of March 31, 2018, the net worth of the Group as at that date being negative, the decision of Board of Directors of Holding Company to prepare the accounts of the Group on going concern basis for reasons that, (a) proposed rehabilitation plan of the Holding Company is under discussions with majority of its lenders, and (b) future business plans of the Group and expected cash flows therefrom will suffice to service restructured debts of the Holding Company, there would arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumptions as to going concern, and in the absence of impact of aforesaid assumptions having been un-ascertained, we are unable to comment thereon.**

ii) The financial performance of the Group for the year ended on March 31, 2018 are understated due to:

a) Non provisioning of interest expenses on borrowings of Rs. 9671.90 Lakhs for the year ended on March 31, 2018 (Rs. 8389.14 Lakhs for the year ended on March 31, 2017), and Rs. 28644.12 Lakhs being aggregate amount of interest unprovided till the year ended March 31, 2018 (Rs. 18972.22 Lakhs till the year ended March 31, 2017), and further amount towards penal interest, penalty, etc. as may be charged by the lenders. (In the absence of statement of account, the above amount has been arrived at as per estimates of the management of the Group, and the aggregate unprovided amount in books of account of the Group is not ascertainable with accuracy).

b) Non provisioning against long outstanding receivables of Rs. 9609.58 Lakhs (Rs. 9785.28 Lakhs as at March 31, 2017) including of overseas overdue trade receivables of Rs. 5989.20 Lakhs (Rs. 6173.48 Lakhs as at March 31, 2017). The accounting for exchange fluctuation in respect of overseas trade receivables is not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, overseas trade receivables is understated by Rs. 255.58 Lakhs (Rs. 223.89 Lakhs as at March 31, 2017).

c) Non provisioning against loans and advances (including other current assets) of Rs. 1569.63 Lakhs (Rs. 1611.71 Lakhs as at March 31, 2017).

iii) Part amount of USD 50,72,110 (Rs. 2679.34 Lakhs) out of GDR's issued by the Holding Company, which funds had been raised for setting up of Yarn Dying Plant are invested in money market instruments outside India. As the funds were raised for earmarked purposes, the availability thereof to the Holding Company and utilization of the same is subject to Holding Company's undertaking active plans for implementation of the proposed investment. The balance above is as per rate of exchange prevailing at the time of investment, and is subject to adjustment in rate of foreign exchange and accruals on money market investments. In respect of its realisability/receipt, we are unable to comment. The non-accounting of investment at fair value and non-recognition of exchange fluctuation in respect thereto is not in line with Ind AS 109 "Financial Instruments" and Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" respectively, which has the effect of understatement of investment by Rs. 686.63 Lakhs as at March 31, 2018 and overstatement of losses by Rs. 10.63 Lakhs for the year ended on March 31, 2018.

iv) Regarding write off/write back and adjustment/set off of payment of receivables/payables from/to overseas parties/suppliers, which is pending necessary approval of the competent authority by the Holding Company.

v) The Internal Control Systems need to be further strengthened in order that they are commensurate with the size of the Group and the nature of its business, more particularly in areas of, purchases and consumption of materials, charging of expenses, set-off of balances, and invoicing of sale of goods and services.

vi) Confirmation of balances and reconciliation thereof with respective parties are pending, which include balances pertaining to, accounts receivable and payable (including Associate Company/ies), bank balances including other bank balances, secured loans, financial and other liabilities, financial and other current assets and contingent liabilities. All balances have been certified by the management of the Group. In the absence of the Group having aforementioned details, the impact thereof is unascertainable, and therefore, not being commented. Further strengthening of internal controls by the Group will provide greater reliability.

vii) During the course of our audit for the quarter and year ended March 31, 2018, the management of the Holding Company informed to us that they noticed and found fraud in the nature of shortage/ misappropriation of goods stored at its Ludhiana Branch by its employee/s against which the management took action by lodging F.I.R. with the concerned Police Station and investigation in the matter is pending. The misappropriation of goods has been valued at Rs. 70.00 Lakhs against which some of the parties to whom goods were sold by the concerned employees have confirmed having received the goods and also confirmed to the Holding Company as having made payment against the same. The Holding Company also filed its claim to insurance company under Employee Fidelity Insurance, effect whereof has been accounted in the books of account of the Holding Company, considering the ongoing recovery process of its claims.

5. Other Matters

We did not audit the financial statements of 2 (two) consolidated entities being subsidiaries of the Company namely, Winsome Yarns (Cyprus) Ltd. and Winsome Yarns FZE, included in consolidated Ind AS financial statements for the year ended March 31, 2018, whose financial statements as prepared by the management reflect total assets of Rs. 45.83 Lakhs as at March 31, 2018, as well as total revenue of Nil and total net loss after tax of Rs. 5.19 Lakhs for the year ended on that date. These financial statements and other financial information have not been audited by other auditors but these are certified by the management and have been furnished to us by them, and our opinion on the consolidated Ind AS financial results, to the extent have been derived from such management certified financial statements as at March 31, 2018.

6. Opinion

In our opinion and to the best of our information and according to the explanations given to us, ***except for the effects/possible effects of the matters described in paragraph 4 above under 'Basis of Qualified Opinion' paragraph,*** the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Group as at March 31, 2018, and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

7. Report on Other Legal and Regulatory Requirements

i) As required by section 143 (3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit, except as stated in para (vi) under the head "Basis of Qualified Opinion".

b) Except for the effects/possible effects of the matters described in the "Basis of Qualified Opinion" paragraph above, in our opinion, proper books of account as required by law have been kept by the Group in so far as it appears from our examination of those books.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of consolidated Ind AS financial statements.

d) Except for the matter described in para (ii)(b) and para (iii) [Ind AS -21 "The Effects of Changes in Foreign Exchange Rates" and Ind AS 109 "Financial Instruments" under the "Basis of Qualified Opinion"], in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

e) The matters described in the "Basis of Qualified Opinion" paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.

f) On the basis of written representations received from the directors of the Holding Company as on March 31, 2018, taken on record by the Board of Directors of the Holding Company, none of the directors of the Group's companies is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules,2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Group has disclosed the impact of pending litigations on its Consolidated Ind AS financial statements. Refer Note no. 3.2 [read with Note no. 3.3(A)(b)(i), 3.3(A)(d) and 3.3(B)] to the Consolidated Ind AS financial statements.

(ii) The Group has made provision, as required under the applicable law or Accouting Standards, for material foreseeable losses, if any, on long term contracts including derivative contracts; except to the extent and as explained in Note no. 3.3 of the Consolidated Ind AS financial statements.

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company.

PU-53, Vishakha Enclave,
Pitampura,
New Delhi- 110088

For KR & Co
Chartered Accountants
Firm Registration No. 025217N
By the hand of

Kamal Ahluwalia
Partner
Membership No.093812

May 18, 2018
New Delhi (Camp at Chandigarh)

ANNEXURE 'A' TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF WINSOME YARNS LTD.

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of the section 143 of the Act

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year March 31, 2018, we have audited the internal financial controls over financial reporting of the **Winsome Yarns Limited** (hereinafter referred to as "the Holding Company").

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountant of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the companies Act, 2013.

Auditor's Responsibility

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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Basis of Qualified Opinion

We draw attention to the paragraph 4 "Basis for Qualified Opinion" of our main report and the same to be read with our comments as stated below:

According to the information and explanation given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2018:

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

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

   In our opinion, except for the effects/possible effects of the material weaknesses described above and on the achievement of the objectives of control criteria, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

   We have considered the material weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of consolidated Ind AS financial statements of the Group as on March 31, 2018 and these material weaknesses does not affect our opinion on the consolidated Ind AS financial statements of the Holding Company.

PU-53, Vishakha Enclave,
Pitampura,
New Delhi- 110088

For KR & Co
Chartered Accountants
Firm Registration No. 025217N
By the hand of

Kamal Ahluwalia
Partner
Membership No.093812

May 18, 2018
New Delhi (Camp at Chandigarh)

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

Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2018 [See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations 2016]

(Rs. in Lakhs)

I.

Sl. No.	Particulars	Audited Figure (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)*
1	Turnover/ Total income	33488	33498
2	Total Expenditure	35584	56435
3	Net Profit/(Loss)	(1787)	(22627)
4	Earnings Per Share	(2.53)	(31.83)
5	Total Assets	46483	35990
6	Total Liabilities	64913	(93557)
7	Net Worth	(18430)	(57567)
8	Any other financial item(s) (as felt appropriate by the management)	-	-

* all adjustments are without tax effect.

II. Audit Qualifications

(a) Details of Audit qualification

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

(i) In view of accumulated losses of the Company as at the end of March 31, 2018, the net worth of the Company as at that date being negative, the decision of management of the Company to prepare the accounts of the Company on going concern basis for reasons that, (a) proposed rehabilitation plan of the Company is under discussions with majority of lenders, and (b) future business plans of the Company and expected cash flows therefrom will suffice to service restructured debts of the Company, there would arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumptions as to going concern, and in the absence of impact of aforesaid assumptions having been un-ascertained, we are unable to comment thereon.

(ii) The results for the quarter ended on March 31, 2018 and the year ended on March 31, 2018 are understated due to:

(a) Non provisioning of interest expenses on borrowings of Rs. 2515.42 Lakhs for the quarter ended and Rs. 9671.90 Lakhs for the year ended on March 31, 2018 (Rs. 2182.41 Lakhs for the quarter ended and Rs. 8389.14 Lakhs for the year ended on March 31, 2017), and Rs. 28644.12 Lakhs being aggregate amount of interest unprovided till the year ended March 31, 2018 (Rs. 18972.22 Lakhs till the year ended March 31, 2017), and further amount towards penal interest, penalty, etc. as may be charged by the lenders. (In the absence of statement of account, the above amount has been arrived at as per estimates of the Company, and the aggregate unprovided amount in books of account of the Company is not ascertainable with accuracy).

(b) Non provisioning against long outstanding receivables of Rs. 9609.58 Lakhs (Rs. 9785.28 Lakhs as at March 31, 2017 and Rs. 9794.95 Lakhs as at December 31, 2017) including of overseas overdue trade receivables of Rs. 5989.20 Lakhs (Rs. 6173.48 Lakhs as at March 31, 2017 and Rs. 5987.96 Lakhs as at December 31, 2017). The accounting for exchange fluctuation in respect of overseas trade receivables is not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, overseas trade receivables is understated by Rs. 255.58 Lakhs (Rs. 233.89 Lakhs as at March 31, 2017)

(c) Non provisioning against loans and advances (including other current assets) of Rs.1569.63 Lakhs (Rs. 1611.71 Lakhs as at March 31, 2017 and Rs 1469.05 Lakhs as at December 31, 2017).

(iii) Part amount of USD 50,72,110 (Rs. 2679.34 Lakhs) out of GDR's issued by the Company, which funds had been raised for setting up of Yarn Dying Plant are invested in money market instruments outside India. As the funds were raised for earmarked purposes, the availability thereof to the Company and utilization of the same is subject to Company's undertaking active plans for implementation of the proposed investment. The balance above is as per rate of exchange prevailing at the time of investment, and is subject to adjustment in rate of foreign exchange and accruals on money market investments. In respect of its realisability/ receipt, we are unable to comment. The non-accounting of investment at fair value and non-recognition of exchange fluctuation in respect thereto is not in line with Ind AS 109 "Financial Instruments" and Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" respectively, which has the effect of understatement of investment by Rs. 686.63 Lakhs as at March 31, 2018 and overstatement of losses by Rs. 10.63 Lakhs for the year ended on March 31, 2018.

