



**winsome**  
Textile Industries Ltd.

# Inflection point

Winsome Textile Industries Limited  
40th Annual Report 2020-21

# Company Information

## Board of Directors

**Shri Ashish Bagrodia**

*Chairman and Managing Director*

**Shri Satish Girotra**

*Independent Director*

**Smt. Neena Singh**

*Independent Director*

**Smt. Manju Lakhanpal**

*Independent Director*

**Shri Arun Kumar Basu**

*Independent Director*

**Shri Anil Kumar Sharma**

*Executive Director & CEO*

## 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 K.K. Sinha & 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](http://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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# Inflection point

At Winsome Textile Industries Limited, we encountered a convergence of challenges during FY 2020-21.

The pandemic affected consumer sentiment.

A number of countries were concurrently locked down. There was a challenge related to debt repayment. Consumers down-traded wherever possible. Uncertainty prompted customer companies to defer purchases.

At Winsome Textile, we selected to look within and enhance our preparedness.

We reached out to customers. We deepened our exports focus. We accessed new markets. We started the process to restructure our Balance Sheet. We reinforced the value-added proportion of our product mix.

The result is that by the end of FY 2020-21, the Company had reported a decisive improvement – an inflection point - in its financials.



# Inflection point at Winsome

What this implies for our Company

### Some realities transpiring across the world

A change in global trade sanctions

A wider opportunity for India's exports of Textile & Clothing

Value-added niches showing an appreciable traction

Buyers seeking to work with ESG-responsible vendor-partners

### How Winsome Textile is addressing prevailing realities

Started the process to restructure its Balance sheet

Strengthened its global visibility

Reinforced its value-added yarn focus

Demonstrated its deep ESG (environment-social-governance) credentials

# Winsome Textile Industries Limited.

More than just another yarn manufacturing company.

Extended from spinning to dyeing to knitting.

One of India's top melange yarn manufacturers.

Global footprint extending across more than 50 countries.

Enjoying respect for innovation and new product development.

*Result: Winsome is an attractive proxy of an evolving sector with improved prospects.*

Our vision and mission

# Global player in innovative and value-added textile

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

#### Background

Winsome Group began operations in 1951 as a trading company in Kolkata. Winsome Textile Industries Ltd. established its first greenfield venture in 1980 through a state-of-the-art spinning unit in Baddi, Himachal Pradesh.

#### Location

Winsome Textile is headquartered in Chandigarh; its operations are located in Baddi and its hydro power plant at Manuni, Dharamshala, Himachal Pradesh.

#### What we make

Winsome is engaged in the manufacture of melange, dyed and speciality yarns used by fabric and socks makers. The Company also manufactures knitted fabric (8 tonnes per day) using cutting-edge manufacturing technologies. The Company is engaged in spinning, dyeing, designing and knitting in one integrated manufacturing facility.

#### Blends

100% Cotton • Cotton Polyester • Cotton/Viscose • Cotton/Wool • Cotton/Linen • Cotton/Modal • Cotton/Nylon • Supima Cotton • 100% /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 many 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 Melange Pattern and many more.

#### Mélange yarn innovation

Pima/Cashmere • Pima/Modal/Nylon Cashmere • Cotton/Coolmax • Cotton/Thermolite • 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 leading producers of mélange yarn in India. The Company manufactures the finest quality of 100% cotton mélange yarn; it also blends fibers like viscose, polyester, bamboo, modal, wool, nylon etc. (carded and combed) that can be used in downstream weaving and knitting applications. The Company is a one-stop shop for all kinds of fiber dyed yarns manufactured from natural or man-made fibers across any blend and any shade in the count range of 8s – 60s.

#### Marquee clients

The Company's prominent marquee clients comprised GAP, H&M, Mothercare, Tommy Hilfiger, C&A, Walmart and others.

#### Service

Winsome Textile is engaged in the 'sell to make' business. This makes the Company's products customised for downstream applications. The Company stocks select products at strategic global and Indian locations, making it possible to deliver with speed.

#### Research & development

Winsome Textile invested in a laboratory recognised by Ministry of Science and Industrial Technology, Government of India, as a research institution.

#### Sustainability

The Company invested in a hydro-electricity plant in the Himalayan region that generates approximately 15 million units a year, moderating the Company's annual electricity cost by 12%.

#### Credit rating

The Company's credit-rating for short-term funds was maintained at A3 and for long-term funds at BBB- by Care Ratings Limited, validating business health.



## Infrastructure



### Spinning

The Company comprises an established laboratory with cutting-edge technologies and equipment. The Company comprises 1,10,000 spindles to produce diverse yarn counts (NE 8s to NE 60s) of mélange, dyed, fancy yarns in cotton and cotton blends).



### Yarn and fiber dyeing

The facility comprises a capacity to dye 30 tonnes of cotton yarn and fiber. The capacity of dyeing machines ranges from 10 Kg to 1,200 Kg per dye lot. The facility comprises a dyeing laboratory and equipment for dyeing yarn as well as a sample dyeing facility to sample 1Kg, 4 Kgs, 10Kgs and 20Kgs. The Company's complete product development team is dedicated to innovation.



### Knitting

The facility comprises equipment for the production of knitted fabric of yarn dyed, mélange and specialty of 8 tons per day across knitting machines ranging from 16gg to 28gg.



### Hydro power plant

The Company commissioned a 3.5 MW capacity run-of-the-river hydro power plant at Lunta village near Dharamshala in Himachal Pradesh (addressing approximately 30% of the Company's connected load for captive use).

## Our certifications

**QMS:** Based on quality management principles. ISO 9001:2015 valid from 23rd February, 2020 to 22nd February, 2023, the second textile unit in India to be so certified

**ISO 14001 Environment Management System:** Certified in 2000, the first in North India

**ISO 18001- OHSMS:** Certified in 2009, the first in Northern India

**Global Organic Textile Standard:** Certification regarding on-site

inspection and certification of processors, manufacturers and traders

**Organic Content Standard:** Verifies a final product for organically grown material.

**OEKO-TEX® Standard 100:** Independent test and certification system for textile raw, intermediate and end products at all stages of processing.

**Global Recycling Standard:** Certifies the use of recycled content

**Supima:** Permits textile mills, manufacturers, and retailers around the world whose products are made of Supima Cotton to become licensed and gain full access to the Supima brand for marketing and promotional purposes

**Better Cotton Initiative:** Certifies the use of environmentally responsible resources

# Milestones

2013

Capacity doubled in spinning

2013

Added yarn dyed knitted fabric facility

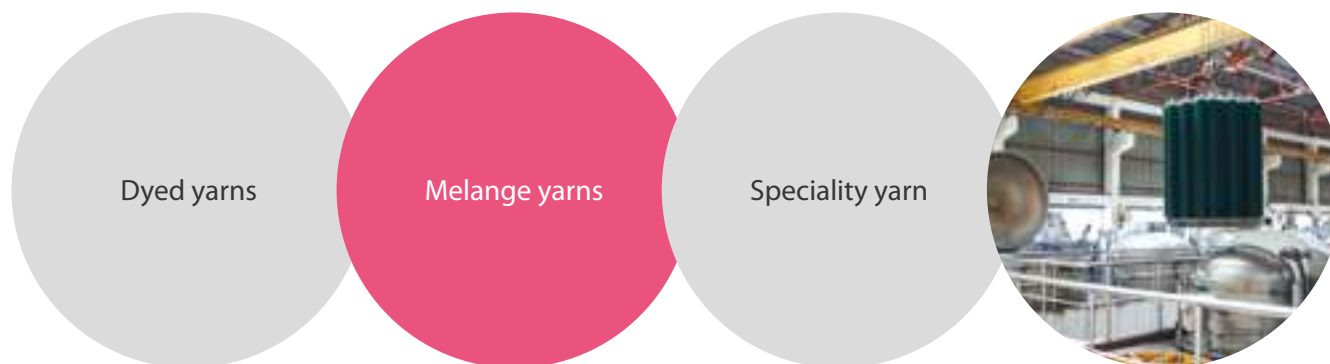
2013

Increased dyeing facility to 30 tons per day

2011

Recognised as one of the leading exporter of processed yarn from India

## What we make



## Awards and recognition

2019-20

Texprocil Gold Trophy for the Highest Exports of 'processed yarn' in Category-II from India

2018-19

Texprocil Award; Silver Trophy for the Second Highest Exports of 'processed yarn' in Category-II from India

2016-17

Texprocil Award; Silver Trophy for the Second Highest Exports of "Processed Yarn" in category -II from India

2016

Excellent Trophy for the Lean Quality Circle in the Allied Concept category at the 30th National Convention on Quality Concepts atSSIPMT; 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

