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Winsome Yarns Limited

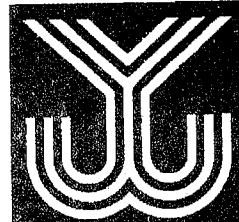
Regd. Office : SCO # 191-192, Sector 34-A,
Chandigarh - 160 022 INDIA

CIN : L17115CH 1990PLC010566

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 : SUBMISSION OF SOFT COPY OF ANNUAL REPORT.

Dear Sir/Madam,

In compliance with Regulation 34 of the SEBI (LODR) Regulations, 2015, please find enclosed herewith a soft copy of Annual Report of the Company for the financial year 2015-16 for your information and records please.

Thanking you,

Yours faithfully,

For WINSOME YARNS LIMITED



(K.V. SINGHAL)

G. M. (Legal) & Company Secretary

Email : kvsinghal@winsomegroup.com, cshare@winsomegroup.com

Mobile No. 9914030030

Encl ; as above.



Works : Village Kurawala, Barwala Road, Derabassi-140507, Distt. Mohali (Pb.) Phones : 01762-280236, 280936, 280638 Fax : 01762-280237
Ludhiana : Office No. 3, MD Complex, Near Samrala Chowk, Ludhiana - 141008, e-mail : ludhiana@winsomegroup.com
Delhi : # 3, Ground Floor, Rajendra Bhawan, Rajendra Place, New Delhi - 110 008, e-mail : delhi@winsomegroup.com
Tirupur : D, No. 3 (1) / 4 A, Mullai Nagar, Karumaramplayam, Mannarai, Triupur- 641607, e-mail : tirupur@winsomegroup.com

26th Annual Report 2015-16



Winsome Yarns Limited



WINSOME YARNS LIMITED

BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER

Shri Anand Balkishan Sharma

G.M. (LEGAL) & COMPANY SECRETARY

Shri K. V. Singhal

AUDITORS

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

REGISTERED OFFICE

SCO- 191-192, Sector 34-A,
Chandigarh - 160022

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Limited
44, Community Centre, 2nd Floor
Near PVR, Naraina Industrial Area, Phase-1
New Delhi - 110028

CONTENTS

Notice of AGM	1
Directors' Report & Annexures	5
Corporate Governance Report	28
Auditors' Report on Standalone Financials	39
Standalone Financials	51
Statement under Section 129	75
Auditors' Report on Consolidated Financials	76
Consolidated Financials	86

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

Appeal to Members holding shares in Physical Mode:

Members are requested to:

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

Benefits of Dematerialization:

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

Appeal to Members holding shares in Demat mode:

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

WINSOME YARNS LIMITED

CIN : L17115CH1990PLC010566

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

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

E-mail : kvsinghal@winsomegroup.com, cshare@winsomegroup.com

NOTICE

NOTICE is hereby given that the 26th Annual General Meeting of the Members of Winsome Yarns Limited, will be held on Wednesday the 28th September, 2016 at 11.30 a.m. at PHD Chamber of Commerce and Industry, Regional Office, PHD House, Sector 31-A, Chandigarh to transact the following business:

ORDINARY BUSINESS:

ITEM NO. 1

To receive, consider and adopt the Audited Financial Statement of the Company for the Financial Year ended March 31, 2016 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 ratify the appointment of M/s Lodha & Co., Chartered Accounts (Firm Registration No. 301051E) as Statutory Auditors of the Company for the year 2016-17 and to fix remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the Company hereby ratify the appointment of M/s Lodha & Co., Chartered Accountants, (Firm Registration No. 301051E) as the Statutory Auditors of the Company for the financial year 2016-17 to hold the office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting at a remuneration to be decided by the Managing Director of the Company in consultation with the Auditors plus applicable service tax and reimbursement of out of pocket expenses incurred by them for the purpose of audit."

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 2016-2017.

RESOLVED FURTHER THAT pursuant to provisions of section 148(3) of the Companies Act, 2013 and Rules made thereunder, approval of the shareholders be and is hereby accorded for the remuneration of Rs. 75000/- (Rupees Seventy five thousand only) plus service tax and out-of pocket expenses payable to M/s Balwinder and Associates, Cost Accountants, appointed by the Board of Directors as cost auditor of the Company for the financial year 2016-17."

For and on behalf of the Board

Place : Chandigarh
Dated : 30.05.2016

Manish Bagrodia
Managing Director

NOTES :

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.
2. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
5. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/ RTA.
7. **Members who have not registered their e-mail addresses so far are requested to register their e-mail address with the Depository Participants, who have hold the shares in demat form and with the Company, who have hold the shares in physical form for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.**
8. M/s Link Intime India Pvt. Limited, 44, Community Centre, 2nd Floor, Near PVR, Naraina Industrial Area, Phase-I, New Delhi-110028 (Tele. 011-41410592-94, Fax No. 011-41410591) is acting as common agency for dematerialisation and physical transfer of shares of the Company.
9. According to section 124(5) and 125(2)(c) of the Companies Act, 2013, the unclaimed/ unpaid dividend for the year 2007-08 have been transferred to Investor Education and Protection Fund on 19.11.2015.
10. The notice of AGM along with Annual Report 2015-16 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.
11. Item No. 2 - Shri Manish Bagrodia aged about 48 years is M.Com, Diploma in Computer Applications having around 28 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, Stakeholders Relationship Committee and Risk Management Committee of Winsome Yarns Limited.
12. A Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business is annexed hereto.
13. The Register of Members and Share Transfer Books of the Company will remain closed on **15.09.2016 to 17.09.2016** (both days inclusive).

Remote e-voting Procedure

14. The instructions for shareholders voting electronically are as under:
 - (i) The E-voting period begins on **25.09.2016 at 9.00 a.m.** IST and ends on **27.09.2016 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 (**21.09.2016**), may cast their vote. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) The shareholders should log on to the e-voting [website www.evotingindia.com](http://www.evotingindia.com).
 - (iii) Click on "Shareholders" tab.
 - (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (v) Next enter the Image Verification as displayed and Click on Login.

- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form.	
PASSWORD	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Date of Birth or Date of Incorporation	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Bank Details	<p>Enter the Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id/ folio number in the Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of Winsome Yarns Limited for e-voting.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for Andoid, Apple and Windows based mobiles. The m-Voting app can be downloaded from Google Play Store, App Store and Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xix) Note for Non - Individual Shareholders and Custodians.
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cDSLindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to 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. 4

The Board of Directors after considering the recommendations of Audit and Nomination & Remuneration Committees have appointed M/s Balwinder and Associates, Cost Accountants, as Cost Auditor of Company for the Financial Year 2016-17 to conduct the Cost Audit of Cost Accounts of the Company on a total remuneration of Rs. 75000/- (Rupees Seventy five thousand only) plus service tax and out of pocket expenses. According to provisions of section 148 of Companies Act 2013 read with Companies (Audit & Auditors) Rules 2014, the remuneration of Cost Auditor is subject to the ratification of members of the Company.

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

For and on behalf of the Board

Place : Chandigarh
Dated : 30.05.2016

Manish Bagrodia
Managing Director

DIRECTORS' REPORT

Dear Members,

We are pleased to present the 26th Annual Report of the Company and the audited statement of accounts for the year ended 31st March, 2016. A summary of the financial results is given below.

SUMMARISED FINANCIAL RESULTS:

(Rs. in lacs)

Financial Highlights	Year ended 31.03.2016	6 Months ended 31.03.2015
Revenue from Operations	37886.60	20452.49
Profit before Interest, Depreciation & Tax	(515.19)	(3525.83)
Less: Interest	606.96	275.29
Profit/(Loss) before Depreciation	(1122.15)	(3801.12)
Less: Depreciation	1878.20	873.59
Profit/ (Loss) before Taxes	(3000.35)	(4674.71)
Exceptional items	--	--
Less : - Current Tax	--	--
- Previous year's Tax	--	--
- Deferred Tax	--	--
Net Profit/ (Loss) after Taxes	(3000.35)	(4674.71)
Add : Surplus brought forward from previous year	(24661.83)	(19987.12)
Balance Carried to Balance Sheet	(27662.18)	(24661.83)

OPERATIONS & PERFORMANCE:

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

The overall performance of the Company for the period ended 31.03.2016 continued to be a loss of Rs. 3000.35 lacs in comparison to the net loss of Rs. 4674.71 lacs of the previous period of 6 months ended 31.03.2015. Your Company's turnover of Rs.37886.60 lacs was lower against the previous period's (6 months) turnover of Rs.20452.49 lacs, which was thus below the annualised turnover of earlier year.

EROSION OF ENTIRE NET WORTH:

Consequent to erosion of entire net worth and filing of the reference to the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) under Sick industrial company (Special Provision Act. 1985), (SICA), which was registered on 10.04.2015.

OUTLOOK:

Lenders having outstanding debts of more than 80% have assigned and transferred their total debts due from the Company along with underlying rights, benefits and obligations to an Asset Reconstruction Company, M/s Edelweiss Asset Reconstruction Company Limited (EARC).

The Company is in discussion with EARC to achieve restructuring of its debts. The performance of the Company during the current year shall depend on availability of raw material - cotton at reasonable prices and the Indian currency remaining stable with the currency of customers in importing countries.

SUBSIDIARY COMPANIES:

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

As required by Accounting Standard - 21 issued by the Institute of Chartered Accountants of India the consolidated financial statements, included in this Annual Report, incorporate the accounts of its subsidiary Companies namely Winsome Yarns (Cyprus) Limited and Winsome Yarns (FZE) (as at 31.03.2016, unaudited, ceased operations, declared defunct effective 01.04.2014).

WINSOME YARNS LIMITED

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

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

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

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

ISO 9001/2008:

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

DIVIDEND:

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

SHARE CAPITAL:

During the year the company has not allotted any securities.

DIRECTORS:

- Shri Manish Bagrodia, Director, retires by rotation and being eligible, offers himself for re-election.
- None of the Directors are disqualified under the provisions of Section 164(2) of the Companies Act, 2013. The Directors have made the requisite disclosures, as under the provisions of Companies Act, 2013 and under the regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).
- Ms. Ishika Aggarwal, Independent Director of the Company resigned and ceased to be director w.e.f. 21.05.2016.

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 2015-16. The details thereof are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

AUDITORS:

M/s. Lodha & Co., Chartered Accountants (Firm Registration Number: 301051E), who are Statutory Auditors of the Company hold office up to the forthcoming Annual General Meeting and are recommended for re-appointment to audit the accounts of the Company for the Financial Year 2016-17. As required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained written confirmation from M/s Lodha & Co. that their appointment, if made, would be in

AUDITORS' REPORT:

The Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the financial year ended March 31, 2016. 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 2015-16:

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

COST AUDITORS AND COST AUDIT REPORT:

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of various activities are required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed M/s. Balwinder and Associates, Cost Accountants, to audit the cost accounts of the Company for the financial year 2016-17 on a remuneration to be decided by the Managing Director of the Company in consultation with the Cost Auditor, subject to approval of the shareholders of the company. The Cost Audit of Textile Industry was not required for the financial year 2014-15.

SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Girish Madan & Associates, a firm of Company Secretaries in practice (C.P. No. 3577) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the financial year ended 31st March, 2016 is annexed herewith as 'Annexure A' to this Report.

PUBLIC DEPOSIT:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors acknowledge the responsibility for ensuring compliance with the provisions of Section 134(3) read with Section 134(5) of the Companies Act, 2013 in the preparation of annual accounts for the year ended on 31st March, 2016 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:

The Nomination and Remuneration Committee of the Company comprising Shri Pradeep Kumar as Chairman, Shri Satish Bagrodia, Shri K. P. Ramakrishnan and Shri S. K. Singla as its Members, met two times during the year. The Committee formulated Remuneration Policy which is attached as **Annexure 'B'** and forms a part of this Report of the Directors.

RELATED PARTY TRANSACTIONS:

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

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

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

DECLARATION BY INDEPENDENT DIRECTORS:

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

SIGNIFICANT AND MATERIAL ORDER:

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

INTERNAL FINANCIAL CONTROLS:

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

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

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

ENVIRONMENT AND POLLUTION CONTROL:

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

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

PARTICULARS OF EMPLOYEES:

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

EXTRACT OF ANNUAL RETURN:

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

CASH FLOW ANALYSIS:

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

CONSOLIDATED ACCOUNTS:

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

INSURANCE:

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

TRANSFER OF UNCLAIMED/UNPAID DIVIDEND :

According to Section 124(5) and Section 125 (2) (c) of the Companies Act, 2013, the unclaimed/unpaid dividend for the year 2007-08 have been transferred to Investor Education and Protection Fund on 19.11.2015.

ACKNOWLEDGEMENTS:

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

Registered Office :
SCO 191-192, Sector 34-A
Chandigarh - 160022
Dated : 30.05.2016

On behalf of the Board

Manish Bagrodia
Managing Director

Pradeep Kumar
Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC OUTLOOK:

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

COMPANY OVERVIEW:

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

FINANCIAL PERFORMANCE:

The overall performance of the Company for the period ended 31.03.2016 continued to be a loss of Rs. 3000.35 lacs in comparison to the net loss of Rs. 4674.71 lacs of the previous period of 6 months ended 31.03.2015. Your Company's turnover of Rs.37886.60 lacs was lower against the previous period's (6 months) turnover of Rs.20452.49 lacs, which was thus below the annualised turnover of earlier year.

OPPORTUNITIES & THREATS:

Opportunities

- Increase in Income levels will aid greater penetration of financial products.
- Positive regulatory reforms.
- Increase in corporate growth & risk appetite.
- Focus on selling new product/services.

Threats

- Inflation could trigger increase in consumer price inflation, which would dampen growth.
- Increased competition in both local & overseas markets.
- Unfavourable economic development.
- Market risk arising from changes in the value of financial instruments
- as a result of changes in market variables like interest rate and exchange rates.

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 . As on 31.03.2016, there were 1303 permanent employees of the Company.

CAUTIONARY STATEMENT:

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

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

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

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

This is to confirm that the Company has adopted a Code of conduct for its employees including the director. It is confirmed that the Company has in respect of the financial Year ended 31st March, 2016, received from the Senior Management team of the Company and the members of the Board, a declaration of Compliance with the code of Conduct as applicable to them.

**FORM MO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2016**

[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
Chandigarh

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by WINSOME YARNS LIMITED (hereinafter called the company). 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 company's 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016, 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- V. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011:
No such transaction took place during the Financial Year 2015-16.
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
No such transaction took place during the Financial Year 2015-16.
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
No such transaction took place during the Financial Year 2015-16.
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
No such transaction took place during the Financial Year 2015-16.
 - 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 took place during the Financial Year 2015-16 and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
No such transaction took place during the Financial Year 2015-16
- VI. Compliance with Tax laws (Income Tax, VAT, Excise and Service Tax)
- VII. Environment Laws
- VIII. And other applicable laws, Labour Laws etc

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 Stock Exchange.

LABOUR LAWS & ENVIRONMENTAL LAWS:

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

I further report that the fire extinguishers and other safety equipment are in proper operating condition and are located where they are readily accessible.

I further report that Companies (Unit-1) has been awarded first prize (Punjab State Safety Award) for the year 2015 for largest reduction in accident frequency rate in Textile Industry (cotton) for 1 lac to 5 lacs man-hours by Directorate of Factories, Punjab and Punjab Industrial Safety Council, Chandigarh.

I further report that the units of the company were inspected by inspector on 07.01.2016 who certified that all the requirements under the Factories Act, 1948 have been complied with.

I further report that 28 employees/workers of M/S Winsome Yarns Ltd., Village Kuranwala, Derabassi SAS Nagar, Mohali, Punjab had undergone the basic First Aid Course including CPR as per the syllabus of St. John Ambulance (India) on 21.11.2015. The Company has constituted a team of first aid trained persons consisting of seven members with a view to provide first aid to the affected workers.

I 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.

COMPANIES ACT:

I further report that during the Financial Year ended 31.03.2016, the Board of Directors of the Company is duly constituted with 7 Directors consisting of One Executive Director (Managing Director), 2 Nominee Non-Executive Directors and 3 Independent Directors which includes one woman director. Company also has one Non-executive Chairman. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. The composition of the Board is in line with the provisions of the Companies Act, 2013.

I further report that as per the Listing Agreement with SEBI, Company shall have at least 50% of its Directors, i.e. four Directors as Independent Directors on its board. Being in default of this clause, Company is in process of appointment of adequate number of Independent Directors on its Board of Directors.

Adequate notices were 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 Board Meeting and Committee meetings are carried out unanimously as recorded in the minutes of the meeting of the Board of Directors or Committee of the Board, as the case may be.

During the reporting period company had the followings committees as applicable under the Companies Act 2013 already in existence:

- 1) Audit Committee
- 2) Nomination and Remuneration Committee
- 3) Stakeholders Relationship Committee
- 4) Risk Management Committee

I 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.

TAX LAWS AND OTHER STATUTORY COMPLIANCES:

I further report that as per the information provided by the management the Company has been regularly depositing statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and other material statutory dues as applicable with the appropriate authorities in India and has generally been regular in depositing statutory dues including tax deducted at source with the appropriate authorities.

However, according to the records of the Company, due to financial strains and losses, Company could not make due payments against various Statutory dues (TDS, TCS, PF, ESIC, PWF, Service Tax, Sales Tax etc) on due time and pending for payment at close of the period, which have subsequently being paid as on 31/03/2016. Penal interest and penalty in this regard, if any, will be accounted for as and when the same will be paid.

According to the information and explanations given to us, there are no undisputed statutory dues payable for a period more than six months from the date they became payable as at 31st March 2016.

I further report that during the reporting period:

- 1) The Company has disclosed accidental cases falling under labour laws and the same has been reported to the concerned authority. As per the information provided by the management, there are no other industrial dispute cases, against the Company. However, there are other legal cases pending against the company.
- 2) During the previous year the Company had made reference to Board for Industrial and Financial Reconstruction (BIFR) as per the provisions of The Sick Industrial Companies Act, 1985 (SICA). The Company has been registered with BIFR vide case no. 52/2015 dated 09/04/2015.

For Girish Madan and Associates
Company Secretaries

Girish Madan

Membership No. 5017

Certificate of Practice No. 3577

Place: Panchkula
Dated : 30.05.2016

* This report is to be read with our letter which is annexed at Annexure A and forms & integral part of this report.

To
The Members,
WINSOME YARNS LIMITED
Chandigarh

My report 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 processes 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 processes 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 procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

For Girish Madan and Associates
Company Secretaries

Girish Madan

Membership No. 5017

Certificate of Practice No. 3577

Place: Panchkula
Dated: 30.05.2016

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:
 1. The Industry practice for the same level of employment/office.
 2. Past performance/seniority of the concerned appointee.
 3. The nature of duties and responsibilities cast upon such person by reason of his holding that office.
 4. 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.
 5. 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 in the past the Company has paid remuneration to Non-Executive Directors by way of commission and if the Company's net profits computed for the purpose under the applicable provisions of the Companies Act, 2013 so permits in future, that practice should be restored.

Commission may be paid within the monetary limit fixed and approved by the Board subject to the overall limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
- b. Sitting Fees:

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

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

Information as required under Rule 8(3) of the Companies (Accounts) Rules, 2014.

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken :

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

Sr. No.	Particular	Qty.	Dept.	Unit	Annual Power saving (LKWH)	Annual Amount Saving (Rs in lacs)
1	Conversion of T-5 Tube lamp in to LED Tube lamp	370	RF	U3P1	0.81	6.04
2	By Arresting Compressed Air (217CFM) Reduced power from 12947 kwh/Day to 10513Kwh/Day	217	All plant	All	3.45	25.88
3	Reduce the running Hour of tubewell no 3 from 16 Hr to 8 Hr after Conversion of submercible pump from 41 HP,9 stage in to 35 HP 15 stage.	1	UTILITY	U3	0.87	6.53
4	Repairing of pegs in trolley of YCP machine	350	Xorella	U2	0.05	0.41
5	Optimise the Efficiency of radial fan suction voume after balancing the radial Fan,(replced motor pully from290 mm to 270mm)	1	Carding Radial fan	U2	1.52	11.41
6	Installation of Energy Saving Fiber Separator (FSB)in place of contineous chain type FSB	1	Cdg Linkerin waste	U1	0.03	0.22
7	Optimise the Plant by Balance the Supply Air voume &return Air Volume	1	WDG	U1	0.25	1.84
8	Optimise the Plant by Balance the Supply Air voume &return Air Volume	1	WDG	U3P1	0.12	0.92
9	Optimise the Plant by Balance the return Air Volume & Supply Air voume	1	WDG	U3P1	0.12	0.92
10	Optimise the Plant by Balance the Supply Air voume &return Air Volume	1	RF	U3P1	0.39	2.95
11	Optimise the Plant by Balance the Supply Air voume &return Air Volume	1	RF	U3P2	0.69	5.15
12	Optimise the Plant by Balance the return Air Volume & Supply Air voume	1	RF	U3P2	0.42	3.18
13	Optimise the Plant by Balance the Supply Air voume &return Air Volume	1	WDG	U3P2	0.08	0.6
	Total				8.81	66.05

WINSOME YARNS LIMITED

The Company has also used new technology and LED lights for low consumption of energy.

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. 66.05 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. 76.78 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 the beginning of the financial year).

Nil

C. FOREIGN EXCHANGE EARNING AND OUTGO	Current Year	(Rs. In lacs)
		Previous Year
(a) Foreign exchange earned in terms of actual inflow during the year	3940.71	1823.67
(b) Foreign exchange outgo in terms of actual outflow during the year	261.19	69.62

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 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for financial year 2015-16	% increase in Remuneration in the Financial year 2015-16	Ratio of remuneration of each Director to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company (as % of Revenue)
1	Shri Satish Bagrodia <i>Chairman</i>	35000	--	1.16	--
2	Shri Manish Bagrodia <i>Managing Director</i>	1954284	--	64.60	0.05
3	Shri Pradeep Kumar <i>Independent Director</i>	80000	--	2.64	--
4	Shri K. P. Ramakrishnan <i>Independent Director</i>	80000	--	2.64	--
5	Shri S. K. Singla* <i>Nominee Director (PSIDC)</i>	30000	--	0.99	--
6	Shri B. M. Padha* <i>Nominee Director (PNB)</i>	--	--	--	--
7	Ms. Ishika Aggarwal @ <i>Independent Director</i>	--	--	--	--
8	Shri Anand Balkishan Sharma <i>Chief Financial Officer</i>	1864668	--	61.63	0.05
9	Shri K. V. Singhal <i>Company Secretary</i>	1269720	--	41.97	0.03

*Sitting fee paid to the Nominating Institute/Bank.

@ Ceased to be director w.e.f. 21.05.2016

- (ii) The median remuneration of employees of the Company during the financial year was Rs. 30254.
- (iii) In the financial year, there was an increase of 10.17% in the median remuneration of employees.
- (iv) There were 1303 permanent employees on the rolls of Company as on March 31, 2016.
- (v) Relationship between average increase in remuneration and Company performance:-

The Loss after Tax for the financial year ended March 31, 2016 decreased by 35.82% whereas the increase in median remuneration was 10.17%. The average increase in median remuneration was in line with the increase of salary in the industry.

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

(Rs. in lacs)

Average remuneration of Key Managerial Personnel (KMP) in 2015-16	16.96
Revenue	37468
Aggregate Remuneration of KMP (as % of revenue)	0.14%
Profit/ (Loss) before Tax (PBT)	(3000.35)
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, 2016 was Rs. 1209.09 lacs (Rs. 855.56 lacs as on March 31, 2015).
 - b) Price Earnings ratio of the Company as at March 31, 2016 was (0.40) and as at March 31, 2015 was (0.18).
 - 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. 2015-16 was 5.22% only in case of unskilled workers (Nil for skilled workers & staff), whereas the increase in the key managerial remuneration for the same financial year was also nil.
- (ix) There are no variable component of remuneration availed by the directors except the Managing Director
- (x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.
Not Applicable; and
- (xi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

Form No. MGT - 9
Extract of Annual Return

as on the financial year ended on **31st March, 2016**

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i.	CIN	L17115CH1990PLC010566
ii.	Registration Date	19 th 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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl.No.	Name and Description of main products/ services	NIC Code of the Product/ Service*	% to total turnover of the company#
1	Yarn	13111	97.58
2	Garments	13911 / 13912	2.42

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES.