(iv) Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/set off of payment of receivables/payable from/to overseas parties/suppliers, which is pending necessary approval of the competent authority.

(v) The Internal Control Systems need to be further strengthened in order that they are commensurate with the size of the Company and the nature of its business, more particularly in areas of, purchases and consumption of materials, charging of expenses, set-off of balances, and invoicing of sale of goods and services.

(vi) Confirmation of balances and reconciliation thereof with respective parties are pending, which include balances pertaining to, accounts receivable and payable (including Associate Company/ies), bank balances, secured loans, other liabilities, loans and advances recoverable, and contingent liabilities. All balances have been certified by the management of the Company. In the absence of the Company having aforementioned details, the impact thereof is unascertainable, and therefore, not being commented. Further strengthening of internal controls by the Company will provide greater reliability

(vii) During the course of our audit for the quarter and year ended March 31, 2018, the management of the Company informed to us that they noticed and found fraud in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch by its employee/s against which the management took action by lodging F.I.R. with the concerned Police Station and investigation in the matter is pending. The misappropriation of goods has been valued at Rs. 70.00 Lakhs against which some of the parties to whom goods were sold by the concerned employees have confirmed having received the goods and also confirmed to the Company as having made payment against the same. The Company also filed its claim to insurance company under Employee Fidelity Insurance, effect whereof has been taken in books of accounts considering the ongoing recovery process and its claim.

(b) Type of Audit Qualification

Qualified Opinion

(c) Frequency of Qualification

- In case of point no (i), (iv) and (v) – Appeared since F.Y. 2014-15
- In case of point no (ii)(a) – Appeared since F.Y. 2013-14 (However, there is change in amount)
- In case of point no (ii)(b) and (ii)(c) – Appeared since F.Y. 2003-04 (However, there is change in amount)
- In case of point no (iii) – Appeared since F.Y. 2013-14
- In case of point no (vi) – Appeared since F.Y. 2003-04
- In case of point no. (vii)—Appeared in F.Y. 2017-18

(d) For Audit Qualification(s) where the impact is quantified by the Auditor, Management views.

With regard to Auditors Qualification No. (ii)(a), (ii)(b), (ii)(c), (iii) and (vii):-

ii)(a) Regarding non-provision of interest expenses, penal interest, penalty, etc. in respect of borrowings of the Company from banks - As stated in Note No. 3.24 of the Consolidated Audited Financial Statement, due to continuous losses and financial tightness, the Company has not been able to fully pay due installments & interest on term loan on due dates, which resulted into classification of credit facilities as Non-Performing Assets couple with recall of facilities by lenders of the Company & certain overdue amount is continuing/ unpaid till date (as detailed in note no. 3.24 of Consolidated Audited Financial Statement for the year ended March 31, 2018). Interest on term loans and working capital including overdue amount, penal interest etc. (amount unascertained) has not been provided and as the same will be provided / accounted for as and when paid/settled as the company is in process of discussion/applying for getting loans to be restructured by the lenders/ARC. Six of banks have assigned and transferred the total debts due from the Company along with the underlying rights, title and interests in financial assistances granted to the Company to an Asset Reconstruction Company (ARC).

ii)(b) Regarding non-provision against receivables and loans and advances - As also explained in Note No. 3.8(a) of Consolidated Audited Financial Statements, management view is that the receivables includes outstanding amount of overseas receivables for period over one year of Rs 5989.20 Lakhs till 31.03.2018 (Rs. 6173.48 Lakhs till 31.03.2017), where the Company is in process of filing necessary papers with appropriate authority for extension of time (read with note no. 3.9). In this regards, management is confident about full recovery / realisability considering the past performance of the customer and recovery initiative taken by the Company.

Also, as explained in Note No. 3.8(b) of Audited Financial Statements, the trade receivables include certain overdue Trade Receivables/Other Receivables of Rs. 3620.38 Lakhs till 31.03.2018 (Rs. 3611.80 Lakhs till 31.03.2017 for which the management is confident about full recovery/ realisability.

ii)(c) Regarding overdue amount of Loans and Advances read with Note No. 3.11 (including Other Current Assets) of Rs.1569.63 Lakhs (Rs.1611.71 Lakhs as at March 31, 2017) (including Refunds / Claims Receivables of Rs.53.50 Lakhs, TUFS subsidy Rs. 899.05 Lakhs, capital advances of Rs. 250 Lakhs), in the opinion of the Management, the aforesaid balance are fully realisable and hence considered good. The Company has also initiated necessary steps for recovery of overdues.

iii) Regarding non accounting of investment at fair value and non-recognition of exchange fluctuation in respect thereto, the management is of view that the money lying outside India is part of GDRs proceeds of the Company and is earmarked for utilization for setting up a Yarn Dying Plant, which could not be implemented for want of support of lenders. The Management of the Company is engaged in firming an active plan for implementation of its proposal for setting up of a Yarn Dying Plant, and upon its finalization, the aforesaid amount will be utilized for investment and on that date effect of any gain shall be accounted in the books of account of the Company.

vii) With regard to noticed fraud in the nature of shortage and misappropriation of goods stored at its Ludhiana Branch by the employee/s of the Company, the effect whereof has been accounted in the books of account of the Company, considering the ongoing recovery process and its claim.

(e) For Audit Qualification(s) where the impact is not quantified by the Auditor:

(i) Management's estimation on the impact of audit qualification.

Not ascertainable

(ii) If management is unable to estimate the impact, reasons for the same.

With regard to Auditors Qualification No. (i), (iii), (iv), (v) and (vi)-:-

(i) Regarding net worth of the Company becoming negative and preparation of financial statements on going concern basis - Consequent to erosion of entire net worth, the Company filed Reference before the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) under Sick Industrial Company (Special Provisions) Act, 1985 (SICA), which was registered. The Company was in discussions with its lenders for evolving a scheme of rehabilitation of its financial debts, which continued during the period when the reference of the Company was under consideration before BIFR and also presently after the SICA has been repealed. Considering the proposed rehabilitation and future business plans of the Company, present business scenario, stable government policies for the business and expected cash flow in the near future as assessed by the Management, accounts of the Company are prepared on 'Going Concern' basis.

(iii) Regarding pending receipt of part money out of GDR issue - As also explained in Note no. 2.3 of the of the Audited Financial Statements that out of the proceeds of GDRs raised in F.Y. 2010-2011, an amount of USD 6,954,515 (INR 3721.05 Lakhs) stood remitted to India, which had been utilized for augmentation of working capital needs of the Company and a balance amount of USD 50,72,110 (INR 2679.34 Lakhs) continues to remain invested in an overseas Money Market Fund outside India as on 31.03.2018, pending utilization of such proceeds. The Company is filing all due returns regularly with RBI. Also the Depository of GDR issue had resigned w.e.f. 29.10.2014 and terminated the agreement w.e.f. 15-06-2015. The GDR had been de-listed from LuxSE w.e.f. 16.06.2015. The Company is in process to appoint new depository and seek relisting of GDR on LuxSE or any other overseas stock Exchange.

(iv) Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/ set off of payment of receivables/payable from/to overseas parties/suppliers, which is pending necessary approval of the competent authority. The management is in the process of obtaining necessary approvals from the competent authority

(v) Regarding further strengthening the system of internal controls - Necessary steps have been initiated by the Company to further strengthen the system of internal controls w.r.t. purchases and consumption of inventory, booking of expenses, set off of balances, for the sale of goods and services, etc.

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

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

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

III. Signatories

Manish Bagrodia	Anand Balkishan Sharma	Pradeep Kumar	For K. R. & Co.
Managing Director	President (Corporate Finance)	Audit Committee	Statutory Auditors
DIN : 00046944	& Chief Financial Officer	Chairman	Chartered Accountants
		DIN : 03052477	F.R. No. 025217N

Place: Chandigarh
Date: May 18, 2018

(Kamal Ahluwalia)
Partner
Membership No. 093182

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

(Rs. Lakhs)

PARTICULARS	Notes	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
ASSETS				
Non current assets				
Property, plant and equipment	4 (a)	22,239.01	23,839.76	25,564.83
Capital work in progress		-	36.20	-
Other intangibles assets	4(b)	10.50	0.03	0.06
Financial assets				
Loans	5	2.12	2.13	1.08
Deferred tax assets (net)	6	44.36	44.36	50.43
Other non current assets	7	2,566.27	1,571.01	1,031.49
		24,862.26	**25,493.49**	**26,647.89**
Current assets				
Inventories	8	4,237.55	5,752.55	5,050.81
Financial assets				
Loans	5	18.16	18.16	20.39
Investment	9	2,679.34	2,679.34	2,679.34
Trade receivables	10	12,224.56	12,101.52	12,446.37
Cash and cash equivalents	11	214.52	165.61	486.46
Other bank balances	12	32.36	33.99	94.91
Other financial assets	13	1,047.69	1,001.99	1,047.08
Current tax assets	14	99.84	97.16	98.84
Other current assets	15	1,066.92	981.70	709.60
		21,620.94	**22,832.02**	**22,633.80**
TOTAL ASSETS		**46,483.20**	**48,325.51**	**49,281.69**
EQUITY AND LIABILITIES				
Equity				
Share capital	16	7,070.72	7,070.72	7,070.72
Other equity		(25,500.78)	(23,715.18)	(21,814.99)
		(18,430.06)	**(16,644.46)**	**(14,744.27)**
Liabilities				
Non current liabilities				
Deferred grant income	17	87.51	96.74	105.97
Provisions	18	192.22	167.24	119.24
		279.73	**263.98**	**225.21**
Current liabilities				
Financial liabilities				
Borrowings	19	55,737.21	55,766.82	55,917.43
Trade payables	20	5,654.10	6,204.06	5,227.29
Other financial liabilities	21	3,152.95	2,650.95	2,437.15
Deferred grant income	17	9.23	9.23	9.23
Other current liabilities	22	56.73	56.47	195.50
Provisions	18	23.31	18.46	14.15
		64,633.53	**64,705.99**	**63,800.75**
Total liabilities		**64,913.26**	**64,969.97**	**64,025.96**
TOTAL EQUITY AND LIABILITIES		**46,483.20**	**48,325.51**	**49,281.69**
SIGNIFICANT ACCOUNTING POLICIES	**2**			
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	**3-32**			

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

As per our report of even date.