## 2009

First to get ISO 18001 certification in North India for Safety Management

## 2000

First to get ISO 14001 certification in North India for Environment Management

## 1993

Second textile unit in India to be awarded the ISO 9002 certification

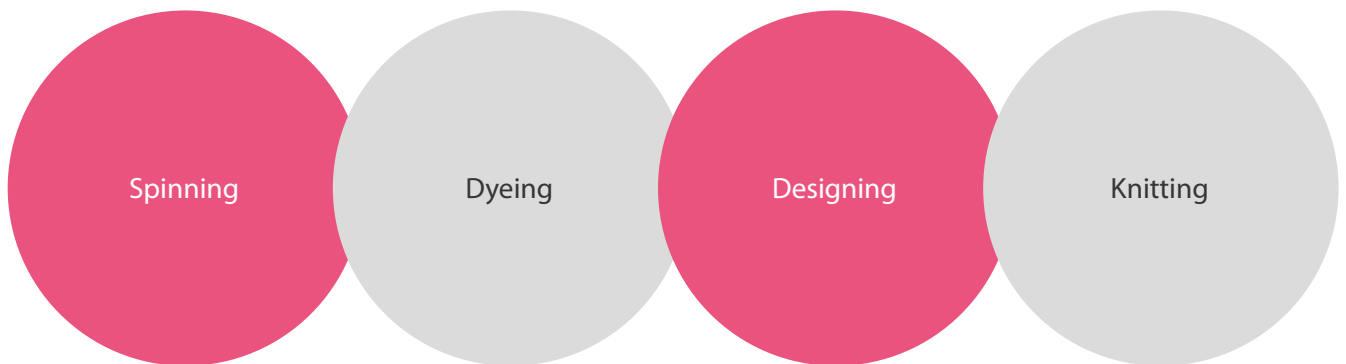
## 1992

First company in India to offer 100% cotton mélangé yarns

## 1987

First company in India to offer 100% acrylic (non-bulk) fiber dyed yarns

### Our activities



### Big numbers

## 1,10,000

Number of spindles as on 31st March, 2021

## 30

Tons per day, dye house capacity

## 8

Tons per day, yarn dyed knitted fabric capacity

## 50+

Countries exported to

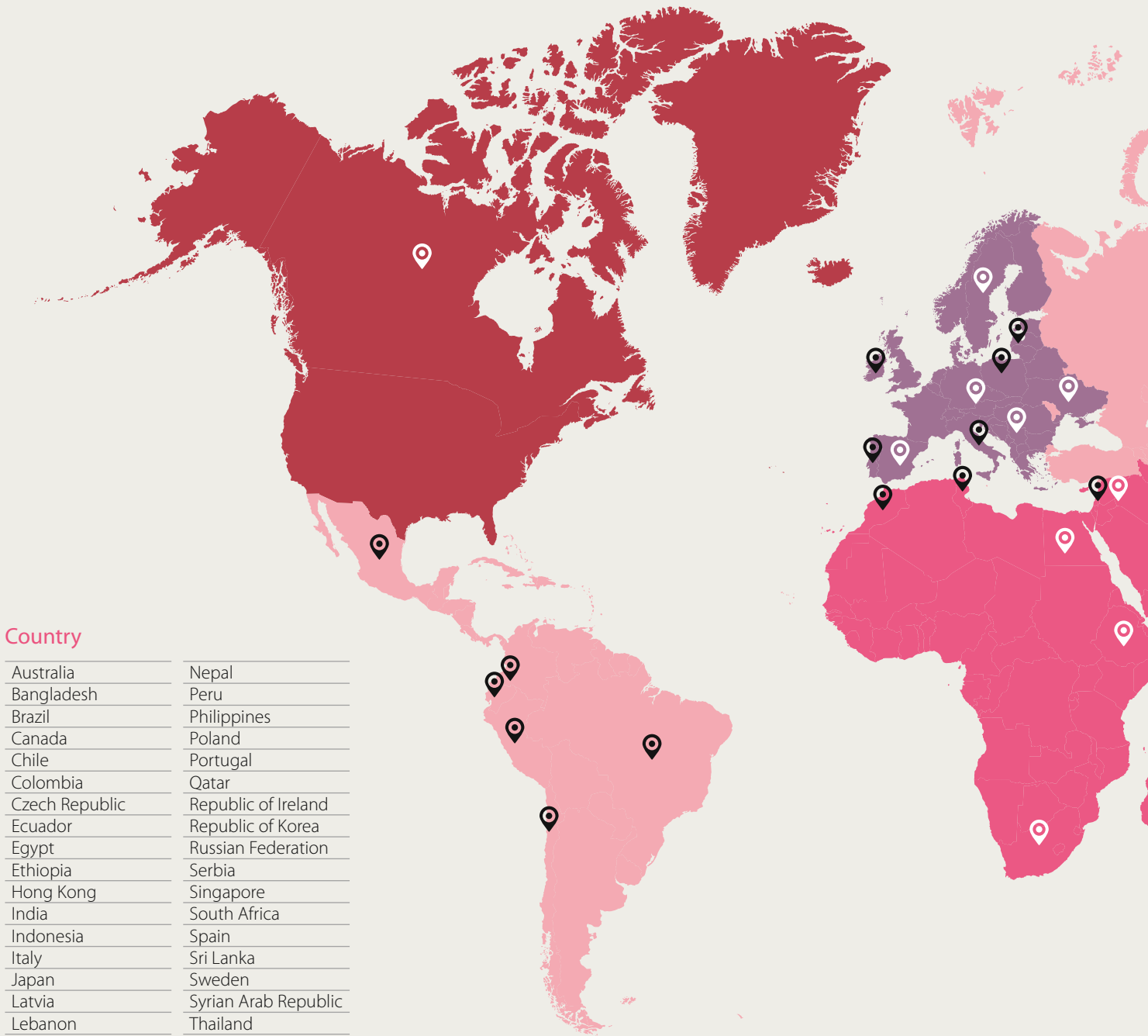
## 300+

Customers in India

## 20%

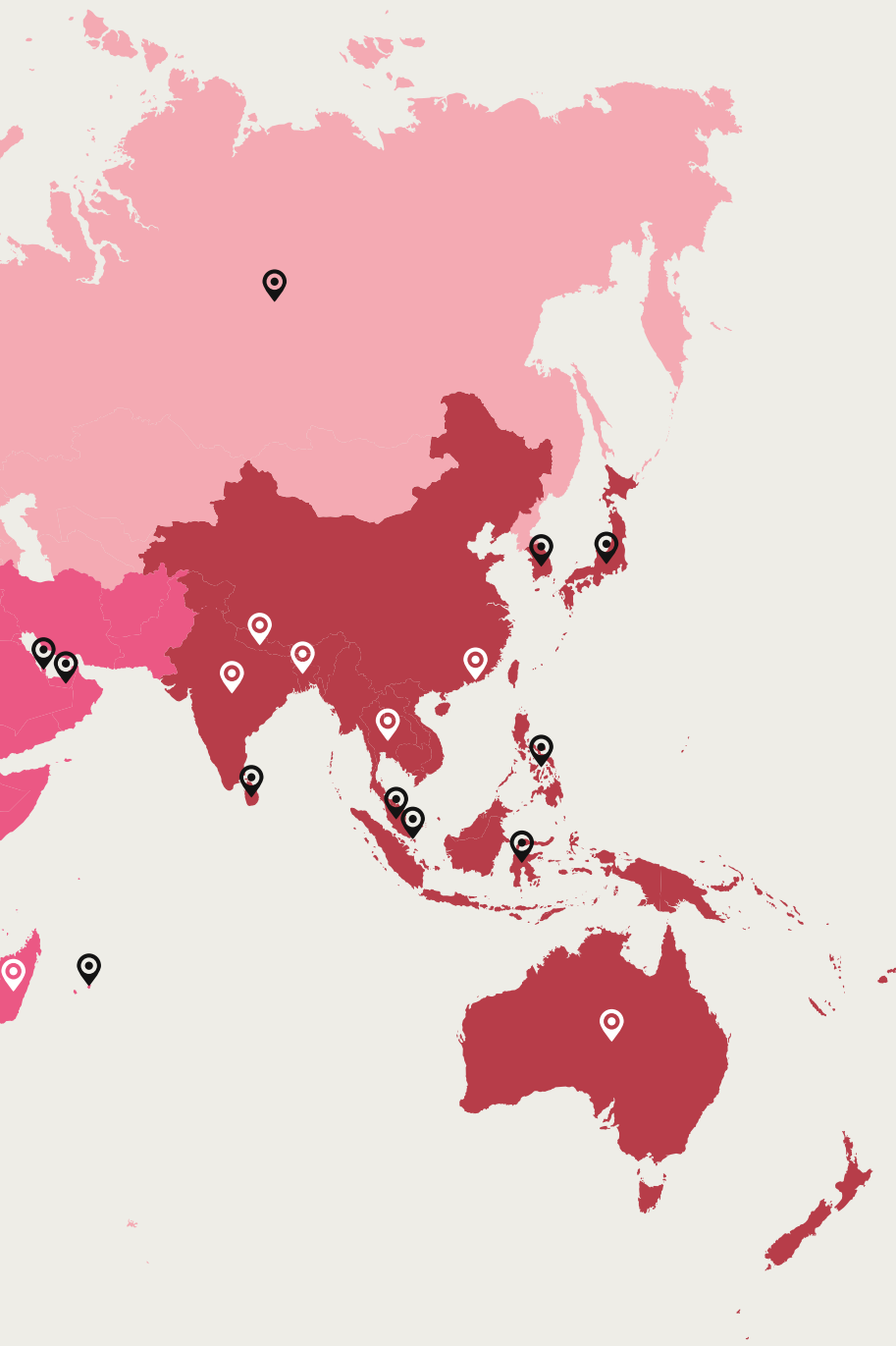
Energy derived from captive renewable energy

# Our global footprint: A presence in more than 50 countries



## Country

Australia	Nepal
Bangladesh	Peru
Brazil	Philippines
Canada	Poland
Chile	Portugal
Colombia	Qatar
Czech Republic	Republic of Ireland
Ecuador	Republic of Korea
Egypt	Russian Federation
Ethiopia	Serbia
Hong Kong	Singapore
India	South Africa
Indonesia	Spain
Italy	Sri Lanka
Japan	Sweden
Latvia	Syrian Arab Republic
Lebanon	Thailand
Madagascar	Tunisia
Malaysia	Ukraine
Mauritius	United Arab
Mexico	Emirates
Morocco	



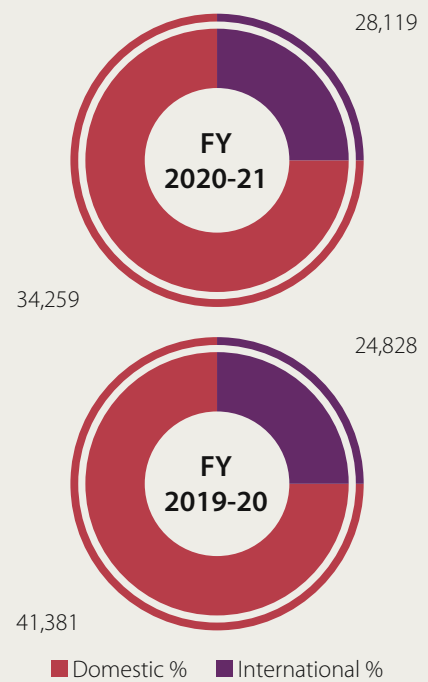
The Company enjoys enduring relationships with an extensive network of agents and dealers across India and the international markets.

The Company exports products across major developed and emerging economies - more than 50 countries.

The Company has developed a strong reputation among textile fabric and garment manufacturing companies in key markets

#### Revenue by geography, FY 2020-21

(in Lac)



# Our philosophy

We work towards creating a sustainable financial model for our stakeholders.

Winsome Textile is committed to enhance value in a sustainable way for its stakeholders, the basis of success in a modern world.

Expand our market presence across the country and globe.

Winsome Textile is focused on the international markets with a presence across more than 50 countries.

Manufacture products backed by a strong innovation and culture.

Winsome Textile has extended beyond commodity yarn products, enhancing respect as a value-added yarn manufacturer.

Create a company that delivers growth.

Winsome Textile is focused on enhancing value across parameters (installed capacity, production, revenues, proportion of revenues from value-added products, responsible effluent treatment etc.).

Innovation and value-addition have been the core motto of Winsome Textile.

Winsome Textile is committed to enhance profitability, strengthening its financial sustainability.

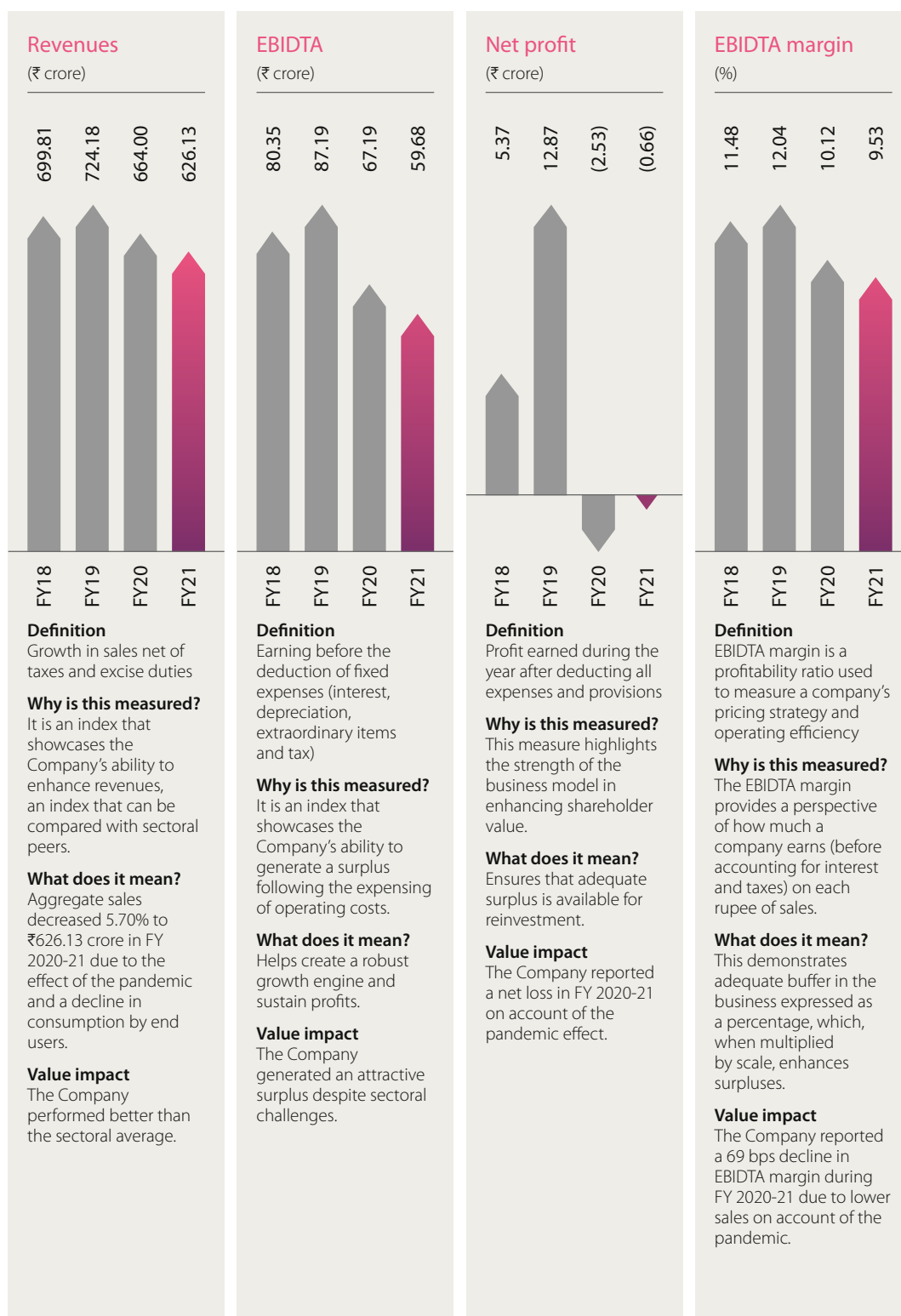
We strive to maximise the value of our product offerings.

Winsome Textile will continue to address increasingly demanding customer needs, translating into superior realisations.

