



**winsome**  
Textile Industries Ltd.



Winsome Textile Industries Limited  
39<sup>th</sup> Annual Report 2019-20

# Company Information

## Board of Directors

**Shri Ashish Bagrodia**

*Chairman and Managing Director*

**Shri Chandra Mohan**

*Independent Director (upto 25.12.2019)*

**Shri Satish Girotra**

*Independent Director*

**Smt. Neena Singh**

*Independent Director*

**Smt. Manju Lakhanpal**

*Additional Director (Independent)(w.e.f. 01.04.2020)*

**Shri Arun Kumar Basu**

*Additional Director (Independent)(w.e.f. 29.05.2020)*

**Shri Anil Kumar Sharma**

*Executive Director & CEO (Additional Director w.e.f. 13.02.2020)*

## Chief Financial Officer

**Shri Sanjay Kumar Kedia**

## Company Secretary and Compliance Officer

**Shri Videshwar Sharma**

## Statutory Auditors

**M/s B. Chhawchharia & Co.**

*Chartered Accountants,*

*Firm Registration No. 305123E*

## Cost Auditors

**M/s Aggarwal Vimal & Associates**

*Cost Accountants*

## Secretarial Auditors

**Shri Ramesh Bhatia**

*Practicing Company Secretary*

## Bankers

UCO Bank, Central Bank of India, Union Bank of India (earlier Andhra Bank), Bank of India, Canara Bank, Bank of Baroda (earlier Vijaya Bank & Dena Bank)

## Registered Office

1, Industrial Area, Baddi, Distt. Solan (H.P.)-173205  
(website: www.winsometextile.com)

## Corporate Office

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

## Registrar of Share Transfer Agent

**Link Intime India Private Limited**

*Noble Heights, 1st Floor, LCS*

*Near Savitri Market, Janakpuri, New Delhi-110058.*

## Corporate Identification No. (CIN)

L17115HP1980PLC005647

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# Passion for Innovation

At Winsome Textile, we have positioned ourselves as a differentiated company in a commoditised sector.

Through this consistent positioning in a cyclical space, we have successfully reported a profit in every single year across the last 7 years.

Besides, we have carved out a respect for reporting one of the highest EBIDTA margins within our sector.

All because we selected to walk the road less travelled.

The background of the entire page is a close-up photograph of several large, conical spools of vibrant red yarn. The spools are arranged in a way that creates a sense of depth and texture. The central focus is on the circular openings of the spools, which reveal the inner structure and the greenish-yellow cardboard core. The lighting is soft, highlighting the fine texture of the yarn.

CORPORATE INFORMATION

This is Winsome Textile.

One of India's largest  
melange and dyed yarn  
manufacturers.

Enjoying a presence across  
more than 50 countries.

Focused on the  
manufacture of value-added  
yarns and knitted fabrics.

Driven by a passion for  
innovation.



# Our vision and mission

Global player in the innovative and value-added textiles niche

## Our values

To provide customer satisfaction and value-addition through teamwork, honesty and integrity for continuous growth and development

## Our positioning

Trend setter for mélange and special effect yarn manufacturing in India

## Our philosophy

We work towards creating a sustainable financial model for our stakeholders, Expand our market presence across the country and globe  
 Manufacture products backed by a strong innovation, culture, and  
 Create a company that delivers growth.  
 Innovation and value-addition have been the core motto of Winsome Textile.  
 We always strive to maximise the value of our product offerings.  
 Our goal has been to understand the needs of our customer, and deliver solutions through our products.

## Big numbers

250  
International customers

50+  
Countries exported to

300+  
Customers in India

20%  
Energy derived from captive renewable energy

## Background

Winsome Textile has its corporate office in Chandigarh with operations at Baddi in Himachal Pradesh and Manuni (hydro power plant).

## What we make

The Company is engaged in the manufacture of mélange, dyed and speciality yarns used by fabric and socks manufacturers. We also manufacture knitted fabric (8 tonnes per day) using the latest manufacturing technologies. The result is that we are engaged in spinning, dyeing, designing and knitting in one integrated manufacturing facility.

## Possible blends

100% Cotton • Cotton Polyester • Cotton/Viscose • Cotton/Wool • Cotton/Linen • Cotton/Modal • Cotton/Nylon • Supima Cotton • 100% Viscose • Viscose/Polyester • Viscose/Linen • Polyester/cotton/viscose • Cotton/Wool/polyester • Cotton/Sparkle • Viscose/Sparkle • Modal/sparkle • Polyester/Linen. Cotton/Tencel, Tencel/ Linen, 100% Tencel, Cotton/ Bamboo, 100% Bamboo, Cotton/ Wool/ Nylon, Viscose/ Polyester/ Sparkle, Pima/ Modal, Recycled Polyester/ Virgin Cotton, Recycled Polyester/Recycled Cotton/Virgin Cotton... and more



## Speciality products

Jaspe Yarn • Jaspe slub yarn • Neps Yarn • Chill Yarn • Flake Yarn • Snow Yarn • Slub Yarn • Slub Mélange • Siro Slub Yarn • Linen Look Yarn • Wool Touch Yarn • Foggy Yarn • Sparkle Yarn • Shiny Yarn • Fluorescent Yarn • Injection Slub Yarn • Fuzzy Yarn • Pattern Yarn • Mohair Yarn • Vintage Yarn • Galaxy Yarn, Dri Release, Fuzzy slub, Polyester Chill, Eco Star, Shimmer, Jaspe Pattern and Melange Pattern

## Mélange yarn innovation

Pima/Cashmere • Pima/Modal/Nylon Cashmere • Cotton/Coolmax • Cotton/Recron Fresh • Cotton/Shimmer • Polyester/Cotton Vintage • Two Tone Snow • Cashmere Touch • Pattern • 3D Jaspe, 3D Fuzzy,

## Capability

Winsome Textile is one of the largest producers of mélange yarn in India. Besides, the Company manufactures the finest quality of 100% cotton mélange yarn as well as blends with fibres like viscose, polyester, bamboo, modal, wool, nylon etc. across counts ranging from NE 12s to NE 60s (carded and combed) that can be used in weaving and knitting.

### Service

We maintain a ready stock of select products at strategic global and Indian locations, making it possible to deliver with speed.

### Library

We possess a large mélange library that makes it possible for us to provide thousands of shades. Our innovative Research & Development team is capable of developing any shade as per customer requirements, resulting in a competitive advantage.

### Our capacities

Over the years, we invested in ~110,000 spindles with the capacity to manufacture 30 MT/day of melange yarn, 30 MT/day of dyed yarn and fiber, knitted fabric of 8MT/day and hydel power of 3.5 MW.

### Research & development

The company invested in a laboratory that was recognised by Ministry of Science and Industrial Technology, Government of India, as a research institution (with corresponding tax exemptions with respect to imported materials and equipment).

### Dyed yarn

Our manufacturing unit is equipped with specialised equipment from Cubotex, Dettin and Stalam as well as a precision winder from SSM to produce the finest yarn quality. Our portfolio of dyed yarn includes over 50,000 shades and variations. We do not use harmful dyes and chemicals; none of our products contain azo-dyes.

### Sustainability

The Company invested in a hydro power plant in the Himalayan region that generates 16 million units a year, moderating our annual electricity cost by 12%.

### Awards and recognition

#### 2018-19

Texprocil Award; Silver Trophy for the Second Highest Exports of 'Processed Yarn'

#### 2016-17

Texprocil Award; Silver Trophy for the Second Highest Exports of "Processed Yarn"

#### 2016

Excellent Trophy for the Lean Quality Circle in the Allied Concept category at the 30th National Convention on Quality Concepts at SSIPMT; Raipur Gold Trophy in the Lean Quality Circle / Allied Concept category at the First Baddi Centre Convention on Quality Concepts

#### 2016 & 2015

Runner-up at Trident Quality Pioneer Awards at the North-West Qualtech Awards

#### 2015-16

2nd highest export of cotton yarn (processed yarns) in category II from Texprocil

#### 2014

2nd highest Exporter Award for Processed Yarns from Texprocil Business Segments: Yarn



# How we performed in the last few years

## Revenues (₹ crore)



### Definition

Growth in income net of taxes.

### Why is this measured?

It is an index that showcases the Company's ability to enhance revenues, an index that can be compared with sectoral peers.

### What does it mean?

Aggregate sales decreased by 8.31% to reach ₹664.00 crore in FY2019-20 as a result of slowing demand and economic slowdown.

### Value impact

The Company performed better than the sectoral average

## EBITDA (₹ crore)



### Definition

Earning before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax)

### Why is this measured?

It is an index that showcases the Company's ability to generate a surplus following the expensing of operating costs.

### What does it mean?

Helps create a robust growth engine and sustain profits.

### Value impact

The Company generated an attractive surplus despite sectoral challenges

## Net profit (%)



### Definition

Profit earned during the year after deducting all expenses and provisions

### Why is this measured?

This measure highlights the strength of the business model in enhancing shareholder value.

### What does it mean?

Ensures that adequate surplus is available for reinvestment.

### Value impact

During the year, the Company reported a net loss of ₹2.92 crore.

## EBIDTA margin (%)



### Definition

EBITDA margin is a profitability ratio used to measure a company's pricing strategy and operating efficiency

### Why is this measured?

The EBIDTA margin provides a perspective of how much a company earns (before accounting for interest and taxes) on each rupee of sales.

### What does it mean?

This demonstrates adequate buffer in the business expressed as a percentage, which, when multiplied by scale, enhances surpluses.

### Value impact

The Company reported a 192 bps decline in EBIDTA margin during FY2019-20 due to a lower EBIDTA.

## ROCE (%)



### Definition

It is a financial indicator that measures a company's profitability and the efficiency with which its capital is employed in the business

### Why is this measured?

ROCE is a useful metric for comparing profitability across companies based on the amount of capital they use – especially in capital-intensive sectors.

### What does it mean?

Enhanced ROCE can potentially drive valuations and perception.

### Value impact

The Company reported a 512 bps decline in ROCE during FY2019-20.

## Gearing (x)



### Definition

This is derived through the ratio of debt to net worth (less revaluation reserves)

### Why is this measured?

This is one of the defining measures of a company's financial solvency.

### What does it mean?

This measure enhances a perception of the borrowing room within the Company, the lower the gearing the better.

### Value impact

The Company's gearing improved on account of debt repayment.

## Average debt cost (%)



### Definition

This is derived through the calculation of the average cost of the consolidated debt on the Company's books

### Why is this measured?

This indicates our ability in convincing bankers and other debt providers of the robustness of our business model, translating into a progressively lower debt cost (potentially leading to higher margins).

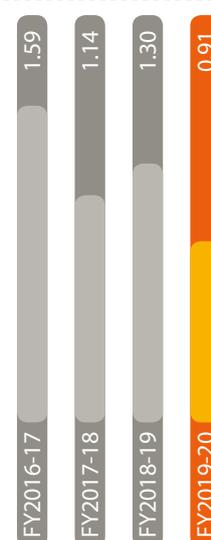
### What does it mean?

Enhanced cash flows; strengthened credit rating for successive declines in debt cost

### Value impact

This ratio should ideally be read in conjunction with net debt/operating profit (an increase indicating higher liquidity). The debt cost of the Company increased 26 bps during the year.

## Interest cover (x)



### Definition

This is derived through the division of EBITDA by interest outflow

### Why is this measured?

Interest cover indicates the Company's comfort in servicing interest – the higher the better.

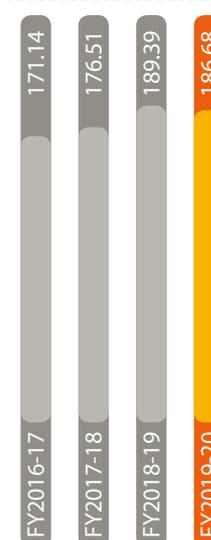
### What does it mean?

A company's ability to meet its interest obligations, an aspect of its solvency, is arguably one of the most important factors in assuring sizeable returns to shareholders.

### Value impact

The Company's interest cover weakened moderately to 0.91 during the year.

## Net worth (₹ crore)



### Definition

This is derived through the accretion of shareholder-owned funds

### Why is this measured?

Net worth indicates the financial soundness of the Company – the higher the better.

### What does it mean?

This indicates the borrowing capacity of the Company and influences the gearing (which in turn influenced the cost at which the Company can mobilise debt).

### Value impact

The Company's net worth declined 1.43% during the year.

## PASSION FOR INNOVATION

# When Winsome delighted buyers with focused catalogues...

There was a time when yarn companies approached their customers with the usual shade cards.

These shade cards covered indicative offerings across the forthcoming season.

Since this is how things were done in the past, there was a likelihood that this is how things were likely to be done in the future.

Winsome disagreed.

The Company said, 'We make yarns that are innovative; why shouldn't those yarns be marketed in an innovative manner as well?'

The result is that in 2018, Winsome launched a season shade card.

The trendsetting Autumn-Winter Collection catalogue offered buyers a two-year perspective of likely consumer preferences.

The Company backed this with the Spring-Summer Collection catalogue in 2019, followed by something that pushed the benchmark higher: a season-agnostic but gender-based collection addressing men, women and children.

By focusing on specific segments, the Company deepened its access across specialists, strengthened its recall as a customer-centric partner – and carved away attractive orders.

*Passion for innovation prevailed.*

## Existing products

Jaspe and Jaspe slub melange  
Neppy melange  
Sparkle Shiny Yarn and Fabric,  
Injection Slub Yarn and Fabric  
Zero Twist Yarn and Fabric  
Mohair Yarn and Fabric  
Ecostar Yarn and Fabric  
Linen look Yarn and Fabric  
Chill/ reverse chill melange  
Flake/ reverse flake melange  
Vintage Melange Yarn and Fabric  
Fuzzy yarn and Fabric  
Foggy yarn and Fabric  
Wool Touch Yarn and Fabric  
Raw white snow yarn  
Pattern yarn and Fabric  
Snow melange  
2- Tone snow yarn  
3-D Jaspe yarn  
Pattern melange  
Mohair sparkle  
Shimmer Melange and Raw White  
High Twist Melange & Dyed Yarn





## PASSION FOR INNOVATION

## When Winsome Textile reinforced its **commitment** to sustainable yarns...

One of the most decisive trends of the last few years has been a movement towards sustainable yarns.

Most international apparel brands are not merely focused on manufacturing and marketing larger quantities of a general variety of apparel; they are focused on marketing a larger quantity of 'responsible' apparel as well.

The result is that 'responsible' apparel has come to stand for a larger use of recycled fibres, lower carbon footprint and a cleaner world.

At WTIL, we are at the right place at the right time. The Company has focused on the use of a larger proportion of sustainable fibres in its resource mix. The Company accessed a wide range of sustainable fibres blended with cotton to manufacture environment-friendly yarns.

The result is that WTIL developed respect as a go-to provider of environment-friendly yarns that address the test of performance, aesthetics and sustainability – a win-win-win.

*Passion for innovation at WTIL is helping make the world cleaner.*

### New products, 2019-20

- P/C Recycle melange
- C/V Pattern yarn
- Viscose neps
- Recycled Polyester injection
- Recycled cotton melange
- Snow yarn with high snow effect
- 2-Tone Chill melange
- 3-D Fuzzy melange
- Jaspe Injection melange
- Polyester Chill Melange & Raw White
- Jaspe Pattern Melange

PASSION FOR INNOVATION

## When Winsome fast-tracked schedules and pleasantly surprised customers...

There used to be a time when melange yarn orders would be delivered in 30 to 45 days.

Winsome questioned this norm.

'We must shrink this turnaround time and surprise our customers' was the internal commitment.

The Company created a 'fast-tracked manufacturing line' that focused on emergency requirements. The marketed yarn was not just delivered with speed... it was branded 'Rapido Melange' that highlighted its core capability.

As the Company began to disrupt the long-established product turnaround cycle with a considerably quicker responsiveness, the word began to get across to buyers.

Global apparel brands began placing orders on their fabric suppliers for longer quantities and wider varieties coupled with an advisory: 'Buy yarn from Winsome.'

Through enhanced manufacturing flexibility, Winsome made it possible for the entire trade cycle to benefit – quicker product turnaround time and a lower outlay of working capital.

*Passion for innovation strengthened the eco-system.*

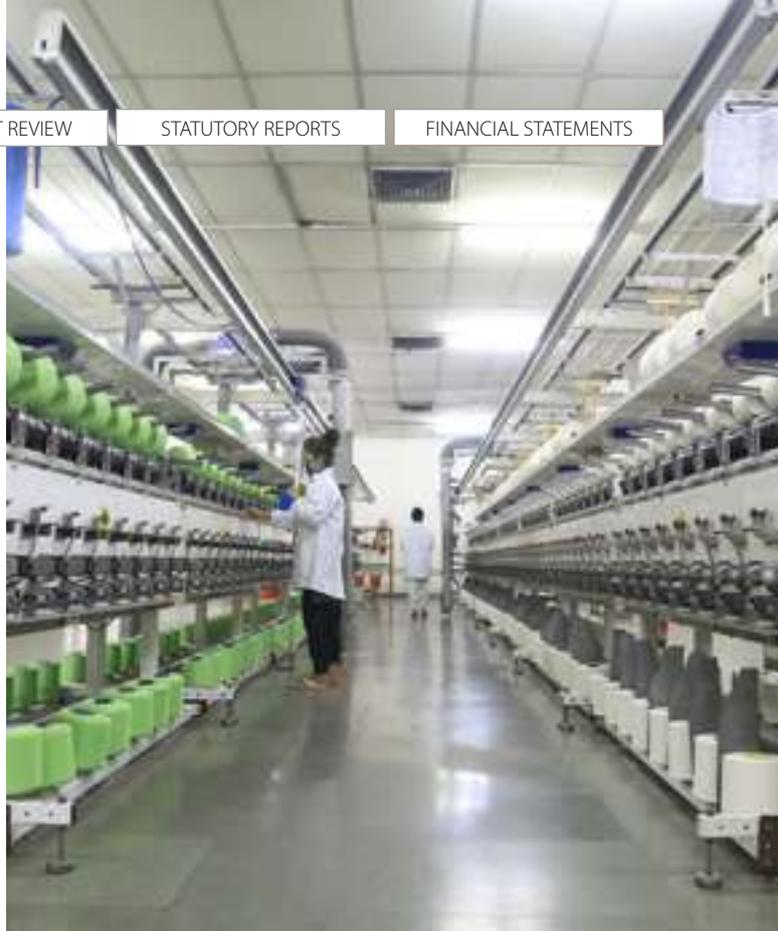
### New shade cards, 2019-20

Development of a sustainable collection with sustainable natural and man-made fibres

Recycled collection comprising melange yarn made with recycled cotton

PC melange shade card volume 19 with recycled polyester

Rapido Melange for quick shipment



# Winsome. Different in various ways.

## Relationship over transaction

Most yarn manufacturers stayed focused on the transaction

At Winsome, we have built our business through building multi-year relationships instead



## Marketing over manufacturing

Most yarn manufacturers have positioned themselves as manufacturing-centric

At Winsome, we have positioned our company as nimble and marketing-driven instead



## Margins over output

Most yarn manufacturers are volume-driven

At Winsome, we have prided on being margins-driven instead



## Solution over transaction

Most yarn manufacturers are focused on product manufacture and delivery

At Winsome, we have focused on fulfilling customer solutions instead



## Innovation over copying

Most yarn manufacturers focus on an existing product range

At Winsome, we have invested in innovation, continuously adding to our portfolio instead



### Specialisation over generalisation

Most yarn manufacturers engage in volume-driven commodity yarns

At Winsome, we have focused on the manufacture of niche yarns instead



### Value-addition over commoditisation

Most yarn manufacturers focus on the bulge of the market

At Winsome, we have focused on the value-added segment instead



### Broad-basing over domestic sales

Most yarn manufacturers focus on the large Indian market

At Winsome, we have selected to service the Indian and global market instead



### Sustainability over profitability

Most yarn manufacturers focus on existing profitability

At Winsome, we have focused on generating long-term sustainability instead



# Our passion for innovation has helped us in carving out a **differentiated position for ourselves in the industry.**

## Overview

At Winsome Textile, we have generally maintained a consistent sequence of revenue and profit growth across the last number of years.

The year under review was marked by an exception. Our total income declined by 8.31%, while there was a negative profit after tax reported by the Company, the first instance of a decline in the Company's bottomline in a number of years.

I must however assure our shareholders that the Company performed creditably in protecting itself from the broad downside and securing its business model with the objective to post an attractive rebound as soon as market conditions revive.

## Operating landscape

The year under review was marked by an economic slowdown in the Indian and global markets.

The scenario in India was affected by a crisis in the country's non-banking finance sector, which, in turn, affected credit disbursal, asset creation, income growth and consumer sentiment. In this environment, apparel offtake was also affected, which consequently moderated the demand for fabric and yarn.

The Indian economy reported declining GDP growth – from 6.2% in 2018-19 to 4.2% in

2019-20. The Company's GDP erosion was more pronounced in the quarterly numbers, the growth declining to a low of 3.2% in the last quarter of 2019-20. During the last quarter, growth was also affected by the outbreak of the Covid-19 pandemic, which affected offtake of all products starting from the last week of the financial year under review.

The scenario was no better in the international markets. The trade war between the US and China affected global growth. Besides, the global consumer sentiment was affected by Britain's exit from the European Union, economic weakness in China and India as well as US trade sanctions on Iran. In view of this, global growth declined from 3.6% in 2018 to 2.9% in 2019.

These realities made it challenging for the Company to operate in the markets of India and abroad.

## The Covid-19 pandemic

The outlook for our business was affected by the outbreak of the Covid-19 virus in China in December 2019, which affected demand in the global markets from the first quarter of 2020 and in India from the last week of March 2019. As India went into a lockdown, demand was extensively eroded, downstream consumers halted their production (and hence procurement) and the priority of the day was to protect the



integrity of the Balance Sheet and safety of the Company's eco-system.

At Winsome, we responded with speed to unfolding developments. We communicated to our buyers within India and abroad of the logistical challenges in material dispatch on the one hand and temporarily halted manufacturing operations on the other.

Besides, the Company embarked on various initiatives to protect its eco-system.

It protected employees by discontinuing operations, which we restarted in the second week of April from home and engaging with them electronically to enhance motivation. It connected with vendors to apprise them of a change in procurement volumes and schedules. It protected shareholder interests by selecting to freeze major capital expenditure, conserving cash and protecting the integrity of the Balance Sheet. It remained actively engaged

with customers on their production plans with the objective to capitalise with speed on prospective demand improvement.

Even as the prevailing environment is unprecedented, we are cautiously optimistic that we possess the competitiveness to capitalise as soon as demand normalises.

### Performance review, 2019-20

During the last financial year, as revenue reported degrowth at around 8.31%, there was a decline in our profitability. EBITDA declined from ₹87.19 crore in 2018-19 to ₹67.19 crore in 2019-20; PAT declined from ₹12.87 crore in 2018-19 to a negative ₹2.92 crore in 2019-20; EBITDA margin declined from 12.04% in 2018-19 to 10.12% in 2019-20.

This decline in margins and surplus was the result of a sharp increase in the minimum support price announced by the government on raw cotton. This unexpected development increased the outgo on account of raw material costs for our Company. Besides, this increased the cost of raw cotton in India to higher than the landed cost of imported cotton landed cost of similar quality, the first such instance in years. This not only made the country's raw cotton uncompetitive in the global markets but also narrowed margins enjoyed by downstream yarn spinners. The Company could not pass the cost increase to customers and was required to absorb it, affecting competitiveness.

Besides, the slowdown in the global markets affected overall

realisations and offtake. The decline in realisations was felt largely in the value-added segment; the Company moved with speed to address the volume segment, consciously embracing a decline in overall profitability.

During the last few years, a sharp increase in the melange manufacturing capacity within India began to affect the demand-supply balance for the product segment. During the year under review, melange yarn realisations were affected and because we were one of the largest melange players in the country, our performance was also affected.

### Strategic initiatives

At Winsome, we embarked on a number of initiatives to protect our competitiveness during the last financial year.

The Company worked closer with customer brands. We believe that downstream apparel makers will need an increasing throughput of innovative products. During the year under review, we deepened our engagement with such customers and strengthened our service with the objective to increase our wallet share.

The Company strengthened new melange product development, widening choice and strengthening its brand as an innovation-driven player.

The Company highlighted its dependence from a national and corporate point of view at a time when global apparel makers are seeking a supply alternative to China with the objective of broad-basing their geographic risk profile.

The Company focused on sweating its manufacturing assets with the objective

of generating superior economies of scale; the Company addressed the mid-value yarn segment where volumes were larger and offtake quicker.

The Company deepened its recall as a dependable partner through quality consistency, service responsiveness, product innovation, portfolio breadth and supply quantum.

The Company deepened its engagement with global agents (over traders), deepening market access. The Company ended the year by protecting its recall as a go-to vendor ('If the requirement is specialised, go to Winsome').

### Market outlook

At this point, it will be difficult to estimate when consumer sentiment will return. The global economy is poised to de-grow during the current calendar and financial year.

We estimate that the longer the lockdowns and erosion in global growth, the greater will be the deferral in consumer spending and the larger the down-trading.

As realisations remain weak, a sectoral shakeout is likely to emerge: companies with weak Balance Sheets are likely to exit the business. This could correct the market imbalance (where supply is temporarily higher than demand), creating a healthier industry environment.

### Conclusion

At Winsome, we are attractively placed to see through the downturn: we are a focused player; the low and medium value melange range that we manufacture is structured around low inventories; the high value melange range that

## Sustainability over profitability

Most yarn manufacturers focus on existing profitability

20% of our energy derived from renewable energy



we manufacture is secured by a made-to-order approach that protects our interests. Besides, we enjoy a distinctive brand recall complemented by relevant economies of scale: we are among India's largest melange yarn manufacturers and the largest cotton dyed yarn player.

Going ahead, we intend to moderate our debt, strengthen our credit rating and emerge stronger from this downturn.

Our best lies ahead.

**Ashish Bagrodia,**  
Chairman and Managing Director

# At Winsome, governance represents the soul of our existence

## Overview

In an uncertain world, we have made governance the bedrock of our existence.

At Winsome, governance is about a commitment to generate respect by doing the right thing, enhancing stakeholder confidence.

The governance principles represent the cornerstone of our existence.

## Board of Directors

At Winsome, we have placed a premium on our Board composition, comprising achievers of standing. These individuals have brought to our table a complement of values, bandwidth, business understanding and strategic direction.

## Credibility

At Winsome, we put a premium on credibility: credibility in delivering what the customer wants, when it wants and customised to what it wants, extending to our engagements with all stakeholders and enhancing assuredness of what can we expected when one engages with us.

## Ethical standard

At Winsome, our commitment to be ethical has manifested in various ways: zero tolerance for integrity transgressions, commitment to recruit and appraise talent without prejudice, protect environment integrity and run the organisation in a professionally progressive way.

## Long-term

At Winsome, we are engaged in our business for the long-term. We are not attracted by the prospect of short-term arbitrage; we are driven by a commitment to value in a sustainable way. The result is a holistic approach to building the business where some investments may have extended paybacks but would be necessary for our long-term existence.

## Stakeholder value

At Winsome, we are engaged in business for the benefit of all stakeholders: our customer must benefit from business-strengthening products and service; our employee must derive holistic career fulfillment; our investor must generate superior returns; our vendors must benefit through the stable outsourcing of resources; our community must benefit from our responsible presence; our government must benefit through the payment of taxes and livelihood creation.

### Best over big

At Winsome, we believe that success is derived from the best at what we can do. This is of critical relevance in the capital-intensive textile business marked by a perception that scale is more important than scope. We believe that the most passionately run mid-sized yarn spinning company can deliver operating efficiencies better than larger competitors (as in our case). As an extension of this conviction, we believe that a focus on competence enhances asset utilisation, revenues and profitability leading to a reinvestment cycle that enhances scale: passion generating scale and sustainability, and not the other way around.

### Focused

At Winsome, we are a textile player that has selected to specialise in niche yarns (mélange, dyed and speciality) with a synergic extension to knitted fabric. This relatively focused field of competence represents our biggest insurance against mortality; the specialisation has strengthened our brand in a progressively commoditising world, reinforcing customer accretion and retention.

### Relationship

At Winsome, we have selected to carve away a larger customer wallet share. This has warranted integration deeper into customer plans, manufacturing customised products, enhancing our service responsiveness to their needs and graduating from a company tucked away in one part of the world to an effective extension of their personalities.

### Controlled growth

At Winsome, we have selected to grow our business to the extent our Balance Sheet can permit; this controlled approach (where a greater proportion of accruals are being reinvested) has ensured our liquidity and profitability across market cycles.

### Process-driven

At Winsome, we focus on the 'how' over the 'what'. We represent a balance of promoter engagement and professionalised management. This approach has been complemented by a framework of processes, audits, IT investment, checks and balances that have translated into operational predictability and relatively de-risked scalability.

We believe that this governance framework has established clarity of how we will engage with the world and what the world can expect from us.

### Overview

In an uncertain world, we have made governance the bedrock of our existence.

At Winsome, governance is about a commitment to generate respect by doing the right thing, enhancing stakeholder confidence.

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# How Winsome's business model has strengthened competitiveness



## Overview

At Winsome, even as governance represents the intent of how we expect to conduct ourselves, our business model presents our responsiveness to dynamic ground realities leading to business sustainability.

## Broad-basing

At Winsome, if there is one recurring theme in our business model it is 'broad basing'. This broad basing has helped us moderate an excessive dependence on any one product segment, geography or customer. Over the years, this broad basing has helped reduce the risk quotient of our business, strengthening sustainability. The result is that no single customer accounted for a disproportionate share of our business, the share of revenues between our global and Indian sales were largely balanced and we spread our presence across a large and growing portfolio of end products.

## Geographically balanced

At Winsome, we have selected to be present in India and the international markets. The proportion of revenues derived from the global markets was 37.5% of our revenues in 2019-20; in turn, we spread across more than 50 countries across various continents, seeding our presence in a number of them with a large addressable headroom and capitalising on multi-year prospects.

## Warehouse

At Winsome, we have set up warehouses in select national and international markets with the objective to service demand in those and peripheral geographies with speed, strengthening our logistical responsiveness.

## Mix of engagement

At Winsome, we manufacture value-added melange yarns around a made-to-order approach that moderates the risk on non-sale; our mid-value melange yarns are stocked to sell. We believe that the mix of the two enhances our responsiveness to markets, while protecting our overall competitiveness and Balance Sheet.

## Value-addition bias

At Winsome, we have positioned ourselves as value-added yarn manufacturers (melange, speciality and dyed). We derive the majority of our sales from these value-added varieties where we generate a premium over the prevailing commodity average. However, this large value-added proportion of our business is complemented by commodity yarns segment that often moves faster in the marketplace (albeit at lower realisations), addressing our need to maximise capacity utilisation to cover variable and fixed costs.

## Solution

At Winsome, we provide customers with a complete solution. What we make we sell them; what we do not make, we outsource from credible vendors for them, transforming what could have been a transaction into a solution.

## Integration

At Winsome, we believe that in a business as a competitive as ours, success is derived from an aggregation of margins across product segments. However, once these products are integrated, whereby one end product becomes the raw material for the other, the overall impact is higher. In 2019-20, Winsome consumed 5.20% of its yarns within its company to manufacture knitted fabric, enhancing value-addition and profitability. Besides, our integration comprises dyeing and renewable energy generation.

## Technology-driven

At Winsome, we have periodically invested in cutting-edge technologies with the objective to generate superior manufacturing efficiencies, product quality as well as new attachments for new product development.

Sustainability over profitability

Most yarn manufacturers focus on existing profitability

At Winsome, we manufacture value-added melange yarns around a made-to-order approach that moderates the risk on non-sale; our mid-value melange yarns are stocked to sell. We believe that the mix of the two enhances our responsiveness to markets, while protecting our overall competitiveness and Balance Sheet



### Research-led

At Winsome, we have invested in structured and organised research into the development of niche and differentiated yarns (melange, dyed and speciality) that facilitate the manufacture of trendy fabric and value-added apparel.

### Brands

At Winsome, we have selected to engage with branded fabric and apparel manufacturers (India and the world). These customer-facing brands enjoy traction, visibility and premium pricing (over unorganised players) that make it possible for upstream players like us to manufacture niche value-added yarns.

### No speculative positions

At Winsome, we see our role as an efficient convertor of cotton fibre into yarns. This strategic

clarity has translated into a few imperatives: investments in conversion efficiency, lower material use, high financial returns, enhanced quality focus and the complete absence of any speculative positions on our raw materials or finished products that could potentially distract us from our organisational focus.

### Core and downstream focus

At Winsome, we invested in core (yarn) and downstream investment (knitted fabric). The integration of these two has provided us with a platform on which to build the long-term prospects of our business. We believe that niche yarns represent the future of the sector on account of a growing consumption of cotton and blended fabrics / apparel.

### Flexible portfolio

At Winsome, the advantage of our integrated manufacturing architecture is its inherent flexibility. We can move from one yarn product to another based on the market dynamics that translate into higher cash flows and margins, strengthening our positioning as an RoCE- and RoE-driven company that seeks to be among the most profitable in its sector.

### Capex-light

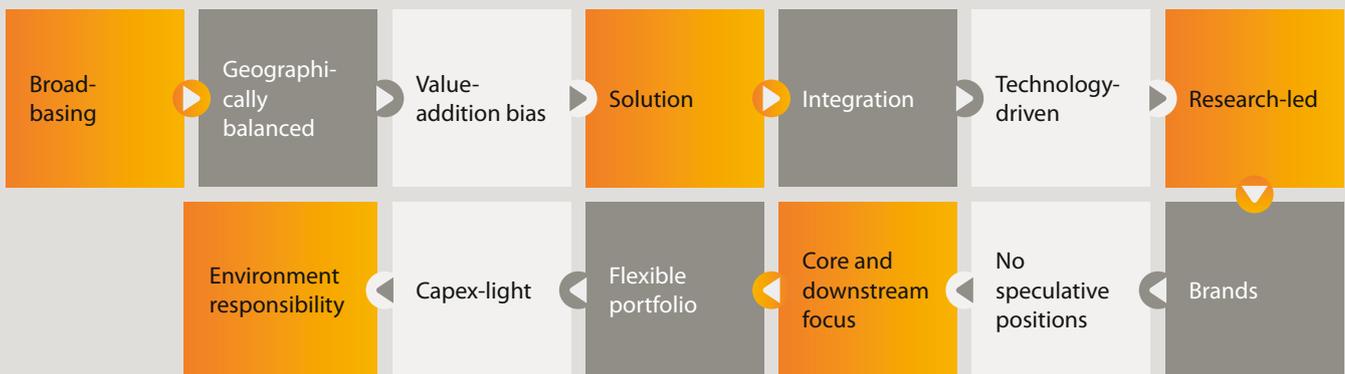
At Winsome, we have taken a conscious decision to freeze fresh capital expenditure. This will strengthen our sustainability: help us draw our debt down faster, enhance our perspective of debottlenecking investments (nominal) with quick payback, increase our focus on generating more from less

and accelerate our transition towards value-added niches.

### Environment responsibility

At Winsome, we believe there is a growing premium on the need to be environmentally responsible beyond what has been statutorily specified. We do not use harmful dyes and chemicals; none of our products use azo-dyes. We believe that environment responsibility enhances customer confidence, employee morale, community respect, lender willingness and shareholder assurance. This has positioned us as holistically responsible and generated traction among like-minded customers; besides, it has moderated resource consumption, strengthening our profitability.

## Our sustainable business model







### Sustainability focus

There is a premium on cleaner processes and natural fibres



### Partnership model

Apparel brands are seeking to collaborate closer with fabric and yarn makers, securing their eco-system



### Direction visibility

There is a long-term movement towards blended yarns (performance cum aesthetics)

## How the textile sector is evolving



### Shorter fashion cycles

There is impatience with fabric design relevant for only a few months resulting in quicker wardrobe replenishment



### Fashion orientation

There is greater vibrancy in apparel, driven by the need to look and feel younger

**Direction visibility**

There is a deepening corporate focus on dyed and blended yarns, which are segments likely to remain in demand

**Terrain advantage**

The Company leverages India's natural cotton advantage

**Security**

Sectorial entry barriers through increased infrastructure needs

**Responsible**

There are growing barriers of industry entry (on account of tightening pollution norms)

**Winsome:**  
Competitive  
global dyed  
and niche  
yarns player

# 5 ways we intend to capitalise, enhancing shareholder value

Marketplace reality:  
Premium on margins

1

**Our response: Value-added yarns**

- Increase the proportion of higher value-added yarns in our product mix
- Enhance our insulation against resource volatility (raw cotton)
- Strengthen our overall profitability
- Enhance our multi-year sustainability
- Reinforce our niche recall in the international markets
- Improve relations and direct marketing with brands

Marketplace reality:  
Sluggish offtake

2

**Our response: Reduce debt**

- Strengthen the Balance Sheet
- Enhance liquidity
- Strengthen our credit rating
- Empower the Company to raise additional resources at a lower cost
- Strengthen the financial virtuous cycle

Marketplace reality:  
Price-sensitive reality

3

**Our response: Strengthen our brands focus**

- Work deeper with global and textile Indian brands
- Integrate deeper into their business plans
- Strengthen relationship (and revenue) visibility
- Market a larger proportion of value-added yarns
- Strengthen our understanding of emerging market preferences
- Enhance focus on brand-specific products.

## Desired outcomes

Superior margins and RoCE

Larger investable resources from within

## Marketplace reality: Demand sluggishness

4

### Our response: Increase capacity utilisation

- Freeze major capital expenditure
- Engage in selective debottlenecking
- Focus on superior asset utilisation
- Minimise downtime; enhance plant availability
- Capitalise on a superior amortisation of fixed costs

## Marketplace reality: Declining margins

5

### Our response: Enhance fabric output

- Explore opportunities of forward integration
- Manufacture more knitted fabric
- Maximise yarn consumption from within
- Maximise value for every kg of cotton fibre
- Move one step closer to apparel makers

## What we wish to continue being

- A company that works with some of the most respected fabric manufacturers (who service the most demanding apparel manufacturers and brands)
- A company that generates respect for product quality, process integrity, product customisation and service dependability
- A company that has reached a critical mass of free cash flows that makes it possible to service its capital appetite from within
- A company that enhances shareholder value

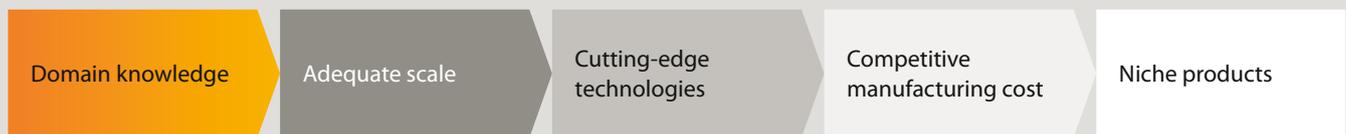
Stronger credit rating

Enhanced organisational value

# Our business graphically explained

Winsome has invested in its business with the objective to emerge as a dependable partner

## World-class manufacturing capabilities



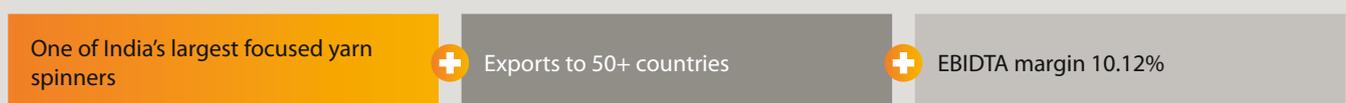
## Dependable partner



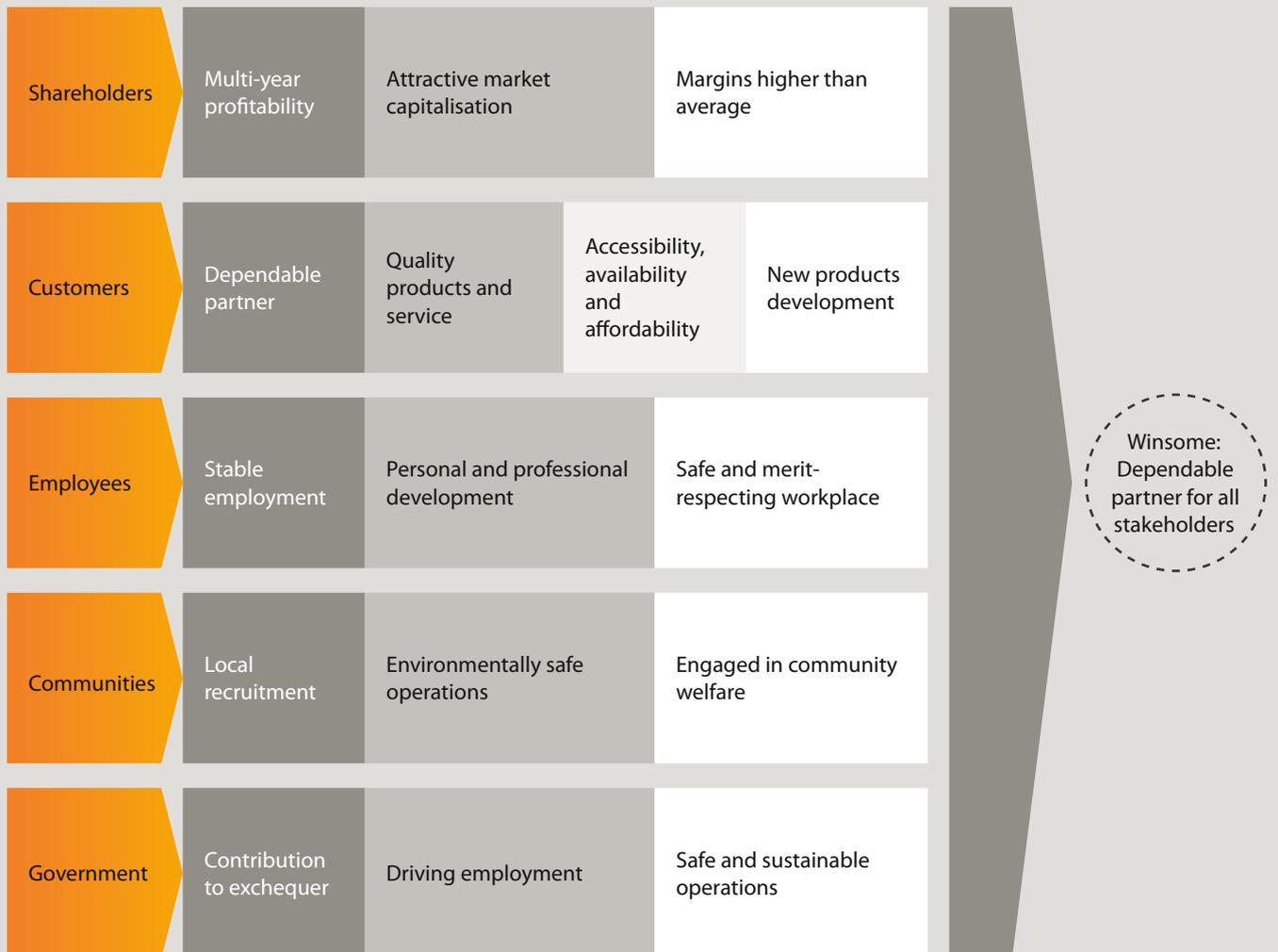
## Attractive profitability



## Environment compliance



## Benefiting the partner eco-system



# Health, safety and environment management at Winsome



## Recognised

Winsome's commitment towards environment and employee health and safety have been reinforced by IS/ISO 14001: 2015 and IS 18000 certifications for its manufacturing units.