For and on behalf of the Board

KR & Co.
Chartered Accountants
Firm Registration No. 025217N
By the hand of

Manish Bagrodia
Managing Director
DIN : 00046944

Pradeep Kumar
Independent Director
DIN : 03052477

Kamal Ahluwalia
Partner
Membership No. 093812

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

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

May 18, 2018
New Delhi (Camp at Chandigarh)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Rs. Lakhs)

PARTICULARS	Notes	Year Ended 31 March 2018	Year Ended 31 March 2017
INCOME			
Revenue from operations	**23**	33,305.42	37,131.36
Other income	**24**	182.20	195.19
Total Income		**33,487.62**	**37,326.55**
EXPENSES			
Cost of Material Consumed		21,858.25	26,022.46
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	**25**	1,095.00	(733.17)
Employees benefit expenses	**26**	3,523.83	3,233.79
Finance costs	**27**	36.88	44.93
Depreciation and amortisation	**28**	1,706.93	1,812.68
Other expenses	**29**	7,361.56	8,799.36
Total Expenses		**35,584.25**	**39,225.95**
Loss before exceptional items and tax		**(2,096.63)**	**(1,899.40)**
Less: Exceptional items		296.64	-
Loss before tax		**(1,799.99)**	**(1,899.40)**
Less/(-Add): Tax expense			
Current tax		-	-
Deferred tax	**6**	-	6.07
Loss after tax		**(1,799.99)**	**(1,905.47)**
Other comprehensive income		12.87	(7.65)
Total Comprehensive Income		**(1,787.12)**	**(1,913.12)**
Earnings per equity share [par value of Rs. 10 (Rs. 10) each]			
1. Basic (Rs.)	**30**	**(2.53)**	**(2.71)**
2. Diluted (Rs.)		**(2.53)**	**(2.71)**
SIGNIFICANT ACCOUNTING POLICIES	**2**		
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	**3-32**		

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

As per our report of even date.

For and on behalf of the Board

KR & Co.
Chartered Accountants
Firm Registration No. 025217N
By the hand of

Manish Bagrodia
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DIN : 00046944

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Kamal Ahluwalia
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and Chief Financial Officer

May 18, 2018
New Delhi (Camp at Chandigarh)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED ON MARCH 31, 2018

(Rs. Lakhs)

			Year Ended 31 Mar 2018	Year Ended 31 Mar 2017
A.	**CASH FLOW FROM OPERATIONS**			
	Loss before tax		(1,787.12)	(1,907.05)
	Adjustment for:			
	Depreciation		1,706.93	1,812.68
	Amortisation of lease hold land		2.83	2.83
	Prorata capital subsidy		(9.23)	(9.23)
	(Profit)/Loss on sale of fixed assets		0.64	(0.59)
	Interest expense		36.88	44.93
	Interest income		(30.48)	(36.97)
	Operating profit before working capital changes		**(79.55)**	**(93.40)**
	Adjustment for working capital changes:			
	Increase/(Decrease) in financial liabilities			
	Trade payables		(549.97)	976.78
	Revenue received in advance		288.38	124.54
	Other payables		213.62	89.26
	Increase/(Decrease) in other current liabilities		0.26	(139.03)
	Increase/(Decrease) in provisions		29.83	52.31
	(Increase)/Decrease in financial assets			
	Trade and other receivables		(123.00)	344.81
	Loans		0.01	1.18
	Interest accrued but not due		30.04	14.67
	Other loan		(75.74)	30.42
	Increase/(Decrease) in other current assets		(85.22)	(272.10)
	Increase/(Decrease) in other non current assets		(998.09)	(542.35)
	Increase/(Decrease) in inventories		1,515.00	(701.74)
			165.57	**(114.65)**
	Current tax liabilities (Net)		(2.68)	1.68
	Net cash flow from operating activities	**(A)**	**162.89**	**(112.97)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Additions to property, plant and equipment		(81.34)	(124.48)
	Reductions to property, plant and equipment		0.25	1.30
	Interest receipts		30.48	36.97
	Net cash used in investing activities	**(B)**	**(50.61)**	**(86.21)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Interest paid		(36.88)	(44.93)
	Increase/(Decrease) in financial liabilities			
	Proceeds from borrowings		(29.61)	(152.01)
	Repayment of borrowings		-	1.40
	Net cash used in financing activities	**(C)**	**(66.49)**	**(195.54)**
D.	**CHANGES IN CURRENCY FLUCTUATION RESERVE ARISING ON CONSOLIDATION**			
	Effect of exchange fluctuation on bank balance	**(D)**	**1.49**	**12.95**
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(A+B+C+D)**	**47.28**	**(381.77)**
	Cash and cash equivalents - Opening balance		199.60	581.37
	Cash and cash equivalents - Closing balance		246.88	199.60

(Figures in bracket represents cash outflow)

As per our report of even date.

For and on behalf of the Board

KR & Co.
Chartered Accountants
Firm Registration No. 025217N
By the hand of

Manish Bagrodia
Managing Director
DIN : 00046944

Pradeep Kumar
Independent Director
DIN : 03052477

Kamal Ahluwalia
Partner
Membership No. 093812
May 18, 2018
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K.V. Singhal
GM (Legal) and
Company Secretary

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and Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

(Rs. Lakhs)

	Equity share capital (A)	OTHER EQUITY							
		Reserve & Surplus							
		Securities premium reserve	Capital reserve	Retained earnings	Foreign currency translation reserve	Capital redemption reserve	Other Comprehensive Income	Total Other Equity (B)	Total equity attributable to equity holders of the group (A)+(B)
Balance as at April 1, 2016	**7,070.72**	**5,181.95**	**261.03**	**(27,733.49)**	**351.08**	**124.44**	**-**	**(21,814.99)**	**(14,744.27)**
Loss for the year	-	-	-	(1,905.47)	12.93	-	(7.65)	(1,900.19)	(1,900.19)
Balance as at March 31,2017	**7,070.72**	**5,181.95**	**261.03**	**(29,638.96)**	**364.01**	**124.44**		**(23,715.18)**	**(16,644.46)**
Loss for the year	-	-	-	(1,799.99)	1.52		12.87	(1,785.60)	(1,785.60)
Balance as at March 31, 2018	**7,070.72**	**5,181.95**	**261.03**	**(31,438.94)**	**365.53**	**124.44**	**12.87**	**(25,500.78)**	**(18,430.05)**

As per our report of even date.

KR & Co.
Chartered Accountants
Firm Registration No. 025217N
By the hand of

Kamal Ahluwalia
Partner
Membership No. 093812

May 18, 2018
New Delhi (Camp at Chandigarh)

For and on behalf of the Board

Manish Bagrodia
Managing Director
DIN : 00046944

Pradeep Kumar
Independent Director
DIN : 03052477

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

1 Corporate Information

Winsome Yarns Limited (the Company) is a Public Limited Company. The Company and its subsidiaries collectively referred to as "the Group" and is primarily engaged into manufacturing of Yarn, Knitwear and generation of power. The consolidated financial statements as at March 31, 2018 presents the financial position of the Group.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

A) Basis of preparation of financial statements:

(a) Statement of Compliance

The financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (the Act), (Ind AS compliant Schedule III), as applicable to the Group. The Group adopted Ind AS from April 01, 2017.

For all periods up to and including the year ended March 31, 2017, the Group prepared its financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles (GAAP), which includes Standard notified under the Companies (Accounting Standards) Rules, 2006. These are the Group's first Ind AS financial statements with April 01, 2016 being the transition date.

The Group has adopted all Ind AS standards and the adoption was carried out in accordance with Ind AS 101 'First Time Adoption of Indian Accounting Standards' issued by Ministry of Corporate Affairs. The Group has presented a reconciliation [from previous GAAP to Ind AS] of total equity as at April 01, 2016, March 31, 2017 and Statement of Profit and Loss for the year ended March 31, 2017 (Refer Note No. 3.22).

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

(b) Functional and presentation currency

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

(c) Basis of Measurement

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

Determining the Fair Value

While measuring the Fair Value of an asset or a liability, the Group used observable market data as far as possible. Fair values are categorised into different levels in a Fair Value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of trade receivables, trade payables and other Current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are Non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value.

If the inputs used to measure the Fair Value of an asset or a liability fall into different levels of the Fair

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

(d) Use of Estimate

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

(e) Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements issued by the Ministry of Corporate Affairs based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

B) Recent accounting pronouncement:

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

The standard permits two possible methods of transition:

(i) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

(ii) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach). The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

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

C) Significant accounting policies:

(a) Property, Plant and Equipment

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

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

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

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

(b) Intangible Assets

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

(c) Impairment of non financial assets

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

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

(d) Inventories

(i) Inventories are valued at lower of cost or net realisable value except for scrap and by-products which are valued at net realisable value.

(ii) Cost of inventories of finished goods and work-in-process includes material cost, cost of conversion and other related overhead costs.

(iii) Cost of inventories of raw material, work-in-process and stores and spares is determined on weighted Average Cost Basis.

(e) Financial instruments

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

Financial Assets:

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

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

Financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/ or interest.

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

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

In case of investment in equity shares

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

Debt instruments:

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

Other:

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

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

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

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

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Financial Liabilities:

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

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

Offsetting Financial Instruments

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

Equity Instruments

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

(f) Government Grants

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

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

(a) related to or used for assets are included in the Balance Sheet as deferred income and recognised as income over the useful life of the assets.

(b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.

(c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

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

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

(g) Claims, Provisions, Contingent assets and Liabilities:

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

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

Contingent liabilities are not recognised but are disclosed by way of notes to the financial statements, after careful evaluation by the management of the facts and legal aspects of each matter involved. Contingent assets are neither recognised nor disclosed in the financial statements.

Contingent liabilities are assessed continually to determine whether an outflow of resources embodying the economic benefit has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs.

(h) Recognition of revenue and expenditure

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

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

(ii) **Interest and dividend income**

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

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

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

(i) Borrowing Cost

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

(j) Employee benefits

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

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

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

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

(k) Taxes on income

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

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

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

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

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

(l) Foreign currency transactions and translation

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

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

Non-monetary foreign currency items are carried at cost.

(m) Prior period errors

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

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

(n) Earnings per share

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

(o) Cash flow statement

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

Amendment to Ind AS-7

Effective April 1, 2017, the Group adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

(p) Cash and cash equivalents

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

3 Explanatory notes forming part of the Balance Sheet

3.1 PRINCIPLES OF CONSOLIDATION

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

(ii) Consolidated financial statements (CFS) comprised the financial statements of Winsome Yarns Limited and its subsidiaries namely Winsome Yarns (Cyprus) Limited, Cypurs and Step down subsidiary Winsome Yarns FZE, UAE.

(iii) (a) List of subsidiaries:

Sl. No.	Name of the Subsidiaries	% of Shareholding	Nature of Interest	Country of Incorporation	Year Ending	Period
1	Winsome Yarns (Cyprus) Limited (WYCL)	100	Direct	Cyprus	31.03.2018	12 Months
2	S.C. Winsome Romania S.R.L. (SCWR)	90	Indirect	Romania	(b)(@)	NA
3	Winsome Yarns FZE (WYF)	100	Indirect	U.A.E.	31.03.2018	12 Months
4	I.M.M. Winsome Italia S.R.L. (WIS)	100	Indirect	Italy	(b)(@)	NA
5	S.C. Textil S.R.L. (TS)	100	Indirect	Romania	(b)(@)	NA

(b)@ Companies are under liquidation, hence not considered for consolidation. Further, as per the past year, financial statements of S.C. Winsome Romania S.R.L., I.M.M. Winsome Italia S.R.L., and S.C. Textil S.R.L. neither been prepared nor been made available to the Auditors.

(iv) (a) The Financial Statements of step down subsidiary namely S.C. Winsome Romania S.R.L. had been excluded from consolidation as the same is under liquidation. Further the insolvency of S.C. Winsome Romania S.R.L. has not yet been confirmed by the relevant court. Accordingly, management certified standalone financial statements of Winsome Yarns (Cyprus) Limited and Winsome Yarns FZE have been considered for consolidation.

(b) Winsome Yarns FZE has ceased operations and has remained dormant during the period.