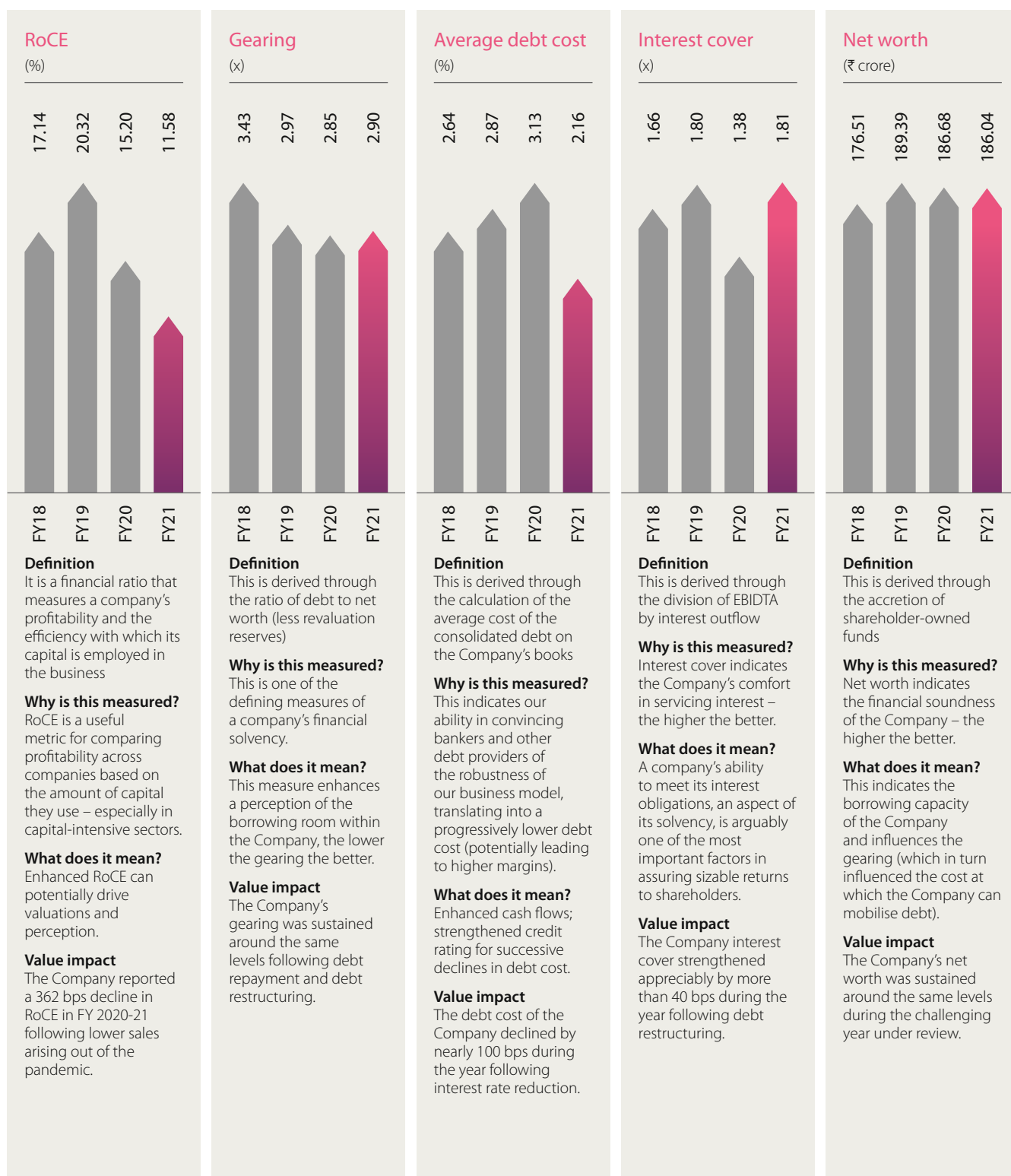
Our goal is to understand the needs of our customer and deliver solutions through our products.

Winsome customises products that makes it possible to extend deeper into the business model of customers, evolving transactions into relationships.

# How we performed in the last few years







# Winsome. The one word that is synonymous with the Company is 'distinctive'



## Specialisation

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

**11.58**

% RoCE achieved in FY 2020-21

## Broad-basing

At Winsome, we have selected to broadbase our clientele

**50+**

Number of countries of the Company's sales presence, FY 2020-21

## THE PASSION OF WINSOME

# How we enhanced our respect as an environmentally-responsible manufacturer



The global apparel industry is passing through a positive transition. The consumer who consistently sought the lowest priced product is now making a change in her/his purchase consideration. She/he is now asking 'Has the garment been manufactured with recycled raw materials?'

In turn, apparel brands are turning to fabric manufacturers, who are reaching out to their yarn suppliers like Winsome Textile for an increased requirement of sustainable fibers in their resource mix.

A forward-looking player like Winsome Textile has responded with speed to this irreversible development. The Company increased the consumption of

green fibers within its resource mix. The Company has established a reputation for being able to utilise sustainable fibers in the manufacture of complex value-added yarn.

The result is that Winsome Textile is not merely supplying this sustainable fiber manufactured from the recycling of PET bottles; it is helping make the world a cleaner place.

The Company more than doubled the proportion of sustainable fibers in its resource mix to 30% during the year under review.

*The passion of Winsome will prevail.*

# How we enhanced utilisation and quality, transforming our dyeing house into a profit driver



When we invested in a modern dyeing house, our equipment collaborator indicated the nameplate capacity that the equipment would not be able to exceed.

At Winsome Textile, we responded to the challenge of stabilising the equipment around the rated capacity before we resolved to extend the frontier.

The Company strengthened its process controls; it utilised the residual space within the equipment.

By the virtue of additional investments and a sense of passion, some positive upsides have been generated.

Over the course of four years, the process time has declined 20%, making it possible to operate more batches within a given time.

The Company moderated wastage percentage by half (among the lowest

in the country), strengthening overall efficiency and sustainability.

The Company enhanced machine capacity loading by nearly 30% over the nameplate capacity without compromising quality, emerging as a model among dyeing houses commissioned by the equipment supplier.

*The passion of Winsome prevailed.*

## THE PASSION OF WINSOME

# How we pleasantly surprised a prominent international client seeking an urgent consignment



At Winsome, we commit to deliver customised yarn to our international clients from orders as small as 10 Kgs to 5,000 Kgs within a 25-day turnaround. This reinforced our respect as an 'anytime any quantity vendor' among specialty yarn customers the world over.

This commitment was tested during a challenging FY 2020-21. There was a decline in the availability of workers; there was a disruption in the logistical network from our manufacturing facility in North India to ports in West India;

later in the year, there was a decline in the availability of shipping containers and a sharp increase in freight costs.

At Winsome Textile, we continued to insist: 'We will deliver'.

So when a prominent international brand communicated its requirement – in less than the time it usually took for us to dispatch – our first response was 'We will do everything that it takes to make it happen'.

We rescheduled our production planning. We empowered workers. We

engaged with logistic partners.

What we achieved pleasantly surprised our demanding customer.

Winsome Textile delivered its first consignment (branded 'Rapido Melange') in a little more than a fortnight, nearly two-thirds of the time that it would have normally taken to dispatch.

*The passion of Winsome prevailed.*

# At Winsome Textile, we are at the right place at the right time



## The fourth quarter

At no point during the course of the last year was the capacity of the Company to capitalise more evident during a record last quarter.

I am pleased to communicate that Winsome Textile reported its best ever quarter during the last quarter of the last financial year. Sales increased 7.67% over the immediately previous quarter. There are two important numbers I must draw your attention to: the Company reported an EBITDA margin of 14.36% during this last quarter, which compared with 9.53% reported for the full year under review and 10.12% with what the Company achieved in FY 2019-20. The improvement in the margins reported by the Company indicate a strengthening of the business model and the capacity of the Company to capitalise with speed on emerging opportunities.

The second number that I must draw the attention of our shareholders to is that of interest cover (EBIDTA divided interest outflow). My reference to this number comes in the backdrop of a growing priority for financial liquidity. At a time when the global economy is hesitant and consumer spending muted, there is a priority for businesses to remain liquid. A rise in our interest cover from 1.38 in FY 2019-20 to 1.81 in FY 2020-21 and a peak of 3.47 in the fourth quarter of FY 2020-21 indicates a growing liquidity.

This does not just indicate that the worst is over for spinning companies like ours; it indicates that a robust recovery is underway and that the Company moved with speed to capitalise.

## The global scenario

The sharp improvement in our performance of the fourth quarter was the result of a structural shift that has begun to transpire in the global textile sector.

The US administration announced that it was considering trade sanctions against the imports of textile yarn and garments utilising cotton grown in China's Xinjiang province. The proposed trade sanction was

## Overview

There are two ways to appraise the performance of our Company during the year under review.

The conventional way would be to compare the annual performance of FY 2020-21 with that of the previous year. Based on this approach, the Company reported a 5.70% decline in revenues and a 73.93% increase in profit after tax. We believe that even when seen from a conventional prism, the Company reported a reasonable performance, given that the performance was effectively based on ten months of operational performance, the

first two months being washed out on account of the lockdown announced in the wake of the pandemic.

The conventional appraisal would be on the basis of the recovery that we reported across the four quarters of the last financial year. The Company reported revenues of ₹95.59 crore in the first quarter; thereafter, revenues rose every single quarter and peaked at ₹192.19 crore in the fourth quarter of the last financial year. The capacity of the Company to report growth quarter-on-quarter is partly a commentary on the global recovery and partly on the Company's capacity to capitalise.

on account of the perceived mistreatment by China's administration of its Uighur Muslim minority community, as highlighted by the international media.

The proposed trade sanctions implied that the western world (influenced by the United States administration) would boycott exports from China unless the latter country could prove that its cotton products were not made from harvests out of Xinjiang, putting a premium of integrity and traceability.

Should this trade sanction sustain – as it appears it may – India could substantially benefit. India is the world's largest cotton producer and the world's second largest cotton yarn producer. When China's cotton and cotton yarn are removed from the global market, these are some of the realities that we expect will transpire: increased exports out of India of cotton and yarn; higher realisations for cotton yarn; a switch in supply chains from China; evolution of India from a distant Plan B within the global cotton yarn and cotton apparel eco-system to a long-term partner. We see this as a decisive shift in global policy that could benefit India into the long-term.

### The Winsome advantage

At Winsome Textile, we are attractively placed to capitalise on this structural shift.

We are a predominantly cotton-based yarn manufacturer; 80%+ of our revenues were derived from yarn varieties that were made using cotton (cotton melange yarn down to cotton blended yarn). The Company retained its position among the top 100% cotton melange yarn manufacturers in India. The Company is respected – globally and within India – for its ability to customise products as per the evolving and demanding needs of marquee customers. The range of yarn that we manufacture, coupled with our ability to understand customer needs and work backwards (blending different fibers) to arrive at desired needs, makes us a brand that inspires the following recall: 'One-stop solution provider.' The result is

that by the virtue of our brand recall, fabric manufacturers are being increasingly asked by apparel brands to buy yarns from our Company.

The Company's manufacturing facility is proximate to the cotton belt of North India. A large part of our Company's cotton appetite is sourced from within a 300 Kms radius. During the year under review, the average price at which the Company's cotton appetite was procured was attractively lower than the peak price for that season or year. The Company's cotton requirement was procured from agencies who, in turn, sourced from hundreds of farmers, broad-basing the Company's purchase.

The result is that Winsome Textile possesses the scale, stability, scope and sophistication to generate sustainable growth across the foreseeable future.

### Enhancing value

At Winsome Textile, we recognise the importance of translating our potential into value for our stakeholders.

During the last few years, the Company consistently mobilised debt to build capacity; this was done on the assumption that the Company's competitive advantage would translate into consistent revenue growth. The slowdown in the Indian economy and the pandemic-induced disruption were unexpected developments.

The cumulative impact of external realities that could not be controlled warranted a one-time restructuring of the Company's debt repayment. Following this restructuring, our debt profile will be extended, the repayment will be done across a longer period and the improvement in cash flows will begin.

The Company enjoys among the better margin profiles, closer to the highest enjoyed within the sector. The complement of a higher interest cover and attractive margins should strengthen our credit rating and attract investors.

The range of yarn that we manufacture, coupled with our ability to understand customer needs and work backwards (blending different fibers) to arrive at desired needs, makes us a brand that inspires the following recall: 'One-stop solution provider.'

### Conclusion

At Winsome Textile, we are at the right place at the right time.

We expect to capitalise by entering into robust and stable supply chains of some prominent apparel brands seeking to defray their excessive dependence on China. We are optimistic that this re-balancing will not be limited to a few quarters; it could extend into a multi-year reality that transforms our Company's scale and enhances value for all those invested in our Company.

### Ashish Bagrodia

*Chairman and Managing Director*

# The financial framework of Winsome

## Overview

Winsome Textile reported a recovery following the challenging first quarter, rising to a record performance during the last quarter. This section explains the financial model of the Company that made it possible to recover with speed following a sectorial improvement.

## Capital efficiency

Winsome Textile reported an RoCE of 11.58%, which was lower than what the Company reported in the past, largely a result of the sharp decline in the first quarter. The Company reported a sharp improvement in the fourth quarter and this momentum is expected to sustain. The Company is confident that capital efficiency will improve following the debt restructuring expected to be concluded in the following year. Following this restructuring, the competitive advantages of the Company's presence in a yarn niche will be increasingly manifest.