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

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

(i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoters									
(1) Indian									
a) Individual/HUF	162122	--	162122	0.23	162122	--	162122	0.23	--
b) Central Government	--	--	--	--	--	--	--	--	--
c) State Government	--	--	--	--	--	--	--	--	--
d) Bodies Corporate	25817487	--	25817487	36.51	25817487	--	25817487	36.51	--
e) Banks / Financial Institutions	1360000	--	1360000	1.93	1360000	--	1360000	1.93	--
f) 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) Banks / Financial Institutions	--	--	--	--	--	--	--	--	--
c) Central Government(s)	--	--	--	--	--	--	--	--	--
d) State Government(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) Foreign Institutional Investors	7326186	--	7326186	10.36	11194251	--	11194251	15.83	5.47
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (Specify)	--	--	--	--	--	--	--	--	--
Sub-total (B) (1)	7337986	--	7337986	10.38	11206051	--	11206051	15.85	5.47
(2) Non Institutions									
a) Bodies Corporate	3537101	5100	3542201	5.01	4822396	4600	4826996	6.83	1.82
(i) Indian		--	--	--	--	--	--	--	--
(ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals	9429506	785442	10214948	14.45	12728586	776637	13505223	19.10	4.65
i) Individual Shareholders holding nominal share capital upto Rs.2 lakhs		--	--	--	--	--	--	--	--
ii) Individual Shareholders holding nominal share capital in excess of Rs. 2 lakhs	10519377	--	10519377	14.88	11774789	--	11774789	16.65	1.78
c) Others (Specify)									
NRIs	277458	36900	314358	0.44	502434	36900	539334	0.76	0.32
Trust	--	--	--	--	858346	--	858346	1.21	1.21
HUF	--	--	--	--	339184	--	339184	0.48	0.48
Clearing Member	--	--	--	--	317697	--	317697	0.45	0.45
Sub-total (B)(2)	23763442	827442	24590884	34.78	31343432	818137	32161569	45.19	10.71
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
i. Promoter and Promoter Group	--	--	--	--	--	--	--	--	--
ii. Public	11438750	--	11438750	16.18	--	--	--	--	-16.18
GRAND TOTAL (A+B+C)	69879787	827442	70707229	100.00	69889092	818137	70707229	100.00	--

(ii) Shareholding of Promoters

Sl.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of Shares	% of total shares of the Company	% of shares Pledged/ encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares Pledged/ encumbered to total shares	
1	Shri S. C. Bagrodia	42900	0.06	0.06	42900	0.06	0.06	--
2	Shri Manish Bagrodia	52040	0.07	0.07	52040	0.07	0.07	--
3	Shri Ashish Bagrodia	41400	0.06	0.06	41400	0.06	0.06	--
4	Smt. Sudha Bagrodia	11142	0.02	0.02	11142	0.02	0.02	--
5	Smt. Vandya Bagrodia	2000	--	--	2000	--	--	--
6	Smt. Shilpa Bagrodia	12640	0.02	0.02	12640	0.02	0.02	--
7	Satyam Combines (P) Ltd.	5096243	7.21	7.21	5096243	7.21	7.21	--
8	Shell Business (P) Limited	20721244	29.31	29.31	20721244	29.31	29.31	--
9	Punjab State Industrial Dev. Corporation Limited	1360000	1.93	--	1360000	1.93	--	--
	TOTAL	27339609	38.67	36.74	27339609	38.67	36.74	--

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

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

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

Sl.No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares at the beginning (01.04.2015)/ end of the year (31.03.2016)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Aspire Emerging Fund	7050000	9.97	03.04.2015				
				10.04.2015	-1400000	Transfer	5650000	7.99
				24.04.2015	-1383347	Transfer	4266653	6.03
				01.05.2015	-700000	Transfer	3566653	5.04
				08.05.2015	-700000	Transfer	2866653	4.05
				22.05.2015	3488750	Transfer	6355403	8.99
		6355403	8.99	31.03.2016			6355403	8.99

2	Hypnos Fund Limited	3428125	4.85	11.12.2015				
		3428125	4.85	31.03.2016			3428125	4.85
3	Leman Diversified Fund	690000	0.98	01.05.2015				
				08.05.2015	636500	Transfer	1326500	1.88
		1326500	1.88	31.03.2016			1326500	1.88
4	Piyush Securities Pvt. Ltd	35000	0.05	11.09.2015				
				18.09.2015	501230	Transfer	536230	0.76
				16.10.2015	10608	Transfer	546838	0.77
				22.01.2016	148125	Transfer	694963	0.98
				29.01.2016	75000	Transfer	769963	1.09
				04.03.2016	1664	Transfer	771627	1.09
				25.03.2016	253557	Transfer	1025184	1.45
				31.03.2016	36192	Transfer	1061376	1.50
		1061376	1.50	31.03.2016			1061376	1.50
5	Shri Parasram Holding Pvt. Ltd	210742	0.30	03.05.2015				
				10.04.2015	200	Transfer	210942	0.30
				17.04.2015	6199	Transfer	217141	0.31
				24.04.2015	7800	Transfer	224941	0.32
				01.05.2015	76	Transfer	225017	0.32
				29.05.2015	1200	Transfer	226217	0.32
				05.06.2015	6900	Transfer	233117	0.33
				12.06.2015	-3040	Transfer	230077	0.33
				03.07.2015	90	Transfer	230167	0.33
				17.07.2015	-18301	Transfer	211866	0.30
				24.07.2015	23870	Transfer	235736	0.33
				31.07.2015	-200	Transfer	235536	0.33
				07.08.2015	850	Transfer	236386	0.33
				14.08.2015	30	Transfer	236416	0.33
				21.08.2015	550	Transfer	236966	0.34
				28.08.2015	300	Transfer	237266	0.34
				04.09.2015	707400	Transfer	944666	1.34
				09.10.2015	-930	Transfer	943736	1.33
				16.10.2015	7000	Transfer	950736	1.34
				23.10.2015	-100	Transfer	950636	1.34
				27.11.2015	-20	Transfer	950616	1.34

				01.01.2016	-700	Transfer	949916	1.34
				15.01.2016	1000	Transfer	950916	1.34
				29.01.2016	11990	Transfer	962906	1.36
				05.02.2016	14999	Transfer	977905	1.38
				12.02.2016	-34768	Transfer	943137	1.33
				19.02.2016	-12000	Transfer	931137	1.32
				26.02.2016	-10005	Transfer	921132	1.30
				11.03.2016	-1	Transfer	921131	1.30
				18.03.2016	-1	Transfer	921130	1.30
				25.03.2016	-1000	Transfer	920130	1.30
				31.03.2016	-1000	Transfer	919130	1.30
		919130	1.30	31.03.2016			919130	1.30
6	Achin Vyapaar Pvt. Ltd	5885	0.01	03.04.2015				
				30.10.2015	5000	Transfer	10885	0.02
				31.12.2015	847461	Transfer	858346	1.21
		858346	1.21	31.03.2016			858346	1.21
7	Ashok Pahlajrai Jethani	100000	0.14	28.08.2015				
				09.10.2015	540000	Transfer	640000	0.91
				25.12.2015	125000	Transfer	765000	1.08
				05.02.2016	21000	Transfer	786000	1.11
		786000	1.11	31.03.2016			786000	1.11
8	Guiness Securities Ltd	169407	0.24	03.04.2015				
				29.05.2015	-88192	Transfer	81215	0.11
				30.06.2015	-3600	Transfer	77615	0.11
				10.07.2015	-4025	Transfer	73590	0.10
				07.08.2015	5000	Transfer	78590	0.11
				14.08.2015	-5000	Transfer	73590	0.10
				04.09.2015	6300	Transfer	79890	0.11
				11.09.2015	685379	Transfer	765269	1.08
				18.09.2015	69390	Transfer	834659	1.18
				25.09.2015	345448	Transfer	1180107	1.67
				30.09.2015	8670	Transfer	1188777	1.68
				09.10.2015	4144	Transfer	1192921	1.69
				16.10.2015	64980	Transfer	1257901	1.78
				23.10.2015	54815	Transfer	1312716	1.86
				20.11.2015	-5000	Transfer	1307716	1.85
				04.12.2015	34453	Transfer	1342169	1.90
				11.12.2015	-1050	Transfer	1341119	1.90
				25.12.2015	20000	Transfer	1361119	1.93
				31.12.2015	-872529	Transfer	488590	0.69
				05.02.2016	1055	Transfer	489645	0.69
				04.03.2016	-1055	Transfer	488590	0.69
		488590	0.69	31.03.2016			488590	0.69

9	Raju P	437320	0.62	03.04.2015				
		437320	0.62	31.03.2016			437320	0.62
10	Karvy Stock Broking Ltd	348601	0.49	03.04.2015				
				10.04.2015	-4626	Transfer	343975	0.49
				17.04.2015	-2000	Transfer	341975	0.48
				24.04.2015	7700	Transfer	349675	0.49
				15.05.2015	100	Transfer	349775	0.49
				05.06.2015	-1000	Transfer	348775	0.49
				12.06.2015	3502	Transfer	352277	0.50
				19.06.2015	500	Transfer	352777	0.50
				10.07.2015	2000	Transfer	354777	0.50
				07.08.2015	-1238	Transfer	353539	0.50
				21.08.2015	500	Transfer	354039	0.50
				28.08.2015	550	Transfer	354589	0.50
				04.09.2015	1000	Transfer	355589	0.50
				25.09.2015	-6400	Transfer	349189	0.49
				30.09.2015	1000	Transfer	350189	0.50
				09.10.2015	68149	Transfer	418338	0.59
				16.10.2015	42000	Transfer	460338	0.65
				23.10.2015	7613	Transfer	467951	0.66
				30.10.2015	2000	Transfer	469951	0.66
				13.11.2015	-100149	Transfer	369802	0.52
				04.12.2015	5000	Transfer	374802	0.53
				18.12.2015	500	Transfer	375302	0.53
				31.12.2015	2650	Transfer	377952	0.53
				01.01.2016	1000	Transfer	378952	0.54
				08.01.2016	25000	Transfer	403952	0.57
				15.01.2016	-2000	Transfer	401952	0.57
				22.01.2016	3000	Transfer	404952	0.57
				29.01.2016	120451	Transfer	525403	0.74
				05.02.2016	3501	Transfer	528904	0.75
				19.02.2016	-5783	Transfer	523121	0.74
				26.02.2016	21909	Transfer	545030	0.77
				18.03.2016	-24626	Transfer	520404	0.74
				25.03.2016	-108851	Transfer	411553	0.58
				31.03.2016	-525	Transfer	411028	0.58
		411028	0.58	31.03.2016			411028	0.58

11	Hohammed Nasimullah	285625	0.40	03.04.2015				
		285625	0.40	31.03.2016			285625	0.40
12	Highbluesky Emerging Market Fund	276186	0.39	03.04.2015				
				18.03.2016	-176186	Transfer	100000	0.14
				25.03.2016	-15177	Transfer	84823	0.12
				31.03.2016	-600	Transfer	84223	0.12
		84223	0.12	31.03.2016			84223	0.12
13	Prashant Mishra	219768	0.31	03.04.2015				
				19.06.2015	50100	Transfer	269868	0.38
		269868	0.38	31.03.2016			269868	0.38
14	Leelamma Thomas	199721	0.28	03.04.2015				
				07.08.2015	175900	Transfer	375621	0.53
				28.08.2015	179481	Transfer	555102	0.79
				30.09.2015	44280	Transfer	599382	0.85
				09.10.2015	25000	Transfer	624382	0.88
				16.10.2015	50000	Transfer	674382	0.95
				27.11.2015	9000	Transfer	683382	0.97
				18.12.2015	-265000	Transfer	418382	0.59
				31.12.2015	-138582	Transfer	279800	0.40
				08.01.2016	-240000	Transfer	39800	0.06
		39800	0.06	31.03.2016			39800	0.06
15	Seema	193801	0.27	03.04.2015				
		193801	0.27	31.03.2016			193801	0.27
16	Renu Khurana	154967	0.22	03.04.2015				
				06.11.2015	51200	Transfer	206167	0.29
				20.11.2015	60726	Transfer	266893	0.38
				27.11.2015	73883	Transfer	340776	0.48
				25.12.2015	59224	Transfer	400000	0.57
		400000	0.57	31.03.2016			400000	0.57
17	Ujagar Singh Gill	148056	0.21	03.04.2015				
				10.04.2015	-10100	Transfer	137956	0.20
				10.07.2015	2000	Transfer	139956	0.20
				29.01.2016	-7100	Transfer	132856	0.19
				26.02.2016	-25000	Transfer	107856	0.15
				11.03.2016	2400	Transfer	110256	0.16
		110256	0.16	31.03.2016			110256	0.16
18	Vipin Kumar Sharma	120000	0.17	03.04.2015				
		120000	0.17	31.03.2016			120000	0.17

Top 10 shareholders at the beginning of the year (01.04.2015) and at the end of the year (31.03.2016).

WINSOME YARNS LIMITED

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

Sl.No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of shares at the beginning (01.04.2015)/ end of the year (31.03.2016)	% 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	55729.89	--	--	55729.89
i) Principal Amount	1069.11	--	--	1069.11
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due.	--	--	--	--
Total (i+ii+iii)	56799.00	--	--	56799.00
Change in Indebtedness during the financial year				
i) Addition	--	--	--	--
ii) Reduction	--	--	--	--
Net Change	--	--	--	--
Indebtedness at the end of the financial year				
i) Principal Amount	55729.89	--	--	55729.89
ii) Interest due but not paid	1069.11	--	--	1069.11
iii) Interest accrued but not due.	--	--	--	--
Total (i+ii+iii)	56799.00	--	--	56799.00

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) Income tax Act, 1961	18.00 -- --	18.00
2	Stock Option		--
3	Sweat Equity		--
4	Commission - as % of profit - others, specify...		-- --
5	Others, please specify {Co's contribution to Provident Fund (exempted portion)}		1.54
	Total (A)		19.54
	Ceiling as per the Act		N/A*

B. Remuneration to other Directors:#

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount (Amount in Rs.)
1	Independent Director	Shri Pradeep Kumar	Shri K. P. Ramakrishnan	Ms. Ishika Aggarwal	
	• Fee for attending board / committee meetings.	80000	80000	--	160000
	• Commission.	--	--	--	--
	• Others, please specify.	--	--	--	--
	Total (1)	80000	80000	--	160000
2	Other Non-Executive Directors	Shri Satish Bagrodia	Shri S. K. Singla* (Nominee PSIDC)	Shri B. M. Padha* (Nominee PNB)	
	• Fee for attending board / committee meetings.	35000	30000	--	65000
	• Commission.	--	--	--	--
	• Others, please specify.	--	--	--	--
	Total (2)	35000	30000	--	65000
	Total (B)=(1+2)	115000	120000	--	225000
	Total Managerial Remuneration	115000	120000	--	225000
	Overall Ceiling as per the Act	--	--	--	N/A\$

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

*Sitting fee paid to Nominating Institute/Bank.

\$ There is no net profits calculated as per section 198.

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO*	Company Secretary	CFO	Total (in Rs.)
1	Gross salary: (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	Not Applicable	1186476	1741092	2927568
2	Stock Option		--	--	--
3	Sweat Equity		--	--	--
4	Commission - As % of profit - Others, specify		--	--	--
5	Others, please specify : {Co's : Contribution to Provident Fund (exempted), Superannuation (exempted portion)}		83244	123576	206820
	Total		1269720	1864668	3134388

*The Managing Director is also CEO of the Company.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

CORPORATE GOVERNANCE REPORT

1. Company's philosophy on code of Governance

The Directors present the Company's Report on Corporate Governance pursuant to Clause 49 of the Listing Agreement made with Stock Exchanges. 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 under clause 49 of the Listing Agreements of the Stock Exchanges where shares of the Company are listed.

2. Board of Directors

The current strength of the Board of Directors (Board) of the Company is of seven directors, who are senior, competent and eminent experts from diverse fields and professions. The Chairman of the Board is a Non-Executive Promoter Director. The Board comprises one Executive and six Non-Executive Directors. Out of seven Directors, two are Promoter Directors, three are Non-Executive Independent Directors and two are Nominee Directors, in which one is Nominee of Punjab State Industrial Development Corporation Ltd (PSIDC) and one is Nominee of Punjab National Bank (CDR Lead Banker). 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 required regulations of the Listing Regulation, 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 31.03.2016 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	Chairman (NED)	4	--	1	2	--	2
Shri Pradeep Kumar	INED	4	Yes	2	9	2	11
Shri K. P. Ramakrishnan	INED	4	Yes	3	2	2	4
Shri Manish Bagrodia	MD (Executive)	4	Yes	6 [#]	3	--	3
Shri Brij Mohan Padha (Nominee Director of PNB)	NED	--	--	--	--	--	--
Shri S.K. Singla (Nominee Director of PSIDC)	NED	4	--	9	2	--	2
Ms. Ishika Aggarwal@	INED	--	--	--	--	--	--

@ Ceased to be director w.e.f. 21.05.2016.

\$ 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 2015-16. The meetings were held on 28.05.2015, 14.08.2015, 06.11.2015 and 10.02.2016 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, 2016. 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 Clause 49 of the Listing Agreement 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 and the composition of the Committee are as below:

Name of members	Category	No. of meetings attended during the year 2015-2016
Shri Pradeep Kumar, Chairman	Independent/ Non-Executive	4
Shri K. P. Ramakrishnan, Member	Independent/ Non-Executive	4
Shri Manish Bagrodia, Member	Promoter/Executive	4

During the financial year, the Audit Committee meetings were held on 28.05.2015, 14.08.2015, 06.11.2015 and 10.02.2016.

The Auditors, CFO and Internal Auditor were invitees to the meetings.

8. Nomination and Remuneration Committee

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

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

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

The composition of the Committee are as below:

Name of Members	Category
Shri Pradeep Kumar, Chairman	Independent/Non-Executive Director
Shri Satish Bagrodia, Member	Promoter/ Non-Executive Director
Shri K. P. Ramakrishnan, Member	Independent/ Non-Executive Director
Shri Manish Bagrodia	Promoter/ Executive Director

During the financial year, the Nomination and Remuneration Committee meetings were held on 28.05.2015 and 14.08.2015.

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 year are given below:

Non-Executive

(Amount in Rs.)

Name of Directors	Sitting Fees
Shri Satish Bagrodia	35000
Shri Pradeep Kumar	80000
Shri K. P. Ramakrishnan	80000
Shri S. K. Singla (PSIDC Nominee)*	30000
Shri Brij Mohan Padha (PNB Nominee)	--
Ms. Ishika Aggarwal	--
Total	225000

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

ii). For Executive Director

Shri Manish Bagrodia had been appointed as Managing Director of the Company for a period of five years with effect from 01.07.2014. The details of the remuneration drawn by the Managing Director during the financial year (01.04.2015 to 31.03.2016) are as under:

(Rs. In Lacs)

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

*** Company's contribution to Provident Fund.**

None of the Non-Executive Directors has any material financial interest in the Company apart from the remuneration by way of sitting fees received by them during the year. In view of the adverse performance of the Company, the Board of Directors of the Company has resolved not to make payment of commission to the Managing Director for the year ended 31st March, 2016.

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 2015-16, four Stakeholders Relationship Committee meetings were held on 28.05.2015, 14.08.2015, 06.11.2015 and 10.02.2016. During the financial year, the total 21 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 year and present composition of the Committee are as below:

Name of members	Category	No. of meetings attended during the year 2015-2016
Shri K. P. Ramakrishnan, Chairman	Independent/Non-Executive	4
Shri Pradeep Kumar, Member	Independent/Non-Executive	4
Shri Manish Bagrodia, Member	Promoter/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 present composition of the Committee is as below.

Name of members	Category
Shri K. P. Ramakrishnan, Chairman	Independent/Non-Executive Director
Shri Satish Bagrodia , Member	Promoter/Non-Executive Director
Shri Pradeep Kumar, Member	Independent/Non-Executive Director
Shri Manish Bagrodia, Member	Promoter/Executive Director

Risk Management

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

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

- i. **Foreign exchange risk:** The Company's policy is to actively manage its long term foreign exchange risk within the framework laid down by the Company's forex policy.
- ii. **Interest rate risk :** Given the interest rate fluctuations, the Company has adopted a prudent and conservative risk mitigating strategy to minimize the interest costs.
- iii. **Commodity price risk :** The Company is exposed to the risk of price fluctuation on raw materials as well as finished goods in all its products. The Company proactively manages these risks in inputs through forward booking, inventory management, proactive management of vendor development and relationships. The Company's strong reputation for quality, product differentiation and service, the existence of a powerful brand image and a robust marketing network mitigates the impact of price risk on finished goods.
- iv. **Risk element in individual businesses:** Apart from the risks on account of interest rate, foreign exchange and regulatory changes, business of the Company is exposed to certain operating business risks, which are managed by regular monitoring and corrective actions.
- v. **Compliance risks :** The Company is exposed to risks attached to various statutes and regulations including the Competition Act. The Company is mitigating these risks through regular reviews of legal compliances, through internal as well as external compliance audits.
- vi. **People risks :** Retaining the existing talent pool and attracting new manpower are major risks. The Company has initiated various measures such as rollout of strategic talent management system; training and integration of learning activities.

11. Disclosures

- (i) All related party transactions have been entered into in the ordinary course of business and were placed periodically before the audit committee in summary form including transactions for which omnibus approval of the Audit Committee was taken. There were no material individual transactions with related parties which were not in the normal course of business, required to be placed before the audit committee and that may have potential conflict with the interest of the Company at large. All individual transactions with related parties or others were on an arm's length basis. Transactions with related parties as per requirements of Accounting Standard (AS) 18 - 'Related Party Information' are disclosed in Note no. 2.21 to the Financial Statements.
- (ii) All Accounting Standards mandatorily required have been followed without exception in preparation of the financial statements

- (iii) Procedures for assessment of risk and its minimisation have been laid down by the Company and reviewed by the Board. These procedures are periodically reassessed to ensure that executive management controls risks through means of a properly defined framework.
- (iv) No money was raised by the Company through public issue, rights issue etc. in the last financial year.
- (v) The Company has one Managing Director on the Board whose appointment and remuneration has been reviewed/ approved by the Nomination and Remuneration Committee, the Board of Directors and the members passed the resolution in their meeting held on 31.03.2015, and later on approval of Central Government on a monthly salary of Rs. 1.50 lacs for a period of 3 years received. The remuneration paid is mentioned in item 8(ii) of this report.
- (vi) The number of shares held by each director is mentioned in **"Shareholding of Directors and Key Managerial Personnel (KMPs)**.
- (vii) Management Discussion and Analysis forms part of the Annual Report to the shareholders and it includes discussion on matters as required under the provisions of regulations of the Listing Regulation, 2015 with Stock Exchanges.
- (viii) There were no material financial & commercial transactions by Senior Management as defined in the required regulations of the Listing Regulation, 2015 where they have any personal interest that may have a potential conflict with the interests of the Company at large requiring disclosure by them to the Board of Directors of the Company.
- (ix) No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.
- (x) The Company has established a vigil mechanism/whistle blower policy for directors and employees to report concerns about unethical behaviour, actual or suspected fraud etc. and the same has been disclosed on the website of the Company.

12. Compliance Certificate

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

13. General Body Meetings

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

Year	Venue	Date	Time
2012-2013	PHD Chamber of Commerce and Industry, Regional Office PHD House, Sector 31-A, Chandigarh	12.02.2014	11.30 A.M.
2013-2014	PHD Chamber of Commerce and Industry, Regional Office PHD House, Sector 31-A, Chandigarh	31.03.2015	11.30 A.M.
2014-2015	PHD Chamber of Commerce and Industry, Regional Office PHD House, Sector 31-A, Chandigarh	23.09.2015	11.30 A.M.

During the last three financial year, all resolutions, including one special resolutions on 12.02.2014 and one special resolution on 31.03.2015 as set out in the respective notices of General Meetings were 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.

WINSOME YARNS LIMITED

The details of unclaimed shares are as under:-

Unclaimed shares' details as on 01.04.2015		Details of claimed shares during the financial year		Balance as on 31.03.2016	
No. of shareholders	No. of shares	No. of shareholders	No. of shares	No. of shareholders	No. of shares
1428	298300	--	--	1428	298300

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) and Pioneer (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.winsomergroup.com).

16. General Shareholder information

Financial Year	1 st April, 2015 to 31 st March, 2016
Date of Annual General Meeting	Wednesday, the 28th September 2016
Venue & Time	PHD Chamber of Commerce & Industry, Sector 31-A, Chandigarh at 11.30 a.m.
Date of Book Closure	15.09.2016 to 17.09.2016 (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 01.04.2015 to 31.03.2016, 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 15	1.47	1.03	1.35	1.00
May 15	1.19	0.90	1.20	0.95
Jun 15	1.00	0.71	0.95	0.70
Jul 15	0.84	0.53	0.85	0.65
Aug 15	0.59	0.35	0.65	0.35
Sep 15	0.54	0.33	0.55	0.35
Oct 15	0.84	0.56	0.90	0.60
Nov 15	0.77	0.63	0.75	0.60
Dec 15	0.78	0.64	0.80	0.55
Jan 16	0.94	0.75	1.25	0.75
Feb 16	1.24	0.94	1.20	0.85
Mar 16	1.71	1.26	1.80	1.20

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

Annual Listing fee to BSE & NSE and Annual Custody fee to CSDL & NSDL for the year 2016-17 have already been paid.

WINSOME YARNS LIMITED

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 15 days normally, 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, 2016

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1 - 500	10297	70.634	1833106	2.593
501- 1000	1565	10.735	1403648	1.985
1001- 2000	955	6.551	1612381	2.280
2001- 3000	425	2.915	1140038	1.612
3001- 4000	188	1.290	692026	0.979
4001- 5000	255	1.749	1240077	1.754
5001- 10000	442	3.032	3492480	4.939
10001 and above	451	3.094	59293473	83.858
Total	14578	100.000	70707229	100.000

Shareholding Pattern as on 31st March, 2016

Category	No. of shares	Percentage
Promoter and Promoter Group	27339609	38.67
Mutual Funds	11800	0.02
Foreign Institutional Investors	11194251	15.83
Bodies Corporate	4826996	6.83
NRIs	539334	0.76
Trust	858346	1.21
HUF	339184	0.48
Clearing Members	317697	0.45
Indian Public	25280012	35.75
Total	70707229	100.00

Details of shareholding of Directors in the Company as on 31.03.2016

Name of Director	No. of shares held
Shri Satish Bagrodia	42900
Shri Manish Bagrodia	52040
Shri S. K. Singla	--
Shri Pradeep Kumar	--
Shri Brij Mohan Padha	--
Shri K. P. Ramakrishnan	--
Ms. Ishika Aggarwal	--

WINSOME YARNS LIMITED

Dematerialisation of shares and liquidity.	Out of total 70707229 nos. of shares, 98.84% shares have been dematerialised upto 31.03.2016.
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

For and on behalf of the Board

Place : Chandigarh
Dated : 30.05.2016

Manish Bagrodia
Managing Director

Pradeep Kumar
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 regulation 17 of the listing 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, 2016.

Place : Chandigarh
Date : 30.05.2016

Manish Bagrodia
Managing Director

ANNEXURE 'B'**Compliance Certificate from Managing Director and Chief Financial Officer under regulation 17(8) of the Listing Regulations, 2015 for the year 2015-16.**

- A. We have reviewed financial statements and the cash flow statement for the year ended 31.03.2016 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 : 30.05.2016

Anand Balkishan Sharma
Chief Financial Officer

Manish Bagrodia
Managing Director

CERTIFICATE OF SECRETARIAL AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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, 2016, as stipulated in the respective regulations of the Listing Regulations, 2015 of the Company entered into with stock exchanges in India.

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 above mentioned Listing Regulations, 2015.

We state that such compliance 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 Girish Madan and Associates
Company Secretaries

Place: Panchkula
Dated: 30.05.2016

Girish Madan
Membership No. 5017
Certificate of Practice No. 3577

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

Report on the Standalone Financial Statements.

We have audited the accompanying Standalone Financial Statements of WINSOME YARNS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement, and a summary of the significant accounting policies and other explanatory information for the year then ended.

Management's Responsibility for the Standalone Financial Statements.

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

Auditor's Responsibility.

Our responsibility is to express an opinion on these standalone Financial Statements based on our audit.

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Standalone Financial Statements.

Basis for Qualified opinion**Attention is drawn to:**

- i. **Note no. 2.25 & note. No. 2.8(c), 2.8(d) & 2.9(a) regarding non-provisioning of Interest Expenses of Rs. 10583.08 Lacs (Previous Year 3273.37 Lacs), penal interest, penalty etc (amount unascertainable) AND written off/write back and Adjustment/set off of payment of receivables/payables from/to overseas parties/suppliers which is pending necessary approval respectively as stated in the said notes.**
- ii. **Note No. 2.14 regarding pending confirmation / reconciliation of balances of certain receivables (including overseas overdue receivables as stated in note no.2.8), bank balances, payables (including of an Associate Company), secured loans, other liabilities, loans and advances etc; and contingent liability being considered as certified by the management in the absence of full detail, in this respect impact is unascertainable and cannot be commented upon by us. In our view read with said note internal control needs to be further strengthened.**
- iii. **Note No. 2.8 (a) & (b) and Note no. 2.11 regarding non-provision against receivables [including of overseas]**

overdue debtors of amounting to Rs. 6173.94 lacs (Previous Year Rs. 6908.79 Lacs)] [including accounting of exchange fluctuation of Rs. 897.86 lacs (Previous Year Rs. 897.41 lacs) till 31st March 2015] and loans and advances (including other current assets) of Rs. 10357.62 lacs (Previous Year Rs. 10377.68 Lacs) and Rs. 1743.40 lacs respectively (Previous Year Rs. 2599.32 Lacs) respectively. The accounting of exchange fluctuation in earlier years was not in line with generally accepted accounting principles and Accounting Standards 11 (AS-11)-"The Effect of Changes in Foreign Exchange Rates".