(c) S.C. Winsome Romania S.R.L. is holding 100% shares (investment) of IMM Winsome Italia S.R.L. Italy and the later Company holds 100% shares (investment) of S.C. Textile S.R.L. Romania.

(v) The Consolidated Financial Statements have been prepared based on line-by-line consolidation using uniform accounting policies for like transactions and other event in similar circumstances. The effects of intra-group transactions and balances are eliminated in consolidation.

(vi) The differences between the costs to the Holding Company of its investment in the subsidiary Companies over the holding company's portion of equity of the subsidiary is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

(vii) Since foreign subsidiaries are in same line of business which functions in different regulatory environment, certain policies such as in respect of depreciation/amortization, retirement benefits, preliminary expenditures etc. are different than the policies followed by the holding company are disclosed in their respective financial statements.

(viii) Operations of foreign subsidiaries have been considered by the management as non-integral; thus items of the assets and liabilities, both monetary and non-monetary, have been translated at the exchange rates prevailing at the end of the year and items of income and expenses have been translated at the average rate prevailing during the year. Resulting exchange differences arising on translation of said items have been transferred to Foreign Currency Translation Reserve Account. The Financial Statements are prepared as going-concern under historical cost convention on an accrual basis except those with significant uncertainty and in accordance with mandatory accounting standard under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule 2014 and the relevant provisions of the Act. Accounting policies not stated explicitly otherwise are consistent with generally accepted accounting principals and mandatory accounting standards.

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

(Rs. Lakhs)

Sl. No.	Particulars	2017-18	2016-17
(i)	Bills discounted with banks	109.91	561.49
(ii)	Sales Tax liability in respect of matters under appeal	81.35	67.09
(iii)	Excise duty show cause notices / matters under appeal	26.10	135.67
(iv)	Income Tax Demand under dispute	280.17	277.14
(v)	Outstanding bank guarantees	-	-

(vi) Customs duty saved Nil (Previous Year Rs. Nil) for import of capital good made against EPCG license against which export obligations amounting to Rs. 515.34 Lakhs (Previous Year Rs. 210.31 Lakhs) are pending. Non fulfillment of Export obligation will attract demand of Rs 91.22 Lakhs (Previous Year Rs. 45.56 Lakhs) (including interest and excluding penalty).

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

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

(C) Estimated amount of Capital contracts remaining to be executed on Capital Account and not provided for is Nil (Previous year Rs. 14.40 Lakhs) and net of advances is Nil (Previous year Rs 4.60 Lakhs), as certified by the management.

3.3

(A) (a) The loans from Banks are further secured by unconditional and irrevocable personal guarantees of promoters, promoters Group/ associate companies and secured/ to be secured by pledge of 51% (Fifty one percent) of equity share capital (present /future) of the Company or 100% of shares held/ to be held by promoters, promoters Group/ associate companies, whichever is lower.

(b) (i) Appeals filed by the Company against its Lenders under section 17 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act, 2002) before the Hon'ble Debt Recovery Tribunal, Chandigarh, against notice u/s 13(4) of the SARFAESI Act, 2002 issued by the lenders, have been admitted and the matter is pending before the Hon'ble DRT.

(ii) The Company's requests to the lending banks from time to time seeking permission for renewal and continuation of "Holding-on operations" in the banking accounts of the Group (which were unilaterally stopped by the lending banks on several occasions in past) have not been accepted and funds of the Company aggregating Rs.152.25 Lakhs (previous year Rs. 152.25 Lakhs) are lying in the current accounts/fixed deposit accounts resulting in stucking of the funds. The amount has been shown as part of Bank Balances in Note No. 12 and 13 of the financial statements. The Company has initiated actions for recovery of aforesaid amount and balance(s) in aforesaid bank accounts are subject to confirmation/reconciliation.

(c) The Lender Banks (Canara Bank, State Bank of Patiala, Punjab National Bank, UCO Bank, Union Bank of India, Dena Bank) of the Group which held more than 80% of total outstanding loans of the Group have assigned and transferred their debts along with underlying rights, benefits and obligations to Edelweiss Asset Reconstruction Company Limited (EARC). The Group is in discussion with its lenders for evolving a scheme of rehabilitation and/or restructuring of its financial debts which continued both during the period that the Reference of the Company was under consideration before the Hon'ble Board for Industrial and Financial Reconstruction and the period since repeal of the Sick Industrial Companies (Special Provisions) Act, 1985. [Read with Note No. 19(b)].

(d) Canara Bank, State Bank of Patiala, UCO Bank, Oriental Bank of Commerce, Dena Bank, Indian Overseas Bank, Bank of India and Bank of Maharashtra had filed an application under section 19(1) of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 before the Hon'ble Debt Recovery Tribunal (DRT) at Chandigarh, which is pending for impleadment of EARC in respect of Petitioning Banks who have assigned their debts to EARC and adjudication by the Hon'ble DRT.

The Company has claims against its lenders, which will be or are being pursued before the Hon'ble DRT, as per advise of its legal counsel in the matter.

(e) The Company is in discussion with the Edelweiss Asset Reconstruction Company Limited (EARC) for a structured payment plan of its dues, which is likely to be binding on all lenders on its finalization.

(B) Certain winding-up petitions filed against the Company by its creditors, including persons claiming to be creditors, had been adjourned sine-die by the Hon'ble Punjab and Haryana High Court. There have no proceedings in the matters thereafter.

3.4 **(a)** In the Extraordinary General Meeting of the Company held on June 28, 2010, the Members of the Company had approved the issue of new capital through Global Depository Receipts (GDRs). Accordingly, 19,94,125 number of GDR of USD 6.64 each (each GDR converting / equivalent to 100 equity shares – being 1,99,41,250 nos. of equity shares of Rs. 10 each at Rs. 29.70 including premium) had been issued by the Company and allotted on March 29, 2011. The GDR were listed for trading at the Luxembourg Stock Exchange (LuxSE). Out of the proceeds of GDRs raised in 2011, an amount of USD 6,954,515 (Rs. 3721.05 Lakhs) stood remitted to India, which had been utilised for augmentation of working capital needs of the Company, and balance amount of USD 50,72,110 (Rs. 2679.34 Lakhs) continues to remain invested in an overseas Money Market Fund pending utilisation for purposes for which the funds were raised. The balances stated above are as per rate of exchange of relevant currencies prevailing at the time of making investment in Money Market Fund, and will be finally adjusted with the actual amounts, including accruals thereon, if any, on settlement of Money Market Fund amount. The Company is regular in filing all due returns with Reserve Bank of India.

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

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

3.5 Research and Development Expenditure (as certified by management) amounting to Rs. 66.28 Lakhs (Previous Period Rs. 93.44 Lakhs) have been debited to Statement of Profit and Loss during the year.

3.6 A fraud had come to be discovered by the Company in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch (Punjab), committed by its employee/s. A complaint was lodged with the concerned Police Station and First Information Report was registered by the Authorities, and investigation in the matter is pending. The loss of goods is valued at about Rs. 70.00 Lakhs. It has since revealed that some of the parties to whom goods were allegedly sold by the concerned employees have confirmed their receipt and also confirmed having made payment therefor. The Group is hopeful of full recovery of loss from the Insurance Company under Employee Fidelity Insurance, and has accounted the same in its books of account.

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

3.8 **(a)** Receivables exceeding six months include Rs. 5989.20 Lakhs (previous year Rs. 6173.48 Lakhs) (including exchange gain of Rs. 897.51 Lakhs (previous year Rs. 897.41 Lakhs) till 31.03.2018) [excluding as stated in note no. (b) below] of overseas receivables outstanding for period over one year. The Group is taking measures for recovery of the amount, and is taking legal advise in the matter of seeking extension of time from the regulatory body for recovery of the amount [read with note no. 3.8]. Based on past experience and dealings, the management considers the amount recoverable and realisable.

(b) Trade receivables include certain overdue Trade Receivables / Other Receivables of Rs. 3620.78 Lakhs (previous year Rs. 3611.80 Lakhs). The management considers the aforesaid amount as fully recoverable/ realisable, and does not consider that any provision in books of account of the Group is necessary in respect of these receivables.

(c) The Group had written off, (i) debts receivable from its subsidiary company, (ii) overseas advances, and had written back overseas payables in earlier years, approval wherefor is pending from regulatory body.

3.9 In earlier years the Group had accounted for Commission Income and Handling Charges under the head 'Revenue from Operations' receivable in foreign currency on accural basis as per the terms of the agreements. The Group made provision against outstanding receivable amount of Rs. 944.33 Lakhs and shown as part of 'Exceptional Items' in the Statement of Profit and Loss in that respective previous year [which include Commission Income of Rs. 752.42 Lakhs and Handling Charges of Rs. 191.91 Lakhs (including exchange fluctuation)]. In this regard, necessary approval for write off of aforesaid receivables is pending from AD/RBI.

3.10 Details of Traded Goods **(Rs. Lakhs)**

Particulars	Cotton Yarn	Industrial Fabric	Total
Opening Stock	Nil (37.16)	Nil -	Nil (37.16)
Purchases	Nil (34.12)	Nil -	Nil (34.12)
Sales	Nil (70.21)	Nil -	Nil (70.21)
Closing Stock	Nil Nil	Nil Nil	Nil Nil

3.11 Overdue amount include Financial Assets including Other Current Assets of Rs. 1569.63 Lakhs (previous year Rs. 1611.71 Lakhs) (including Refunds / Claims Receivables of Rs.53.50 Lakhs, TUFS subsidy Rs. 899.05 Lakhs, capital advances of Rs. 250 Lakhs). In the opinion of the Management, the aforesaid balance are fully realisable and hence considered good.

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

3.13 Balances of certain Trade Receivables (including overseas overdue trade receivables as stated in Note No. 3.7), Bank Balances including other bank balances, Trade Payables (including of Associate Company of amounting to Rs.568.37 Lakhs), Secured Borrowings, Other Financial Liabilities and Financial Assets including other current assets are in process of confirmation/ reconciliation. Contingent liabilities (read with Note No. 3.2) have been considered as certified by the management. The management is of the opinion that adjustment, if any, arising out of such reconciliation and confirmation would not be material. Further, necessary steps have been initiated to further strengthen system of internal controls in this regard.

3.14 Employees Benefits:

(a) Defined Contribution Plan

Contribution to Defined Contribution Plan, i.e. contribution to provident fund amounting to Rs.172.61 Lakhs (Previous year Rs. 159.07 Lakhs) has been recognized as expense for the period under sub-head 'Contributions to Provident and other Funds' and under head 'Employee Benefit Expenses' of the Statement of Profit and Loss.