## Overview on sustainability

A growing number of global manufacturers are recognising financial and environmental benefits from sustainable business practices. Besides, stringent environmental norms indicated by regulating agencies are helping reduce resource depletion, water scarcity, pollution and other harmful impacts.

The result of these realities is a greater emphasis on sustainable manufacture. This comprises the manufacture of products through economically sound processes that moderate the consumption of energy and natural resources while reducing negative environmental impact in addition to enhancing employee, community and product safety.

Besides, there is a growing emphasis on aligning business existence with United Nations' 10 principles for manufacturing responsibility and environmental sustainability, covering Human Rights, Labour interests, Environment responsibility and Anti-Corruption initiatives.

## The management's approach

Winsome's overarching focus lies in consuming less and manufacturing more while minimising environment impact. It is the Group's conviction that the most successful, profitable and sustainable companies are ones benchmarked around the most stringent environmental standards.

Winsome has been progressively producing yarns (melange, dyed and specialty) through 'greener' alternatives. It invested in low-carbon technologies that translated into enhanced resource and energy efficiency. It invested in hydro-energy, reducing its carbon footprint. The risk mitigation policies were outlined keeping in mind its long-term vision on the one hand and enhanced sustainability-driven prosperity on the other. In doing so, the Company focused on the reduction of its environmental footprint, planet preservation and moderated resource consumption through a proactive investment in the use of modern technologies, practices, methodologies and standards.

At Winsome, our operations are woven around the 4R's – recycling, replacement, reduction and renewables. Over the years, we strengthened our environment commitment through an investment in 3.5 MW hydro-energy, replacing fossil fuel and emissions of greenhouse gases (GHG).

## HSE policy at Winsome

Winsome is committed to practice environment (EMS) and occupational health & safety (OHS) management systems for its activities, products and services. The Company is committed to:

- Comply with all applicable laws, regulations and other requirements pertaining to environment and OHS.

- Continually endeavour to upgrade the knowledge and skills of employees through awareness and need-based training in environment and OHS.
- Manage operations in an environmentally responsible and safe manner to protect the environment through pollution prevention
- Reduce effluent through continual improvements in environmental and OHS performance by periodically reviewing EHS objectives and targets
- Minimise waste at source and optimise utilisation of natural resources.
- Maintain, communicate and make available this policy to all working for and on behalf of WTIL (employees, vendors, customers and the public).

## Criticality

The textile industry consists of a number of processes (in spinning, dyeing and knitting) that are required to convert fibre into a finished yarn/ knitted fabric. The major safety and health issues, which make HSE critical to the Company's existence, comprise the following:

- Exposure to cotton dust
- Fire incidents
- Exposure to chemicals
- Exposure to noise
- Ergonomic issues

## Counter-measures

The Company undertook a number of counter-initiatives addressing the interest of various stakeholders

### Employees

The Company protected employee safety through the following provisions:

- Provided masks to workers
- Provided HSE training to employees
- Conducted mock drills of security persons in each quarter
- Conducted aspect/impact and hazard/risk analysis in each area
- Implemented OCPs and OClS regarding aspect/impact and hazard/risks
- Engaged in regular HSE issues in communication meetings

### General safety equipment

The Company invested in the following equipment to reinforce its HSE commitment:

- Fire extinguishers in each section and area
- Fire hydrants at each location
- HSE awareness boards that enhanced visual awareness in every department
- Provided training to all workers and staff on HSE importance
- Sprayed mosquito repellents in each area
- Commissioned a dedicated dispensary and medical staff
- Provided a dedicated ambulance for plant workers

- Provided medicines to workers; conducted medical camps

### Environment conservation

The Company invested in the following conservation activities:

- Energy conservation
- Water conservation
- Waste recycling

### Key initiatives in 2019-20

- In five years, the Company reduced water consumption per kg of dyeing from 130 litres to 100 litres
- Energy conservation helped save 0.21% energy in Unit I and 0.50% in Unit II
- Installed one rotary heat exchanger module to trap heat from waste water. This highly efficient module helped in producing hot water for use in the process house, saving about 1200 kg /day of fuel

### Outlook

The Company will continue to focus on energy conservation, water conservation, waste recycling and reduction in the use of auxiliaries and chemicals.

## Covid-19 employee health and safety framework

- A structured COVID-19 SOP was introduced, covering all activities
- The Company provided masks provided to all workers
- The entire work areas was sanitised; a sanitiser arrangement was provided at every entry point
- Visual boards were placed in each area
- Temperature monitoring was conducted with thermal scanners at entry points
- A dedicated quarantine centre was operationalised that conducted health checks
- Regular pandemic awareness was enhanced in communication meetings

## Quality-enhancing certifications

**ISO 14001:2015:** Specifies the requirements for an environmental management system that an organisation can use to enhance its environmental performance. ISO 14001:2015 is intended for use by an organisation seeking to manage its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability.

**ISO 45001:2018:** The latest development of ISO in the field of occupational health & safety. This new standard defines requirements for an occupational health & safety management system (OH&S).

## Key numbers

### Water conservation

93

Lit/Kg, Water Consumption Per Kg of Dyeing

### Power consumption

1.48

units/kg, Power Consumption per Kg of Dyeing

### Chemical consumption

27

₹/Kg, Dye & Chemical Cost Per Kg of Dyeing

# Management Discussion and Analysis

## Global economic overview

The global economy grew 2.9% in 2019 compared to 3.6% in 2018. This sharp decline was precipitated by an increase in global trade disputes that affected the cross-border movement of products and services, a slowdown in the global manufacturing sector, weak growth coming out of some of the largest global economies and the impact of Brexit. The result was that global trade grew a mere 0.9% in 2019, pulling down the overall economic growth average. The price of Brent crude oil, the international benchmark, averaged US\$64 per barrel (b) in 2019, US\$7/b lower than its 2018 average.

## Indian economic overview

The Indian economy slowed down to 11-year low of 4.2% in 2019-20, compared to 6.1% in 2018-19. Retail inflation climbed to a six-year high of 7.59% in January, 2020, breaching the Reserve Bank of India's (RBI) upper band of 6% while settling at 5.91% in March, 2020. The nominal exchange rate (the Indian rupee or INR vis-à-vis the US dollar) exhibited sizable two-way movements during October-December 2019.

The combined expenditure of Central and State Governments exceeded revenues, translating into a greater level of public debt-to-Gross Domestic Product (GDP) ratio. At around 69% of GDP for the Financial Year 2019-20, India's public debt was relatively large in comparison with other major emerging market economies. [Source: <https://www.business-standard.com>]

The Monetary Policy Committee under RBI reduced the policy repo rate to 4.40% from 6.25% in 2018-19 to mitigate the risks arising amidst the deteriorating economic conditions.

With food inflation hitting 14% in December 2019, rural India was among the worst hit by the current economic slowdown. Growth in nominal rural wages, both for agricultural and non-agricultural labourers, remained subdued averaging around 3.4% and 3.3%, respectively, during 2019-20 (up to January 2020) reflecting a continued slowdown in the construction sector. The nominal per capita net national

income was estimated at ₹135,050 in Financial Year 2019-20, up 6.8% from ₹126,406 in 2018-19. The Government's fiscal deficit widened to 4.6% against the revised target of 3.8% because of low GST and custom collection along with declining revenues caused by a cut in corporate tax rates. [Source: <https://economictimes.indiatimes.com>]

The share of Gross Fixed Capital Formation (GFCF) in GDP dropped to 30.2% in Financial Year 2019-20 from 31.90% a year ago. The gross fiscal deficit of 22 states increased to 2.9% of their Gross State Domestic Product (GSDP) in 2019-20 from the budgeted 2.5%. The deviation was mainly caused by lower revenue – own and central transfer – due to a slowdown



## Textile and apparel industry overview

**Global textile industry:** The global apparel market size was US\$ 1.8 trillion, with EU and USA being the largest apparel markets with a combined share of ~40% in 2018.

The adoption of luxury lifestyle among consumers influenced the purchase of luxury wear by millennials. The increasing fashion trend, coupled with an evolving retail landscape across brands, were key factors in strengthening apparel offtake in a matured market.

As competition is steep, apparel companies often create alliances to present a stronger front. Successful advertising strategies, as well as a concentration in specialised markets empower apparel companies to generate increased revenues.

Global apparel market is anticipated to grow at a CAGR of 5.5% during

2020-2025. Rising per capita income, favourable demographics and a shift in preference to branded products are projected to drive the demand for the market.

The global textile market is expected to decline from \$673.9 billion in 2019 to \$655.2 billion in 2020. The decline is mainly due to an economic slowdown owing to the COVID-19 outbreak and containment measures. The market is expected to recover and grow at a CAGR of 7% from 2021 and reach \$795.4 billion in 2023.

Asia-Pacific was the largest region in the global textile market, accounting for 50% of the market in 2019. Western Europe was the second largest region accounting for 18% of the global textile market. Africa was the smallest region in the global textile market.

in economic activity, which, in turn, induced states to cut revenue and capital expenditure.

India emerged as the fifth-largest economy in 2019, overtaking the UK and France with a GDP of \$2.94 trillion. India jumped 14 places to 63 in the 2020 World Bank's Ease of Doing Business ranking, riding on reforms in seven areas and a substantial bump-up from the insolvency law rolled out in 2016. The country climbed 79 positions in the past five years and was among the top 10 performers for the third year running. India moved down 10 places to rank 68th on the annual global competitiveness index, largely due to improvements by other economies.

The outbreak of COVID-19 and the subsequent lockdown are expected to moderate aggregate demand. India's estimated gross domestic product (GDP) for the fourth and final quarter of FY2019-20 fell to 3.1% which indicated a partial impact of COVID 19. To mitigate this reality, the Government announced the Prime Minister Gareeb Kalyan scheme worth ₹1.7 trillion, providing relief to the poor and migrant workers through measures like direct cash transfer to farmers, increased wages under MGNREGA scheme and the utilisation of welfare funds for construction workers. The Government also announced an economic package of ₹20 Lacs Crore, benefitting the MSME segment, agrarian sector and provision for free rations to migrant workers.

The intensification of social distancing is expected to lead to supply side as well as demand side shocks. Supply chain disruptions could hurt domestic production in sectors dependent on imported inputs like pharmaceuticals, autos, chemicals, power, etc. Disruption to the services sector could affect sectors like transportation, hotels and entertainment – as containment measures limit travel. Fiscal and monetary stimulus measures undertaken by the Government and Central Bank are expected to provide reasonable support to the economy. Despite linkage with global economies, India's macroeconomic situation remains considerably strong as compared to other emerging economies. Falling crude oil prices are expected to favour the Balance of Payment situation. Benign inflation that allows room for monetary easing and comfortable forex reserves levels could add to the economy's resilience. In a new set of measures to mitigate the impact of coronavirus lockdown on the economy, the RBI reduces the repo rate by 40 basis points from 4.4% to 4% and the reverse repo rate reduced by 40 basis points from 3.75% to 3.35 %.

### Indian textile and apparel industry

Driven by a strong legacy of textile manufacturing and sustained population growth, India reported strong textile and apparel demand growth. Besides, rapid

growth in disposable incomes in India's middle and lower middle-class sections has catalysed demand. In value terms, India's domestic textile and apparel market is worth US\$ 106 billion in 2019-20 and expected to grow at a CAGR of 12% to US\$ 220 billion by 2025-26. Apparel demand at US\$ 78 billion dominated the domestic market with a share close to 74% of the total textile and apparel market in India.

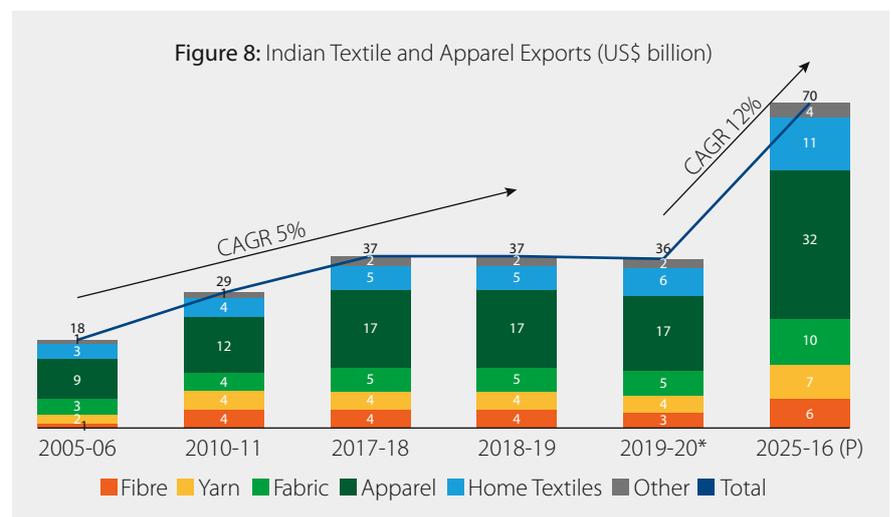
The textiles and apparel industry contributes 2.3% to India's GDP and accounts for 13% of industrial production, and 12% of the country's export earnings. It is the second-largest employer in the country providing employment to 45 million people.

With the adoption of modern technologies and better capacity building, India has emerged as a competitive manufacturing base. Water cost in India is among the lowest in the world and more than 200% cheaper than in China. India strengthened its position as an alternative to China resulting from a favourable Ease of Doing Business ranking, better compliance and political stability. The labour cost in India is regionally competitive and significantly lower than in China.

### Textile and apparel exports from India

Over the years, India has emerged as a major textile and apparel export hub. Textile and apparel export stood at US\$ 37 billion in 2018-19. Being a promising sourcing destination for global buyers, India's textiles and apparel exports are expected to reach US\$ 70 billion by 2025-26, growing at a CAGR of 12%.

Source: Wazir



## Global yarn market

The global cotton yarn market size is likely to increase to US\$88610 million by 2025 from US\$71540 million in 2018 at a CAGR of 3.6%. China and India are principal consumption regions due to a growing demand from downstream applications. In 2018, these regions occupied 64.88% of the global consumption volume. With wide applications of cotton yarn, demand from downstream applications could increase.

## Spinning industry overview

The global yarn market is estimated at around US\$ 40 billion in 2017 and expected to grow at a CAGR of 1.05% to reach US\$42 billion by 2022. In 2018 with an installed capacity of about 53 million spindles, India is one of the largest producers and exporters of cotton yarn with a production of 5,122 million kgs.

China is the largest importer of cotton yarn (25% share) from India, followed by Bangladesh and Pakistan with 20% and 7% shares respectively. The top five importers form 62% of India's total cotton yarn exports. The high cotton yarn exports out of India can be attributed to the local availability of abundant raw material and modern infrastructure in the spinning section of the value chain. Indian spinners have invested extensively in bringing

in the latest spinning technologies and infrastructure to India.

## India's spinning industry

India's yarn production amounted to nearly five billion kilograms in fiscal year 2019. The volume of yarn produced consistently increased since 2011. Cotton yarn accounted for the largest yarn variety share at over 71% with a fabric production share of nearly 51.4% in fiscal year 2018.

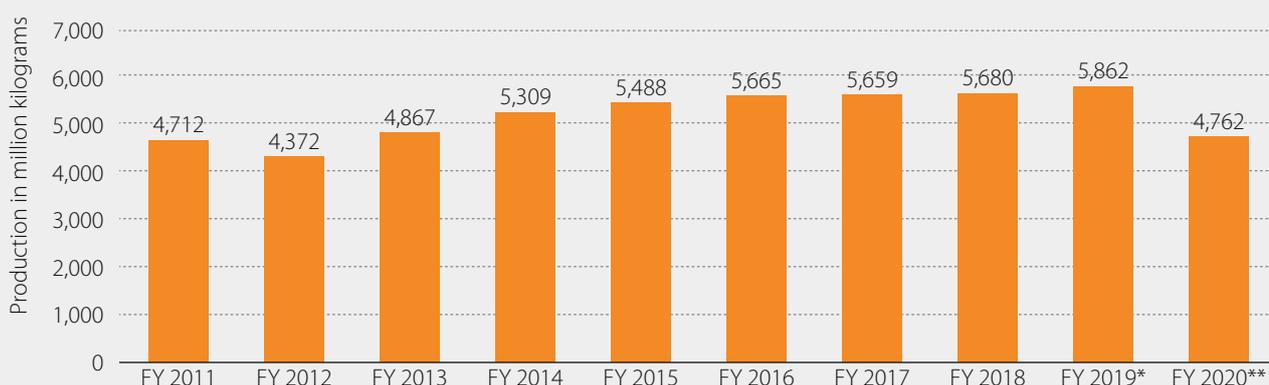
## Drivers of India's textile industry

- A population of more than 1.37 billion people, along with more than 50% of the population under 25 years of age, generates strong domestic demand
- India's per capita income grew substantially from US\$1423 in 2010 to US\$2172 in 2020
- According to McKinsey, India's middle-class is slated to increase to around 41% of the population. Extreme rural poverty declined from 94% in 1985 to 61% in 2005 and is projected to drop to 26% by 2025, enhancing purchasing power
- Enhanced smartphone penetration and cheap internet data are driving the Indian population to dress better
- Strong growth of modern and e-retail as well presence of international brands, are driving the country's textile sector.

## Key numbers

| Particulars                 | 2018-19 | 2019-20 |
|-----------------------------|---------|---------|
| Debt-equity ratio           | 2.97    | 2.85    |
| Return on equity (%)        | 6%      | -2%     |
| Book value per share (₹)    | 95.55   | 94.28   |
| Earnings per share (₹)      | 6.49    | (1.28)  |
| Debtors' turnover (days)    | 66      | 63      |
| Inventory turnover (days)   | 102     | 114     |
| Interest coverage ratio (x) | 1.30    | 0.91    |
| Current ratio (x)           | 0.92    | 0.92    |
| Net Profit Margin (%)       | 1.67    | (0.44)  |

Production of yarn in India from financial year 2011 to 2020 (in million kilograms)



### Sources:

India Brand Equity Foundation; Ministry of Textiles (India)  
@Statista 2020

### Additional Information:

India; Ministry of Textiles (India); FY 2011 to FY 2020

## Risks and concerns

Risk, which is the manifestation of business uncertainty affecting corporate performance and prospects, is an integral part of business. The Company

follows a well-defined and exhaustive risk management process, which is integrated with its operations. This enables the Company to identify, categorise and prioritise operational, financial and

strategic business risks. To address the identified risks, the Company continues to spend significant time, effort and human resources to manage and mitigate such risks.

### Internal control systems and their adequacy

The Company's internal audit system has been continuously monitored and updated to ensure that assets are safeguarded, established regulations are complied with and pending issues are addressed promptly. The audit committee reviews reports presented by the internal auditors on a routine basis. The committee makes note of the audit observations and takes corrective actions, if necessary. It maintains constant dialogue with statutory and internal auditors to ensure that internal control systems are operating effectively.

### Human resources and industrial relations

The Company believes that the quality of employees is key to its success and is committed to equip them with skills, enabling them to seamlessly evolve with ongoing technological advancements. During the year, the Company organised training programmes in different areas such as technical skills, behavioural skills, business excellence, general management, advanced management, leadership

skills, customer orientation, safety, values and code of conduct. The Company's employee strength stood at 1939 as on 31st March 2020.

### Environment

Winsome's plant at Baddi, H.P is ISO14001-certified and adheres to all pertinent government regulations. A dedicated EHS officer was deployed at the plants to ensure compliance with the norms pertaining to employee health and safety. The Company conducts safety training drills for all operators and employees at the time of their induction.

### Cautionary statement

This statement made in this section describes the Company's objectives, projections, expectation and estimations which may be 'forward-looking statements' within the meaning of applicable securities laws and regulations.

### Human resources

The Company believes that human resource represents the key to driving sustainable growth. It provides an enabling and discrimination-free work environment.

The Company consistently enhances employee skills through training, The Company, under the PMKVY 2.0 scheme, is accredited and affiliated to provide training. Upon the completion of training provided under the scheme, trainees are directly placed in the Company.

### Internal control system

Winsome Textile has well-established policies and procedures for internal control of operations and activities. We continuously strive to integrate the entire organisation – from strategic support functions like finance, human resources, and regulatory affairs to core operations like research, manufacturing and supply chain management. Moreover, the Company has obtained ISO 9001, ISO 14001, ISO 18001, GOTS, Supima and Oeko-TEX certifications and adheres to standard operating practices in its manufacturing and operating activities.

The remaining mandatory information required to be provided under 'Management Discussion and Analysis' have been mentioned elsewhere in the Annual Report.

## The Company's policies

### Winsome Textile's commitment towards society, employees and environment conservation of energy

A topic of high value and importance on which the future now rests is conservation of energy. Every day we are nearing towards global rise in temperature due to continuous use of fossil fuels among other factors. This non-renewable energy is limited and we need to reduce its use to a bare minimum so as to conserve it for future generations.

In 2019-20 measures to be incorporated by engineering department -we did energy conservation in the following areas. • Up gradation of Card Waste Collection. • Leakage arresting in Compressed Air system in whole plant. • Installation of LED Street Lights 100W in place of Metal Halide 250W. • Modification in Blow Room Waste Collection System. • Replacement of Pneumafil Fan by Laser Sensor in Speed Frame LF1400 in Speed frame. • Replacement of Old Rewind Motor by new Motor in Card C1/3. • D.G.

Set and grid power etc. is generally used by the Company with regard to alternate source of energy. • Implication of energy management system by use of KWH meters to reduce unnecessary usage of electricity by end users etc. • Apart from Grid power, DG sets a standby power and Company has purchased power from IEX through open access power system. Further, Company has also used another source of energy of Captive power from Manuni HEP 3.5MW through Open access system.

### Corporate Social Responsibility

Giving back to the society has always been of priority to our organisation as we strongly believe that the community is an important contributor in the success of a company. Thus we focus on social and environmental development and support for the local community. We get involved in various activities concerning the social and economic development of the communities in which we operate. As required under Section 135 of the Companies Act, 2013, the CSR Committee

comprising Mr Ashish Bagrodia as the Chairman and Mr Satish Girotra as its Members.

The CSR Committee of the Company has laid down the policy to meet the Corporate Social Responsibility. The CSR Policy includes any activity that may be prescribed as CSR activity as per the Rules of Companies Act, 2013. The key areas of attention remain Education, Environmental Safety, Health care and Family welfare. Contribution towards various relief funds setup by the Government of India and/or any State Government are also made.

| S. No. | Unit/Area            | Project undertaken   | Leader            | Facilitator       | Annual saving in Lacs  |
|--------|----------------------|--|-------------------|-------------------|--|
| 1      | DH                   | Remanant Control & Lot Management in Grey Godown                               | Mr. Umesh Verma   | Mr. Amit Yadav    | ₹45 Lacs (Continuous)  |
| 2      | DH                   | To reduce Yarn Dyeing Loading Time   | Mr. Sanjeev Bassi | Mr. Amit Yadav    | ₹4.8 Lacs  |
| 3      | DH                   | To reduce Cheese breakage in Dye House   | Mr. Arman         | Mr. Amit Yadav    | ₹13 Lacs   |
| 4      | Processing           | To increase Santex Relax Dryer Productivity                                    | Mr. Rajesh Sharma | Mr. T. Bawa       | 500 Kg / day increase  |
| 5      | Unit 1 & 2           | Cost saving in inter unit material transfer                                    | Mr. JK Sharma     | -                 | Truck modified   |
| 6      | Shed 3 to 6 (Unit 1) | To Improve housekeeping of simplex bobbins in shed no. 3 to 6                  | Vijay Thakur      | Vijay Kundal      | Implemented  |
| 7      | Unit - 1             | To reduce number of red lights to 40 or below per operator per hour in winding | Mr. Ashok Sharma  | Mr. JK Sharma     | Lots of trials & studies but became less feasible to implement |
| 8      | ( Unit 2)            | Spool cost Reduction in Omega Lap  | Mr. Victor Masih  | Mr. Suresh Rameja | ₹7.30 Lacs   |
| 9      | ( Unit 2)            | To reduce Zinser Ring Frame deflection Pulley Jam & Worn Out                   | Mr. Victor Masih  | Mr. Suresh Rameja | ₹1.45 Lacs   |

### Risk Management Policy

The textile sector needs continuous monitoring and regulated assessment for risks. The analysis of these risks helps to maintain the optimum and most efficient ways to mitigate these risks. To achieve the same, the Company has laid down a Risk Management Policy.

The Company's Risk Management Framework includes three key elements:

- Risk Assessment
  - Risk Management and Risk Mitigation
  - Risk Monitoring
- The different kind of risk we monitor are:
- Credit Risk
  - Foreign Exchange Risk
  - Financial and Liquidity Risk
  - Business Operational Risk
  - Legal and Political Risk
  - Geographic and Environmental Risk

The Risk Management Committee of the Board of Directors of the Company periodically reviews the functioning of Risk Management Policy. The Board of Directors after considering the recommendations of Risk Management Committee amend various policies in whole or in part, at any

time consistent with requirements of applicable laws, rules and regulations.

### Child Labour Policy

We believe children should get the right education and knowledge at their age and hence we have employed workers who meet the applicable minimum legal age requirement or at least 18 years of age, whichever is higher. We also comply with all other local child labour laws including those related to hiring, wages, and hours worked, overtime and working conditions.

### Labour Policy

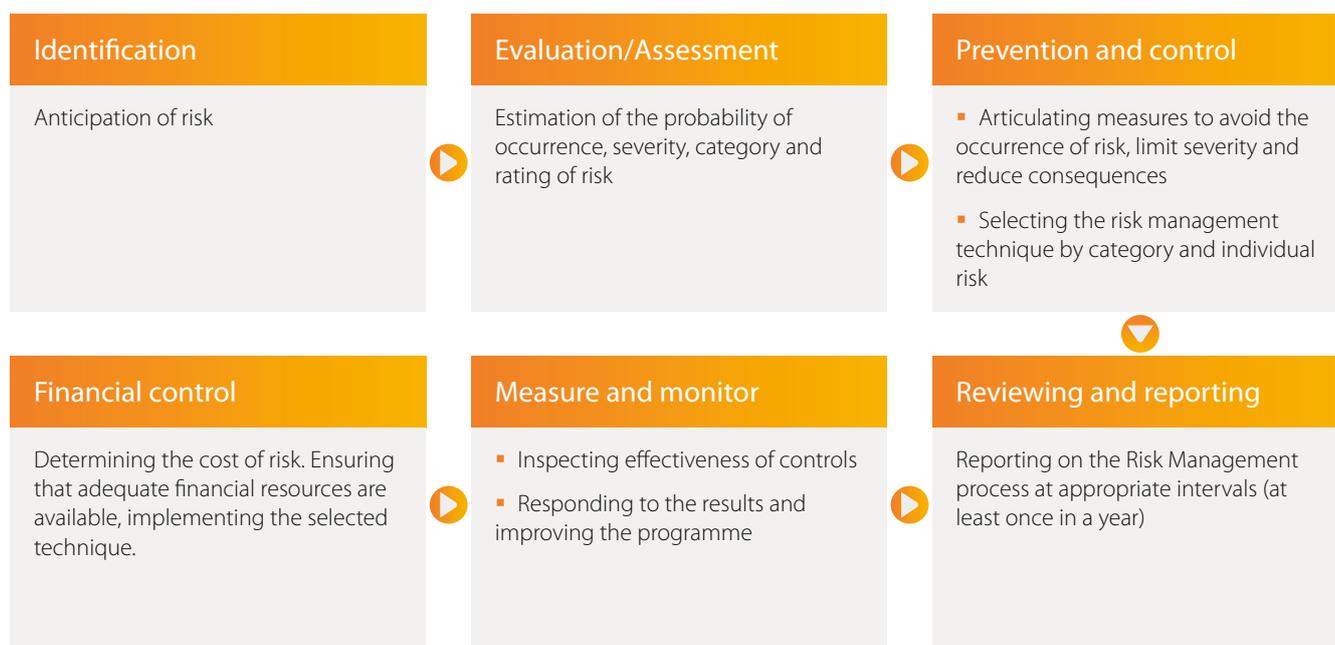
We employ workers on the basis of their ability to do a job and not on the basis of their personal characteristics. They are given equal opportunity and fair treatment. We pay and provide regardless of the gender, religion, caste, age, marital status, social origin and membership in workers' organisations including unions, or political affiliation. We treat all workers with respect and dignity.

### Prevention of Sexual Harassment Policy

Providing a safe and congenial work environment to all employees especially women is an integral part of the Company's sexual harassment policy. Management of the Company has constituted Internal Complaint Committees to consider and redress complaints of Sexual Harassment in a time bound manner. Thus, we expect responsible conduct of behaviour on the part of all our employees at all levels.

# Managing risks at Winsome

At Winsome, we have reinforced our business sustainability through a robust risk management framework.



|   |  |
|---|--|
| <p><b>Financial risks</b></p> <p>Credit risks, or the risk of financial loss to the Company if customers or counterparties fail to meet their contractual obligations</p>                                 | <p><b>Risk mitigation</b></p> <ul style="list-style-type: none"> <li>Credit profiling</li> <li>Regular monitoring of important developments, namely payment history, change in credit rating, regulatory changes and industry outlook</li> </ul> |
| <p>Commodity price risk, or the risk that results from changes in market prices for raw materials (mainly cotton and polyester fiber, which forms the largest portion of the Company's cost of sales)</p> | <ul style="list-style-type: none"> <li>Maintaining inventory at an optimum level through a highly probable sales quarterly forecast, as well as worldwide purchasing activities, diversifying the sources of raw material</li> </ul>             |
| <p>Foreign currency risk, or the risk arising from foreign currency transactions that the Company deals in due to operations in international markets</p>   | <ul style="list-style-type: none"> <li>Hedging of net foreign currency exposure at all points in time through foreign exchange forward contracts, vanilla option contracts and cross-currency interest rate swaps</li> </ul>                     |

|   |   |
|---|---|
| <b>Supply-chain risks</b>        | <b>Risk mitigation</b>  |
| Increased dependence on limited number of raw material suppliers  | <ul style="list-style-type: none"> <li>▪ Scouting for alternative raw material sources</li> <li>▪ Building long-term partnerships with diverse suppliers</li> </ul>   |
| Fluctuations in cotton fiber costs  | <ul style="list-style-type: none"> <li>▪ There is no way to completely hedge this risk as it would be applicable to the entire sector</li> </ul>  |
| <b>Manufacturing Risk</b>        | <b>Risk mitigation</b>  |
| Generation of off-spec product (defect)   | <ul style="list-style-type: none"> <li>▪ Implementation of Statistical Process Control to identify the cause of process variation and taking action before the generation of off-spec</li> </ul>  |
| Equipment downtime  | <ul style="list-style-type: none"> <li>▪ Adherence to Preventive / Predictive / Conditional monitoring programme to take preventive action</li> </ul>   |
| <b>Marketing risks</b>           | <b>Risk mitigation</b>  |
| Competition risk  | <ul style="list-style-type: none"> <li>▪ Strengthening market intelligence and product differentiation</li> </ul>   |
| Availability of grades and quantities for respective customers  | <ul style="list-style-type: none"> <li>▪ Detailed forecasting, customer engagement and inventory management</li> </ul>  |
| <b>Customer support risks</b>  | <b>Risk mitigation</b>  |
| Reduced customer base on account of improper customer feedback analysis and poor assessment                       | <ul style="list-style-type: none"> <li>▪ Ensuring customer satisfaction through feedback collection at various levels at regular intervals and taking action to address issues, if any</li> </ul>   |
| Non-availability of material  | <ul style="list-style-type: none"> <li>▪ Maintaining safety stock, factoring in obsolescence</li> <li>▪ Outsourcing with the objective to provide a complete customer solution</li> </ul>   |
| <b>Human resource risk</b>     | <b>Risk mitigation</b>  |
| Employee disengagement  | <ul style="list-style-type: none"> <li>▪ Conducting focused group discussions to understand employee perspectives at the workplace</li> <li>▪ Organising workplace surveys at regular intervals to gauge employee satisfaction</li> <li>▪ Ensuring safety of employees by strict adherence to safety rules and the use of protective equipment</li> </ul> |
| <b>Environment Risk</b>        | <b>Risk mitigation</b>  |
| Environment pollution   | <ul style="list-style-type: none"> <li>▪ Investment in preventive measures</li> <li>▪ Adherence to relevant environment management norms</li> </ul>   |

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# Statutory Statement

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# Board's Report

Dear Shareholders,

Your Directors have pleasure in presenting the 39<sup>th</sup> Annual Report together with the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2020.

(₹ in lacs)

| Financial Highlights  | Year ended<br>31.03.2020 | Year ended<br>31.03.2019 |
|---|--------------------------|--------------------------|
| <b>Sales</b>  | <b>66399.94</b>          | <b>72418.29</b>          |
| Profit before Interest & Depreciation                       | 6680.26                  | 8643.40                  |
| Less : Interest   | 4877.88                  | 4839.25                  |
| Profit/(Loss) before Depreciation                           | 1802.38                  | 3804.15                  |
| Less : Depreciation   | 2245.67                  | 2373.51                  |
| Profit/ (Loss) before Tax                                   | (443.29)                 | 1430.64                  |
| Less : Provision for Taxation - Current Tax/MAT             | -                        | 334.01                   |
| - MAT Credit  | -                        | (40.48)                  |
| - Deferred Tax Liability/(Assets)                           | (185.26)                 | (74.75)                  |
| - MAT Credit earlier year/Charged Earlier Year              | -                        | -                        |
| - Tax/MAT for earlier years                                 | -                        | -                        |
| - Tax Adjustment for the earlier year                       | 33.92                    | 0.02                     |
| Net Profit/ (Loss) after Tax                                | (291.95)                 | 1211.84                  |
| Add : Surplus brought from previous year                    | 3276.07                  | 2988.97                  |
| Less: Adjustments & amounts transferred to General Reserves | -                        | (1000)                   |
|   | <b>3022.63</b>           | <b>3276.07</b>           |
| <b>Appropriations :</b>                                     |                          |                          |
| Proposed Dividend   | NIL                      | NIL                      |
| Corporate Dividend Tax                                      | NIL                      | NIL                      |
| Surplus Carried to Balance Sheet                            | 3022.63                  | 3276.07                  |
|   | <b>3022.63</b>           | <b>3276.07</b>           |

## PERFORMANCE REVIEW/STATE OF AFFAIRS OF THE COMPANY

### A. Yarn Spinning, Dyeing and Fabric

During the year under review, your Company has achieved a sales turnover of ₹66399.94 lacs against sales turnover of ₹72418.29 lacs during the previous year, a decrease of 8.31% and a net loss (after tax) of ₹(291.95) lacs for the current year against net profit (after tax) of ₹1211.84 lacs during the previous year. The exports of the company for the current financial year were ₹24828.23 lacs against ₹26543.83 lacs for the previous financial year.

During the year under review, Indian Cotton prices, though being the largest producer of cotton in the world, remained higher than International prices of Cotton in the first two quarters due to increase of MSP by the Govt. of India for the kharif crop 2018-

19 (from 1/9/19 to 31/8/20) and huge purchases by the Cotton Corporation of India. This increase in domestic raw material prices for the company impacted the profitability of the company to some extent. The US-China trade war has also affected the sentiments in the worldwide textile markets. China's share in India's exports of yarns is almost 30% which was affected due to this. Yarn exports was further impacted due to the spread of the Covid-19 pandemic in China towards the end of the last calendar year whereby many textile manufacturing units closed down in China and thereafter in the rest of the world due to the lockdowns world over towards the end of the financial year. Large number of domestic / international orders were cancelled as retail stores remained shut and the impact of reduced garment / retail sales had impacted the demand of yarn and its prices, thereby affecting the profitability of the Company. The Company being manufacturer of value added yarns / fabrics

was severely impacted due to COVID-19 pandemic

## B. Hydro Power Project of Company

The Company's Manuni Hydro electric Power Project (3.5 M.W.) at Dharamshala, Distt. Kangra, Manuni Khad (H.P.) has been synchronized with H.P.S.E.B.L. Grid on 31.03.2017. Further, during the year under review Manuni Hydro electric Project has generated about 141 lacs units against 110 lacs units in the previous year.

## ACCOLADES AND RECOGNITIONS

We are delighted to inform you that your Company conferred with Silver Trophy by 'TEXPROCIL' for second Highest Exports of Cotton Yarn (Processed Yarns) in the Category II for F.Y. 2018-19. Apart from this your Company is making persistent efforts to maintain its distinguish position in the competitive environment.

## MODERNISATION & EXPANSION

During the year under review, the Company has taken several progressive steps for modernization/ expansion of plants. Major details are listed below:

- (a) New Auto coner X6 - 01 no, state of art machine purchased, with latest technology having measure such as energy saving and high productivity. Besides this reduction in compressed air consumption.
- (b) Company has installed TEXPART Spindle CS-1 on one Ring Frame having 1200 spindles to enhance power saving & getting better yarn quality.
- (c) Company has done conversion on R/F 09 Nos. from belt drive to tyre coupling, to get smart amount of power saving & better performance.
- (d) New MBO - 01 no, state of art machines purchased, with latest technology having measure such as energy saving and high productivity.

## SHARE CAPITAL

The paid up Equity Share Capital as at 31<sup>st</sup> March 2020 was ₹19,82,00,000/- (comprised of 1,98,20,000 equity shares of ₹10/- each). During the year under review, the Company has neither issued any shares nor granted stock options or sweat equity, preference shares and also not made any provision for purchase of its own shares by employees or by trustees.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loan or provided any security/ guarantee as per section 186 of the Companies Act, 2013 during the year 2019-20. The Investments under section 186 of the Act are

given in the Financial Statements forming part of the Annual Report.

## PUBLIC DEPOSITS

The Company has not accepted /renewed any deposits from the public during the FY 2019-20.

## DIVIDEND & RESERVES

Keeping in view to conserve the resources, your Directors do not recommend any dividend for the FY 2019-20. During the year under review Company has suffered losses, so there is no amount proposed to carry from P&L account to General reserves.

During the year under review no unclaimed and unpaid dividend was pending for transfer to IEPF Authority. Although, the unclaimed dividend and shares already transferred to the IEPF Authority by the Company in the previous years can be claimed by the concerned shareholders by approaching the Investor Education and Protection Fund Authority.

## NUMBER OF MEETINGS HELD

The details of Board and Committee Meetings are given in the Corporate Governance Report.

## DIRECTORS/ KEY MANAGERIAL PERSONNEL

Shri Chandra Mohan, an Independent Director passed away on 25.12.2019 hence ceased to be Director of the Company. The Board places on record its deep sense of gratitude and appreciation for immense contribution, strategic guidance provided by Shri Chandra Mohan during his tenure as an Independent Director of the Company.

Shri Ashish Bagrodia, Chairman & Managing Director shall be liable to retire by rotation at the ensuing General Meeting, being eligible, he has offered himself for re-appointment.

Furthermore, the current term of appointment of Shri Ashish Bagrodia, Chairman and Managing Director shall expire on 31.01.2021 and the Board has proposed his re-appointment, subject to the approval of the shareholders in the ensuing Annual General Meeting.

The first term of appointment of Smt. Neena Singh, as an Independent Director of the Company shall expire on 27.09.2020, being eligible, has offered herself for re-appointment for further term of five consecutive years.

Shri Anil Kumar Sharma, have been appointed as an Additional Director- designated as Executive Director & CEO of the Company w.e.f. 13<sup>th</sup> February, 2020, subject to the approval of Shareholders of the Company at ensuing General Meeting.

Smt. Manju Lakhnupal, (DIN: 07130592) was appointed as an Additional Director with effect from 01<sup>st</sup> April, 2020 and now her

appointment as a Director is subject to the approval of Shareholders of the Company at ensuing General Meeting.

Shri Arun Kumar Basu, (DIN: 08747388) was appointed as an Additional Director with effect from 29<sup>th</sup> May, 2020 and now his appointment as a Director is subject to the approval of Shareholders of the Company at ensuing General Meeting.

There was no change in the Key Managerial Personnel during the year.

## ANNUAL EVALUATION OF BOARD AND ITS COMMITTEES AND OF INDIVIDUAL DIRECTORS.

As per Companies Act 2013 and Listing Regulations, Board has adopted formal mechanism for evaluating its performance and as well as that of its committees, individual Directors, including the Chairman of the Board in compliance of Companies Act 2013 and Listing Regulations. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board, its committee & members, their experience & competencies, performance of specific duties & obligations, governance. Broadly the performance of Non-Independent/Executive/Whole Time Director(s) was evaluated on the basis of their own performance, expertise, intelligence, their qualitative & quantitative contribution towards operational achievements, organizational performance etc. The performance of Non-Executive Independent Directors were evaluated on the basis of their constructive participation's in Board/Committee/General meetings, their informed & balanced decision-making, ability to monitor financial controls, systems & certain allied parameters. The annual performance evaluation of various Board Committees constituted under Companies Act & Listing Regulations was made on the basis of their respective terms of reference, discharge of functions, governance etc.

The separate Meeting of independent Directors was held on 13<sup>th</sup> February, 2020 to review the performance of Non-Independent directors including the Chairman and the Board as a whole as per Code of Independent Directors under Companies Act 2013 and Listing Regulations. The Independent Directors also reviewed the quality, content and timeliness of follow of information between Management and the Board.

The Performance Evaluation Policy of Board of Directors is uploaded on the Company's website i.e. [www.winsometextile.com](http://www.winsometextile.com) under corporate policies.