- iv. Note No. 2.22(A)(iv)(a) to (d) regarding accounting of consumption of Raw Material and Stores & Spares as balancing figure and the valuation of inventories is as taken, valued and as certified by the management as stated in said note; the impact whereof on the statement of state of affairs and loss for the year not being ascertainable for the reason stated in the said note and cannot be commented upon by us.
- v. As stated in note no. 2.5 and as per the AS-28 (Impairment of Assets), the company have carried out assessment of value in use of assets of knitwear unit, by an independent professional firm, based on this estimated impairment loss is of amounting to Rs. 1853.72 lacs (Previous Year 2365.58 Lacs (net)). However, no provision against the same has been made by the company for the reason as explained in the said note. The Non-provision against impairment in value of above stated assets is not in line with AS-28.
- vi. Note no. 2.3 regarding pending receipt of part money of amounting to USD 50,72,110 (Rs. 2679.34 lacs) out of the GDR issue made by the company and as explained lying outside India [i.e. balance amount against GDR issue of 19,94,125 nos. made in financial year 2010-11, entitling 19,94,12,500 fully paid up equity shares of Re.1/- each at Rs.2.97 per share including premium (now 1,99,41,250 fully paid up equity shares of Rs.10/- each at Rs.29.70 including premium)]. In respect of realisability/receipt we are unable to comment. As explained, above stated amount is invested in money market fund outside India, pending for utilization.
- vii. Note No. 2.23 (read with note no. 2.14) regarding non-provisions of Interest, Penalty etc. on delay/non-payment of certain statutory dues on time w.r.t. Employee State Insurance, Provident Fund, Punjab Welfare Fund, Tax Deducted at source, Tax Collected at source, Service Tax and Sales tax etc. (amount unascertainable) and our inability to comment the impact on the loss for the year.
- viii. Note no. 2.12(b) [Read with Accounting policy- Note 1.1 of standalone financial statement] regarding the net worth of the Company become negative and preparation of financial statements by the management on "going concern basis", considering the future business plans and expected cash flows as stated in the said note. In the event of the same not being held to be a "going concern" and various assets and liabilities being consequently required to be adjusted with respect to their realizable value, the impact whereof has not been ascertained.
- ix. Note no. 2.27 regarding pending appointment of requisite number of independent directors as stated in the said note.
- x. In view of our comment under para (i) to (viii) above and on our comments w.r.t. the internal control system under para (ii) above, the Company's internal control system needs to be further strengthened to be made the same commensurate with the size of the Company and the nature of its business for the purchases and consumption of inventory, booking of the expenses, set off of balances and for the sale of goods and services.

We report that, without considering items mentioned in paragraph (ii),(iv), (vi) and (vii) above the impact of which could not be determined, had the impact of notes referred in paragraph (i) (iii) & (v) above been given to in these financial statements, the loss for the year would have been Rs. 27538.18 lacs (as against the reported figures of Rs. 3000.36 lacs), accumulated loss at the year-end would have been Rs. 52200.01 Lacs (as against the reported figure of Rs. 27662.19 lacs), Loans and advances (including other current assets) at the year-end would have been Rs.985.06 lacs (as against the reported figure of Rs. 2728.46 lacs), carrying value of fixed assets would have been Rs. 23962.08 lacs (as against the reported figure of Rs. 25815.80 Lacs), trade receivables would have been Rs. 1860.01 lacs (as against the reported figure of Rs. 12217.63 lacs), other current liability at the year-end would have been Rs. 19252.43 lacs (as against the reported figure of Rs. 8669.35 lacs).

Our opinion was also qualified on the financial statements for the year ended 31st March 2015 in respect of matter reported in (i) to (x) above.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matters described in the Basis for Qualified Opinion paragraph*, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

(GAURAV LODHA)
Partner
Membership No.507462

Place: Chandigarh
Date: 30th May 2016

Annexure "A" referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the Standalone Financial Statement of Winsome Yarns Limited for the year ended 31st March 2016:

1.
 - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets *except in respect of certain fixed assets (including assets of knitwear unit) where, the records as explained, are in process of compilation/ updation [Read with note no. 2.22(A)(iv)(b) & 2.22(A)(iv)(d)].*
 - b) As per information and explanations given to us, certain fixed assets have been physically verified by the Management according to the programme of physical verification once in every three years in phased manner, *which in our opinion needs to be further strengthen having regard to the size of the company and the nature of its fixed assets.* The discrepancies noticed on such physical verification were not material [Read with note no. 2.22(A)(iv)(b) & 2.22(A)(iv)(d)].
 - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. *As explained, only some of the inventories of the Company (including stock lying with the third parties and in transit) have been physically verified by the management during the year. In our opinion and according to information & explanations given to us, the procedures of physical verification of inventories followed by the management need to be strengthen in relation to the size of the Company and nature of its business [Read with note no. 2.22(A)(iv)(a) to (d)]. In the absence of detailed item wise quantitative records, we are not in position to comment whether discrepancies accounted for is correct and complete. However, as per the information made available the discrepancies noticed between the physical stock, to the extant physical verification carried out read with note no. 2.22(A)(iv) (a) to (d) and the book records were not material.*
3. As informed to us, the Company has not granted any loan secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, we are not offering any comments under Clause 3(iii) (a), (b) & (c) of the Order.
4. According to the information, explanations and representations provided by the management and based upon audit procedures performed, we are of the opinion that in respect of loans, investments, guarantees and security, the Company has complied with the provisions of the Section 185 and 186 of the Companies Act, 2013.
5. In our opinion and according to the information and explanations given to us, the Company has complied with the directive issued by the Reserve Bank of India and the provisions of Section 73 to 76 of the Act or any other relevant provisions of the Act and the rules framed there under (to the extent applicable) with regard to deposit accepted from the public. We have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or other tribunal in this regard.
6. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been made and maintained. We have, however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
7.
 - (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including employee's state insurance, Income Tax, Sales Tax, service tax, duty of Custom, duty of Excise, value added tax, Cess and any other material statutory dues with the appropriate authorities to the extent applicable *except in respect of Provident Fund (PF), Employee State Insurance (ESI) dues, Punjab Welfare Fund, TDS, TCS & Service Tax were same found paid with certain delay (and as stated in note no. 2.23) and non-deposition of PF & ESI amounting to Rs. 85.15 Lacs & Rs. 25.68 Lacs respectively and according to the information and explanations given to us, there are no undisputed statutory dues payable for a period more than six months from the date they became payable as at 31st March 2016 except PF of Rs 30.11 Lacs and ESI of Rs. 8.53 Lacs.*
 - (b) According to the records and information and explanations given to us, there are no dues in respect of Custom Duty, Service Tax and value added tax that have not been deposited on account of any dispute. In our opinion based on the records and according to the information and explanations given to us, the dues in respect of Income Tax, Sales Tax and Excise duty that have not been deposited with the appropriate authorities on account of dispute and the forum where these disputes pending are given below;

Name of the Statute	Nature of dues	Amount (Rs. in Lacs)	Period to which amount relates	Forum where dispute is pending
Central / State Sales Tax	Sales Tax/VAT	4.35	1999-2000	Joint Director Excise and Taxation, Chandigarh Sales Tax Tribunal Punjab Deputy Excise and Taxation Commissioner (Appeal) Commissioner (Appeal)
		2.25	1993-1994	
		13.36	2003-2004	
		29.08	2008-2009	
Central Excise Act #	Excise Duty	67.45	2000-01 to 2004-05	CESTAT, New Delhi
	Excise Duty	35.54	2005-06 to 2008-09	CESTAT, New Delhi
	Excise Duty	507.33	2006-07 to 2009-10	CESTAT, New Delhi
	Excise Duty	15.97	2010-11	CESTAT, New Delhi
	Excise Duty	13.42	2011-12	CESTAT, New Delhi
Income tax Act	Income Tax	182.71	2005-2007	ITAT
	Income Tax	94.43	2007-08	High Court, Punjab and Haryana

(Excluding show cause notices)

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

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

S.No.	Particulars	Total Amount of Default (in Lacs)	Maximum Delay (in Days)	Remarks
1	Bank Of Maharashtra	980.68	1005	Term Loan
2	Bank Of India	980.68	1005	Term Loan
3	Indian Overseas Bank	784.72	1005	Term Loan
4	Oriental Bank of Commerce	784.52	1005	Term Loan
5	Bank Of Maharashtra	50.62	913	Term Loan
6	Bank Of India	54.00	1005	Term Loan
7	Indian Overseas Bank	43.20	1005	Term Loan
8	Oriental Bank of Commerce	43.20	1005	Term Loan
9	ICICI BANK	440.52	1005	Working Capital Term Loan
10	ICICI BANK	88.00	366	FITL
11	ALLAHABAD BANK	70.83	1096	Short Term Loan
12	State Bank of Patiala	315.65	451	Term Loan - assigned to Edelweiss Asset Reconstruction Company (EARC)
13	UCO Bank	4244.62	546	Term Loan - assigned to EARC
14	CANARA Bank	708.44	578	Term Loan - assigned to EARC
15	Punjab National Bank	7347.88	862	Term Loan - assigned to EARC
16	Union Bank of India	1467.46	912	Term Loan - assigned to EARC
17	DENA Bank	3973.01	942	Term Loan - assigned to EARC
18	State Bank of Patiala	9473.79	393	Working Capital Loan - assigned to EARC
19	CANARA Bank	12074.22	546	Working Capital Loan - assigned to EARC
20	Punjab National Bank	7466.00	602	Working Capital Loan - assigned to EARC

9. According to the information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained. No money have been raised during the year by way of initial public offer or further public offer.
10. Based on the audit procedure performed and on the basis of information and explanations provided by the management, no material fraud [read with note no. 2.3, 2.22(A)(iv) and our comments under the "Basis for Qualified Opinion"] by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the course of the audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013 (read with foot note 1 to Note no. 2.21 of the standalone financial statement).
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, provisions of Clause 3(xii) of the Order is not applicable.
13. According to the information and explanations and records made available by the management of the Company and audit procedure performed, for transactions with the related parties during the year, the Company has complied with the provisions of Section 177 and 188 of the Act, where applicable. As explained and as per records, details of related party transactions have been disclosed in the standalone financial statements as per the applicable Accounting Standards (read with note no.2.14 of the standalone financial statement).
14. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, we are not offering any comment with respect to compliance of requirement of Section 42 of the Act and utilisation of the money.
15. On the basis of records made available to us and according to information and explanations given to us, the Company has not entered into non-cash transactions with the directors or persons connected with him. Accordingly, we are not offering comment with respect to compliance of Section 192 of the Act.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For LODHA & CO.,
Chartered Accountants
Firm Registration Number: 301051E
(GAURAV LODHA)
(Partner)
Membership No: 507462

Place: Chandigarh
Date: 30th May 2016

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

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

We have audited the internal financial controls over financial reporting of WINSOME YARNS LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls.

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

Auditors' Responsibility.

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting.

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting.

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

Basis for Qualified Opinion.

According to the information and explanation given to us and based on our audit, the following material weaknesses have been identified as at 31st March 2016:

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

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

WINSOME YARNS LIMITED

In our opinion, except for the effects/ possible effects of the material weaknesses described above on the achievement of the objectives of control criteria, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the 31st March 2016 standalone financial statements of the Company and these material weaknesses does not affect our opinion on the standalone financial statements of the Company.

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

(GAURAV LODHA)
(Partner)
Membership No: 507462

Place: Chandigarh
Date: 30th May 2016

STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS OF STANDALONE FINANCIALS FOR THE FINANCIAL YEAR ENDED MARCH 2016

1	Sr. No.	Particulars	(Rs. In Lacs, except for earnings per share)	
			Audited Figure (As reported before adjusting for qualifications)	Audited Figure (As reported After adjusting for qualifications)*
	1.	Turnover/Total Revenue	37887	37887
	2	Total Expenditure	40887	65425
	3	Net Profit/(Loss)	(3000)	(27538)
	4	Earning Per Share (Rs.)	(4.24)	(38.95)
	5	Total Assets	49067	35112
	6	Total Liabilities	63939	74522
	7	Net Worth**	(14872)	(39410)
	* all adjustments are without tax effect. ** Impact of only current year qualification has been given .			
2	Audit Qualifications(Each Audit Qualification Separately) :			
a.	Detail of Audit Qualifications:			
	Qualification in the Annexure referred to in 'Basis for Qualified Opinion' paragraph of the Auditors' Report dated 30th May, 2016 to the members of Winsome Yarns Limited on the accounts for the year ended 31st March, 2016:-			
i.	Note No.3 (and read with Note no. 2.12(b) of the Audited financial statement) of accompanying statement regarding the net worth of the Company become negative and preparation of financial statements by the management on "going concern basis", considering the future business plans and expected cash flows as stated in the said note. In the event of the same not being held to be a "going concern" and various assets and liabilities being consequently required to be adjusted with respect to their realizable value, the impact thereof has not been ascertained.			
ii.	Note No.4(e) & 6 (and read with Note no. 2.25 of the Audited financial statement) of accompanying statement regarding non-provisioning of Interest Expenses of Rs. 10583.08 Lacs (Previous Year Rs. 3273.37 Lacs), penal interest, penalty etc. (amount unascertainable).			
iii	Note No.4(l) (and read with Note no. 2.8(c), 2.8(d) & 2.9(a) of the Audited financial statement) of accompanying statement regarding written off/written back and Adjustment/set off of payment of receivables/payables from/to overseas parties/suppliers pending necessary approval respectively as stated in the said notes.			
iv	Note No.4(a) (Read with Note No. 2.14 of the Audited financial statement) of accompanying statement regarding pending confirmation / reconciliation of balances of certain receivables (including overseas overdue receivables as stated in note no.2.8), bank balances, payables (including of an Associate Company), secured loans, other liabilities, loans and advances etc.; and contingent liability being considered as certified by the management in the absence of full detail, in this respect impact is unascertainable and cannot be commented upon by us. In our view read with said note internal control needs to be further strengthened.			
v	Note No.4(b) (and read with Note No. 2.8 (a)&(b) and Note no. 2.11 of the Audited financial statement) of accompanying statement regarding non-provision against receivables [including of oversea overdue debtors of amounting to Rs. 6173.94 lacs (Previous Year Rs. 6908.79 Lacs)] [including accounting of exchange fluctuation of Rs. 897.86 Lacs (Previous Year Rs. 897.41 Lacs) till 31st March 2015] and loans and advances(including other current assets) of Rs. 10357.62 lacs (Previous Year Rs.10377.68 Lacs) and Rs. 1743.40 lacs (Previous Year Rs.2599.32 Lacs) respectively. The accounting of exchange fluctuation is not in line with generally accepted accounting principles and Accounting Standards 11 (AS-11)-"The Effect of Changes in Foreign Exchange Rates".			
vi	Note No.4(c) (and read with Note No. 2.22(A)(iv)(a) to (d) of the Audited financial statement) of accompanying statement regarding accounting of consumption of Raw Material and Stores & Spares as balancing figure and the valuation of inventories is as taken, valued and as certified by the management as stated in said note; the impact thereof on the statement of state of affairs and loss for the period not being ascertainable for the reason			

	stated in the said note and cannot be commented upon by us.
vii	Note No.4(d) (and read with Note no. 2.5 of the Audited financial statement) of accompanying statement, the company have carried out assessment of value in use of assets of knitwear unit, by an independent professional firm, based on this estimated impairment loss is of amounting to Rs. 1853.72 lacs (Previous Year Rs. 2365.58 Lacs)(net). However, no provision against the same has been made by the company for the reason as explained in the said note. The Non provision against impairment in value of above stated assets is not in line with AS 28.
viii	Note No.4(f) (and read with Note no. 2.3 of the Audited financial statement) of accompanying statement regarding pending receipt of part money of amounting to USD 50,72,110 (Rs. 2679.34 lacs) out of the GDR issue made by the company and as explained lying outside India [i.e. balance amount against GDR issue of 19,94,125 nos. made in financial year 2010-11, entitling 19,94,12,500 fully paid up equity shares of Re. 1/- each at Rs. 2.97 per share including premium (now 1,99,41,250 fully paid up equity shares of Rs. 10/- each at Rs. 29.70 including premium)]. In respect of realisability/receipt we are unable to comment. As explained, above stated amount is invested in money market fund outside India, pending for utilization.
ix	Note no. 4(g) (and read with Note No. 2.23 (read with note no. 2.14) of the Audited financial statement) of accompanying statement regarding non-provisions of Interest, Penalty etc. on delay/non-payment of certain statutory dues on time w.r.t. Employee State Insurance, Provident Fund, Punjab Welfare Fund, Tax Deducted at source, Tax Collected at source, Service Tax and sales tax etc. (amount unascertainable) and our inability to comment the impact on the loss for the period.
x	Note No.4(h) (and read with Note no. 2.27 of the Audited financial statement) of accompanying statement regarding pending appointment of requisite number of independent directors as stated in the said note.
xi	In view of our comment under para (i) to (ix) above and on our comments in terms of the internal control system needs to be further strengthened to be made the same commensurate with the size of the Company and the nature of its business for the purchases and consumption of inventory, booking of the expenses, set off of balances and for the sale of goods and services.
b.	Type of Audit Qualification : Qualified Opinion
c.	Frequency of Qualification : In case of point no. (i) - Second time (two time under emphasis of Matter paragraph) In case of point no (ii) - Second time In case of point no (iii) - Second time In case of point no. (iv) - For period > 3 Years In case of point no. (v) - For period > 3 Years (However there is change in amount) In case of point no. (vi) - For period > 3 Years In case of point no. (vii) - For period > 3 Years (However there is change in amount) In case of point no. (viii) - Third time In case of point no. (ix) - Second time In case of point no. (x) - Second time In case of point no. (xi) - Second time
d.	Management Views for audit qualifications where the impact is quantified by auditor (Qualification No.(ii) , (v) & (vii) mentioned under Para 2a above is quantified)
ii	Note No.4(e) & 6 of the accompanying statement- As also explained in Note No. 2.25 of Audited financial statement, due to continuous losses and acute financial stress, the Company was unable to pay due instalments and interest on term loan and an overdue amount is continuing to remain as unpaid till date (as detailed in note no. 5.6). No provision for interest, as calculated/estimated by the Management on secured loans and short term borrowings amounting to Rs. 4574.10 Lac (Including Rs. 1442.87 Lacs previous year) and Rs. 6008.98 lacs (Including Rs. 1830.50 Lacs previous year) respectively payable to Banks has been made in the books of account. The Company's proposal for restructuring of its borrowings is under consideration with its lenders, now an Asset Restructuring Company (ARC), which holds more than 80% of secured debt of the Company. The Company will be giving effect to its liability of interest on debts and settled amount of debt in line with the restructuring scheme upon its sanction.
v	Note No.4(b) of the accompanying statement- As also explained in Note No. 2.8(a) of Audited financial statement, Receivables exceeding six months includes outstanding amount for period over one year of Rs. 6173.94 Lacs (including exchange gain of Rs. 897.86 lacs till 31.03.2015) [excluding amount as stated in note no. (b) below], where the recoverable being from an overseas party the Company is in process of filing necessary papers with appropriate authority seeking extension of time [read with note no. 2.9 (a)]. The

	<p>Management is confident of recovery and realisability of the amount as the party has offered its cooperation in recovery efforts of the Company; however, adopting a conservative approach in the matter, the Company has provided an amount of Rs. 855.62 Lacs (Including Rs 184.59 Lacs Previous year), being 12.50% of the recoverable amount, as a provision for possible amount as may remain irrecoverable at some point of time in future.</p> <p>Note No.4(b) of the accompanying statement- As also explained in Note No. 2.8(b) of Audited financial statement, The trade receivables include certain overdue Trade Receivables/Other Receivables of Rs. 4183.68 lacs. The Management is confident of recovery and realisability from these debtors. However, adopting a conservative approach in the matter, the Company has provided an amount of Rs. 584.61 Lacs(Including Rs. 91.36 Lacs Previous year), being 12.50% of the amount as may remain irrecoverable at some of time in future.</p> <p>Note No.4(b) of the accompanying statement- As also explained in Note No. 2.11 of Audited financial statement, Overdue amount includes Short Term Loans and Advances (including Other Current Assets) of Rs. 1743.40 lacs. In the opinion of the Management these are fully realisable and hence, considered good. Further, the Management has initiated necessary steps for recovery of these amounts.</p>
vii	<p>Note No.4(d) of the accompanying statement- As also explained in Note No. 2.5 of Audited financial statement, In accordance with Accounting Standard 28 titled 'Impairment of Assets', the Company has identified its garmenting manufacturing facility (Knitwear Unit) located at Plot No. B-58, Industrial Area Phase - VII, Mohali (Punjab), as the relevant Cash Generating Units (CGU). The CGU is engaged in manufacture of sweaters, pullover and garments of various sizes. Considering the continuing past losses of the CGU during and upto the period ended 31st March 2016, the Company on the basis of projected scale of operations and prevailing market conditions assessed that the recoverable value of the above CGU would be lower as compared to the carrying value, thus, indicating impairment. As a result of impairment testing carried out as at 30th September 2013 by an independent expert, impairment loss of Rs. 2996.00 Lacs were estimated based on a comparison of the carrying value of the asset vis-a-vis recoverable value. Post the assessment of aforesaid impairment value of CGU, the Company has already charged an amount of Rs. 1142.28 Lacs on account of depreciation on assets of CGU till the year end, and accordingly, the assessed amount of impairment loss since stands reduced to Rs. 1853.72 Lacs. However, in keeping with certain favourable developments in the textile industry, the aforesaid report of independent expert is under re-review by the Board of Directors of the Company, and accordingly, the impairment loss as may finally be assessed on completion of aforesaid reassessment, will be accounted thereafter.</p>
e.	<p>Management Views for audit qualifications where the impact is not quantified by auditor.</p>
(i)	<p>Management estimation on the impact of audit qualification.</p> <p>Presently not ascertainable in view of facts stated below.</p>
(ii)	<p>If management is unable to estimate the impact, reason for the same.</p> <p>i) Note No.3 of the accompanying statement- As also explained in Note No. 2.12(b) of Audited financial statement, The accumulated losses of the Company exceeded its net worth based on the audited accounts as at and for the period ended 30th September 2014. Accordingly, the Company had filed an Reference beofre the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) in terms of its statutory obligation under section 15 of the Sick Industrial Companies (Special Provisions) 1985 (SICA). The Reference of the Company under SICA was registered by the Hon'ble BIFR on 10th April 2015. Considering the proposed rehabilitation plan of the Company as under consideration by ARC and future business plans, the prevailing business scenario and the applicable government policies for the time being in force, the business and expected cash flow of the Company in the near future as assessed by the Management of the Company, the accounts of the Company have prepared on 'Going Concern' basis.</p> <p>iii) Note No.4(l) of the accompanying statement- As also explained in Note no. 2.8(c), 2.8(d) & 2.9(a) of Audited financial statement, regarding Adjustment/set off of payment of receivables/payables pending necessary approvals in respect thereof. The Company is in process of obtaining necessary approvals from AD/RBI.</p> <p>iv) Note No.4(a) of the accompanying statement- As also explained in Note no. 2.14 of Audited financial statement, The Company is making efforts to obtain confirmation of balance of parties forming part of Trade Receivables (including subsidiaries) and overseas overdue trade receivables as stated in note no. 2.8), bank balances (including bills discounted and outstanding Letter of Credit), Trade Payables (including Associate Company of amounting to Rs. 568.78 lacs), Secured Loans, and Other Liabilities and Loans & Advances, and necessary reconciliation thereof is concurrently available. The Management is of the opinion that adjustments, if any, arising on aforesaid reconciliation, would not be material. The Company has also initiated steps to set up internal committees for better control over day to day business and operations of the Company, and has also strengthened the system of internal controls.</p>

vi) Note No.4(c) of the accompanying statement- As also explained in Note no. 2.22(A)(iv)(a) of Audited financial statement - Quantitative Consumption of raw material and stores & spares is derived as net of opening stock plus purchases less closing stock from figures extracted from records maintained in the systems adopted by the Company, and that valuation of quantities is an amount certified by the Management arrived at from prevailing market prices.(b) The Company is in process of carrying out complete item wise reconciliation of physical quantities of Fixed Assets. To the extent assets and inventories have been physically verified by the Management, no material discrepancies have been observed between the book record and physical quantity.(c) In view of Para (a) above, closing inventory of stock-in- process and finished goods has been considered as taken, valued and certified by the management after providing against old/ non-moving inventory as assessed/ estimated by the management and/or based on contracts/ subsequent sales realization. (d) - In view of security arrangements in place and controls on physical movement of materials, the Management is confident that there will not be any material adjustment on updation/completion of records of physical verification of inventory and fixed assets.

viii) Note No.4(f) of the accompanying statement- As also explained in Note no. 2.3(a) of Audited financial statement - In the Extraordinary General Meeting of the Company held on 28/06/2010, the Members of the Company had approved the issue of new capital through Global Depository Receipts (GDRs), and 19,94,125 number of GDR of USD 6.64 each (each GDR converting / equivalent to 100 equity shares - being 1,99,41,250 nos. of equity shares of Rs. 10 each at Rs. 29.70 including premium) had been issued and allotted on 29/03/2011. The GDR were listed for trading at the Luxembourg Stock Exchange (LuxSE). Out of the proceeds of GDRs raised in 2011, an amount of USD 6,954,515 (INR 3721.05 Crore) stood remitted to India, which had been utilised for augmentation of working capital needs of the Company and a balance amount of US\$ 50,72,110 (INR 2679.34 Lacs) continues to remain invested in an overseas Money Market Fund outside India as on 31.03.2016, pending inability of the Company to utilise the said funds for purposes for which the same were raised. The Company is filing all due returns regularly with RBI.

Note No.4(f) of the accompanying statement- As also explained in Note no. 2.3(b) of Audited financial statement - The Depository holding GDR had terminated the contract for their services w.e.f. 15.06.2015. The GDR had been de-listed from LuxSE. The Company proposes to appoint new depository and seek relisting of GDR on LuxSE or any other overseas stock Exchange.

ix) Note No.4(g) of the accompanying statement- As also explained in Note no. 2.23 of Audited financial statement, due to financial stress and losses suffered by the Company, it could not make due payments of various statutory dues (TDS, TCS, PF, ESIC, PWF, Service Tax, Sales / Value Added Tax, etc.) on due dated, and the amounts pending payment at close of the year on following accounts are: Provident Fund Rs. 110.15 lacs, ESI Rs. 22.24 Lacs and PWF Rs. 2.01 Lacs. These amounts have since been paid by the Company. The Company will seek waiver and / or remission in penal interest and penalty to be levied by the Authorities (amount unascertained), and the amount if any, will be accounted for as and when the same is discharged.

x) Note No.4(h) of the accompanying statement- As also explained in Note no. 2.27 of Audited financial statement, the Nomination Committee of Board of Directors of the Company is engaged in identifying a person to be proposed to the Board of Directors of the Company as an independent director so that Board of Directors of Company consists of at least half the number of persons who are independent persons.

xi) Para (i) to (ix) - 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 and for the sale of goods and services.

iii. **Auditors' Comment on (i) or (ii) above.**
Refer management estimation [e.(i).] and reasons [e.(ii).].