## Credit rating

At Winsome Textile, the Company was rated at BBB- for long-term debt and A3 for short-term debt. The objective of the Company will be to report improving performance during the current year and graduate to an improved rating. The credible credit rating makes it possible for Winsome Textile to renegotiate with banks and enhance low-priced debt availability.

## Debt restructuring

At Winsome Textile, we engaged with lenders during the current financial year to extend the tenure of our term loans by two years on a ballooning basis, which had an impact on our interest cover (EBIDTA divided by interest outflow) under review: rising from 0.05 in the first quarter to 3.47 in the fourth quarter. The restructuring will sustain the Company's liquidity for timely repayment and reinvestment in the Company's gross block.

## Business mix

At Winsome Textile, we manufacture yarns and knitted fabric, generating a large portion of our revenues from the former. The knitted fabric segment was introduced to enhance value-addition, enhance captive yarn consumption and broad-base the Company's excessive dependence on yarns. Yarns accounted for 75+ % of the Company's revenues during the year under review.

## Business health

At Winsome Textile, our focus is business hygiene, reflected in the manner in which we manage our working capital. Our receivables cycle for domestic sales was a reasonable 52 days of turnover equivalent and 103 days for exports; our inventory turnover (days of turnover equivalent) was 114 days in FY 2019-20 and increased to 126 days in FY 2020-21.





### Surplus allocation

Winsome Textile reported ₹20.12 crore in cash profit during the year under review; ₹14.41 crore was generated in the last quarter. The Company selected to invest a part of the accruals in technology up-gradation and de-bottlenecking to improve efficiency and plant utilisation, expected to strengthen the Company's competitiveness.

### Financial foundation

The Company ended the year under review with a robust financial foundation. As on 31st March, 2021, the Company had ₹186.04 crore in net worth. The net worth was the result of a systematic accumulation of surpluses aggregated over the years. There will be a growing bias towards net worth from this point, which will moderate the size of the Company's Balance Sheet and enhance the size of the Profit & Loss account, strengthening shareholder value.



## Our financial hygiene

### Our debt cost (%)



### Our receivables cycle (days of turnover)



### Our finished goods inventory cycle (days of turnover)



# At Winsome Textile, a robust ESG framework represents the article of our faith

## Overview

At Winsome, a responsible environment-social-governance framework makes our business sustainable, enhancing our respect as a responsible corporate citizen.

In a world increasingly committed to complete and holistic responsibility, there is a premium on addressing each component of the ESG framework with the objective to enhance value for all stakeholders.

## Winsome Textile and ESG

At Winsome Textile, a responsible environment-social-governance (ESG) commitment is critical, considering that we manufacture a product, employ people, utilise natural resources and where our product is used by people in everyday living.



**Our environment component** ensures that we consume environmentally responsible resources, utilise only an optimal amount of finite fossil fuels; we recycle waste, moderate our carbon footprint and build resistance to climate change.



**Our social component** addresses a proactive investment in talent, relationships (customer and vendors) and social responsibility.



**Our governance component** indicates how we will do business, indicating strategic clarity, explaining conduct codes, highlighting Board composition, indicating an alignment with UNGC principles and extensive de-risking, among others.

This comprehensive platform – environment, social and governance or ESG – makes it possible to strengthen our sustainability framework, generate long-term growth across market cycles and enhance value for all stakeholders.

## HSE policy at Winsome Textile

Winsome Textile 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
- Reduction 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 Winsome (employees, vendors, customers and the external community).



# Our environment commitment

At Winsome Textile, we are engaged in a business that must continuously validate its responsibility. This is done through the creation of an environment policy, allocation of responsibilities, investment in cutting-edge technologies that moderate resource consumption, a commitment to ongoing documentation cum audits, responsible target-setting and adequate disclosures.

The Company's environment commitment has been structured around the 4R's – reduction, replacement, recycling and renewable.

### Reduction

The spillage of hydrochloric acid, while being transferred to the dye house, was minimised through preventive measures with the aid of a mechanical pump. The use of enhanced technology minimised air pollution. The Company

invested in advanced technology to moderate the consumption of power in yarn manufacture, enhance people productivity, increase output per spinning machine and moderate the consumption of water in dyeing.

### Replacement

The Company periodically replaces/ upgrades its existing plant and machinery etc. to meet its requirement.

### Recycling

The Company has moderated resource waste (cotton) at the primary manufacturing stage; the waste is recycled into yarn products.

### Renewable

The Company invested in hydro-power generation, which accounts for 20% of the Company's power appetite.

## Recognised

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

## Some numbers

2.5%

% of water we recycle

~85

% steam condensation recovered

~10

% heat energy recovered

20%

% of power appetite addressed through hydro-power generation

Our environment performance is periodically audited by Bureau of Indian Standards

### Key initiatives in FY 2020-21

- In four years, the Company reduced water consumption per Kg of production from 160.39 litres in FY 2017-18 to 130.01 litres in FY 2020-21

### HSE-strengthening 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).

## Our energy conservation initiatives

# 180

Number of LED light tube rods (18W) installed in FY 2020-21

# 23,876

kWh, Energy conserved through the installation of LED light tube rods (18W) in FY 2020-21

# 35

Number of LED street lights installed in FY 2020-21

# 5,804

kWh, Energy conserved through the installation of LED street lights in FY 2020-21

# 5

Number of VFD for R/F pneumafil motor installed in R/F 26-30 in FY 2020-21

# 24,310

kWh, Energy conserved through the installation of VFD for R/F pneumafil motor in R/F 26-30 in FY 2020-21

# 4

Number of LED High bay (100W) installed in FY 2020-21

# 720

kWh, Energy conserved through the installation of LED High bay (100W) in FY 2020-21

# 20

Number of LED down lighters installed in FY 2020-21

# 1,020

kWh, Energy conserved through the installation of LED down lighters in FY 2020-21

# 4

Number of LED Panel Plano Surfaces installed in FY 2020-21

# 58

kWh, Energy conserved through the installation of LED Panel Plano Surfaces in FY 2020-21



# Our social commitment

At Winsome Textile, we address the needs of our vendors, employees, customer and the community. This 'soft' focus keeps us in business through relationship stability.

**Employees** We are committed to respect the vision of human rights not merely as another box to be ticked but a benchmark specifying the lowest acceptable limits. Unless a candidate produces an Aadhar card, we do not recruit; we ensure that the individual's age is verified.

The Company protects the well-being of employees through the use of personal protection equipment (goggles, special gloves and shoes).

The textile industry consists of a number of processes (spinning, dyeing and knitting) that are required to convert fiber 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. The Company undertook a number of counter-initiatives addressing the interest of various stakeholders.

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 OCIs regarding aspect/impact and hazard/risks; engaged in regular HSE issues in communication meetings.

Besides, the Company invested in the following equipment to reinforce its HSE commitment: fire extinguishers in each sections 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 repellent in each working area; commissioned a dedicated dispensary and medical staff; provided a dedicated ambulance for plant workers; provided medicines to workers; conducted medical camps.

The Company abides by International Labour Organisation's standards. There is no discrimination with respect to employment on the basis of caste, colour, creed, sex and place of residence;

merit is the only criteria for employment and promotion.

Women workers are trained in technical and non-technical aspects; a pick-and-drop facility is provided.

At Winsome Textile, we have a Works Committee that intercedes on behalf of workers and minimises external interference. This Works Committee is empowered to freely negotiate with the management on all matters of relevance. With the start of the collective bargaining, Joint Councils and Quality Circles have been promoted, which resulted in the active participation of workers in the management, leading to a cordial working environment.

**Vendors** At Winsome, we work with vendors who share our vision for superior quality, timely commissioning of capacities and systemic predictability. We utilise quality resources (fiber and consumables) and equipment. This has sustained a high quality of materials used and a high asset utilisation, the basis of our sustainability. In turn, this has helped us protect delivery schedules to customers.

**Customers** At Winsome, we service the customised needs of our fabric manufacturing customers, making us central to their growth plans. Besides, we manufacture customised yarns, which empower our customers to introduce innovative features in their products.

**Community** The Company engaged with the community around its manufacturing locations, widening its circle of prosperity in line with the United Nations' Sustainable Development Goals.

## 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

# Our governance commitment

At Winsome Textile, we have strengthened our sustainability through strategic clarity and sustainability

**Stakeholder value** At Winsome Textile, 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.

**Global** At Winsome Textile, we recognise that we are engaged in a global business, influenced by international customers, mindsets, processes, practices and trade partners. This international flavour of our Company is a core element of our governance, where we recognise the need to align and comply with international benchmarks.

**Integrity** At Winsome Textile, we recognise that we may be engaged in the manufacture of yarn, but essentially we are engaged in the practice of credible practices that enhance a sense of integrity, ethics and fair play.

**Board of Directors** At Winsome Textile, we place 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.

**Solution** At Winsome Textile, 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. The result is that we are often trusted as a go-to solution provider.

**Credibility** At Winsome Textile, 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. 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 Textile, we are engaged in our business for the long-term. 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 sustainability.

**Niche** At Winsome Textile, we have selected to specialise in niche yarns (mélange, dyed and speciality) coupled with an extension to knitted fabric. This relatively focused field of competence represents our biggest insurance against cyclicity.

**Passion** At Winsome Textile, we believe that the most passionate 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.

**Enduring** At Winsome Textile, we have integrated deeper into customer plans, manufacturing customised products, enhancing our service responsiveness and graduating from a company tucked away in one part of the world to an effective extension of our customer personalities.

**Calibrated** At Winsome Textile, 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) will enhance our profitability across market cycles.

**Process** At Winsome Textile, we focus on the 'how' over the 'what', reflected by a framework of processes, audits, IT investment, checks and balances that have translated into systemic predictability.

**Superior profitability** At Winsome Textile, we have focused on retaining our position as a yarn manufacturer reporting an EBIDTA margin higher than our industry average. We measure this superior profitability through our EBIDTA margin and RoCE. We desire to be in the topmost percentile of companies within our space in terms of EBIDTA margin and RoCE; besides, we aspire to strengthen our margins and capital efficiency across blocks of five years (2020 to 2015 compared with the previous five years) that makes it possible to smoothen commodity volatility. We believe that a higher-than-sectorial margin and capital efficiency are sustainable: they enhance efficiency of the Balance Sheet, financial resource and managerial bandwidth, making it possible to reinvest and accelerate the operational engine.

**Value-added** At Winsome Textile, 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 value-added impact is higher. In FY 2020-21, Winsome consumed yarns manufactured by it within to produce knitted fabric, enhancing value-addition and profitability. Besides, our integration comprises dyeing and renewable energy generation.

**Broad-basing** At Winsome Textile, broad-basing has helped us moderate an excessive dependence on any one product segment, geography or customer. This has helped reduce the risk quotient of our business. 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. The proportion of revenues derived from the global markets was 45% of our revenues in FY 2020-21; in turn, we spread across more than 50 countries in different continents, seeding our presence in a number of them with a large addressable headroom and capitalising on multi-year prospects.

**Service** At Winsome Textile, 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.

**Technology-driven** At Winsome Textile, we have periodically invested in cutting-edge technologies with the objective to generate superior manufacturing efficiencies, product quality and attachments for new product development.

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

**Sell and make** At Winsome Textile, we manufacture value-added melange yarns around a made-to-order approach whereas our mid-value melange yarns are stocked to sell, which balances our responsiveness to markets. At Winsome Textile, we derive the majority of our sales from 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 that often move faster in the marketplace (albeit at lower realisations) – a prudent balance of value and volume.

**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 Textile, we see our role as an efficient convertor of cotton and other fibers 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 in our raw materials or finished products that could distract us from our organisational focus.