## REMUNERATION POLICY

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management and their Remuneration. The said policy has been uploaded on the website of the Company. The Key provisions of Nomination and Remuneration policy are appended as an **Annexure I** to the Board's report.

## AUDIT COMMITTEE

The company has duly constituted an Audit Committee, the scope of which is quite comprehensive and is in conformity with the provisions of the Companies Act, 2013 and Listing Regulations. The composition of the Audit Committee is given in Corporate Governance Report.

All the recommendations of the Audit Committee were accepted by the Board.

## DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has adopted the Whistle Blower Policy/Vigil mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the Company's Code of Conduct and Ethics. Such mechanism/policy is also uploaded on the website of the Company i.e. [www.winsometextile.com](http://www.winsometextile.com) under the head "corporate policies".

## STATUTORY AUDITORS

At the 36<sup>th</sup> AGM held on 04<sup>th</sup> September 2017 the Members approved the appointment of M/s B. Chhawchharia & Co., Chartered Accountants (Firm Registration No. 305123E) as Statutory Auditors of the Company to hold office for a period of five consecutive years from the conclusion of 36<sup>th</sup> AGM till the conclusion of the 41<sup>st</sup> AGM on a remuneration mutually agreed upon between the Board of Directors and the Statutory Auditors, subject to ratification of their appointment by Members at every AGM, if so required under the Act.

The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM and a note in respect of same has been included in the Notice for this AGM.

## AUDITOR'S REPORT

The auditor's report is self-explanatory and requires no explanation.

## COST AUDIT & AUDITORS

M/s Aggarwal Vimal & Associates, Cost Accountants were appointed as Cost Auditors of your Company for auditing the cost accounts records for the financial year 2019-20 under provisions of Section 148 of the Companies Act, 2013. They are likely to submit Cost Audit Report within the prescribed time limit. Further the Company has made and maintained proper cost records as specified by the central government under sub-section (1) of section 148 of the Companies Act, 2013 for its business activities carried out during the year.

Furthermore, the Board has appointed M/s K.K. Sinha & Associates, Cost Accountants as Cost Auditors of the Company for the financial year 2020-21 on a remuneration of ₹75,000/- (Rupees Seventy Five

Thousand Only). The Company has received written confirmation(s) from M/s K.K. Sinha & Associates, Cost Accountants, to the effect that their appointment, if made, would be in accordance of provisions of section 148 of Companies Act 2013 and that they are not disqualified for such appointment within the meaning of section 141 of Companies Act, 2013 read with Companies (Audit & Auditors) Rules 2014.

### SECRETARIAL AUDIT & AUDITORS

Shri Ramesh Bhatia, Practicing Company Secretary was appointed to conduct the secretarial audit of the Company for the financial year 2019-20 as required under Section 204 of the Companies Act, 2013 and Rules made there under. The secretarial audit report for FY 2019-20 is appended as an **Annexure II** to the Board's report. The Secretarial auditors' report for the year under review contain no adverse remarks, qualifications, hence no comments required.

Furthermore, the Board has re-appointed Shri Ramesh Bhatia, Practicing Company Secretary as secretarial auditor of the Company for the financial year 2020-21.

### ANNUAL SECRETARIAL COMPLIANCE REPORT

The Company has undertaken an audit for the financial year 2019-20 for all applicable compliances as per SEBI Regulations and Circulars / Guidelines issued thereunder. The Annual Secretarial Compliance Report has been submitted to the stock exchanges within the prescribed limits/relaxations as provided in SEBI (LODR), Regulations, 2015.

### PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All Related Party transactions entered during the financial year were on arm's length basis and in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee for its review/approval under omnibus approved route. There was no material contract or arrangement or transactions with Related Party during the year. Thus, disclosure in form AOC-2 is not required.

The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act, 2013, the rules there under and Listing Regulations. This Policy as considered and approved by the Board has been uploaded on the website of the Company at web link <http://www.winsometextile.com/files/pdf/68-63-file.pdf>.

### PARTICULARS OF EMPLOYEES

The information under Section 197 read with Rule 5(1), 5(2) & 5(3)

of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as an **Annexure III & Annexure IV** to the Board Report.

### EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Act, is annexed as an **Annexure V** which forms an integral part of this Report and is also available on the Company's website at [www.winsometextile.com](http://www.winsometextile.com).

### INDUSTRIAL RELATIONS

The company maintained healthy, cordial and harmonious industrial relations at all levels.

### DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY

The Company has been addressing various risks through well-defined risk management policy/procedures, which in the opinion of the Board may threaten the existence of the Company. The Company has in place a mechanism to inform the Board about the risk assessment and minimization procedures and periodical review to ensure that management controls risk through means of a properly defined framework.

The Company has formulated and adopted Risk Management Policy to prescribe risk assessment, management, reporting and disclosure requirements of the Company. The said policy is available on the website of the Company i.e. [www.winsometextile.com](http://www.winsometextile.com).

### INTERNAL FINANCIAL CONTROL SYSTEMS

The Company has laid down adequate internal financial controls with reference to financial statements. During the year such controls were tested and no material weakness in their operating effectiveness was observed.

Further, the Company has an adequate system of internal control system in place commensurate with its size and operations. It ensures that all transactions are authorized, recorded and reported correctly. To maintain its objectivity and independence, an in-house Internal Audit Department of Company continuously monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating system, accounting procedures and policies/SOP's at all the location of the Company. Significant audit observation and corrective actions thereon are presented to Audit Committee. The Audit Committee regularly reviews the reports submitted by Internal Audit Department.

### ASSOCIATES AND SUBSIDIARIES

The Company has no Associates & Subsidiaries as on 31<sup>st</sup> March 2020.

### OVERSEAS BRANCH

The Company has its branch office in Poland, which is in operational since second quarter of F.Y. 2018-19 and catering to textile market in central Europe.

## CORPORATE GOVERNANCE AND COMPLIANCE WITH SECRETARIAL STANDARDS

As per the provisions of Listing Regulations, a separate Report on Corporate Governance practices followed by the Company together with a Certificate from the Practising Company Secretary, confirming compliance forms part of this report. Furthermore, the Company has complied with Secretarial Standards issued by Institute of Company Secretaries of India on Board Meetings and General Meetings.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

As required under Section 134(3)(m) of the Companies Act 2013 read with Rule 8 of Companies (Accounts) Rules, 2014 the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is appended as an **Annexure VI** to the Board's Report.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

It is the Company's intent to establish itself and remain as a responsible corporate entity conscious of its social responsibilities towards its work force, society and environment. Corporate Social Responsibility (CSR) policy is framed under provisions of Section 135 of Companies Act 2013 & rules made there under having following major objectives:

- To identify and formulate projects and areas in response to the needs of society and to implement them with full involvement and commitment in a time bound manner.
- To adopt an approach that aims at achieving a greater balance between social and economic development.
- To implement CSR Activities/CSR programmes primarily in the economic vicinity of Company's operations with a view to ensuring the long term sustainability of such activities.
- Contribution to the society at large by way of socio-economic activities and social awareness ensuring that benefits reach the targeted beneficiaries.
- To comply with the requirements of Companies Act and all other applicable Acts, Rules, Regulations framed by the Government time to time.

The CSR activities are focused not just around units/plants and offices of the Company, but also in other geographies based on the needs of the communities/society. In pursuance to CSR Policy, Company has decided to conduct or undertake all or any of prescribed activities/activity/sub-activity, as mentioned in Schedule VII of the Companies Act 2013 and rules & regulations made there under, (as amended), either directly or through Winsome Textile Social Trust. The Winsome Textile Social Trust established by Company for carrying out CSR

activities of the Company is as per the provisions of section 135 and Schedule VII of the Companies Act, 2013 and rules made there under as amended and also fulfills the criteria laid down under Companies (CSR Policy) Rules 2014. The Corporate Social Responsibility (CSR) Committee of Company regularly monitor/review the CSR activities/CSR projects, its mechanism & other prescribed activities/matters on quarterly basis. The CSR policy is available on website of Company at weblink: <http://www.winsometextile.com/files/pdf/68-224-file.pdf>.

Annual Report on Corporate Social Responsibility [CSR] activities is appended as an **Annexure VII**

## DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations.

## DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 134(3)(c) and 134(5) of Companies Act, 2013, it is hereby confirmed that:

- in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March, 2020, the applicable accounting standards have been followed and that there are no material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2020 and of the profit or loss of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis;
- the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively;
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequately and operating effectively.

## DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors of the Company have submitted the Declaration of Independence, as required pursuant to provisions of section 149 of Companies Act 2013 and under Listing Regulations,

stating that they meet the criteria of independence as provided in said section/relevant regulation.

### STATUTORY DISCLOSURES

None of the Directors of Company are disqualified under the provisions of section 164 of Companies Act 2013 & rules made there under. The Directors have made the requisite disclosures, as required under the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("hereinafter referred to as Listing Regulations").

### INTERNAL COMPLAINT COMMITTEE (ICC)

The Company has constituted an internal Complaint Committee (ICC) in all units of the company including corporate office to consider and resolve all sexual harassment complaints reported by any employees of the Company. The constitution of ICC is as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the committee includes external members from NGOs or with relevant experience. Investigation is conducted and decisions made by ICC at respective location, and senior woman employee is the presiding officer over every case. Half of the total members of ICC are women. The details of complaints pertaining to sexual harassment that were filed, disposed of and pending during the financial year are provided in the corporate governance report of this Annual Report.

### MATERIAL CHANGES FROM END OF FINANCIAL YEAR TILL DATE OF REPORT

The COVID-19 pandemic is the most defining global crisis in living memory. The spread of the virus disrupted the global economy and consumer sentiment starting December 2019. The virus was declared a global pandemic by the World Health Organisation on 11th March 2020.

The Company's manufacturing units were temporarily shut after 23rd March, 2020 in compliance with the lockdown instructions issued by the Central and State Government due to COVID-19 pandemic. The said units restarted their operations on 9th April, 2020, after the issuance of relevant notifications, adhering to all the safety protocols mentioned by the Central and respective State governments. There was no pandemic impact on the operations of the hydro power generation unit of the company since the same was covered under Essential services. With the evolving daily realities, it is difficult to predict the exact impact of the pandemic on the performance of the company. However, the Company has evaluated and factored in to the extent possible the likely impact that may result from COVID-19 pandemic as well as all events and circumstances up to the date of approval this report and annual financial statements, on the carrying value of its assets and liabilities as on 31st March 2020. The impact of any events and developments occurring after the balance sheet date on the financial results for the quarter and year ended 31st

March 2020 may differ from that estimated as at the date of approval of financial statements and will be recognized prospectively. The Company expects the overall business scenario to remain bleak in the short-term, which, the Company expects to withstand based on its inherent strengths. More so the Company is taking all the necessary measures to minimise the impact of the COVID-19 pandemic.

### DISCLOSURE REGARDING VOTING RIGHT NOT EXERCISED DIRECTLY BY THE EMPLOYEES

During the year under review, there is NIL disclosure as required under provisions of section 67 of Companies Act 2013.

### OTHER DISCLOSURES

No disclosure or reporting is made in respect of the following items as there were no transactions during the year under review:

- There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or the Board under Section 143(12) of Act and Rules framed thereunder.
- Neither there is revision in the Financial Statements nor there is any change in nature of business.

### EQUAL OPPORTUNITY EMPLOYER

Company has always provided a congenial atmosphere for work to all employees that is free from discrimination and harassment including sexual harassment. It has provided equal opportunities to all employees, workers without regard to their caste, creed, colour, marital status and sex.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management discussion and analysis report, as required by Listing Regulations, forms part of the Annual Report.

### ACKNOWLEDGEMENT

The Directors take this opportunity to express their deep sense of gratitude to the Customers, stakeholders, Central and State Governments for their continued guidance and support. Your Directors wish to place on record their appreciation for the support, dedication and hard work put in by every member of WINSOME Family.

For and on behalf of the Board

Sd/-

**Ashish Bagrodia**

Chairman & Managing Director

DIN-00047021

Place: Chandigarh

Date: 31.07.2020

# Annexure-I

## NOMINATION AND REMUNERATION POLICY OF WINSOME TEXTILE INDUSTRIES LIMITED

### 1. INTRODUCTION

This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee to align the objectives and goals of the Company with the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time-to-time) ('Listing Regulations').

### 2. KEY OBJECTIVES OF POLICY

The Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read with the applicable rules thereto and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended time to time. The primary objective of this Policy is to provide a framework and set standards for the nomination and remuneration of the Directors, Key Managerial Personnel and officials comprising the senior management. The Company aims to achieve a balance of merit, experience and functional skills amongst its Directors, Key Managerial Personnel and Senior Management and to remunerate them appropriately.

### 3. APPLICABILITY

This policy is applicable to :

- (a) Directors viz. Executive Directors, Non-executive Director, Whole Time Director, Managing Director and Independent Director
- (b) Key Managerial Personnel
- (c) Senior Management Personnel
- (d) Other Employees of the Company

### 4. DEFINITIONS

- i. **"Act"** means Companies Act, 2013 and rules thereunder, as amended time to time.
- ii. **"Board of Directors"** or **'Board'**, in relation to the Company, means the collective body of the directors of the Company including the Chairperson/Chairman of the Company.
- iii. **"Company"** means Winsome Textile Industries Limited
- iv. **"Committee"** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the provisions of

Section 178 of Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended time to time.

- v. **"Compliance Officer"** means the Company Secretary and any officer of the Company
- vi. **"Director"** means a Director appointed to the Board of a Company.
- vii. **"Executive Director"** means the Managing Director, Whole-time Director, as the case may be and includes Directors who are in the full time employment of the Company.
- viii. **"Independent Director"** means a Director referred under provisions of Section 149 of the Companies Act, 2013 and rules thereunder and as provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended time to time.
- ix. **"Key Managerial Personnel"** mean key managerial personnel as defined under the Companies Act, 2013 & rules made thereunder, including any amendment or modification thereof, and includes
  - Managing Director, or Chief Executive Officer or manager and in their absence, a whole time director;
  - Company Secretary
  - Chief Financial Officer and
  - Such other officer as may be prescribed.
- x. **"Senior Management"** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.
- xi. **"Remuneration"** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- xii. **"Policy or This Policy"** means "Nomination and Remuneration Policy."
- xiii. **"Interpretation"** The terms, words & expressions, that have not been defined in this Policy shall have the same meaning respectively assigned to them in the Companies Act, 2013, rules made thereunder, SEBI (Listing Obligations

and Disclosure Requirements) Regulations, 2015 as amended from time to time.

## 5. MAJOR FUNCTIONS OF NOMINATION AND REMUNERATION COMMITTEE

The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel. The Board has delegated responsibility for assessing and selecting the candidates for the role of Directors, Key Managerial Personnel and the Senior Management of the Company to the Nomination and Remuneration Committee which shall make recommendations & nominations to the Board. In this regard, the said Committee, apart from other functions as assigned/delegated to it, shall look after the following functions:-

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- To carry out/to perform such other function as may be necessary or appropriate or as may be assigned/delegated/mandated to it by the Board from time to time and/ or enforced by any Statutory notification, Amendment or Modification, as may be applicable.

The aforesaid Policy shall ensure that:

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

## 6. APPOINTMENT AND REMOVAL OF DIRECTOR'S, KMP'S AND SENIOR MANAGEMENT PERSONNEL

### (1) Appointment criteria and qualifications:

- A. The Committee shall identify and ascertain the suitable person(s) and recommend to the Board his/her appointment/re-appointment for appointment as Director(s), KMP(s) or at Senior Management level.

- B. A person should possess adequate qualifications, expertise and experience for the position he/she is considered for appointment/re-appointment. The appointee may be assessed by the committee against a range of criteria which include but not limited to integrity, qualification, expertise, industry experience, inter-personal skill, and such other appropriate qualities of the person(s), as may be required, to handle/perform successfully the position so chosen with due regard for the benefits from diversifying the Board.

The Committee/Board has discretion to decide whether the qualification, knowledge, expertise, functional skill and experience etc. possessed by a person are sufficient / satisfactory for the concerned position.

- C. The Company shall appoint or re-appoint the Director/Managing Director/Whole-time Director/Manager in accordance with the provisions, rules and regulations as framed under the Companies Act 2013, rules made thereunder and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended time to time.
- D. Appointment of Independent Director is subject to the compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules made thereunder, and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended time to time.

### (2) Term/Tenure :

- (i) *Managing Director/Whole-time Director/Manager (Managerial Person):*

- The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

- (ii) *Independent Director :*

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and shall be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry

of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

No Independent Director of the Company shall hold office after completion of the age of seventy five years unless his appointment/continuation have been approved through a special resolution by the shareholders of the Company.

The term/ tenure of Independent Directors and reckoning of the limit of Companies, in which a person can appointed as Director, Independent Director, Managerial Person, as the case may be, shall be fixed or determined as per the provisions of Companies Act 2013, rules made thereunder and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended time to time.

### (3) Letter of Appointment

Each Independent Director/KMP's/Senior Management Personnel, as the case may be, is required to sign the Letter of appointment with the Company containing the terms & conditions of his/her appointment/re-appointment and the role/profile assigned in the Company.

### (4) Removal

Due to reasons for any disqualification(s) mentioned in the Companies Act, 2013, rules made thereunder, under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or under any other laws, rules & regulations, the Committee may recommend to the Board with reasons recorded in writing, for removal of Director and for removal/termination/suspension/dismissal of KMP's or Senior Management Personnel subject to the compliance of applicable Acts, Rules & Regulations, if any.

Although for removal//termination/suspension/dismissal of KMP's or any other Senior Management Personnel of the Company, the Committee may, if so required, refer the HR Policy of the Company.

### (5) Retirement

The Director, KMP's and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and as per the prevailing HR policy of the Company, as amended time to time. The Board shall have the discretion to retain the Director, KMP's, Personnel of Senior Management in the same position/role, remuneration or otherwise, even after attaining the

retirement age, in the bonafide interest and for the benefit of the Company, if so required.

## 7. PROVISIONS RELATING TO REMUNERATION OF DIRECTORS, KMP'S, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES

The Guiding Principle is that the level and composition of remuneration shall be reasonable & sufficient so as to attract, retain, motivate Directors, Key Managerial Personnel's, Senior Management Personnel & other employees. The Directors, Key Managerial Personnel's, Senior Management Personnel & other employee's salary shall be based & shall be determined on the basis of individual person's qualifications, profile, related experience, responsibilities, role in the organization and his/her performance and in accordance with the limits as prescribed Statutorily, if any.

Further, the Nomination & Remuneration Committee while determining the individual remuneration packages/structure for Directors, KMP's, Senior Management Personnel and for other employees of the Company shall consider all relevant factors including but not limited to Company's HR Policy, market survey, business performance & prevailing practice in comparable companies, benchmarks fixed for same grade of employees, particular industry growth, prevailing laws, government guidelines and also having due regard to financial health/profitability of the Company,

### 7A GENERAL PROVISIONS:

- i. The remuneration/compensation/commission etc. to Directors, KMP's, Senior Management Personnel shall be determined by the Committee and recommended to the Board for approval. The remuneration of Senior Management Personnel shall be as per remuneration policy as amended from time to time.
- ii. The remuneration /compensation/commission etc. to be paid to Directors, shall be as per the Statutory provisions of Companies Act, 2013, and rules made thereunder for the time being in force and shall be subject to the approval of shareholders of the Company, as required by the law for the time being in force.
- iii. Where any insurance is taken by a company on behalf of its Managing Director, Whole-time Director, Manager, Directors, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

## 7B SPECIFIC PROVISIONS REGARDING REMUNERATION TO DIRECTORS, KMP'S, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES :

### (1) Fixed Pay/ Base Compensation

- i. Directors, KMP's and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of Committee in accordance with the provisions of Companies Act, 2013, and the rules made thereunder for the time being in force. The basic pay, break-up of remuneration structure, quantum of perquisites, perks, allowances & certain other statutory/ non statutory benefits etc. shall be decided and approved by the Board on the recommendation of the Committee and shall be approved by the shareholders and Central Government, wherever required/applicable.

- ii. Increments to the existing remuneration structure if any shall be approved by the Committee for KMP's and Senior Management Personnel and for other employees of the Company. However increments to the Whole Time Director, Managing Director, Executive Director or Manager (as the case may be) shall be within the limits/slabs as approved by the Shareholders in their general meeting & shall be paid in accordance with their respective terms and conditions of appointment/re-appointment.

The increments shall be effective from 1<sup>st</sup> April in respect of Whole-time Director, Managing Director, Executive Director (as the case may be) as well as in respect of other employees of the Company, unless otherwise decided.

- iii. The Committee may refer Company's HR Policy, if so required, in respect of aforesaid matters.

### (2) Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director, Whole Time Director or Manager in accordance with the provisions of Schedule V of the Companies Act, 2013 & rules made thereunder, as amended from time to time, subject to the required approval(s).

### (3) Provisions for excess remuneration

If Managing Director, Whole Time Director or Manager draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 & rules made thereunder, as amended from time to time, subject to the approval of shareholders, wherever required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for and on behalf of the Company.

## 7C REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTORS

### i. Remuneration / Commission

The remuneration / commission shall be in accordance with the Statutory Provisions of the Companies Act, 2013, and the rules made thereunder and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended time to time for the time being in force.

### ii. Sitting Fees

The Non- Executive / Independent Directors may receive remuneration by way of fees for attending meetings of Board or Committee thereof, provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

Further the boarding, lodging, traveling expenses & out of pocket expenses, if any shall be reimbursed to the Non-Executive/ Independent Directors on actual basis, residing out of Chandigarh.

### iii. Stock Options

Pursuant to the provisions of the Companies Act, 2013 & rules made thereunder, an Independent Director shall not be entitled to any stock option of the Company.

## 8. REVIEW AND AMENDMENT

The Nomination and Remuneration Committee shall periodically review the Nomination and Remuneration Policy. The Board of Directors after considering the recommendations of Nomination and Remuneration Committee is empowered to amend this policy either in whole or in part, at any time consistent with requirements of applicable laws, rules and regulations.

## Annexure-II

FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

Pursuant to section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

To,

The Members,  
Winsome Textile Industries Limited  
1, Industrial Area, Baddi-173205.  
Distt. Solan H.P.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Winsome Textile Industries Limited, Baddi (H.P.) (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, Minutes 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 31/03/2020 (Audit Period) 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 31/03/2020 according to the provisions of :

- The companies Act, 2013 ( the Act ) and the rules made thereunder;
- The Securities Contracts ( Regulations ) Act, 1956 ( SCRA ) and the rules made thereunder,
- The Depositories Act, 1996 and the Regulations and Bye Laws framed there Under.
- Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extend of Foreign Direct Investments, ODI and ECB's.
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ( SEBI Act ) :-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers ) Regulations, 2011 ;
  - (b) The Securities and Exchange Board of India ( Prohibition of Insider Trading ) Regulations, 2015 ;
  - (c) 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 ;
  - (d) SEBI (Listing Obligation sand Disclosure Requirements) Regulations 2015, except that under Regulation 19, Composition of Nomination and Remuneration Committee as on 31.03.2020, comprises of only two members presently due to the death of one of its former member Mr. Chandra Mohan, as Independent Director, It is informed that the Company is in the process of appointing another Director in his place but the same has been delayed due to Covid 19 Lockdown declared by the Government of India.
  - (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (Not applicable during the period of Audit)
  - (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2009, (Not applicable during the period of Audit)
  - (h) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India,
- b) The Listing Agreements entered into by the Company with BSE Limited, read with the Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Compliance with the Secretarial Standards is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit. I have followed the audit practices and processes as were appropriate to obtain responsible assurance about the correctness of the contents of the secretarial records. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company and also the observations, if any, made by the statutory auditors in their report under review.

**I further report that:**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non – Executive Directors and Independent Directors. 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.

- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were, generally, 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. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.
- 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, suits, rules, regulations and guidelines.
- I further report that during the audit period, company has not taken any major decision pertaining to the following acts:
  - Public / Right / Preferential issue of shares / debentures / sweat equity, etc.
  - Redemption / buy – back of securities
  - In pursuance to section 180 of the Companies Act, 2013
  - Merger / amalgamation / reconstruction, etc.
  - Foreign technical collaborations

**Place:** Chandigarh  
**Date:** 31.07.2020

**Signature:** Sd/-  
**Name:** Ramesh Bhatia  
FCS No.: 2483  
C P No.: 1917

## “Annexure A”

To,

The Members,  
Winsome Textile Industries Limited  
1, Industrial Area, Baddi-173205.  
Distt Solan H.P.

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

1. Maintenance of Secretarial records 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 the 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. Where ever required, we have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the 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 efficacy or effectiveness with which the Management has conducted the affairs of the Company.

**Place:** Chandigarh  
**Date:** 31.07.2020

Sd/-  
(Ramesh Bhatia)  
Company Secretary

## Annexure-III

INFORMATION PURSUANT TO SECTION 197 OF COMPANIES ACT, 2013 READ WITH RULE 5(1) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

- (I) Ratio of remuneration of each Director to the median remuneration of Employees of Company for F.Y. 2019-20:

Sh. Ashish Bagrodia: 33.89:1

Chairman & Managing Director

\*Sh. Anil Kumar Sharma: 2.73:1

Executive Director and CEO

\* Ratio of remuneration of Sh. Anil Kumar Sharma, Executive Director is not comparable since he was appointed as an Executive Director and CEO w.e.f. 13<sup>th</sup> February, 2020.

- (II) The percentage increase in remuneration of each Director, CEO, CFO & CS during F.Y. 2019-20:

| S. No. | Name                   | Designation | % increase in Remuneration |
|--------|------------------------|-------------|----------------------------|
| 1      | Sh. Ashish Bagrodia    | CMD         | 12.68%                     |
| 2      | Sh. Anil Kumar Sharma  | ED& CEO     | 9.34%                      |
| 3      | Sh. Sanjay Kumar Kedia | CFO         | 8.17%                      |
| 4      | Sh. Videshwar Sharma   | CS          | 10.45%                     |

Except Sh. Ashish Bagrodia, and Sh. Anil Kumar Sharma, remaining Non-Executive Independent Directors are entitled for sitting fees only. The details of sitting fees paid to Non-Executive Independent Directors are provided separately in Corporate Governance Report. Therefore the ratio of remuneration and percentage increase for Non-Executive Independent Directors is not considered for aforesaid purposes at point no. (I) & (II).

- (III) The percentage increase in the median remuneration of employees for F.Y. 2019-20:

10.12%.

- (IV) The number of permanent employees on the rolls of company as on 31<sup>st</sup> March 2020:

1939.

- (V) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

Average percentage increase made in the salaries/wages of employees other than the managerial personnel in F.Y. 2019-20 is decreased by 1.39% due to reduction in number of employees, whereas the percentage increased in the managerial remuneration is by 10.80% during the year under review. The remuneration to employees and to managerial personnel is commensurate with industry standards & as per nomination & remuneration policy of Company.

- (VI) It is hereby affirmed that the remuneration paid during the F.Y. 2019-20 is as per the Remuneration Policy of Company.

For and on behalf of the Board  
Sd/-

Ashish Bagrodia

Chairman & Managing Director

DIN-00047021

Place: Chandigarh

Date: 31.07.2020

## Annexure-IV

### STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 197 OF COMPANIES ACT 2013 READ WITH RULE 5(2) & 5(3) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

| i   | ii                          | iii                   | iv                   | v                                 | vi         | vii                           | viii     | ix                          | x   | xi  |
|---|-----------------------------|-----------------------|----------------------|-----------------------------------|------------|-------------------------------|----------|-----------------------------|---|---|
| Name  | Designation                 | Remuneration received | Nature of employment | Qualifications                    | Experience | Commencement of employment    | Age      | Last employment held        | Percentage of equity shares held in Company | Whether such employee is a relative of any director or manager of the company |
| Shri Ashish Bagrodia  | CMD                         | ₹121.59 Lacs          | Whole Time           | B.E. (Mech.) Hons.                | 25 years   | 01 <sup>st</sup> October 1996 | 50 years | NIL                         | 0.25%(49220 Shares)                         | -   |
| <b>Top Ten Employees of the Company (remuneration - wise)</b> |                             |                       |                      |                                   |            |                               |          |                             |   |   |
| *Shri Anil Kumar Sharma                                       | As Executive Director & CEO | ₹79.22 Lacs           | Whole Time           | B.Tech & MBA                      | 40 years   | 01 <sup>st</sup> October 1985 | 66 years | Mahavir Spinning Mills Ltd. | Nil   | N.A.  |
| Shri Sanjay Kedia   | CFO                         | ₹36.54 Lacs           | Whole Time           | B.Com, CA                         | 20 years   | 21 <sup>st</sup> May 2009     | 45 years | Limtex Group                | Nil   | N.A.  |
| Shri Sanjiv Vikram Dutt                                       | VP- Raw Material            | ₹35.62 Lacs           | Whole Time           | Graduate                          | 31 years   | 30 April 2007                 | 50 years | Ginni Filaments Ltd.        | Nil   | N.A.  |
| Shri Alok Mishra  | VP-Exports                  | ₹33.92 Lacs           | Whole Time           | Masters in International Business | 23 years   | 21 <sup>st</sup> January 2009 | 48 years | Indorama Synthetics TBK     | Nil   | N.A.  |
| Shri Vipin Bathla   | VP-Marketing                | ₹33.77 Lacs           | Whole Time           | MBA                               | 24 years   | 11 <sup>th</sup> April 2011   | 48 years | Spentex Ind Ltd.            | Nil   | N.A.  |
| Shri Jugal Kishor Sharma                                      | VP- Technical               | ₹33.25 Lacs           | Whole Time           | Diploma in Textile Tech.          | 31 years   | 1 <sup>st</sup> May 1998      | 51 years | Shreyans Spinning Mills     | Nil   | N.A.  |
| Shri Amit Kumar Yadav   | Sr.GM-Dye House             | ₹30.21 Lacs           | Whole Time           | B. Tech Textile Chemistry         | 15 Years   | 02-Jul-2012                   | 38 years | Sainath Texport Limited     | Nil   | N.A.  |
| Shri Suresh Rameja  | Sr GM-Prod.                 | ₹29.70 Lacs           | Whole Time           | Diploma in Textile Tech.          | 28 years   | 03-Aug-2016                   | 49 years | Airham Spinning Mills       | Nil   | N.A.  |
| Shri Harjeet Singh Rana                                       | VP- HR                      | ₹28.45 Lacs           | Whole Time           | BA, LLB, PG-HR & MBA              | 24 Years   | 09-Aug-2016                   | 49 Years | Hero Cycles Ltd             | Nil   | N.A.  |
| Shri Raj Kumar Sharma   | GM- IT                      | ₹27.54 Lacs           | Whole Time           | Msc(CS), MCA& MBA                 | 25 Years   | 18-March-2013                 | 48 Years | Paayas Milk Producer Co Ltd | Nil   | N.A.  |

\*Sh. Anil Kumar Sharma, have been appointed as an Additional Director of the Company and designated as Executive Director and CEO w.e.f. 13<sup>th</sup> February, 2020.

Place: Chandigarh  
Date: 31.07.2020

For and on behalf of the Board  
Sd/-  
Ashish Bagrodia  
Chairman & Managing Director  
DIN-00047021

## Annexure-V

FORM NO. MGT-9

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2020

[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   | : | L17115HP1980PLC005647  |
| ii) Registration Date  | : | 18.09.1980   |
| iii) Name of the Company   | : | Winsome Textile Industries Limited   |
| iv) Category / Sub-Category of the Company                                     | : | Public Company limited by shares   |
| v) Address of the Registered office and contact details                        | : | Plot No. 1, Industrial Area, Baddi, Distt. - Solan, Himachal Pradesh -173205, Phone No: - 01795-244045 Fax No. 01795-244287.   |
| vi) Whether listed company   | : | Yes  |
| vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | : | Link Intime India Private Limited, Noble Heights, 1 <sup>st</sup> Floor, LCS Near Savitri Market Janakpuri, New Delhi - 110058, Tele. No. 011-49411000-94, Fax No. 011-41410591, E-mail: delhi@linkintime.co.in, sunil.mishra@linkintime.co.in |

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the 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.      | Spinning Weaving and finishing of textiles       | 131                              | 89.89                              |
| 2.      | Knitted Fabric                                   | 139                              | 10.11                              |

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :- NIL

#### 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 |                          |
| <b>A. Promoters</b>        |   |          |                |                   |   |          |                 |                   |                          |
| <b>(1) Indian</b>          |   |          |                |                   |   |          |                 |                   |                          |
| a) Individual/HUF          | 147660  | -        | 147660         | 0.75              | 147660                                    | -        | 147660          | 0.75              | -                        |
| b) Central Govt            | -   | -        | -              | -                 | -   | -        | -               | -                 | -                        |
| c) State Govt (s)          | -   | -        | -              | -                 | -   | -        | -               | -                 | -                        |
| d) Bodies Corp.            | 6570301   | -        | 6570301        | 33.15             | 10890987                                  | -        | 10890987        | 54.94             | 21.79                    |
| e) Banks / FI              | -   | -        | -              | -                 | -   | -        | -               | -                 | -                        |
| f) Any Other....           | -   | -        | -              | -                 | -   | -        | -               | -                 | -                        |
| <b>Sub-total (A) (1):-</b> | <b>6717961</b>                                  | <b>-</b> | <b>6717961</b> | <b>33.89</b>      | <b>11038647</b>                           | <b>-</b> | <b>11038647</b> | <b>55.69</b>      | <b>21.79</b>             |

| 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 |                          |
| <b>(2) Foreign</b>   | -   | -            | -               | -                 | -   | -            | -               | -                 | -                        |
| a) NRIs - Individuals  | -   | -            | -               | -                 | -   | -            | -               | -                 | -                        |
| b) Other – Individuals   | -   | -            | -               | -                 | -   | -            | -               | -                 | -                        |
| c) Bodies Corp.  | -   | -            | -               | -                 | -   | -            | -               | -                 | -                        |
| d) Banks / FI's  | -   | -            | -               | -                 | -   | -            | -               | -                 | -                        |
| e) Any Other....   | -   | -            | -               | -                 | -   | -            | -               | -                 | -                        |
| <b>Sub-total (A) (2):-</b>   | -   | -            | -               | -                 | -   | -            | -               | -                 | -                        |
| <b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>                      | <b>6717961</b>                                  | -            | <b>6717961</b>  | <b>33.89</b>      | <b>11038647</b>                           | -            | <b>11038647</b> | <b>55.69</b>      | <b>21.79</b>             |
| <b>B. Public Shareholding</b>  |   |              |                 |                   |   |              |                 |                   |                          |
| <b>1. Institutions</b>   |   |              |                 |                   |   |              |                 |                   |                          |
| a) Mutual Funds  | -   | -            | -               | -                 | -   | -            | -               | -                 | -                        |
| b) Banks / FI  | 200   | -            | 200             | 0.00              | 200                                       | -            | 200             | 0.00              | -                        |
| c) Central Govt  | -   | -            | -               | -                 | -   | -            | -               | -                 | -                        |
| d) State Govt(s)   | -   | -            | -               | -                 | -   | -            | -               | -                 | -                        |
| e) Venture Capital Funds   | -   | -            | -               | -                 | -   | -            | -               | -                 | -                        |
| f) Insurance Companies   | -   | -            | -               | -                 | -   | -            | -               | -                 | -                        |
| g) FI's/FIC  | 6450000   | -            | 6450000         | 32.54             | 6450000                                   | -            | 6450000         | 32.54             | -                        |
| h) Foreign Venture Capital Funds   | -   | -            | -               | -                 | -   | -            | -               | -                 | -                        |
| i) Others (specify)  | -   | -            | -               | -                 | -   | -            | -               | -                 | -                        |
| <b>Sub-total (B)(1):-</b>  | <b>6450200</b>                                  | -            | <b>6450200</b>  | <b>32.54</b>      | <b>6450200</b>                            | -            | <b>6450200</b>  | <b>32.54</b>      | -                        |
| <b>2. Non-Institutions</b>   |   |              |                 |                   |   |              |                 |                   |                          |
| a) Bodies Corp.  |   |              |                 |                   |   |              |                 |                   |                          |
| i) Indian  | 4557705   | -            | 4557705         | 22.99             | 240427                                    | -            | 240427          | 1.21              | (21.79)                  |
| ii) Overseas   | -   | -            | -               | -                 | -   | -            | -               | -                 | -                        |
| b) Individuals   |   |              |                 |                   |   |              |                 |                   |                          |
| i) Individual shareholders holding nominal share capital upto ₹1 lakh          | 1110508   | 14060        | 1124568         | 5.67              | 1000881                                   | 13660        | 1014541         | 5.12              | (0.55)                   |
| ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh | 926970  | -            | 926970          | 4.68              | 905369                                    | -            | 905369          | 4.57              | (0.11)                   |
| c) Others (NRI's,Trust,HUF, Clearing members, Unclaimed & IEPF)                | 42576   | 20           | 42596           | 0.21              | 170796                                    | 20           | 170816          | 0.87              | 0.66                     |
| <b>Sub-total (B)(2):-</b>  | <b>6637759</b>                                  | <b>14080</b> | <b>6651839</b>  | <b>33.56</b>      | <b>2317473</b>                            | <b>13680</b> | <b>2331153</b>  | <b>11.77</b>      | <b>(21.79)</b>           |
| <b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>                             | <b>13087959</b>                                 | <b>14080</b> | <b>13102039</b> | <b>66.10</b>      | <b>8767673</b>                            | <b>13680</b> | <b>8781353</b>  | <b>44.31</b>      | <b>(21.79)</b>           |
| C. Shares held by Custodian for GDRs   | -   | -            | -               | -                 | -   | -            | -               | -                 | -                        |
| <b>Grand Total (A+B+C)</b>   | <b>19805920</b>                                 | <b>14080</b> | <b>19820000</b> | <b>100.00</b>     | <b>19806320</b>                           | <b>13680</b> | <b>19820000</b> | <b>100.00</b>     | <b>0.00</b>              |

## (ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name             | Shareholding at the beginning of the year |                                  |  | Share holding 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.      | Sh. Ashish Bagrodia            | 49220                                     | 0.25                             | -  | 49220                                | 0.25                             | -  | -   |
| 2.      | Smt. Vandya Bagrodia           | 3000                                      | 0.02                             | -  | 3000                                 | 0.02                             | -  | -   |
| 3.      | Smt. Sudha Bagrodia            | 49220                                     | 0.25                             | -  | 49220                                | 0.25                             | -  | -   |
| 4.      | Sh. Uddhav Bagrodia            | 23110                                     | 0.11                             | -  | 23110                                | 0.11                             | -  | -   |
| 5.      | Ms. Vaidehi Bagrodia           | 23110                                     | 0.11                             | -  | 23110                                | 0.11                             | -  | -   |
| 6.      | Roselab Commodities Pvt. Ltd.  | 3501923                                   | 17.67                            | -  | 3501923                              | 17.67                            | -  | -   |
| 7.      | Kailashpati Vinimay Pvt. Ltd.* | 3068378                                   | 15.48                            | -  | 7389064                              | 37.28                            | -  | 21.79                                     |
|         | <b>Total</b>                   | <b>6717961</b>                            | <b>33.89</b>                     | <b>-</b>   | <b>11038647</b>                      | <b>55.59</b>                     | <b>-</b>   | <b>21.79</b>                              |

\* Off market acquisition of shares pursuant to the scheme of amalgamation.

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

| Sl. No. |  | Shareholding at the beginning of the year |                              | Market Purchase/Transfer |                                | Cumulative Shareholding during the year |                              |
|---------|--|---|------------------------------|--------------------------|--------------------------------|---|------------------------------|
|         |  | No. of shares                             | % of total shares of Company | Date of Change           | No. of Share Increase/Decrease | No. of shares                           | % of total shares of company |
|         | <b>At the beginning of the year (01.04.2019)</b> | <b>6717961</b>                            | <b>33.89</b>                 |                          |                                |   |                              |
| 1.      | Sh. Ashish Bagrodia                              |   |                              | -                        | -                              | 49220                                   | 0.25                         |
| 2.      | Smt. Vandya Bagrodia                             |   |                              | -                        | -                              | 3000                                    | 0.02                         |
| 3.      | Smt. Sudha Bagrodia                              |   |                              | -                        | -                              | 49220                                   | 0.25                         |
| 4.      | Sh. Uddhav Bagrodia                              |   |                              | -                        | -                              | 23110                                   | 0.11                         |
| 5.      | Ms. Vaidehi Bagrodia                             |   |                              | -                        | -                              | 23110                                   | 0.11                         |
| 6.      | Roselab Commodities Pvt. Ltd.                    |   |                              | -                        | -                              | 3501923                                 | 17.67                        |
| 7.      | Kailashpati Vinimay Pvt. Ltd.*                   |   |                              | <b>01.04.2019</b>        | -                              | 3068378                                 | 15.48                        |
|         |  |   |                              | 31.05.2019               | 2656836                        | 5725214                                 | 28.89                        |
|         |  |   |                              | 07.06.2019               | 1663850                        | 7389064                                 | 37.28                        |
|         |  |   |                              | <b>31.03.2020</b>        | -                              | <b>7389064</b>                          | <b>37.28</b>                 |
|         | <b>At the End of the year (31.03.2020)</b>       |   |                              |                          |                                | <b>11038647</b>                         | <b>55.69</b>                 |

\* Off market acquisition of shares pursuant to the scheme of amalgamation.