3 Signatories:

Manish Bagrodia
Managing Director
DIN 00046944

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

Pradeep Kumar
Director
DIN 03052477

Gaurav Lodha
Partner
M.No. 507462

Place: Chandigarh
Date: 30-May-2016

M/s. LODHA & CO.
Chartered Accountants
FRN: 301051E

AUDITED BALANCE SHEET AS AT 31st MARCH 2016

(Rs. in Lacs)

PARTICULARS	NOTE No.	As at 31st Mar 2016 (12 months)	As at 31st Mar 2015 (6 months)
I. EQUITY & LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	7082.33	7082.33
(b) Reserves & Surplus	4	(21954.56)	(18944.98)
		(14872.23)	(11862.65)
(2) Non- Current Liabilities			
(a) Long Term Borrowings	5	49916.89	12951.74
(b) Long Term Provisions	7	119.24	120.02
		50036.13	13071.76
(3) Current Liabilities			
(a) Short Term Borrowings	8	--	28155.80
(b) Trade Payables	9	5219.66	4153.08
(c) Other Current Liabilities	10	8669.35	17038.45
(d) Short Term Provisions	11	14.15	13.42
		13903.16	49360.75
TOTAL		49067.06	50569.86
II. ASSETS			
(1) Non- Current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		25815.74	27708.19
iii) Intangible Assets		0.06	0.09
(iii) Capital Work-in-Progress		--	--
(b) Non Current Investment	13	--	--
(c) Deferred Tax Asset (Net)		--	--
(d) Long term loans & advances	14	855.42	689.98
		26671.22	28398.26
(2) Current Assets			
(a) Current Investment	15	2679.34	2679.34
(b) Inventories	16	5050.82	4285.12
(c) Trade receivables	17	12217.63	11844.51
(d) Cash & bank balances	18	575.02	285.95
(e) Short term Loans & Advances	19	925.80	1564.66
(f) Other Current Assets	19 A	947.23	1512.02
		22395.84	22171.60
TOTAL		49067.06	50569.86
Significant Accounting Policies & Explanatory Notes are an integral part of the Financial Statement	1 & 2		

As per our report of even date

For **LODHA & CO.**

Chartered Accountants

FRN: 301051E

Gaurav Lodha

Partner

M.No. 507462

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

K V Singhal
GM (Legal) and
Company Secretary

For and on behalf of Board

Manish Bagrodia
Managing Director
DIN 00046944

Pradeep Kumar
Director
DIN 03052477

Place: Chandigarh
Date: 30-May-2016

WINSOME YARNS LIMITED

STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED OF 31st March 2016

(Rs. in lacs)

PARTICULARS	NOTE No.	As at 31st Mar 2016 (12 months)	As at 31st Mar 2015 (6 months)
I. Revenue from operations			
Sales(Gross)	20	37467.73	20134.60
Less : Excise Duty		--	--
Net Sales		37467.73	20134.60
II. Other Income	21	418.87	317.89
III. Total Revenue (I+II)		37886.60	20452.49
IV. Expenses :			
Cost of Material consumed		25739.71	13378.45
Purchase of stock-in-trade		136.65	--
Change in inventories of finished goods, work-in-progress and Stock in trade	22	(524.78)	4668.62
Employee benefit expense	23	2766.62	1308.56
Financial costs	24	606.96	275.29
Depreciation and amortization expense	25	1878.20	873.59
Other Expenses	26	10283.59	4622.69
Total Expenses (IV)		40886.95	25127.20
V. Profit before exceptional items and tax (III-IV)		(3000.35)	(4674.71)
VI. Exceptional Items		--	--
VII. Profit before tax(V-VI)		(3000.35)	(4674.71)
VIII. Tax Expense:			
—Current Tax		--	--
—Deferred Tax {Refer Note no. 2.19}		--	--
IX. Profit/(Loss) form the period from continuing operations (VII-VIII)		(3000.35)	(4674.71)
X. Profit /(Loss)from discontinuing operations		--	--
XI. Tax expense of discontinuing operations		--	--
XII. Profit/(Loss) from discontinuing operations(X-XI)		--	--
XIII. Profit/(Loss) for the period (IX+XII)		(3000.35)	(4674.71)
XIV. Earning per equity share :			
- Basic (Rs.)		(4.24)	(6.61)
- Diluted(Rs.)		(4.24)	(6.61)
Significant Accounting Policies & Explanatory Notes are an integral part of the Financial Statement	1 & 2		

As per our report of even date

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

Gaurav Lodha
Partner
M.No. 507462

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

K V Singhal
GM (Legal) and
Company Secretary

For and on behalf of Board

Manish Bagrodia
Managing Director
DIN 00046944

Pradeep Kumar
Director
DIN 03052477

Place: Chandigarh
Date: 30-May-2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

(Rs. In lacs)

PARTICULARS	As at 31st Mar 2016 (12 months)	As at 31st Mar 2015 (6 months)
(A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS	(3000.35)	(4674.71)
Adjustment for:		
Depreciation	1884.60	876.79
Amortization of Leasehold Land	2.83	1.42
Pro rata Capital Subsidy	(9.23)	(4.61)
Effect of Exchange Fluctuation	(11.61)	(896.40)
(Profit)/Loss on sale of fixed assets	(2.87)	--
Interest expense	606.96	275.29
Provision for doubtful debts & advances	1510.95	401.57
Provision for doubtful debts & advances written back	(76.98)	(182.36)
Interest income	(55.66)	(28.06)
	3848.99	443.64
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	848.64	(4231.07)
Adjustment for:		
Trade & other receivable	(778.00)	1735.57
Inventories	(765.70)	5538.29
Trade & other Payables	1122.73	(2354.91)
	(420.97)	4918.95
CASH GENERATED FROM OPERATIONS	427.68	687.88
Direct Taxes Paid	--	--
NET CASH FLOW FROM OPERATING ACTIVITIES	427.67	687.88
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(5.71)	(253.93)
Sale of fixed assets	13.62	--
Purchase of Investments	--	--
Interest Received	55.66	9.22
	63.57	(244.71)
NET CASH USED IN INVESTING ACTIVITIES	63.57	(244.71)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(2129.90)	(275.33)
Proceeds from borrowings	32455.46	144.54
Repayment of borrowings	(30527.75)	(543.31)
	(202.18)	(674.10)
NET CASH USED IN FINANCING ACTIVITIES	(202.18)	(674.10)
Net Increase/(decrease) in cash and cash equivalents	289.07	(230.92)
Opening balance		
Cash & Cash Equivalents	144.62	14.16
Others	141.33	502.71
	285.95	516.87
Closing balance		
Cash & Cash Equivalents	480.11	144.62
Others	94.91	141.33
	575.02	285.95

As per our report of even date

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

Gaurav Lodha
Partner
M.No. 507462

Anand Balkishan Sharma
President (Corporate Finance)
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K V Singhal
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For and on behalf of Board

Manish Bagrodia
Managing Director
DIN 00046944

Pradeep Kumar
Director
DIN 03052477

Place: Chandigarh
Date: 30-May-2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31st MARCH 2016.

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

1.1. Basis of Accounting

The Financial Statements are prepared as a going-concern under historical cost convention on an accrual basis except those with significant uncertainty and in accordance with mandatory accounting standard under section 133 of the Companies Act 2013 (the Act) read with Rule 7 of the Companies (Accounts) Rule 2014 and the relevant provisions of the Act. Accounting policies not stated explicitly otherwise are consistent with generally accepted accounting principles and mandatory accounting standards.

1.2. Use of Estimates

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

1.3. Revenue Recognition

Revenue represents the net invoice value of goods and services provided to third parties after deducting discounts, volume rebates, outgoing sales taxes and duties, and are recognised usually when all significant risks and rewards of ownership of the asset sold are transferred to the customer and the commodity has been delivered to the shipping agent. Revenues from sale of material by-products are included in revenue.

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

1.4. Borrowing Cost

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

1.5. Fixed Assets

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

1.6. Expenditure during Construction Period

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

1.7. Depreciation

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

1.8. Intangible Assets

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

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

1.9. Inventories

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

- II) Cost of inventories of finished goods and work-in-process includes material cost, cost of conversion and other related overhead costs.
- III) Cost of inventories of raw material, work-in-process and stores & spares is determined on weighted Average Cost Basis.

1.10. Investments

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

1.11. Foreign Currency Transactions

- I. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- II. Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts has been recognised over the life of the contract. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.
- III. Non-monetary foreign currency items are carried at cost.

1.12. Employees Benefits**I) Defined Contribution Plan:**

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

II) Defined Benefit Plan:

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

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

1.13. Government Grants

- I. Grants relating to fixed assets are shown as deduction from the gross value of fixed assets and those of the nature of project subsidy are credited to Capital Reserves.
- II. Other Government grants including incentives are credited to Statement of Profit and Loss or deducted from the related expenses.
- III. Capital subsidy under TUFS from the Ministry of Textiles on specified processing machinery has been treated as deferred income which is recognized on systematic and rational basis in proportion of the applicable depreciation over the useful life of the respective assets and is adjusted against the depreciation to the Statement of Profit & Loss.
- IV. Duty drawback / DEPB is recognised at the time of exports and the benefits in respect of advance license received by the Company against export made by it are recognised as and when goods are imported against them.

1.14. Provision for Current and Deferred Tax

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

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

1.15. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment

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

1.16. Provision, Contingent Liabilities and Contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

NOTE NO. 2:

2.1 EXPLANATORY NOTES FORMING PART OF THE ACCOUNT

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

(Rs. in Lacs)

S.No.	Particulars	2015-16	2014-15
(i)	Bills discounted with banks	181.80	-
(ii)	Sales Tax liability in respect of matters under appeal	64.64	64.64
(iii)	Excise duty show cause notices / matters under appeal	647.24	653.31
(iv)	Income Tax Demand	277.14	277.14
(v)	Employee State Insurance Corporation@	-	17.82
(vi)	Outstanding bank guarantees	56.09	102.09
(vii)	Claims against the company not acknowledge as debts#	-	-
(viii)	Customs duty saved Rs. Nil (Previous period Rs. Nil) for import of capital good made against EPCG license against which export obligations amounting to Rs. 975.47 lacs (Previous period Rs. 1559.22 lacs) are pending. Non fulfillment of Export obligation will attract demand of Rs 187.50 Lacs (Previous period Rs. 384.52 lacs) (including interest and excluding penalty).		

@ Rs. Nil (Previous period Rs. 6.57 Lacs) paid is shown under short term loans and advances

Excluding claims payable in case of left out employees (amount unascertained)

(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 contracts remaining to be executed on Capital Account and not provided for is Rs. Nil (Previous period Rs. Nil) net of advances Rs. Nil (Previous period Rs. Nil), as certified by management.

2.2 (A)

- (i) The loans from Banks are further secured by unconditional and irrevocable personal guarantees of promoters, promoters group/ associate companies and secured/ to be secured by pledge of 51% (Fifty one percent) of equity share capital (present /future) of the company or 100% of shares held/ to be held by promoters, promoters group/ associate companies, whichever is lower. Accordingly, the entire shareholding of Promoters except for 13.60 lacs number of shares held by PSIDC, has already been pledged with Lenders.
- (ii) (a) Appeals filed by the Company against its Lenders under section 17 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act, 2002) before the Hon'ble Debt Recovery Tribunal, Chandigarh, against notice u/s 13(4) of the SARFAESI Act, 2002 issued by the lenders, have been admitted and replies of the lenders/defendants are awaited.
- (b) The Company's requests to the lenders seeking permission for renewal of "Holding-on operations" in the banking accounts (were unilaterally stopped by the banks on several occasions) not been accepted and funds of the Company aggregating Rs. 150.72 lacs is lying in the current accounts/ fixed deposit accounts. The amount is shown as part of Bank Balances in Note 18 of the Financial Statements. The Company has initiated actions for recovery of this amount and balance(s) in account are subject to confirmation/reconciliation.

- (iii) The Lender Banks (Canara Bank, State Bank of Patiala, Punjab National Bank, UCO Bank, United Bank of India, Dena Bank) of the Company having outstanding of more than 80% of total outstanding loans of the Company have assigned and transferred their total debts due from the Company along with underlying rights, benefits and obligations to M/s Edelweiss Asset Reconstruction Company Limited (EARC). The Company is in discussion with EARC to achieve restructuring of its debts [Read with note no. 5.1(b)].
- (iv) Canara Bank, State Bank of Patiala, UCO Bank, Oriental Bank of Commerce, Dena Bank, and Indian Overseas Bank 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 reply/decision in the said matter. The EARC has filed impleadment application to substitute itself in place of Canara Bank, State Bank of Patiala and UCO Bank.
- (B) The Company is in discussions with parties to settle matters in relation to: (a) petition filed by a lender and a supplier of the Company before the Hon'ble High Court of Punjab and Haryana at Chandigarh, seeking winding up of the Company for non-payment of dues of the lender/supplier, also the said lender has initiated proceedings under SARFAESI; and (b) petitions filed by an overseas parties for recovery of amount in lieu of obligations performed by the said third parties (other party had extended credit facilities to a subsidiary company on the basis of letter issued by the Company), which liabilities are un-provided in books of account.
- 2.3** (a) In the Extraordinary General Meeting of the Company held on 28/06/2010, the Members of the Company had approved the issue of new capital through Global Depository Receipts (GDRs), and 19,94,125 number of GDR of USD 6.64 each (each GDR converting / equivalent to 100 equity shares - being 1,99,41,250 nos. of equity shares of Rs. 10 each at Rs. 29.70 including premium) had been issued and allotted on 29/03/2011. The GDR were listed for trading at the Luxembourg Stock Exchange (LuxSE). Out of the proceeds of GDRs raised in 2011, an amount of USD 6,954,515 (INR 3721.05 Crores) stood remitted to India, which had been utilised for augmentation of working capital needs of the Company and a balance amount of US\$ 50,72,110 (INR 2679.34 Lacs) continues to remain invested in an overseas Money Market Fund outside India as on 31.03.2016, pending utilisation of such proceeds. The Company is filing all due returns regularly with RBI.
- (b) The Depository of GDR issue had resigned w.e.f. 29.10.2014 and terminated the agreement w.e.f. 15.06.2015. The GDR had been de-listed from LuxSE w.e.f. 16.06.2015. The Company is in process to appoint new depository and seek relisting of GDR on LuxSE or any other overseas stock Exchange.
- 2.4** Research and Development Expenditure (as certified by management) amounting to Rs. 76.78 lacs (Previous Period Rs. 32.13 lacs) have been debited to Statement of Profit and Loss during the year.
- 2.5** In accordance with Accounting Standard 28-' Impairment of Assets', the Company has identified its garmenting manufacturing facility (Knitwear Unit) located at Village B-58, Industrial Area Phase - VII, Mohali (Punjab), [Cash Generating Units (CGU)]. The CGU is engaged in manufacture of sweaters, pullover and garments of various sizes. Considering the continuing past losses of the CGU, during the period ended 30th September 2013, the Company on the basis of projected scale of operations and prevailing market conditions assessed that the recoverable value of the above CGU would be lower as compared to the carrying value, thus, indicating impairment. As a result of the impairment testing carried out as at 30th September 2013 by an independent expert, impairment loss of Rs. 2996.00 Lacs was estimated based on a comparison of the carrying value of the asset vis-a-vis recoverable value. Post the assessment of aforesaid impairment value of CGU, the Company has already charged an amount of Rs. 1142.28 Lacs on account of depreciation till the year end, and accordingly, the assessed amount of impairment loss has since been reduced to Rs. 1853.72 Lacs. However, as the aforesaid report of independent expert is still under consideration of the Board of Directors of the Company, impairment loss will be accounted as and when finally assessed. Further, Management of the Company is of the view that in recent past with growth in the textile market (consumption) in general and considering the present economic and political scenario, impairment, if any, would be much lower than the amount as assessed/estimated by the independent expert
- 2.6** Step down subsidiaries (three nos.) are under liquidation, namely M/s S. C. Winsome Romania s.r.l, Romania, M/s IMM Winsome Italia s.r.l, Italy and M/s S.C. Textil s.r.l, Romania. The Company through its subsidiary company have made investment amounting to Euro 828 (Equivalent to Rs.0.54 lacs) in these subsidiaries. Necessary provisions in the books of accounts, against this and outstanding in their accounts (as debtors) of Rs. 257.82 Lacs had been made in earlier years.
- 2.7** As per the terms of Agreement entered between Company and private equity partners /sellers, the Company was to invest through a subsidiary i.e. WYCL (Winsome Yarn (Cyprus) Ltd) in a JV Company M/s Newcocot s.r.l. total amounting to Euro 4.64 millions {approx Rs. 3500.42 lacs as on 31.03.16 (including exchange gain/loss)}. In earlier year, the Company had made investment in equity and preference share capital of its above stated subsidiary on aggregate amount of EURO 2.55 million (Equivalent to Rs.1517.25 lacs). Considering the fact that its JV Company is under liquidation, pending approval of RBI for write off, the Company had made provision for diminution in the

value of its investment of Rs. 1517.25 Lacs in an earlier year.

- 2.8**
- (a) Receivables exceeding six months includes outstanding amount of overseas receivables for period over one year of Rs. 6173.94 Lacs (including exchange gain of Rs. 897.86 lacs till 31.03.2016) [excluding as stated in note no. (b) below], where company is in process of filing necessary papers with appropriate authority for extension of time [read with note no. 2.9 (a)]. In this regards, management is confident about full recovery / realisability considering the past performance of the customer and recovery initiative taken by the Company. Still the Company has created a provision for doubtful debts amounting to Rs 671.03 Lacs during the year.
 - (b) The trade receivable include certain overdue Trade Receivables/ Other Receivables of Rs. 4183.68 lacs. Considering the fact that management is confident about full recovery/realisability. Still the Company has created a provision for doubtful debts amounting to Rs 493.25 Lacs during the year.
 - (c)
 - (i) Debts (receivables) exceeding six months of Rs. 49.96 lacs (including previous year Rs. 42.64 lacs provision made in earlier years) and receivable from a Subsidiary Company have been written off, pending necessary approval of the AD/RBI.
 - (ii) Certain Overseas Advances of Rs. 43.86 lacs (including provided/written off in previous year Rs. 40.64 lacs) have been written off, pending necessary approval of the AD/RBI.
 - (iii) Certain Overseas payables of Rs. 185.77 lacs (including previous year Rs. 123.57 Lacs) have been written back/written off, pending necessary approval of the AD/RBI.
 - (d) In Previous Year, certain adjustment/ set off in account of overseas receivables account of Rs. 92.43 Lacs have been carried out, where full detail could not be made available to the auditors as company is in process of compiling information/details etc.
- 2.9**
- (a) In earlier years, the company had accounted for Commission Income & Handling charges under head 'Revenue from Operations' receivable in foreign currency on accrual basis as per the terms of agreements. Company has made provision against outstanding receivable amount of Rs. 944.33 Lacs and shown as part of "Exceptional Items" in the statement of profit & loss in that respective previous year [which include commission income of Rs. 752.42 Lacs and Rs. 191.91 Lacs for Handling Charges (including exchange fluctuations)]. In this regard necessary approval for write off is pending from AD/RBI.
 - (b) Prior period adjustments Rs. 118.02 Lacs (Previous Period Rs. 166.84 lacs) (net) :- Includes (i) legal & professional Rs. 17.18 lacs(Previous Period Rs. 7.12 Lacs) (ii) Sales (Dr.) Rs. 4.94 Lacs(Previous Period Rs 53.42 Lacs) (iii) claims and discounts Rs. Nil Lacs (Previous Period 4.09 Lacs) (iv) Interest* Rs.38.24 Lacs (Previous Period Rs. 90.82 lacs)(v) Trade discount Rs. 28.71 Lacs (Previous Period Rs. Nil lacs) (vi) Others Rs. 28.96 Lacs (Previous Period Rs. 11.39 lacs)

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

2.10 Details of Traded Goods:

(Rs. In Lacs)

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

2.11 Overdue amount include Short Term Loans and Advances (including Other Current Assets) of Rs. 1743.40 lacs (including Refunds / Claims Receivables of Rs. 41.91 Lacs, TUFS subsidy Rs. 899.05 lacs, capital advances of Rs. 250 lacs). In the opinion of the Management, the aforesaid balance are fully realisable and hence considered good. The Company has also initiated necessary steps for recovery of overdues.

2.12

(a) In the opinion of the Board, the Current Assets, Loans and Advances appearing in the Company's Balance Sheet as at the year-end would have a realizable value in the normal course of business, which would be at least equal to the respective amounts at which they are stated in the Balance Sheet.

(b) The accumulated losses of the Company having exceeded its net worth, based on the audited accounts for the period ended 30th September 2014, the Company, accordingly, filed a Reference with the Hon'ble Board for Industrial and Financial Reconstruction, in terms of its statutory obligation under section 15 of the Sick Industrial Companies (Special Provisions) 1985 (SICA). The Company's Reference was registered on 10th April 2015. 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.

2.13 Since it is not possible to ascertain with reasonable certainty/ accuracy the amount of accrual in respect of certain insurance and other claims and interest on overdue bills, the same are continued to be accounted for on settlement/ acceptance basis.

2.14 Balances of certain Trade Receivables (including overseas overdue trade receivables as stated in note no. 2.8), Bank Balances (including bills discounted and outstanding Letter of Credit), Trade Payables (including of Associate Company of amounting to Rs.568.78 lacs), Secured Loans, Other Liabilities and Loans & Advances are in process of confirmation/ reconciliation. Contingent liabilities (read with note no. 2.1) has been considered as certified by the management as full details could not be made available to auditors. The management is of the opinion that adjustment, if any, arising out of such reconciliation would not be material. Further, necessary steps have been initiated to further strengthen system of internal controls w.r.t. accounting of expenses, accounting of income (including sale of licenses and provision written back), payroll payments and of balance reconciliation/confirmation

2.15 Employees Benefits:

(i) Defined Contribution Plan:

Contribution to Defined Contribution Plan, i.e. contribution to provident fund amounting to Rs.145.38 Lacs (Previous Period Rs. 73.16 lacs) has been recognized as expense for the period under head 'Contributions to Provident and other Funds' of the Statement of Profit and Loss.

(ii) 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. in Lacs)

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2015-16	2014-15	2015-16	2014-15
Amount to be recognized in the Balance sheet				
Present Value of Obligation as at 31.03.2016	93.99	90.22	39.40	43.22
Fair value of plan assets as at 31.03.2016	-	-	-	-
Funded Status [surplus/(Deficit)]	(93.99)	(90.22)	(39.40)	(43.22)
Net Assets/(Liability) Recognized in Balance Sheet	(93.99)	(90.22)	(39.40)	(43.22)

II. Expenses recognized during the period				
Current Service Cost	22.79	16.84	10.09	5.45
Interest Cost	7.22	4.83	3.46	2.63
Expected Return on Plan Assets	-	-	-	-
Actuarial (gain)/ loss	(14.34)	(35.82)	32.17	(19.29)
Net Expenses Recognized	15.67	(14.15)	45.72	(11.21)
III. Reconciliation of opening and closing balance of Defined Benefit Obligation				
Present Value of Obligation at the beginning of the period	90.22	120.70	43.22	65.78
Current Service Cost	22.79	16.84	10.09	5.45
Interest Cost	7.22	4.83	3.46	2.63
Actuarial (gain)/ loss on obligations	(14.34)	(35.82)	32.17	(19.29)
Benefit Paid	(11.90)	(16.33)	(49.54)	(11.35)
Present Value of Obligation as at the end of the period	93.99	90.22	39.40	43.22
IV. Actuarial Demographic assumptions:				
Indian Assure Lives Mortality Table	2006-08	2006-08	2006-08	2006-08
Discount rate (Per annum)	8.00%	8.00%	8.00%	8.00%
Expected Return on Plan Assets (Per annum)	8.00%	8.00%	8.00%	8.00%
Estimated rate of increase in compensation level	5.00%	5.00%	5.00%	5.00%
Retirement Age	58 Years			
Withdrawal Rate (All Ages)	10%			
Disability	No explicit allowance			
Leave Accumulation Ratio	0.58 (PY 0.58)			

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

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

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

(Rs. In Lacs)

S. No.	Particulars	2015-16	2014-15
a)	(i) Principal amount remaining unpaid at the end of the accounting year (ii) Interest due on above	-	-
b)	The amount of interest paid by the buyer alongwith amount of payment made to the supplier beyond the appointed date.	-	-
c)	The amount of interest accrued and remaining unpaid at the end of financial year	-	-
d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the period) but without adding interest specified under this act.	-	-
e)	The amount of further interest due and payable in succeeding year, until such interest is fully paid.	-	-

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

2.18 Segment Reporting

- (i) The Company is only in one line of business namely Textile (Yarn and Knitting)
- (ii) The segment revenue in geographical segments considered for disclosure is as follow:
 - (a) Revenue inside India includes sales to customers located within India.
 - (b) Revenue outside India includes sales to customers located outside India.

Information about geographical segments (by location of customers)

(Rs. in lacs)

S. No.	Particulars	India	Outside India	Total
(i)	External Revenue-Sale*	32,794.03 (17,914.17)	4,673.70 (2,220.43)	37,467.73 (20,134.60)
(ii)	Carrying amount of segment assets by location of assets	39,431.14 (41,050.12)	6,807.32 (6,690.08)	46,238.46 (47,740.20)

*Includes Export Incentives of Rs. 158.75 lacs (Previous Period Rs. 88.36 lacs)

2.19 As on 31st March 2016 the Company has net deferred tax assets (including of carry over losses and unabsorbed depreciation). However, considering the losses in recent past, deferred tax has been restricted to the amount of liability.

2.20 Earnings per share.

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

Particulars	2015-16	2014-15
Net Profit/(Loss) attributable to Equity Shareholders (Rs. in Lacs)	(3000.35)	(4,674.71)
Weighted average number of equity shares for Basic EPS	7,07,07,229	7,07,07,229
Nominal Value per equity share (Rs.)	10	10
Basic/Diluted EPS (Rs.)	(4.24)	(6.61)

2.21 Related party disclosures

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

(A) Subsidiary Companies

- (i) Winsome Yarns (Cyprus) Limited (100% Subsidiary)
- (ii) Winsome Yarns FZE (Subsidiary of (i) above)
- (iii) S.C. Winsome Romania s.r.l (Subsidiary of (i) above)
- (iv) I.M.M. Winsome Italia s.r.l (Subsidiary of (iii) above)
- (v) S.C. Textil s.r.l. (Subsidiary of (iv) above)

(B) Key management personnel and their relatives.

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

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

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

Transactions with the Related Parties during the period ended 2015-16 (12 months)

(Rs. In lacs)

Particulars	2015-16	2014-15
Winsome Textile Industries Limited		
- Expenses incurred on our behalf	0.99	0.43
- Expenses incurred by us on behalf of other	0.17	4.93
Balance Outstanding as at period end Receivable / (Payable)	(568.78)	(567.90)
Shri Satish Bagrodia		
- Sitting Fees	0.35	-
Shri Manish Bagrodia		
- Remuneration (Note 1)	19.54	29.64@
Shri Anand Bal Kishan Sharma^		
-Salary	17.41	8.71
Shri K .V. Singhal^		
- Salary	11.86	5.93
Starpoint Financial Services Pvt. Ltd.		
- Rent	29.10	12.48
- Balance Outstanding as at period end Receivable / (Payable)	(26.22)	(28.43)
S.C. Winsome Romania		
- Balance Outstanding as at period end Receivable / (Payable)	7.22	7.22
IMM Winsome Italia		
- Balance Written off		0.06
- Balance Outstanding as at period end Receivable / (Payable)	149.18	149.18
Winsome Yarn (Cyprus) Ltd.		
- Receivable / (Payable)	20.98	20.98
Smt. Kalpana Sharma		
-Salary	11.34	5.67
Smt. Manju Singhal		
-Salary	4.44	2.22

Note 1: Excess remuneration paid to MD for 2014-15, amounting to Rs 47.83 Lacs has received back on receipt of approval from the Central Government.

^ pursuant to Companies Act 2013

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

(Rs. In Lacs)

Particulars	2015-16	2014 -15
Mixing Material	1188.21	743.37
Fleece	155.53	451.26
Winding	156.02	134.80
Garments	37.73	98.29
Total	1537.49	1427.72

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

(Rs. In Lacs)

Particulars	2015 - 16	2014 - 15
Cotton	23157.80	11057.48
Others	2581.91	2320.97
Total	25739.71	13378.45

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

Particular	Raw Material				Stores & Spares			
	2015-16	%	2014-15	%	2015-16	%	2014-15	%
Imported	156.13	0.61	5.92	0.04	24.78	1.71	-	-
Indigenous	25583.58	99.39	13372.53	99.96	1426.86	98.29	748.68	100
Total	25739.71	100.00	13378.45	100.00	1451.64	100.00	748.68	100.00

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

(iv)

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

(B) CIF Value of imports:

(Rs. In Lacs)

Particulars	2015 - 16	2014 - 15
Spare Parts & Components	24.78	-
Raw Material	156.13	6.23

(c) Earnings in Foreign Exchange

(Rs. In Lacs)

Particulars	2015 -16	2014 -15
Exports of goods on FOB basis (excluding export through export houses)	3,940.71	1,823.67

(D) Expenditure in Foreign currency:

(Rs. in lacs)

Particulars	2015 - 16	2014 - 15
Foreign Traveling	11.96	11.38
Commission on sales	64.65	44.67
Others	3.67	7.34

2.23 Due to financial strains and losses Company could not make due payments against various statutory dues (TDS, TCS, PF, ESIC, PWF, Service Tax, Sales Tax etc.) on due time and pending for payment at close of the period are on account of Provident Fund Rs. 110.15 lacs, ESI Rs. 22.24 Lacs and PWF Rs. 2.01 Lacs, which have subsequently been paid. Penal interest and penalty in this regard (amount unascertained) if any, will be accounted for as and when the same will be paid.