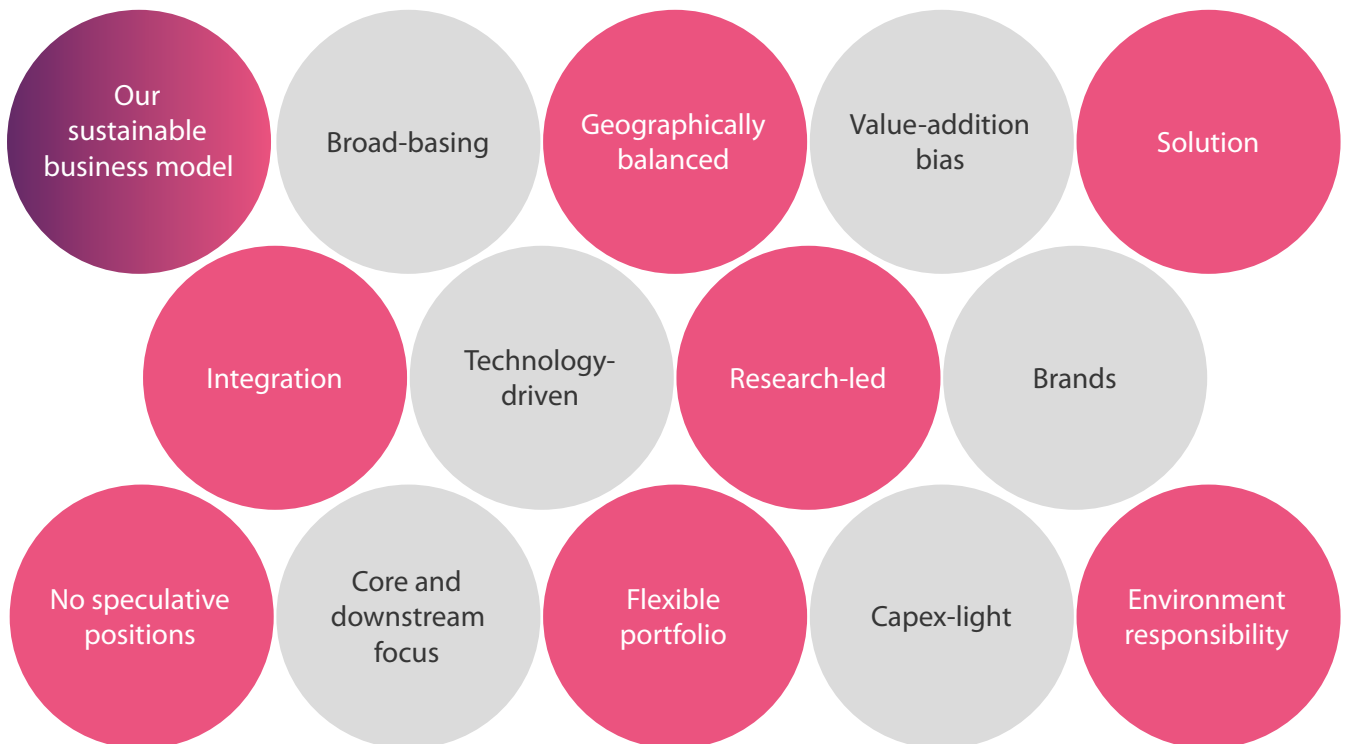


**Core and downstream focus** At Winsome Textile, we invested in core (yarn) and downstream investment (knitted fabric). The integration of these two has provided us with a platform on which to build our business. We believe that niche yarns represent the future of the sector on account of a growing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

**Flexible portfolio** At Winsome Textile, 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 Textile, 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 de-bottlenecking 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.



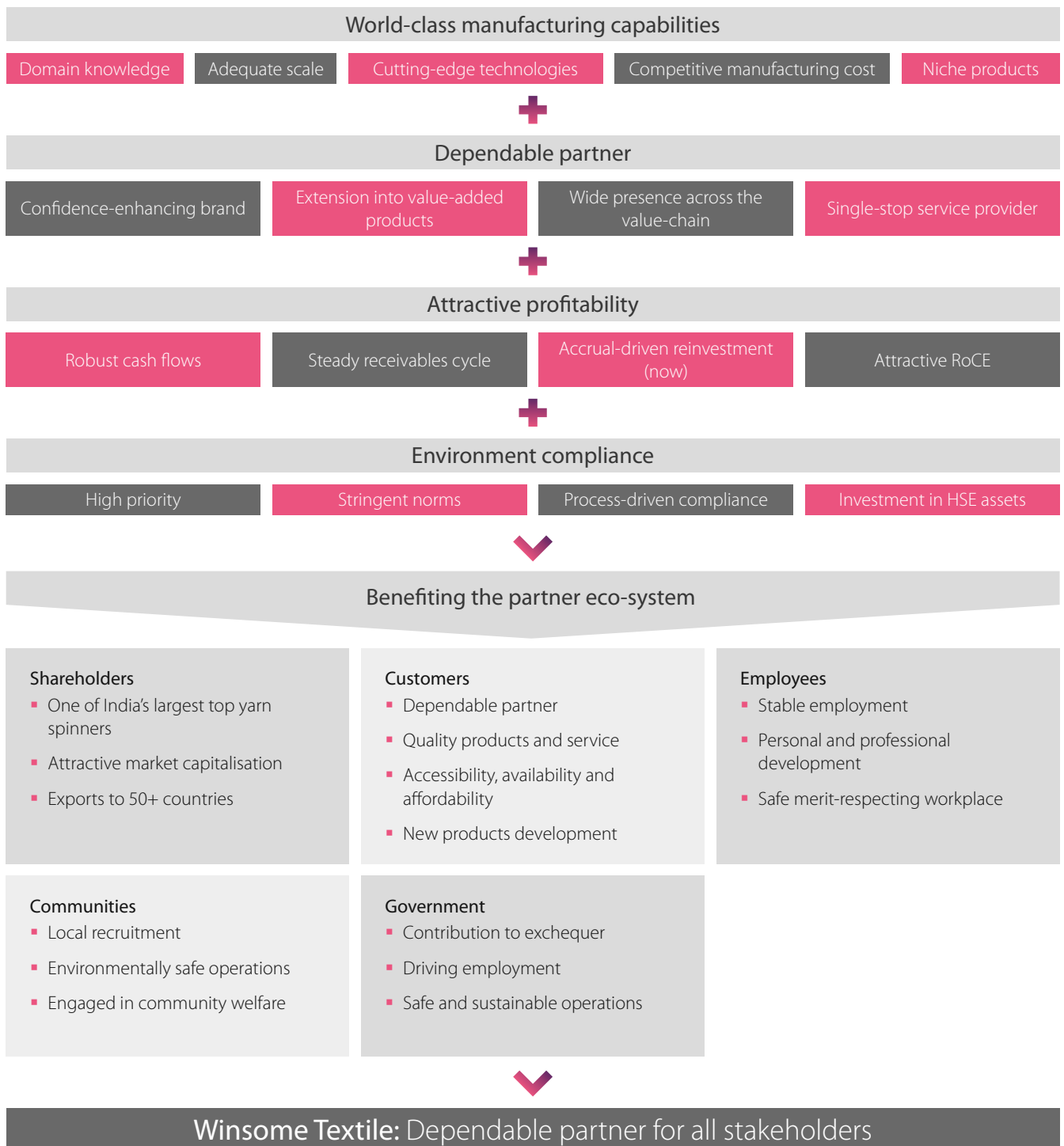
# A blueprint for shareholder value creation

The various initiatives we intend to undertake to enhance sustainability

<p>1</p> <p>Supply chain stability</p>	<p><b>Our response:</b> Deeper engagement with garment and apparel makers</p> <ul style="list-style-type: none"> <li>Responsible marketing around supply chain stability</li> <li>Articulation of 'soft' business compliance</li> <li>Demonstration of superior service (on-time, in-full)</li> <li>Highlight stability of the Company's eco-system</li> </ul>	<p><b>Desired outcomes</b></p> <p>Value-added niche yarns</p> <hr/> <p>Extended debt repayment profile</p> <hr/> <p>Superior margins and RoCE</p> <hr/> <p>Larger investable resources</p> <hr/> <p>Probable debt repayment</p> <hr/> <p>Lighter Balance Sheet</p> <hr/> <p>Stronger credit rating</p> <hr/> <p>Enhanced valuation and superior shareholder returns</p>
<p>2</p> <p>Virtual marketing</p>	<p><b>Our response:</b> Digitalisation of the library</p> <ul style="list-style-type: none"> <li>Market on the basis of a digitalised swatch</li> <li>Reduce marketing costs; enhance personal safety</li> <li>Facilitate quicker decision-making turnarounds</li> <li>Leverage customer trust in the Company's judgement</li> </ul>	
<p>3</p> <p>Investor aversion to debt</p>	<p><b>Our response:</b> Re-negotiation of debt terms with bankers</p> <ul style="list-style-type: none"> <li>Increase tenure of short-term loans</li> <li>Ease working capital pressure</li> <li>Enhance liquidity</li> <li>Strengthen interest cover</li> </ul>	
<p>4</p> <p>Competitive pressure on volumes and realisations</p>	<p><b>Our response:</b> Manufacture niche yarns</p> <ul style="list-style-type: none"> <li>Relatively protected offtake and realisations</li> <li>Positioned beyond the commodity end</li> <li>Respect-enhancing customer engagements</li> <li>Positions the Company as a partner (not just a vendor)</li> </ul>	
<p>5</p> <p>Marketplace reality: Volatile markets</p>	<p><b>Our response:</b> Increase capacity utilisation</p> <ul style="list-style-type: none"> <li>Engage in selective capacity debottlenecking</li> <li>Maximise asset utilisation</li> <li>Capitalise superior amortisation of fixed costs</li> <li>Enhance product availability and realisations</li> </ul>	
<p>6</p> <p>Marketplace reality: Customers need single-stop solutions</p>	<p><b>Our response:</b> Enhance fabric output</p> <ul style="list-style-type: none"> <li>Manufacture more knitted fabric</li> <li>Maximise yarn consumption from within</li> <li>Maximise value for every Kg of cotton fiber</li> <li>Move one step closer to apparel makers</li> </ul>	

# Our business graphically explained

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



# How we strengthened our yarn spinning business in a challenging year



## Our manufacturing capacities

Yarn production capacity

**1,10,000**

spindles

Yarn/fiber dyeing capacity

**30**

MT per day

Knitted fabric capacity

**8**

MT per day

Hydel power generation capacity

**3.5**

MW

## Snapshot

**55**

% of the Company's revenues from domestic sales, FY 2020-21

**342.59**

₹ crore, revenues from domestic sales, FY 2020-21

Among India's top spun-dyed and cotton and blended mélange yarn manufacturers

## Overview

In the yarn spinning function, the Company converts cotton and blends with polyester, viscose, linen fiber etc. into yarn.

The Company has graduated from the commodity end; it largely manufactures customised products, evolving the business to 'sell first, make later'. As a result, this business has been marked by enduring relationships leading to sustainable revenue visibility.

The Company has progressively specialised in the manufacture and export of cotton and cotton blended mélange yarn, speciality mélange and dyed yarn, among other products. It offers natural and manmade yarns in a range of blends (dyed, grey and melange) across count ranges

(8s-60s). The Company is respected for being a prominent mélange and dyed yarn manufacturer.

The yarn is used in knitwear, socks, woven and women's wear. The Company's yarn and fabric quality is acknowledged as world-class, finding growing traction within India and abroad.

The Company has progressively invested in new spindleage and downstream dyeing, enhancing operating efficiencies on the one hand and providing the customer with a single-point solution proposition.

As a responsible manufacturer, committed to the moderation of its carbon footprint, the Company has invested in automated and cutting-edge technologies to

moderate the consumption of power, people, water and other finite natural resources. The Company also enhanced the use of sustainable fibers (recycled polyester and recycled cotton, among others). As a responsible manufacturer, the Company consumes dyes and chemicals that are free of AZO, NPEO, APEO phenyles and formaldehyde.

### Challenges and counter initiatives

**Labour unavailability:** Following the COVID-19-induced nationwide lockdown in the first quarter of FY 2020-21, the Company was affected by worker shortage (a number of whom migrated to their villages or towns or never attended work for fear of infection). The Company made arrangements for the workers to return to work with a complete compliance with safety norms. The workers were tested for COVID-19; the Company provided quarantine and health centres coupled with meals and other support features; the Company deployed an ambulance for employees.

**Cost management:** Following the lockdown and the subsequent slowdown, there was a priority in cost management that would sustain the Company's viability during the down cycle. The Company focused on moderating overheads (power, fuel and consumables) coupled with equipment automation that enhanced people productivity.

**Travel issues:** Following the lockdown, travel was restricted. The Company responded to travel restrictions through the digitalisation of its swatch library to enhance the convenience of international engagement without compromising safety, at a time when physical engagements and travel became difficult.

**Sustainability:** There was a growing requirement from primary and secondary customers to enhance the proportion of 'green fiber' in yarns, fabrics and garments. The Company increased the proportion of green fibers during the year under review.

### Strengths

**Carbon footprint:** The Company established respect for moderating its carbon footprint following investments in plants, processes, practices and people. The result is that the Company's customers and end consumers possess the confidence that the yarn used in the end product (apparel) has been manufactured with clean and green processes.

**Portfolio:** The Company broadbased its risk at one end and enhanced its customer engagement at the other through portfolio expansion. The Company's portfolio comprises yarn and fabric, enhancing flexibility in responding to market needs.

**Brand:** The Company is a single point solution provider by the virtue of being able to provide a complete basket of melange and dyed yarns, one of the few companies in India with this capability, marked by an SKU range running into thousands of varieties (influenced by product, quantity, quality, applications and customers).

**Value-addition:** The Company focuses on the manufacture of value-added dyed yarns that generate realisations higher than the prevailing grey yarn average. The Company has been a consistent introducer of fancy and specialised melange yarn varieties (counts ranging from 8s to 60s).