(b) Defined Benefit Plan

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

(Rs. Lakhs)

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	2016-17	2017-18	2016-17
Amount to be recognised in the Balance Sheet				
Present value of obligation as at 31.03.2018	160.70	134.89	54.82	50.81
Fair value of plan assets as at 31.03.2018	-	-	-	-
Funded Status (Surplus/Deficit)	(160.70)	(134.89)	(54.82)	(50.81)
Net Assets/(Liability) Recognized in Balance Sheet	(160.70)	(134.89)	(54.82)	(50.81)

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	2016-17	2017-18	2016-17
Expenses recognized during the period				
Current Service Cost	47.19	43.00	13.78	13.18
Interest Cost	10.79	6.58	4.06	2.76
Expected Return on Plan Assets	0.00	0.00	0.00	0.00
Actuarial (gain)/ loss	(12.87)	7.64	23.54	24.41
Net Expenses Recognized	57.98	49.58	41.39	40.35

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	2016-17	2017-18	2016-17
Reconciliation of opening and closing balance of Defined Benefit Obligation				
Present Value of Obligation at the beginning of the period	134.89	93.99	50.81	39.40
Current Service Cost	47.19	43.00	13.78	13.18
Interest Cost	10.79	6.58	4.06	2.76
Actuarial (gain)/ loss on obligations	(12.87)	7.64	23.54	24.41
Benefit Paid	19.30	16.33	37.37	28.94
Present Value of Obligation as at the end of the period	160.70	134.89	54.82	50.81

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2017-18	2016-17	2017-18	2016-17
Actuarial / Demographic assumptions:-				
Indian Assure Lives Mortality Table	2006-08	2006-08	2006-08	2006-08
Discount rate (Per annum)	8.00%	7.00%	8.00%	7.00%
Expected Return on Plan Assets (Per annum)	8.00%	7.00%	8.00%	7.00%
Estimated rate of increase in compensation level	5.00%	5.00%	5.00%	5.00%
Retirement Age	58 Years			
Withdrawal Rate (All Ages)	10%			
Disability	No explicit allowance			
Leave Accumulation Ratio	.58(P.Y. .58)			

(i) The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

(ii) The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches with that of the liabilities.

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

(Rs., Lakhs)

Sl. No.	Particulars	2017-18	2016-17
(a)	(i) Principal amount remaining unpaid at the end of the accounting year	-	-
	(ii) Interest due on above	-	-
(b)	The amount of interest paid by the buyer along with amount of payment made to the supplier beyond the appointed date.	-	-
(c)	The amount of interest accrued and remaining unpaid at the end of financial year	-	-
(d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the period) but without adding interest specified under this act.	-	-
(e)	The amount of further interest due and payable in succeeding year, until such interest is fully paid.	-	-

3.16 Operating segment

(i) The Group is engaged only in one line of business namely Textile (Yarn and Knitting)

(ii) The segment revenue in geographical segments considered for disclosure is as follow:

(a) Revenue inside India includes sales to customers located within India.

(b) Revenue outside India includes sales to customers located outside India

Information about geographical segments (by location of customers)

(Rs. Lakhs)

Sl. No.	Particulars	India	Outside India	Total
(i)	External Revenue - Sales*	27,333.57 (28,482.36)	5,971.85 (8,637.22)	33,305.42 (37,119.58)
(ii)	Carrying amount of segment assets by location of assets	37,840.92 (39,197.92)	5,818.73 (6,371.05)	43,659.65 (45,568.97)

*Includes Export Incentives of Rs. 202.86 Lakhs (Previous year: Rs. 410.66 Lakhs) as part of Sales outside India.

3.17 As on March 31, 2018, the Group has net deferred tax assets (on timing difference including of carry over losses and unabsorbed depreciation). However, considering the losses incurred in recent past by the Group, deferred tax assets have been restricted to the amount of deferred tax liability for want of virtual certainty of its realisation in near future.

3.18 Related party disclosures:

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

a) Subsidiary Companies

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

b) Key management personnel and their relatives

- Shri Satish Bagrodia	Chairman
- Shri Manish Bagrodia	Managing Director
- Shri Andreas Alexiou	Director
- Shri Stelios Sivitanides	Director
- Maria Michail Geogiade	Director
- Shri Anand Bal Kishan Sharma^	Chief Financial Officer
- Shri K. V. Singhal^	Group Secretary
- Smt. Kalpana Sharma^	Wife of Chief Financial Officer
- Shri Manju Singhal^	Wife of Group Secretary

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

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

(B) Transacations with related parties during the year ended March 31, 2018 (excluding reimbursement) and balance outstanding on that date is as under:

(Rs. Lakhs)

Particulars	**2017-18**	**2016-17**
Winsome Textile Industries Limited		
Expenses incurred on our behalf	0.24	0.44
Expenses incurred by us on behalf of other	0.18	-
Balance Outstanding as at period end Receivable / (Payable)	(568.37)	(568.55)
Shri Satish Bagrodia		
Sitting Fees	0.30	0.10
Shri Manish Bagrodia		
Remuneration	19.54	19.54
Shri Anand Bal Kishan Sharma^		
Salary	18.65	17.41
Shri K .V. Singhal^		
Salary	14.05	11.86
Starpoint Financial Services Pvt. Ltd.		
Rent	18.99	18.62
Balance Outstanding as at period end Receivable / (Payable)	(17.37)	(17.00)

(Rs. Lakhs)

Particulars	2017-18	2016-17
Smt. Kalpana Sharma		
Salary	12.13	11.34
Smt. Manju Singhal		
Salary	5.52	4.44

^ Pusuant to Companies Act, 2013

3.19

(A) (i) Details of WIP:- (Rs. Lakhs)

Particulars	2017-18	2016-17
Mixing Material	971.95	1,630.73
Fleece	525.47	353.08
Winding	158.10	164.50
Garments	144.50	44.08
Total	**1,800.02**	**2,192.39**

(ii) Raw Material Consumed (Net of adjustment of waste) :- (Rs. Lakhs)

Particulars	2017-18	2016-17
Mixing Material	18,629.60	22,516.48
Garments	3,228.65	3,505.97
Total	**21,858.25**	**26,022.45**

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

Particulars	Raw Material				Stores & Spares			
	2017-18	%	2016-17	%	2017-18	%	2016-17	%
Imported	142.62	0.65%	221.72	0.85%	67.19	4.48%	113.74	7.80%
Indigenous	21715.63	99.35%	25,800.73	99.15%	1,433.89	95.52%	1,344.58	92.20%
Total	**21,858.25**	**100.00%**	**26,022.45**	**100.00%**	**1501.08**	**100.00%**	**1458.32**	**100.00%**

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

(B) CIF Value of imports:

Particulars	2017-18	2016-17
Spare Parts & Components	67.19	113.74
Raw Material	142.62	221.72

(C) Earnings in Foreign Exchange

Particulars	2017-18	2016-17
Exports of goods on FOB basis (excluding export through export houses)	5,567.28	7,964.36

(D) Expenditure in Foreign currency

Particulars	2017-18	2016-17
Foreign Traveling	23.52	33.23
Commission on sales	10.53	43.80
Others	17.66	3.67

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

Particulars	Domestic Currency	Amount in Document Currency		Amount in INR (In Lakhs)	
		31.03.2018	31.03.2017	31.03.2018	31.03.2017
Trade receivables	USD	12,079,307.00	11,609,651.00	7,558.83	7,908.15
Advance from customer	USD	1,016,265.00	576,022.00	605.70	331.45
Trade payables	HKD	3,009.40	3,009.40	0.25	0.25
	Euro	8,405.81	4,949.81	6.74	3.43
	USD	203,828.35	163,793.81	132.86	106.23
	CHF	25,937.35	70.00	17.67	0.05
	GBP	210.82	210.82	0.19	0.17
Advances to customers	EURO	56,048.58	46,131.90	39.96	31.64
	USD	77,347.93	39,525.49	48.49	24.49
	HKD	12,092.66	2,345.21	1.00	0.18
	GBP	488.45	488.45	0.36	0.36
	CHF	-	-	-	-
	JPY	24,420.00	468,420.00	0.12	2.54
Foreign commission payable	USD	86,525.88	82,046.32	55.24	56.00

(b) Forward contract taken to hedge the foreign currency receivables outstanding as at March 31, 2018 is Rs. Nil (Previous Year Rs. Nil).

3.21 Financial Statements of subsidiary Companies namely Winsome Yarns (Cyprus) Limited and Winsome Yarns FZE for the year ended 31.03.2018 is unaudited and is as certified by the management.

3.22 During the year, the Group was in process of appointing an independent director so that half of Board of Directors of the Group consists of independent directors. The Group has appointed one independent woman director during the financial year.

3.23 As Winsome Yarns FZE ceased operations and had been defunct from last three years, Winsome Yarns (Cyprus) Limited impaired its investment in Winsome Yarns FZE of Euro 6676.00 out of Euro 6677.00 in earlier year.

3.24 Due to continuous losses and acute financial strain for reasons beyond the control of the Company, the Company was unable to pay due instalments and interest on term loan and certain overdue amounts are continuing till date. Provision for upto date interest, as calculated/estimated by the Management on secured loans and short term borrowings being Rs. 11849.38 Lakhs (Including Rs. 8026.61 Lakhs, previous year) and Rs. 16794.74 Lakhs (Including Rs. 10945.61 Lakhs, previous year) respectively has not been made in the books of account. The Company's proposal for restructuring of its borrowings is under discussion/consideration with the majority lender, which is likely to be binding on all lenders of the Company [Read with Note No. 3.3 (A)(c)]. The Company will account the effect to its liability on account of debts and interest in line with the restructuring scheme upon its sanction.

3.25 First time adoption of Ind AS

The Group has prepared financial statements, which comply with Ind-AS, applicable for periods ending on or after March 31, 2018, together with the comparative year data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at April 1, 2016 being date of transition to Ind AS

(A) Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Indian GAAP to Ind AS:

(i) **Property, Plant and Equipment:** Ind-AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its Property, Plant and Equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Accordingly, the Group has elected to measure all of its Property, Plant and Equipment at their previous GAAP carrying value.

(ii) **Estimates:** The Company estimates in accordance with Ind AS at the date of transition to Ind AS are consitent with estimates made for the same date in accordance with previous GAAP.

B) Financial reconciliation

(i) Reconciliation of equity as previously reported under IGAAP to Ind AS **(Rs. Lakhs)**

Particulars	Note	Opening Balance Sheet as at April 1, 2016			Balance Sheet as at March 31, 2017		
		IGAAP	Effect of transition to Ind AS	Ind AS	IGAAP	Effect of transition to Ind AS	Ind AS
ASSETS							
Non current assets							
Property, plant and equipment	4 (a)	25,815.74	(250.91)	25,564.83	24,151.95	(312.19)	23,839.76
Capital work in progress		-	-	-	36.20	-	36.20
Other intangibles assets	4(b)	0.06	0.00	0.06	0.03	-	0.03
Financial assets							
Loans	5	855.42	(854.34)	1.08	1,390.62	(1,388.49)	2.13
Deferred tax assets (net)	6	-	50.43	50.43	-	44.36	44.36
Other non current assets	7	-	1,031.49	1,031.49	-	1,571.01	1,571.01
		26,671.22	**(23.33)**	**26,647.89**	**25,578.80**	**(85.31)**	**25,493.49**
Current assets							
Inventories	8	5,050.81	-	5,050.81	5,752.55	-	5,752.55
Financial assets		-					
Loans	5	905.49	(885.10)	20.39	1,145.46	(1,127.30)	18.16
Investment	9	2,679.34	-	2,679.34	2,679.34	-	2,679.34
Trade receivables	10	12,446.37	-	12,446.37	12,101.52	-	12,101.52
Cash and cash equivalents	11	581.37	(94.91)	486.46	199.60	(33.99)	165.61
Other bank balances	12	-	94.91	94.91	-	33.99	33.99
Other financial assets	13	-	1,047.08	1,047.08	-	1,001.99	1,001.99
Current tax assets	14	-	98.84	98.84	-	97.16	97.16
Other current assets	15	947.23	(237.63)	709.60	932.56	49.14	981.70
		22,610.61	**23.19**	**22,633.80**	**22,811.03**	**20.99**	**22,832.02**
Total Assets		**49,281.83**	**(0.14)**	**49,281.69**	**48,389.83**	**(64.32)**	**48,325.51**