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

Particulars	Domestic Currency	Amount in Document Currency		Amount in INR (In Lacs)	
		31.03.2016	31.03.2015	31.03.2016	31.03.2015
Sundry Debtors	USD	10,961,457.09	11,555,435.35	7,481.32	7,221.57
	GBP	-	4,500.82	-	4.16
Advance From Customer	GBP	-	-	-	-
	USD	360,722.41	309,006.81	191.23	150.19
Sundry Creditors	HKD	3,009.40	3,009.40	0.26	0.24
	Euro	8,991.75	46,729.59	6.78	31.36
	USD	248,927.76	113,344.54	164.94	70.85
	CHF	-	96,960.88	-	62.27
	GBP	210.82	210.82	0.20	0.19
Advance To Suppliers	EURO	33,491.46	34,150.00	22.49	22.77
	USD	31,364.30	39,060.06	18.26	24.05
	HKD	2,345.21	2,345.21	0.17	0.17
	GBP	488.45	488.45	0.36	0.36
	CHF	12,709.15	5,953.80	7.16	2.61
Foreign Commission Payable	USD	54640.25	26,615.07	36.31	16.54

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

2.25 (i) Due to continuous losses and acute financial strain, the Company was unable to pay due installments and interest of term loan and certain overdue amount is continuing/ unpaid till date (as detailed in note no. 5.6). No provision for interest, as calculated/estimated by the Management on secured loans and short term borrowings amounting to Rs. 4574.10 Lacs (Including Rs. 1442.87 Lacs previous year) and Rs. 6008.98 lacs (Including Rs. 1830 Lacs previous year) respectively (of Banks) has been made in the books of account. The Company's proposal for restructuring of its borrowings is under consideration with its lenders, now an Asset Reconstruction Company (ARC) which hold more than 80% of secured debt of the company (Read with Note No. 2.2 (iii)). The Company will be giving effect to its liability on account of debts and interest in line with the sanction of restructuring scheme upon its sanction.

(ii) Pending receipt of old dues against the TUFs subsidy claim filed by the Company with the Ministry of Textiles, Government of India, the Company has not recognized the claim amount of TUFs subsidy for the year ended March 31, 2016 amounting to Rs.1801.20 Lacs (including Rs. 596.01 lacs previous year).

2.26 Pursuant to adoption of useful lives of fixed assets as per Schedule II of the Companies Act, 2013 in compliance with Notification No. GSR 627(E) dated 29.08.2014 during the current year, the useful lives have been assessed by management and accordingly, depreciation for the year is higher by Rs. 159.92 lacs. After retaining residual value, the carrying amount of Rs. 63.35 lacs of certain fixed assets (Net of deferred tax amounting to Rs. Nil), whose lives have expired as at previous year end, has been charged to Retained earnings.

- 2.27** Company is in process to appoint an independent director so that board of directors of the company consist at least half of the independent directors.
- 2.28** Financial Statements of a subsidiary Company namely Winsome Yarns FZE for the year ended 31.03.2016 is unaudited and as certified by the management.
- 2.29** (a) Previous year's figures in Statement of Profit & Loss and Cash Flow Statements are for six months ended 31st March 2015. As Current period's figures in Statement of Profit & Loss and Cash Flow Statement are for twelve months hence to that extent the same are not strictly comparable.
- (b) Figures for the previous year have been re-grouped/recast wherever considered necessary to make them comparable with those of current period.

As per our report of even date

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

Gaurav Lodha
Partner
M.No. 507462

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

K V Singhal
GM (Legal) and
Company Secretary

For and on behalf of Board

Manish Bagrodia
Managing Director
DIN 00046944

Pradeep Kumar
Director
DIN 03052477

Place: Chandigarh
Date: 30-May-2016

WINSOME YARNS LIMITED

PARTICULARS	(Rs. in lacs)	
	As at 31st March 2016 (12 months)	As at 31st March 2015 (6 months)
NOTE 3 - SHARE CAPITAL AUTHORISED		
8,50,00,000 Equity Shares of Re.10/- each (Previous Year 8,50,00,000 Equity Shares of Re.10/- each)	8500.00	8500.00
ISSUED		
7,10,86,829 Equity Shares of Re.10/- each (Previous Year 7,10,86,829 Equity Shares of Re.10/- each)	7108.68	7108.68
SUBSCRIBED & PAID UP		
7,07,07,229 Equity Shares of Rs.10/- each (Previous Year 7,07,07,229 Equity Shares of Re.10/- each)	7070.72	7070.72
Amount Paid-up on shares forfeited	11.61	11.61
	7082.33	7082.33

2. Rights of Shareholders

- 2.1** The Company has only one class of Equity Shares having face value of Rs. 10/- each (Previous Year Rs. 10/- each) in its issued, subscribed and paid up Equity share capital. Each shareholder is entitled to one vote per share. Each shareholder have the right in profit/surplus in proportion to amount paid up with respect to share holding. [Read with Note No. 2.3(b)]
- 2.2** In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets, if any, in proportionate to their individual shareholding in the paid up equity capital of the company.

3. Details of Shareholders holding more than 5%

Name of Shareholder	As on 31.03.2016 No. of Shares held	As on 31.03.2015 No. of Shares held
The Bank Of New York Mellon (Shares held by custodian & against which Depository Receipts have been issued)*	--	1,14,38,750
Shell Business (P) Ltd	2,07,21,244	2,07,21,244
Satyam Combines (P) Ltd	50,96,243	50,96,243
Aspire Emerging Funds	63,55,407	70,50,000

* Read with Note No. 2.3 (b)

4. Reconciliation of Share capital

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

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

PARTICULARS	(Rs. in lacs)	
	As at 31st March 2016 (12 months)	As at 31st March 2015 (6 months)
NOTE 4- RESERVES & SURPLUS		
Capital Reserve		
As per last Balance sheet	261.03	261.03
Add: Addition	--	--
Less : Adjustment	--	--
	<u>261.03</u>	<u>261.03</u>
Capital Redemption Reserve		
As per Balance sheet	124.44	124.44
Add: Addition	--	--
Less: Adjustment	--	--
	<u>124.44</u>	<u>124.44</u>
Securities Premium Account		
As per last Balance sheet	5181.95	5181.95
Add: Addition	--	--
Less: Adjustment	--	--
	<u>5181.95</u>	<u>5181.95</u>
General Reserve		
As per last Balance sheet	--	35.08
Add: Addition	--	--
Less: Transfer to Statement of P&L	--	--
	<u>--</u>	<u>35.08</u>
State Investment Subsidy		
As per last Balance sheet	25.00	25.00
Add: Addition	--	--
Less: Adjustment	--	--
	<u>25.00</u>	<u>25.00</u>
Capital Subsidy Reserve		
As per last Balance sheet	124.43	129.04
Add: Addition	--	--
Less: Adjustment	9.23	4.61
	<u>9.23</u>	<u>4.61</u>
Statement of Profit & Loss Account		
Surplus in statement of profit and loss from Previous year	(24661.83)	(19903.09)
Add :- transfer from general reserve	--	35.08
Less: - Adjustment for depreciation*	--	(119.11)
Profit/(Loss) for the year	<u>(3000.35)</u>	<u>(4674.71)</u>
Surplus in statement of profit and loss carried to balance sheet	<u>(27662.18)</u>	<u>(24661.83)</u>
	<u>(21954.56)</u>	<u>(18944.98)</u>

* In previous year, in view of adoption of Schedule II of the Companies Act, 2013 depreciation on assets whose life expired prior to 1st October, 2014. (Net to deferred tax Rs. Nil)

WINSOME YARNS LIMITED

NOTE-5- LONG TERM BORROWINGS

SECURED LOANS (Refer Note No. 2.2)

(Rs. in lacs)

PARTICULARS	As at 31st March 2016 (12 months) Non Current	As at 31st March 2016 (12 months) Current	As at 31st March 2015 (6 months) Non Current	As at 31st March 2015 (6 months) Current
Term Loans:				
-From Banks	2845.82	5371.09	12950.85	11276.63
-Working Capital Term Loan	--	440.52	--	964.07
Vehicle Loan:				
-Term Loans -from EARC	47071.07	1.39	0.89	9.68
	49916.89	5813.00	12951.74	12250.38
Less: Current maturity of Long term borrowings (Amount disclosed under other current (Liabilities No. 10)	--	5813.00	--	12250.38
	49916.89	-	12951.74	--

- 5.1(a)** (i) Term Loan of Rs. 8146.09 lacs (PY. Rs 24156.66 Lacs) from banks: Term loan of Rs. 13496.80 Lacs (PY. Rs. Nil) from Banks which in current year was transferred to Edelweiss Asset Reconstruction Company Limited (EARC) but charge is yet to be modified in favour of EARC & Term Loan of Rs.4560.27 Lacs (PY Rs. Nil) which the banks in the current year has transferred to EARC charge has been modified in favour of EARC are secured by mortgage of immovable properties situated at Village Kurawala, Distt Mohali, at Plot No.B-58, Industrial Area Phase - VII, Mohali and Hydro Project situated at Ludhiana and by hypothecation of all the company's movable properties (save & except book debts) including moveable plant & machinery, spares, tools and accessories both present and future, subject to the prior charges created / to be created in favour of Company's bankers on specified movable assets for the working capital facilities of Rs. 29014.01 lacs which in current year has been transferred to EARC but charge is yet to be modified except for Rs. 9473.79 Lacs of one bank whose charge was modified in favour of EARC. The mortgage and charges created / to be created shall rank pari-passu 'inter-se' between the Banks & EARC and (ii) Term loan of Rs.70.82 Lacs (PY Rs. 70.82 Lacs) from a bank which is secured by sub-servient charges on fixed assets. The loans are repayable in quarterly instalments and maturity profile is as follows:

Repayment	1-2 years	2-3 years	after 3 years
(Rs.in lacs)	2845.82	--	--

- 5.1(b)** Six banks have assigned and transferred the total debts of Rs. 47071.07 Lacs due from the company along with the underlying rights, titles & interests in financial assistance granted to the company to Edelweiss Asset Reconstruction Company Limited(EARC) during FY-2015-16. Pending final settlement from EARC, the company has shown the debts due to the above stated banks under Long term borrowings. (Canara Bank Rs.12782.66 Lacs, State Bank of Patiala Rs.9789.44 Lacs, Punjab National Bank Rs.14813.88 lacs, UCO Bank Rs.4244.62 lacs, Dena Bank Rs.3973.01 lacs, Union Bank of India Rs.1467.46 lacs)

- 5.2** Working Capital Term Loans of Rs.440.52 Lacs (P.Y. Rs. 964.07 Lacs) (As per CDR terms) are secured by way of first pari-passu charge on Fixed Assets & second pari-passu charge on current assets. The loans are repayable in quarterly installments and maturity profile is as follows:-

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

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

- 5.4** Vehicle Finance of Rs.1.39 Lacs (Previous year Rs.10.57 lacs) is secured by hypothetical of specific assets purchased under such arrangements. Maturity Profile of vehicle loan is as under:-

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

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

5.6a. Delay repayment of principal and Interest amount of long term Borrowing from Banks

Sr. No.	Default	Due Date	Amount outstanding as on 31.03.2016	Subsequent Payments	Date of payment	Delay	Rs.in lacs
							Outstanding
1	Principal	31. Mar. 2016	333.24	--	--	60 days	333.24
2	Principal	31. Dec. 2015	333.24	--	--	151 days	333.24
3	Principal	30. Sep. 2015	333.24	--	--	243 days	333.24
4	Principal	30. Jun. 2015	333.24	--	--	335 days	333.24
5	Principal	31. Mar. 2015	394.73	--	--	426 days	394.73
6	Principal	31. Dec. 2014	365.57	--	--	516 days	365.57
7	Principal	30. Sep. 2014	365.57	--	--	608 days	365.57
8	Principal	30. Jun. 2014	365.57	--	--	700 days	365.57
9	Principal	31. Mar. 2014	357.28	--	--	791 days	357.28
10	Principal	31. Dec. 2013	357.28	--	--	881 days	357.28
11	Principal	30. Sep. 2013	357.28	--	--	973 days	357.28
12	Principal	30. Jun. 2013	353.90	--	--	1065 days	353.90
13	Principal	31. Mar. 2013	70.83	--	--	1156 days	70.83
	Total Principal		4320.97	--	--		4320.97
14	Interest	31. May. 2013	0.74	--	--	1095 days	0.74
15	Interest	30. Jun. 2013	10.14	--	--	1065 days	10.14
16	Interest	31. Jul. 2013	22.61	--	--	1034 days	22.61
17	Interest	31. Aug. 2013	29.23	--	--	1003 days	29.23
18	Interest	30. Sep. 2013	60.48	--	--	973 days	60.48
19	Interest	31. Oct. 2013	68.80	--	--	942 days	68.80
20	Interest	30. Nov. 2013	76.10	--	--	912 days	76.10
21	Interest	31. Dec. 2013	79.70	--	--	881 days	79.70
22	Interest	31. Jan. 2014	77.83	--	--	850 days	77.83
23	Interest	28. Feb. 2014	71.38	--	--	822 days	71.38
24	Interest	31. Mar. 2014	80.83	--	--	791 days	80.83
25	Interest	30. Apr. 2014	78.39	--	--	761 days	78.39
26	Interest	31. May. 2014	80.59	--	--	730 days	80.59
27	Interest	30. Jun. 2014	79.75	--	--	700 days	79.75
28	Interest	31. Jul. 2014	81.98	--	--	669 days	81.98
29	Interest	31. Aug. 2014	83.25	--	--	638 days	83.25
30	Interest	30. Sep. 2014	84.12	--	--	608 days	84.12
	Total Interest		1065.92	--	--		1065.92

(Read with Note No. 2.14 & 2.25)

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

	Amount (Rs.in lacs)	Date of Assignment	Rs.in lacs
			Maximum Delay
Edelweiss ARC-SBOP TL	315.65	24. Sep. 2015	451
Edelweiss ARC-UCO TL	4,244.62	30. Jun. 2015	546
Edelweiss ARC-CANARA TL	708.44	30. Dec. 2015	578
Edelweiss ARC-PNB TL	7,347.88	10. Dec. 2015	862
Edelweiss ARC-UBI TL	1,467.46	29. Dec. 2015	912
Edelweiss ARC-DENA TL	3,973.01	28. Jan. 2016	942
Edelweiss ARC-SBOP WC	9,473.79	24. Sep. 2015	393
Edelweiss ARC-CANARA WC	12,074.22	30. Dec. 2015	546
Edelweiss ARC-PNB WC	7,466.00	10. Dec. 2015	602
Total	47071.08		

WINSOME YARNS LIMITED

PARTICULARS	(Rs. in lacs)	
	As at 31st March 2016 (12 months)	As at 31st March 2015 (6 months)
NOTE-6 DEFERRED TAX		
(A) Deferred Tax Liability (DTL)		
Tax impact on difference between book value of depreciable assets and written down value for tax purposes	4559.58	4555.05
Total (A)	4559.58	4555.05
(B) Deferred Tax Assets (DTA)		
Tax impact of expenses charged to Profit & Loss account but allowance under Tax Laws deferred.	65.81	71.40
Tax impact on doubtful debts & advances	87.70	132.36
Tax impact of unabsorbed depreciation and business losses (To the extent of deferred Tax liabilities)	4406.07	4351.29
Total (B)	4559.58	4555.05
Deferred Tax Asset / (Liability) (Net) { Refer Note 2.19} (A-B)	--	--
NOTE-7 LONG TERM PROVISIONS		
Provision for Employees Benefits	119.24	120.02
	119.24	120.02
NOTE-8 SHORT TERM BORROWINGS		
SECURED LOANS		
Working capital demand loan from Banks	--	28155.80
	--	28155.80
8.1 Working Capital Demand Loan includes Packing Credit and Cash Credit from banks including interest accrued thereon amounting to Rs.29014.01 lacs (Previous year Rs.Nil) has been transferred to EARC during the year. (Read with Note No. 5.1 (a) and (b)).		
8.2 All the aforesaid credit facilities mentioned herein above are also guaranteed by two directors of the company and by pledged of shares of the company held by the promoter group.		
NOTE-9 TRADE PAYABLES		
- Total outstanding dues of micro enterprises and small enterprises (refer note no. 2.16)	--	--
- Total outstanding dues of creditors other than micro enterprises and small enterprises (refer note no. 2.16)	5219.66	4153.08
	5219.66	4153.08
NOTE-10 OTHER CURRENT LAIBILITIES		
Current maturities of long term borrowings	5813.00	12250.38
Interest accrued and due on borrowings	1069.11	2592.05
Book Overdraft with Banks	187.54	631.81
Interest accrued but not due	0.01	0.10
Advance From Customers	284.61	284.00
Unpaid Dividend*	--	1.00
Other payables:		
-Capital payables (refer Note no. 2.16)	41.75	52.46
-Statutory Dues	195.50	178.04
-Others (refer Note no. 2.16)	1077.83	1048.61
	8669.35	17038.45
* Shall be credited to investor Education and Protection Fund when due		
NOTE-11 SHORT TERM PROVISIONS		
Provision for employee Benefits:	14.15	13.42

Note 12. FIXED ASSETS

(Rs. In lacs)

Nature of Assets	Gross Carrying Amount				Depreciation/Amortisation				Net Carrying Amount	
	As at 01.04.2015	Additions	Sale/ Adjustment	As at 31.03.2016	As at 01.04.2015	For the Year**	Sale/ Adjustment	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
Tangible										
Freehold Land	341.09	-	-	341.09	-	-	-	-	341.09	341.09
Leasehold Land	280.27	-	-	280.27	26.53	2.83	-	29.36	250.91	253.74
Buildings*	8,623.49	-	-	8623.49	2227.29	255.06	-	2482.35	6141.14	6396.20
Plant & Machinery	39911.70	2.56	17.25	39897.01	19286.02	1605.61	12.19	20879.44	19017.56	20625.67
Furniture & Fixture*	370.99	-	1.40	369.59	322.83	11.19	1.33	332.69	36.90	48.16
Office Equipments	69.11	3.15	0.08	72.18	58.28	4.14	0.02	62.40	9.78	10.83
Vehicles	125.36	-	49.10	76.26	92.86	8.58	43.53	57.91	18.35	32.50
Total (A)	49,722.01	5.71	67.83	49659.89	22013.81	1887.41	57.07	23844.15	25815.74	27708.19
Previous Year	49,722.01	-	-	49722.01	21016.51	997.30	-	22013.81	27708.19	28705.49
Intangible										
Specialized Software	63.67	-	-	63.67	63.58	0.03	-	63.61	0.06	0.09
Total (B)	63.67	-	-	63.67	63.58	0.03	-	63.61	0.06	0.09
Previous Year	63.67	-	-	63.67	63.56	0.02	-	63.58	0.09	0.10
Grand Total	49,785.68	5.71	67.83	49,723.56	22,077.39	1,887.44	57.07	23,907.76	25,815.80	27,708.28
Previous Year	49,785.68	-	-	49,785.68	21,080.08	997.32	-	22,077.39	27,708.28	28,705.59

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

**Refer Note No.2.26

NOTE – 13 NON-CURRENT INVESTMENTS
**Unquoted- Investment in Equity Shares
Subsidiary Companies (Wholly owned)**

	As at 31.03.2016 (12 months)	At at 31.03.2015 (6 months)
101710 Equity Shares of Winsome Yarns (Cyprus) Limited of 1 Euro each (Previous year 101710 shares of 1 Euro each)	446.25	446.25
Less Provision for Diminution in Investment(Refer Note No. 2.7)	446.25	446.25
(A)	--	--
1800000 Preference Shares of Winsome Yarns (Cyprus) Ltd. of 1 Euro each (Previous year 101710 shares of 1 Euro each)	1071.00	1071.00
Less :Provision for Diminution in Investment (Refer Note No.2.7)	1071.00	1071.00
B)	--	--
(A+B)	--	--
Aggregate amount of unquoted investment	1517.25	1517.25
Aggregate amount of provision for diminution in value of investment	1517.25	1517.25

NOTE – 14 LONG TERM LOANS & ADVANCES

(Unsecured, considered good unless otherwise stated)

Capital Advances	250.00	250.00
Security Deposits		
With Government	401.50	353.16
With Others	21.59	19.91
Advance against Restructuring	113.24	--
Other Loans & advances	18.67	16.48
MAT Credit Entitlement	50.43	50.43
	855.42	689.98

WINSOME YARNS LIMITED

PARTICULARS	As at 31st March 2016 (12 months)	As at 31st March 2015 (6 months)
NOTE – 15 CURRENT INVESTMENTS		(Rs. in lacs)
Investment in Money Market	2679.34	2679.34
(5072.11 redeemable shares of USD 1000 each in Aries Money Market Fund)		
(previous year 5072.11 redeemable shares of USD 1000 each) Ref note no. 2.3		
	<u>2679.34</u>	<u>2679.34</u>
NOTE – 16 INVENTORIES		
(At lower of cost and net realizable value)		
(As taken, valued and certified by the management)		
Raw Materials	1001.44	761.47
Stock in Process	1537.49	1427.72
Stores & Spares	135.56	337.34
Finished Goods *	2007.62	1592.61
Waste (At net realizable value)	368.70	165.98
	<u>5050.82</u>	<u>4285.12</u>
*Includes in transit Rs.396.16 Lacs (Previous Year Rs. 252.07 Lacs)		
NOTE – 17 TRADE RECEIVABLES		
(Unsecured, considered good unless otherwise stated)		
- Exceeding Six months from due date		
-Good	10317.61	9933.91
-Doubtful	1440.24	275.95
Less : Provision for Doubtful Debts	1440.24	275.95
	<u>10317.61</u>	<u>9933.91</u>
- Other Debts	<u>1900.02</u>	<u>1910.60</u>
	<u>12217.63</u>	<u>11844.51</u>
NOTE – 18 CASH & BANK BALANCES		
CASH & CASH EQUIVALENTS		
Cash in hand (As certified by management)	0.01	0.01
Balances with Banks		
-On Current Accounts	480.10	144.61
Earmarked balances		
-On Unpaid Dividend Account	--	0.94
- On Margin Account	1.69	--
-On Fixed Deposit Account (Lodged with Banks as Margin Money)#	93.22	140.39
	<u>575.02</u>	<u>285.95</u>
# includes FDR's with maturity of more than 3 months		
NOTE – 19 SHORT TERM LOANS & ADVANCES		
(Unsecured, Considered Good unless otherwise stated)		
Loan & Advance to Subsidiary	--	--
Advance Income Tax including TDS	98.84	99.89
Refunds/Claims Receivable	105.69	461.53
(Net of Provision for Doubtful Claim receivable of Rs. 346.67 lacs)		
Balances with government authorities*	68.96	62.28
Export Incentives Receivable	69.54	149.77
Advances to suppliers	434.49	630.49
(Net of Provisions for doubtful advances -Rs. nil (P.Y. Rs. 69.09 lacs))		
Others	148.28	160.70
	<u>925.80</u>	<u>1564.66</u>
*Net of provision for doubtful advance Rs. Nil (Previous year Rs. 83.30 lacs)		
NOTE – 19 A OTHER CURRENT ASSETS		
Interest Subsidy Receivable (Under TUFs)	899.05	1475.35
Interest Accrued	48.18	36.67
	<u>947.23</u>	<u>1512.02</u>

WINSOME YARNS LIMITED

PARTICULARS	(Rs. in lacs)	
	As at 31st March 2016 (12 months)	As at 31st March 2015 (6 months)
NOTE-20 REVENUE FROM OPERATION		
Sale of Product		
-Yarns*	34420.28	17952.78
-Knitwear*	496.00	459.05
-Trading Sale Knitwear	58.44	--
-Trading Sale Yarns	59.53	--
(A)	<u>35034.26</u>	<u>18411.83</u>
Sale of Services		
-Job Charges	80.91	36.00
(B)	<u>80.91</u>	<u>36.00</u>
Other operating revenue		
Waste Sales	2339.04	1678.78
Sale of Scrap	13.53	7.99
(C)	<u>2352.57</u>	<u>1686.77</u>
Less : Excise Duty	--	--
Net Revenue from operations Total (A+B+C)	<u>37467.73</u>	<u>20134.60</u>
*includes duty drawback & DEPB of Rs. 158.75 lacs (P.Y Rs. 88.36 Lacs)		
NOTE -21 OTHER INCOME		
Interest Received	55.66	28.06
Exchange Rate Difference (net)	--	106.90
Profit on Sale of Fixed Assets	2.87	--
Liability/Balances written back (Net)	76.99	182.36
Miscellaneous Income	283.35	0.57
	<u>418.87</u>	<u>317.89</u>
NOTE -22 CHANGE IN INVENTORIES OF FINISHED GOODS, WIP STOCK AND STOCK IN TRADE		
Closing Stock		
Finished Goods		
- Yarn	1749.87	1288.59
- Knitwear	257.75	304.02
	<u>2007.62</u>	<u>1592.61</u>
Stock in Process		
- Yarn	1499.76	1329.43
- Knitwear	37.73	98.29
(A)	<u>1537.49</u>	<u>1427.72</u>
	<u>3545.11</u>	<u>3020.33</u>
Less : Opening Stock		
Finished Goods		
- Yarn	1288.59	3578.90
- Knitwear	304.02	452.91
	<u>1592.61</u>	<u>4031.81</u>
Stock in Process		
- Yarn	1329.43	3272.02
- Knitwear	98.29	385.12
(B)	<u>1427.72</u>	<u>3657.14</u>
	<u>3020.33</u>	<u>7688.95</u>
Differential excise duty on (increase)/decrease in stock (C)	--	--
(Increase) /Decrease in Stocks(B-A+C)	<u>(524.78)</u>	<u>4668.62</u>

WINSOME YARNS LIMITED

PARTICULARS	(Rs. in lacs)	
	As at 31st March 2016 (12 months)	As at 31st March 2015 (6 months)
NOTE-23 EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages, Bonus, etc #	2547.61	1205.65
Contribution to Provident & Other Funds	147.20	73.16
Employees Welfare	71.80	29.75
	<u>2766.62</u>	<u>1308.56</u>
# Net off Rs. 47.83 lacs received back from MD (refer foot note 1 to Note no. 2.21)		
NOTE-24 FINANCIAL EXPENSES		
Interest on Borrowings @	606.96	--
Other borrowing cost	--	275.29
	<u>606.96</u>	<u>275.29</u>
@ Includes TUFS subsidy amounting to Rs. 576.30 lacs written back		
NOTE-25 DEPRECIATION & AMORTISATION EXPENSES		
Depreciation	1887.40	878.18
Less : Prorata Capital Subsidy	9.23	4.61
Amortisation	0.03	0.02
	<u>1878.20</u>	<u>873.59</u>
NOTE-26 OTHER EXPENSES		
Stores & Spares consumed	1451.64	748.68
Power & Fuel*	4375.60	2217.14
Repairs & Maintenance		
-Building	18.80	3.69
-Plant & Machinery	50.04	23.18
-Others	66.14	21.83
Processing Charges & Dyeing Charges	866.76	343.88
Confection CMT Expense(WKW)	--	2.28
Material Handling Charges	41.69	11.31
Rent	61.21	27.24
Rates & Taxes	4.42	0.54
Printing & Stationery	6.91	6.04
Director Sitting Fee	2.42	0.45
Insurance	57.57	37.65
Delay Payment Charges (Interest payment to cotton suppliers)	281.37	--
Bank Charges	4.56	1.08
Travelling & Conveyance	246.78	104.04
Postage, Telegrams and Telephones	30.81	14.30
Legal & Professional Charges	220.71	82.35
Charity & Donation	0.66	0.88
Export Incentive written off**	--	313.76
Provision for Doubtful Debts	1164.28	4.51
Provision for Doubtful Advances	346.67	83.30
Exchange Rate Difference (net)	15.79	--
-Audit Fees	5.81	5.62
-Tax audit Fees	0.41	0.39
-Other services	5.22	3.09
-Reimbursement of expenses	<u>3.05</u>	<u>0.05</u>
Commission on sales	256.62	125.88
Freight & Handling Charges	251.82	137.49
Advertisement & Other Selling Expenses	279.72	223.29
Miscellaneous Expenses	166.11	78.75
	<u>10283.59</u>	<u>4622.69</u>

* Including delay payment charges of Electricity Bills Rs.Nil (Previous year Rs.51.11 lacs).