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

| Sl. No. | Top 10 Shareholders          | Shareholding at the beginning of the year |                                  | Market Purchase/Sale |                                | Cumulative Shareholding during the year |                                  | % change in share holding during the year |
|---------|------------------------------|---|----------------------------------|----------------------|--------------------------------|---|----------------------------------|---|
|         |                              | No. of shares                             | % of total shares of the company | Date of Change       | No. of Share Increase/Decrease | No. of shares                           | % of total shares of the company |   |
| 1.      | Aspire Emerging Fund         | 1978590                                   | 9.98                             | -                    | -                              | 1978590                                 | 9.98                             | -   |
|         |                              |   |                                  | <b>31.03.2020</b>    | -                              | <b>1978590</b>                          | <b>9.98</b>                      | -   |
| 2.      | Landscape Traders Pvt. Ltd.* | 1365917                                   | 6.89                             | -                    | -                              | -                                       | -                                | -   |
|         |                              |   |                                  | 31.05.2019           | (1365917)                      | -                                       | -                                | (6.89)                                    |
|         |                              |   |                                  | <b>31.03.2020</b>    | -                              | -                                       | -                                | -   |
| 3.      | Arpit Agencies Pvt. Ltd.*    | 1290799                                   | 6.51                             | -                    | -                              | -                                       | -                                | -   |
|         |                              |   |                                  | 31.05.2019           | (1290799)                      | -                                       | -                                | (6.51)                                    |
|         |                              |   |                                  | <b>31.03.2020</b>    | -                              | -                                       | -                                | -   |

| Sl. No. | Top 10 Shareholders                         | Shareholding at the beginning of the year |                                  | Market Purchase/Sale |                                 | Cumulative Shareholding during the year |                                  | % change in share holding during the year |
|---------|---|---|----------------------------------|----------------------|---------------------------------|---|----------------------------------|---|
|         |   | No. of shares                             | % of total shares of the company | Date of Change       | No. of Share Increase/ Decrease | No. of shares                           | % of total shares of the company |   |
| 4.      | Sparrow Asia Diversified Opportunities Fund | 989000                                    | 4.99                             |                      | -                               | 989000                                  | 4.99                             | -   |
|         |   |   |                                  | 31.03.2020           | -                               | 989000                                  | 4.99                             | -   |
| 5.      | Bao Value Fund                              | 988785                                    | 4.99                             | -                    | -                               | 988785                                  | 4.99                             | -   |
|         |   |   |                                  | 31.03.2020           | -                               | 988785                                  | 4.99                             | -   |
| 6.      | Leman Diversified Fund                      | 988000                                    | 4.98                             | -                    | -                               | 988000                                  | 4.98                             | -   |
|         |   |   |                                  | 31.03.2020           | -                               | 988000                                  | 4.98                             | -   |
| 7.      | Davos International Fund                    | 987500                                    | 4.98                             | -                    | -                               | 987500                                  | 4.98                             | -   |
|         |   |   |                                  | 31.03.2020           | -                               | 987500                                  | 4.98                             | -   |
| 8.      | Daniel Vinimay Pvt. Ltd.*                   | 966150                                    | 4.87                             | -                    | -                               | -                                       | -                                | -   |
|         |   |   |                                  | 07.06.2019           | (966150)                        | -                                       | -                                | (4.87)                                    |
|         |   |   |                                  | 31.03.2020           | -                               | -                                       | -                                | -   |
| 9.      | Ankur Agencies Pvt. Ltd.*                   | 697700                                    | 3.52                             | -                    | -                               | -                                       | -                                | -   |
|         |   |   |                                  | 07.06.2019           | (697700)                        | -                                       | -                                | (3.52)                                    |
|         |   |   |                                  | 31.03.2020           | -                               | -                                       | -                                | -   |
| 10.     | Aegis Investment Fund                       | 315000                                    | 1.59                             | -                    | -                               | 315000                                  | 1.59                             | -   |
|         |   |   |                                  | 31.03.2020           | -                               | 315000                                  | 1.59                             | -   |
| 11.     | Emerging Market Opportunities Fund          | 203125                                    | 1.02                             | -                    | -                               | -                                       | -                                | -   |
|         |   |   |                                  | 31.03.2020           | -                               | 203125                                  | 1.02                             | -   |
| 12.     | Vandana Lohia                               | 87000                                     | 0.44                             | -                    | -                               | -                                       | -                                | -   |
|         |   |   |                                  | 31.03.2020           | -                               | 87000                                   | 0.44                             | -   |
| 13.     | Shyam Sunder Lohia                          | 78700                                     | 0.40                             | -                    | -                               | -                                       | -                                | -   |
|         |   |   |                                  | 31.03.2020           | -                               | 78700                                   | 0.40                             | -   |
| 14.     | Sangita Tibrewal                            | 64500                                     | 0.33                             | -                    | -                               | -                                       | -                                | -   |
|         |   |   |                                  | 31.03.2020           | -                               | 64500                                   | 0.33                             | -   |

\* Off market acquisition of shares pursuant to the scheme of amalgamation.

(v) Shareholding of Directors and Key Managerial Personnel :-

| Sl. No. | For Each of the Directors and KMP          | 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.      | Sh. Ashish Bagrodia                        | 49220                                     | 0.25                             | 49220                                   | 0.25                             |
| 2.      | Sh. Satish Girotra                         | -   | -                                | -                                       | -                                |
| 3.      | Sh. Chandra Mohan*                         | -   | -                                | -                                       | -                                |
| 4.      | Smt. Neena Singh                           | -   | -                                | -                                       | -                                |
| 5.      | Sh. Anil Sharma- Executive Director & CEO# | -   | -                                | -                                       | -                                |
| 6.      | Sh. Sanjay Kedia- CFO                      | -   | -                                | -                                       | -                                |
| 7.      | Sh. Videshwar Sharma- CS                   | -   | -                                | -                                       | -                                |

\* Passed away on 25<sup>th</sup> December, 2019.

# Appointed as an Executive Director and CEO w.e.f. 13<sup>th</sup> February, 2020

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lacs)

|  | Secured Loans<br>Excluding Deposits | Unsecured<br>Loans | Deposits | Total<br>Indebtedness |
|--|-------------------------------------|--------------------|----------|-----------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                     |                    |          |                       |
| i) Principal Amount  | 28225.49                            | -                  | -        | 28225.49              |
| ii) Interest due but not paid                              | 79.86                               | -                  | -        | 79.86                 |
| iii) Interest accrued but not due                          | -                                   | -                  | -        | -                     |
| <b>Total (i+ii+iii)</b>                                    | <b>28335.34</b>                     | <b>-</b>           | <b>-</b> | <b>28335.34</b>       |
| <b>Change in Indebtedness during the financial year</b>    |                                     |                    |          |                       |
| Addition   | -                                   | -                  | -        | -                     |
| Reduction  | 2781.86                             | -                  | -        | 2781.86               |
| <b>Net Change</b>  | <b>2781.86</b>                      | <b>-</b>           | <b>-</b> | <b>2781.86</b>        |
| <b>Indebtedness at the end of the financial year</b>       |                                     |                    |          |                       |
| i) Principal Amount  | 25464.23                            | -                  | -        | 25464.23              |
| ii) Interest due but not paid                              | 89.25                               | -                  | -        | 89.25                 |
| iii) Interest accrued but not due                          | -                                   | -                  | -        | -                     |
| <b>Total (i+ii+iii)</b>                                    | <b>25553.48</b>                     | <b>-</b>           | <b>-</b> | <b>25553.48</b>       |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager :-

(₹ in Lacs)

| Sl. No. | Particulars of Remuneration   | Name of MD/WTD/ Manager                |   |               |
|---------|---|--|---|---------------|
|         |   | Sh. Ashish Bagrodia<br>(Chairman & MD) | *Sh. Anil Kumar Sharma<br>(Executive Director from<br>13.02.2020 to 31.03.2020) | Total         |
| 1.      | Gross salary  | 109.20                                 | 9.12  | 118.32        |
|         | (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                             | 3.03                                   | -   | 3.03          |
|         | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -                                      | -   | -             |
| 2.      | Stock Option  | -                                      | -   | -             |
| 3.      | Sweat Equity  | -                                      | -   | -             |
| 4.      | Commission  | -                                      | -   | -             |
|         | - @1 % of net profit  | -                                      | -   | -             |
| 5.      | Others, please specify Contribution to Provident fund                               | 9.36                                   | 0.66  | 10.02         |
|         | <b>Total (A)</b>  | <b>121.59</b>                          | <b>9.78</b>   | <b>131.37</b> |

10% of net profits of the Company calculated as per section 198 of Companies Act, 2013. Furthermore, the requisite approval(s) have been taken for payment of remuneration in case of inadequacy of profits in terms of schedule V of the Act.

\*Appointed as an Executive Director and CEO w.e.f. 13<sup>th</sup> February, 2020

## B. Remuneration to other Directors

| Sl. No. | Particulars of Remuneration                    | Name of Directors  |                    |                  | Total         |
|---------|--|--|--------------------|------------------|---------------|
| 1.      | 1. Independent Directors                       | Sh. Chandra Mohan  | Sh. Satish Girotra | Smt. Neena Singh |               |
|         | * Fee for attending board & committee meetings | 0.63   | 0.75               | 0.83             | 2.20          |
|         | Commission                                     | -  | -                  | -                | -             |
|         | Others, please specify                         | -  | -                  | -                | -             |
|         | <b>Total (1)</b>                               | 0.63   | 0.75               | 0.83             | 2.20          |
| 2.      | Other Non-Executive Directors                  | -  | -                  | -                | -             |
|         | Fee for attending board / committee meetings   | -  | -                  | -                | -             |
|         | Commission                                     | -  | -                  | -                | -             |
|         | Others, please specify                         | -  | -                  | -                | -             |
|         | Total (2)                                      | -  | -                  | -                | -             |
|         | <b>Total (B)=(1+2)</b>                         | 0.63   | 0.75               | 0.83             | 2.20          |
|         | <b>Total Managerial Remuneration (A+B)</b>     | -  | -                  | -                | <b>133.57</b> |
|         | Overall Ceiling as per the Act                 | 11% of net profits of the Company calculated as per section 198 of Companies Act, 2013. Furthermore, the requisite approval(s) have been taken for payment of remuneration in case of inadequacy of profits in terms of schedule V of the Act. |                    |                  |               |

\* Figures rounded off.

## C. Remuneration to Key Managerial Personnel Other than Md/Manager/Wtd

(₹ in Lacs)

| Sl. No. | Particulars of Remuneration   | *Sh. Anil Kumar Sharma<br>(As CEO From 01.04.2020<br>to 12.02.2020) | Sh. Sanjay Kumar<br>Kedia (CFO) | Sh. Videshwar<br>Sharma (CS) | Total         |
|---------|---|---|---------------------------------|------------------------------|---------------|
| 1.      | Gross salary  | 64.86   | 34.13                           | 18.37                        | 117.36        |
|         | (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              | -   | -                               | -                            | -             |
| 2.      | Stock Option  | -   | -                               | -                            | -             |
| 3.      | Sweat Equity  | -   | -                               | -                            | -             |
| 4.      | Commission<br>- as % of profit  | -   | -                               | -                            | -             |
| 5.      | Others, please specify<br>Contribution to Provident fund                            | 4.58  | 2.41                            | 1.29                         | 8.28          |
|         | <b>Total</b>  | <b>69.44</b>  | <b>36.54</b>                    | <b>19.66</b>                 | <b>125.64</b> |

\*Appointed as an Executive Director and CEO w.e.f. 13<sup>th</sup> February, 2020

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES :- NIL

For and on behalf of the Board

Sd/-

Ashish Bagrodia

Chairman & Managing Director

DIN-00047021

Place: Chandigarh

Date: 31.07.2020

## Annexure-VI

INFORMATION PURSUANT TO SECTION 134(3) OF COMPANIES ACT, 2013 READ WITH COMPANIES (ACCOUNTS) RULES 2014 REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

### (A) CONSERVATION OF ENERGY :-

#### (i) The steps taken or impact on conservation of energy :-

The Company is making continuous efforts on ongoing basis for energy conservation by adopting innovative measures to reduce wastage and optimize consumption. All efforts are made for installing energy saving devices wherever required by the Company. Some of major initiatives are like:

- (a) Installation of 09 Tyre coupling with main motor of Ring Frame LR-60 in Shed-01 with an investment of ₹558000/- which saved 93150 KWH/per annum resulting in power saving of ₹466000/-.
- (b) Installation of 01 nos of 1200 spindle make texpart-CS1 in Ring Frame-0610 in Shed-01 with an investment of ₹852000/- which saved 15847 KWH/per annum resulting in power saving of ₹79,000/-.
- (c) Installation of 04 LED Street Lights 100W in place of Metal Halide 250W in dye house with an investment of ₹11600/- which saved 1584KWH/per annum resulting ₹8000/-
- (d) Installation of 08 LED Street Lights 50W in place of Metal Halide 150W with an investment of ₹12800/- which saved 1804 KWH/per annum resulting in power saving of ₹9,000/-.
- (e) Installation of 05 LED Street Lights 30W in place of Metal Halide 125W with an investment of ₹5250/- which saved 495 KWH/per annum resulting in power saving of ₹2,000/-.
- (f) Replacement of old pneumafil fan motor with roving break sensor in Speed Frame in Shed no.02 with an investment of ₹21700/- which saved 4200 KWH/per annum resulting in power saving of ₹21,000/-.
- (g) Installation of 04 LED Lamp 37W street light in place of HPSV Lamps 125W with an investment of ₹2600/- which saved 580.80 KWH/per annum resulting in power saving of ₹3000/-.
- (h) Installation of 5 nos. of LED lights instead of metal helide fittings in 66kV Sub-station in STP area with an investment of ₹38000/- which saved 6552 KWH/per annum resulting in power saving of ₹32760/-.
- (i) Installation of 4 nos. of LED Street lights instead of

metal helide fittings which saved 3276 KWH/per annum resulting in power saving of ₹16380/-.

- (j) Modification of Compactor system of Zinser R/Fs in R/F/1-6 area which saved 68755 KWH/per annum resulting in power saving of ₹343775.25/-.
- (k) Optimization of ventilator motor after change pulley and relocated MBO in mixing area which saved 16817 KWH/per annum resulting in power saving of ₹84084/-.
- (l) Optimization of Waste collection motor of LR9 Ring frame after change pulley with an investment of ₹800/- which saved 31450 KWH/per annum resulting in power saving of ₹157248/-.
- (m) Optimization of Waste collection motor of Comber 1-6 after change pulley with an investment of ₹500/- which saved 11187 KWH/per annum resulting in power saving of ₹55936/-.

#### (ii) The steps taken by the company for utilizing alternate sources of energy :-

D.G. Set and grid power etc. is generally used by the Company with regard to alternate source of energy.

Implication of energy management system by use of KWH meters to reduce unnecessary usage of electricity by end users etc.

Apart from Grid power, DG sets a standby power. Further, Company has also used another source of energy of Captive power from Manuni HEP 3.5MW through Open access system.

#### (iii) The capital investment on energy conservation equipment's:-

The capital investment on energy conservation equipment's was ₹15.03 Lacs.

### (B) TECHNOLOGY ABSORPTION :-

#### (i) Efforts made towards technology absorption :-

- (a) New Auto coner X6 - 01 no, state of art machine0020purchased, with latest technology having measure such as energy saving and high productivity. Besides this reduction in compressed air consumption.
- (b) Company has installed TEXPART Spindle CS-1 on one

Ring Frame having 1200 spindles to enhance power saving & getting better yarn quality.

(c) Company has done conversion on R/F 09 Nos from belt drive to tyre coupling, to get smart amount of power saving & better performance.

(d) New MBO - 01 no, state of art machines purchased, with latest technology having measure such as energy saving and high productivity.

**(ii) The benefits derived like product improvement, cost reduction, product development or import substitution:-**

There has been benefit in respect of quality and output of the product which ultimately result to reduce wastage and avoid product complaints.

**(iii) In case of imported technology (imported during the last three years reckoned from the beginning of financial year) :- Nil.**

**(iv) The expenditure incurred on Research and**

**Development :-**

| Expenditure on R&D | (₹ In lacs)   |
|--------------------|---------------|
| Capital            | -             |
| Revenue            | 687.16        |
| <b>Total</b>       | <b>687.16</b> |

Total R&D Expenditure as a percentage of Total Turnover = 1.04%

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The Foreign Exchange earned in terms of actual inflows during F.Y. 2019-20 ₹23312.31 lacs.

The Foreign Exchange outgo in terms of actual outflows during F.Y. 2019-20 : ₹4523.10 lacs.

**For and on behalf of the Board**

Sd/-

**Ashish Bagrodia**

Chairman & Managing Director

DIN-00047021

Place: Chandigarh

Date: 31.07.2020

## Annexure-VII

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR F.Y. 2019-20

**1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

It is the Company's intent to establish itself and remain as a responsible Corporate entity conscious of its social responsibilities towards its work force, society and environment. Corporate Social Responsibility (CSR) policy has been framed under provisions of Section 135 of Companies Act 2013 & rules made there under which have following major objectives:-

- (a) To identify and formulate projects and areas in response to the needs of society and to implement them with full involvement and commitment in a time bound manner.
- (b) To adopt an approach that aims at achieving a greater balance between social and economic development.
- (c) To implement CSR Activities/CSR programmes primarily in the economic vicinity Company's operations with a view to ensuring the long term sustainability of such activities.
- (d) Contribution to the society at large by way of socio-economic activities and social awareness ensuring that benefits reach the targeted beneficiaries.
- (e) To comply with the requirements of Companies Act and all other applicable Acts, Rules, Regulations framed by the Government time to time.

The CSR activities may be focused not just around units/plants and offices of the Company, but also in other geographies based on the needs of the communities/society. In pursuance to CSR Policy, Company has decided to conduct or undertake all or any of prescribed activities/activity/sub-activity, as mentioned in Schedule VII of the Companies Act 2013 and rules & regulations made thereunder, (as amended time to time), either directly or through Winsome Textile Social Trust. Winsome Textile

Social Trust established by Company for carrying out CSR activities of the Company is as per the provisions of section 135 and Schedule VII of the Companies Act, 2013 and rules made there under as amended and also fulfills the criteria laid down under Companies (CSR Policy) Rules 2014. The Corporate Social Responsibility (CSR) Committee of Company constituted under provisions of section 135 of Companies Act 2013 and rules made thereunder regularly monitor/review the CSR activities/CSR projects, its mechanism & other prescribed activities/matters on quarterly basis. CSR policy is available on Company's website at weblink: <http://www.winsometextile.com/files/pdf/68-224-file.pdf>

**2. Composition of CSR Committee**

|                         |   |                       |
|-------------------------|---|-----------------------|
| Shri Ashish Bagrodia    | - | Chairman of Committee |
| *Shri Chandra Mohan     | - | Member                |
| Shri Satish Girotra     | - | Member                |
| #Shri Anil Kumar Sharma | - | Member                |

\* Ceased w.e.f. 25.12.2019

# Inducted w.e.f. 13.02.2020

**3. Average net profit of the Company for last three financial years**

₹1770.65 Lacs

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)**

₹35.41 Lacs

**5. Details of CSR spent during the financial year**

- (a) Total amount to be spent for the financial year; ₹121.73 Lacs (this amount include unspent amount of previous years)
- (b) Amount unspent, if any; Nil

(c) Manner in which the amount spent during the financial year is detailed below:

(₹ in Lacs)

| (1)     | (2)  | (3)                                    | (4)   | (5)                                     | (6)  | (7)   | (8)   |
|---------|--|--|---|---|--|---|---|
| Sl. No. | CSR project or activity identified                     | Sector in Which the Project is covered | Projects or programs<br>(1) Local area or other<br>(2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) or programe-wise | Amount spent on the projects or programs<br>Sub-heads:<br>(I) Direct expenditure on projects or progarms- (2) Overheads: | Cumulative expenditure upto the reporting period. | Amount spent: Direct or through implementing agency |
| 1.      | Promoting rural sports & physical education activities | Sports                                 | Baddi, Nalagarh, Shimla and Dharamshala (H.P)   | 121.73                                  | 0.67   | 0.67  | Direct  |
| 2.      | Promoting rural sports & physical education activities | Sports                                 | Chandigarh  |   | 0.25   | 0.92  | Direct  |
| 3.      | Promoting Education                                    | Education                              | Chandigarh  |   | 3.99   | 4.91  | Direct  |
| 4.      | Promoting Healthcare including Preventive Healthcare   | Healthcare                             | Chandigarh  |   | 0.20   | 5.11  | Direct  |
| 5.      | Promoting Education                                    | Education                              | New Delhi   |   | 0.50   | 5.61  | Direct  |
| 6.      | Promoting Education                                    | Education                              | Noida (U.P)   |   | 10.00  | 15.61   | Direct  |
| 7.      | Promoting Healthcare including Preventive Healthcare   | Healthcare                             | Baddi, Nalagarh, (H.P)  |   | 106.18   | 121.79  | Through Winsome Textile Social Trust                |

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

N/A

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Sd/-

**Anil Kumar Sharma**  
Executive Director & CEO  
DIN-01157106

Place: Chandigarh

Date: 31.07.2020

Sd/-

**Ashish Bagrodia**  
Chairman of CSR Committee  
DIN-00047021

# Corporate Governance Report

## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The principles of Corporate Governance are based on transparency, accountability and focus on the sustainable success of the Company over the long-term. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large. The Company has established procedures and systems to be fully compliant with the requirements stipulated by the Securities and Exchange Board of India under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ["SEBI (LODR) Regulations"]. The principles governing the disclosures and obligations have been implemented in a manner so as to achieve the objectives of Corporate Governance.

Strong leadership and effective corporate governance practices have been the Company's hallmark inherited from the winsome culture and ethos. The Company has a strong legacy of fair, transparent and ethical governance practices.

The Company has adopted a Code of Conduct for its employees including the Managing Director and the Executive Directors. In addition, the Company has adopted a Code of Conduct for its non-executive directors which includes Code of Conduct for Independent Directors which suitably incorporates the duties of Independent Directors as laid down in the Companies Act, 2013 ("the Act"). The Company's corporate governance philosophy has been further strengthened the Winsome Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices ("Insider Trading Code").

## 2. THE BOARD OF DIRECTORS

The Board of your Company has an optimum combination of Executive and Non-Executive Directors so as to have a

balanced structure. As on 31<sup>st</sup> March 2020, the Board of Directors consists of four Directors, out of which one is Promoter Director (Executive Chairman & Managing Director), one is Executive Director (Whole Time Director) and two are Non-Executive-Independent Directors out of which there is one Woman Director. None of the Directors have any inter-se relationship among themselves. None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees as specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("hereinafter referred to as Listing Regulations") across all the companies in which they are Directors. The necessary disclosures regarding committee memberships have been made by all the Directors. The Non-Executive Independent Directors fulfill the conditions of independence as specified in Section 149 of Companies Act 2013 and rules made thereunder and meet with requirements of Listing Regulations.

During the Financial Year 2019-20, Seven Board Meetings were held. These meetings were held on 01<sup>st</sup> May, 2019, 21<sup>st</sup> May, 2019, 18<sup>th</sup> June, 2019, 08<sup>th</sup> August, 2019, 05<sup>th</sup> October, 2019, 14<sup>th</sup> November, 2019 and 13<sup>th</sup> February, 2020. As stipulated by Code of Independent Directors under Companies Act 2013 and under Listing Regulations, a Separate Meeting of Independent Directors was held on 13<sup>th</sup> February, 2020 to review the performance of Non-Independent Directors including the Chairman and the Board as a whole. The Independent Directors also reviewed the quality, content and timeliness of flow of information between Management and the Board.

The names and categories of Directors on the board, their attendance at Board Meetings during the year and at the last Annual General Meeting, number of Directorships, Committee memberships/ Chairmanship held by them in other Companies are given as under:

| Name of Director                  | Position                       | Category           | Attendance Particulars |          | Directorship in Other Companies | Membership/ Chairmanship of the Committees of the Board in Other Companies # |              |       | List of Directorship held in other Listed Companies and Category of Directorship |
|-----------------------------------|--------------------------------|--------------------|------------------------|----------|---------------------------------|--|--------------|-------|--|
|                                   |                                |                    | Board Meeting          | Last AGM |                                 | Membership   | Chairmanship | Total |  |
| Shri Ashish Bagrodia <sup>^</sup> | Chairman & MD                  | Promoter-Executive | 7                      | Yes      | 1                               | -  | -            | -     | -  |
| Shri Chandra Mohan %              | Director                       | Independent        | 5                      | Yes      | -                               | -  | -            | -     | -  |
| Shri Satish Girotra               | Director                       | Independent        | 5                      | Yes      | 7*                              | -  | -            | -     | -  |
| Smt. Neena Singh~                 | Director                       | Independent        | 6                      | No       | 1                               | 2  | -            | 2     | Punjab Communications Limited (Independent Non-Executive Director)               |
| Shri Anil Kumar Sharma\$          | ED & CEO (Additional Director) | Executive          | -                      | Yes      | 2*                              | -  | -            | -     | Majestic Auto Limited (Independent Non-Executive Director)                       |

\* : Directorship includes Private Limited Companies also.

# : The committees considered for the above purpose are Audit Committee and Stakeholders Relationship Committee.

<sup>^</sup> : Shri Ashish Bagrodia, Chairman & Managing Director shall be liable to retire by rotation at the ensuing General Meeting, being eligible, he has offered himself for re-appointment.

Furthermore, the current term of appointment of Shri Ashish Bagrodia, Chairman and Managing Director shall expire on 31.01.2021 and the Board has proposed his re-appointment, subject to the approval of the shareholders in the ensuing Annual General Meeting.

% : Shri Chandra Mohan, an Independent Director passed away on 25.12.2019 hence automatically ceased to be director of the Company. The Board places on record its deep sense of gratitude and appreciation for immense contribution and guidance provided by Shri Chandra Mohan during his tenure as an Independent Director of the Company.

~ : First term of appointment of Smt. Neena Singh, as an Independent Director of the Company shall expire on 27.09.2020, being eligible, has offered herself for re-appointment for further term of five consecutive years.

\$ : Appointed as an Additional Director and designated as an Executive Director and CEO of the Company with effect from 13.02.2020, subject to the approval of Shareholders of the Company at ensuing General Meeting.

Smt. Manju Lakhanpal, (DIN: 07130592) was appointed as an Additional Director with effect from 01<sup>st</sup> April, 2020 and now her appointment as a Director is subject to the approval of Shareholders of the Company at ensuing General Meeting.

Shri Arun Kumar Basu, (DIN: 08747388) was appointed as an Additional Director with effect from 29<sup>th</sup> May, 2020 and now his appointment as a Director is subject to the approval of Shareholders of the Company at ensuing General Meeting.

The Board has identified the following skills / expertise / competencies fundamentals for the effective functioning of the Company which are currently available with the Board:

|                         |   |
|-------------------------|---|
| Leadership:-            | Extant leadership experience for a significant enterprise, resulting in a practical understanding of organization, processes, strategic planning and risk management, Planning succession, driving change and long term growth.               |
| Governance:-            | Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values. |
| Strategy and Planning:- | Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.   |
| Global Business:-       | Understanding, of global business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions.   |

|   |  |
|---|--|
| Gender, ethnic, national, or other diversity. | Representation of gender, ethnic, geographic, cultural, or other prospective that expand the Board's understanding of the needs and viewpoints of our customers, partners, employees, governments and other shareholders worldwide.  |
| Financial:-                                   | Leadership of financial firm or management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation and financial reporting process, or experience in actively supervising a principle financial officer, principle accounting officer, controller, accountant, Auditor or person performing similar function. |

The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. The Directors so appointed are drawn from diverse backgrounds and possess special skills with regard to the industries / fields from where they come.

In terms of requirement of Listing Regulations, the Board has identified the following skills/expertise/ competencies of the Directors as given below. However, the absence of mark against a member's name does not necessarily mean the member does not possess the corresponding qualification or skill.

| Key Board Qualification<br>Name of the Director                                  | Area of Expertise |             |                       |                 |  |           |
|--|-------------------|-------------|-----------------------|-----------------|--|-----------|
|  | Leadership        | Governance: | Strategy and Planning | Global Business | Gender, ethnic, national, or other diversity | Financial |
| Shri Ashish Bagrodia, Chairman and Managing Director                             | √                 | √           | √                     | √               | √  | √         |
| Shri Satish Girotra, Non-Executive Independent Director                          | √                 | √           | √                     | √               | √  | √         |
| Smt. Neena Singh Non-Executive Independent Director                              | √                 | √           | √                     | -               | √  | √         |
| Shri Anil Kumar Sharma, Non Independent Executive Director (Additional Director) | √                 | √           | √                     | √               | √  | √         |
| Smt. Manju Lakhnpal Non-Executive Independent Director (Additional Director)     | √                 | √           | √                     | -               | √  | √         |
| Shri. Arun Kumar Basu Non-Executive Independent Director (Additional Director)   | √                 | √           | √                     | -               | √  | √         |

### 3. INFORMATION SUPPLIED TO THE BOARD

The Board has complete access to all information about the Company. All the meetings are conducted as per well designed and structured agenda. All the agenda items are backed by necessary supporting information including minimum information as stipulated under Regulation 17(7) of Listing Regulations to the extent it is applicable & relevant and documents to enable the Board to take informed decisions. Agenda also includes minutes of the meetings of all the Board Committees for the information of Board. The Board reviews the declarations/reports made by the Management regarding compliance with applicable laws on quarterly basis as well as steps taken by the Company to rectify instances of non-compliances, if any. Post meetings, all important decisions taken at the meeting are communicated to the concerned officials and departments for necessary action.

### 4. SUCCESSION PLAN

The Board of Directors have satisfied itself that plans are in place for orderly succession for appointment to the board and to Senior Management. The Company's Policy on succession plan is available on its website viz. [www.winsometextile.com](http://www.winsometextile.com).

### 5. MAXIMUM DIRECTORSHIP & TENURE OF INDEPENDENT DIRECTORS

The maximum tenure of Independent Directors is in compliance with the Companies Act 2013. The Company has issued formal letters of appointment to all the Independent Directors. At the time of appointment of an independent director, it was ensured that the number

of Boards on which such independent director serves is restricted to seven listed companies as an independent director and three listed companies as an independent director in case such person is serving as a whole-time (executive) director of a listed company. The terms & conditions of appointment of independent directors are available on Company's website viz. [www.winsometextile.com](http://www.winsometextile.com).

## 6. CODE OF CONDUCT

The Company is committed to conduct its business in accordance with the pertinent laws, rules and regulations and with the highest standards of business ethics. The Company has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct is posted on Company's website viz. [www.winsometextile.com](http://www.winsometextile.com). All Board members and Senior Management Personnel have affirmed compliance with the Code. A declaration signed by Executive Director and CEO of the Company to this effect is enclosed at the end of this report.

## 7. CODE(S) FOR PREVENTION OF INSIDER TRADING

As per SEBI (Prohibition of Insider Trading) Regulation, 2015, the Company has adopted a Code of Conduct for Prevention of Insider Trading. The Code is applicable to Promoters and Promoter's Group, all Directors, KMP's and Designated Employees etc. who are expected to have access to unpublished price sensitive information relating to Company. The Code lays down guidelines advising them on procedures to be followed and disclosures to be made while dealing with the shares of Company and cautioning them about the consequences of violations. The Company Secretary is responsible for implementation of this code. During the year under review, there has been due compliance with the said code. The Company has also formulated a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015. The same is also posted on Company's website viz. [www.winsometextile.com](http://www.winsometextile.com).

## 8. CEO AND CFO CERTIFICATION

As per Regulation 17 of Listing Regulations, the Executive Director and CEO and Chief Financial Officer (CFO) of the Company have issued certificate pursuant to the provisions of Listing Regulations certifying that the financial statements and notes thereon do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is attached herewith and forms part of the Annual Report.

## 9. COMMITTEES OF THE BOARD

The Board of Directors have constituted various Board Committees in compliance of Companies Act as well as Listing Regulations/ Listing Agreement to deal with specific areas and activities as stipulated under the Companies Act and Listing Regulations. The Board Committees meet at regular intervals, takes necessary steps to perform its duties/functions entrusted by the Board.

### (A) Audit Committee

Audit Committee functions in accordance with terms of reference as set out under Listing Regulations read with provisions of Section 177 of Companies Act, 2013 & rules made thereunder and additional responsibilities assigned to it by Board of Directors of the Company. The Committee reviews the internal audit reports and findings of internal auditors along with the comments of management. The functions of the Audit Committee among others, include approving and implementing the audit procedures, effective supervision of Financial Reporting System, Whistle Blower Mechanism, approval/review of related party transactions, Internal Control and Procedures, Recommending appointment of Statutory Auditors, Cost Auditors & Secretarial Auditors to Board and also ensuring compliances with applicable regulatory guidelines etc. The maximum gap between any two meetings was less than one hundred & twenty days. The composition, names of members, chairperson, particulars of the meetings and attendance of the members during the financial year are as under:

During the financial year 2019-20, four Audit Committee meetings were held on 21<sup>st</sup> May, 2019, 08<sup>th</sup> August, 2019, 14<sup>th</sup> November, 2019, and 13<sup>th</sup> February, 2020.

| Sl. No. | Name of members               | Category                  | No. of meetings attended during the year 2019-20 |
|---------|-------------------------------|---------------------------|--|
| 1.      | *Shri Chandra Mohan, Chairman | Independent/Non-Executive | 2  |
| 2.      | Shri Satish Girotra, Member   | Independent/Non-Executive | 3  |
| 3.      | Smt. Neena Singh, Member      | Independent/Non-Executive | 4  |
| 4.      | #Shri. Ashish Bagrodia        | Executive Director        | -  |

\* Passed away on 25<sup>th</sup> December, 2019.

# appointed as a new member of the Committee with effect from 13<sup>th</sup> February, 2020.

The Audit Committee was reconstituted on 13.02.2020 due to the demise of Shri Chandra Mohan, and Shri Ashish Bagrodia inducted as new member.

The meetings of Audit Committee were also attended by the Chief Executive Officer, Chief Financial Officer, Statutory Auditors, Cost Auditors, Secretarial Auditors and Internal Auditors as special invitees. The Company Secretary acts as Secretary to the Audit Committee.

#### (B) Nomination and Remuneration Committee

The Nomination and Remuneration Committee functions in accordance with the terms of reference as set out under Listing Regulations read with provisions of Section 178 of Companies Act, 2013 & rules made thereunder. The functions of Nomination and Remuneration Committee include formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to remuneration of directors, key managerial personnel and other employees etc.

The Nomination and Remuneration Committee met two times during the financial year ended 31<sup>st</sup> March, 2020 on 21<sup>st</sup> May, 2019 and 13<sup>th</sup> February, 2020. The details of Composition, category and attendance is as under:

| Sl. No. | Name of members               | Category                  | No. of meeting attended during the year 2019-20 |
|---------|-------------------------------|---------------------------|---|
| 1.      | Shri Satish Girotra, Chairman | Independent/Non-Executive | 2   |
| 2.      | *Shri Chandra Mohan, Member   | Independent/Non-Executive | 1   |
| 3.      | Smt Neena Singh, Member       | Independent/Non-Executive | 2   |

\* Passed away on 25<sup>th</sup> December, 2019.

There was change in constitution of Committee due to demise of Shri Chandra Mohan and the vacant position have been filled on 29.06.2020 by inducting two new members namely Smt. Manju Lakhanpal and Shri Arun Kumar Basu.

The Company Secretary acts as Secretary to the Committee.

#### Remuneration Policy

The remuneration paid to Executive Director(s) of the Company is approved by the Board of Directors on the recommendations of the Nomination and Remuneration Committee & subsequently approved by shareholders in General Meeting. The Company's remuneration strategy is market-driven and aims at attracting and retaining high caliber talent. The strategy is in consonance with the existing industry practice and is directed towards rewarding performance & achievements. In accordance with the provisions of Section 178 of Companies Act 2013 and Listing Regulations, the Company has adopted Nomination & Remuneration policy for Directors, KMPs, Senior Management Personnel & other employees of the Company upon the recommendations of Nomination and Remuneration Committee. Same is also posted on Company's website viz. [www.winsometextile.com](http://www.winsometextile.com).

#### i) Remuneration of Non-Executive Directors

The Non-Executive Directors are paid remuneration by way of Sitting Fees and reimbursement of expenses for participation in the Board/Committee meetings. The Non-Executive Directors are entitled to sitting fees of ₹10,000/- for each Board Meeting and 2,500/- for each Committee Meetings of the Board. The aforesaid sitting fees is within the limits prescribed under Companies Act, 2013 and rules made there under. The details of remuneration paid during FY 2019-20 are as hereunder:

| Name of Directors   | Total (Amount in ₹) |
|---------------------|---------------------|
| *Shri Chandra Mohan | 62500               |
| Shri Satish Girotra | 75000               |
| Smt. Neena Singh    | 82500               |

\* Passed away on 25<sup>th</sup> December, 2019.

Furthermore, the above mentioned sitting fees payable to Non-Executive Directors has been revised with effect from 01<sup>st</sup> April, 2020 to ₹20,000/- for each Board Meeting and ₹10,000/- for each Committee Meeting of the Board.

ii) **Remuneration of Executive Director(s)**

The details of remuneration paid to the Executive Director is as hereunder:

(₹ in lacs)

| Name of Director        | Salary | Perquisites* | Commission | Total  |
|-------------------------|--------|--------------|------------|--------|
| Shri Ashish Bagrodia    | 109.20 | 12.39        | Nil        | 121.59 |
| #Shri Anil Kumar Sharma | 9.12   | 0.66         | Nil        | 9.78   |

# Appointed as an additional Director and designated as Executive Director and CEO w.e.f. 13<sup>th</sup> February, 2020. Hence, remuneration details are for this part period only.

\* Perquisites includes House Rent Allowance or Housing Accommodation, contribution to provident & other funds and other perks/ benefits provided by the Company.

There is no Employee Stock Option Scheme (ESOP) in the Company as on 31<sup>st</sup> March 2020. Further, there are no materially significant pecuniary relationships or transactions of Executive Directors vis-a-vis the Company which has potential conflict with the interest of the Company except managerial remuneration during the year under review.

(C) **Stakeholders Relationship Committee**

The Stakeholders Relationship Committee functions in accordance with the terms of reference as set out under provisions of Listing Regulations, read with provisions of Section 178 of the Companies Act, 2013 & rules made there under i.e. redressing of Shareholders/Investors complaints, regarding share transfers, non-receipt of balance sheet/dividend by the shareholders etc. During the financial year 2019-20, three Stakeholders Relationship Committee meetings were held on 21<sup>st</sup> May, 2019, 08<sup>th</sup> August, 2019 and 13<sup>th</sup> February, 2020. The composition of Committee, Chairperson, category of members, number of the meetings and attendance thereat is as under:

| Sl. No. | Name of members               | Category                  | No. of meetings attended during the year 2019-20 |
|---------|-------------------------------|---------------------------|--|
| 1.      | Shri Satish Girotra, Chairman | Independent/Non-Executive | 2  |
| 2.      | Shri Ashish Bagrodia, Member  | Executive Director        | 3  |
| 3.      | Smt. Neena Singh, Member      | Independent/Non-Executive | 3  |

During the financial year, all requests for transfer/demat/remat of shares, change of address etc. have been duly effected. During the year, no complaints were received by the Company from its shareholders. Hence no grievance was pending at the end of the financial year. Shri Videshwar Sharma, Company Secretary is the Compliance Officer of the Company for SEBI/ Stock Exchange/ROC related issues etc and also acts as Secretary to the Committee.

(D) **Risk Management Committee**

The Company is not required to have a separate Risk Management Committee in terms of SEBI (LODR) Regulations, 2015, the profile of Risk Management Committee is taken care of by Audit Committee and the Board.

(E) **Corporate Social Responsibility (CSR) Committee**

The Company has constituted a Corporate Social Responsibility (CSR) Committee under the provisions of Section 135 of Companies Act 2013 & rules made thereunder. The role of CSR Committee includes formulating and recommending to the Board the CSR Policy and activities to be undertaken by the Company, recommending the amount of expenditure to be incurred on CSR activities of the Company, reviewing the performance of Company in the areas of CSR.

During the financial year ended 31<sup>st</sup> March, 2020, the Committee had recommended to the Board to approve the amendments to its CSR Policy to include recent amendments to the Schedule VII of the Companies Act, 2013.

During the financial year ended 31<sup>st</sup> March, 2020, the Committee met four times on 21<sup>st</sup> May, 2019, 08<sup>th</sup> August, 2019, 14<sup>th</sup> November, 2019 and 13<sup>th</sup> February, 2020. The composition of Committee, Chairperson, category of members, number of the meetings and attendance thereat is as under:

| Sl. No. | Name of members                | Category                   | No. of meetings attended during the year 2019-20 |
|---------|--------------------------------|----------------------------|--|
| 1.      | Shri Ashish Bagrodia, Chairman | Executive Director         | 4  |
| 2.      | Shri Satish Girotra, Member    | Independent/Non-Executive  | 3  |
| 3.      | *Shri Chandra Mohan, Member    | Independent/ Non-Executive | 2  |
| 4.      | # Shri Anil Kumar Sharma       | Executive Director         | -  |

\* Passed away on 25.12.2019.

# appointed as a new member of the Committee with effect from 13<sup>th</sup> February, 2020.

The Committee reconstituted w.e.f. 13<sup>th</sup> February, 2020 due to demise of Shri Chandra Mohan and said vacant position have been filled by induction of Shri Anil Kumar Sharma.

The Company Secretary act as secretary to the Committee.

## 10. GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held as under :-

| Year      | Venue  | Date     | Time       |
|-----------|--|----------|------------|
| 2016-2017 | 1, Industrial Area, Baddi, Distt- Solan (H.P.) | 04/09/17 | 10.00 A.M. |
| 2017-2018 | 1, Industrial Area, Baddi, Distt- Solan (H.P.) | 24/09/18 | 10.00 A.M. |
| 2018-2019 | 1, Industrial Area, Baddi, Distt- Solan (H.P.) | 28/09/19 | 10.00 A.M. |

### Extra Ordinary General Meeting

No Extra-ordinary General Meeting was held during the year 2019-20.

During the last three years, six special resolution were passed at the Annual General Meeting held on 24.09.2018 and three special resolution were passed at the Annual General Meeting held on 28.09.2019. No Postal ballots were used for voting in these meetings. At the forthcoming AGM, there is no item on the agenda that needs approval by Postal ballots.

## 11. CREDIT RATINGS

Company has obtained rating from CARE Ratings Limited during the year ended 31<sup>st</sup> March, 2020 details for the same is mentioned as hereunder:-

| Rating Agency        | Rating                     | Outlook |
|----------------------|----------------------------|---------|
| CARE Ratings Limited | CARE BBB- (Triple B Minus) | Stable  |

## 12. DISCLOSURES

### a) Related Party Transactions

All related party transactions of the Company are dealt with in accordance with Related Party Transactions Policy of Company and as per provisions of section 188 of Companies Act 2013 & rules made there under and as per Listing Regulations. All Related Party Transactions are presented to the Audit Committee and the Board for approval by specifying the nature, value, terms and conditions of the transactions etc.. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions for which omnibus approval has obtained are presented before the Audit Committee on quarterly basis for review, although all related party transactions are entered in ordinary course of business and at arm's length basis. There were no materially significant related party transactions, during the year made by the Company with its promoters, Directors or Key Managerial Personnel, their relatives etc. that may have potential conflict with the interest of the Company.