(Rs. Lakhs)

Particulars	Note	Opening Balance Sheet as at April 1, 2016			Balance Sheet as at March 31, 2017		
		IGAAP	Effect of transition to Ind AS	Ind AS	IGAAP	Effect of transition to Ind AS	Ind AS
EQUITY AND LIABILITIES							
Equity							
Share capital	16	7,082.33	(11.61)	7,070.72	7,082.33	(11.61)	7,070.72
Other equity	0	(21,759.09)	(55.90)	(21,814.99)	(23,547.62)	(167.56)	(23,715.18)
Total Equity		**(14,676.76)**	**(67.51)**	**(14,744.27)**	**(16,465.29)**	**(179.17)**	**(16,644.46)**
Non Current Liabilities							
Deferred grant income	17	-	105.97	105.97	-	96.74	96.74
Provisions	18	119.24	-	119.24	158.37	8.87	167.24
		119.24	**105.97**	**225.21**	**158.37**	**105.61**	**263.98**
Current Liabilities							
Financial liabilities							
Borrowings	19	49,916.89	6,000.54	55,917.43	48,464.53	7,302.29	55,766.82
Trade payables	20	5,219.66	7.63	5,227.29	6,194.90	9.16	6,204.06
Other financial liabilities	21	-	2,437.15	2,437.15	-	2,650.95	2,650.95
Deferred grant income	17	-	9.23	9.23	-	9.23	9.23
Other current liabilities	22	8,688.65	(8,493.15)	195.50	10,018.86	(9,962.39)	56.47
Provisions	18	14.15	-	14.15	18.46	-	18.46
		63,839.35	**(38.60)**	**63,800.75**	**64,696.75**	**9.24**	**64,705.99**
Total Equity and Liability		**49,281.83**	**(0.14)**	**49,281.69**	**48,389.83**	**(64.32)**	**48,325.51**

(ii) Reconciliation of Statement of Profit and Loss as previously reported under IGAAP to Ind AS

Particulars	Note	Year ended March 31, 2017		
		IGAAP	Effect of transition to Ind AS	Ind AS
INCOMES				
Revenue from operations	23	37,131.36	-	37,131.36
Other income	24	185.86	9.33	195.19
Total income		**37,317.22**	**9.33**	**37,326.55**
EXPENSES				
Cost of Material Consumed		26,022.46	-	26,022.46
Purchase of Stock-in-trade		34.12	-	34.12
Excise Duty		11.78	-	11.78
Change in inventories of finished goods,	25	(733.17)	-	(733.17)
Work in process and stock in trade				
Employees benefit expenses	26	3,232.57	1.22	3,233.79
Finance costs	27	44.93	-	44.93

Particulars	Note	Year ended March 31, 2017		
		IGAAP	Effect of transition to Ind AS	Ind AS
Depreciation and amortisation	28	1,742.17	70.51	1,812.68
Other expenses	29	8,748.65	50.71	8,799.36
Total expenses		**39,103.51**	**122.43**	**39,225.95**
Loss before tax		**(1,786.29)**	**(113.10)**	**(1,899.40)**
Less/(-Add) : Tax expenses				
- Current taxes		-	-	-
- Deferred taxes		5.97	0.10	6.07
Loss after tax		**(1,792.26)**	**(113.20)**	**(1,905.47)**
Other comprehensive income		-	(7.65)	(7.65)
Total Comprehensive Income		**(1,792.26)**	**(120.85)**	**(1,913.12)**

C) Notes on first time adoption:

1. Property, Plant and Equipment

As on the transition date to Ind AS, i.e., April 1, 2016, the Group has elected to measure its tangible assets at cost as per Ind AS. The same are considered as deemed cost.

2. Investment

Investments in other than subsidiaries are measured at Fair Value Through Other Comprehensive Income [Refer note no. 3.4(a)].

3. Employee benefits

Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset which is recognised in OCI. Consequently, the tax effect of the same has also been recognised in OCI instead of Statement of Profit and Loss.

3.26 Financial risk management

i) Financial instrument by category

For amortised cost instruments, carrying value represents the best estimate of fair value except investment in other debentures.

ii) Risk management

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

A) Credit risk

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

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

a) Low credit risk

b) Moderate credit risk

c) High credit risk

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

B) Liquidity risk

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

C) Market risk

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

a) Currency risk

The Group undertakes transactions denominated in foreign currency (mainly in US Dollar and GBP), which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency are subject to reinstatement risks.

b) Interest rate risk

i) Assets: The Group's fixed deposits are carried at fixed rate. Therefore, not subject to interest rate risk as defined in Ind AS 107 issued by "Ministry of Corporate Affairs, Government of India" since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

ii) Liabilities: The Company had borrowings from banking institutions, majority where of are assigned to an Asset Reconstruction Company (ARC). The outstanding of banks and ARC is since classified as Non-Performing Loans and the Company has not recognised interest as an expenses thereon. The liability on account of interest rate will be accounted on approval and implementation of the debt settlement and repayment plan, including inter-alia, amount on account of interest rate risk.

3.27 Addittional information to the Consolidated Financial Statement [to be read with note no. 3.1 (iii)]:

Name of the Entity	Net Assets, i.e., Total Assets minus Total Liabilities		Share in Profit/ Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount (Rs. In Lakhs)	As % of Consolidated Net Assets	Amount (Rs. In Lakhs)	As % of Consolidated Net Assets	Amount (Rs. In Lakhs)	As % of Consolidated Net Assets	Amount (Rs. In Lakhs)
Parent:								
Winsome Yarns Limited	100.10%	(18,448.74)	99.71%	(1,794.78)	100.00%	12.87	99.71%	(1,781.91)
Subsidiary (Foreign)								
Winsome Yarns (Cyprus) Limited	0.19%	(34.15)	0.29%	(5.21)	0.00%	-	0.29%	(5.21)
Winsome Yarns FZE	-0.16%	29.69	0.00%	-	0.00%	-	0.00%	-
Total Eliminations	-0.13%	23.14	0.00%	-	0.00%	-	0.00%	-
Consolidated Net Assets/Loss after Tax	**100.00%**	**(18,430.06)**	**100.00%**	**(1,799.99)**	**100.00%**	**12.87**	**100%**	**(1,787.12)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

4(A) PROPERTY, PLANT AND EQUIPMENT

(Rs. Lakhs)

Particulars	Land	Buildings	Plant & Machinery	Furniture & Fixtures*	Office equipments	Vehicles	Total
Gross carrying value							
As at April 1, 2016	341.09	8,623.49	39,897.01	369.59	72.18	76.26	49,379.62
- Additions	-	19.76	63.80	0.16	4.55		88.27
- Disposals	-	-	-	-	-	13.95	13.95
As at March 31, 2017	341.09	8,643.25	39,960.81	369.75	76.73	62.31	49,453.94
- Additions	-	-	55.82	0.06	50.28	-	106.16
- Disposals	-	-	-	-	-	17.76	17.76
As at March 31, 2018	**341.09**	**8,643.25**	**40,016.63**	**369.81**	**127.01**	**44.55**	**49,542.34**
Depreciation and Impairment							
As at April 1, 2016	-	2,482.35	20,879.44	332.69	62.40	57.91	23,814.79
Depreciation charged during the year	-	256.65	1,538.08	8.06	3.59	6.27	1,812.65
Adjustments	-	-	-	-	-	13.26	13.26
As at March 31, 2017	-	2,739.00	22,417.52	340.75	65.99	50.92	25,614.18
Depreciation charged during the year	-	258.82	1,429.62	5.87	8.35	3.36	1,706.02
Adjustments	-	-	-	-	-	16.87	16.87
As at March 31, 2018	**-**	**2,997.82**	**23,847.14**	**346.62**	**74.34**	**37.41**	**27,303.33**
Net Book Value							
As at March 31, 2018	341.09	5,645.43	16,169.49	23.19	52.67	7.14	**22,239.01**
As at March 31, 2017	341.09	5,904.25	17,543.29	29.00	10.74	11.39	**23,839.76**
As at April 1, 2016	341.09	6,141.14	19,017.57	36.90	9.78	18.35	**25,564.83**

4(B) OTHER INTANGIBLES ASSETS

(Rs. Lakhs)

Particulars	Specialized Software	Total
Gross carrying value		
As at April 1, 2016	63.67	63.67
- Additions	-	-
- Disposals	-	-
As at March 31, 2017	63.67	63.67
- Additions	11.39	11.39
- Disposals	-	**-**
As at March 31, 2018	**75.06**	**75.06**
Depreciation and Impairment		
As at April 1, 2016	63.61	63.61
Depreciation charged during the year	0.03	0.03
- Disposals	-	-
As at March 31, 2017	63.64	63.64
Depreciation charged during the year	0.92	0.92
Adjustments	-	-
As at March 31, 2018	**64.56**	**64.56**
Net Book Value		
As at March 31, 2018	10.50	**10.50**
As at March 31, 2017	0.03	**0.03**
As at April 1, 2016	0.06	**0.06**

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

Notes :

(i) The Company's land at Derabassi, Punjab comprises a common passage (Passage Land), which is used by the owner of adjoining land as there is no direct access road available to him. The said owner of adjoining land filed an application in the Court of Additional Civil Judge, Dera Bassi, Punjab, under order 39 Rule 1 and 2 read with section 151 of CPC, 1908, seeking amongst others, restraint against the Company from selling or transferring or in any manner dealing with the Passage Land or causing any restriction on the use of Passage Land. The Company is contesting the aforesaid application before the Court and the matter is pending.

(ii) Certain employees of the Company, who are paying rent and maintenance charges to the Company for use of residential quarters occupied by them at the spinning mill of the Company situated at Village Kuranwala, Barwala Road DeraBassi Punjab and knitwear unit of the Company situated at Plot No. B-58, Phase VII, Industrial Area, SAS Nagar, Mohali Punjab obtained permanent injunction from the Hon'ble Civil Judge (Junior Division) DeraBassi, Punjab and the Hon'ble Court of Civil Judge (Junior Division) SAS Nagar, Mohali vide order dated 05.08.2017 and 13.10.2017 respectively, against the Company from dispossessing them from the residential quarters located in the premise of the Company at Village Kuranwala, Barwala Road, DeraBassi, Punjab and Plot No. B-58, Phase- VII, Industrial Area, SAS Nagar, Mohali, Punjab and further stopping the ingress and outgress of their vehicles and evicting them forcibly from the said residential quarters only till their employment continues with the Company.

(iii) A tenant having shop situated in the spinning mill complex of the Company situated at Village- Kuranwala, Barwala Road, DeraBassi, Punjab, paying rent to the Company, obtained permanent injunction from the Hon'ble Court of Civil Judge (Junior Division), DeraBassi, Punjab vide order dated August 12, 2015 against the Company from interfering in the peaceful possession of the tenant and further restrained the Company from dispossessing the tenant otherwise than in due course of law from the aforesaid shop.