**Innovative:** The Company developed Jaspe Raw white in C/P 70/30, Denim Waste Melange, Polyester Vintage Melange, Florescent Melange Yarns, Biodegradable Melange, Eco Star Raw White Sparkle Yarn, which are challenging products with distinctive properties.

**Inputs management:** The Company has demonstrated a capability in working with a range of fibers – cotton (from within India, USA and Egypt), polyester, nylon and wool fibers (virgin and recycled).

**Profitability:** The Company is a manufacturer of value-added yarn, validated by the fact that the Company's

EBIDTA margin was 9.53% in FY 2020-21 and declined below 13 to 14% only once in the last ten years.

**Customised:** The Company has established a respect for its competence, knowledge and insight leading to the manufacture of a yarn range of various counts customised around a range of applications. The result is a respect that the Company has developed: 'If you have a challenging yarn requirement, go to Winsome Textile.'

**Relationships:** The Company's business is marked by revenue visibility and engagement stability derived from an engagement with prominent fabric manufacturers servicing the demanding requirements of prominent Indian and international garment manufacturers.

**Footprint:** The Company's products are marketed in India (55% of revenues in FY 2020-21) and exports (50+ countries, accounting for 45% of revenues in FY 2020-21). The penetration in India and the extensive international presence has helped broadbase the Company's geographic footprint

**Scale:** The Company is among the leading Indian manufacturers of cotton and cotton blended melange yarn by spindleage, respect and economies (scale, procurement and other fixed costs).

### Outlook

The Company addresses an optimistic medium-term outlook in view of the US ban on the import of products manufactured using Xinjiang cotton from China, which could catalyse the Company's incremental capacity creation and sustainability.

## Building the business

In 2018, Winsome Textile launched a seasonal shade card – for the first time in its sector in India. 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. These shade cards are not just communicating what the Company possesses; it also indicates to customers what they can expect in terms of market preferences. The shade cards have proved popular because they are making it possible for customers to take informed decisions related to strengthening their business...using Winsome's yarns.

## 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

## New products, 2019-21

- 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
- Jaspe Raw white in C/P 70/30
- Denim Waste Melange
- Polyester Vintage Melange
- Florescent Melange Yarns
- Biodegradable Melange
- Eco Star Raw White Sparkle Yarn

## Our fabric manufacturing business

The Company comprises plants with the latest equipment and technology. We are a growing fabric supplier in India engaged in the development of new products, aiming to fulfill the customer's expectations. We offer customers a range of quality products and variety of designs.

We have a different fabric models like Blended Cotton melange fabrics in jersey, Pique etc...

### Types of fabric

» Knitted fashion

## BUSINESS ANALYSIS

# How we enhanced our international footprint and exposure

## Overview

The Company has extended beyond the domestic marketing of products and now sees itself as one committed to the sustainable export of value-added yarns. During the year under review, the Company generated 45% of its revenues from sales across 50+ countries. The Company's biggest achievement is that it has entered the supply chain of a number of prominent fabric manufacturers, who, in turn, provide products to marquee garment manufacturers. The result is that the Company is an integral part of some of the largest and most respected global textile sector supply chains.

## Challenges and counter-initiatives

During the year under review, logistical supplies were disrupted by the pandemic. Some global markets were closed even as others remained operational; however, within each, there was a perceptible decline in consumer spending with most purchases limited to 'must have' over 'nice to have'. In this volatile environment, there was an erosion in realisations; later, there was an appreciation in the cost of raw cotton, which temporarily affected earnings potential. In this slowdown, the principal priority of the Company was to protect the integrity of the Balance Sheet, which comprised a decline in revenues at one end and a sustained need to service debt on the other.

The Company responded with various initiatives to counter the impact of the slowdown. The Company digitalised its processes and marketing collateral, obviating the need for international travel for marketing products. The Company leveraged its brand, strengthening the offtake of cotton melange yarn. The Company enhanced customer confidence around the Winsome brand that made it

possible to approve quality requirements based on a digital swatch, strengthening trust. The result is that not more than 1% of the Company's clientele cancelled or deferred orders. Exports increased from 37.50% of revenues in FY 2019-20 to 45% in FY 2020-21, strengthening 13.26% over the previous year.

## Strengths

**Stability:** The Company's global presence comprises customers (and their garment-manufacturing consumers) who are unlikely to switch their vendors based only on price considerations. The engagements are generally quality-influenced leading to an overall price-value proposition as the basis of engagement, which is more stable leading to engagement and revenue visibility.

**Skill:** The Company's competence has been derived from years of exposure, resulting in an insight into shades, counts, treatments and blends, leading to collaborative engagements with customers in decoding the fashion preferences of consumers.

**Niche:** In a sector marked by a few thousand spinning companies, less than a dozen focus on the value-added segment where Winsome Textile is present.

**Brand-led consumers:** A structural shift is underway where consumers are evolving from the unbranded to the branded the world over; the latter segment is increasingly marked by superior garment characteristics and corresponding yarn quality, warranting engagements with speciality yarn manufacturers like Winsome Textile.

**Trust:** Winsome Textile is a trusted member of various supply chains and vendor eco-systems. This trust was validated during the last financial year when shades could not be physically checked due to logistical

disruptions; customers empowered a specialised player like Winsome to exercise its judgement, extend samples into production and deliver (products were well received).

## Achievements, FY 2020-21

The Company reported a 13.26% growth in exports by tonnage and a growth of ₹32.91 crore by value.

The proportion of exports in the Company's revenue profile increased from 37.50% in FY 2019-20 to 45% in FY 2020-21.

The Company enhanced the proportion of yarns manufactured using recycled fibers, strengthening its respect as a responsible manufacturer.

## Outlook

The Company is optimistic that the structural shift in the international markets for speciality cotton-based yarns is likely to sustain following the decision of the US to impose sanctions on Xinjiang-derived cotton exports from China. This reality is likely to widen the export opportunity from India, a reality marked by a large operating headroom. China's speciality yarn exports are estimated to be around US\$ 200 billion; the corresponding figure from India is a tenth of this figure. The structural shift that has opened up is likely to benefit focused exporters like Winsome, plugged into large and ongoing global supply chains. Even a ten per cent shift in exports from China into India could virtually double India's export of speciality yarns, disproportionately benefiting long-term players like Winsome Textile.

## News reports

### The Chinese government warned clothing brand H&M it will not earn a penny in the country if it refuses to buy cotton from the Xinjiang region.

29th March, 2021: H&M and other western brands are facing a backlash in China after they expressed concern about the alleged use

of forced labour in cotton production. China has been accused of forcing members of the mostly Muslim Uyghur minority to pick cotton in Xinjiang.

China denies this and, in recent days, critical brands have faced boycotts. In December, BBC published an investigation

based on new research showing China was forcing hundreds of thousands of minorities including Uyghurs into manual labour in Xinjiang's cotton fields. Last week, several western countries - including the UK, US, Canada and European Union members - imposed sanctions on officials in China over the situation in Xinjiang. (Source: bbc.com)

### China May Open Up to More Foreign Cotton After Xinjiang Ban

24th June, 2021: China looks likely to allow more cotton imports than usual this year after a U.S. ban on fiber from Xinjiang spurred some Western retailers to avoid material produced from the controversial region.

Washington banned entry of all products using cotton from Xinjiang early this year over China's alleged ill-treatment of its ethnic Uyghur Muslim minority. Hennes & Mauritz AB better known as retail brand H&M, also refused to use cotton from the region, which accounts

for around 80% of Chinese output and a fifth of the world's supply of the fiber.

The Biden administration is increasing pressure on China over Xinjiang, where advocacy groups and a panel of United Nations experts say Uyghurs have been subjected to mass arbitrary detention and forced to work against their will. The U.S. is poised to bar some solar products made in the region, according to several people familiar with the matter.

China's cotton imports have already increased following the U.S. ban, customs data show. Inward shipments have averaged around 2,75,000 tons a month in 2021, compared

with 1,79,000 tons last year and 1,54,000 tons in 2019.

The government could issue even more quotas later in the year if more textile export orders are diverted to China from India, said Mao Chengsheng, an analyst at Chaos Ternary Futures Co. As well as the additional quotas, Beijing may soon hold its annual sale of cotton from state reserves, said Wang Qianjin, a senior analyst at Shanghai International Cotton Exchange. The government sold 500,000 tons of cotton in the first such offer last July.

(Source: Bloomberg)

### U.S. ban on China's Xinjiang cotton fractures fashion industry supply chains

22nd February, 2021: Last month, Chinese cotton yarn maker Huafu Fashion sent a warning to investors. "Multiple American brands have canceled orders," Huafu said in a Shenzhen stock exchange filing, citing U.S. sanctions. "It's brought negative effects to the Company."

Huafu — which said it lost at least US\$ 54.3 million last year vs. a net profit of US\$ 62.5 million in 2019 — is one of the few suppliers to publicly acknowledge the sanctions' effects. But thousands of companies worldwide are affected after the United States blacklisted 87% of China's cotton crop — one-fifth of the world's supply — citing human rights violations against Muslim Uighurs in China's northwest Xinjiang region.

What's happening now in the fashion industry is rare in the history of global trade: a multibillion-dollar supply chain splintered almost overnight over a human rights issue. Cotton picked in Xinjiang winds up in garments cut and sewn across Asia, from Bangladesh to Vietnam, textile industry executives say. The U.S. ban applies to products "made in whole or in part" with Xinjiang cotton, "regardless of where the downstream products are produced," U.S. Customs and Border Protection said. (Source: Washington Post)

Patagonia announced in July it was "actively exiting the Xinjiang region," and said it told suppliers that Xinjiang fiber and manufacturing was prohibited. Gap, which encompasses the Old Navy and Banana Republic brands, said it has prohibited suppliers from sourcing products, components

or materials from Xinjiang, directly or indirectly. Ikea said it "stopped all shipments" to the United States containing Xinjiang cotton after the CBP ban. Ikea and H&M both said their suppliers have stopped new cotton purchases from Xinjiang because of the Better Cotton Initiative's decision last year to discontinue licensing cotton from the region.

Nike said it has confirmed its suppliers were not using textiles or spun yarn from Xinjiang and that it was communicating the new requirements to them. (Source: Washington Post)

China's official trade data reflects mixed effects of the sanctions. China's cotton imports rose by 16.7% last year, with the United States, Brazil and India the top suppliers. The country's exports of garments fell 6.4% year-on-year, but exports of all textiles rose 9.6%.

(Source: Washington Post)

### Developments

US Customs and Border Protection clarified in January 2021 that the ban applied to products 'made in whole or in part' from Xinjiang cotton 'regardless of where the downstream products are produced'. The Washington Post reported in December 2020 that US Customs and Border Protection was warning that ignorance was no longer an excuse. 'CBP's message to the trade community is clear: Know your supply chains'. Major US brands had been coming under growing pressure to abandon cotton from Xinjiang over the previous year. ASPI's report Uyghurs for sale in March 2020, highlighting the dependence on Uyghur forced labour by 82 major brands, contributed to that pressure.

The 'Better Cotton Initiative', which was started by the World Wildlife Foundation in

2005 to improve labour practices across the global cotton industry, last year suspended its licensing of Xinjiang-produced cotton, leading a number of major brands, including H&M, Gap, Nike and Ikea, to stop cotton purchases from the region. Some clothing brands are avoiding Chinese-made fabric altogether just to be certain they are not breaching US sanctions. It is easier for the US, which obtains 70% of its clothing imports from non-Chinese sources, to make that switch than it is for Australian importers, who get just 35% of their supplies from outside of China. (Source: aspistrategist.com)

The Xinjiang Uyghur Autonomous Region (XUAR) produces about 20% of the world's cotton; the province is China's largest textile and apparel exporter. Raw cotton from XUAR is also spun into yarns used in factories

worldwide, which means many companies are dependent on source inputs from XUAR, whether they are aware of this or not. It is estimated that around one in five cotton apparel sold worldwide contains cotton or yarn sourced from Xinjiang. Eliminating XUAR-linked imports and sourcing outright may lead to supply chain shocks, particularly as the world is fighting a pandemic. (Source: india-briefing.com)

Xinjiang Uyghur Autonomous Region (XUAR) in China accounts for 86% of all cotton produced in China. The province also spins around 70% of all cotton spun into yarn in China, and accounts for the vast majority of China's yarn exports. Roughly three-quarters of China's fabric exports are likely of Xinjiang cotton, according to the USDA.



## BUSINESS ANALYSIS

# How we have leveraged the value of our dyeing house to enhance our value proposition

## Overview

Over the years, the Company has emerged among the largest dyeing units in India, providing customers with the assurance of the right shades on the one hand and enhancing the value-added proportion of its product mix on the other.