** Export incentive not receivable as not recoverable as assessed by the Management has been charged to Statement of Profit & Loss.

Statement containing salient features of the financial statement of subsidiaries for the year ended 31.03.2016

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

Part "A": Subsidiaries

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-March-2016	31-March-2016
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Euro @75.44	AED @18.04
4	Share capital.	1923.66	6.31
5	Reserves & surplus.	(1761.37)	23.92
6	Total assets.	192.60	46.07
7	Total Liabilities.	30.31	15.84
8	Investments.	NIL\$	NIL
9	Turnover.	6.75	NIL
10	Profit/ (Loss) before taxation.	5.90	(0.46)*
11	Provision for taxation.	NIL	NIL
12	Profit/ (Loss) after taxation.	5.90	(0.46)
13	Proposed Dividend.	NIL	NIL
14	% of shareholding.		
15	Names of subsidiaries which are under liquidation process.	<i>Name of the Subsidiaries:</i>	<i>Start of liquidation process:</i>
		S.C. Winsome Romania s.r.l. (Subsidiary of Winsome Yarns (Cyprus) Ltd)	26.11.2008
		IMM Winsome Italia s.r.l. (Subsidiary of S.C. Winsome Romania s.r.l.)	30.09.2008
		S.C. Textil s.r.l. (Subsidiary of IMM Winsome Italia S.r.l.)	09.02.2010

* Loss due to reinstatement of currency

\$ Investment in subsidiaries Impaired during the year.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WINSOME YARNS LIMITED

Report on the Consolidated Financial Statements.

We have audited the accompanying consolidated financial statements of **WINSOME YARNS LIMITED** (hereinafter referred to as "**the Holding Company**") and its subsidiaries (**the Holding Company and its subsidiaries together referred to as "the Group"**) comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements.

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility.

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

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

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

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

Basis for Qualified opinion

Attention is drawn to:

- i. **Note no. 2.18 & note. No. 2.6(c) & 2.6(d) & 2.7 (a)] regarding non-provisioning of Interest Expenses of Rs. 10583.08 Lacs (Previous Year Rs. 3273.37 Lacs), penal interest, penalty etc. (amount unascertainable) AND written off/written back and Adjustment/set off of payment of receivables/payables from/to overseas parties/suppliers which is pending necessary approval respectively as stated in the said notes.**
- ii. **Note No. 2.10 regarding pending confirmation / reconciliation of balances of certain receivables (including overseas overdue receivables as stated in note no.2.6) , bank balances, payables (including of an Associate Company), secured loans, other liabilities, loans and advances etc; and contingent liability being considered as certified by the management in the absence of full detail, in this respect impact is unascertainable and cannot be commented upon by us. In our view read with said note internal control needs to be further strengthened.**

- iii. Note No. 2.6 (a)&(b) and Note no. 2.8 regarding non-provision against receivables [including of overseas overdue debtors of amounting to Rs. 6173.94 lacs (Previous Year Rs. 6908.79 Lacs)] [including accounting of exchange fluctuation of Rs. 897.86 lacs (Previous Year Rs. 897.41 Lacs) till 31st March 2015] and loans and advances (including other current assets) of Rs. 10357.62 lacs (Previous Year Rs. 10377.68 Lacs) and Rs. 1743.40 lacs (Previous Year Rs. 2599.32 lacs) respectively. In earlier years the accounting of exchange fluctuation is not in line with generally accepted accounting principles and Accounting Standards 11 (AS-11)-"The Effect of Changes in Foreign Exchange Rates".
- iv. Note No. 2.16 (i)(a) to (d) regarding accounting of consumption of Raw Material and Stores & Spares as balancing figure and the valuation of inventories is as taken, valued and as certified by the management as stated in said note; the impact whereof on the statement of state of affairs and loss for the year not being ascertainable for the reason stated in the said note and cannot be commented upon by us.
- v. As stated in note no. 2.5 and as per the AS-28 (Impairment of Assets), the company have carried out assessment of value in use of assets of knitwear unit, by an independent professional firm, based on this estimated impairment loss is of amounting to Rs. 1853.72 lacs (Previous Year 2365.58 Lacs) (net of depreciation). However, no provision against the same has been made by the company for the reason as explained in the said note. The Non-provision against impairment in value of above stated assets is not in line with AS-28.
- vi. Note no. 2.4 regarding pending receipt of part money of amounting to USD 50,72,110 (Rs. 2679.34 lacs) out of the GDR issue made by the company and as explained lying outside India [i.e. balance amount against GDR issue of 19,94,125 nos. made in financial year 2010-11, entitling 19,94,12,500 fully paid up equity shares of Re.1/- each at Rs.2.97 per share including premium (now 1,99,41,250 fully paid up equity shares of Rs.10/- each at Rs.29.70 including premium)]. In respect of realisability/receipt we are unable to comment. As explained, above stated amount is invested in money market fund outside India, pending for utilization.
- vii. Note No. 2.17 (read with note no. 2.10) regarding non-provisions of Interest, Penalty etc. on delay/non payment of certain statutory dues on time w.r.t. Employee State Insurance, Provident Fund, Punjab Welfare Fund, Tax Deducted at source, Tax Collected at source and Service Tax and Sales tax etc. (amount unascertainable) and our inability to comment the impact on the loss for the year.
- viii. Note no. 2.9 regarding the net worth of the Company become negative and preparation of financial statements by the management on "going concern basis", considering the future business plans and expected cash flows as stated in the said note. In the event of the same not being held to be a "going concern" and various assets and liabilities being consequently required to be adjusted with respect to their realizable value, the impact whereof has not been ascertainable.
- ix. Note no. 2.21 regarding pending appointment of requisite number of independent directors as stated in the said note.
- x. In view of our comment under para (i) to (viii) above and on our comments w.r.t. the internal control system under para (ii) above, the Company's internal control system needs to be further strengthened to be made the same commensurate with the size of the Company and the nature of its business for the purchases and consumption of inventory, booking of the expenses, set off of balances and for the sale of goods and services.

We report that, without considering items mentioned in paragraph (ii),(iv), (vi) and (vii) above the impact of which could not be determined, had the impact of notes referred in paragraph (i) (iii) & (v) above been given to in these Consolidated financial statements, the loss for the year would have been Rs.27,532.74 lacs (as against the reported figures of Rs. 2,994.92 lacs), accumulated loss at the period end would have been Rs.52,355.62 lacs (as against the reported figure of Rs.27,817.80 lacs), Loans and advances at the period end would have been Rs.964.74 lacs (as against the reported figure of Rs.2,708.14 lacs), carrying value of fixed assets would have been Rs.23,962.07 lacs (as against the reported figure of Rs.25,815.80 Lacs), trade receivables would have been Rs.2,088.75 lacs (as against the reported figure of Rs.12,446.37 lacs), other current liability at the period end would have been Rs.19,271.73 lacs (as against the reported figure of Rs.8,688.65 lacs).

Our opinion was also qualified on the financial statements for the year ended 31st March 2015 in respect of matter reported in (i) to (x) above.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at 31st March, 2016, and its consolidated loss and its consolidated cash flows for the year ended on that date.

Other Matters

- (a) We did not audit the financial statements/financial information of one subsidiary, whose financial statements/financial information reflect total assets of Rs. 189.60 Lacs as at 31st March 2016, total revenues of Rs.6.42 Lacs and net cash flow amounting to Rs. Nil for the year ended on that date as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit after tax of Rs. 5.84 Lacs for the year ended 31st March 2016, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report have been furnished to us by the management and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of subsidiary and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.
- (b) We did not audit the financial statements/financial information of one subsidiary, whose financial statements/financial information reflect total assets of Rs. 46.16 Lacs as at 31st March 2016, total revenue of Rs. Nil for the year ended 31st March 2016 and net cash inflow amounting to Rs. 0.08 Lacs for the year ended on that date as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. 0.40 Lacs for the year ended 31st March 2016, as considered in the consolidated financial statements, whose financial statements/financial information have not been audited by us. These financial statements/financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and our report in terms of sub-section (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial statements/financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.

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

Report on Other Legal and Regulatory Requirements

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements **except as stated in para (iii) under the head "Basis of Qualified Opinion"**.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, **Except for the effect of the matter described in para (iv) [AS-11 "The Effect of Changes in Foreign Exchange Rates" and read with note no.2.6(a)] and para (vi) (AS-28 "Impairment of Assets" and read with note no.2.5] under the Basis for Qualified Opinion paragraph**, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) **The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.**
- f) On the basis of the written representations received from the directors of the Holding Company and the reports of the other statutory auditors of its subsidiary company as on 31st March, 2016, none of the directors of the Group's Companies is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

- g) **The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.**
- h) With respect to the adequacy of the internal Financial controls over Financial reporting of the Group (Holding and Subsidiary Companies) the operating effectiveness of such controls, refer to our separate report in "Annexure - A"; and
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Consolidated Financial Statement has disclosed the impact of pending litigations on its consolidated financial position of the Group - Refer Note No. 2.2 [read with Note No. 2.3(A)(ii), 2.3(A)(iii), 2.3(A)(iv) and 2.3(B)] to the Consolidated Financial Statements.
 - (ii) Provision has been made in the consolidated financial statements, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long term contracts including derivative contracts; except to the extent and as explained in Note No.2.3 of the Consolidated Financial Statements.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

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

(GAURAV LODHA)
Partner
Membership No.507462

Place: Chandigarh
Date: 30.05.2016

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of **WINSOME YARNS LIMITED** ("the Holding Company").

Management's Responsibility for Internal Financial Controls.

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

Auditors' Responsibility.

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting.

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting.

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

Basis for Qualified Opinion.

According to the information and explanation given to us and based on our audit, the following material weaknesses have been identified as at 31st March 2016:

- (1) The Holding Company didn't have any appropriate internal control system for:
 - (a) Adjustment/set off and Written off/write back payment of receivables/payables.
 - (b) Credit control policy and procedure.
 - (c) Timely impairment testing
 - (d) Timely payment and accounting of statutory dues including interest and penalties.
 - (e) No Policy or procedure for receipt of balance confirmations of certain receivables (including overseas

overdue receivables), bank balances, payables (including of an Associate Company), secured loans, other liabilities, loans and advances etc.

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

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

In our opinion, except for the effects/ possible effects of the material weaknesses described above on the achievement of the objectives of control criteria, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the 31st March 2016 consolidated financial statements of the Company and these material weaknesses does not affect our opinion on the Consolidated financial statements of the Company.

Other Matters

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

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

(GAURAV LODHA)
Partner
Membership No: 507462

Place: Chandigarh
Date: 30.05.2016

STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS OF CONSOLIDATED FINANCIALS FOR THE FINANCIAL YEAR ENDED MARCH 2016

1. Sr. No.	Particulars	(Rs. In Lacs, except for earnings per share)	
		Audited Figure (As reported before adjusting for qualifications)	Audited Figure (As reported After adjusting for qualifications)*
1.	Turnover/Total Revenue	37904	37904
2	Total Expenditure	40899	65437
3	Net Profit/(Loss)	(2995)	(27533)
4	Earning Per Share (In Rs.)	(4.24)	(38.94)
5	Total Assets	49282	35327
6	Total Liabilities	63959	74542
7	Net Worth**	(14677)	(39215)
	* all adjustments are without tax effect. ** Impact of only current year qualification has been given		
2	Audit Qualifications(Each Audit Qualification Separately) :		
a.	Detail of Audit Qualifications:		
	Qualification in the Annexure referred to in 'Basis for Qualified Opinion' paragraph of the Auditors' Report dated 30th May, 2016 to the members of Winsome Yarns Limited on the accounts for the year ended 31st March, 2016:-		
i.	Note No.3 (and read with Note no. 2.9 of the Consolidated financial statement) of accompanying statement regarding the net worth of the Company become negative and preparation of financial statements by the management on "going concern basis", considering the future business plans and expected cash flows as stated in the said note. In the event of the same not being held to be a "going concern" and various assets and liabilities being consequently required to be adjusted with respect to their realizable value, the impact whereof has not been ascertained.		
ii.	Note No.4(e) and 6 (and read with Note no. 2.18 of the Consolidated financial statement) of accompanying statement regarding non-provisioning of Interest Expenses of Rs. 10583.08 Lacs (Previous Year Rs. 3273.37 Lacs), penal interest, penalty etc. (amount unascertainable)		
iii.	Note No.4(l) (and read with Note no. 2.6(c), 2.6(d) & 2.7(a) of the Consolidated financial statement) of accompanying statement regarding written off/written back and Adjustment/set off of payment of receivables/payables from/to overseas/suppliers which is pending necessary approval respectively as stated in the said notes.		
iv.	Note No.4(a) (and read with Note No. 2.10 of the Consolidated financial statement) of accompanying statement regarding pending confirmation / reconciliation of balances of certain receivables (including overseas overdue receivables as stated in note no.2.6), bank balances, payables (including of an Associate Company), secured loans, other liabilities, loans and advances etc.; and contingent liability being considered as certified by the management in the absence of full detail, in this respect impact is unascertainable and cannot be commented upon by us. In our view read with said note internal control needs to be further strengthened.		
v.	Note No.4(b) (and read with Note No. 2.6 (a)&(b) and Note no. 2.8 of the Consolidated financial statement) of accompanying statement regarding non-provision against receivables [including of oversea overdue debtors of amounting to Rs. 6173.94 lacs (Previous Year Rs. 6908.79 Lacs)] [including accounting of exchange fluctuation of Rs. 897.86 Lacs (Previous Year Rs. 897.41 Lacs) till 31st March 2015] and loans and advances (including other current assets) of Rs. 10357.62 lacs (Previous Year Rs. 10377.68 Lacs) and Rs. 1743.40 lacs (Previous Year Rs. 2599.32 Lacs) respectively. The accounting of exchange fluctuation is not in line with generally accepted accounting principles and Accounting Standards 11 (AS-11)-"The Effect of Changes in Foreign Exchange Rates".		
vi.	Note No.4(C) (and read with Note No. 2.16(i)(a) to (d) of the Consolidated financial statement) of accompanying statement regarding accounting of consumption of Raw Material and Stores & Spares as balancing figure and the valuation of inventories is as taken, valued and as certified by the management as stated in said note; the		

	impact whereof on the statement of state of affairs and loss for the period not being ascertainable for the reason stated in the said note and cannot be commented upon by us.
vii.	Note No.4(d) (and read with note no. 2.5 of the Consolidated financial statement) of accompanying statement the company have carried out assessment of value in use of assets of knitwear unit, by an independent professional firm, based on this estimated impairment loss is of amounting to Rs. 1853.72 lacs (Previous Year Rs. 2365.58 Lacs) (net). However, no provision against the same has been made by the company for the reason as explained in the said note. The Non provision against impairment in value of above stated assets is not in line with AS 28.
viii.	Note No.4(f) & 5 (and read with Note no. 2.4 of the Consolidated financial statement) of accompanying statement regarding pending receipt of part money of amounting to USD 50,72,110 (Rs. 2679.34 lacs) out of the GDR issue made by the company and as explained lying outside India [i.e. balance amount against GDR issue of 19,94,125 nos. made in financial year 2010-11, entitling 19,94,12,500 fully paid up equity shares of Re. 1/ each at Rs. 2.97 per share including premium (now 1,99,41,250 fully paid up equity shares of Rs. 10/- each at Rs. 29.70 including premium)]. In respect of realisability/receipt we are unable to comment. As explained, above stated amount is invested in money market fund outside India, pending for utilization.
ix.	Note No.4(g) [and read with Note No. 2.17 (read with note no. 2.10) of the Consolidated financial statement] of accompanying statement regarding non-provisions of Interest, Penalty etc. on delay/non-payment of certain statutory dues on time w.r.t. Employee State Insurance, Provident Fund, Punjab Welfare Fund, Tax Deducted at source, Tax Collected at source, Service Tax and sales tax etc. (amount unascertainable) and our inability to comment the impact on the loss for the period.
x.	Note No.4(h) (and read with Note no. 2.21 of the Consolidated financial statement) of accompanying statement regarding pending appointment of requisite number of independent directors as stated in the said note.
xi.	In view of our comment under para (i) to (ix) above and on our comments in terms of the internal control system needs to be further strengthened to be made the same commensurate with the size of the Company and the nature of its business for the purchases and consumption of inventory, booking of the expenses, set off of balances and for the sale of goods and services.
b.	Type of Audit Qualification : Qualified Opinion
c.	Frequency of Qualification : In case of point no. (i) - Second time (two time under emphasis of Matter paragraph) In case of point no (ii) - Second time In case of point no (iii) - Second time In case of point no. (iv) - For period > 3 Years In case of point no. (v) - For period > 3 Years (However there is change in amount) In case of point no. (vi) - For period > 3 Years In case of point no. (vii) - For period > 3 Years (However there is change in amount) In case of point no. (viii) - Third time In case of point no. (ix) - Second time In case of point no. (x) - Second time In case of point no. (xi) - Second time
d.	Management Views for audit qualifications where the impact is quantified by auditor (Qualification No.(ii), (v) & (vii) mentioned under Para 2a above is quantified)
ii)	Note No.4(e) & 6 of the accompanying statement- As also explained in Note no. 2.18 of Consolidated financial statement, due to continuous losses and acute financial stress, the Company was unable to pay due installments and interest on term loan and an overdue amount is continuing to remain as unpaid till date (as detailed in note no. 5.6). No provision for interest, as calculated/estimated by the Management on secured loans and short term borrowings amounting to Rs. 4574.10 Lac (Including Rs. 1442.87 lacs previous year) and Rs. 6008.98 lacs (Including Rs. 1830.50 Lacs previous year) respectively payable to Banks has been made in the books of account. The Company's proposal for restructuring of its borrowings is under consideration with its lenders, now an Asset Restructuring Company (ARC), which holds more than 80% of secured debt of the Company. The Company will be giving effect to its liability of interest on debts and settled amount of debt in line with the restructuring scheme upon its sanction.
v)	Note No.4(b) of the accompanying statement- As also explained in Note no. 2.6(a) of Consolidated financial statement, Receivables exceeding six months includes outstanding amount for period over one year of Rs. 6173.94 Lacs (including exchange gain of Rs. 897.86 lacs till 31.03.2015) [excluding amount as stated in note no. (b) below], where the recoverable being from an overseas party the Company is in process of filing necessary papers with appropriate authority seeking extension of time [read with note no. 2.9 (a)]. The Management is confident of recovery and realisability of the amount as the party has offered its cooperation in

	<p>recovery efforts of the Company; however, adopting a conservative approach in the matter, the Company has provided an amount of Rs. 855.62 Lacs (Including Rs 184.59 Lacs Previous year), being 12.50% of the recoverable amount, as a provision for possible amount as may remain irrecoverable at some point of time in future.</p> <p>Note No.4(b) of the accompanying statement- As also explained in Note no. 2.6(b) of Consolidated financial statement, The trade receivables include certain overdue Trade Receivables/Other Receivables of Rs. 4183.68 lacs. The Management is confident of recovery and realisability from these debtors. However, adopting a conservative approach in the matter, the Company has provided an amount of Rs. 584.61 Lacs (Including Rs. 91.36 Lacs Previous year), being 12.50% of the amount as may remain irrecoverable at some of time in future.</p> <p>Note No.4(b) of the accompanying statement- As also explained in Note no. 2.8 of Consolidated financial statement,- Overdue amount includes Short Term Loans and Advances (including Other Current Assets) of Rs. 1743.40 lacs. In the opinion of the Management these are fully realisable and hence, considered good. Further, the Management has initiated necessary steps for recovery of these amounts.</p>
vii)	<p>Note No.4(d) of the accompanying statement- As also explained in Note no. 2.5 of Consolidated financial statement, In accordance with Accounting Standard 28 titled 'Impairment of Assets', the Company has identified its garmenting manufacturing facility (Knitwear Unit) located at Plot No. B-58, Industrial Area Phase - VII, Mohali (Punjab), as the relevant Cash Generating Units (CGU). The CGU is engaged in manufacture of sweaters, pullover and garments of various sizes. Considering the continuing past losses of the CGU during and upto the period ended 31st March 2016, the Company on the basis of projected scale of operations and prevailing market conditions assessed that the recoverable value of the above CGU would be lower as compared to the carrying value, thus, indicating impairment. As a result of impairment testing carried out as at 30th September 2013 by an independent expert, impairment loss of Rs. 2996.00 Lacs were estimated based on a comparison of the carrying value of the asset vis-a-vis recoverable value. Post the assessment of aforesaid impairment value of CGU, the Company has already charged an amount of Rs. 1142.28 Lacs on account of depreciation on assets of CGU till the year end, and accordingly, the assessed amount of impairment loss since stands reduced to Rs. 1853.72 Lacs. However, in keeping with certain favourable developments in the textile industry, the aforesaid report of independent expert is under re-review by the Board of Directors of the Company, and accordingly, the impairment loss as may finally be assessed on completion of aforesaid reassessment, will be accounted thereafter.</p>
e.	<p>Management Views for audit qualifications where the impact is not quantified by auditor :</p>
(i)	<p>Management estimation on the impact of audit qualification.</p> <p>Presently not ascertainable in view of facts stated below.</p>
(ii)	<p>If management is unable to estimate the impact, reason for the same.</p> <p>i) Note No.3 of the accompanying statement- As also explained in Note no. 2.9 of Consolidated financial statement, The accumulated losses of the Company having exceeded its net worth, based on the audited accounts for the period ended 30th September 2014. Accordingly, the Company have filed an Reference before the Hon'ble Board for Industrial and Financial Reconstruction (BIFR), in terms of its statutory obligation under section 3(1)(o) of the Sick Industrial Companies (Special Provisions) 1985 (SICA). The Reference of the Company under SICA was registered by the Hon'ble BIFR on 10th April 2015. Considering the proposed rehabilitation plan of the company as under consideration by ARC and future business plans, the prevailing business scenario and the applicable government policies for the time being in force, the business and expected cash flow of the Company in the near future as assessed by the management of the Company, the accounts of the company have prepared on 'Going Concern' basis.</p> <p>iii) Note No.4(I) of the accompanying statement- As also explained in Note no. 2.6(c), 2.6(d) & 2.7(a) of Consolidated financial statement, regarding Adjustment/set off of payment of receivables/payables pending necessary approval in respect thereof. The Company is in process of obtaining necessary approvals from AD/RBI.</p> <p>iv) Note No.4(a) of the accompanying statement- As also explained in Note no. 2.10 of Consolidated financial statement, The Company is making efforts to obtain confirmation of balances of parties forming part of Trade Receivables (including subsidiaries) and oversea overdue trade receivables as stated in note no.2.8), bank balances (including bills discounted and outstanding Letter of Credit), Trade Payables (including of Associate Company of amounting to Rs. 568.78 lacs), Secured Loans, Other Liabilities and Loans & Advances and necessary reconciliation thereof will too be concurrently available. The management is of the opinion that adjustment, if any, arising on aforesaid reconciliation, would not be material. The Company has also initiated steps to set up internal committees for better control over day to day business and operations of the Company, and has also strengthened the system of internal controls.</p> <p>vi) Note No.4(c) of the accompanying statement- As also explained in Note no. 2.16(i)(a) to (d) of Consolidated financial statement, Quantitative Consumption of raw material and stores & spares is derived as net of opening stock plus purchases less closing stock from figures extracted from records maintained in the systems adopted</p>

by the Company, and that valuation of quantities is an amount certified by the Management arrived at from prevailing market prices.

- (b)- The Company is in process of carrying out complete item wise reconciliation of physical quantities of Fixed Assets. To the extent assets and inventories have been physically verified by the Management, no material discrepancies have been observed between the book record and physical quantity.
- (c)- In view of Para (a) above, closing inventory of stock-in- process and finished goods has been considered as taken, valued and certified by the management after providing against old/ non-moving inventory as assessed/ estimated by the management and/or based on contracts/ subsequent sales realization.
- (d)- In view of security arrangements in place and controls on physical movement of materials, the Management is confident that there will not be any material adjustment on updation/ completion of records of physical verification of inventory and fixed assets.

viii) Note No.4(f) & 5 of the accompanying statement- As also explained in Note no. 2.4(a) of Consolidated financial statement, In the Extraordinary General Meeting of the Company held on 28/06/2010, the Members of the Company had approved the issue of new capital through Global Depository Receipts (GDRs), and 19,94,125 number of GDR of USD 6.64 each (each GDR converting / equivalent to 100 equity shares - being 1,99,41,250 nos. of equity shares of Rs. 10 each at Rs. 29.70 including premium) had been issued and allotted on 29/03/2011. The GDR were listed for trading at the Luxembourg Stock Exchange (LuxSE). Out of the proceeds of GDRs raised in 2011, an amount of USD 6,954,515 (INR 3721.05 Crore) stood remitted to India, which had been utilised for augmentation of working capital needs of the Company and a balance amount of US\$ 50,72,110 (INR 2679.34 Lacs) continues to remain invested in an overseas Money Market Fund outside India as on 31.03.2016, pending inability of the Company to utilise the said funds for purposes for which the same were raised. The Company is filing all due returns regularly with RBI.

Note No.4(f) & 5 of the accompanying statement- As also explained in Note no. 2.4(b) of Consolidated financial statement, The Depository holding GDR had terminated the contract for their services w.e.f. 15.06.2015. The GDR had been de-listed from LuxSE. The Company proposes to appoint new depository and seek relisting of GDR on LuxSE or any other overseas stock Exchange.

ix) Note No.4(g) of the accompanying statement- As also explained in Note no. 2.17 of Consolidated financial statement, Due to financial stress and losses suffered by the Company, it could not make due payments of various statutory dues (TDS, TCS, PF, ESIC, PWF, Service Tax, Sales / Value Added Tax, etc.) on due dated, and the amounts pending payment at close of the year on following accounts are: Provident Fund Rs. 110.15 lacs, ESI Rs. 22.24 Lacs and PWF Rs. 2.01 Lacs. These amounts have since been paid by the Company. The Company will seek waiver and / or remission in penal interest and penalty to be levied by the Authorities (amount unascertained), and the amount if any, will be accounted for as and when the same is discharged.

x) Note No.4(h) of the accompanying statement- As also explained in Note no. 2.21 of Consolidated financial statement, The Nomination Committee of Board of Directors of the Company is engaged in identifying a person to be proposed to the Board of Directors of the Company as an independent director so that Board of Directors of Company consists of at least half the number of persons who are independent persons.

xi. Para (i) to (ix) 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 and for the sale of goods and services.