(Rs. Lakhs)

Particulars	**As at 31 March 2018**	**As at 31 March 2017**	**As at 01 April 2016**
5 LOANS			
Unsecured, considered good			
Security deposits			
Non current	2.12	2.13	1.08
Current	18.16	18.16	20.39
	20.28	**20.29**	**21.47**

6 DEFERRED TAX ASSETS (NET)

		March 31, 2018	**March 31, 2017**	**April 1, 2016**	**Charged to Statement of Profit and Loss for the year ended March 31, 2018**	**Charged to Statement of Profit and Loss for the year ended March 31, 2017**
i)	Deferred tax asset (DTA)					
	MAT credit entitlement	44.36	44.36	50.43	-	(6.07)
	DTA on accumulated losses (to the extent of DTL)	(3,606.08)	(3,731.16)	(3,833.16)	125.08	102.00
		(3,561.72)	(3,686.80)	(3,782.73)	125.08	95.93
ii)	Deferred tax liabilities (On Property, plant and equipment)	(3,606.08)	(3,731.16)	(3,833.16)	125.08	102.00
		(3,606.08)	(3,731.16)	(3,833.16)	125.08	102.00
	Net deferred tax assets/ (liabilities) (i-ii)*	44.36	44.36	50.43	-	(6.07)

* Refer Notes No. 3.17

(Rs. Lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
7 OTHER NON CURRENT ASSETS			
Capital advance	250.00	250.00	250.00
Advance other than capital advance			
Prepaid expense	3.84	11.02	18.67
Security deposit with Government	401.50	401.50	401.50
Advance against leasing	242.42	245.25	248.08
Advance against restructuring	1,668.51	663.24	113.24
	2,566.27	**1,571.01**	**1,031.49**
8 INVENTORY			
(As taken, valued and certified by the management)			
Production supplies	706.82	1,059.18	1,001.44
Stores and spares	128.78	139.61	135.56
Work in progress	1,800.02	2,192.39	1,537.49
Finished goods*	1,383.26	2,085.89	2,007.62
Waste	218.67	275.48	368.70
	4,237.55	**5,752.55**	**5,050.81**

*Includes in transit Rs.176.97 Lakhs (Previous Year Rs 159.44 Lakhs)

The suppliers of raw material (cotton) having an outstanding of Rs. 2,302.51 Lakhs are holding constructive pledge over, (i) goods supplied by them and (ii) goods manufactured out of the goods supplied, which pledge is enforceable in his favour in the event of invoices of suppliers remain unpaid by the Company. The aforementioned pledge and recovery is exercisable in conjunction with similar rights available to the suppliers in respect of amounts recoverable from customers of the Company as stated in Note 10 hereinafter.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
9 INVESTMENTS			
Investment in Money Market			
5072.11 (5072.11) redeemable shares of USD 1000 (USD 1000) each in Arise Money Market Fund (Refer Note No. 3.4)	2,679.34	2,679.34	2,679.34
	2,679.34	**2,679.34**	**2,679.34**
10 TRADE RECEIVABLES			
Unsecured, considered good	12,224.56	12,101.52	12,446.37
Doubtful	1,344.88	1,372.66	1,440.24
Less: Provision for doubtful debts	1,344.88	1,372.66	1,440.24
	12,224.56	**12,101.52**	**12,446.37**

The suppliers of raw material (cotton) having an outstanding of Rs. 2,302.51 Lakhs are holding a lien on the amounts recoverable from customers of the Company to whom goods manufactured out of materials supplied by the suppliers were sold, which lien is exercisable in the event of invoices of suppliers remaining unpaid. The aforementioned lien and recovery is exercisable in conjunction with rights of constructive pledge available to the suppliers in respect of materials as stated in Note 8 hereinbefore.

(Rs. Lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
11 CASH AND CASH EQUIVALENTS			
Balances with banks in current accounts	213.39	164.49	485.31
Cash on hand	1.13	1.12	1.15
	214.52	**165.61**	**486.46**
12 OTHER BANK BALANCES			
Earmarked balance			
- On Margin money account	1.70	3.33	1.69
- On Fixed deposits account*	30.66	30.66	93.22
	32.36	**33.99**	**94.91**

*Lodged with banks as margin money and includes fixed deposits with maturity of more than 3 months.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
13 OTHER FINANCIAL ASSETS			
Interest subsidy receivable (Under TUFS)	899.05	899.05	899.05
Interest accrued but not due	3.47	33.51	48.18
Other loan	145.17	69.43	99.85
	1,047.69	**1,001.99**	**1,047.08**
14 CURRENT TAX ASSETS			
Advance income tax including TDS	99.84	97.16	98.84
	99.84	**97.16**	**98.84**
15 OTHER CURRENT ASSETS			
Refunds/Claims receivables	498.68	458.63	452.36
Less : Allowance for doubtful	50.03	346.67	346.67
	448.65	111.96	105.69
Prepaid expenses	20.74	51.59	49.08
Balance With Government Authority	71.72	62.82	68.96
Export Incentive receivable	57.18	115.91	69.54
Advance against leasing	2.83	2.83	2.83
Advances to suppliers	465.80	636.59	413.50
	1,066.92	**981.70**	**709.60**

(Rs. Lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
16 EQUITY SHARE CAPITAL			
Authorized Share Capital			
8,50,00,000 (March 31, 2017: 8,50,00,000, April 1, 2016: 8,50,00,000) equity shares of Rs.10 (March 31, 2017: Rs.10, April 1, 2016: Rs.10) each	8,500.00	8,500.00	8,500.00
	8,500.00	8,500.00	8,500.00
Issued Share Capital			
7,10,86,829 (March 31, 2017: 7,10,86,829, April 1, 2016: 7,10,86,829) equity shares of Rs.10 (March 31, 2017: Rs.10, April 1, 2016: Rs.10) each	7,108.68	7,108.68	7,108.68
	7,108.68	7,108.68	7,108.68
Subscribed and paid up Capital			
7,07,07,229 (March 31, 2017: 7,07,07,229, April 1, 2016: 7,07,07,229) equity shares of Rs.10 (March 31, 2017: Rs.10, April 1, 2016: Rs.10) each fully paid up	7,070.72	7,070.72	7,070.72
	7,070.72	7,070.72	7,070.72

Notes:

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

	31 March 2018		31 March 2017		1 April 2016	
	Number (Lakhs)	Rs. Lakhs	Number (Lakhs)	Rs. Lakhs	Number (Lakhs)	Rs. Lakhs
Outstanding at the beginning of the year	707.07	7,070.72	707.07	7,070.72	707.07	7,070.72
Outstanding at the end of the year	707.07	7,070.72	707.07	7,070.72	707.07	7,070.72

b) Terms/rights attached to equity shares:

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

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

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

	31 March 2018		31 March 2017		1 April 2016	
	Number (Lakhs)	% holding	Number (Lakhs)	% holding	Number (Lakhs)	% holding
i) Shell Business (P) Ltd	214.12	30.28	214.12	30.28	207.21	29.31
ii) Satyam Combines (P) Ltd	57.65	8.15	57.65	8.15	50.96	7.21
iii) Aspire Emerging Funds	63.55	8.99	63.55	8.99	63.55	8.99

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

(Rs. Lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
17 DEFERRED GRANT INCOME			
Non current			
Unamortized grant	87.51	96.74	105.97
	87.51	**96.74**	**105.97**
Current			
Unamortized grant	9.23	9.23	9.23
	9.23	**9.23**	**9.23**
18 PROVISIONS			
Non current			
Provision for employee benefit			
Gratuity	145.98	123.28	85.15
Leave encashment	46.24	43.96	34.09
	192.22	167.24	119.24
Current			
Provision for employee benefit			
Gratuity	14.72	11.60	8.84
Leave encashment	8.59	6.86	5.31
	23.31	**18.46**	**14.15**
19 BORROWINGS			
Secured			
Loan payable on demand			
to Banks	8,216.91	8,216.91	8,216.91
to EARC	47,071.07	47,071.07	47,071.07
Working capital term loan	440.52	440.52	440.52
Book overdraft	8.71	38.32	187.54
Vehicle loan	-	-	1.39
	55,737.21	**55,766.82**	**55,917.43**

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

b) Six banks have assigned and transferred the total debts of Rs. 47071.07 Lakhs due from the Company along with the underlying rights, titles and interests in financial assistances granted to the Company to Edelweiss Asset Reconstruction Company Limited (EARC) during the financial year 2015-16 (Canara Bank: Rs.12782.66 Lakhs, State Bank of Patiala: Rs.9,789.44 Lakhs, Punjab National Bank: Rs.14813.88 Lakhs, UCO Bank: Rs.4244.62 Lakhs, Dena Bank: Rs.3973.01 Lakhs, Union Bank of India: Rs.1467.46 Lakhs).

c) The total debts of the Company were recalled by lending banks and accordingly, the Company has classified the same as Borrowings under current liabilities. However, the Company's proposal for restructuring of its debts with its majority lender, is under consideration; upon approval thereof, the outstanding amount of borrowings shall be classified and presented in the financial statements.

d) Working Capital Term Loans of Rs.440.52 Lakhs (P.Y. 440.52 Lakhs) (As per CDR terms) are secured by way of first pari-passu charge on fixed assets and second pari-passu charge on current assets. Since, the same had been recalled by banks, they has been classified under current liabilities.

e) All the aforesaid credit facilities mentioned here in above are also guaranteed by two directors of the Company and by Pledge of Shares of the Company held by the Promoter Group read with Note no 3.3(A)(a).

f) Vehicle loan of Nil (March 31, 2017: Nil, April 1, 2016: Rs. 1.39 Lakhs) is secured by hypothecation of respective vehicles.

(Rs. Lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
20 TRADE PAYABLES			
Due to micro, small and medium enterprises*	-	-	-
Other trade payables	5,654.10	6,204.06	5,227.29
	5,654.10	**6,204.06**	**5,227.29**

*Refer Note No. 3.15

Trade payables towards raw material suppliers include Rs. 2,302.51 Lakhs who have constructive pledge and lien over materials supplied, materials manufactured out of materials supplied, and amounts recoverable from customers to whom the goods are sold.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
21 OTHER FINANCIAL LIABILITIES			
Interest accrued and due on borrowings	1,069.11	1,069.11	1,069.11
Interest accrued but not due	-	-	0.01
Revenue received in advance	697.53	409.15	284.61
Other payables			
Capital payables (Refer Note No. 3.15)	7.50	7.50	34.12
Others	1,378.81	1,165.18	1,049.30
	3,152.95	**2,650.95**	**2,437.15**
22 OTHER CURRENT LIABILITIES			
Statutory dues and taxes	56.73	56.47	195.50
	56.73	**56.47**	**195.50**

(Rs. Lakhs)

Particulars		Year Ended 31 March 2018	Year Ended 31 March 2017
23 REVENUE FROM OPERATIONS			
Sale of Product			
- Yarns*		29,320.62	33,571.20
- Knitwear*		1,456.53	1,326.07
- Trading sale - Yarns		-	70.21
	(A)	**30,777.15**	**34,967.48**
Sale of Services			
- Job work charges	**(B)**	10.41	31.45
		10.41	**31.45**
Other operating revenue			
- Waste sales		2,499.74	2,114.45
- Sale of scraps		18.12	17.98
	(C)	**2,517.86**	**2,132.43**
Net Revenue from operations	**(A+B+C)**	**33,305.42**	**37,131.36**