## Strengths

**Scale:** The Company's dyeing house capacity of 30 MT per day is among the largest in India

**Sophistication:** The dye house comprises a range of imported equipment and laboratory rated among the best in India

**Global:** Nearly 40% of the dyed yarn was exported during the year under review, validating the Company's credibility

**Range:** The Company possesses a dyeing capability that comprises various blends (cellulosic, modal, Tencel, bamboo and polyester)

**Capability:** The Company has enhanced its competence in line with demanding market needs related to shade matching

**Service:** The Company moderated resource use and process cycle time, strengthening competitiveness, asset utilisation and service



## Achievements

The proportion of dyed yarn sales within the product mix was sustained at a high level in FY 2020-21.

## Outlook

The Company expects to sustain high asset utilisation complemented by service (right shade, low delivery tenure), strengthening the overall value proposition delivered by the Company.

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

**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

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

**Security:** Sectorial entry barriers through increased infrastructure needs (preparatory machines)

# The soul of our Company

Employees explain the passion of Winsome



I was at the store of India's most prominent premium innerwear brand. I felt the fabric used by their products. It resembled what we produce at Winsome. On requesting if the name of the supplier for that product could be provided, the person at the counter said that the product had been purchased from 'a reputed company called Winsome'. It made me proud to be involved in the manufacture of a product that enhances consumer delight."

**Shri Sanjay Kumar Kedia**

Sr. Vice President,  
Finance & Accounts



In fact, to talk about my personal relationship with the management, our CMD Ashish's father had appointed me in the Company back in 1985. We shared a father-son relationship and with his retirement, Ashish took his position. But even with the appointment of the new CMD, the love and respect remained unchanged. What else can one want from an organisation?"

**Shri Anil Sharma**

ED & CEO,



A number of moments at Winsome have been close to my heart but the one that stands out for me was how the Company assisted me during my son's accident. The hospital bill was a challenge and went into lacs of rupees. The Company did not hesitate to pay a sizable part. This is the reason why a number of employees have been working for 10 to 15 years with the Company."

**Shri J.K. Sharma**

Sr. Vice President,  
Administration



Our visibility and market reach are growing, which is making our business more profitable and sustainable."

**Shri Vipin Batla**

Sr. Vice President,  
Marketing



The best thing about Winsome Textiles is freedom to work, explore ideas and express them. The employee has a liberty from the top management to perform trials and perform it; if one fails one is empowered to try again."

**Shri Amit Yadav**

Associate Vice President,  
Dye House



Winsome provides a 'ghar jaisi' feeling. Being the senior in the exports department, I can say that the owners recognise the essence of this function as well as the importance of marketing. More than 80% of the staff has been working here for more than 10 years."

**Shri Alok Mishra**

Sr. Vice President,  
Exports



One of the most exciting things at Winsome is that we are always working on breakthrough products. Of course, there are hits and misses but that doesn't hinder our passion for innovation."

**Shri Harpreet Singh**

AGM,  
Innovation



For the safety of its employees, the Company has provided Mediclaim policies for its employees and their families, which is unusual for a Company of our size."

**Shri Videshwar Sharma**

DGM,  
CS & Legal



Winsome Textile treats employees well in terms of remuneration, respect, safe working environment and career growth. The result: a passion for innovation."

**Shri Raj Kumar Sharma**

Sr. GM,  
IT

# How Winsome Textiles protected the interest of stakeholders during the COVID-19 pandemic

## Community

### Impact

- The Company's plants are located in rural areas and the local communities were affected due to the lockdown as most people lost their jobs and were not earning a livelihood
- The local communities needed to be educated about proper sanitation

### Winsome's responses

- Provided support for affected communities
- Visited local essential workplaces in its areas of operation and sanitised them
- Educated local communities about proper sanitation practices

## Employees

### Impact

- Safety of employees was a concern
- Housing employees was a challenge
- Running the plants during the lockdown was a challenge

### Winsome's responses

- Shut the corporate offices even before the lockdown was announced
- Leveraged technology; transitioned to working from home
- Created a safe working environment at the plants with thermal screening, sanitation and social distancing

## Investors

### Impact

- Sustaining the topline and protecting the bottomline was a challenge
- Possibility of debt accumulation

### Winsome's responses

- Sustained focus on a healthy Balance Sheet and continuous de-risking
- Re-negotiated debt repayment tenor with bankers
- Focused cost rationalisation

## Customers

### Impact

- Demand of our institutional customers was affected, owing to their plant shutdowns
- There was a decline in consumer demand due to the inability to go out and shop

### Winsome's responses

- The Company continued to engage with customers (virtually), staying high on their recall
- The Company delivered quicker, helping customers respond faster to markets

## Suppliers

### Impact

- There was unrest due to trade disruption across the country
- Number of stoppages increased, increasing the transit time of materials
- Liquidity crunch of the suppliers

### Winsome's responses

- The Company monitored each incoming vehicle and stayed connected with drivers to counter transportation challenges
- The Company managed cash flows and ensured no payment deferrals to suppliers

# Management discussion and analysis

## Global economic review

The global economy reported a de-growth of 3.3% in 2020 compared to 2.9% in 2019, the worst contraction since World War II, on account of the outbreak of the novel coronavirus. The consequent collapse of the global economy had an adverse effect on consumer consumption and a range of sectors.

	2020	2019
World output	(3.3)	2.9
Advanced economies	(4.9)	1.7
Emerging and developing economies	(2.4)	3.7

(Source: IMF)

## Global economic growth over five years

Year	2016	2017	2018	2019	2020
Real GDP growth (%)	3.1	3.8	3.6	2.9	(3.3)

(Source: IMF; E: Estimated)

## Outlook

The global economy is projected to grow by 5.5% in 2021 largely due to the successful roll-out of vaccines across the globe, coupled with additional policy support in the large economies. (Source: IMF)



## Indian economic review

The Indian government announced a complete lockdown in public movement and economic activity from the third week of March 2020. This had a severe impact on the Indian economy during the first quarter of the year under review, which de-grew 23.9%, the sharpest de-growth experienced by the country since the index was recorded.

India's retail consumption reported a recovery following the lifting of social distancing controls. A number of sectors in India – real estate, steel, cement, home building products and consumer durables, among others - reported appreciable growth. The result is that India de-grew at an improved 7.5% in the July-September quarter and reported 0.4% growth in the October-December quarter and a 1.6% growth in the last quarter of the year under review.

The result is that India's GDP contracted 7.3% during FY 2020-21, largely on account of the sharp depreciation of the first quarters.

The Indian government moved with speed to arrest the spread of the pandemic, providing its health care sector adequate time to strengthen safeguards. The result is that India escaped with a relatively low pandemic impact given its large population; by the close of FY 2020-21, the number of recorded infected cases and fatalities had declined substantially as a per cent of the overall population.

India's manufacturing sector accounted for 17.4% (estimated) share in GDP after a reduction of 1010 basis points than last year's 27.5% share.

India began to report improving Goods and Services Tax (GST) collections month-on-month following the relaxation of the lockdown.

The per capita income was estimated to have declined by 5% from ₹1.35 Lac in FY 2019-20 to ₹1.27 Lac in FY 2020-21. A sharp slowdown in economic growth and a surge in inflation reflected on the country's currency rate; the Indian rupee emerged as one of the worst performers among Asian peers, marked by a depreciation of nearly 2.83% in 2020 from ₹71.28 to ₹73.30 levels before recovering towards the close of the financial year.

India jumped 14 places to 63 in the 2020 World Bank's Ease of Doing Business ranking and is the only country in the emerging market basket that received positive FPIs of US\$ 23.6 billion in 2020, ranking eighth among the world's top stock markets with an m-cap of US\$ 2.5 trillion in 2020.

The government sustained a number of economic reforms to revive investor sentiment. The government initiated structural reforms in agriculture, labour laws and medium-small enterprise segments. The labour reforms were intended to benefit MSMEs increase employment, enhance labour productivity and wages.

India extended the Partial Credit Guarantee Scheme by relaxing the criteria and allowing state-owned lenders more time to purchase liabilities of shadow banks.

Under the ₹45,000-crore partial credit guarantee scheme, announced as a part of the Atmanirbhar Bharat package, three additional months were given to banks to purchase the portfolio of non-banking financial companies.

The government approved amendments to the Essential Commodities Act and

brought an ordinance to allow farmers to sell their crop to anyone; the changes to the Essential Commodities Act, 1955, is intended to 'deregulate' agricultural commodities (cereals, pulses, oilseeds, edible oils, onions and potatoes from stock limits). The government approved the Farming Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020, to ensure barrier-free trade in agriculture produce.

The Government relaxed foreign direct investment (FDI) norms for sectors like defence, coal mining, contract manufacturing and single-brand retail trading.

The Union Cabinet approved the production-linked incentive (PLI) scheme for 10 sectors: pharmaceuticals, automobiles and auto components, telecom and networking products, advanced chemistry cell batteries, textile, food products, solar modules, white goods, and specialty steel. These incentives could attract investments in modern technology, catalysing India's journey towards becoming a global player.

#### Y-o-Y growth of the Indian economy

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Real GDP growth (%)	7	6.1	4.2	(7.3)

#### Growth of the Indian economy, FY 2020-21

	Q1	Q2	Q3	Q4
Real GDP growth (%)	(23.9)	(7.5)	0.4	1.6

(Source: Economic Times, IMF, EIU, Business Standard, McKinsey)

#### Outlook

The second wave of the pandemic affected the country's recovery in the first quarter of FY 2021-22. The Indian economy is projected to grow by less than 9.3% in FY 2021-22.

### Global textile and apparel industry overview

The global textile market size was projected at US\$ 1,000.3 billion in 2020 and is anticipated to grow at a CAGR of 4.4% between 2021 and 2028. Growth of the e-commerce platforms and rising demand for apparel from the fashion industry are demand drivers behind this projection.

The three principles around which the textile industry works are designing, production and distribution of different flexible materials like clothing and yarn. A wide range of finished and semi-finished goods in clothing, bedding,

medical, apparel and other accessories are processed through activities such as knitting, crocheting and weaving, among others.

The United States is the largest textile market in the North American region. It is one of the largest producers and exporters of raw cotton in the continent. The country is a leading importer of raw textiles.

An increasing trend of smart textiles has been witnessed in the market that uses optical fibers, metals and various conductive polymers to emerge as

environment-friendly. This is expected to assist in identifying and reacting to a number of physical stimuli such as mechanical, thermal or chemical and electric sources. A growth in consumer preference towards sustainable products is prompting textile companies to restructure their businesses.

The COVID-19 outbreak was a major disruptor of the textiles and apparel market. Global trade was restricted due to a decline in textile product consumption and disrupted supply chains amid imposed

lockdown, which impacted the market. However, the textile and apparel industry is anticipated to record a recovery following government support and increasing public awareness in terms of precautions.

The fashion segment accounted for the largest share in the textile market, which was more than 74% of the global revenue share in 2020 due to the increasing consumer spending on clothing and apparel. Additionally, a higher demand for crease-free suiting and shirting fabrics, as well as quality dyed and printed fabrics, is anticipated to drive the global market demand for textiles from 2021 to 2028.

An increase in the demand for formal and casual wear and other fashionable clothing, among all age groups of the global population, is the major growth driving factor for the market. Moreover, increasing population and urbanisation in the emerging economies of India, Bangladesh, Vietnam, Brazil and others are

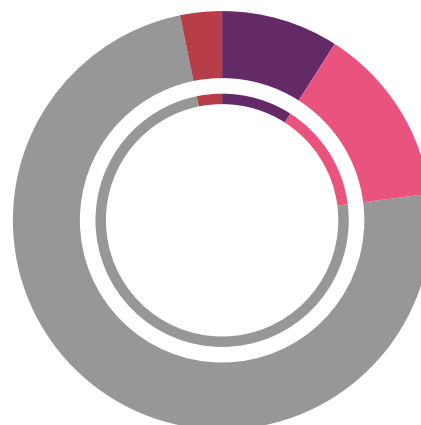
likely to catalyse the demand for clothing and apparel.

The demand for textiles in the technical segment is anticipated to rise at a significant 3.7% over the next eight years due to high-performance properties and end-user applications. Increasing applications in construction, transportation, medical and protective clothing strengthened the use of textiles.

The use of textiles in different areas of a household is one of the most prominent demand drivers for the sector. This includes bedding, upholstery, carpets, kitchen cloths, towel and others. Moreover, high consuming natural fibers such as linen and cotton, along with synthetic fibers, are used for manufacturing household textiles and are further propelling the growth of the market.