III.	Auditor's Comment on (i) or (ii) above. Refer management estimation [e.(i).] and reasons [e.(ii).]
3	Signatories: <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="text-align: center;"> Manish Bagrodia Managing Director DIN 00046944 </div> <div style="text-align: center;"> Anand Balkishan Sharma President (Corporate Finance) & Chief Financial Officer </div> <div style="text-align: center;"> Pradeep Kumar Director DIN 03052477 </div> <div style="text-align: center;"> Gaurav Lodha Partner M.No. 507462 </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div> Place: Chandigarh Date: 30-May-2016 </div> <div style="text-align: right;"> M/s. LODHA & CO. Chartered Accountants FRN: 301051E </div> </div>

CONSOLIDATED AUDITED BALANCE SHEET AS AT 31st MARCH 2016

		(Rs. in Lacs)	
PARTICULARS	NOTE NO.	As at 31st Mar 2016 (12 months)	As at 31st Mar 2015 (6 months)
I. EQUITY & LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	7082.33	7082.33
(b) Reserves & Surplus	4	(21759.09)	(18781.88)
		(14676.76)	(11699.55)
(2) Non- Current Liabilities			
(a) Long Term Borrowings	5	49916.89	12951.74
(b) Long Term Provisions	7	119.24	120.02
		50036.13	13071.76
(3) Current Liabilities			
(a) Short Term Borrowings	8	--	28155.80
(b) Trade Payables	9	5219.66	4190.31
(c) Other Current Liabilities	10	8688.65	17055.01
(d) Short Term Provisions	11	14.15	13.42
		13922.46	49414.54
TOTAL		49281.83	50786.75
II. Assets			
(1) Non- Current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		25815.73	27708.19
(ii) Intangible Assets		0.07	0.09
(iii) Capital Work-in-Progress		--	--
(b) Non Current Investment	13	--	--
(c) Deferred Tax Asset (Net)	6	--	--
(d) Long term loans & advances	14	855.42	689.98
		26671.22	28398.26
(2) Current Assets			
(a) Current Investment	15	2679.34	2679.34
(b) Inventories	16	5050.82	4285.12
(c) Trade receivables	17	12446.37	12049.78
(d) Cash & bank balances	18	581.37	296.98
(e) Short term Loans & Advances	19	905.48	1565.25
(f) Other Current Assets	19 A	947.23	1512.02
		22610.61	22388.49
TOTAL		49281.83	50786.75
Significant Accounting Policies & Explanatory Notes are an integral part of the financial statement	1 & 2		

As per our report of even date

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

Gaurav Lodha
Partner
M.No. 507462

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

K V Singhal
GM (Legal) and
Company Secretary

For and on behalf of Board

Manish Bagrodia **Pradeep Kumar**
Managing Director Director
DIN 00046944 DIN 03052477

Place: Chandigarh
Date: 30-May-2016

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED OF 31st March 2016

(Rs. in Lacs)

PARTICULARS		As at 31st Mar 2016 (12 months)	As at 31st Mar 2015 (6 months)
I. Revenue from operations			
Sales(Gross)	20	37474.15	20134.60
Less : Excise Duty		—	—
Net Sales		37474.15	20134.60
II. Other Income	21	429.77	318.68
III. Total Revenue (I+II)		37903.92	20453.28
IV. Expenses :			
Cost of Material consumed		25739.71	13378.45
Purchase of stock-in-trade		141.55	--
Change in inventories of finished goods, work in progress and stock in Trade	22	(524.78)	4668.62
Employee benefit expense	23	2766.62	1308.56
Financial costs	24	606.96	275.29
Depreciation and amortization expense	25	1878.20	873.59
Other Expenses	26	10285.80	4629.02
Total Expenses (IV)		40894.06	25133.53
V. Profit before exceptional items and tax (III-IV)		(2990.14)	(4680.25)
VI. Exceptional Items		4.77	--
VII. Profit before tax(V-VI)		(2994.91)	(4680.25)
VIII. Tax Expense:			
—Current Tax		--	--
—Deferred Tax {Refer Note No. 2.12}		--	--
IX. Profit/(Loss) from the period from continuing operations		(2994.91)	(4680.25)
X.Profit /(Loss)from discontinuing operations		--	--
XI. Tax expense of discontinuing operations		--	--
XII. Profit/(Loss) from discontinuing operations(X-XI)		--	--
XIII. Profit/(Loss) for the period (IX+XII)		(2994.91)	(4680.25)
XIV. Earning per equity share :			
- Basic (Rs.)		(4.23)	(6.62)
- Diluted(Rs.)		(4.23)	(6.62)
Significant Accounting Policies & Explanatory Notes	1 & 2		
are an integral part of the financial statement			

As per our report of even date

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

Gaurav Lodha
Partner
M.No. 507462

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

K V Singhal
GM (Legal) and
Company Secretary

For and on behalf of Board

Manish Bagrodia
Managing Director
DIN 00046944

Pradeep Kumar
Director
DIN 03052477

Place: Chandigarh
Date: 30-May-2016

WINSOME YARNS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

PARTICULARS	For the period ended 31st Mar 2016 (12 months)	For the period ended 31st Mar 2015 (6 months)
(A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS	(2990.14)	(4680.25)
Adjustment for:		
Depreciation	1884.60	876.79
Amortization of Leasehold Land	2.83	1.42
Pro rata Capital Subsidy	(9.23)	(4.61)
Effect of Exchange Fluctuation	(11.56)	(896.41)
(Profit)/Loss on sale of fixed assets	(2.87)	--
Interest expense	606.96	275.29
Provision for doubtful debts & advances	1164.28	401.57
Provision for doubtful debts & advances written back	(87.88)	(182.36)
Interest income	(55.66)	(28.06)
	3491.47	443.63
	501.33	(4236.62)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
Adjustment for:		
Trade & other receivable	(427.76)	1771.76
Inventories	(765.70)	5538.29
Trade & other Payables	1088.24	(2353.12)
	(105.22)	4956.93
CASH GENERATED FROM OPERATIONS	396.11	720.31
Direct Taxes Paid	--	--
NET CASH FLOW FROM OPERATING ACTIVITIES	396.11	720.31
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(5.71)	(253.93)
Sale of fixed assets	13.62	--
Purchase of Investments	--	--
Interest Received	55.66	9.22
	63.57	(244.71)
NET CASH USED IN INVESTING ACTIVITIES	63.57	(244.71)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(2129.90)	(275.33)
Proceeds from borrowings	32455.46	144.54
Repayment of borrowings	(30527.77)	(543.31)
	(202.21)	(674.10)
NET CASH USED IN FINANCING ACTIVITIES	(202.21)	(674.10)
(D) CHANGE IN CURRENCY FLUCTUATION RESERVE ARISING ON CONSOLIDATION		
Effect on Exchange Fluctuation on Bank Balance	26.92	(41.48)
Net Increase/(decrease) in cash and cash equivalents	284.39	(239.98)
Opening balance		
Cash & Cash Equivalents	155.65	34.25
Others	141.33	502.71
	296.98	536.96
Closing balance		
Cash & Cash Equivalents	486.46	155.65
Others	94.91	141.33
	581.37	296.98

As per our report of even date

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

Gaurav Lodha
Partner
M.No. 507462

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

K V Singhal
GM (Legal) and
Company Secretary

For and on behalf of Board

Manish Bagrodia
Managing Director
DIN 00046944

Pradeep Kumar
Director
DIN 03052477

Place: Chandigarh
Date: 30-May-2016

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31st MARCH 2016.**NOTE No. 1 SIGNIFICANT ACCOUNTING POLICIES OF HOLDING COMPANY FORMING PART OF THE ACCOUNTS****1.1. Basis of Accounting**

The Financial Statements are prepared as a going-concern under historical cost convention on an accrual basis except those with significant uncertainty and in accordance with mandatory accounting standard under section 133 of the Companies Act 2013 (the Act) read with Rule 7 of the Companies (Accounts) Rule 2014 and the relevant provisions of the Act. Accounting policies not stated explicitly otherwise are consistent with generally accepted accounting principles and mandatory accounting standards.

1.2. Use of Estimates

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

1.3. Revenue Recognition

Revenue represents the net invoice value of goods and services provided to third parties after deducting discounts, volume rebates, outgoing sales taxes and duties, and are recognised usually when all significant risks and rewards of ownership of the asset sold are transferred to the customer and the commodity has been delivered to the shipping agent. Revenues from sale of material by-products are included in revenue.

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

1.4. Borrowing Cost

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

1.5. Fixed Assets

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

1.6. Expenditure during Construction Period

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

1.7. Depreciation

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

1.8. Intangible Assets

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

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

1.9. Inventories

- i) Inventories are valued at lower of cost or net realisable value except for scrap and by-products which are valued at net realisable value.
- II) Cost of inventories of finished goods and work-in-process includes material cost, cost of conversion and other related overhead costs.
- III) Cost of inventories of raw material, work-in-process and stores & spares is determined on weighted Average Cost Basis.

1.10. Investments

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

1.11. Foreign Currency Transactions

- I. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- II. Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts has been recognised over the life of the contract. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.
- III. Non monetary foreign currency items are carried at cost.

1.12. Employees Benefits

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

1.13. Government Grants

- I. Grants relating to fixed assets are shown as deduction from the gross value of fixed assets and those of the nature of project subsidy are credited to Capital Reserves.
- II. Other Government grants including incentives are credited to Statement of Profit and Loss or deducted from the related expenses.
- III. Capital subsidy under TUFS from the Ministry of Textiles on specified processing machinery has been treated as deferred income which is recognized on systematic and rational basis in proportion of the applicable depreciation over the useful life of the respective assets and is adjusted against the depreciation to the Statement of Profit & Loss.
- IV. Duty drawback / DEPB is recognised at the time of exports and the benefits in respect of advance license received by the Company against export made by it are recognised as and when goods are imported against them.

1.14. Provision for Current and Deferred Tax

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

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

1.15. Impairment of Assets

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

1.16. Provision, Contingent Liabilities and Contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

NOTE NO.2.
2.1 PRINCIPLES OF CONSOLIDATION

- I. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after fully eliminating intra - group balances and intra - group transactions resulting in unrealized profits or losses as per Accounting Standard 21 - Consolidated Financial Statements as per section 133 of Companies Act 2013.
- II. Consolidated financial statements (CFS) comprised the financial statements of Winsome Yarns Limited and its subsidiaries namely Winsome Yarns (Cyprus) Limited, Cyprus and Step down subsidiary Winsome Yarns FZE, UAE.
- III. (a) List of subsidiaries;

S. No.	Name of the Subsidiary	% of Shareholding	Nature of Interest	Country of Incorporation	Year Ending	Period
1.	Winsome Yarns (Cyprus) Limited(WYCL)	100	Direct	Cyprus	31.03.2016	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	31.03.2016	12 Months
4.	I.M.M Winsome Italia S.R.L.(WIS)	100	Indirect	Italy	(b)@	NA
5.	S.C. Textil S.R.L.(TS)	100	Indirect	Romania	(b)@	NA

- (b) @ Companies are under liquidation hence not considered for consolidation. Further, as per the past year, financial statements of S.C. Winsome Romania S.R.L., I.M.M.Winsome Italia S.R.L., and S.C. Textil S.R.L. neither been prepared nor been made available to the Auditors.

- IV.
 - (a) The financial Statements of step down subsidiary namely S.C. Winsome Romania S.R.L. had been excluded from consolidation as the same is under liquidation. Further the insolvency of S.C. Winsome Romania S.R.L. has not yet been confirmed by the relevant court. Accordingly audited standalone financial statements of Winsome Yarns (Cyprus) Limited & unaudited Winsome Yarns FZE have been considered.
 - (b) Winsome Yarns FZE has ceased operations and has remained dormant during the period.
 - (c) S.C. Winsome Romania S.R.L. is holding 100% shares (investment) of IMM Winsome Italia S.R.L., Italy and the later Company holds 100% shares (investment) of S. C. Textil S.R.L, Romania.
- V. The Consolidated Financial Statements have been prepared based on a line-by-line consolidation using uniform accounting policies for like transactions and other events in similar circumstances. The effects of intra-group transactions and balances are eliminated in consolidation.
- VI. The difference between the costs to the Holding Company of its investment in the subsidiary Companies over the holding Company's portion of equity of the subsidiary is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- VII. Since foreign subsidiaries are in same line of business which functions in different regulatory environment, certain policies such as in respect of depreciation/amortization, retirement benefits, preliminary expenditure etc. are different than the policies followed by the holding company are disclosed in their respective financial statements.

- VIII. Operations of foreign subsidiaries have been considered by the management non-integral; thus items of the assets and liabilities, both monetary and non-monetary, have been translated at the exchange rates prevailing at the end of the year and items of income and expenses have been translated at the average rate prevailing during the year. Resulting exchange differences arising on translation of said items have been transferred to Foreign Currency Translation Reserve Account. The Financial Statements are prepared as a going-concern under historical cost convention on an accrual basis except those with significant uncertainty and in accordance with mandatory accounting standard under section 133 of the Companies Act 2013 (the Act) read with Rule 7 of the Companies (Accounts) Rule 2014 and the relevant provisions of the Act. Accounting policies not stated explicitly otherwise are consistent with generally accepted accounting principles and mandatory accounting standards.

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

(Rs. in lacs)

S.No.	Particulars	2015-16	2014-15
(i)	Bills discounted with banks	181.80	-
(ii)	Sales Tax liability in respect of matters under appeal	64.64	64.64
(iii)	Excise duty show cause notices / matters under appeal	647.24	653.31
(iv)	Income Tax Demand	277.14	277.14
(v)	Employee State Insurance Corporation@	-	17.82
(vi)	Outstanding bank guarantees	56.09	102.09
(vii)	Claims against the company not acknowledge as debts#	-	-
(viii)	Customs duty saved Rs. Nil (Previous period Rs. Nil lacs) for import of capital good made against EPCG license against which export obligations amounting to Rs. 975.47 lacs (Previous period Rs. 1559.22 lacs) are pending. Non fulfillment of Export obligation will attract demand of Rs 187.50 Lacs (Previous period Rs. 384.52 lacs) (including interest and excluding penalty).		

@ Rs. Nil (Previous period Rs. 6.57 Lacs) paid is shown under short term loans and advances

Excluding claims payable in case of left employees (amount unascertained)

- (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 contracts remaining to be executed on Capital Account and not provided for is Rs. Nil (Previous period Rs. Nil) net of advances Rs. Nil (Previous period Rs. Nil), as certified by management.

- 2.3 (A) (i) The loans from Banks are further secured by unconditional and irrevocable personal guarantees of promoters, promoters group/ associate companies and secured/ to be secured by pledge of 51% (Fifty one percent) of equity share capital (present /future) of the company or 100% of shares held/TObE be held by promoters, promoters group/ associate companies, whichever is lower. Accordingly, the entire shareholding of Promoters except for 13.60 lacs number of shares held by PSIDC, has already been pledged with Lender.
- (ii) (a) Appeals filed by the Company against its Lenders under section 17 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act, 2002) before the Hon'ble Debt Recovery Tribunal, Chandigarh, against notice u/s 13(4) of the SARFAESI Act, 2002 issued by the lenders, have been admitted and replies of the lenders/defendants are awaited.
- (b) Funds of the Company aggregating Rs.150.72 lacs are lying in the current accounts/fixed deposit accounts. The amount is part of Bank Balances in Note 18 of the Financial Statements. The Company has initiated actions for recovery of this amount and balance(s) in account are subject to confirmation/reconciliation.
- (iii) The Lender Banks (Canara Bank, State Bank of Patiala, Punjab National Bank, UCO Bank, United Bank of India, Dena Bank) of the Company having outstanding of more than 80% of total outstanding loans of the Company have assigned and transferred their total debts due from the Company along with underlying rights, benefits and obligations to M/s Edelweiss Asset Reconstruction Company Limited (EARC). The Company is in discussion with EARC to achieve restructuring of its debts.[Read with note no. 5.1(b) of standalone financial statements].
- (iv) Canara Bank, State Bank of Patiala, UCO Bank, Oriental Bank of Commerce, Dena Bank, and Indian Overseas Bank 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 reply/decision in the said matter. The EARC has filed impleadment application to substitute itself in place of Canara Bank, State Bank of Patiala and UCO Bank.

- (B) The Company is in discussions with parties to settle matters in relation to: (a) petition filed by a lender and a supplier of the Company before the Hon'ble High Court of Punjab and Haryana at Chandigarh, seeking winding up of the Company for non-payment of dues of the lender/supplier, also the said lender has initiated proceedings under SARFAESI; and (b) petitions filed by an overseas parties for recovery of amount in lieu of obligations performed by the said third parties (other party had extended credit facilities to a subsidiary company on the basis of letter issued by the Company), which liabilities are un-provided in books of account..
- 2.4 (a) In the Extraordinary General Meeting of the Company held on 28/06/2010, the Members of the Company had approved the issue of new capital through Global Depository Receipts (GDRs), and 19,94,125 number of GDR of USD 6.64 each (each GDR converting / equivalent to 100 equity shares - being 1,99,41,250 nos. of equity shares of Rs. 10 each at Rs. 29.70 including premium) had been issued and allotted on 29/03/2011. The GDR were listed for trading at the Luxembourg Stock Exchange (LuxSE). Out of the proceeds of GDRs raised in 2011, an amount of USD 6,954,515 (INR 3721.05 Crores) stood remitted to India, which had been utilised for augmentation of working capital needs of the Company and a balance amount of US\$ 50,72,110 (INR 2679.34 Lacs) continues to remain invested in an overseas Money Market Fund outside India as on 31.03.2016, pending utilisation of such proceeds. The Company is filing all due returns regularly with RBI.
- (b) The Depository of GDR issue had resigned w.e.f. 29.10.2014 and terminated the agreement w.e.f. 15.06.2015. The GDR had been de-listed from LuxSE w.e.f 16.06.2015. The Company is in process to appoint new depository and seek relisting of GDR on LuxSE or any other overseas stock Exchange.
- 2.5 In accordance with Accounting Standard 28-' Impairment of Assets', the Company has identified its garmenting manufacturing facility (Knitwear Unit) located at Village B-58, Industrial Area Phase - VII, Mohali (Punjab), [Cash Generating Units (CGU)]. The CGU is engaged in manufacture of sweaters, pullover and garments of various sizes. Considering the continuing past losses of the CGU, during the period ended 30th September 2013, the Company on the basis of projected scale of operations and prevailing market conditions assessed that the recoverable value of the above CGU would be lower as compared to the carrying value, thus, indicating impairment. As a result of the impairment testing carried out as at 30th September 2013 by an independent expert, impairment loss of Rs. 2996.00 Lacs was estimated based on a comparison of the carrying value of the asset vis-a-vis recoverable value. Post the assessment of aforesaid impairment value of CGU, the Company has already charged an amount of Rs. 1142.28 Lacs on account of depreciation till the year end, and accordingly, the assessed amount of impairment loss has since been reduced to Rs. 1853.72 Lacs. However, as the aforesaid report of independent expert is still under consideration of the Board of Directors of the Company, impairment loss will be accounted as and when finally assessed. Further, Management of the Company is of the view that in recent past with growth in the textile market (consumption) in general and considering the present economic and political scenario, impairment, if any, would be much lower than the amount as assessed/estimated by the independent expert.
- 2.6 (a) Receivables exceeding six months includes outstanding amount of overseas receivables for period over one year of Rs. 6173.94 Lacs (including exchange gain of Rs. 897.86 lacs till 31.03.2016)[excluding as stated in note no. (b) below], where company is in process of filing necessary papers with appropriate authority for extension of time [read with note no.2.9 (a) of standalone financial statements]. In this regards, management is confident about full recovery / realisability considering the past performance of the customer and recovery initiative taken by the Company. Still the Company has created a provision for doubtful debts amounting to Rs 671.03 Lacs during the year.
- (b) The trade receivable include certain overdue Trade Receivables/Other Receivables of Rs. 4183.68 lacs. Considering the fact that management is confident about full recovery/realisability. Still the Company has created a provision for doubtful debts amounting to Rs 493.25 Lacs during the year.
- (c) (i) Debts (receivables) exceeding six months of Rs. 49.96 lacs (including previous year Rs. 42.64 Lacs, provision made in earlier years) and receivable from a Subsidiary Company have been written off, pending necessary approval of the AD/RBI.
- (ii) Certain Overseas Advances of Rs. 43.86 lacs (including provided/written off in previous year Rs. 40.64 lacs) have been written off, pending necessary approval of the AD/RBI.
- (iii) Certain Overseas payables of Rs. 185.77 lacs (including previous year Rs. 123.57 Lacs) have been written back/written off, pending necessary approval of the AD/RBI.
- (d) In Previous Year, certain adjustment/ set off in account of overseas receivables account of Rs. 92.43 Lacs have been carried out, where full detail could not be made available to the auditors as company is in process of compiling information's/details etc.

WINSOME YARNS LIMITED

- 2.7 A. In earlier years, the company had accounted for Commission Income & Handling charges under head 'Revenue from Operations' receivable in foreign currency on accrual basis as per the terms of agreements. Company has made provision against outstanding receivable amount of Rs. 944.33 Lacs and shown as part of "Exceptional Items" in the statement of profit & loss in that respective previous year [which include commission income of Rs. 752.42 Lacs and Rs. 191.91 Lacs for Handling Charges (including exchange fluctuations)]. In this regard necessary approval for write off is pending from AD/RBI.
- B. Interest subvention claim (subsidy) of Rs. Nil (Previous Year Rs. 90.82 Lacs) not recoverable as assessed by the management has been charged to interest expense.
- 2.8 Overdue amount include Short Term Loans and Advances (including other current assets) of Rs. 1743.40 lacs (including Refunds / Claims Receivables of Rs.41.91 Lacs , TUFS subsidy Rs. 899.05 lacs, capital advances of Rs. 250 lacs). In the opinion of the Management, the aforesaid balance are fully realisable and hence considered good. The Company has also initiated necessary steps for recovery of overdues.
- 2.9 The accumulated losses of the Company having exceeded its net worth, based on the audited accounts for the period ended 30th September 2014, the Company, accordingly, filed a Reference with the Hon'ble Board for Industrial and Financial Reconstruction, in terms of its statutory obligation under section 15 of the Sick Industrial Companies (Special Provisions) 1985 (SICA). The Company's Reference was registered on 10th April 2015. 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
- 2.10 Balances of certain Trade Receivables (including overseas overdue trade receivables as stated in note no. 2.8 of standalone financial statements), Bank Balances (including bills discounted and outstanding Letter of Credit), Trade Payables (including of Associate Company of amounting to Rs.568.78 lacs), Secured Loans, Other Liabilities and Loans & Advances are in process of confirmation/ reconciliation. Contingent liabilities (read with note no. 2.1 of standalone financial statements) has been considered as certified by the management as full details could not be made available to auditors. The management is of the opinion that adjustment, if any, arising out of such reconciliation would not be material. Further, necessary steps have been initiated to further strengthen system of internal controls w.r.t. accounting of expenses, accounting of income (including sale of licenses and provision written back), payroll payments and of balance reconciliation/confirmation.
- 2.11 (i) Auditors of the subsidiary company namely M/s Winsome Yarns (Cyprus) Limited (WYCL) has drawn attention regarding existence of a material uncertainty which may cast significant doubt as to Company's ability to continue as going concern in view of continuous losses and significant erosion of net worth of the Company.
- (ii) Post 1st July, 2014 the company WYCL is required to apply certain new standards as per IFRS interpretation etc. for preparing the financial statement as per IFRS which company did not apply. However, as reported impact could not be material at this account.

2.12 Segment Reporting

- (i) The Company is only in one line of business namely Textile (Yarn and Knitting).
- (ii) The segment revenue in geographical segments considered for disclosure is as follow:
- (a) Revenue inside India includes sales to customers located within India.
- (b) Revenue outside India includes sales to customers located outside India.

Information about geographical segments (by location of customers)

(Rs. in lacs)

S. No.	Particulars	India	Outside India	Total
(i)	External Revenue-Sale*	32,794.03 (17,914.17)	4,680.12 (2,220.43)	37,474.15 (20,134.60)
(ii)	Carrying amount of segment assets by location of assets	39,431.14 (41,050.12)	7,022.09 (6,906.97)	46,453.23 (47,957.09)
(iii)	Capital Expenditure	- (-)	- -	- (-)

*Includes Export Incentives of Rs. 158.75 lacs (Previous Period Rs. 88.36 lacs).

2.13 As on 31st March 2016 the Company has net deferred tax assets (including of carry over losses and unabsorbed depreciation). However, considering the losses in recent past, deferred tax has been restricted to the amount of liability.

2.14 Earnings per share:

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

Particulars	2015-16	2014-15
Net Profit/(Loss) attributable to Equity Shareholders (Rs. in Lacs)	(2,994.91)	(4,680.25)
Weighted average number of equity shares for Basic EPS	7,07,07,229	7,07,07,229
Nominal Value per equity share (Rs.)	10	10
Basic/Diluted EPS (Rs.)	(4.23)	(6.62)

2.15 Related party disclosures

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

(A) Subsidiary Companies

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

(B) Key management personnel and their relatives.

- Shri Satish Bagrodia Chairman
- Shri Manish Bagrodia Managing Director
- Shri Andreas Alexiou Director
- Shri Stelios Sivitanides Director
- Maria Michail Geogiade Director
- Shri Anand Bal Kishan Sharma^ Chief financial Officer
- Shri K.V. Singhal^ Company Secretary
- Smt. Kalpana Sharma^ Wife of Chief Financial Officer
- Smt. Manju Singhal^ Wife of Company Secretary

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

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

Transactions with the Related Parties during the period ended 2015-16 (12 months)

(Rs. In lacs)

Particulars	2015-16	2014-15
Winsome Textile Industries Limited		
Expenses incurred on our behalf	0.99	0.43
Expenses incurred by us on behalf of other	0.17	4.93
Balance Outstanding as at period end		
Receivable / (Payable)	(568.78)	(567.90)
Shri Satish Bagrodia		
Sitting Fees	0.35	-
Shri Manish Bagrodia		
Remuneration (Note 1)	19.54	29.64@

WINSOME YARNS LIMITED

	Shri Anand Bal Kishan Sharma[^]		
	-Salary	17.41	8.71
	Shri K .V. Singhal[^]		
	- Salary	11.86	5.93
	Starpoint Financial Services Pvt. Ltd.		
XIV.	Rent	29.10	12.48
XV.	Balance Outstanding as at period end		
	Receivable / (Payable)	(26.22)	(28.43)
	S.C. Winsome Romania		
XVI.	Balance Outstanding as at period end		
	Receivable / (Payable)	7.22	7.22
	IMM Winsome Italia		
XVII.	Balance Written off		0.06
XVIII.	Balance Outstanding as at period end	149.18	149.18
	Receivable / (Payable)		
	Winsome Yarn (Cyprus) Ltd.		
XIX.	Receivable / (Payable)	20.98	20.98
	Smt. Kalpana Sharma		
	-Salary	11.34	5.67
	Smt. Manju Singhal		
	-Salary	4.44	2.22

Note 1 Excess remuneration paid to MD for 2014-15, amounting to Rs 47.83 Lacs has received back on receipt of approval from the Central Government.