Suitable disclosures as required by the Accounting Standards are disclosed in Note 23 of Notes to Accounts in the Annual Report. As required under Regulation 23(1) of the Listing Regulations, the Company has formulated a policy on dealing with Related Party Transactions. The Policy is available on following weblink of Company's website: <http://www.winsometextile.com/files/pdf/68-63-file.pdf>

**b) Disclosure of Accounting Treatment in preparation of Financial Statements**

The Company has followed all relevant Accounting Standards referred to in Section 133 of Companies Act 2013 & rules made thereunder as laid down by Institute of Chartered Accountants of India/NAFRA/MCA, while preparing Financial Statements.

**c) Details of non-compliance by the listed entity, penalties, strictures imposed by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years**

During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any Statutory Authority for non-compliance of any matter related to the capital markets.

**d) Whistle Blower Policy/Vigil Mechanism**

The Company has adopted Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behavior. This policy is reviewed quarterly by the Audit Committee to check the effectiveness of the policy & related matters. No personnel have been denied access to the Audit Committee. The relevant details of Whistle Blower Policy are given under the Director's Report and same is available on Company's website viz. [www.winsometextile.com](http://www.winsometextile.com).

**e) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements**

The Company has complied with all applicable mandatory requirements. The Company has not adopted non-mandatory requirements except separate post of Chairman of Company and Chief Executive Officer.

**f) Commodity Price Risks or Foreign Exchange Risk and Commodity Hedging Activities**

a) Total estimated exposure of the Company to Commodities price risk in INR: 19737.55 Lacs

b) Exposure of the Company to various commodities:

| Commodity Name   | Exposure INR (Lacs) towards the particular commodity | Exposure in Quantity (Kgs) terms towards the particular Commodity | % of such exposure hedged through commodity derivatives |          |                      |          |       |
|------------------|--|---|---|----------|----------------------|----------|-------|
|                  |  |   | Domestic Market   |          | International Market |          | Total |
|                  |  |   | OTC   | Exchange | OTC                  | Exchange |       |
| Raw Material     | 9335.80  | 7772431.05  | NIL   | NIL      | NA                   | NA       | NIL   |
| Work In Progress | 4757.84  | 2160118.73  | NIL   | NIL      | NA                   | NA       | NIL   |
| Finished Goods   | 5643.91  | 2230372.98  | NIL   | NIL      | NA                   | NA       | NIL   |

**c) Commodities risks faced by the Company during the year and how it has been managed:**

The commodities risk faced by the company is the risk around price movement in raw cotton and its finished products. Any adverse movement in commodities prices may affect the margin. Similarly any favorable movement in prices can also allow margins to rise.

**g) Subsidiary Company**

During the year ended 31<sup>st</sup> March, 2020, neither the Company has any subsidiary nor any material listed/unlisted subsidiary company.

**h) Independent Director's Declarations**

All Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. In the opinion of the Board, the Independent Directors, fulfil the conditions of independence specified in Section 149(6) of the Act and Regulation 16(1) (b) of the Listing Regulations. The Independent Directors have also confirmed that they have complied with the Company's Code of Business Conduct & Ethics.

**i) Disclosures by Senior Management & Key Managerial Personnel**

Senior Management and Key Managerial Personnel have made disclosure to the effect confirming that there were no financial or commercial transactions in which they or their relatives had any potential conflict of interest with the Company. Further no employee including key managerial personnel or director or promoter of Company has entered into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of Company.

**j) Unclaimed Equity Shares**

During the year under review no unclaimed and unpaid dividend was pending for transfer to IEPF Authority. Although, the unclaimed dividend and shares already transferred to the IEPF Authority by the Company in the previous year can be claimed by the concerned shareholders by approaching the Investor Education and Protection Fund Authority.

- k) The Company has complied and disclosed all the mandatory corporate governance requirements under Regulation 17 to 27 and sub-regulation (2) of Regulation 46 of Listing Regulations (relating to disclosure on the website of the Company).
- l) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):- Not Applicable.
- m) A certificate from a Company Secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority.  
None of the Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such statutory authority. A Certificate to this effect, duly signed by the Practicing Company Secretary is annexed to this Report.
- n) Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year: - Not Applicable
- o) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.  
Details relating to fees paid to the Statutory Auditors are given in Note 24 to the Standalone Financial Statements.
- p) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.  
Under Company's policy on Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, status of complaints received at beginning of financial year was Nil, Number of complaints disposed of during the financial year was Nil. Therefore no complaint was pending at the end of financial year.

### 13. ANNUAL PERFORMANCE EVALUATION

During the year, Board adopted a formal mechanism for evaluating its performance and effectiveness as well as that of its Committees and individual Directors, including the Chairman of the Board. For Board and its Committees, the exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc. The Annual Performance evaluation of Non-Independent directors including the Chairman was carried out by Independent Directors in their separate meeting. The Directors were satisfied with the evaluation results, which reflected the overall engagement and effectiveness of the Board and its Committees. The necessary details regarding criteria of performance evaluation is mentioned under Director's Report. The Performance Evaluation Policy of Board of Directors is available on Company's website viz. [www.winsometextile.com](http://www.winsometextile.com).

### 14. INDUCTION AND FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

On appointment, a Letter of Appointment is issued to the Independent Directors setting out in detail, the terms & of appointment, duties, responsibilities and expected time commitments. The Independent Director on being inducted on the Board, is familiarized by way of programme with their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, interaction with the senior management which in turn will help them to understand business model of Company, its process, products etc. It also includes visit to different plants, as & when required, to provide them thorough insight in to business operations. The Company follow such approach for familiarization not only for Independent Directors but any new appointee on the Board, whenever required. To enhance their knowledge and skills, Directors are regularly updated about recent changes/developments in laws, policies, regulations etc. The details of familiarization programmes are available on following weblink of Company's website: <http://www.winsometextile.com/details-of-familiarisation-programme-of-directors>.

### 15. BOARD DIVERSITY POLICY

The Board Diversity Policy of the Company requires the Company's Board to comprise of set of accomplished individuals, ideally representing a wide cross-section of industries, professions, backgrounds, occupations and functions and possessing a blend of skills, domain and functional knowledge, experience, educational qualifications, both individually and collectively. The said policy is available on Company's website viz. [www.winsometextile.com](http://www.winsometextile.com).

## 16. DETAILS FOR UNCLAIMED SUSPENSE ACCOUNT FOR UNCLAIMED SHARES

As per Listing Regulations, the details of "Winsome Textile Industries Limited - Unclaimed Suspense Account" are as under :-

| Outstanding at the beginning of the year i.e. April 1, 19 |               | No. of shareholders claimed during the year | No. of shareholders claim transferred during the year | Outstanding at the end of the year i.e. March 31, 20 |               |
|---|---------------|---|---|--|---------------|
| No. of Shareholders                                       | No. of Shares |   |   | No. of Shareholders                                  | No. of Shares |
| 6   | 400           | NIL   | NIL   | 6  | 400           |

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

## 17. MEANS OF COMMUNICATIONS

The quarterly, half yearly & annual financial results, notices etc. are published in widely circulating national & local dailies newspaper Financial Express and Jansatta (in English and Hindi) editions. The same can also be accessed on the website of BSE Limited at [www.bseindia.com](http://www.bseindia.com), as uploaded by company through listing centre under Scrip Code '514470'. Furthermore, the same can also be accessed at Company's website i.e. [www.winsometextile.com](http://www.winsometextile.com). The Management Discussion and Analysis report forms a part of this Annual Report.

## 18. GENERAL SHAREHOLDER INFORMATIONS

Annual General Meeting at 10:00 A.M. on 23<sup>rd</sup> December, 2020 at Registered Office of Company: 1, Industrial Area, Baddi, Distt. Solan, Himachal Pradesh.

|                                  |   |
|----------------------------------|---|
| Financial Calendar               | : 01 <sup>st</sup> April to 31 <sup>st</sup> March  |
| Date of Book Closure             | : 16.12.2020 to 23.12.2020<br>(both days inclusive) |
| Dividend Payment Date            | : N.A.  |
| Listing on Stock Exchange        | : BSE Limited                                       |
| Scrip Code                       | : 514470  |
| Demat ISIN Number in NSDL & CDSL | : INE837B01031                                      |
| Corporate Identity Number (CIN)  | : L17115HP1980PLC005647                             |

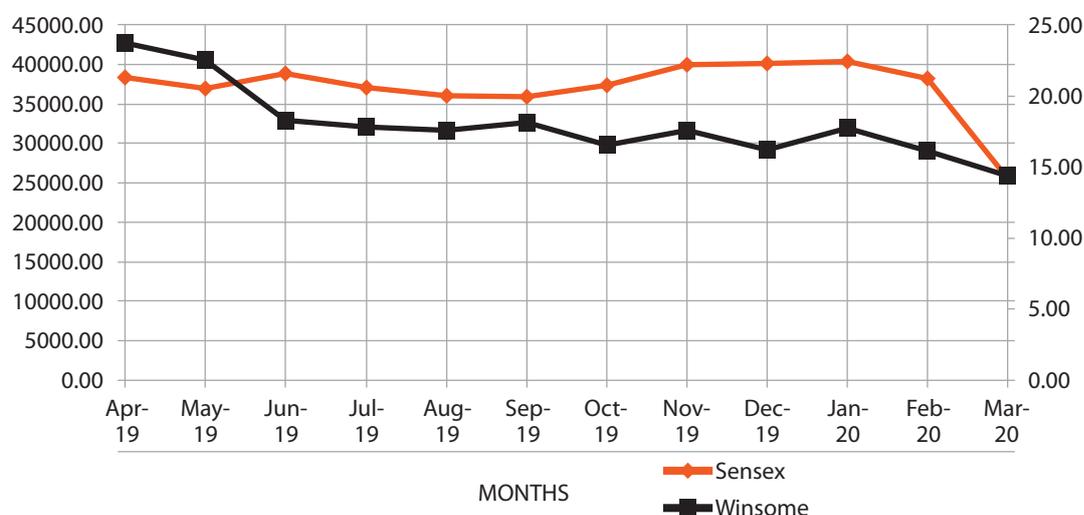
Annual listing fee for the year 2020-21 has duly been paid to BSE Limited. Listing fee to Calcutta Stock Exchange has not been paid as the Company had applied to this stock exchange on 11.12.2003 for voluntary delisting of shares as per the approval of shareholders and till date no objection has even been raised by the Calcutta Stock Exchange in this regard. The Company has also paid the Annual Custodial Fee to NSDL & CDSL for the year 2020-21.

## 19. MARKET PRICE DATA – HIGH AND LOW DURING EACH MONTH ON BSE IN F.Y. 2019-20. STOCK CODE - 514470 (SOURCE: WWW.BSEINDIA.COM)

| Months          | High  | Low   | Volume<br>(No. of Shares) |
|-----------------|-------|-------|---------------------------|
| April, 2019     | 28.45 | 23.75 | 20364                     |
| May, 2019       | 26.75 | 22.55 | 42121                     |
| June, 2019      | 26.00 | 18.30 | 17279                     |
| July, 2019      | 23.80 | 17.80 | 18017                     |
| August, 2019    | 23.50 | 17.60 | 10836                     |
| September, 2019 | 23.10 | 18.10 | 9842                      |
| October, 2019   | 19.75 | 16.55 | 18178                     |
| November, 2019  | 20.90 | 17.60 | 14419                     |
| December, 2019  | 20.20 | 16.20 | 8022                      |
| January, 2020   | 24.00 | 17.70 | 25583                     |
| February, 2020  | 20.70 | 16.15 | 11197                     |
| March, 2020     | 18.10 | 14.35 | 10694                     |

## 20. PERFORMANCE IN COMPARISON TO BROAD BASED INDICES

### Winsome Textile Vs BSE Sensex



The above chart is based on lowest price

**21. Registrar and Share Transfer Agent :** Link Intime India Private Limited  
Noble Heights, 1<sup>st</sup> Floor  
LCS Near Savitri Market,  
Janakpuri, New Delhi - 110058  
Tele. No. 011-49411000, Fax No. 011-41410591  
E-mail : delhi@linkintime.co.in,  
sunil.mishra@linkintime.co.in

**Share Transfer System :** In terms of regulation 40(1) of SEBI (Listing Regulations as amended, securities can be transferred only in dematerialized form w.e.f. 01<sup>st</sup> April, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories/RTA with no involvement of the Company.

**Compliance Officer :** Shri Videshwar Sharma

**E-mail ID's :** cswtil@winsometextile.com  
secretarial@winsometextile.com

## 22. DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH,20:-

| Range of Shares | No. of Shareholders | % of Shareholders | No. of Shares   | % of Shareholding |
|-----------------|---------------------|-------------------|-----------------|-------------------|
| 001 - 500       | 1589                | 76.58             | 249213          | 1.26              |
| 501 - 1000      | 196                 | 9.44              | 165517          | 0.83              |
| 1001 - 2000     | 117                 | 5.64              | 180886          | 0.91              |
| 2001 - 3000     | 44                  | 2.12              | 112800          | 0.57              |
| 3001 - 4000     | 23                  | 1.11              | 80763           | 0.41              |
| 4001 - 5000     | 12                  | 0.58              | 56558           | 0.29              |
| 5001 - 10000    | 42                  | 2.02              | 331959          | 1.67              |
| 10001 and above | 52                  | 2.51              | 18642304        | 94.06             |
| <b>Total</b>    | <b>2075</b>         | <b>100.00</b>     | <b>19820000</b> | <b>100.00</b>     |

### 23. SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH,20 :-

| Category   | No. of shares   | Percentage    |
|--|-----------------|---------------|
| Promoters/Promoter Group                                   | 11038647        | 55.69         |
| FII's/ FIC's Banks   | 6450200         | 32.54         |
| Bodies Corporates  | 240427          | 1.21          |
| Indian Public  | 1919910         | 9.70          |
| HUF  | 126578          | 0.64          |
| IEPF   | 27684           | 0.14          |
| NRIs, Clearing Members, Unclaimed Suspense Account & Trust | 16554           | 0.08          |
| <b>Total</b>   | <b>19820000</b> | <b>100.00</b> |

### 24. DETAILS OF SHAREHOLDING OF DIRECTORS IN THE COMPANY AS ON 31<sup>ST</sup> MARCH, 20 :-

| Name of Director      | No. of shares held |
|-----------------------|--------------------|
| Shri Satish Girotra   | -                  |
| Shri Ashish Bagrodia  | 49220              |
| Smt. Neena Singh      | -                  |
| Sh. Anil Kumar Sharma | -                  |

**25.** Dematerialisation of shares and liquidity : 99.93% of the shares issued by the Company have been dematerialized upto 31<sup>st</sup> March, 2020. The Equity Shares of the Company are actively traded on Bombay Stock Exchange under scrip code 514470

Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity shares : N.A.

Plant(s) Location : Plot No. 1, Industrial Area, Baddi  
Distt. - Solan, Himachal Pradesh -173205  
Village Kaundi, Baddi  
Distt. - Solan, Himachal Pradesh -173205  
Village Lunta, Post Office, Khanyara  
Tehsil Dharamshala, Distt.- Kangra  
Himachal Pradesh -176218

Address for correspondence : Company Secretary  
Winsome Textile Industries Limited  
SCO 191-192, Sector 34-A  
Chandigarh-160022 (U.T.)  
Ph. No. 0172-4612000, 4613000  
Fax No. 0172-4646760

E-mail ID's : cswtil@winsometextile.com  
secretarial@winsometextile.com

For and on behalf of the Board

Sd/-

**Ashish Bagrodia**

Chairman & Managing Director

DIN-00047021

Place : Chandigarh

Dated : 31.07.2020

## DECLARATION ON CODE OF CONDUCT

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, it is hereby declared that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Company for the year ended 31<sup>st</sup> March 2020.

**Place:** Chandigarh

**Date:** 31.07.2020

Sd/-

**Anil Kumar Sharma**  
Executive Director and CEO

## CERTIFICATE

(Pursuant to clause 10 of Part C of Schedule V of SEBI (LODR), Regulations, 2015)

In Pursuance of sub clause (i) of clause 10 of Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015) in respect of Winsome Textile Industries Limited (CIN: L17115HP1980PLC005647) I hereby certify that:

On the basis of written representation/declaration received from the Directors and taken on record by the Board of Directors as on 31<sup>st</sup> March, 2020, none of the Director on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of Company by the Board/Ministry of Corporate Affairs or any such Statutory authority.

**Place:** Chandigarh

**Date :** 31.07.2020

Sd/-

**Ramesh Bhatia**  
Practicing Company Secretary  
FCS No. 2483  
C P No. 1917

## CEO AND CFO CERTIFICATION

To  
The members  
**Winsome Textile Industries Ltd.**

- (a) We have reviewed the financial statements and the cash flow statement of Winsome Textile Industries Ltd. for the year ended 31<sup>st</sup> March, 2020 and to the best of our knowledge and belief, we state that:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) 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) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation 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. We have not come across any reportable deficiencies in the design or operation of such internal controls.
- (d) We have indicated to the Auditors and the Audit Committee:
- (i) significant changes, if any, in internal control over financial reporting during the year;
  - (ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the Financial Statements; and
  - (iii) that there are no instances of significant fraud of which we have become aware.

Yours sincerely,

Sd/-  
**Anil Kumar Sharma**  
Executive Director and CEO

Place: Chandigarh  
Date: 31.07.2020

Sd/-  
**Sanjay Kumar Kedia**  
Chief Financial Officer

## **CERTIFICATE OF PRACTICING COMPANY SECRETARY ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS PER REGULATION E OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015.**

I have examined the compliance of the conditions of Corporate Governance by Winsome Textile Industries Limited, Baddi (H.P.) for the year ended March 31, 2020 as stipulated in Regulation E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

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

In my opinion and to the best of our information and according to the explanations given to me, and the information given by the management, I certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned regulations except that under Regulation 19, Composition of Nomination and Remuneration Committee as on 31/03/2020, was not in accordance with the above mentioned regulation.

I state that in respect of investor grievance received during the year ended March, 31, 2020, no investor grievances are pending against the Company, as per the records maintained by the Company and presented to the Investors/ Stakeholders Relationship Committee.

I further state that 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.

Place: Chandigarh

Date : 31.07.2020

Sd/-

**Ramesh Bhatia**

Practicing Company Secretary

FCS No.2483

C P No. 1917

# Independent Auditor's Report

To  
The Members of  
**Winsome Textile Industries Limited**

## REPORT ON THE FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying financial statements of **M/s Winsome Textile Industries Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flow for the year then ended, and Notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March 2020, and loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in

accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

## ASSESSMENT OF IMPACT OF CORONA VIRUS DISEASE (COVID-19)

| Key Audit Matter   | How the matter was addressed in our audit  |
|--|--|
| <p>On account of prevalent financial, economic and health crises caused due to global pandemic – COVID-19 having impacted the assumptions used for the continuity of operations.</p> <p>The Company has evaluated and factored in to the extent possible the likely impact that may result from COVID-19 pandemic as well as all events and circumstances up to the date of approval of these financial results, on the carrying value of its assets and liabilities as on 31<sup>st</sup> March 2020 as disclosed in note 32.</p> | <p>As a part of our audit we have, carried out the following procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the process and testing the operating effectiveness of internal controls and preparation of the cash flow forecast based on assumptions and inputs to the model used to estimate the future cash flows.</li> <li>• We assessed the assumptions around the key drivers of the cash flow forecasts including discount rates,</li> <li>• We compared the cash flow forecasts to approved budget and other relevant market and economic information, as well as testing the underlying calculations.</li> </ul> |

| Key Audit Matter  | How the matter was addressed in our audit   |
|---|---|
| <p>Further, the management has evaluated that there was no pandemic impact on the operations of the hydro power generation unit of the company since the same was covered under Essential services.</p> | <ul style="list-style-type: none"> <li>• We discussed the potential changes in key drivers as compared to previous year / actual performance with management and considering impact of COVID-19 in order to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable;</li> <li>• We engaged expert to assess the assumption and methodology used by the management to determine the recoverable amount and also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used.</li> <li>• We tested the arithmetical accuracy of the models.</li> <li>• We evaluated disclosures related to management assessment on impact of COVID-19 for the continuity of operations.</li> </ul> |

### INVENTORIES (REFER NOTE 4.1 TO THE FINANCIAL STATEMENTS)

| Key Audit Matter  | How the matter was addressed in our audit  |
|---|--|
| <p>Inventories held by the Company comprising of Raw Material, Work-in-Progress, Finished Goods and Others represents 28.87% of the Company's total assets.</p> <p>Under Ind AS, the Company is required to measure inventory at lower of Cost or Net Realizable Value (NRV). However the raw material and work-in progress is not written down below cost when completed units are expected to be sold at or above cost.</p> <p><b>Assessing NRV</b></p> <p>Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.</p> <p>The assessment and application of write-down of inventory to NRV are subject to significant judgement by Company.</p> <p>Considering the company's present situation, significant judgements made by the company in light of future market &amp; economic conditions for determination of NRV and considering materiality in context of total assets of the Company, we have considered the valuation of inventory to be the key audit matter.</p> | <p><b>Our audit procedures included:</b></p> <ul style="list-style-type: none"> <li>• Through discussions with management, we understood the Company's basis of estimated selling price for the goods;</li> <li>• Evaluating the design &amp; testing controls related to Company's review of key estimates, including estimated future selling prices and estimated cost of completion for work-in-progress inventory.</li> </ul> |

### INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial

performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate

in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## OTHER MATTER

The financial statements of the company's foreign branch has been audited by other auditor whose report have been furnished to us by the management and our opinion on the financial statements, in so far as it relates to the amounts and disclosures included in respect of the said branch and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the said branch is based solely on the reports of the other auditor (refer note no. 27 to the notes of accounts).

Our opinion on the 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 reports of the other auditor and the financial statements.

## 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, we give in the Annexure A, a statement on the matters specified in the paragraph 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.
  - (b) 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 (including Other Comprehensive Income), Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;
  - (e) on the basis of the written representations received from the directors as on 31 March 2020 taken on record by the

Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act

- (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company has, to the extent ascertainable, disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 13 and Note 15 to the financial statements;
  - ii. the Company does not have any material foreseeable losses on long term contracts including derivative contracts which would impact its financial position;
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

**For B. CHHAWCHARIA & CO.**  
Chartered Accountants  
Firm Registration No. 305123E

**Abhishek Gupta**  
Partner

Place: Chandigarh (Camp)  
Date: 31<sup>st</sup> July, 2020

Membership No. 529082  
UDIN: 20529082AAAAFU9841

## Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31<sup>st</sup> March 2020, we report that:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. The company is also in the process of migrating the Fixed Assets Register from its old accounting software to the new accounting software.
- (b) According to the information and explanations given to us, the fixed assets have been physically verified by the management according to the programme of periodical verification in phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) According to the information and explanations given to us, the management has conducted physical verification of inventory at various intervals during the year which, in our opinion, is reasonable having regard to the size of the company and nature of its business. No material discrepancies were noticed on such verification.
- (iii) According to the information and explanations given to us, the Company has not granted secured/unsecured loans to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and securities made by the company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended).
- (vi) As certified by a Cost Accountant, the company has maintained cost records for the year under review, as prescribed under sub-section (1) of Section 148 to the extent applicable to the company. We have, however, not made a detailed examination of such records.
- (vii) (a) According to the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, Goods and Service Tax, duty of customs, Cess and other material statutory dues, as applicable, and no such statutory dues were outstanding as at the last day of the financial year under review for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income-tax, Goods and Service Tax, duty of customs and cess, as applicable, which have not been deposited on account of any dispute, except the following:

| Name of Statute  | Nature of Dues | Period             | Amount unpaid (In Lacs ₹) | Forum                    |
|------------------|----------------|--------------------|---------------------------|--------------------------|
| Income Tax Act   | Income Tax     | 2011-12            | 2303.89                   | CIT (Appeal)             |
| HP Sales Tax Act | Entry Tax      | 2010-11 to 2017-18 | 452.02                    | The High Court of Shimla |

- (viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government. The company does not have any outstanding debentures during the year.
- (ix) In our opinion and according to the information and explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year under review. Further term loans have been applied for the purposes for which those were raised.
- (x) According to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the course of the audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company,
- the Company has not entered into non-cash transactions with directors or persons connected with him.
- (xvi) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For B. CHHAWCHARIA & CO.**

Chartered Accountants  
Firm Registration No. 305123E

Abhishek Gupta  
Partner

Membership No. 529082  
UDIN: 20529082AAAAFU9841

Place: Chandigarh (Camp)

Date: 31<sup>st</sup> July, 2020

## Annexure - B to the Auditors' Report

### Report on the Internal Financial Controls 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 Textile Industries Limited** ("the Company") as of 31<sup>st</sup> March 2020 in conjunction with our audit of the 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 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 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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.

### OPINION

In our opinion, 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 31<sup>st</sup> March 2020, 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.

**For B. CHHAWCHARIA & CO.**  
Chartered Accountants  
Firm Registration No. 305123E

Abhishek Gupta  
Partner

Membership No. 529082  
UDIN: 20529082AAAAFU9841

Place: Chandigarh (Camp)  
Date: 31<sup>st</sup> July, 2020

## Balance Sheet as at 31<sup>st</sup> March, 2020

(₹ in lakh, unless otherwise stated)

| Particulars  | Notes   | As at                      |                              |
|--|---------|----------------------------|------------------------------|
|  |         | 31 <sup>st</sup> Mar, 2020 | 31 <sup>st</sup> March, 2019 |
| <b>ASSETS</b>  |         |                            |                              |
| <b>Non-current assets</b>                                  |         |                            |                              |
| Property, plant and equipment                              | 3.1     | 32,360.58                  | 34,277.86                    |
| Capital work-in-progress                                   | 3.2     | -                          | -                            |
| Intangible Assets  | 3.3     | 17.73                      | 25.66                        |
| Financial assets   | 3.4     |                            |                              |
| - Investments  | 3.4.1   | 6.35                       | 5.71                         |
| Other non -Current Assets                                  | 3.5     | 68.02                      | 67.51                        |
|  |         | <b>32,452.68</b>           | <b>34,376.74</b>             |
| <b>Current assets</b>                                      |         |                            |                              |
| Inventories  | 4.1     | 20,769.35                  | 20,199.32                    |
| Financial assets   | 4.2     |                            |                              |
| - Trade receivables  | 4.2.1   | 11,397.16                  | 13,123.63                    |
| - Cash and cash equivalents                                | 4.2.2   | 78.35                      | 273.56                       |
| - Bank Balances other than Cash and Cash                   | 4.2.2.1 | 1,677.58                   | 1,509.40                     |
| <b>Equivalents</b>   |         |                            |                              |
| - Loans  | 4.2.3   | 13.91                      | 15.58                        |
| - Other financial assets                                   | 4.2.4   | 11.39                      | 121.28                       |
| Current tax assets (Net)                                   | 4.3     | 2,818.09                   | 2,683.24                     |
| Other current assets                                       | 4.4     | 2,710.35                   | 2,848.56                     |
|  |         | <b>39,476.18</b>           | <b>40,774.57</b>             |
| <b>Total Assets</b>  |         | <b>71,928.86</b>           | <b>75,151.31</b>             |
| <b>EQUITY AND LIABILITIES</b>                              |         |                            |                              |
| <b>Equity</b>  |         |                            |                              |
| Equity Share capital                                       | 5.1     | 1,982.00                   | 1,982.00                     |
| Other Equity   | 5.2     | 16,703.51                  | 16,956.53                    |
|  |         | <b>18,685.51</b>           | <b>18,938.53</b>             |
| <b>LIABILITIES</b>   |         |                            |                              |
| <b>Non-current liabilities</b>                             |         |                            |                              |
| <b>Financial liabilities</b>                               |         |                            |                              |
| - Borrowings   | 6.1     |                            |                              |
| - Current Provisions                                       | 6.1.1   | 4,494.54                   | 5,754.03                     |
| Non - Current Provisions                                   | 6.2     | 527.87                     | 509.69                       |
| Deferred tax liabilities (Net)                             | 6.3     | 5,143.86                   | 5,308.22                     |
| Other non-current liabilities                              | 6.4     | 318.35                     | 347.08                       |
|  |         | <b>10,484.62</b>           | <b>11,919.02</b>             |
| <b>Current liabilities</b>                                 |         |                            |                              |
| <b>Financial liabilities</b>                               |         |                            |                              |
| - Borrowings   | 7.1     |                            |                              |
| - Trade payables   | 7.1.1   | 19,663.65                  | 19,946.25                    |
| (a) Dues of micro & small enterprises                      | 7.1.2   | -                          | -                            |
| (b) Dues of creditors other than micro & small enterprises |         | 17,661.34                  | 17,981.55                    |
| - Other financial liabilities                              | 7.1.3   | 4,530.98                   | 5,426.53                     |
| Other current liabilities                                  | 7.2     | 723.33                     | 766.79                       |
| Current Provisions   | 7.3     | 179.43                     | 172.64                       |
|  |         | <b>42,758.73</b>           | <b>44,293.76</b>             |
| <b>Total Equity and Liabilities</b>                        |         | <b>71,928.86</b>           | <b>75,151.31</b>             |
| Corporate Information & Significant Accounting Policies    |         | <b>1 &amp; 2</b>           |                              |
| Accompanying notes to the financial statements             |         | <b>3 to 36</b>             |                              |

The Notes referred to above form an integral part of the accounts.  
In terms of our report of even date attached herewith.

For B. CHHAWCHHARIA & CO.  
Chartered Accountants  
Firm Registration No: 305123E

For and on behalf of the Board of Directors

**Abhishek Gupta**  
Partner

**Ashish Bagrodia**  
(Chairman Cum Managing Director)

**Anil Kumar Sharma**  
(Executive Director Cum Chief Executive Officer)

Membership No: 529082

DIN-00047021

DIN -01157106

Place: Chandigarh (Camp)  
Date : 31<sup>st</sup> July, 2020

**Sanjay Kumar Kedia**  
(Chief Financial Officer)

**Videshwar Sharma**  
(Company Secretary)

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2020

(₹ in lakh, unless otherwise stated)

| Particulars   | Notes | 2019-20          | 2018-19          |
|---|-------|------------------|------------------|
| Revenue from Operations   | 8.1   | 66,210.16        | 72,262.35        |
| Other Income  | 8.2   | 189.78           | 155.94           |
| <b>Total Income</b>   |       | <b>66,399.94</b> | <b>72,418.29</b> |
| <b>Expenses</b>   |       |                  |                  |
| Cost of Material Consumed                                       | 9.1   | 35,776.77        | 39,320.36        |
| Purchase of Stock in trade                                      | 9.2   | 6,790.11         | 7,719.12         |
| Changes in Inventories  | 9.3   | 871.02           | 87.48            |
| Employee Benefits Expense                                       | 9.4   | 5,791.15         | 5,844.32         |
| Finance Costs   | 9.5   | 4,877.88         | 4,839.25         |
| Depreciation & Amortization Expenses                            | 9.6   | 2,245.67         | 2,373.51         |
| Other Expenses  | 9.7   | 10,490.63        | 10,803.61        |
| <b>Total Expenses</b>   |       | <b>66,843.23</b> | <b>70,987.65</b> |
| <b>Profit/(Loss) before tax</b>                                 |       | <b>(443.29)</b>  | <b>1,430.64</b>  |
| Tax Expense:  | 10    |                  |                  |
| Current Tax   |       | 33.92            | 293.55           |
| Deferred Tax  |       | (185.26)         | (74.75)          |
|   |       | <b>(151.34)</b>  | <b>218.80</b>    |
| <b>Profit/(Loss) for the year</b>                               |       | <b>(291.95)</b>  | <b>1,211.84</b>  |
| Other comprehensive income                                      |       |                  |                  |
| <b>A) Items that will not be reclassified to profit or loss</b> |       |                  |                  |
| - Changes in fair value of Equity Instruments                   |       | 0.64             | 0.05             |
| - Tax Expense relating to above                                 |       | (0.22)           | (0.02)           |
| - Remeasurement of net defined benefit liabilities              |       | 59.19            | 115.68           |
| - Tax Expense relating to above items                           |       | (20.68)          | (40.42)          |
| <b>B) Items that will be reclassified to profit or loss</b>     |       | -                | -                |
| <b>Other comprehensive income for the year</b>                  |       | <b>38.93</b>     | <b>75.29</b>     |
| <b>Total comprehensive income/(loss) for the year</b>           |       | <b>(253.02)</b>  | <b>1,287.13</b>  |
| <b>Earnings per equity share</b>                                |       |                  |                  |
| <b>Basic &amp; Diluted</b>                                      | 12    | <b>(1.28)</b>    | <b>6.49</b>      |

The Notes referred to above form an integral part of the accounts.  
In terms of our report of even date attached herewith.

For **B. CHHAWCHHARIA & CO.**  
Chartered Accountants  
Firm Registration No: 305123E

For and on behalf of the Board of Directors

**Abhishek Gupta**  
Partner

**Ashish Bagrodia**  
(Chairman Cum Managing Director)

**Anil Kumar Sharma**  
(Executive Director Cum Chief Executive Officer)

Membership No: 529082

DIN-00047021

DIN -01157106

Place: Chandigarh (Camp)  
Date : 31<sup>st</sup> July, 2020

**Sanjay Kumar Kedia**  
(Chief Financial Officer)

**Videshwar Sharma**  
(Company Secretary)

## Statement of Cash Flow for the year ended 31<sup>st</sup> March, 2020

(₹ in lakh, unless otherwise stated)

| Particulars   | 2019-2020         | 2018-2019         |
|---|-------------------|-------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES :</b>                  |                   |                   |
| Net Profit/(loss) before tax and extraordinary items          | (443.29)          | 1,430.64          |
| <b>Adjusted for :</b>   |                   |                   |
| Depreciation  | 2,245.67          | 2,373.51          |
| Provision for Doubtful Debts                                  | 0.35              | 0.24              |
| Bad debt written off  | 0.16              | 42.56             |
| Interest Paid   | 4,877.88          | 4,839.25          |
| Profit/(Loss) on sale of fixed assets ( Net)                  | 7.55              | (0.09)            |
| Dividend Received   | (0.54)            | (0.47)            |
| Interest income   | (132.91)          | (104.79)          |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>        | <b>6,554.87</b>   | <b>8,580.85</b>   |
| <b>Adjusted for :</b>   |                   |                   |
| Trade and other receivables                                   | 1,808.41          | (238.20)          |
| Inventories   | (570.03)          | 1,306.81          |
| Trade Payables and advances from customers                    | 45.38             | (451.30)          |
| <b>CASH GENERATED FROM OPERATIONS</b>                         | <b>7,838.63</b>   | <b>9,198.16</b>   |
| Direct Taxes paid / adjusted                                  | (168.77)          | (382.41)          |
| Cash flow before extra ordinary items                         | 7,669.86          | 8,815.75          |
| Extra Ordinary items  | -                 | -                 |
| <b>Net cash from Operating activities (A)</b>                 | <b>7,669.86</b>   | <b>8,815.75</b>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES :</b>                  |                   |                   |
| Net Changes in fixed assets                                   | (341.12)          | (174.77)          |
| Sale of fixed assets  | 13.11             | 0.43              |
| Capital Advances  | (1.37)            | 4.36              |
| Dividend Received   | 0.54              | 0.47              |
| Interest Received   | 132.91            | 104.79            |
| <b>Net Cash from investing activities (B)</b>                 | <b>(195.93)</b>   | <b>(64.72)</b>    |
| <b>CASH FLOW FROM FINANCING ACTIVITIES :</b>                  |                   |                   |
| Interest paid   | (4,877.88)        | (4,839.25)        |
| Net Proceeds/(Repayment) of Long Term Borrowings              | (2,508.66)        | (3,819.88)        |
| Net Proceeds/(Repayment) from Short term Borrowings           | (282.60)          | 61.72             |
| <b>Net Cash from Financing activities (C)</b>                 | <b>(7,669.14)</b> | <b>(8,597.41)</b> |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+ B+ C)</b>    | <b>(195.21)</b>   | <b>153.62</b>     |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b> | <b>273.56</b>     | <b>119.94</b>     |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>       | <b>78.35</b>      | <b>273.56</b>     |

01. Proceeds from long term and other borrowings are shown net of repayment.

02. Cash and Cash equivalents represent cash and bank balances only.

The Notes referred to above form an integral part of the accounts.

In terms of our report of even date attached herewith.

For **B. CHHAWCHHARIA & CO.**  
Chartered Accountants  
Firm Registration No: 305123E

For and on behalf of the Board of Directors

**Abhishek Gupta**  
Partner

Membership No: 529082

Place: Chandigarh (Camp)  
Date : 31<sup>st</sup> July, 2020

**Ashish Bagrodia**  
(Chairman Cum Managing Director)

DIN-00047021

**Sanjay Kumar Kedia**  
(Chief Financial Officer)

**Anil Kumar Sharma**  
(Executive Director Cum Chief  
Executive Officer)  
DIN -01157106

**Videshwar Sharma**  
(Company Secretary)

## Statement of Changes in Equity for the year ended 31<sup>st</sup> March, 2020

(₹ in lakh, unless otherwise stated)

### EQUITY SHARE CAPITAL

| Particulars   | Notes | As at<br>31 <sup>st</sup> March, 2019 | Changes during<br>2019-2020 | As at<br>31 <sup>st</sup> March, 2020 |
|---|-------|---------------------------------------|-----------------------------|---------------------------------------|
| 1,98,20,000 Equity shares of ₹10/- each fully paid up | 5.1   | 1982.00                               | -                           | 1982.00                               |
|   |       | 1982.00                               | -                           | 1982.00                               |

### OTHER EQUITY

| Particulars   | Notes | Reserves and Surplus |                       |                    |   | Equity Investment<br>Reserve {upon fair<br>value through other<br>comprehensive<br>income} | Total            |
|---|-------|----------------------|-----------------------|--------------------|---|--|------------------|
|   |       | Capital<br>Reserve   | Securities<br>Premium | Retained Earnings  |   |  |                  |
|   |       |                      |                       | General<br>Reserve | Surplus in the<br>statement of<br>Profit and Loss |  |                  |
| Balance as at 01.04.2018                                  |       | 46.68                | 5,131.46              | 7,500.00           | 2,988.97  | 2.29   | 15,669.40        |
| Profit for the year after tax                             |       | -                    | -                     | -                  | 1,211.84  | -  | 1,211.84         |
| Other comprehensive income<br>for the year                |       | -                    | -                     | -                  | 75.26   | 0.03   | 75.29            |
| <b>Total comprehensive income<br/>for the year</b>        |       | -                    | -                     | -                  | 1,287.10  | 0.03   | 1,287.13         |
| Transfer to General Reserve                               |       | -                    | -                     | 1,000.00           | (1,000.00)  | -  | -                |
| <b>Balance as at 31.03.2019</b>                           |       | <b>46.68</b>         | <b>5,131.46</b>       | <b>8,500.00</b>    | <b>3,276.07</b>                                   | <b>2.32</b>  | <b>16,956.53</b> |
| <b>Balance as at 01.04.2019</b>                           |       | <b>46.68</b>         | <b>5,131.46</b>       | <b>8,500.00</b>    | <b>3,276.07</b>                                   | <b>2.32</b>  | <b>16,956.53</b> |
| Profit/(Loss) for the year after tax                      |       | -                    | -                     | -                  | (291.95)  | -  | (291.95)         |
| Other comprehensive income<br>for the year                |       | -                    | -                     | -                  | 38.51   | 0.42   | 38.93            |
| <b>Total comprehensive income/(loss)<br/>for the year</b> |       | <b>-</b>             | <b>-</b>              | <b>-</b>           | <b>(253.44)</b>                                   | <b>0.42</b>  | <b>(253.02)</b>  |
| Transfer to General Reserve                               |       | -                    | -                     | -00                | -   | -  | -                |
| <b>Balance as at 31.03.2020</b>                           |       | <b>46.68</b>         | <b>5,131.46</b>       | <b>8,500.00</b>    | <b>3,022.63</b>                                   | <b>2.74</b>  | <b>16,703.51</b> |

The Notes referred to above form an integral part of the accounts.

In terms of our report of even date attached herewith.

For B. CHHAWCHHARIA & CO.

Chartered Accountants

Firm Registration No: 305123E

Abhishek Gupta

Partner

Membership No: 529082

Place: Chandigarh (Camp)

Date : 31<sup>st</sup> July, 2020

For and on behalf of the Board of Directors

Ashish Bagrodia

(Chairman Cum Managing Director)

DIN-00047021

Sanjay Kumar Kedia

(Chief Financial Officer)

Anil Kumar Sharma

(Executive Director Cum Chief  
Executive Officer)

DIN -01157106

Videshwar Sharma

(Company Secretary)

# Notes to the Financial Statements

## 1. CORPORATE INFORMATION

Winsome Textile Industries Limited ("the Company") is a public limited company domiciled and incorporated under the provisions of the Companies Act, 1956 on 18<sup>th</sup> September, 1980 in India and its shares are publicly traded on the Bombay Stock Exchange ("BSE"), India. The Registered Office of the company is situated at 1 Industrial Area, Baddi, Solan, Himachal Pradesh – 173205 India and the Corporate office is situated at SCO # 191 - 192, Sector # 34-A, Chandigarh, 160022.

The principal business activity of the company is the manufacturing of Cotton Yarn, Cotton Melange, Cotton Blended Dyed Yarn/Fiber, Yarn made of natural and manmade fiber and other fibers, Knitted Fabric and Power generation in Textile Sector.

The financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors on 31<sup>st</sup> July, 2020.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation of financial Statements

The financial statements of the Company have been prepared on accrual basis in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the provisions of the Companies Act, 2013.

These financial statements for the year ended 31<sup>st</sup> March 2020 have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the provisions of the Companies Act, 2013.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which have been measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Indian Rupees ("INR" or Rs) and all amounts are rounded to the nearest lacs, except as stated otherwise.

### 2.2 Estimates and Judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions effect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in note 2.23. Accounting estimates could change from period to period. Actual results may differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

### 2.3 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading

## Notes to the Financial Statements

- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 2.4 Property, Plant and Equipment

The Company has applied for the one time transition exemption of considering the carrying cost on the transition date i.e. 1<sup>st</sup> April, 2016 as the deemed cost under IND AS and hence regarded thereafter as historical cost.

Leased hold Land is carried at cost less reduction in proportionate annual Lease Rental.