*includes duty drawback & DEPB of Rs 202.86 lacs (P.Y 410.66 Lacs)

24 OTHER INCOME		
Interest received	30.48	36.97
Foreign exchange rate difference (net)	44.32	-
Profit on sale of fixed assets	-	0.59
Provisions written back	65.70	147.23
Deferred grant income	9.23	9.23
Miscellaneous income	32.47	1.17
	182.20	**195.19**

(Rs. Lakhs)

Particulars		Year Ended 31 March 2018	Year Ended 31 March 2017
25 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROCESS AND STOCK IN TRADE			
Closing Stock			
Finished goods			
- Yarn		1,001.91	1,776.27
- Knitwear		381.35	309.62
		1,383.26	2,085.89
Work in process			
- Yarn		1,655.52	2,148.31
- Knitwear		144.50	44.08
		1,800.02	2,192.39
	(A)	3,183.28	4,278.28
Less : Opening Stock			
Finished goods			
- Yarn		1,776.27	1,749.87
- Knitwear		309.62	257.75
		2,085.89	2,007.62
Work in process			
- Yarn		2,148.31	1,499.76
- Knitwear		44.08	37.73
		2,192.39	1,537.49
	(B)	4,278.28	3,545.11
(Increase) /Decrease in inventories	**(B-A)**	1,095.00	(733.17)
26 EMPLOYEE BENEFIT EXPENSES			
Salaries, wages, bonus, etc.		3,272.73	3,007.78
Contribution to provident and other funds		172.61	162.70
Employees welfare		78.49	63.31
		3,523.83	**3,233.79**
27 FINANCE COSTS			
Interest paid on			
Borrowings		36.88	44.93
		36.88	**44.93**
28 DEPRECIATION AND AMORTISATION			
Depreciation		1,706.02	1,812.65
Amortisation		0.91	0.03
		1,706.93	**1,812.68**

(Rs. Lakhs)

Particulars		Year Ended 31 March 2018	Year Ended 31 March 2017
29	**OTHER EXPENSES**		
	Stores and spares consumed	1,501.08	1,458.32
	Power and fuel	2,533.64	3,534.79
	Repairs and maintenance		
	- Building	28.71	23.61
	- Plant & Machinery	33.65	45.83
	- others	46.70	66.48
	Processing and dyeing charges	1,172.27	1,232.71
	Material handling charges	14.05	15.59
	Lease rent of land	2.83	2.83
	Rent	32.04	46.40
	Rates and taxes	0.96	1.89
	Printing and stationery	5.15	4.75
	Director's meeting fees	2.20	2.43
	Insurance	52.65	53.79
	Delay payment charges	430.45	325.70
	Bank charges	7.12	9.09
	Traveling and conveyance	292.38	249.85
	Postage, telegrams and telephones	43.91	42.06
	Legal and professional charges	153.59	192.46
	Loss on sale of fixed assets	0.64	-
	Charity and donation	0.85	5.60
	Amount Written Off	-	183.01
	Foreign exchange rate difference (net)	-	79.59
	Payment to auditor		
	- Audit fees	5.60	6.28
	- Tax audit fees	1.00	0.40
	- Other services	1.70	1.42
	- Reimbursement of expenses	0.72	0.93
	Fair value adjustment on security deposit	0.01	0.09
	Commission on sales	207.46	350.27
	Freight and handling charges	474.69	333.44
	Advertisement and other selling expenses	136.19	298.86
	Miscellaneous	179.32	230.89
		7,361.56	**8,799.36**

30 EARNINGS PER SHARE

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

(Rs. Lakhs)

Particulars			**Year Ended 31 March 2018**	**Year Ended 31 March 2017**
(a)	Net profit available for equity shareholders	Rs., Lakhs	(1,787.12)	(1,913.12)
(b)	Weighted average number of equity shares outstanding for calculation of			
	- Basic and diluted earnings per share	Nos., Lakhs	707.07	707.07
(c)	Nominal value	Rs.	10.00	10.00
(d)	Earnings per share (a)/(b)			
	- Basic and diluted	Rs.	(2.53)	(2.71)
	- Diluted	Rs.	(2.53)	(2.71)

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

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

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

For and on behalf of the Board

KR & Co.
Chartered Accountants
Firm Registration No. 025217N
By the hand of

Kamal Ahluwalia
Partner
Membership No. 093812

May 18, 2018
New Delhi (Camp at Chandigarh)

Manish Bagrodia
Managing Director
DIN : 00046944

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

Pradeep Kumar
Independent Director
DIN : 03052477

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

WINSOME YARNS LIMITED
Registered Office : SCO # 191-192, Sector 34-A, Chandigarh – 160022
CIN : L17115CH1990PLC010566
Telephone : 0172-2603966, 4612000, 4613000, Fax : 0172-4614000, Email : cshare@winsomegroup.com

ATTENDANCE SLIP

Please complete the Attendance Slip and hand it over at the time of Annual General Meeting

Folio No./ DP ID/ Client ID :

No. of shares :

Name of Member(s) :

Registered Address :

Email :

I/We hereby record my presence at the 28th **ANNUAL GENERAL MEETING** of the Company at PHD Chamber of Commerce and Industry, Regional Office, PHD House, Sector 31-A, Chandigarh on 28th September, 2018 at 3:30 p.m.

.... Signature of the member(s)

.... Name of proxyholder

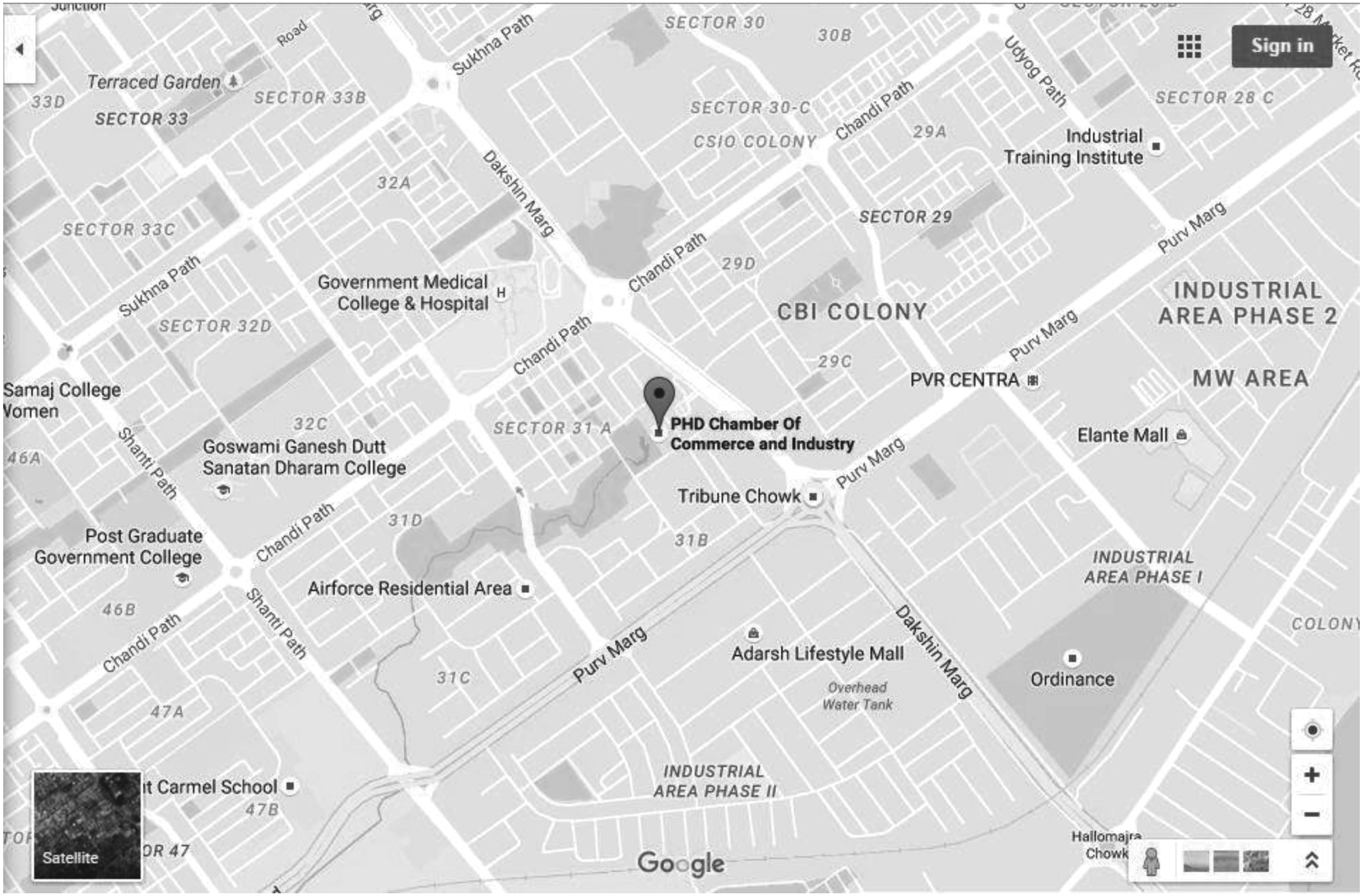
.... Signature of proxy

Note : No gifts or coupons would be given for attending the Meeting.

RESOLUTION NO.	RESOLUTIONS	VOTING	
ORDINARY BUSINESS		**FOR**	**AGAINST**
1	Adoption of Audited Financial Statement of the Company for the Financial Year ended 31.03.2018 together with the Reports of the Board of Directors and Auditors thereon.		
2	Appoint a Director in place of Shri Manish Bagrodia, who retires by rotation and being eligible offers himself for re-appointment.		
3	To appoint Statutory Auditors of the Company and fix their remuneration.		
SPECIAL BUSINESS			
4	Appointment of M/s Balwinder and Associates as Cost Auditor of the Company and fixing their remuneration.		
5	To approve the payment of remuneration from 01.07.2017 to 30.06.2019 to the Managing Director of the Company		

1. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Annual General Meeting.
2. It is optional to put a ‘X’ in the appropriate column ‘AGAINST’ the Resolutions and ‘Y’ ‘FOR’ the Resolutions indicated in the Box. If you leave the ‘For’ or ‘Against’ column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she think appropriate.

ROUTE MAP of the place where holding the Annual General Meeting.



WINSOME YARNS LIMITED

Registered Office : SCO # 191-192, Sector 34-A, Chandigarh – 160022
CIN : L17115CH1990PLC010566
Telephone : 0172-2603966, 4612000, 4613000, Fax : 0172-4614000, Email : cshare@winsomegroup.com

PROXY FORM

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Folio No./ DP ID/ Client ID :

No. of shares :

Name of Member(s) :

Registered Address :

Email :

I /We, being the member(s) of ....shares of the above named company, hereby appoint :

(1) Name:.. Email id:..
Address...
.... Signature..or failing him;

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

(3) Name:.. Email id:..
Address...
.... Signature..

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **28th Annual General Meeting** of the company, to be held on 28th September, 2018 at 3:30 p.m. at PHD Chamber of Commerce and Industry, Regional Office, PHD House, Sector 31-A, Chandigarh and at any adjournment thereof.

Signed this ....day of September, 2018.

Please affix Revenue Stamp of appropriate value

Signature of shareholder...

Signature of proxyholder(s)...

Note :

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

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