[^] pursuant to Companies Act 2013

- 2.16** (l)
- (a) Quantitative Consumption of raw material and stores & spares is derived as net of opening stock plus purchases less closing stock as item wise records as per system report while valuation has been certified by the Management.
- (b) The Company is in process of carrying out item wise reconciliation between item wise physical stock of Fixed Assets and inventories. To the extent assets and inventories have been physically verified by the management, no material discrepancies have been observed between the book record and physical quantity.
- (c) In view of Para (a) above, closing inventory of stock-in- process and finished goods has been considered as taken, valued and certified by the Management after providing against old /non-moving inventory as assessed/estimated by the Management and/or based on contracts /subsequent sales realization.
- (d) In view of security arrangement in place, the management is confident that there will not be any material adjustment on updation/completion of records of physical verification of inventory and fixed assets.
- 2.17** Due to financial strains and losses Company could not make due payments against various statutory dues (TDS, TCS, PF, ESIC, PWF, Service Tax, Sales Tax etc.) on due time and pending for payment at close of the period are on account of Provident Fund Rs. 110.15 lacs, ESI Rs. 22.24 and PWF Rs. 2.01 Lacs which have subsequently been paid. Penal interest and penalty in this regard (amount unascertained) if any, will be accounted for as and when the same will be paid.
- 2.18** (i) Due to continuous losses and acute financial strain, the Company was unable to pay due installments and interest of term loan and certain overdue amount is continuing/ unpaid till date (as detailed in note no. 5.6 of standalone financial statements). No provision for interest, as calculated/estimated by the Management on secured loans and short term borrowings amounting to Rs. 4574.10 Lacs (Including Rs. 1442.87 lacs previous year) and Rs. 6008.98 lacs (Including Rs. 1830 Lacs previous year) respectively (of Banks) has been made in the books of account. The Company's proposal for restructuring of its borrowings is under consideration with its lenders, now an Asset Reconstruction Company (ARC) which hold more than 80% of secured debt of the company (Read with Note No. 2.2 (iii) of standalone financial statements).. The Company will be giving effect to its liability on account of debts and interest in line with the sanction of restructuring scheme upon its sanction.

- (ii) Pending receipt of old dues against the TUFS subsidy claim filed by the Company with the Ministry of Textiles, Government of India, the Company has not recognized the claim amount of TUFS subsidy for the year ended March 31, 2016 amounting to Rs.1801.20 Lacs (including Rs. 596.01 lacs previous year).

- 2.19** Pursuant to adoption of useful lives of fixed assets as per Schedule II of the Companies Act, 2013 in compliance with Notification No. GSR 627(E) dated 29.08.2014 during the current year, the useful lives have been assessed by management and accordingly, depreciation for the year is higher by Rs. 159.92 lacs. After retaining residual value, the carrying amount of Rs.63.35 lacs of certain fixed assets (Net of deferred tax amounting to Rs. Nil), whose lives have expired as at previous year end, has been charged to Retained earnings.
- 2.20** As Winsome Yarns FZE has ceased operations and been defunct from last two year, Winsome Yarns (Cyprus) Limited has impaired its investment in Winsome Yarns FZE of € 6676.00 out of € 6677.00.
- 2.21** Company is in process to appoint an independent director so that board of directors of the company consist at least half of the independent directors
- 2.22** Additional information to the Consolidated Financial Statement [to be read with note no.2.1(iii)]of standalone financial statements :-

Name of the Entity	Net Assets i.e. Total Assets Minus Total Liabilities		Share in Profit/ (Loss)	
	As % of Consolidated Net Assets	Amount (Rs in Lacs)	As % of Consolidated Profit or Loss	Amount (Rs in Lacs)
Parent:				
Winsome Yarns Limited	101.33%	(14,872.23)	100.18%	(3,000.36)
Subsidiary (Foreign)				
Winsome Yarns (Cyprus) Limited	-1.11%	162.29	-0.20%	5.90
Winsome Yarns FZE	-0.21%	30.23	0.02%	(0.46)
Total Eliminations	0.02%	2.95	-	-
Consolidated Net Assets/Loss after Tax	100.00%	(14,676.76)	100.00%	(2,994.92)

- 2.23** (a) Previous year's figures in Statement of Profit & Loss and Cash Flow Statements are for six months ended 31st March 2015. As Current period's figures in Statement of Profit & Loss and Cash Flow Statement are for twelve months hence to that extent the same are not strictly comparable.
- (b) Figures for the previous period have been re-grouped/recast wherever considered necessary to make them comparable with those of current period.

As per our report of even date

For LODHA & CO.
Chartered Accountants
FRN: 301051E

For and on behalf of Board

Gaurav Lodha
Partner
M.No. 507462

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

K V Singhal
GM (Legal) and
Company Secretary

Manish Bagrodia
Managing Director
DIN 00046944

Pradeep Kumar
Director
DIN 03052477

Place: Chandigarh
Date: 30.05.2016

WINSOME YARNS LIMITED

PARTICULARS	(Rs. in lacs)	
	As at 31st March 2016 (12 months)	As at 31st Mar 2015 (6 months)

NOTE 3 - SHARE CAPITAL

AUTHORISED

8,50,00,000 Equity Shares of Re.10/- each	8500.00	8500.00
(Previous Year 8,50,00,000 Equity Shares of Re.10/- each)		

ISSUED

7, 10, 86, 829 Equity Shares of Re.10/- each	7108.68	7108.68
(Previous Year 7,10,86,829 Equity Shares of Re.10/- each)		

SUBSCRIBED & PAID UP

7,07,07,229 Equity Shares of Rs.10/- each	7070.72	7070.72
(Previous Year 7,07,07,229 Equity Shares of Re.10/- each)		
Amount Paid-up on shares forfeited	11.61	11.61
	7082.33	7082.33

2. Rights of Shareholders

- 2.1** The Company has only one class of Equity Shares having face value of Rs. 10/- each (Previous Year Rs. 10/- each) in its issued, subscribed and paid up Equity share capital. Each shareholder is entitled to one vote per share. Each shareholder have the right in profit/surplus in proportion to amount paid up with respect to share holding. (Read with Note No. 2.3(b)).
- 2.2** In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets, if any, in proportionate to their individual shareholding in the paid up equity capital of the Company.

3. Details of Shareholders holding more than 5%

Name of Shareholder	As on 31.03.2016 No. of Shares held	As on 31.03.2015 No. of Shares held
The Bank Of New York Mellon (Shares held by custodian & against which Depository Receipts have been issued)	--	1,14,38,750
Shell Business (P) Ltd	2,07,21,244	2,07,21,244
Satyam Combines (P) Ltd	50,96,243	50,96,243
Aspire Emerging Funds	63,55,407	70,50,000

* Read with note no. 2.3 (b)

4. Reconciliation of Share capital

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

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

PARTICULARS	(Rs. in lacs)			
	As at 31st March 2016 (12 months)		As at 31st March 2015 (6 months)	
NOTE 4- RESERVES & SURPLUS				
-Capital Reserve				
As per last Balance sheet	261.03		261.03	
Add: Addition	--		--	
Less Adjustment	--	261.03	--	261.03
-Capital Redemption Reserve				
As per Balance sheet	124.44		124.44	
Add: Addition	--		--	
Less Adjustment	--	124.44	--	124.44
-Securities Premium Account				
As per last Balance sheet	5181.95		5181.95	
Add: Addition	--		--	
Less Adjustment	--	5181.95	--	5181.95
-General Reserve				
As per last Balance sheet	--		35.08	
Add: Addition	--		--	
Less Transfer to Statement of P&L	--	--	35.08	--
-State Investment Subsidy				
As per last Balance sheet	25.00		25.00	
Add: Addition	--		--	
Less Adjustment	--	25.00	--	25.00
-Capital Subsidy Reserve				
As per last Balance sheet	124.43		129.04	
Add: Addition	--		--	
Less Adjustment	9.23	115.20	4.61	124.43
-Foreign Currency Translation Reserve				
As per last Balance sheet	324.15		365.63	
Add: Addition	26.93		--	
Less: Adjustment	--	351.08	41.48	324.15
-Statement of Profit & Loss Account				
Surplus in statement of profit and loss from Previous year	(24822.88)		(20058.60)	
Add :Transfer from general reserve	--		35.08	
Less : Adjustment for Depreciation* (Refer Note No. 2.19)	--		(119.11)	
Profit/(Loss) for the year	(2,994.91)		(4,680.25)	
Surplus in statement of profit and loss carried to balance sheet		(27817.79)		(24822.88)
		(21759.09)		(18781.88)

* In previous year, in view of adoption of schedule II of the Companies Act, 2013 depreciation on assets whose life expired prior to 1st October, 2014. (Net of deferred tax Rs.Nil).

WINSOME YARNS LIMITED

				(Rs. In Lacs)
Particulars	As at 31.03.2016 (12 months) Non Current	As at 31.03.2016 (12 months) Current	As at 31.03.2015 (6 months) Non Current	As at 31.03.2015 (6 months) Current
NOTE-5- LONG TERM BORROWINGS				
SECURED LOANS (Refer Note No. 2.2)				
Term Loans				
- from Banks	2845.82	5371.09	12950.85	11276.63
Working Capital Term Loan	--	440.52	--	964.07
Vehicle Loan	--	1.39	0.89	9.68
Term Loans -from ARC	47071.07	--	--	--
	49916.89	5813.00	12951.74	12250.38
Less: Current maturity of Long term borrowings	--	5813.00	--	12250.38
(Amount disclosed under other current liabilities Note No.10)	49916.89	--	12951.74	--
NOTE-6 DEFERRED TAX				
Deferred Tax Liability (DTL)				
Tax impact on difference between book value of depreciable assets and written down value for tax purposes			4559.58	4555.05
Total (A)			4559.58	4555.05
Deferred Tax Assets (DTA)				
Tax impact of expenses charged to Profit & Loss			65.81	71.40
Account but allowance under tax laws deferred				
Tax impact on doubtful debts & advances			87.70	132.36
Tax impact of unabsorbed depreciation and business losses (To the extent of Deferred Tax Liabilities			4406.07	4351.29
Total (B)			4559.58	4555.05
Deferred Tax Asset / (Liability) (Net) { Refer Note 2.13}			--	--
NOTE-7 LONG TERM PROVISIONS				
Provision for Employees Benefits			119.24	120.02
			119.24	120.02
NOTE-8 SHORT TERM BORROWINGS				
SECURED LOANS				
Working capital demand loan from Banks			--	28155.80
			--	28155.80
8.1 Working Capital Demand Loan includes Packing Credit and Cash Credit from banks including interest accrued thereon amounting to Rs.29014.01 lacs (Previous year Rs.Nil) has been transferred to EARC during the year.				
8.2 All the aforesaid credit facilities mentioned herein above are also guaranteed by two directors of the company and by pledged of shares of the company held by the promoter group.				
NOTE-9 TRADE PAYABLES				
- Total outstanding dues of micro enterprises and small enterprises (refer note no. 2.16)			--	--
- Total outstanding dues of creditors other than micro enterprises and small enterprises (refer note no. 2.16)			5219.66	4190.31
			5219.66	4190.31
NOTE-10 OTHER CURRENT LAIBILITIES				
Current maturities of long term borrowings			5813.00	12250.38
Interest accrued and due on borrowings			1069.11	2592.05
Book Overdraft with Banks			187.54	631.81
Interest accrued but not due			0.01	0.10
Advance From Customers			284.61	284.00
Unpaid Dividend*			--	1.00
-Capital payables			41.75	52.46
-Statutory Dues			195.50	178.04
-Others			1097.11	1065.17
			8688.65	17055.01

* Shall be credited to Investor Education and Protection Fund when due.

	(Rs. In lacs)
	As at 31st March 2016 (12 months)
	As at 31st March 2015 (6 months)

NOTE-11 SHORT TERM PROVISIONS

Provision for employee Benefits:

14.15	13.42
<u>14.15</u>	<u>13.42</u>

NOTE NO. 12 FIXED ASSETS

Nature of Assets	Gross Carrying Amount				Depreciation/Amortisation				Net Carrying Amount	
	As at 1.04.2015	Additions	Sale/ Adjustment	As at 31.03.2016	As at 1.04.2015	For the Year**	Sale/ Adjustment	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
Tangible										
Freehold Land	341.09	--	--	341.09	--	--	--	--	341.09	341.09
Leasehold Land*	280.27	--	--	280.27	26.53	2.83	--	29.36	250.91	253.74
Buildings	8623.49	--	--	8623.49	2227.29	255.06	--	2482.35	6141.14	6396.20
Plant & Machinery	39911.70	2.56	17.25	39897.01	19286.02	1605.61	12.19	20879.45	19017.55	20625.68
Furniture & Fixture	370.99	--	1.40	369.59	322.83	11.19	1.33	332.69	36.90	48.16
Office Equipments	69.11	3.15	0.08	72.18	58.28	4.14	0.02	62.40	9.78	10.83
Vehicles	125.36	--	49.10	76.26	92.86	8.58	43.53	57.90	18.36	32.50
Total (A)	49722.01	5.71	67.83	49659.89	22013.82	1887.41	57.08	23844.15	25815.73	27708.20
Previous Year	49722.01	--	--	49722.01	21016.52	997.30	--	22013.81	27708.20	28705.49
Intangible										
Specialized Software	63.67	--	--	63.67	63.57	0.03	--	63.60	0.07	0.10
Total (B)	63.67	--	--	63.67	63.57	0.03	--	63.60	0.07	0.10
Previous Year	63.67	--	--	63.67	63.56	0.02	--	63.58	0.09	0.09
Grand Total	49785.68	5.71	67.83	49723.56	22077.39	1887.44	57.08	23907.75	25815.80	27708.30
Previous Year	49785.68	--	--	49785.68	21080.07	997.32	--	22077.39	27708.29	28705.59

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

** Refer Note no. 2.18 consolidated financial statements.

NOTE – 13 NON-CURRENT INVESTMENTS

Unquoted

Subsidiary Companies (Wholly owned)

90 Equity Shares of S.C. Winsome Romania S.r.l. face value of RON 30 each (Previous year 90 shares of RON 30 each)	0.52	0.52
Less : Provision for Diminution in Investment	<u>0.52</u>	<u>0.52</u>

1800000 Preference Shares of Winsome Yarns (Cyprus) Limited of 1 Euro each (Previous Year 1800000 shares)	--	--
Less : Provision for Diminution in Investment	<u>--</u>	<u>--</u>

Aggregate amount of unquoted investment	0.52	0.52
Aggregate amount of provision for diminution in value of investment	0.52	0.52

NOTE – 14 LONG TERM LOANS & ADVANCES

(Unsecured, considered good unless otherwise stated)

Capital Advances	250.00	250.00
Security Deposits		
With Govt	401.50	353.16
With Others	21.59	19.91
Advance Against Restructuring	113.24	--
Other Loans & advances	18.66	16.48
-MAT Credit Entitlement	50.43	50.43
	<u>855.42</u>	<u>689.98</u>

WINSOME YARNS LIMITED

	(Rs. In lacs)	
	As at 31st March 2016 (12 months)	As at 31st March 2015 (6 months)
NOTE – 15 CURRENT INVESTMENTS		
Investment in Money Market	2679.34	2679.34
(5072 redeemable shares of USD 1000 each in Aries Money Market Fund) (previous year 6049 redeemable shares of USD 1000 each) Ref note no. 2.4	<u>2679.34</u>	<u>2679.34</u>
NOTE – 16		
INVENTORIES (At lower of cost and net realizable value)		
(As taken, valued and certified by the management)		
Raw Materials	1001.44	761.47
Stock in Process	1537.49	1427.72
Stores & Spares	135.57	337.34
Finished Goods *	2007.62	1592.61
Waste (At net realizable value)	368.70	165.98
	<u>5050.82</u>	<u>4285.12</u>
*Includes in transit Rs.396.16 Lacs (Previous Year Rs252.07 Lacs)		
NOTE – 17 TRADE RECEIVABLES		
(Unsecured, considered good unless otherwise stated)		
- Exceeding Six months from due date		
-Good	10357.75	9933.91
-Doubtful	1440.24	275.95
Less : Provision for Doubtful Debts	<u>1440.24</u>	<u>275.95</u>
	10357.75	9933.91
- Other Debts	<u>2088.62</u>	<u>2115.87</u>
Total	<u>12446.37</u>	<u>12049.78</u>
NOTE – 18 CASH & BANK BALANCES		
CASH & CASH EQUIVALENTS		
Cash in hand	1.15	1.07
Balances with Banks		
-On Current Accounts	485.31	154.58
Earmarked balances		
-On Unpaid Dividend Account	-	0.94
- On Margin Account	1.69	-
-On Fixed Deposit Account (Lodged with Banks as Margin)\$	<u>93.22</u>	<u>140.39</u>
	<u>581.37</u>	<u>296.98 \$</u>
\$ Includes FDR's with maturity of more than 3 months		
NOTE – 19 SHORT TERM LOANS & ADVANCES		
(Unsecured, Considered Good unless otherwise stated)		
Advance Income Tax including TDS	98.84	99.89
Refunds/Claims Receivable	105.69	461.53
(Net of Provision for Doubtful Claim receivable of Rs.346.67 lacs)		
Balances with government authorities*	68.96	62.28
Advance against Restructuring	-	-
Export Incentives Receivable	69.54	149.77
Advances to suppliers	413.50	630.49
(Net of Provisions for doubtful advances nil (P.Y. Rs.69.09 lacs))		
Others	148.96	161.29
	<u>905.48</u>	<u>1565.25</u>
*Net of provision for doubtful advance Rs. Nil (Previous year Rs.83.30 lacs)		

WINSOME YARNS LIMITED

Particulars	(Rs. In lacs)	
	As at 31st March 2016 (12 months)	As at 31st March 2015 (6 months)
NOTE – 19 A		
Interest Subsidy Receivable (Under TUFS)	899.05	1475.35
Interest Accrued	48.18	36.67
	<u>947.23</u>	<u>1512.02</u>
NOTE-20 REVENUE FROM OPERATION		
Sale of Product		
-Yarns*	34420.28	17952.78
-Knitwear*	496.00	459.05
-Trading Sale Knitwear	58.44	--
-Trading Sale Yarns	65.95	--
(A)	<u>35040.67</u>	<u>18411.83</u>
Sale of Services		
-Job Charges	80.91	36.00
(B)	<u>80.91</u>	<u>36.00</u>
Other operating revenue		
Waste Sales	2339.04	1678.78
Sale of Scrap	13.53	7.99
(C)	<u>2352.56</u>	<u>1686.77</u>
Less : Excise Duty	--	--
Net revenue from operation (Total A+B+C)	<u>37474.15</u>	<u>20134.60</u>
*includes duty drawback & DEPB of Rs 158.75 lacs (P.Y 88.36 Lacs)		
NOTE -21 OTHER INCOME		
Interest Received	55.66	28.06
Exchange Rate Difference (net)	--	107.69
Loss on Sale of Fixed Assets	2.87	--
Liability/Balances written back (Net)	87.89	182.36
Miscellaneous Income	283.35	0.57
	<u>429.77</u>	<u>318.68</u>
NOTE -22 CHANGE IN INVENTORIES OF FINISHED GOODS, WIP STOCK AND STOCK IN TRADE		
Closing Stock		
Finished Goods		
- Yarn	1749.87	1288.59
- Knitwear	257.75	304.02
	<u>2007.62</u>	<u>1592.61</u>
Stock in Process		
- Yarn	1499.76	1329.43
- Knitwear	37.73	98.29
	<u>1537.49</u>	<u>1427.72</u>
(A)	<u>3545.11</u>	<u>3020.33</u>
Less : Opening Stock		
Finished Goods (Yarn)		
- Yarn	1288.59	3578.90
- Knitwear	304.02	452.91
	<u>1592.61</u>	<u>4031.81</u>
Stock in Process		
- Yarn	1329.43	3272.02
- Knitwear	98.29	385.12
	<u>1427.72</u>	<u>3657.14</u>
(B)	<u>3020.33</u>	<u>7688.95</u>
Differential excise duty on (increase)/decrease in stock	--	--
(C)	<u>(524.78)</u>	<u>4668.62</u>
(Increase) /Decrease in Stocks(B-A+C))		

WINSOME YARNS LIMITED

	(Rs. In lacs)	
	As at 31st March 2016 (12 months)	As at 31st March 2015 (6 months)
NOTE-23 EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages, Bonus, etc #	2547.61	1205.65
Contribution to Provident & Other Funds	147.21	73.16
Employees Welfare	71.80	29.75
	<u>2766.62</u>	<u>1308.56</u>
# Net off Rs. 47.83 lacs received back from MD (refer foot note 1 to Note no. 2.21)		
NOTE-24 FINANCIAL EXPENSES		
Interest on Borrowings@	606.96	--
Other borrowing cost	--	275.29
@ Includes TUFs subsidy amounting to Rs. 576.30 lacs written back	<u>606.96</u>	<u>275.29</u>
NOTE-25 DEPRECIATION & AMORTISATION EXPENSES		
Depreciation	1887.43	878.18
Less : Prorata Capital Subsidy	9.23	4.61
Amortisation	--	0.02
	<u>1878.20</u>	<u>873.59</u>
NOTE-26 OTHER EXPENSES		
Stores & Spares consumed	1451.64	748.68
Power & Fuel*	4375.60	2217.14
Repairs & Maintenance		
-Building	18.80	3.69
-Plant & Machinery	50.04	23.18
-Others	66.14	21.83
Processing Charges & Dyeing Charges	866.76	343.88
Confection CMT Expense(WKW)	-	2.28
Material Handling Charges	41.69	11.31
Rent	61.21	27.24
Rates & Taxes	4.42	0.54
Printing & Stationery	6.96	6.15
Director Sitting Fee	2.84	0.78
Insurance	57.57	37.65
Delay Payment Charges (Interest payment to cotton suppliers)	281.37	--
Bank Charges	5.21	1.40
Travelling & Conveyance	246.78	104.04
Postage, Telegrams and Telephones	30.84	14.30
Legal & Professional Charges	220.71	87.24
Charity & Donation	0.66	0.88
Export Incentive written off**	--	313.76
Provision for Doubtful debts	1164.28	4.51
Provision for Doubtful Advances	346.67	83.30
Exchange Rate Difference (net)	15.92	--
-Audit Fees	6.45	6.29
-Tax audit Fees	0.41	0.39
-Other services	5.22	3.09
-Reimbursement of expenses	3.05	0.05
Commission on sales		
	<u>256.62</u>	<u>125.88</u>
Freight & Handling Charges	251.82	137.49
Advertisement & Other Selling Expenses	279.72	223.29
Miscellaneous Expenses	166.40	78.75
	<u>10285.80</u>	<u>4629.02</u>

*Including delay payment charges of electricity bills Rs.nil (previous year Rs.51.11 lacs).

** Export incentive not receivable as not recoverable as assessed by the management has been charged to statement of Profit and Loss.

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 :

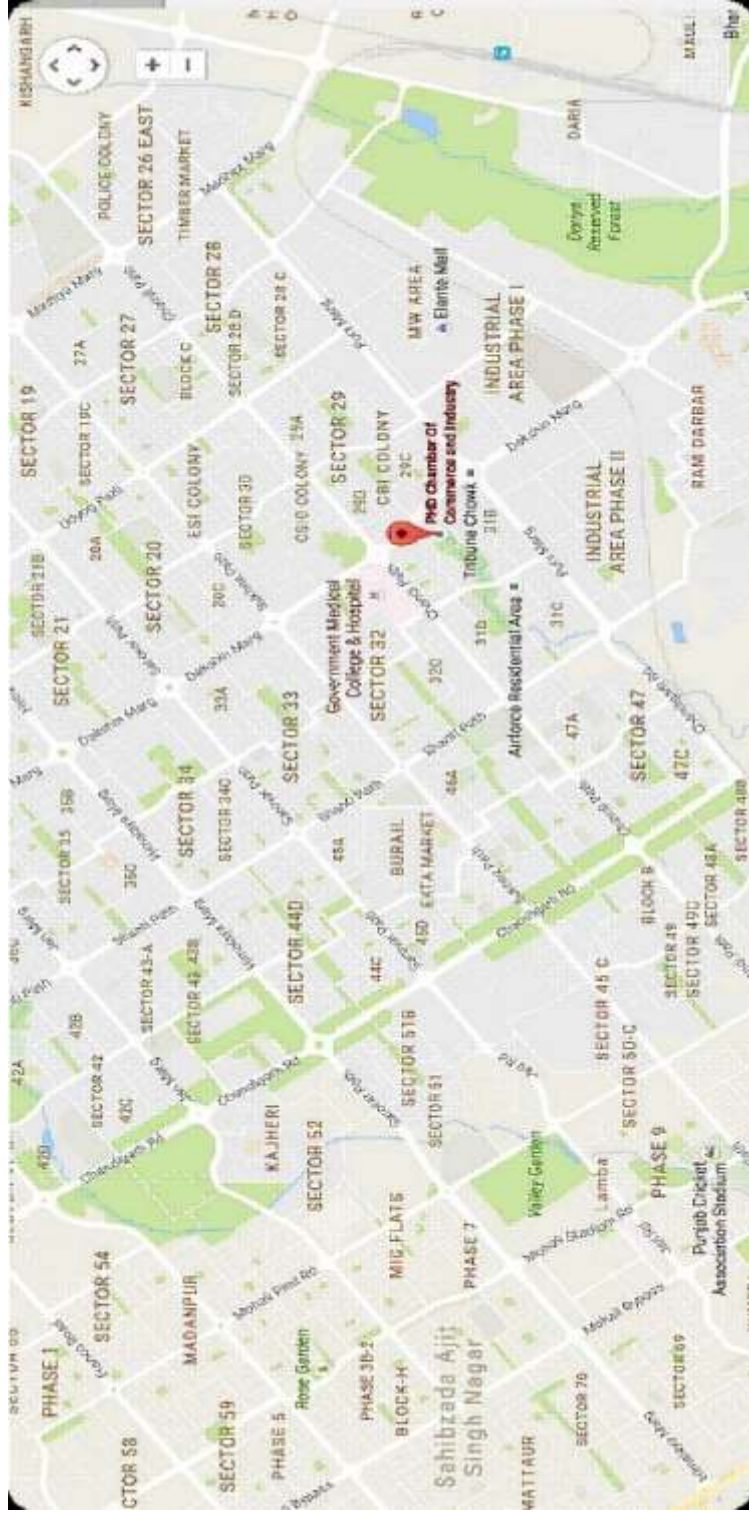
Email :

I/We hereby record my presence at the **26th ANNUAL GENERAL MEETING** of the Company at PHD Chamber of Commerce and Industry, Regional Office, PHD House, Sector 31-A, Chandigarh on Wednesday the **28th of September, 2016 at 11.30 a.m.**

.....
Signature of the member(s).....
Name of proxyholder.....
Signature of proxy**Note : No gifts or coupons would be given for attending the Meeting.**

RESOLUTION NO.	RESOLUTIONS	OPTIONAL	
ORDINARY BUSINESS		FOR	AGAINST
1	Adoption of Audited Financial Statement of the Company for the Financial Year ended 31.03.2016 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	Ratify the appointment of M/s. Lodha & Co., Chartered Accountants, as Auditors and fixing their remuneration.		
SPECIAL BUSINESS			
4	Appointment of M/s Balwinder and Associates as Cost Auditor of the Company and fixing their remuneration.		

ROUTE MAP of place where holding the Annual General Meeting



WINSOME YARNS LIMITED

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

CIN : L17115CH1990PLC010566

Telephone : 0172-2603966, 4612000, 4613000, Fax : 0172-4614000, Email : cshare@winsomergroup.com

PROXY FORM

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Folio No./ DP ID/ Client ID :

No. of shares :

Name of Member(s) :

Registered Address :

Email :

I /We, being the member(s) of shares of the above named company, hereby appoint :

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **26th Annual General Meeting** of the company, to be held on Wednesday, the **28th September, 2016 at 11.30 a.m.** at PHD Chamber of Commerce and Industry, Regional Office, PHD House, Sector 31-A, Chandigarh and at any adjournment thereof.

Signed thisday of September, 2016.

Signature of shareholder.....

Signature of proxyholder(s).....

Please affix
Revenue
Stamp of
appropriate
value

Note :

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column 'AGAINST' the Resolutions and 'Y' 'FOR' the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she think appropriate.

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