Freehold land and Capital Work in progress is carried at cost. All other items of Property, plant and equipment are stated at cost, less accumulated depreciation. The Cost of an item of Property, Plant and Equipment comprises:

- its purchase price including freight, duties, and non-refundable purchase taxes after deducting trade discounts and rebates.
- any attributable expenditure directly attributable for bringing an asset to the location and the working condition for its intended use and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. Depreciation on addition/sale is provided on Pro-rata basis with reference to the month of addition/sale. The useful lives estimated for the major classes of property, plant and equipment are as follows:

| Class of property, plant and equipment | Useful life (in years) |
|--|------------------------|
| Buildings                              | 3-60                   |
| Plant & Machinery                      | 3-25                   |
| Furniture & Fixtures                   | 5-10                   |
| Vehicles                               | 5-10                   |
| R&D Assets                             | 5-10                   |
| Equipments and facilities              | 3-5                    |
| Computer & Networks                    | 3                      |

The useful lives have been determined based on technical evaluation done by the management's experts, which in few cases are different than the lives as specified by Schedule II to the Companies Act, 2013. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

### 2.5 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss.

## Notes to the Financial Statements

On transition to Ind AS, the company has elected to continue with the carrying value of all its intangible assets recognised as at 1<sup>st</sup> April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised on a straight-line method over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period and adjusted, if appropriate. The useful economic lives estimated for various classes of intangible assets are as follows:

| Class of intangible assets | Useful life (in years) |
|----------------------------|------------------------|
| Software                   | 6                      |

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually.

### 2.6 Inventories

Inventories are valued at cost or net realizable value, whichever is lower except waste which is valued at net realisable value. The cost in respect of the various items of inventory is computed as under:

**Raw Materials** - At weighted average cost plus direct expenses. The cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. However, materials and other items held for use in the production of inventories are not written down below cost if the finished product in which they will be incorporated are expected to be sold at or above cost.

**Stores and Spares** - At weighted average cost plus direct expenses. The cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

**Work-in-Progress** - At raw material cost plus conversion costs depending upon the stage of completion and other related overhead costs.

**Finished Goods** - At raw material cost plus conversion costs, packing cost and other overheads incurred to bring the goods to their present location and condition.

**Net realisable value** is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.7 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity period of twelve months or less from the balance sheet date, which are subject to an insignificant risk of changes in value and is freely available for the company. Bank overdrafts are shown under borrowings in the balance sheet.

Earmarked bank balances and/or short term deposits which are lien marked against borrowings are shown under the head "Bank balances other than Cash and Cash Equivalent".

### 2.8 Financial instruments

#### A. Financial Instruments - Initial recognition and measurement

Financial assets and financial liabilities are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument. The company determines the classification of its financial assets and liabilities at initial recognition. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets and liabilities carried at fair value through the Profit and Loss are immediately recognized in the Statement of Profit and Loss.

#### B.1. Financial assets –Subsequent measurement

The Subsequent measurement of financial assets depends on their classification which is as follows:

##### a. Financial assets at fair value through profit or loss

Financial assets at fair value through profit and loss include financial assets held for sale in the near term and those designated upon initial recognition at fair value through profit or loss.

## Notes to the Financial Statements

### b. Financial assets measured at amortised cost

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowance for estimated irrecoverable amounts based on the ageing of the receivables balance and historical experience. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.

### c. Financial assets at fair value through OCI

All equity investments, except investments in subsidiaries, joint ventures and associates, falling within the scope of Ind AS 109, are measured at fair value through Other Comprehensive Income (OCI). The company makes an irrevocable election on an instrument by instrument basis to present in other comprehensive income subsequent changes in the fair value. The classification is made on initial recognition and is irrevocable.

If the company decides to designate an equity instrument at fair value through OCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI.

#### B.2. Financial assets –De-recognition

The company derecognises a financial asset when the contractual rights to the cash flows from the assets expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

Upon de-recognition of equity instruments designated at fair value through OCI, the associated fair value changes of that equity instrument is transferred from OCI to Retained Earnings.

#### C.1. Financial liabilities –Subsequent measurement

The Subsequent measurement of financial liabilities depends on their classification which is as follows:

##### a. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, if any.

##### b. Financial liabilities measured at amortised cost

Interest bearing loans and borrowings of the company are subsequently measured at amortised cost using the effective interest rate method (EIR). Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are integral part of the EIR. The EIR amortised is included in finance costs in the statement of profit and loss.

#### C.2. Financial liabilities –De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or expires.

#### D. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, if and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### E. Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss. Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in Exchange Rate Variation Gain. Assets/liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

## Notes to the Financial Statements

### F. Fair value measurement

The company measures certain financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the assets or liability or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the company.

The company uses valuation technique that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### 2.9 Government Grants

The government grants are recognized only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in the statement of profit and loss on a systematic and rational basis over the useful life of the asset.

Government grants related to revenue are recognized on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.

### 2.10 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets classified as held for sale and their related liabilities are presented separately in the balance sheet. Non-current assets are not depreciated or amortised while they are classified as held for sale.

### 2.11 Provisions, Contingent Liabilities and Contingent Assets

A provision shall be recognised when:

- (a) an entity has a present obligation as a result of a past event;
- (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A Contingent liability is not recognised but disclosed in the notes to the accounts, unless the probability of an outflow of resources is remote.

A contingent asset is generally neither recognised nor disclosed.

### 2.12 Revenue Recognition

Effective April 1, 2018, the company adopted Ind AS 115, "Revenue from contracts with customers." The effect of adoption of Ind AS 115 was insignificant. The following is a summary of new and /or revised significant accounting policies related to revenue recognition.

Revenue is recognised upon transfer of control of promised product or services to customer in an amount that reflects the consideration the company expects to receive in exchange for those product or service, regardless of when the payment is received.

## Notes to the Financial Statements

Revenue is measured at the Transaction price, excluding amounts collected on behalf of the third parties. The amount disclosed as revenue is net of returns, trade discounts, volume rebates, Goods and Services Tax. The company recognizes revenue when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

The specific recognition criteria for the various types of the company's activities are described below:

(i) Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the goods are transferred to the customers, the customer has full discretion over the channel and price to sell the products, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. The said conditions are generally fulfilled upon delivery of goods to the customers.

Delivery occurs when the goods have been shipped to the specific location, the risks and rewards of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sale contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

(ii) Services

Revenue from sale of services is recognised on the basis of the stage of completion. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

(iii) Export Incentives

Revenue in respect of the export incentives is recognized on accrual basis in the period in which the related exports have been made.

(iv) Power Generation

Sale of power is recognised on the basis of meter reading confirmed by buyers in accordance with the respective agreement.

Renewable Energy Certificate are accounted for on certification of energy sale quantity by the buyer and is valued at minimum sale price fixed by Central Electricity Regulatory Authority after adjusting expected outgo.

(v) Interest

Income from interest is recognized using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

(vi) Dividend

Dividend income is recognized when the right to receive the payment is established.

(vii) Insurance and other claims are recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

### 2.13 Employees Benefits

(i) Short term Employee Benefits:

Liabilities for wages, salaries and other employee benefits that are expected to be settled within twelve months of rendering the service by the employees are classified as short term employee benefits. Such short term employee benefits are measured at the amounts expected to be paid when the liabilities are settled. Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the statement of profit and loss of the year in which the related service is rendered.

## Notes to the Financial Statements

### (ii) Post Employment Benefits

#### (a) Defined Contribution Plans:

##### Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

#### (b) Defined Benefit Plans

##### Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method.

The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Re-measurements comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are recognised in Other Comprehensive Income which are not reclassified to profit or loss in subsequent periods.

### (iii) Long-term employee benefits

The liability of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using Projected Unit Credit Method.

## 2.14 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## 2.15 Foreign Currency Transactions

The foreign currency transactions are recorded, on initial recognition in the functional currency (i.e. Indian Rupee), by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. The foreign currency monetary items are translated using the closing rate at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognised in profit or loss in the period in which they arise.

Foreign exchange differences recorded as an adjustment to borrowing costs are presented in the statement of profit and loss, as a part of finance cost. All other foreign exchange gains and losses are presented in the statement of profit and loss on net basis.

In respect of foreign branch, which is in the nature of integral foreign operations, all transactions are translated using the exchange rate at the date of the transaction. The translation of monetary assets and liabilities is performed using the exchange rate in effect at the balance sheet date. Fixed assets are translated as at the date of transaction. Depreciation is translated at the rates applied for translation of fixed assets.

## 2.16 Leases

Effective from April 1, 2019 the company adopted Ind AS 116, "Leases". The effect of adoption of Ind AS 116 was insignificant. The following is a summary of new and /or revised significant accounting policies related to Leases.

## Notes to the Financial Statements

### A. Company as a Lessee

The Company assesses whether a contract contains a lease at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

The company applies a single recognition and measurement approach for all leases, except for leasehold land, short-term leases and leases of low-value. For short-term and leases of low value, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

Leasehold land is carried at the acquisition cost i.e. one-time lease premium paid at the time of acquisition of leasehold rights. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is amortized over the shorter of the estimated useful life of the asset and the lease term. For all other leases, the Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets are included in the Leased Assets and lease liabilities are included in other current and non-current financial liabilities in the balance sheet. Lease payments have been classified as financing cash flows in the Statement of Profit and Loss.

### B. Company as a Lessor

Leases for which the company is a lessor is classified as finance or operating leases. Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term, unless the receipts are structured to increase in line with expected general inflation.

## 2.17 Income Taxes

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is also recognized in equity or other comprehensive income respectively.

### Current Taxes:

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

### Deferred Taxes:

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets and liabilities are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## Notes to the Financial Statements

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Minimum Alternate Tax credit is recognised as a tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

### 2.18 Impairment of assets

#### a) Financial assets

The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in statement of profit or loss.

#### b) Non-financial assets

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

### 2.19 Earnings per Share

The Basic earnings per share (EPS) is calculated by dividing the net profit or loss for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

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

## Notes to the Financial Statements

### 2.20 Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.

### 2.21 Cash flow statement

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS) - 7 "Statement of Cash flows" using the indirect method for operating activities.

### 2.22 Exceptional items

Exceptional items refer to items of income or expense within statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the company.

### 2.23 Critical accounting estimates

#### *Property, plant and equipment*

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

#### *Intangible assets*

The company tests whether intangible assets have suffered any impairment on an annual basis. The recoverable amount of a cash generating unit is determined based on value in use calculations which require the use of assumptions.

#### *Trade Receivables*

As per Ind As 109, the company is required to apply expected credit losses model for recognising the provision for doubtful debts. The expected credit losses are determined based on past trends and assumptions.

## Notes to the Accounts

### 3.1 PROPERTY, PLANT & EQUIPMENT

| Particulars                  | GROSS BLOCK         |               |              | DEPRECIATION        |                     |                 | NET BLOCK    |                     |                     |                     |
|------------------------------|---------------------|---------------|--------------|---------------------|---------------------|-----------------|--------------|---------------------|---------------------|---------------------|
|                              | As at<br>31.03.2019 | Additions     | Deductions   | As at<br>31.03.2020 | Up to<br>31.03.2019 | For the year    | Adjustments  | Up to<br>31.03.2020 | As at<br>31.03.2020 | As at<br>31.03.2019 |
| Land                         |                     |               |              |                     |                     |                 |              |                     |                     |                     |
| - Freehold                   | 1,810.74            | -             | -            | 1,810.74            | -                   | -               | -            | -                   | 1,810.74            | 1,810.74            |
| - Leasehold                  | 5.35                | -             | 0.08         | 5.27                | -                   | -               | -            | -                   | 5.27                | 5.35                |
| Building                     | 10,262.63           | 4.07          | -            | 10,266.70           | 1,189.34            | 354.23          | -            | 1,543.57            | 8,723.13            | 9,073.29            |
| Plant & Machinery            | 28,640.13           | 262.90        | 24.77        | 28,878.26           | 5,953.12            | 1,783.29        | 9.64         | 7,726.77            | 21,151.49           | 22,687.01           |
| Furniture & Fixtures         | 150.45              | 1.44          | -            | 151.89              | 57.72               | 15.76           | -            | 73.48               | 78.41               | 92.73               |
| R & D Assets                 | 665.02              | -             | -            | 665.02              | 175.73              | 47.64           | -            | 223.37              | 441.65              | 489.29              |
| Vehicles                     | 162.27              | 65.43         | 41.65        | 186.05              | 82.50               | 23.03           | 36.29        | 69.24               | 116.81              | 79.77               |
| Equipments & Facilities      | 51.78               | 3.66          | 0.17         | 55.27               | 29.73               | 7.53            | -            | 37.26               | 18.01               | 22.05               |
| Computers & Networks         | 61.00               | 3.70          | -            | 64.70               | 43.37               | 6.26            | -            | 49.63               | 15.07               | 17.63               |
| <b>TOTAL</b>                 | <b>41,809.37</b>    | <b>341.20</b> | <b>66.67</b> | <b>42,083.90</b>    | <b>7,531.51</b>     | <b>2,237.74</b> | <b>45.93</b> | <b>9,723.32</b>     | <b>32,360.58</b>    | <b>-</b>            |
| <b>PREVIOUS YEAR FIGURES</b> | <b>41,606.24</b>    | <b>205.60</b> | <b>2.47</b>  | <b>41,809.37</b>    | <b>5,169.73</b>     | <b>2,363.83</b> | <b>2.05</b>  | <b>7,531.51</b>     | <b>-</b>            | <b>34,277.86</b>    |

### 3.2 CAPITAL WORK IN PROGRESS

| Particulars                  | GROSS BLOCK         |               |               | DEPRECIATION        |                     |              | NET BLOCK   |                     |                     |
|------------------------------|---------------------|---------------|---------------|---------------------|---------------------|--------------|-------------|---------------------|---------------------|
|                              | As at<br>31.03.2019 | Additions     | Deductions    | As at<br>31.03.2020 | Up to<br>31.03.2019 | For the year | Adjustments | Up to<br>31.03.2020 | As at<br>31.03.2019 |
| Capital Work in Progress     | -                   | 266.97        | 266.97        | -                   | -                   | -            | -           | -                   | -                   |
| <b>TOTAL</b>                 | <b>-</b>            | <b>266.97</b> | <b>266.97</b> | <b>-</b>            | <b>-</b>            | <b>-</b>     | <b>-</b>    | <b>-</b>            | <b>-</b>            |
| <b>PREVIOUS YEAR FIGURES</b> | <b>36.18</b>        | <b>166.45</b> | <b>202.63</b> | <b>-</b>            | <b>-</b>            | <b>-</b>     | <b>-</b>    | <b>-</b>            | <b>-</b>            |

### 3.3 INTANGIBLE ASSETS

| Particulars                  | GROSS BLOCK         |             |            | AMORTIZATION        |                     |              | NET BLOCK   |                     |                     |
|------------------------------|---------------------|-------------|------------|---------------------|---------------------|--------------|-------------|---------------------|---------------------|
|                              | As at<br>31.03.2019 | Additions   | Deductions | As at<br>31.03.2020 | Up to<br>31.03.2019 | For the year | Adjustments | Up to<br>31.03.2020 | As at<br>31.03.2019 |
| Software                     | 49.16               | -           | -          | 49.16               | 23.50               | 7.93         | -           | 31.43               | 17.73               |
| <b>TOTAL</b>                 | <b>49.16</b>        | <b>-</b>    | <b>-</b>   | <b>49.16</b>        | <b>23.50</b>        | <b>7.93</b>  | <b>-</b>    | <b>31.43</b>        | <b>17.73</b>        |
| <b>PREVIOUS YEAR FIGURES</b> | <b>43.73</b>        | <b>5.43</b> | <b>-</b>   | <b>49.16</b>        | <b>13.82</b>        | <b>9.68</b>  | <b>-</b>    | <b>23.50</b>        | <b>-</b>            |
|                              |                     |             |            |                     |                     |              |             |                     | <b>25.66</b>        |

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

### 3.4 FINANCIAL ASSETS - NON CURRENT

#### 3.4.1 INVESTMENT IN SHARES

| Particulars   | As at<br>31.03.2020 | As at<br>31.03.2019 |
|---|---------------------|---------------------|
| Unquoted  |                     |                     |
| Other Investment  |                     |                     |
| 31000 Equity Shares of ₹10/- each in Shivalik Solid Waste Management Ltd. (Previous year 31000 Equity Shares of ₹10/- each) | 6.35                | 5.71                |
|   | <b>6.35</b>         | <b>5.71</b>         |

### 3.5 OTHER NON CURRENT ASSETS

| Particulars  | As at<br>31.03.2020 | As at<br>31.03.2019 |
|--|---------------------|---------------------|
| Non Financial Assets at amortized cost<br>(unsecured, considered good) |                     |                     |
| Security Deposits  | 57.70               | 58.56               |
| Capital Advances   | 10.32               | 8.95                |
|  | <b>68.02</b>        | <b>67.51</b>        |

### 4.1 INVENTORIES

| Particulars                                      | As at<br>31.03.2020 | As at<br>31.03.2019 |
|--|---------------------|---------------------|
| As taken, valued and certified by the management |                     |                     |
| Raw Materials                                    | 9,335.80            | 8,231.80            |
| Stock in Process                                 | 4,720.36            | 5,538.80            |
| Finished Goods #                                 | 5,509.73            | 5,562.31            |
| Stores, Spares & Consumables                     | 992.08              | 763.93              |
| Waste  | 211.38              | 102.48              |
|  | <b>20,769.35</b>    | <b>20,199.32</b>    |
| # Including Goods-in-Transit                     | 87.89               | 191.47              |

### 4.2 FINANCIAL ASSETS - CURRENT

#### 4.2.1 TRADE RECEIVABLES

| Particulars   | As at<br>31.03.2020 | As at<br>31.03.2019 |
|---|---------------------|---------------------|
| (unsecured, considered good, unless otherwise stated) |                     |                     |
| - Due for more than six months                        | 52.06               | 59.18               |
| - Others  | 11,365.89           | 13,084.89           |
|   | 11,417.95           | 13,144.07           |
| Less : Provision for Doubtful debts                   | 20.79               | 20.44               |
|   | <b>11,397.16</b>    | <b>13,123.63</b>    |

#### 4.2.2 CASH AND CASH EQUIVALENTS

| Particulars                     | As at<br>31.03.2020 | As at<br>31.03.2019 |
|---------------------------------|---------------------|---------------------|
| Balances with Scheduled Banks : |                     |                     |
| In Current Account              | 78.35               | 273.56              |
| Cash-in-hand                    | -                   | -                   |
|                                 | <b>78.35</b>        | <b>273.56</b>       |

#### 4.2.2.1 Bank Balances other than Cash and cash equivalents

| Particulars                    | As at<br>31.03.2020 | As at<br>31.03.2019 |
|--------------------------------|---------------------|---------------------|
| Other bank balances            |                     |                     |
| - Fixed Deposits - Lien Marked | 1,677.58            | 1,509.40            |
|                                | <b>1,677.58</b>     | <b>1,509.40</b>     |

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

### 4.2 FINANCIAL ASSETS - CURRENT (CONTD.)

#### 4.2.3 LOANS

| Particulars                     | As at<br>31.03.2020 | As at<br>31.03.2019 |
|---------------------------------|---------------------|---------------------|
| (Unsecured, considered good)    |                     |                     |
| Loans and advances to employees | 13.91               | 15.58               |
|                                 | <b>13.91</b>        | <b>15.58</b>        |

#### 4.2.4 OTHER FINANCIAL ASSETS

| Particulars                        | As at<br>31.03.2020 | As at<br>31.03.2019 |
|------------------------------------|---------------------|---------------------|
| Interest Accrued on Fixed Deposits | 11.39               | 8.22                |
| Derivative Financial Instruments   | -                   | 113.06              |
|                                    | <b>11.39</b>        | <b>121.28</b>       |

### 4.3 CURRENT TAX ASSETS (NET)

| Particulars  | As at<br>31.03.2020 | As at<br>31.03.2019 |
|--|---------------------|---------------------|
| MAT Credit Entitlement                               | 2,556.69            | 2,575.35            |
| Taxation Advances and Refundable (Net of Provisions) | 261.40              | 107.89              |
|  | <b>2,818.09</b>     | <b>2,683.24</b>     |

### 4.4 OTHER CURRENT ASSETS

| Particulars                         | As at<br>31.03.2020 | As at<br>31.03.2019 |
|-------------------------------------|---------------------|---------------------|
| (Unsecured, considered good)        |                     |                     |
| Advances to suppliers               | 1,034.19            | 990.14              |
| Export Incentive Receivable         | 155.67              | 160.59              |
| Interest Subsidy on Term Loans      | 338.83              | 380.35              |
| Refund/ Claim Receivable            | 211.83              | 255.54              |
| Balance with Government Authorities | 486.20              | 701.89              |
| Advances recoverable in kind        | 483.63              | 360.05              |
|                                     | <b>2,710.35</b>     | <b>2,848.56</b>     |

### 5.1 EQUITY SHARE CAPITAL

| Particulars   | As at<br>31.03.2020 | As at<br>31.03.2019 |
|---|---------------------|---------------------|
| Authorised :  |                     |                     |
| 2,49,50,000 Equity shares of ₹10/- each               | 2,495.00            | 2,495.00            |
| 5,000 Preference Share of ₹100/- each                 | 5.00                | 5.00                |
|   | <b>2,500.00</b>     | <b>2,500.00</b>     |
| Issued, Subscribed and Paid up :                      |                     |                     |
| 1,98,20,000 Equity shares of ₹10/- each fully paid up | 1,982.00            | 1,982.00            |
|   | <b>1,982.00</b>     | <b>1,982.00</b>     |

(i) Reconciliation of the number of equity shares outstanding is as follows :

| Particulars                  | As at<br>31.03.2020 | As at<br>31.03.2019 |
|------------------------------|---------------------|---------------------|
|                              | Nos.                | Nos.                |
| At the beginning of the year | 198,20,000          | 198,20,000          |
| Changes during the year      | -                   | -                   |
| At the end of the year       | <b>198,20,000</b>   | <b>198,20,000</b>   |

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

### 5.1 EQUITY SHARE CAPITAL (CONTD.)

(ii) Details of shareholders holding more than 5% of the Equity Shares in the company:

| Particulars                         | As at<br>31.03.2020 |           | As at<br>31.03.2019 |           |
|-------------------------------------|---------------------|-----------|---------------------|-----------|
|                                     | Nos.                | % holding | Nos.                | % holding |
| Name of Shareholder                 |                     |           |                     |           |
| Roselab Commodities Private Limited | 35,01,923           | 17.67     | 35,01,923           | 17.67     |
| Kailashpati Vinimay Private Limited | 73,89,064           | 37.28     | 73,89,064           | 37.28     |
| Aspire Emerging Fund                | 19,78,590           | 9.98      | 19,78,590           | 9.98      |

(iii) Term /Rights attached to Equity Shares

The company has one class of equity shares having a par value of ₹10/- each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting. During the year ended March 31, 2020 the amount of dividend recognised as distributions to equity shareholders is Nil (Previous Year Nil). 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.

### 5.2 OTHER EQUITY

| Particulars  | As at<br>31.03.2020 | As at<br>31.03.2019 |
|--|---------------------|---------------------|
| <b>Reserves &amp; Surplus</b>                                      |                     |                     |
| <b>a) Capital Reserve</b>  |                     |                     |
| As per last Account  | 46.68               | 46.68               |
|  | <b>46.68</b>        | <b>46.68</b>        |
| <b>b) Securities Premium</b>                                       |                     |                     |
| As per last Account  | 5,131.46            | 5,131.46            |
|  | <b>5,131.46</b>     | <b>5,131.46</b>     |
| <b>c) Retained Earnings</b>  |                     |                     |
| <b>General Reserve</b>   |                     |                     |
| As per last Account  | 8,500.00            | 7,500.00            |
| Add: Amount transferred from surplus in Statement of Profit & Loss | 0.00                | 1,000.00            |
|  | <b>8,500.00</b>     | <b>8,500.00</b>     |
| <b>Surplus in the Statement of Profit &amp; Loss</b>               |                     |                     |
| As per last Account  | 3,276.07            | 2,988.97            |
| Profit/(Loss) for the year   | (291.95)            | 1,211.84            |
| Remeasurement of net defined benefit liabilities                   | 38.51               | 75.26               |
| Transfer to General Reserve  | -                   | (1,000.00)          |
|  | <b>3,022.63</b>     | <b>3,276.07</b>     |
| Total Retained Earnings  | <b>11,522.63</b>    | <b>11,776.07</b>    |
| <b>d) Equity Investment Reserve</b>                                |                     |                     |
| As per last Account  | 2.32                | 2.29                |
| Add: Addition during the year                                      | 0.42                | 0.03                |
|  | <b>2.74</b>         | <b>2.32</b>         |
| <b>TOTAL</b>   | <b>16,703.51</b>    | <b>16,956.53</b>    |

#### Nature of Reserves

**a) Capital Reserve**

Capital Reserve represents capital receipts, being capital subsidy, received in earlier years.

**b) Securities Premium**

Securities Premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

**c) General Reserve**

The General reserve is used from time to time for transfer of profits from surplus in statement of Profit and Loss for appropriation purposes.

**d) Equity Investment Reserve**

This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net off amounts reclassified to retained earnings when those assets have been disposed off.

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

### 6.1 FINANCIAL LIABILITIES - NON CURRENT

#### 6.1.1 BORROWINGS

| Particulars  | As at<br>31.03.2020 | As at<br>31.03.2019 |
|--|---------------------|---------------------|
| <b>Secured Loans</b>   |                     |                     |
| Term Loan  |                     |                     |
| - From Banks   | 5,742.21            | 8,281.43            |
| Vehicle Loans  |                     |                     |
| - From Banks   | 58.37               | 27.81               |
|  | <b>5,800.58</b>     | <b>8,309.24</b>     |
| Less : Current maturities of long term borrowings (Disclosed under Other Current Liabilities under Note No. 7.1.3) | 1,306.04            | 2,555.21            |
|  | <b>4,494.54</b>     | <b>5,754.03</b>     |

#### i) Details of security for term loans

Term Loans from Banks are secured by Joint Equitable Mortgage by deposit of title deeds on company's immovable properties (present and future) on pari-passu first charge basis and a charge by way of hypothecation of all movable fixed assets subject to prior charge on specified equipments. Term loans are further secured by pari-passu second charge on entire current assets (present and future) and Personal Guarantee of Chairman cum Managing Director of the company. The loan is repayable in quarterly installments as follows:

##### Repayment Terms

| S.No. | Amount Outstanding | No of remaining Installments | Nature of Installment | Last date of Repayment |
|-------|--------------------|------------------------------|-----------------------|------------------------|
| (a)   | 219.17             | 7                            | Equal                 | 30.04.2022             |
| (b)   | 4321.69            | 8                            | Equal                 | 01.07.2022             |
| (c)   | 1201.35            | 17                           | Equal                 | 01.12.2024             |

#### ii) Details of security for vehicle loans

Vehicle loans from banks are secured by hypothecation of specific assets purchased under such arrangements and is repayable in equated monthly installments as follows:

##### Repayment Terms

| S.No. | Amount Outstanding | No of remaining Installments | Last date of Repayment |
|-------|--------------------|------------------------------|------------------------|
| (a)   | 0.52               | 3                            | 07.06.2020             |
| (b)   | 3.03               | 5                            | 07.08.2020             |
| (c)   | 2.55               | 9                            | 07.12.2020             |
| (d)   | 5.81               | 18                           | 05.09.2021             |
| (e)   | 46.46              | 50                           | 02.07.2024             |

### 6.2 NON-CURRENT PROVISIONS

| Particulars                      | As at<br>31.03.2020 | As at<br>31.03.2019 |
|----------------------------------|---------------------|---------------------|
| Provision for Employee Benefits: |                     |                     |
| - Gratuity                       | 449.07              | 432.48              |
| - Leave Encashment               | 78.80               | 77.21               |
|                                  | <b>527.87</b>       | <b>509.69</b>       |

### 6.3 DEFERRED TAX LIABILITIES (NET)

| Particulars   | As at<br>31.03.2020 | As at<br>31.03.2019 |
|---|---------------------|---------------------|
| <b>Deferred Tax Liability / (Asset) relating to:</b>  |                     |                     |
| - Property, plant and equipment and Intangible Assets | 5,903.91            | 5,880.55            |
| - Employee Benefits                                   | (302.86)            | (286.13)            |
| - Unabsorbed Losses                                   | (180.99)            | -                   |
| - Others  | (276.20)            | (286.20)            |
|   | <b>5,143.86</b>     | <b>5,308.22</b>     |

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

### 6.4 OTHER NON-CURRENT LIABILITIES

| Particulars                       | As at<br>31.03.2020 | As at<br>31.03.2019 |
|-----------------------------------|---------------------|---------------------|
| Deferred Income - Capital subsidy | 318.35              | 347.08              |
|                                   | <b>318.35</b>       | <b>347.08</b>       |

### 7.1 FINANCIAL LIABILITIES-CURRENT

#### 7.1.1 BORROWINGS

| Particulars                             | As at<br>31.03.2020 | As at<br>31.03.2019 |
|---|---------------------|---------------------|
| <b>Working Capital Limits - Secured</b> |                     |                     |
| From Banks:                             |                     |                     |
| Working Capital Demand loan             |                     |                     |
| - Foreign Currency Loan                 | 3,514.11            | 3,154.93            |
| - Rupee Loan                            | 564.00              | 564.00              |
| Cash Credit Facilities                  | 3,815.36            | 4,441.71            |
| Packing Credit Facilities               |                     |                     |
| - Foreign Currency Packing Credit       | 3,353.71            | 762.90              |
| - Rupee Loan Packing Credit             | 5,176.62            | 7,704.62            |
| Bills Discounting Facilities            | 3,239.85            | 3,318.09            |
|   | <b>19,663.65</b>    | <b>19,946.25</b>    |

Working Capital limits are secured by First Charge by Hypothecation of inventories and Book Debts, Second Charge on entire Fixed Assets of the Company on Pari-passu basis and personal guarantee of the Chairman cum Managing Director.

#### 7.1.2 TRADE PAYABLES

| Particulars  | As at<br>31.03.2020 | As at<br>31.03.2019 |
|--|---------------------|---------------------|
| - Dues of Micro and Small Enterprises                    | -                   | -                   |
| - Dues of creditors other than micro & small enterprises |                     |                     |
| - Acceptances  | 11969.79            | 12220.09            |
| - Others   | 5691.55             | 5761.46             |
|  | <b>17661.34</b>     | <b>17981.55</b>     |

#### 7.1.3 OTHER FINANCIAL LIABILITIES

| Particulars                                | As at<br>31.03.2020 | As at<br>31.03.2019 |
|--|---------------------|---------------------|
| Current maturities of long-term borrowings | 1,306.04            | 2,555.21            |
| Interest accrued but not due on borrowings | 14.50               | 10.15               |
| Interest accrued and due on borrowings     | 74.75               | 69.71               |
| Security deposits                          | 36.10               | 34.35               |
| Creditors for Capital Goods                | 12.85               | 56.85               |
| Other Liabilities                          | 2,897.87            | 2,700.26            |
| Derivative Financial Instruments           | 188.87              | -                   |
|  | <b>4,530.98</b>     | <b>5,426.53</b>     |

### 7.2 OTHER CURRENT LIABILITIES

| Particulars            | As at<br>31.03.2020 | As at<br>31.03.2019 |
|------------------------|---------------------|---------------------|
| Statutory Dues         | 574.93              | 581.77              |
| Advance from customers | 148.40              | 185.02              |
|                        | <b>723.33</b>       | <b>766.79</b>       |

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

### 7.3 CURRENT PROVISIONS

| Particulars                      | As at<br>31.03.2020 | As at<br>31.03.2019 |
|----------------------------------|---------------------|---------------------|
| Provision for Employee Benefits: |                     |                     |
| - Gratuity                       | 151.90              | 136.42              |
| - Leave Encashment               | 27.53               | 36.22               |
|                                  | <b>179.43</b>       | <b>172.64</b>       |

### 8.1 REVENUE FROM OPERATIONS

| Particulars                      | 2019-20          | 2018-19          |
|----------------------------------|------------------|------------------|
| <b>Sale of Products</b>          |                  |                  |
| - Yarn                           | 48,898.41        | 54,371.56        |
| - Fabric                         | 6,693.53         | 7,400.43         |
| - Trading Sales                  | 6,876.84         | 7,812.87         |
|                                  | <b>62,468.78</b> | <b>69,584.86</b> |
| <b>Other operating revenues:</b> |                  |                  |
| - Waste & Scrap Sales            | 2,547.59         | 2,149.54         |
| - Export Incentives              | 504.45           | 439.21           |
| - Exchange Rate Variation Gain   | 689.34           | 88.74            |
|                                  | 3,741.38         | 2,677.49         |
|                                  | <b>66,210.16</b> | <b>72,262.35</b> |

### 8.2 OTHER INCOME

| Particulars                                 | 2019-20       | 2018-19       |
|---|---------------|---------------|
| Interest                                    | 132.91        | 104.79        |
| Rent  | 2.58          | 2.46          |
| Dividend                                    | 0.54          | 0.47          |
| Insurance Claim                             | -             | 4.51          |
| Profit/(Loss) on sale of Fixed Assets (Net) | (7.55)        | 0.09          |
| Miscellaneous Income                        | 17.62         | 9.59          |
| Liabilities Written Back                    | 14.95         | 7.84          |
| Pro-rata Capital Subsidy                    | 28.73         | 26.19         |
|   | <b>189.78</b> | <b>155.94</b> |

### 9.1 COST OF MATERIAL CONSUMED

| Particulars        | 2019-20          | 2018-19          |
|--------------------|------------------|------------------|
| Raw Material       | 32,541.02        | 35,418.75        |
| Dyes and Chemicals | 2,272.25         | 2,929.08         |
| Packing Material   | 963.50           | 972.53           |
|                    | <b>35,776.77</b> | <b>39,320.36</b> |

### 9.2 PURCHASE OF STOCK-IN-TRADE

| Particulars       | 2019-20         | 2018-19         |
|-------------------|-----------------|-----------------|
| Trading Purchases | 6,790.11        | 7,719.12        |
|                   | <b>6,790.11</b> | <b>7,719.12</b> |

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

### 9.3 CHANGE IN INVENTORIES

| Particulars                   | 2019-20          | 2018-19          |
|-------------------------------|------------------|------------------|
| Opening Stock                 |                  |                  |
| Finished Goods                | 5,562.31         | 6,234.91         |
| Work in progress              | 5,538.80         | 4,953.68         |
|                               | <b>11,101.11</b> | <b>11,188.59</b> |
| Less: Closing Stock           |                  |                  |
| Finished Goods                | 5,509.73         | 5,562.31         |
| Work in progress              | 4,720.36         | 5,538.80         |
|                               | <b>10,230.09</b> | <b>11,101.11</b> |
| Decrease/(Increase) in Stocks | 871.02           | 87.48            |

### 9.4 EMPLOYEE BENEFIT EXPENSES

| Particulars                             | 2019-20         | 2018-19         |
|---|-----------------|-----------------|
| Salary and allowances                   | 5,373.00        | 5,413.47        |
| Contribution to Provident & Other Funds | 394.05          | 394.09          |
| Staff welfare expenses                  | 24.10           | 36.76           |
|   | <b>5,791.15</b> | <b>5,844.32</b> |

### 9.5 FINANCE COSTS

| Particulars  | 2019-20         | 2018-19         |
|--|-----------------|-----------------|
| Interest Expenses                                    | 2,300.11        | 2,481.23        |
| (Net of reimbursement under TUFS ₹ Nil; P.Y. 228.57) |                 |                 |
| Other Borrowing Cost                                 | 1,898.16        | 2,079.12        |
| Loan Processing and other financial charges          | 32.15           | 164.92          |
| Exchange Fluctuation relating to borrowing costs     | 647.46          | 113.98          |
|  | <b>4,877.88</b> | <b>4,839.25</b> |

### 9.6 DEPRECIATION & AMORTIZATION EXPENSES

| Particulars                   | 2019-20         | 2018-19         |
|-------------------------------|-----------------|-----------------|
| Relating to :                 |                 |                 |
| - Property, plant & equipment | 2,237.74        | 2,363.83        |
| - Intangible Assests          | 7.93            | 9.68            |
|                               | <b>2,245.67</b> | <b>2,373.51</b> |

### 9.7 OTHER EXPENSES

| Particulars                                 | 2019-20  | 2018-19  |
|---|----------|----------|
| Conversion Charges                          | 71.69    | 116.96   |
| Consumption of Stores, Spares & Consumables | 1,431.38 | 1,204.74 |
| Power and Fuel                              | 4,936.02 | 5,414.04 |
| Repairs and Maintenance :                   |          |          |
| Buildings                                   | 37.73    | 0.65     |
| Machinery                                   | 80.85    | 63.14    |
| Rent  | 76.10    | 70.93    |
| Rates & Taxes                               | 69.55    | 70.48    |
| Insurance                                   | 164.58   | 68.86    |
| Freight & Handling Charges                  | 1,574.48 | 1,735.62 |
| Commission                                  | 607.60   | 674.50   |

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

### 9.7 OTHER EXPENSES (CONTD.)

| Particulars                  | 2019-20          | 2018-19          |
|------------------------------|------------------|------------------|
| Travelling Expenses          | 277.67           | 272.43           |
| Bad Debts                    | 0.16             | 42.56            |
| Provision for Doubtful Debts | 0.35             | 0.24             |
| Expenses of CSR Activities   | 121.79           | 13.86            |
| Miscellaneous Expenses       | 1,040.68         | 1,054.60         |
|                              | <b>10,490.63</b> | <b>10,803.61</b> |

### 10 TAX EXPENSES

| Particulars                               | 2019-20         | 2018-19       |
|---|-----------------|---------------|
| Current tax                               |                 |               |
| Income Tax                                | -               | 334.01        |
| Less : MAT Credit availed during the year | -               | (40.48)       |
| Tax Adjustments for earlier year          | 33.92           | 0.02          |
|   | <b>33.92</b>    | <b>293.55</b> |
| Deferred Tax                              |                 |               |
| Deferred Tax                              | (185.26)        | (74.75)       |
|   | <b>(151.34)</b> | <b>218.80</b> |

(i) The major components of tax expense for the years ended 31 March 2020 and 31 March 2019 are:

| Particulars  | 2019 - 2020     | 2018 - 2019   |
|--|-----------------|---------------|
| <b>Current Tax:</b>  |                 |               |
| Current tax expenses for current year                                | -               | 334.01        |
| MAT Tax Credit pertaining to current year                            | -               | (40.48)       |
| Tax expenses pertaining to prior periods                             | 33.92           | 0.02          |
|  | <b>33.92</b>    | <b>293.55</b> |
| Deferred tax obligations   | (185.26)        | (74.75)       |
| <b>Total tax expense reported in the statement of profit or loss</b> | <b>(151.34)</b> | <b>218.80</b> |

(ii) The reconciliation of estimated income tax expense at statutory income tax rate to income tax expenses reported in statement of profit and loss is as follows:

| Particulars  | 2019 - 2020     | 2018 - 2019     |
|--|-----------------|-----------------|
| <b>Profit/(Loss) before income taxes</b>   | <b>(443.29)</b> | <b>1,430.64</b> |
| At statutory income tax rate   | 34.944%         | 34.944%         |
| Expected Income Tax expenses   | (154.90)        | 499.92          |
| Tax effects of adjustments to reconcile expected income tax expense to reported income tax expense |                 |                 |
| Depreciation Difference  | (1.88)          | 61.58           |
| Non deductible expenses for tax purposes   | 142.24          | 81.64           |
| Weighted deduction for R & D Expenses u/s 35 of Income Tax Act                                     | (73.83)         | (43.86)         |
| Tax pertaining to prior periods  | 33.92           | 0.02            |
| Others (Net)   | (96.89)         | (380.50)        |
| <b>Total Income Tax expenses</b>   | <b>(151.34)</b> | <b>218.80</b>   |

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

### 10 TAX EXPENSES (CONTD.)

(iii) Significant components of net deferred tax assets and liabilities for the year ended on 31<sup>st</sup> March, 2020 is as follows:

| Particulars  | Opening Balance | Recognised/ reversed through Profit and Loss | Recognised/ reversed in other comprehensive income | Closing Balance |
|--|-----------------|--|--|-----------------|
| <b>Deferred Tax (Assets)/Liabilities in relation to:</b> |                 |  |  |                 |
| Property, plant & equipment and Intangible Assets        | 5,880.55        | 23.36  | -  | 5,903.91        |
| Employee Benefits  | (286.13)        | (37.41)                                      | 20.68  | (302.86)        |
| Unabsorbed Losses  | -               | (180.99)                                     | -  | (180.99)        |
| Others   | (286.20)        | 9.78   | 0.22   | (276.20)        |
| Net Deferred Tax (Assets)/Liabilities                    | 5,308.22        | (185.26)                                     | 20.90  | 5,143.86        |

Significant components of net deferred tax assets and liabilities for the year ended on 31<sup>st</sup> March, 2019 is as follows:

| Particulars  | Opening Balance | Recognised/ reversed through Profit and Loss | Recognised/ reversed in other comprehensive income | Closing Balance |
|--|-----------------|--|--|-----------------|
| <b>Deferred Tax (Assets)/Liabilities in relation to:</b> |                 |  |  |                 |
| Property, plant & equipment and Intangible Assets        | 5,737.39        | 143.16                                       | -  | 5,880.55        |
| Employee Benefits  | (282.26)        | (44.29)                                      | 40.42  | (286.13)        |
| Unabsorbed Losses  | (103.74)        | 103.74                                       | -  | -               |
| Others   | (8.86)          | (277.36)                                     | 0.02   | (286.20)        |
| Net Deferred Tax (Assets)/Liabilities                    | 5,342.53        | (74.75)                                      | 40.44  | 5,308.22        |

### 11 FINANCIAL INSTRUMENTS

#### 11.1 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying value of financial instruments by categories as on 31<sup>st</sup> March, 2020 were as follows:

| Particulars  | Note Reference | Fair Value through Profit & Loss | Fair Value through OCI | Amortised Cost   | Total Carrying Value | Total Fair Value |
|--|----------------|----------------------------------|------------------------|------------------|----------------------|------------------|
| Financial Assets   |                |                                  |                        |                  |                      |                  |
| Investments  |                |                                  |                        |                  |                      |                  |
| - Equity Instruments (other than subsidiary, Joint ventures) | 3.4.1          | -                                | 6.35                   | -                | 6.35                 | 6.35             |
| - Trade receivables  | 4.2.1          | -                                | -                      | 11,397.16        | 11,397.16            | 11,397.16        |
| - Cash and Cash equivalents                                  | 4.2.2          | -                                | -                      | 78.35            | 78.35                | 78.35            |
| - Bank Balances other than Cash and Cash Equivalents         | 4.2.2.1        | -                                | -                      | 1,677.58         | 1,677.58             | 1,677.58         |
| - Loans  | 4.2.3          | -                                | -                      | 13.91            | 13.91                | 13.91            |
| - Other financial assets                                     | 4.2.4          | -                                | -                      | 11.39            | 11.39                | 11.39            |
| <b>Total Financial Assets</b>                                |                | -                                | <b>6.35</b>            | <b>13,178.39</b> | <b>13,184.74</b>     | <b>13,184.74</b> |
| Financial Liabilities  |                |                                  |                        |                  |                      |                  |
| - Long Term Borrowings                                       | 6.1.1          | -                                | -                      | 4,494.54         | 4,494.54             | 4,494.54         |
| - Short Term Borrowings                                      | 7.1.1          | -                                | -                      | 19,663.65        | 19,663.65            | 19,663.65        |
| - Trade Payables   | 7.1.2          | -                                | -                      | 17,661.34        | 17,661.34            | 17,661.34        |
| - Other Financial Liabilities                                | 7.1.3          | 188.87                           | -                      | 4,342.11         | 4,530.98             | 4,530.98         |
| <b>Total Financial Liabilities</b>                           |                | <b>188.87</b>                    | -                      | <b>46,161.64</b> | <b>46,350.51</b>     | <b>46,350.51</b> |

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

### 11.1 FINANCIAL INSTRUMENTS BY CATEGORY (CONTD.)

The carrying value of financial instruments by categories as on 31<sup>st</sup> March, 2019 were as follows:

| Particulars  | Note Reference | Fair Value through Profit & Loss | Fair Value through OCI | Amortised Cost   | Total Carrying Value | Total Fair Value |
|--|----------------|----------------------------------|------------------------|------------------|----------------------|------------------|
| Financial Assets   |                |                                  |                        |                  |                      |                  |
| Investments  |                |                                  |                        |                  |                      |                  |
| - Equity Instruments (other than subsidiary, Joint ventures) | 3.4.1          | -                                | 5.71                   | -                | 5.71                 | 5.71             |
| - Trade receivables  | 4.2.1          | -                                | -                      | 13,123.63        | 13,123.63            | 13,123.63        |
| - Cash and cash equivalents                                  | 4.2.2          | -                                | -                      | 273.56           | 273.56               | 273.56           |
| - Bank Balances other than Cash and Cash Equivalents         | 4.2.2.1        | -                                | -                      | 1,509.40         | 1,509.40             | 1,509.40         |
| - Loans  | 4.2.3          | -                                | -                      | 15.58            | 15.58                | 15.58            |
| - Other financial assets                                     | 4.2.4          | 113.06                           | -                      | 8.22             | 121.28               | 121.28           |
| <b>Total Financial Assets</b>                                |                | <b>113.06</b>                    | <b>5.71</b>            | <b>14,930.39</b> | <b>15,049.16</b>     | <b>15,049.16</b> |
| Financial Liabilities  |                |                                  |                        |                  |                      |                  |
| - Long Term Borrowings                                       | 6.1.1          | -                                | -                      | 5,754.03         | 5,754.03             | 5,754.03         |
| - Short Term Borrowings                                      | 7.1.1          | -                                | -                      | 19,946.25        | 19,946.25            | 19,946.25        |
| - Trade Payables   | 7.1.2          | -                                | -                      | 17,981.55        | 17,981.55            | 17,981.55        |
| - Other Financial Liabilities                                | 7.1.3          | -                                | -                      | 5,426.53         | 5,426.53             | 5,426.53         |
| <b>Total Financial Liabilities</b>                           |                | <b>-</b>                         | <b>-</b>               | <b>49,108.36</b> | <b>49,108.36</b>     | <b>49,108.36</b> |

#### Management estimations and assumptions

- a) The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- b) The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:
  - (i) The fair values of the unquoted equity shares have been determined based on certifications from valuers who have used Net Asset Value approach for determining the fair values.
  - (ii) The fair values of the derivative financial instruments have been determined based on the exchange rates prevailing as at year end.

### 11.2 FAIR VALUE MEASUREMENT

#### (i) Fair Value hierarchy

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

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

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The company's policy is to recognize transfers into and the transfers out of fair value hierarchy levels as at the end of the reporting period. There are no transfers between level 1 and level 2 during the end of the reported periods.

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

### 11.2 FAIR VALUE MEASUREMENT (CONTD.)

(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value:

As at 31<sup>st</sup> March 2020

| Particulars   | Note Reference | Fair value measurement at end of the reporting period/year using |         |         |
|---|----------------|--|---------|---------|
|   |                | Level 1  | Level 2 | Level 3 |
| <b>Long term Investments</b>  |                |  |         |         |
| Fair Value through OCI (Equity instruments designated upon initial recognition) | 3.4.1          | -  | -       | 6.35    |
| <b>Other financial current Liabilities</b>                                      |                |  |         |         |
| -Derivative financial instruments   | 7.1.3          | -  | 188.87  | -       |

As at 31<sup>st</sup> March 2019

| Particulars   | Note Reference | Fair value measurement at end of the reporting period/year using |         |         |
|---|----------------|--|---------|---------|
|   |                | Level 1  | Level 2 | Level 3 |
| <b>Long term Investments</b>  |                |  |         |         |
| Fair Value through OCI (Equity instruments designated upon initial recognition) | 3.4.1          | -  | -       | 5.71    |
| <b>Other financial current assets</b>   |                |  |         |         |
| - Derivative financial instruments  | 4.2.4          | -  | 113.06  | -       |

### 11.3 FINANCIAL RISK MANAGEMENT

The principal financial assets of the Company include loans, trade and other receivables, and cash and bank balances that derive directly from its operations. The principal financial liabilities of the company, include loans and borrowings, trade and other payables and the main purpose of these financial liabilities is to finance the day to day operations of the company.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks and that advises on financial risks and the appropriate financial risk governance framework for the Company.

This note explains the risks which the company is exposed to and policies and framework adopted by the company to manage these risks:

#### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: foreign currency risk, interest rate risk, investment risk.

#### (i) Foreign currency risk

The company operates internationally and business is transacted in several currencies.

The export sales of company included in the total sales of the company, Further the company also imports certain assets and material from outside India. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently the company is exposed to foreign currency risk and the results of the company may be affected as the rupee appreciates/ depreciates against foreign currencies. Foreign exchange risk arises from the future probable transactions and recognized assets and liabilities denominated in a currency other than company's functional currency.

The company measures the risk through a forecast of highly probable foreign currency cash flows and manages its foreign currency risk by appropriately hedging the transactions. The Company uses a combination of derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

### 11.3 FINANCIAL RISK MANAGEMENT (CONTD.)

- (a) The following table summarizes the company's exposure to foreign currency risk from financial instruments at the end of each reporting period:

| Particulars                                  | Amount in Document Currency |               | Amount in INR Currency (₹ in Lacs) |               |
|--|-----------------------------|---------------|------------------------------------|---------------|
|  | Current Year                | Previous Year | Current Year                       | Previous Year |
| Exposure on account of Financial Assets      |                             |               |                                    |               |
| Trade receivables (net of bill discounted)   |                             |               |                                    |               |
| - In USD                                     | 29,19,881.34                | 33,77,020.95  | 2,208.78                           | 2,335.21      |
| - In Euro                                    | -                           | 23,220.26     | -                                  | 18.03         |
| - In PLN                                     | 3,68,992.56                 | 18.24         | 67.29                              | 6.58          |
| Cash and cash equivalents                    |                             |               |                                    |               |
| - In PLN                                     | 3,10,639.38                 | 68,626.24     | 56.65                              | 12.42         |
| Other Current Assets                         |                             |               |                                    |               |
| - In PLN                                     | 38,328.88                   | 1,24,486.29   | 6.99                               | 22.53         |
| Exposure on account of Financial Liabilities |                             |               |                                    |               |
| Trade Payables                               |                             |               |                                    |               |
| - In USD                                     | 2,55,306.21                 | 2,96,280.17   | 193.19                             | 190.99        |
| - In Euro                                    | 61,483.02                   | 62,548.93     | 50.89                              | 49.66         |
| - In CHF                                     | 21,112.13                   | 14,693.32     | 16.51                              | 9.81          |
| Advance From Customer                        |                             |               |                                    |               |
| - In USD                                     | 2,13,261.87                 | 3,57,852.41   | 154.40                             | 261.41        |
| - In Euro                                    | 6,955.14                    | 723.45        | 5.80                               | 0.55          |
| Foreign Currency Loan                        |                             |               |                                    |               |
| - In USD                                     | 46,44,607.51                | 45,61,205.51  | 3,514.11                           | 3,154.93      |
| Packing Credit Foreign Currency              |                             |               |                                    |               |
| - In USD                                     | 44,32,019.09                | 11,03,247.34  | 3,353.71                           | 762.90        |
| Foreign Commission Payable                   |                             |               |                                    |               |
| - In USD                                     | 2,00,225.29                 | 1,36,124.58   | 149.81                             | 94.14         |
| - In Euro                                    | 3,750.23                    | 1,767.73      | 3.11                               | 1.37          |
| Other Financial Liabilities                  |                             |               |                                    |               |
| - In PLN                                     | 54,974.21                   | 18,143.45     | 10.03                              | 3.28          |

- (b) Forward Contracts of ₹4572.08 Lacs-US \$ 60.42 Lacs (Previous Year ₹5525.16 Lacs-US \$ 78.27 Lacs ) taken for the purpose of hedging against outstanding of future orders as on 31.03.2020.

#### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates, which are included in interest bearing loans and borrowings in these financial statements. The company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

At the reporting date the interest rate profile of the Company's interest bearing financial instrument is at its fair value:

| Particulars                          | As at<br>31 <sup>st</sup> March, 2020 | As at<br>31 <sup>st</sup> March, 2019 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| <b>Variable rate instruments</b>     |                                       |                                       |
| Long term borrowings                 | 5,800.58                              | 8,309.24                              |
| Current maturities of long term debt | 1,306.04                              | 2,555.21                              |
| Short term borrowings                | 19,663.65                             | 19,946.25                             |

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

### 11.3 FINANCIAL RISK MANAGEMENT (CONTD.)

#### (iii) Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables which are typically unsecured. Credit risk on cash and bank balances is limited as the company generally invests in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies. The Company's credit risk in case of all other financial instruments is negligible.

The company assesses the credit risk based on external credit ratings assigned by credit rating agencies. The company also assesses the creditworthiness of the customers internally to whom goods are sold on credit terms in the normal course of business. The credit limit of each customer is defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to overseas customers are generally covered by letters of credit.

The impairment analysis is performed on client to client basis for the debtors that are past due at the end of each reporting date. The company has not considered an allowance for doubtful debts in case of trade receivables that are past due but there has not been a significant change in the credit quality and the amounts are still considered recoverable.

#### Write off policy

The financials assets are written off in case there is no reasonable expectation of recovering from the financial asset.

### 12 EARNINGS PER SHARE

(a) The calculation of Earning Per Share (EPS) as disclosed in the statement of profit and loss has been made in accordance with Indian Accounting Standard (Ind AS)-33 on "Earning Per Share"

(i) A statement on calculation of basic & Diluted EPS is as under:

| Particulars  | Year ended<br>31.03.2020 | Year ended<br>31.03.2019 |
|--|--------------------------|--------------------------|
| Net Profit after tax attributable to equity shareholders | -253.02                  | 1,287.13                 |
| <b>Total (A)</b>   | <b>-253.02</b>           | <b>1,287.13</b>          |
| Weighted average number of equity shares (No in lac)     | 1,982.00                 | 1,982.00                 |
| <b>Total (B)</b>   | <b>1,982.00</b>          | <b>1,982.00</b>          |
| Basic earning per Share (₹) (A)/(B)                      | -1.28                    | 6.49                     |
| Diluted earning per Share (₹)* (A)/(B)                   | -1.28                    | 6.49                     |
| Face value per equity share (₹)                          | 10                       | 10                       |

### 13 CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR):-

| S. No. | Particulars  | As at<br>31 <sup>st</sup> March, 2020 | As at<br>31 <sup>st</sup> March, 2019 |
|--------|--|---------------------------------------|---------------------------------------|
| (i)    | Excise / Service Tax Matters   | -                                     | 1.32                                  |
| (ii)   | Income Tax Matters against which appeal filed before Appellate Authority | 2439.84                               | 2439.84                               |
| (iii)  | Outstanding Bank Guarantees  | 898.67                                | 883.67                                |
| (iv)   | Claims against company not accepted                                      | 262.81                                | 262.81                                |

(v) Custom duty saved of ₹59.94 Lacs (Previous year ₹155.30 Lacs ) for import of capital good made under EPCG scheme against which export obligations amounting to ₹359.63 Lacs (Previous year ₹931.82 Lacs) pending.

(vi) Interest on contested demand of entry tax, amount whereof is not ascertainable.

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

Considering the past experience, management is of the view that there will not be any material impact on accounts on settlement/ finalization of tax assessment.

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

- 14 Estimated amount of contracts remaining to be executed on capital account and not provided for ₹25.23 Lacs (Previous year ₹15.89 Lacs) {(net of advances of ₹10.32 Lacs)(Previous year ₹8.95 Lacs)}.
- 15 The Company's Hydro Power Project (3.5 MW) at Manuni, Dharamshala, Distt. Kangra Himachal Pradesh has been synchronized with H.P.S.E.B.L Grid on 31.03.2017 and supplied electricity H.P.S.E.B.L till 31<sup>st</sup> January, 2018 and is being captively consumed thereafter. The company has filed a writ petition before the Hon'ble Himachal Pradesh High Court at Shimla challenging levy of certain charges and additional free supply of power under "supplementary implementation agreement", On Company's application, Hon'ble High Court has granted interim stay on 11<sup>th</sup> Sept' 2013 and currently the matter is sub-judice. Pending litigation amount payable; if any, cannot be estimated at this stage. Management is confident that there will not be any material impact of above on final settlement/decision.
- 16 In view of the management, no provision is required in respect of receivable of ₹1089.44 lacs from a body corporate whose net worth has been fully eroded but the said company's financial statements are being prepared on "going concern" basis, in view of future prospects of its revival upon anticipated debt restructuring. Under these circumstances, the due date of payment will be mutually decided.
- 17 The company has taken legal and other persuasive actions for recovery of certain overdue Trade Receivables amounting to ₹6.92 Lacs (previous year ₹5.79 Lacs). In the opinion of the management, these outstanding are good and fully recoverable, hence no provision there against is considered necessary.
- 18 Balances of loans and advances sundry creditors and other liabilities are in the process of confirmation / reconciliation.
- 19 In accordance with the Accounting Standards (IndAS-36) on "Impairment of Assets" during the year the company has assessed useful life of fixed assets in use and is of the view that no impairment is considered to be necessary in view of its expected realizable value/value in use.

### 20 TRANSITION TO IND AS 116

- i) Effective April 1, 2019, the company has adopted Ind AS 116 "Leases" and applied the standard in accounting of all leased contracts existing on April 1, 2019, using modified retrospective approach, except for leases which has either a term of 12 months or less (short-term leases) or which are of low-value.

On transition date, all the existing leased contracts have a maturity period of less than 12 months. By using the recognition exemption granted in Ind AS 116, the company has recognised all the lease payments in the Statement of Profit or Loss and there is no change in the carrying amount of assets or liabilities of the company due to the adoption of this standard.

ii) **The following is the summary of practical expedients elected on initial application:**

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
- Applied the practical expedient by not reassessing whether a contract is, or contains, a lease at the date of initial application. Instead applied the standards only to contracts that were previously identified as leases under Ind AS 17.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

- iii) Rental expense recorded for short-term leases was ₹76.10 Lacs for the year ended on 31 March, 2020.

- 21 The Company has not received full information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures 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 schedule III of companies Act, of the above said Act the following information is disclosed:-

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

### 21 (CONTD.)

| Sr. No. | Particulars   | 2019-20 | 2018-19 |
|---------|---|---------|---------|
| a)      | (i) Principal amount remaining unpaid at the end of the accounting year   | -       | -       |
|         | (ii) Interest accrued and due to such suppliers on above (a) amount   | -       | -       |
| b)      | Amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day.  | -       | -       |
| c)      | Amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.  | -       | -       |
| d)      | Interest accrued and remaining unpaid at the end of the accounting year.  | -       | -       |
| e)      | the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | -       | -       |

### 22 SEGMENT INFORMATION

- (i) Business segments have been identified based on the nature and class of products and services, assessment of differential risks and returns. Accordingly, company is a single segment company operating in textile business (Yarn, Fabric and allied activities) and disclosure requirements as contained in Ind AS- 108 'Operating Segments' are not required in the financial statements.
- (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) :

| Particulars  | 2019-20   | 2018-19   |
|--|-----------|-----------|
| (i) Revenue-Sales (Net)                                      |           |           |
| - Within india   | 41,381.92 | 45,718.52 |
| - Outside india  | 24,828.24 | 26,543.83 |
| Total  | 66,210.16 | 72,262.35 |
| (ii) Carrying amount of segment assets by location of assets |           |           |
| - Within india   | 69,650.36 | 72,756.54 |
| - Outside india  | 2,278.50  | 2,394.77  |
| Total  | 71,928.86 | 75,151.31 |
| (iii) Capital Expenditure                                    |           |           |
| - Within india   | 126.03    | 108.97    |
| - Outside india  | 215.17    | 65.88     |
| Total  | 341.20    | 174.85    |

### 23 RELATED PARTY DISCLOSURE

Related parties and transactions with them as specified in the Ind-AS 24 on "Related Parties Disclosures" prescribed under Companies (Accounting Standards) Rules, 2015 has been identified and given below on the basis of information available with the company and the same has been relied upon by the auditors.

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

### 23 RELATED PARTY DISCLOSURE (CONTD.)

#### Significant influenced entities

| Particulars               | Country | Holding as at |            |
|---------------------------|---------|---------------|------------|
|                           |         | 31.03.2020    | 31.03.2019 |
| a) Name of Subsidiary     |         | -             | -          |
| b) List of Joint Ventures |         | -             | -          |
| c) Other related parties  |         |               |            |

| (i) Key management personnel and their relatives | Relationship                                   |
|--|--|
| Shri Ashish Bagrodia                             | Chairman Cum Managing Director                 |
| Shri Anil Kumar Sharma                           | Executive Director cum Chief Executive Officer |
| Shri Sanjay Kr. Kedia                            | Chief Financial Officer                        |
| Shri Videshwar Sharma                            | Company Secretary                              |
| Shri Divij Bagrodia                              | Executive Trainee (Relative of CMD)            |

| (ii) Enterprise where Key Management Personnel & their relative have significant influence |       |
|--|-------|
| Star point Financial Services (P) Ltd.   | India |
| Winsome Yarns Limited  | India |
| Roselab Commodities Pvt. Ltd.  | India |
| Kailashpati Vinimay Pvt. Ltd.  | India |

#### Transactions with Other Related Parties :-

| Nature of Transactons           | 2019-20  | 2018-19  |
|---------------------------------|----------|----------|
| <b>Income</b>                   | -        | -        |
| <b>Expenses</b>                 |          |          |
| Rent                            | 22.83    | 19.92    |
| Interest                        | -        | 17.11    |
| Reimbursement of Expenses (Net) | 42.05    | -        |
| <b>Year End Receivable</b>      |          |          |
| Trade Receivable                | 1,089.44 | 1,089.44 |
| Loans and advances              | 10.24    | 3.22     |
| <b>Year End Payable</b>         |          |          |
| Other Financial Liabilities     | 6.81     | 7.61     |

The table below describes the compensation to Key Managerial Personnel and Related Parties:

| Particulars                  | Year Ended<br>31 March, 2020 | Year Ended<br>31 March, 2019 |
|------------------------------|------------------------------|------------------------------|
| Short term employee benefits | 257.92                       | 302.07                       |
| Post employment benefits     |                              |                              |
| Defined contribution plan    | -                            | -                            |
| Defined benefit plan         | 67.98                        | 54.05                        |
| Other long term benefit      | -                            | -                            |
|                              | 325.90                       | 356.12                       |

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

### 24 AUDITORS REMUNERATION (EXCLUDING GST)

(a) Statutory Audit

| Particulars               | 2019-20 | 2018-19 |
|---------------------------|---------|---------|
| Audit Fee                 | 15.00   | 15.00   |
| Tax Audit Fee             | 2.10    | 2.10    |
| Other Services            | 1.18    | 1.33    |
| Reimbursement of expenses | 1.32    | 1.32    |

(b) Cost Audit

| Particulars    | 2019-20 | 2018-19 |
|----------------|---------|---------|
| Cost Audit Fee | 0.75    | 0.70    |
| Other Service  | 0.23    | 0.13    |

(c) Other

| Particulars           | 2019-20 | 2018-19 |
|-----------------------|---------|---------|
| Secretarial audit fee | 0.60    | 0.55    |

25 The disclosures required under Ind-AS -19, Employee Benefits, notified in the Companies (Accounting Standard) Rules, 2015 are given below, based on the Actuarial Report certified by a Practising Actuary.

#### Defined Contribution Plan

| Particulars   | 2019-20 | 2018-19 |
|---|---------|---------|
| Contribution to Defined Contribution Plan, charged off for the year are as under: |         |         |
| Employer's Contribution to Provident & Pension Fund                               | 331.21  | 309.17  |
| Employer's Contribution to ESIC Scheme  | 62.84   | 84.92   |

#### Defined Benefit Plan

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises 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.

a. Movement in present value of defined benefit obligations

| Particulars  | Leave Encashment (Unfunded) |           | Gratuity (Funded) |           |
|--|-----------------------------|-----------|-------------------|-----------|
|  | 2019 - 20                   | 2018 - 19 | 2019 - 20         | 2018 - 19 |
| Present value of obligation at the beginning of the year | 113.43                      | 128.56    | 571.37            | 552.66    |
| Current Service Cost                                     | 24.44                       | 26.52     | 120.66            | 112.84    |
| Interest Cost  | 8.25                        | 9.35      | 43.22             | 42.67     |
| Remeasurements - Actuarial (gains)/losses                | 35.37                       | 18.83     | (65.12)           | (115.80)  |
| Benefits paid  | (75.16)                     | (69.83)   | (61.99)           | (21.00)   |
| Past Service Cost  | -                           | -         | -                 | -         |
| Present value of obligation at the end of the year       | 106.33                      | 113.43    | 608.14            | 571.37    |

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

### 25 (CONTD.)

b. Reconciliation of fair value of assets and obligations

| Particulars   | Leave Encashment (Unfunded) |           | Gratuity (Funded) |           |
|---|-----------------------------|-----------|-------------------|-----------|
|   | 2019 - 20                   | 2018 - 19 | 2019 - 20         | 2018 - 19 |
| Present value of obligation at the end of the year  | 106.33                      | 113.43    | 608.14            | 571.37    |
| Fair Value of Plan assets as at the end of the year | -                           | -         | 7.17              | 2.47      |
| Net liability recognised in Balance Sheet           | 106.33                      | 113.43    | 600.97            | 568.90    |

c. Amount recognised in the Statement of Profit and Loss under Employee Benefit Expenses

| Particulars   | Leave Encashment (Unfunded) |           | Gratuity (Funded) |           |
|---|-----------------------------|-----------|-------------------|-----------|
|   | 2019 - 20                   | 2018 - 19 | 2019 - 20         | 2018 - 19 |
| Current Service Cost  | 24.44                       | 26.52     | 120.66            | 112.84    |
| Interest Cost   | 8.25                        | 9.35      | 43.22             | 42.67     |
| Past Service Cost   | -                           | -         | -                 | -         |
| Remeasurements - Actuarial (gains)/losses                   | 35.37                       | 18.83     | -                 | -         |
| Expected return on plan assets                              | -                           | -         | (0.19)            | (0.32)    |
| Net expenses recognised in the statement of Profit and Loss | 68.06                       | 54.70     | 163.69            | 155.19    |

d. Amount recognised in the other comprehensive income

| Particulars   | Leave Encashment (Unfunded) |           | Gratuity (Funded) |           |
|---|-----------------------------|-----------|-------------------|-----------|
|   | 2019 - 20                   | 2018 - 19 | 2019 - 20         | 2018 - 19 |
| Return on plan assets                                     | -                           | -         | 5.93              | 0.12      |
| Effect of change in demographic assumptions               | -                           | -         | -                 | -         |
| Effect of change in financial assumptions                 | -                           | -         | 4.26              | 7.55      |
| Effect of experience adjustments                          | -                           | -         | (69.38)           | (123.35)  |
| Net expenses recognised in the other comprehensive income | -                           | -         | (59.19)           | (115.68)  |

e. The weighted-average assumptions used to determine net periodic benefit cost are set out below:

| Particulars   | Leave Encashment (Unfunded) |           | Gratuity (Funded) |           |
|---|-----------------------------|-----------|-------------------|-----------|
|   | 2019 - 20                   | 2018 - 19 | 2019 - 20         | 2018 - 19 |
| Mortality Table (IALM Ultimate)                           | 2012-14                     | 2012-14   | 2012-14           | 2012-14   |
| Interest rate for discounting                             | 6.71%                       | 7.67%     | 6.71%             | 7.67%     |
| Rate of escalation in salary (per annum after first year) | 5.00%                       | 5.00%     | 5.00%             | 5.00%     |
| Expected Return on Plan Assets                            | N.A.                        | N.A.      | 6.71%             | 7.67%     |
| Withdrawal Rate   | 10.00%                      | 10.00%    | 10.00%            | 10.00%    |
| Retirement Age  | 58 Years                    | 58 Years  | 58 Years          | 58 Years  |

f. The quantitative sensitivity analysis on net liability recognized on account of change in significant assumptions:

| Particulars                                      | Leave Encashment (Unfunded) |           | Gratuity (Funded) |           |
|--|-----------------------------|-----------|-------------------|-----------|
|  | 2019 - 20                   | 2018 - 19 | 2019 - 20         | 2018 - 19 |
| Discount Rate 100 basis points Increase          | (4.56)                      | (8.67)    | (29.26)           | (42.98)   |
| Discount Rate 100 basis points Decrease          | 5.96                        | 9.36      | 34.62             | 47.18     |
| Salary Escalation Rate 100 basis points Increase | 5.53                        | 8.44      | 33.49             | 39.18     |
| Salary Escalation Rate 100 basis points Decrease | (4.24)                      | (7.33)    | (25.92)           | (35.17)   |
| Withdrawal Rate 25% Increase                     | (0.55)                      | (1.73)    | (0.63)            | (10.95)   |
| Withdrawal Rate 25% Decrease                     | 0.60                        | 1.30      | 1.01              | 9.47      |

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant.

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

### 25 (CONTD.)

- g. Maturity profile of defined benefit obligation:

|                | Gratuity |         |
|----------------|----------|---------|
|                | 2019-20  | 2018-19 |
| With in 1 year | 151.90   | 136.42  |
| 1-2 Year       | 66.01    | 62.94   |
| 2-3 Year       | 60.34    | 63.16   |
| 3-4 Year       | 55.24    | 57.29   |
| 4-5 Year       | 68.97    | 55.76   |
| above 5 years  | 198.51   | 193.33  |
|                | 600.97   | 568.90  |

- 26 During the year Research and Development expenditure (net) amounting to ₹422.56 Lacs (Previous year ₹250.33 Lacs) have been charged to Statement of Profit and Loss in respective heads of the accounts & Capital Expenditure of ₹ Nil (previous year ₹0.24 Lacs), has been capitalized under the R & D Assets.

| Particulars                                    | 2019-20 | 2018-19 |
|--|---------|---------|
| Raw Material                                   | 428.98  | 437.96  |
| Employee Cost                                  | 104.11  | 96.51   |
| Store & Spares                                 | 78.23   | 52.08   |
| Power & Fuel                                   | 75.84   | 78.01   |
| Total Recurring Expenses                       | 687.16  | 664.56  |
| Less: Sale Consideration                       | 264.60  | 414.23  |
| Net Recurring Expenses                         | 422.56  | 250.33  |
| Total Capital Expenditure                      | -       | 0.24    |
| Total R&D Expenses (Incl. Capital Expenditure) | 422.56  | 250.57  |

- 27 The company has overseas operations at its branch in Poland and the financials of the period ended 31<sup>st</sup> March, 2020 has been incorporated in the audited financial statements of the company for the year ended 31<sup>st</sup> March, 2020.

- 28 In view of the management, the company should be able to utilise the MAT credit entitlement of ₹2556.69 Lacs (P.Y 2575.35 Lacs) based upon future prospects and hence, the same has been recognised as an assets under the head "Current Tax Assets-Net"

- 29 Corporate Social Responsibility Expenditure

| Particulars   | 2019-20 | 2018-19 |
|---|---------|---------|
| Amount required to be spent as per Section 135 of the Act | 35.41   | 40.92   |
| Amount spent during the year                              |         |         |
| - Actual Expenditure (Including Administrative Overheads) | 121.79  | 13.86   |
| - Qualifying Expenditure                                  | 121.79  | 13.86   |

- 30 As per the past practice, consumption of raw material and stores and spares is derived as net of opening stock plus purchases less closing stock.

- 31 (a) Raw Material Consumed

| Particulars                        | 2019-20          | 2018-19          |
|------------------------------------|------------------|------------------|
| Cotton                             | 26,995.82        | 28,808.42        |
| Manmade/other fibres and filaments | 5,545.20         | 6,610.33         |
| <b>Total</b>                       | <b>32,541.02</b> | <b>35,418.75</b> |

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

### 31 (CONTD.)

(b) Total Value of Raw Materials and Stores & Spares consumed (includes packing material & dyes & chemicals):

| Particulars   | 2019-20   | %      | 2018-19   | %      |
|---------------|-----------|--------|-----------|--------|
| Raw Material: |           |        |           |        |
| Imported      | 3,131.41  | 9.62   | 176.51    | 0.50   |
| Indigenous    | 29,409.61 | 90.38  | 35,242.24 | 99.50  |
| Total         | 32,541.02 | 100.00 | 35,418.75 | 100.00 |

Stores & Spares (includes packing material & dyes & chemicals):

| Particulars | 2019-20  | %      | 2018-19  | %      |
|-------------|----------|--------|----------|--------|
| Imported    | 184.47   | 3.95   | 217.89   | 4.27   |
| Indigenous  | 4,482.66 | 96.05  | 4,888.46 | 95.73  |
| Total       | 4,667.13 | 100.00 | 5,106.35 | 100.00 |

Detail of Traded Goods \*

| Particulars | 2019-20   |          | 2018-19   |          |
|-------------|-----------|----------|-----------|----------|
|             | Purchases | Sales    | Purchases | Sales    |
| Yarn        | 6,790.11  | 6,876.84 | 7,627.30  | 7,719.84 |
| Fabric      | -         | -        | 91.82     | 93.03    |
| Total       | 6,790.11  | 6,876.84 | 7,719.12  | 7,812.87 |

\*Opening stock and closing stock Nil (Previous Year Nil)

(C) CIF Value of Imports:

| Particulars              | 2019-20         | 2018-19       |
|--------------------------|-----------------|---------------|
| Raw Material             | 3,316.78        | 159.07        |
| Capital goods            | 215.17          | 65.88         |
| Spare Parts & Components | 235.24          | 203.49        |
| Total                    | <b>3,767.19</b> | <b>428.44</b> |

(d) Earnings in Foreign Exchange

| Particulars  | 2019-20   | 2018-19   |
|--|-----------|-----------|
| Exports of goods on FOB basis (excluding export through export houses & EOU) | 23,312.31 | 25,016.61 |

(e) Expenditure in Foreign Currency

| Particulars                          | 2019-20 | 2018-19 |
|--------------------------------------|---------|---------|
| Interest and other financial charges | 297.48  | 307.34  |
| Travelling                           | 101.93  | 126.14  |
| Rent                                 | 26.09   | 17.02   |
| Employee Expenses                    | 23.81   | 16.73   |
| Commission Expenses                  | 217.31  | 285.94  |
| Freight & Handling Charges           | 6.10    | -       |
| Insurance                            | 3.46    | -       |
| Repairs and Maintenance              | 1.55    | -       |
| Other Expenses                       | 27.75   | 9.72    |

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

32 The Company's manufacturing units were temporarily shut after 23<sup>rd</sup> March, 2020 in compliance with the lockdown instructions issued by the Central and State Governments due to COVID-19 pandemic. The said units restarted their operations on 9<sup>th</sup> April, 2020, after the issuance of relevant notifications, adhering to all the safety protocols mentioned by the Central and respective State governments. There was no pandemic impact on the operations of the hydro power generation unit of the company since the same was covered under Essential services. With the evolving daily realities, it is difficult to predict the exact impact of the pandemic on the performance of the company. However, the Company has evaluated and factored in to the extent possible the likely impact that may result from COVID-19 pandemic as well as all events and circumstances up to the date of approval of these financial results, on the carrying value of its assets and liabilities as on 31<sup>st</sup> March 2020. The impact of any events and developments occurring after the balance sheet date on the financial results for the quarter and year ended 31<sup>st</sup> March 2020 may differ from that estimated as at the date of approval of these financial results and will be recognized prospectively. The Company expects the overall business scenario to remain bleak in the short-term, which, the Company expects to withstand based on its inherent strengths. More so the Company is taking all the necessary measures to minimise the impact of the COVID-19 pandemic.

### 33 REVENUE FROM CONTRACTS WITH CUSTOMERS

The disclosure pursuant to INDAS 115 "Revenue from Contracts with Customers" are given herein below:

Customer Contracts

(i) Revenue

| Particulars                                  | 31 <sup>st</sup> March, 2020 | 31 <sup>st</sup> March, 2019 |
|--|------------------------------|------------------------------|
| (a) Revenue from contract with customers     |                              |                              |
| Sale of Products                             | 62468.78                     | 69584.86                     |
| Other Operating Revenues:                    | 3741.38                      | 2677.49                      |
|  | <b>66210.16</b>              | <b>72262.35</b>              |
| (b) Income from investment activities/others |                              |                              |
| Other Income                                 | 189.78                       | 155.94                       |
|  | <b>189.78</b>                | <b>155.94</b>                |
| Total  | <b>66399.94</b>              | <b>72418.29</b>              |

(ii) Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

| Type of goods/services                      | 31 <sup>st</sup> March, 2020 | 31 <sup>st</sup> March, 2019 |
|---|------------------------------|------------------------------|
| Sale of Products                            |                              |                              |
| Yarn  | 48898.41                     | 54371.56                     |
| Fabric                                      | 6693.53                      | 7400.43                      |
| Trading Sales                               | 6876.84                      | 7812.87                      |
|   | <b>62468.78</b>              | <b>69584.86</b>              |
| Other Operating Revenues:                   |                              |                              |
| Waste & Scrap Sales                         | 2547.59                      | 2149.54                      |
| Export Incentives                           | 504.45                       | 439.21                       |
| Exchange Rate Variation Gain                | 689.34                       | 88.74                        |
|   | <b>3741.38</b>               | <b>2677.49</b>               |
| Other Income                                | 189.78                       | 155.94                       |
| Total revenue from contracts with customers | <b>66399.94</b>              | <b>72418.29</b>              |
| Revenue from contract with customers        |                              |                              |
| Within india                                | 41,381.92                    | 45,718.52                    |
| Outside india                               | 24,828.24                    | 26,543.83                    |
|   | <b>66,210.16</b>             | <b>72,262.35</b>             |

## Notes to the Accounts for the year ended 31<sup>st</sup> March 2020

### 33 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTD.)

(iii) Contract balances

| Particulars          | Sub heading            | 31 <sup>st</sup> March, 2020 | 31 <sup>st</sup> March, 2019 |
|----------------------|------------------------|------------------------------|------------------------------|
| Contract Assets      | Trade Receivables      | 11,397.16                    | 13,123.63                    |
| Contract liabilities | Advance from Customers | 148.40                       | 185.02                       |

(v) Performance obligations

Information about the Company's performance obligations for material contracts are as summarised below:

Sale of Goods:

The performance obligation and the control is satisfied at the point in time when control of the goods are transferred to the customers, the customer has full discretion over the channel and price to sell the products, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. The said conditions are generally fulfilled upon delivery of goods to the customers.

Sale of Services:

The performance obligation has been satisfied on the stage of completion.

### 34 CAPITAL MANAGEMENT

The capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maintain optimum capital structure to reduce cost of capital and to maximize the shareholder value.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants which otherwise would permit the banks to immediately call loans and borrowings. In order to maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a Gearing Ratio, which is net debt divided by total capital plus net debt. The Company's Gearing Ratio was as follows:

| Particulars                     | As at<br>31 <sup>st</sup> March, 2020 | As at<br>31 <sup>st</sup> March, 2019 |
|---------------------------------|---------------------------------------|---------------------------------------|
| Borrowings                      | 25,464.23                             | 28,255.49                             |
| Less: Cash and cash equivalents | 1,755.93                              | 1,782.96                              |
| Net debt                        | 23,708.30                             | 26,472.53                             |
| Total equity                    | 18,685.51                             | 18,938.53                             |
| Capital and Net debt            | 42,393.81                             | 45,411.06                             |
| Gearing Ratio                   | 55.92%                                | 58.30%                                |

Further, there have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year ended 31<sup>st</sup> March 2020.

There were no changes in the objectives, policies or processes for managing capital during the year ended 31 March 2020 and 31 March 2019.

## Notes to the Accounts for the year ended March 31, 2020

### 35 ASSETS SECURED FOR BORROWINGS

The carrying amounts of assets secured for current and non current borrowings is given in the following table:

| Particulars  | As at<br>31 <sup>st</sup> March, 2020 | As at<br>31 <sup>st</sup> March, 2019 |
|--|---------------------------------------|---------------------------------------|
| <b>Non Current Assets</b>                          |                                       |                                       |
| Property, Plant and Equipments                     | 32,360.58                             | 34,277.86                             |
| Capital work-in-progress                           | -                                     | -                                     |
| Intangible Assets                                  | 17.73                                 | 25.66                                 |
| Total  | <b>32,378.31</b>                      | <b>34,303.52</b>                      |
| <b>Current Assets</b>                              |                                       |                                       |
| Inventories  | 20,769.35                             | 20,199.32                             |
| Trade receivables                                  | 11,397.16                             | 13,123.63                             |
| Cash and cash equivalents                          | 78.35                                 | 273.56                                |
| Bank Balances other than Cash and Cash Equivalents | 1,677.58                              | 1,509.40                              |
| Total  | <b>33,922.44</b>                      | <b>35,105.91</b>                      |

36 Figures for the previous year have been re-group/rearranged where ever necessary to make them comparable with current year.

The Notes referred to above form an integral part of the accounts.  
In terms of our report of even date attached herewith.

For **B. CHHAWCHHARIA & CO.**  
Chartered Accountants  
Firm Registration No: 305123E

For and on behalf of the Board of Directors

**Abhishek Gupta**  
Partner

Membership No: 529082

Place: Chandigarh (Camp)  
Date : 31<sup>st</sup> July, 2020

**Ashish Bagrodia**  
(Chairman Cum Managing Director)

DIN-00047021

**Sanjay Kumar Kedia**  
(Chief Financial Officer)

**Anil Kumar Sharma**  
(Executive Director Cum Chief  
Executive Officer)  
DIN -01157106

**Videshwar Sharma**  
(Company Secretary)

# NOTICE

## WINSOME TEXTILE INDUSTRIES LIMITED

CIN: L17115HP1980PLC005647

Regd. office: 1, Industrial Area, Baddi, Distt. Solan, H.P. -173205

Phone No:- 01795-244045 Fax No. 01795-244287

website: www.winsometextile.com, email: cswtil@winsometextile.com

**NOTICE** is hereby given that the **39<sup>th</sup> Annual General Meeting of the Members of Winsome Textile Industries Limited**, will be held on Wednesday, the 23<sup>rd</sup> day of December, 2020 at 10:00 A.M. at its Registered Office at 1, Industrial Area, Baddi, Distt. Solan (H.P.) to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2020, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Ashish Bagrodia (DIN-00047021), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

3. **To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act 2013, read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), the payment of remuneration of Rs.75,000/- (Rupees Seventy Five Thousand Only) to M/s K.K. Sinha & Associates, Cost Accountants, Chandigarh, (Firm Registration 100279), appointed by the Board of Directors as Cost Auditor of the Company, for conducting Cost Audit of Company for the financial year 2020-21, be and is hereby ratified and confirmed.

**"RESOLVED FURTHER THAT** the Board of Directors of the Company, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

4. **To consider and if thought fit, to pass the following resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152 read with schedule IV and Section 161(1) read with Companies (Appointment and Qualification of Directors) Rules, 2014, and other applicable provisions, sections, rules of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force) and SEBI (LODR) Regulations, 2015 as amended, Smt. Manju Lakhanpal (DIN: 07130592) who was appointed as an Additional Director and holds office upto the date of the this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing from a member proposing her candidature, the approval of the Company be and is hereby accorded to appoint Smt. Manju Lakhanpal (DIN: 07130592) as an Independent Director of the Company for a term of five consecutive years from 23<sup>rd</sup> December 2020 upto 22<sup>nd</sup> December 2025 and who shall not be liable to retire by rotation and shall also continue as an Independent Director of the Company even after attaining the age of seventy five years during the tenure of her appointment".

**"RESOLVED FURTHER THAT** the Board of Directors of the Company, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

5. **To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:**

**RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152 read with schedule IV and Section 161(1) read with Companies (Appointment and Qualification of Directors) Rules, 2014, and other applicable provisions, sections, rules of the Companies Act, 2013

(including any statutory modifications or re-enactment thereof for the time being in force) and SEBI (LODR) Regulations, 2015 as amended, Sh. Arun Kumar Basu (DIN: 08747388) who was appointed as an Additional Director and holds office upto the date of the this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature, the approval of the Company be and is hereby accorded to appoint Sh. Arun Kumar Basu (DIN: 08747388) as an Independent Director of the Company for a term of five consecutive years from 23<sup>rd</sup> December 2020 upto 22<sup>nd</sup> December 2025 and who shall not be liable to retire by rotation.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.

6. **To consider and if thought fit, to pass the following resolution as a Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and rules made thereunder, as amended (including any statutory modification(s) or re-enactment thereof for the time being in force) read with SEBI (LODR) Regulations, 2015 as amended, the approval of the Company be and is hereby accorded to re-appoint Smt. Neena Singh (DIN:00233352) as an Independent Director of the Company, (whose present term shall expire on 27<sup>th</sup> September,2020), to hold office for a second term of five consecutive years from 28<sup>th</sup> September, 2020 upto 27<sup>th</sup> September,2025 and who shall not be liable to retire by rotation.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

7. **To consider and if thought fit, to pass the following resolution as a Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 152 read with section 161(1) and Companies (Appointment and Qualification of Directors) Rules, 2014, and other applicable provisions, sections, rules of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force), Shri Anil Kumar Sharma (DIN:01157106) who was appointed as an Additional Director and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature, the approval of the Company be and is hereby accorded to appoint Shri Anil Kumar Sharma (DIN:01157106) as a Director of the Company, and who shall be liable to retire by rotation.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

8. **To consider and if thought fit, to pass the following resolution as a Special Resolution:**

“**RESOLVED THAT** pursuant to provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and rules made thereunder, read with Schedule V to the Act, as amended, the approval of the Company be and is hereby accorded for appointment and re-designation of Shri Anil Kumar Sharma (DIN 01157106) as an Executive Director and CEO (Whole-Time Director) of the Company, for a period of three years with effect from 13<sup>th</sup> February 2020 to 12<sup>th</sup> February, 2023 on the terms & conditions and remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting”.

“**RESOLVED FURTHER THAT** the Board be and is hereby authorized to alter or increase or vary the terms and conditions of the said appointment in such form and manner or with such modifications as the Board may deem fit without referring the same to the general meeting again.”

“**RESOLVED FURTHER THAT** where any financial year, the Company has no profit or its profit are inadequate during the tenure of appointment of Shri Anil Kumar Sharma, the aforesaid remuneration shall be minimum remuneration.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

9. **To consider and if thought fit, to pass the following resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and rules made thereunder, read with Schedule V to the Act as amended, the approval of the Company be and is hereby accorded for re-appointment of Shri Ashish Bagrodia (DIN-00047021) as Chairman & Managing Director of the Company, for a period of five years from 01<sup>st</sup> February 2021 on the terms & conditions as set out in the explanatory statement annexed to the Notice convening this Meeting".

**RESOLVED FURTHER THAT** the approval of the Company be and is hereby also accorded for payment of remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting for a period of three years (01<sup>st</sup> February, 2021 to 31<sup>st</sup> January, 2024) in compliance with schedule V and other relevant provisions of the Companies Act, 2013".

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to alter or increase or vary the terms and conditions of the said appointment in such form and manner or with such modifications as the Board may deem fit without referring the same to the general meeting again."

**"RESOLVED FURTHER THAT** where any financial year, the Company has no profit or its profit are inadequate during the tenure of appointment of Shri Ashish Bagrodia, the aforesaid remuneration shall be minimum remuneration."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

**For and on Behalf of the Board**

**Sd/-**

**Ashish Bagrodia**

Chairman & Managing Director

DIN-00047021

**Place:** Chandigarh

**Dated:** 31.07.2020

**NOTES :**

1. Statutory Auditors of the Company, M/s B. Chhawchharia & Co., Chartered Accountants (Firm Registration No. 305123E) were appointed as statutory auditors of the Company for period of five consecutive years at the Annual General Meeting (AGM) held on 4<sup>th</sup> September, 2017 (subject to annual reappointment by shareholders at every subsequent AGM) on a remuneration mutually agreed upon by the Board of Directors and the Statutory Auditors.

Furthermore, the annual ratification by shareholders have been done away with after the Companies Amendment Act, 2017 read with Notification S.O. 1833(E) dated 7<sup>th</sup> May 2018. So, in View of the same, ratification by the members for continuance of their appointment at this AGM is not being sought.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY SIGNED AND STAMPED NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES ETC. MUST BE SUPPORTED BY APPROPRIATE RESOLUTION/AUTHORITY, AS APPLICABLE.**

**A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY IN NUMBER 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.**

3. Explanatory Statement setting out material facts, pursuant to Section 102 of the Companies Act, 2013, Secretarial Standard 2 on General Meetings and Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 in respect of special business to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
4. Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) shall send certified true copy of the Board Resolution/ Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Company to attend the AGM.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 16.12.2020 to 23.12.2020 (both days inclusive).
6. As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, details in respect of director(s) seeking re-appointment at the AGM, forms integral part of the notice. Requisite declarations/consent have been received from the Director(s) seeking reappointment as per provisions of Companies Act, 2013 including rules framed thereunder. Further, a brief resume of each of the directors proposed to be appointed/re-appointed at this AGM, nature of their expertise in specific function areas, name of companies in which they hold directorship and membership /chairmanships of Board Committees, shareholding and relationship between directors inter se as stipulated under Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and other requisite information as per Clause 1.2.5 of Secretarial Standard-2 on General Meetings are provided as an Annexure to this notice.
7. During the year under review no unclaimed and unpaid dividend pending for transfer. Although, the unclaimed dividend and shares transferred to the IEPF Authority by the Company in the previous year can be claimed by the concerned shareholders by approaching the Investor Education and Protection Fund Authority.
8. Members desiring any information, as regards accounts & operations, are requested to write to the Company at its Registered Office at least ten days before the date of Annual General Meeting so as to enable to keep the information ready.
9. Members/Proxies are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for identification.
10. In case of joint holders attending the meeting only such joint holders who are higher in the order of names will be entitled to vote.
11. Relevant documents referred to in the proposed resolutions are available for inspection at the Registered office of the Company during normal business hours (9:00 A.M. to 5:00 P.M.) on all days except Saturdays, Sundays and Public holidays up to the date of the Annual General Meeting.
12. Members holding shares in physical form are requested to convert their shares into dematerialized form in their own interest and convenience.

13. 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 Registrar & Share Transfer Agent of the Company.
14. SEBI vide Notification no. SEBI/LAD/-NRO/GN/2018/24, dated 08<sup>th</sup> June, 2018 and further amendment vide notification no. SEBI/LAD/-NRO/GN/2018/49, dated 30<sup>th</sup> November, 2018, have prescribed that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the equity shares of the Company promptly.
15. The notice of AGM along with Annual Report 2019-20 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. Members who have so far not registered their email addresses & changes therein, are requested to register the same with their Depository Participant in case of electronic holdings under intimation to Registrar & Share Transfer Agent.

In case of shares in physical form, members may register their email addresses & changes therein with Registrar & Share Transfer Agent of the Company. The Annual Report of the Company circulated to the Members of the Company will also be made available on the Company's website at [www.winsometextile.com](http://www.winsometextile.com).

16. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates etc. immediately to the Registrar & Share Transfer Agent of Company.
17. The route map showing directions to reach the venue of the 39<sup>th</sup> AGM is annexed.
18. As a measure of economy, copies of Annual Report shall not be distributed at the venue of the AGM. Members are therefore requested to bring their own copies of the Annual Report to the meeting.
19. Link Intime India Private Limited, having its office located at Noble Heights, 1<sup>st</sup> Floor, LCS Near Savitri Market, Janakpuri, New Delhi - 110058 (Tel. 011-49411000, Fax No. 011-41410591) is Registrar & Share Transfer Agent of the Company. The Shareholders can contact them for dematerialization, transmissions, communications for change of address, issue of duplicate shares, bank Mandates etc. directly.

## 20. Voting through electronic means :-

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to provide members facility to exercise their right to vote on all the resolutions proposed to be considered at the 39<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of AGM ("remote e-voting") shall be provided by Link Intime India Private Limited (LIPL).
- II. The facility for voting through Polling Paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through Polling Paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period shall commence on 18<sup>th</sup> December, 2020 at 9:00 A.M. (IST) and shall end on 22<sup>nd</sup> December, 2020 at 5:00 P.M. (IST) During this period, members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 16<sup>th</sup> December 2020, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by Link Intime India Private Limited (LIPL) for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

The instructions for Remote e-Voting are as under:

1. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>

Those who are first time users of LIPL e-voting platform or holding shares in physical mode have to mandatorily generate their own Password, as under:

- Click on "Sign Up" under 'SHARE HOLDER' tab and register with your following details: -

A **User ID:** Enter your User ID

- Shareholders/ members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
- Shareholders/ members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
- Shareholders/ members holding shares in **physical form shall provide Event No + Folio Number registered with the Company**
- B **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.
- C **DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)
- D **Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/Company.
- Shareholders/ members holding shares in **CDSL demat account shall provide either 'C' or 'D', above**
- Shareholders/ members holding shares in **NSDL demat account shall provide 'D', above**
- Shareholders/ members holding shares in **physical form** but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above
- Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter).
- Click on "**Sign Up**" under '**SHARE HOLDER**' tab and register with your following details: -

NOTE: If Shareholders/ members are holding shares in demat form and have registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier event of any company then they can use their existing password to login.

2. Click on 'Login' under '**SHARE HOLDER**' tab
3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on '**Submit**'.
4. After successful login, you will be able to see the notification for e-voting. Select '**View**' icon.
5. E-voting page will appear.
6. Refer the Resolution description and cast your vote by selecting your desired option '**Favour / Against**' (If you wish to view the entire Resolution details, click on the 'View Resolution' file link).
7. After selecting the desired option i.e. Favour / Against, click on '**Submit**'. A confirmation box will be displayed. If you wish to confirm your vote, click on '**Yes**'; else to change your vote, click on 'No' and accordingly modify your vote.
8. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as '**Custodian / Mutual Fund / Corporate Body**'. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the '**Custodian / Mutual Fund / Corporate Body**' login for the Scrutinizer to verify the same.

If you have forgotten the password:

- Click on '**Login**' under '**SHARE HOLDER**' tab and further Click '**forgot password?**'
- Enter **User ID**, select **Mode** and Enter Image Verification (CAPTCHA) Code and Click on 'Submit'.
- In case shareholders/ members is having valid email address, Password will be sent to his / her registered e-mail address.
- Shareholders/ members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
- The password should contain minimum 8 characters, at least one special character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter.
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in the Notice. During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event". Shareholders/ members holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

In case shareholders/ members have any queries regarding e-voting, they may refer the **Frequently Asked Questions ('FAQs')** and **InstaVote e-Voting manual** available at <https://instavote.linkintime.co.in>, under **Help** section or send an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or contact on: - Tel: 022 -4918 6000.

**General Guidelines for shareholders:**

- V. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIPL: <https://instavote.linkintime.co.in> and register themselves as '**Custodian / Mutual Fund / Corporate Body**'.  
They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the '**Custodian / Mutual Fund / Corporate Body**' login for the Scrutinizer to verify the same.
- VI. During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".
- VII. Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
- VIII. In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or Call us :- Tel : 022 - 49186000.
- IX. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 16<sup>th</sup> December 2020, may obtain the login ID and password by sending a request at [insta.vote@linkintime.co.in](mailto:insta.vote@linkintime.co.in). However, if you are already registered with LIPL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on <https://instavote.linkintime.co.in> or contact LIPL at the following toll free no.: 022 - 49186000.
- X. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. 16<sup>th</sup> December 2020.
- XI. Mr. Girish Madan, Practicing Company Secretary (Membership No. FCS-5017) has been appointed as the Scrutinizer to Scrutinize the remote e-voting process including polling papers in fair and transparent manner.
- XII. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman. Thereafter, the Chairman or a person authorized by him in writing shall declare the result of the voting forthwith.
- XIII. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company i.e. [www.winsometextile.com](http://www.winsometextile.com) and on website of LIPL i.e. <https://instavote.linkintime.co.in> immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Bombay Stock Exchange, Mumbai.

## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013, SECRETARIAL STANDARD-2 OF GENERAL MEETINGS AND REGULATION 36 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, FORMING PART OF THE NOTICE OF THE ANNUAL GENERAL MEETING.

#### ITEM NO. 3

The Board of Directors, on the recommendations of Audit Committee have appointed M/s K.K. Sinha & Associates, Cost Accountants, as Cost Auditor of Company for the Financial Year 2020-2021 to conduct the Cost Audit of the Company on a total remuneration of ₹75,000/- (Rupees Seventy Five Thousand Only). 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 by members of Company.

The Board recommends the Ordinary Resolution at Items No. 3 of this Notice for approval of the Members.

#### NOTICE OF INTEREST

None of the Directors, Key Managerial Personnel or their relatives are in any way, concerned or interested, in the Resolution set out at item no. 3 of the Notice.

#### ITEM NO. 4

Based on recommendations of Nomination and Remuneration Committee, the Board of Directors propose the appointment of Smt. Manju Lakhanpal (DIN:07130592) as an Independent Director in terms of section 149 read with Schedule IV of the Companies Act, 2013, for a term of five consecutive years from 23<sup>rd</sup> December 2020 upto 22<sup>nd</sup> December 2025, not liable to retire by rotation.

The Board has appointed Smt. Manju Lakhanpal (DIN: 07130592) as an Additional Director of the Company with effect from 01<sup>st</sup> April, 2020. Your board considers that Smt. Manju Lakhanpal (DIN: 07130592) association with the Company as an Independent Director would immensely benefit the Company as she possess vast administration experience of more than 35 years with Department of Income Tax, Ministry of Finance. She has varied experience in administration, as a Chief Commissioner of Income tax, as an appellate authority and at various other positions during her long stint as an IRS Officer.

The Company has received a declaration to the effect that she meets the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In terms of Regulation 25(8) of SEBI Listing Regulations, she has confirmed that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact her ability to discharge her duties. Smt. Manju Lakhanpal is now 72 years old and during her current tenure, she will cross the age limit of 75 years. Therefore, to fulfill the requirements of SEBI Notification No. SEBI/LAD-NRO/GN/2018/10, dated 09<sup>th</sup> May, 2018, the resolution of her appointment have been proposed to be passed as a Special Resolution.

In the opinion of the Board, she fulfills the conditions as specified in the Companies Act and SEBI Listing Regulations and eligible for appointment as an Independent Directors and is independent of the management of the Company. A notice under section 160(1) of the Act has been received by the Company from a member proposing her candidature for the office of the Director of the Company. Brief resume of Smt. Manju Lakhanpal, nature of her expertise in specific functional areas, names of companies in which she holds directorships and memberships/chairmanships of Board Committee and shareholders etc. as required under the Listing Regulations and SS-2, are provided as an Annexure to this Notice.

The terms and conditions of her appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day (except Saturday) and will also be kept open at the venue of the AGM till the conclusion of the AGM.

The Board recommends the Special Resolution at Items No. 4 of this Notice for approval of the Members.

#### NOTICE OF INTEREST

Except Smt. Manju Lakhanpal, and her relatives, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are in any way, concerned or interested, in the Resolution set out at item no. 4 of the Notice.

#### ITEM NO. 5

Based on recommendations of Nomination and Remuneration Committee, the Board of Directors propose the appointment of Sh. Arun Kumar Basu (DIN: 08747388) as an Independent Director in terms of section 149 read with Schedule IV of the Companies Act, 2013, for a term of five consecutive years from 23<sup>rd</sup> December 2020 upto 22<sup>nd</sup> December 2025, not liable to retire by rotation.

The Board has appointed Sh. Arun Kumar Basu (DIN: 08747388) as an Additional Director of the Company with effect from 29<sup>th</sup> May, 2020. Your board considers that Sh. Arun Kumar Basu (DIN: 08747388) association with the Company as an Independent Director would benefit the Company as he is a Post Graduate in Textile Engineering from Indian Institute of Technology (IIT), Delhi and has an Industrial experience of about forty years in Textile Industry. He has an extensive experience in product development, system analysis, process analysis, evaluation of new technologies, team building, capacity improvement, planning and execution etc. He has an extensive experience in Production of

various types of products viz. Melange Yarn, Core Spun yarn, Compact yarn, High Twist and Low Twist Yarn, Siro Yarn, Slub Yarn etc in cotton as well in various other blends, which were sold in various high end markets viz. Japan.

The Company has received a declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In terms of Regulation 25(8) of SEBI Listing Regulations, he has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties.

In the opinion of the Board, he fulfills the conditions specified in the Companies Act and SEBI Listing Regulations and eligible for appointment as an Independent Directors and is independent of the management of the Company. A notice under section 160(1) of the Act has been received by the Company from a member proposing his candidature for the office of the Director of the Company. Brief resume of Sh. Arun Kumar Basu, nature of his expertise in specific functional areas, names of companies in which he holds directorships and memberships/ chairmanships of Board Committee and shareholders etc. as required under the Listing Regulations and SS-2, are provided as an Annexure to this Notice.

The terms and conditions of his appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day (except Saturday) and will also be kept open at the venue of the AGM till the conclusion of the AGM.

The Board recommends the Ordinary Resolution at Items No. 5 of this Notice for approval of the Members.

#### **NOTICE OF INTEREST**

Except Sh. Arun Kumar Basu, and his relatives, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are in any way, concerned or interested, in the Resolution set out at item no. 5 of the Notice.

#### **ITEM NO. 6**

Based on recommendations of Nomination and Remuneration Committee, the Board of Directors propose the re-appointment of Smt. Neena Singh (DIN:00233352) as an Independent Director for a second term of five consecutive years from 28<sup>th</sup> September, 2020 upto 27<sup>th</sup> September, 2025, not liable to retire by rotation. Smt. Neena Singh (DIN: 00233352) was appointed as an Independent Directors of the Company at the 34<sup>th</sup> Annual General Meeting ("AGM") of the Company and holds office up to 27<sup>th</sup> September 2020.

The Board, based on the performance evaluation and recommendation of Nomination and Remuneration Committee, considers that given her background, experience and contribution, the continued association of Smt. Neena Singh (DIN:00233352) would be beneficial to the Company and it is desirable to continue to avail her services as an Independent Director.

The Company has received a declaration to the effect that she meets the criteria of independence as provided in Section 149(6) of the Act and Rules made thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). In terms of Regulation 25(8) of SEBI Listing Regulations, she has confirmed that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact her ability to discharge her duties.

In the opinion of the Board, she fulfills the conditions specified in the Companies Act and SEBI Listing Regulations and eligible for reappointment as an Independent Director and is independent of the management of the Company. Brief resume of Smt. Neena Singh, nature of her expertise in specific functional areas, names of companies in which she holds directorships and memberships/chairmanships of Board Committee and shareholders etc. as required under the Listing Regulations and SS-2, are provided as an Annexure to this Notice.

The terms and conditions of her appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day (except Saturday) and will also be kept open at the venue of the AGM till the conclusion of the AGM.

The Board recommends the Special Resolution at Items No. 6 of this Notice for approval of the Members.

#### **NOTICE OF INTEREST**

Except Smt. Neena Singh (DIN:00233352) and her relatives, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are in any way, concerned or interested, in the Resolution set out at item no.6 of the Notice.

#### **ITEM NO. 7 to 8**

Based on the recommendations of Nomination and Remuneration Committee, the Board of Directors has appointed Sh. Anil Kumar Sharma (DIN: 01157106) CEO of the Company as an Additional Director of the Company under section 161(1) of the Act, with effect from 13<sup>th</sup> February, 2020. In terms of section 161(1) of the Act, Sh. Anil Kumar Sharma holds office upto the date of the forthcoming AGM. The Company has received a notice in writing from a member proposing his candidature for the office of Director of the Company.

The Board has also appointed Sh. Anil Kumar Sharma as an Executive Director & CEO (Whole Time Director) of the Company for a period of

three years from 13<sup>th</sup> February, 2020 upto 12<sup>th</sup> February, 2023, subject to the approval of shareholders of the Company.

In terms of Clause 86 of the Article of Association of the Company, Sh. Anil Kumar Sharma shall be subject to retire by rotation during his tenure as an Executive Director and CEO (Whole Time Director) and it shall not be considered as a break in his fixed term of appointment.

Sh. Anil Kumar Sharma, aged 66 years, is a B. Tech from Punjab Agriculture University, Ludhiana and Masters in Business Administration from Department of Business, Punjab Agriculture University Ludhiana and presently he is holding the position of CEO (KMP) of the Company. As a team leader of marketing and administrative team of the Company Sh. Anil Kumar Sharma has done pioneer work in the area of market development, brand management etc. This includes the design of new process in marketing, value selling and launch a new product etc. Brief resume of Sh. Anil Kumar Sharma, nature of his expertise in specific functional areas, names of companies in which he holds directorships and memberships/chairmanships of Board Committee and shareholders etc. as required under the Listing Regulations and SS-2, are provided as an Annexure to this Notice. In the opinion of the Board, he fulfils the conditions specified in the Companies Act and SEBI Listing Regulations and eligible for appointment as Director - Whole Time Director designated as an Executive Director and CEO.

The terms and conditions of his appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day (except Saturday) and will also be kept open at the venue of the AGM till the conclusion of the AGM.

The brief principal terms of remuneration of Sh. Anil Kumar Sharma as an Executive Director and CEO as recommended by the Nomination and remuneration Committee and approved by the Board, subject to the approval of Shareholders of the Company for a period of three years with effect from 13<sup>th</sup> February, 2020 are as follows:

**1. Proposed Remuneration:**

**Basic Salary:** ₹3,63,582/- per month with an increment of ₹35,000/- per month every year which will fall due on 1<sup>st</sup> April of every year. The first increment will be due on 1<sup>st</sup> April 2020. The increment amount may vary keeping in view the performance of the Company.

**2. Perquisites & Allowances:**

**i) House Rent Allowance**

As per rules of the Company applicable to the Senior Executives of the Company.

**ii) Medical Reimbursement:**

As per rules of the Company applicable to the Senior Executives of the Company.

**iii) Club Fees:**

Reimbursement of membership fee for one club including admission and life membership fees.

**iv) Telecom & Computer Facilities:**

As per requirements.

**v) Insurance:**

Payment of Insurance Premium for Life insurance, Group Insurance, Personal Accident Insurance, as per rules applicable to the Senior Executives of the Company.

**vi) Car:**

Free use of Company's car with driver.

**vii) Leaves:**

Leaves as applicable to Senior Executives of the Company and encashment of leaves as per rules of the Company.

**viii) Loan(s) and Other Schemes:**

Loan(s) and other schemes as per rules of the Company applicable to the Senior Executives of the Company.

**ix) Other benefits and amenities:**

Such other benefits and amenities as may be provided by the Company to other senior executives from time to time.

**3. In addition to the perquisites as aforesaid, Sh. Anil Kumar Sharma Executive Director and CEO shall also be entitled to the following benefits in accordance with the rules of the Company, which shall not be included in the computation of ceiling on remuneration :**

i) Contribution to Provident Fund, Super Annuity Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

- iii) Encashment of leave, if any, at the end of the tenure.
4. Reimbursement of all entertainment, travelling, hotel and other expenses incurred in India and/or Abroad by Sh. Anil Kumar Sharma Executive Director and CEO during the course of and in connection with the business of the Company.
5. No sitting fee shall be paid to Sh. Anil Kumar Sharma Executive Director and CEO for attending the meeting of Board of Directors or any Committee thereof.
6. **Minimum Remuneration:**

In the event of inadequacy or absence of profit in any financial year during his tenure, Sh. Anil Kumar Sharma Executive Director and CEO shall be entitled to above remuneration along with the perquisites/ benefits mentioned above by way of minimum remuneration.

The above may be treated as a written memorandum setting out the terms of appointment of Shri Anil Kumar Sharma in terms of section 190 of the Companies Act, 2013..

The Board recommends the Special Resolution(s) for items No. 7 and 8 of this Notice for approval of the Members.

#### NOTICE OF INTEREST

Except Sh. Anil Kumar Sharma (DIN:01157106) and his relatives, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are in any way, concerned or interested, in the Resolutions set out at item no. 7 and 8 of the Notice respectively.

#### ITEM NO. 9

Shri Ashish Bagrodia was re-appointed as Chairman & Managing Director of the Company for a period of five years w.e.f. 01<sup>st</sup> February 2016 and the current tenure of his appointment shall expire on 31<sup>st</sup> January 2021. Now, based on the recommendations of Nomination and Remuneration Committee, the Board of Directors has re-appointed him as Chairman & Managing Director of Company for a period of five years and approved remuneration for three years, which shall be effective from 01<sup>st</sup> February, 2021, subject to the approval of shareholders of the Company.

In terms of Clause 86 of the Article of Association of the Company, Sh. Ashish Bagrodia shall be subject to retire by rotation during the period of his tenure as Chairman & Managing Director and it shall not be considered as a break in his fixed term of appointment.

Shri Ashish Bagrodia, aged 50 years is B.E. (Mech.) Hons. is a distinguished person having more than two decades of core experience in Textile Industry. During his tenure as Chairman & Managing Director, Company has successfully established its second Spinning Unit namely WTIL UNIT- II of 41088 Spindles in the Village Kaundi, Baddi, Distt. Solan, H.P. which started the commercial production in November 2013. Apart from it, he has successfully established Manuni Hydro Power Project (3.5 M.W.) of the Company at Dharamshala, Distt. Kangra, Manuni Khand (H.P.), which is in commercial production since March, 2017. In his dynamic leadership, Company has received several coveted awards for export of processed yarns and in the opinion of Board of Directors, for smooth and efficient running of the administrative affairs of Company, the services of Shri Ashish Bagrodia should be continued for a further period of five years. Brief resume of Shri Ashish Bagrodia, nature of his expertise in specific functional areas, names of companies in which he holds directorships and memberships/chairmanships of Board Committee and shareholders etc. as required under the Listing Regulations, are provided as an Annexure to this Notice. In the opinion of the Board, he fulfills the conditions specified in the Companies Act and SEBI Listing Regulations and eligible for reappointment as Chairman and Managing Director.

The terms and conditions of his re-appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day (except Saturday) and will also be kept open at the venue of the AGM till the conclusion of the AGM.

The brief principal terms of remuneration of Sh. Ashish Bagrodia as Chairman & Managing Director as recommended by the Nomination and remuneration Committee and approved by the Board, subject to the approval of Shareholders of the Company for a period of three years w.e.f. 01<sup>st</sup> February, 2021 are as follows:

#### 1. Proposed Remuneration:

(a) **Basic Salary:** ₹6,50,000/- per month with an increment of ₹75,000/- per month every year which will fall due on 1<sup>st</sup> April of every year. The first increment will be due on 1<sup>st</sup> April 2021. The increment amount may vary keeping in view the performance of the Company.

#### (b) Commission:

Minimum 1% of Net Profit of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013 and maximum as may be decided by Board of Directors considering the financial position of the Company & allied parameters and subject to the limits as specified in Section 197 and 198 read with Schedule V of the Companies Act, 2013 & rules made thereunder, as amended.

## 2. Perquisites & Allowances:

### i) House Rent Allowance

- a) Fully furnished residential accommodation. In case, the fully furnished residential accommodation is not provided, H.R.A. as per Company's Rules will be paid.
- b) Expenses pertaining to gas, electricity, water and other utilities will be borne/reimbursed by the Company.

### ii) Medical Reimbursement:

Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical charges for himself and family along with mediclaim policy premium paid by the company.

### iii) Leave Travel Concession:

Reimbursement of actual travelling expenses incurred in India and/or Abroad once in a year in respect of himself and family.

### iv) Club Fees:

Reimbursement of membership fee for clubs including admission and life membership fees.

### v) Telecom & Computer Facilities:

As per requirements.

### vi) Insurance:

Payment of Insurance Premium for Life insurance, Group Insurance, Personal Accident Insurance, as per requirements.

### vii) Car:

Free use of Company's car(s) with driver.

### viii) Leaves:

Leaves as applicable to Senior Executives of the Company and encashment of leaves as per rules of the Company.

### ix) Loan(s) and Other Schemes:

Loan(s) and other schemes in accordance with the policies, rules and regulations in force in the Company from time to time subject to applicable laws.

### x) Other benefits and amenities:

Such other benefits and amenities as may be provided by the Company to other senior executives from time to time.

## 3. In addition to the perquisites as aforesaid, Managing Director shall also be entitled to the followings benefits in accordance with the rules of the Company, which shall not be included in the computation of ceiling on remuneration :

- i) Contribution to Provident Fund, Super Annuity Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- iii) Encashment of leave, if any, at the end of the tenure.

## 4. While travelling on the Company's business purposes, the Managing Director shall be entitled to be accompanied by his wife and/or his family, and the entertainment, travelling, hotel and other incidental expenses incurred in India and/or Abroad by him and/or his wife and/or his family will also be borne/reimbursed by the Company.

## 5. No sitting fee shall be paid to Sh. Ashish Bagrodia, Chairman & Managing Director (DIN: 00047021) for attending the meeting of Board of Directors or any Committee thereof.

## 6. Minimum Remuneration:

In the event of inadequacy or absence of profit in any financial year during his tenure, Sh. Ashish Bagrodia, Chairman & Managing Director shall be entitled to above remuneration along with the perquisites/ benefits mentioned above by way of minimum remuneration.

The above may be treated as a written memorandum setting out the terms of re-appointment of Shri Ashish Bagrodia in terms of section 190 of the Companies Act, 2013..

The Board recommends the Special Resolution at items no. 9 of this Notice for approval of the Members.

## NOTICE OF INTEREST

Except Sh. Ashish Bagrodia (DIN:00047021) and his relatives, none of the Directors and Key Managerial Personnel of the Company and their

respective relatives are in any way, concerned or interested, in the Resolution set out at item no. 9 of the Notice.

The information as required by second proviso of Paragraph B of Section-II of Part-II of Schedule V of the Companies Act, 2013, is given below :

**(I) General Information**

(1) Nature of Industry:

The Company is engaged in the manufacturing of Textile products.

(2) Date of Commencement of Commercial Production:

Company started its Commercial Production in September 1980

(3) Financial Performance: Financial Performance of the Company for the year ended 31.03.2020 and 31.03.2019 are as under:

(₹ In lacs)

| Particulars                             | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|---|-----------------------------|-----------------------------|
| Total Revenues                          | 66399.94                    | 72418.29                    |
| Profit Before Interest and Depreciation | 6680.26                     | 8643.40                     |
| Less: Interest                          | 4877.88                     | 4839.25                     |
| - Depreciation                          | 2245.67                     | 2373.51                     |
| Net Profit/Loss before Tax              | (443.29)                    | 1430.84                     |
| Less : Tax Expenses                     | (151.34)                    | 219.00                      |
| Net Profit/Loss after Tax               | (291.95)                    | 1211.84                     |
| Total Comprehensive Income (Ind AS)     | (253.02)                    | 1287.13                     |

Export Performance and Net Foreign Exchange

(₹ In lacs)

| Particulars                  | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|------------------------------|-----------------------------|-----------------------------|
| Foreign Exchange Earning     | 23312.31                    | 24989.16                    |
| Less. Foreign Exchange Outgo | 4503.16                     | 1147.86                     |
| Net Foreign Exchange Earning | 18809.15                    | 23841.30                    |

(4) Foreign Investments or Collaboration: The Company has not made any investments in foreign funds /securities and has no foreign collaborations.

**(II) INFORMATION ABOUT THE APPOINTEE(S)**

**A. NAME: Sh. Anil Kumar Sharma**

**1) Back Ground Details, Job Profile and suitability:**

Sh. Anil Kumar Sharma, aged 66 years, is a B.Tech from Punjab Agriculture University, Ludhiana and Masters in Business Administration from Department of Business, Punjab Agriculture University Ludhiana. Prior to joining the Company, he was associated with Vardhman Group for nearly 6 years in various positions and rose up to the level of Sales Head of one of the units. He has joined this Company in 1985 and since then after multiple promotions presently working as President and Chief Executive Officer of the Company (CEO-KMP).

**2) Past Remuneration**

Sh. Anil Kumar Sharma is presently working as Chief Executive Officer of the Company. The remuneration drawn by Sh. Anil Kumar Sharma during last three years is as under:

| Financial Year ended | (₹ in lacs) |
|----------------------|-------------|
| 31.03.2020           | 79.22       |
| 31.03.2019           | 72.46       |
| 31.03.2018           | 72.46       |

**3) Remuneration proposed:**

The new remuneration package in the shape of salary and perquisites has already stated in the Explanatory Statement.

**4) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin).**

The remuneration proposed to be paid to the appointee is in line with the remuneration paid to the Managing/ Executive Directors of the other Companies. Keeping in view the type of industry and other responsibilities and capabilities of the appointee, the proposed remuneration is competitive with remuneration paid by other Companies to such similar positions.

#### 5) Pecuniary relationship

Sh. Anil Kumar Sharma, Executive Director and CEO is one of the Key Managerial Personnel of the Company, hence a related party to the Company in terms of section 2(76) of the Companies Act, 2013. Apart this, he has no other pecuniary interest in the Company.

### B. NAME: Sh. Ashish Bagrodia

#### 1) Back Ground Details, Job Profile and suitability:

Sh. Ashish Bagrodia, aged 50 years is B. E. (Mech.) Hons. He is a distinguished person having more than two decades of core experience in Textile Industry & in various operational matters like projects developments, corporate planning, leadership and management. He holds coveted position in industrial parlance and has served various prestigious Industry, associations as Director and member etc.

#### 2) Past Remuneration

Sh. Ashish Bagrodia is presently working as Chairman & Managing Director of the Company. The remuneration drawn by Sh. Ashish Bagrodia during last three years is as under:

| Financial Year ended | (₹ in lacs)                   |
|----------------------|-------------------------------|
| 31.03.2020           | 121.59                        |
| 31.03.2019           | 122.22 (Including Commission) |
| 31.03.2018           | 107.91                        |

#### 3) Remuneration proposed:

The new remuneration package in the shape of salary and perquisites has already stated in the Explanatory Statement.

#### 4) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

The remuneration proposed to be paid to the appointee is in line with the remuneration paid to the Managing/ Executive Directors of the other Companies. Keeping in view the type of industry and other responsibilities and capabilities of the appointee, the proposed remuneration is competitive with remuneration paid by other Companies to such similar positions.

#### 5) Pecuniary relationship

Sh. Ashish Bagrodia, Chairman and Managing Director is one of the Promoter & Key Managerial Personnel (KMP) of the Company, hence a related party to the Company in terms of section 2(76) of the Companies Act, 2013.

### (III) Other Information

Financial Year 2019-20 has been a challenging year with weakening macro-economic conditions, slowing market growths in textile sector and finally, COVID-19 outbreak and containment measures towards the end of the year have further aggravated the situation.. The speed of growth may remain sluggish in the forthcoming period(s) due to Covid-19, and may results in inadequate profits/losses , as a result, the profits are/would be inadequate to absorb managerial remuneration of Shri Ashish Bagrodia, Chairman and Managing Director and Shri Anil Kumar Sharma, Executive Director and CEO. The management is hopeful about profitable future operations subject to an end to ongoing pandemic i.e Covid-19.

### (IV) Disclosures

1. The remuneration package along with the corresponding details payable to Sh. Anil Kumar Sharma and Sh. Ashish Bagrodia have already been mentioned above. Further the remuneration paid to directors has been included in the Board's Report and on Corporate Governance Report.
2. No performance incentive is proposed to be paid to Sh. Anil Kumar Sharma. It is proposed to pay commission to Sh. Ashish Bagrodia, subject to the condition that Company is in profit and the Board Considers it appropriate to pay the same.
3. The tenure of Sh. Anil Kumar Sharma and Sh. Ashish Bagrodia shall be governed by a service contract/ written memorandum including resolution(s) passed for their appointment by the shareholders.
4. The aforesaid statements forms an integral part of this notice calling the Annual General Meeting.

## ANNEXURE TO ITEM NO. 4 TO 9

### DETAILS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING.

(Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) and Secretarial Standard 2 on General Meetings).

| Name of Director   | Ashish Bagrodia   | Neena Singh  | Anil Kumar Sharma   | Manju Lakhnupal  | Arun Kumar Basu   |
|--|---|--|---|--|---|
| Date of Birth  | 19.06.1970  | 08.11.1956   | 29.06.1954  | 07.08.1947   | 16.08.1953  |
| Nationality  | Indian  | Indian   | Indian  | Indian   | Indian  |
| Date of first appointment on the Board   | '01.10.1996   | 27.03.2015   | 13.02.2020  | 01.04.2020   | 29.05.2020  |
| Director Identification Number   | '00047021   | 00233352   | '01157106   | '07130592  | '08747388   |
| Qualifications   | B. E. (Mech.) Hons.   | Master of Education  | MBA and B. Tech.  | IRS -1971 Batch  | Textile Engineer  |
| Experience & Expertise in specific Functional Areas  | More than two decades of vast & rich experience in Textile Industry as team leader. | More than 30 years rich experience in the field of banking, finance and management.  | More than 40 years core experience in the field of marketing and administration of textile Industry | Having administrative experience of more than 35 years with the Department of Income Tax (Ministry of Finance)   | More than 40 years core experience in operations of Textile Industry. |
| No. of shares held in the Company as on 31.03.20   | 49220 Equity Shares of ₹10/- each.  | NIL  | NIL   | NIL  | NIL   |
| No. of Board Meetings attended during the year   | 7 out of 7  | 6 out of 7   | Nil   | NIL  | NIL   |
| Directorship held in other Companies   | Confederation of Indian Textile Industry (CITI)                                     | Punjab Communications Limited  | Majestic Auto Limited<br>Kailashpati Vinimay (P) Ltd  | SAB Industries Limited<br>Steel Strips Infrastructure Limited<br>Steel Strips Ltd.<br>Steel Strips Industries Limited  | NIL   |
| Membership/ Chairmanship of Committees held in <b>Other</b> Public Ltd. Companies (includes only Audit Committee & Stakeholder's Relationship Committee) | Chairmanship: NIL<br>Membership: NIL  | Chairmanship: NIL<br>Membership:<br>Member in Audit Committee & Stakeholders Relationship Committee of Punjab Communications Limited | Chairmanship: NIL<br>Membership: NIL  | Chairmanship:<br>Chairperson in Stakeholders Relationship Committee of Steel Strips Infrastructure Limited<br>Membership:<br>Member in Audit Committee of SAB Industries Limited<br>Member in Audit Committee & Stakeholders Relationship Committee of Steel Strips Infrastructure Limited<br>Member in Audit Committee of Steel Strips Ltd. | Chairmanship: NIL<br>Membership: NIL                                  |
| Relationships between Directors inter-se   | -   | -  | -   | -  | -   |
| Remuneration details   | Refer Corporate Governance Report   |  |   |  |   |

For and on behalf of the Board  
Sd/-  
Ashish Bagrodia  
Chairman & Managing Director  
DIN-00047021

Place: Chandigarh  
Date: 31.07.2020

WINSOME TEXTILE INDUSTRIES LIMITED

CIN:L17115HP1980PLC005647

Registered office : 1, Industrial Area, Baddi, Distt. Solan, H.P. - 173205,

Phone : 01795-244045, Fax : 01795-244287, website : www.winsometextile.com , email : cswtil@winsometextile.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]

Name of the Member(s) : .....

Registered address : .....

Email Id : .....

Folio No. / Client ID No. : ..... DP ID No. ....

I/We, being the member(s) of ..... shares of Winsome Textile Industries Limited , hereby appoint

1. Name:.....Email: .....  
Address: .....  
Signature: ..... or failing him / her
2. Name:..... Email: .....  
Address: .....  
Signature: ..... or failing him / her
3. Name:..... Email: .....  
Address: .....  
Signature: ..... or failing him / her

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 39<sup>th</sup> Annual General Meeting of the Company, to be held on Wednesday, the 23<sup>rd</sup> day of December 2020 at 10:00 A.M. at regd. office of Company at 1, Industrial Area, Baddi, Distt. Solan, Himachal Pradesh and at any adjournment thereof in respect of such resolutions as are indicated below :-

| Sl. No. | Resolutions  | For | Against |
|---------|--|-----|---------|
|         | <b>Ordinary Business</b>   |     |         |
| 1.      | To receive, consider and adopt Audited Financial Statements of the Company together with the Reports of Board of Director's and Auditor's thereon for the year ended 31 <sup>st</sup> March, 2020. |     |         |
| 2.      | Re-appointment of Shri Ashish Bagrodia (DIN-00047021) as Director who retires by rotation.   |     |         |
|         | <b>Special Business</b>  |     |         |
| 3.      | Ratification of remuneration of Cost Auditors.   |     |         |
| 4.      | Appointment of Smt. Manju Lakhanpal (DIN:07130592) as an Independent Director for a term of five consecutive years   |     |         |
| 5.      | Appointment of Shri Arun Kumar Basu (DIN: 08747388) as an Independent Director for a term of five consecutive years  |     |         |
| 6.      | Re-appointment of Smt. Neena Singh (DIN: 00233352) as an Independent Director of the Company for second term of five consecutive years   |     |         |
| 7.      | Appointment of Shri. Anil Kumar Sharma (DIN: 01157106) as a Director of the Company  |     |         |
| 8.      | Appointment and re-designation of Shri Anil Kumar Sharma (DIN 01157106), as an Executive Director and CEO (Whole-Time Director) of the Company for a period of three years                         |     |         |
| 9.      | Re-appointment of Shri Ashish Bagrodia (DIN-00047021), as Chairman & Managing Director of the Company for a period of five years and remuneration for three years                                  |     |         |

Signed this ..... day of ..... 2020.

.....  
Signature of Shareholder

.....  
Signature of proxy holder(s)



**Note :**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the Commencement of the Meeting.
2. Incomplete Proxy Form will not be considered.



WINSOME TEXTILE INDUSTRIES LIMITED

CIN : L17115HP1980PLC005647

Registered office : 1, Industrial Area, Baddi, Distt. Solan, H.P. -173205

Phone No. : 01795-244045, Fax No. : 01795-244287

website : www.winsometextile.com, email : cswtil@winsometextile.com

## Attendance Slip

(To be presented at the entrance)

39TH ANNUAL GENERAL MEETING ON WEDNESDAY, THE 23<sup>RD</sup> DAY OF DECEMBER 2020 AT 10:00 A.M.

at Regd. Office of the Company at 1, Industrial Area, Baddi, Distt. Solan, H.P. -173205

Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

Name of the Member \_\_\_\_\_ Signature \_\_\_\_\_

Name of the Proxyholder \_\_\_\_\_ Signature \_\_\_\_\_

### NOTE:

1. Only Member/Proxyholder can attend the Meeting.
2. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.
3. No gifts or coupons would be given to the Shareholders/Proxyholder for attending the Meeting.

WINSOME TEXTILE INDUSTRIES LIMITED

CIN: L17115HP1980PLC005647

Regd. office: 1, Industrial Area, Baddi, Distt. Solan, H.P. - 173205 | Phone No:- 01795-244045 Fax No. 01795-244287

Website: [www.winsometextile.com](http://www.winsometextile.com), email: [cswtil@winsometextile.com](mailto:cswtil@winsometextile.com)

## Route Map



## Disclaimer

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**RADHA MADHAV MANDIR**  
at Unit - I, 1, Industrial Area, Baddi, HP



**Lakshmi Narayan Mandir**  
at Unit- II, Village Kaundi, Baddi, HP

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*If undelivered, please return to:*  
Corporate Office: Winsome Textile Industries Limited,  
SCO 191-192, Sector 34-A, Chandigarh – 160022 (India)