(Source: Grandviewresearch)

Global textile market share by application, 2020 (%)

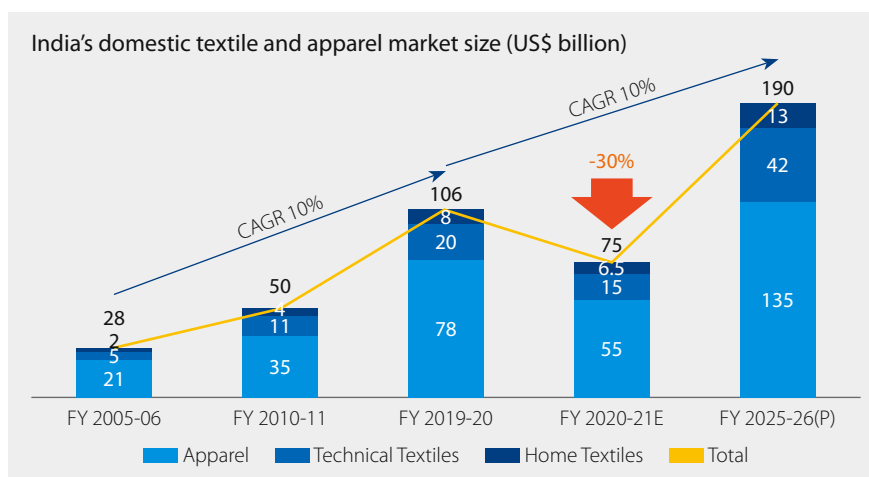


- Household
- Technical
- Fashion & Clothing
- Others

Source: www.grandviewresearch.com

## Indian textile and apparel industry overview

The Indian textile and apparel industry is estimated to have declined 30% from US\$ 106 billion in FY 2019-20 to US\$ 75 billion in FY 2020-21. The textile sector of India is one of the oldest industries in the economy. The market is expected to grow at a CAGR of 10% between FY 2019-20 and FY 2025-26 to US\$ 190 billion by FY 2025-26. Apparel constitutes ~73% share of the total textiles and apparel market in the country.



The industry is diversified, with hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital-intensive sophisticated mills sector is on the other end. The decentralised power looms/hosiery and knitting sector forms the largest component in the textiles

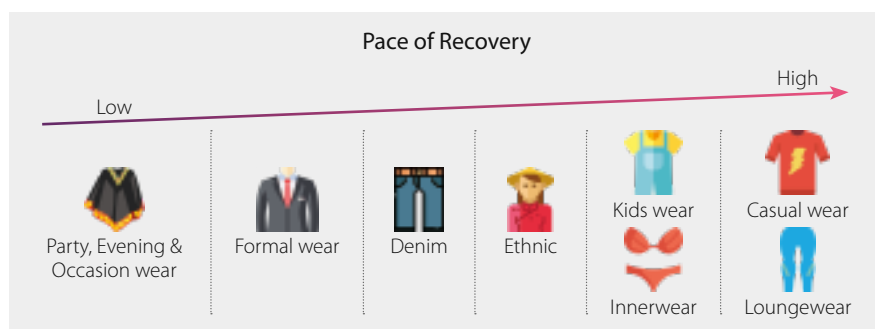
sector. The textiles industry is one of the most unique industries due to its close linkage with the agricultural sector (for raw materials such as cotton) and the ancient traditions of the country. This sector has a capacity to produce a variety of products suitable for different market segments

within India and across the world.

The textiles sector has employed approximately 4.5 crore workers. In terms of production, cotton is expected to have reached 36 million bales and in terms of consumption, the number is anticipated to have reached 26 million bales in FY 2020-21.

The textiles sector recorded appreciable growth in the last five years. The industry (including dyed and printed) attracted a total Foreign Direct Investment (FDI) of US\$ 3.68 billion from April 2000 to December 2020. The sales of kids wear and casual wear recovered faster, while ethnic wear and formal wear were the most affected.

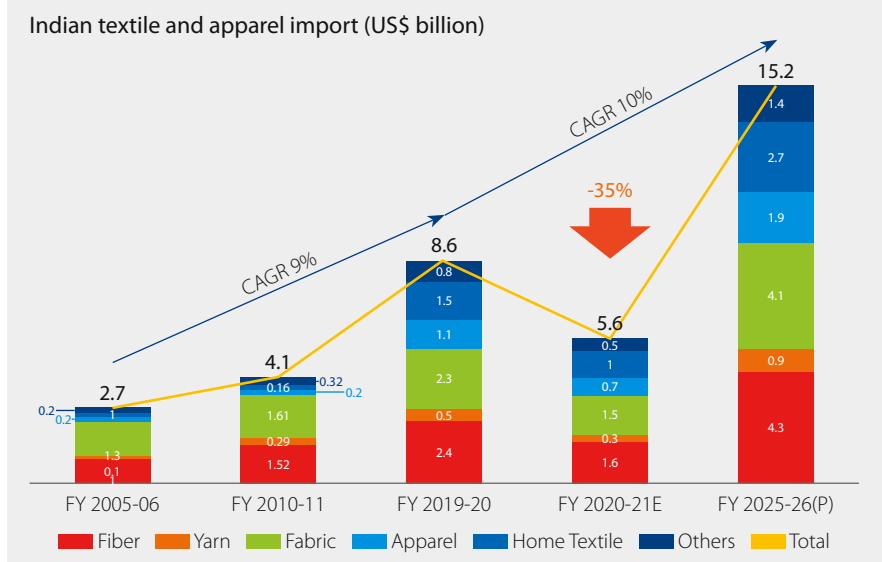
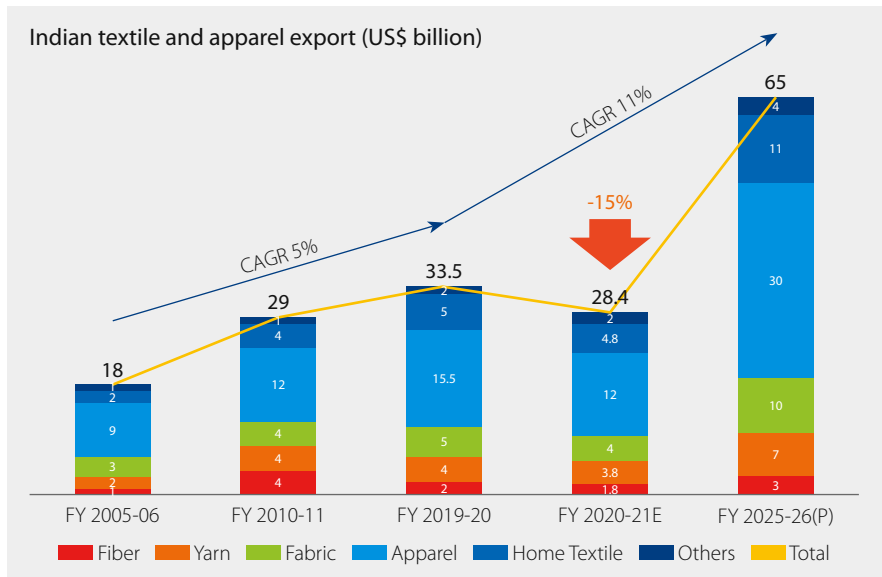
(Source: IBEF, apecindia.com)



## Indian textiles and apparel industry exports and imports

India's textiles and apparel exports declined from US\$ 33.5 billion in FY 2019-20 to an estimated US\$ 28.4 billion market size in FY 2020-21. Due to the impact of COVID-19, India's exports are expected to fall around 15% to US\$ 28.4 billion in FY 2020-21. The country's exports in this sector are anticipated to rise to US\$ 65 billion by FY 2025-26, a CAGR growth of 11%.

The country's textile and apparel sector witnessed a decline in imports from US\$ 8.6 billion in FY 2019-20 to an estimated US\$ 5.6 billion in FY 2020-21. Moreover, the imports of this sector are anticipated to grow at a CAGR of 10% and reach US\$ 15.2 billion by 2025-26.



(Source: aepcindia.com)

## COVID-19 impact on the textiles and apparel industry

The second wave of COVID-19 had a less severe impact on the textiles and apparel industry than the first. A disruption was seen in supply chains as there were partial lockdowns imposed in the major textile hubs like Surat, Ludhiana, Tirupur and Bhilwara, leading to a shortage of raw material inputs (yarn and fabric). Even though the cost of raw material increased, the final product did not exhibit a sharp rise. This supply chain disruption could lead to a 20-30% year-on-year reduction in topline in Q1 FY 2021-22.

**Manufacturing shutdown:** The industry went through a complete shutdown for around 2-3 months (Q1 FY 2020-21), barring a few manufacturers who were

allowed to function as they utilised their production systems for PPE manufacture. However, most of the units operated at sub-optimal utilisation levels for several months, which led to a decline in the industry's revenues.

**Suspended logistics:** Disruption in the logistics sector and freezing of external trade due to the pandemic had a similar effect on the value chain. The country's net trade in the months of April and May 2020 was estimated to be 50% lower month-on-month compared to April and May 2019.

**Cancelled orders:** Due to the uncertainty, the international and domestic buyers cancelled or suspended their orders, adding to the woes of the industry.

**Decline in physical retail sales:** Lockdown restrictions across the nation resulted in a decline in the retail sales of apparel for at least the first half of the financial year. Festive and wedding season sales were impacted.

**Emergence of new consumer trends:** The country's e-commerce sale of goods and apparel saw a sharp rise in 2020, the credit of which largely goes to a wider market. Work-From-Home drove the demand for casual wear apparel over formals.

(Source: Maier Vidorno, aepcindia.com)

## Global cotton yarn market overview

The global cotton yarn market was valued at US\$ 74,380 million in 2020 and is anticipated to reach a value of US\$ 95,530 million by the end of 2026, growing at a CAGR of 3.6% during this time span. China and India are the principal consumption regions of cotton yarn due to an increasing demand from downstream applications. In 2020, these regions occupied ~65% of the total consumption volume across the globe. With wide applications of cotton yarn, demand from downstream applications could increase in the coming years.

(Source: Wicz)

For 2020, the worldwide raw cotton market was worth US\$ 38.54 billion and projected to reach US\$ 46.56 billion by 2027, a compound annual growth of 2.74% from 2020 to 2027. India is the largest producer of cotton in the world, China, Pakistan and United States being the other major producers. Roughly one in five cotton garments sold globally contains cotton or yarn from Xinjiang. Of the total cotton produced in China, 86% is from Xinjiang. This amounts to 70% of all cotton yarn in China, the largest share in its yarn exports. China and India have been the core cotton consumers for decades. The domestic

consumption of cotton also explains why India is not the largest exporter of cotton, despite being its largest producer. The core importers are China, Bangladesh, Vietnam, Turkey and Pakistan. China's cotton exports in 2019 were US\$ 14.1 billion, equaling 26.6% of total global exports, while India contributed 11.8%, worth US\$ 6.3 billion and less than half of China's worldwide export, a gap India must aim to fill. (Source: wionews.com)

## Global spinning industry overview

The worldwide demand for textile yarn was valued at US\$ 11.9 billion in 2019. Growing at a CAGR of 4% between the periods of 2020 to 2026, the global yarn market is expected to reach US\$ 16 billion. Fabric being a basic necessity, the demand for yarn is expected to increase with a growing global population. The global population stands at 7.9 billion in 2021. By 2057, the global population is expected to reach 10 billion. As of 2020, China was the largest textile producing country, followed by India and USA. The rapid growth of the textile industry in the APAC region is largely attributed to the higher population. (Source: Globalnewswire, Worldometers)

## Indian spinning industry overview

India is expected to have produced 4,762 million Kg of yarn in FY 2020-21, as against 5,713 million Kg in FY 2019-20. This fall in production can be attributed to the COVID-19 pandemic, which caused a

nationwide industrial lockdown, halting production from 25th March, 2020 to 8th June, 2020 coupled with weakening domestic and global demand. The revenue of Indian cotton spinners is expected to decline 25-30% year-on-year in FY 2020-21. The recovery was slow due to sluggish domestic demand. After China, India was the second largest exporter of yarn, with an export value of US\$ 3.69 billion, accounting for 14% of the global market share.

(Source: AEPCindia.com, Business Standard, Statista)

## Drivers of India's textile industry

**Mask and PPE kits:** The COVID-19 pandemic resulted in the mass production of masks and PPE kits, an effective precaution against the virus.

**Rising urbanisation:** The urban population of India, which was at 34% in 2020, is set to increase to 39% in 2036. A majority of this population is young, who like to try the

latest fashion trends, leading to a growing demand in the textile industry.

**Growing population:** India is set to overtake China as the most populous country by 2025. The demand for clothes is expected to rise along with the growing population as clothing is a basic necessity.

**Growing presence of ecommerce:** The pandemic has forced people stay in their homes and use e-commerce platforms for shopping. This has allowed the textile market to continue business, without having customers to physically visit shops.

**Complete value chain:** For the textile industry, India is a lucrative market as the entire value chain is present within the country: from abundant availability of raw materials and cheap labour to a vast and diverse market for selling products.

(Source: Statistictimes.com, fashioningworld.com, The Wire, maier.vidorno)

## Government initiatives

The Indian government came up with a number of export promotion policies for the textiles and apparel sector. Moreover, it allowed 100% FDI into the sector under the automatic route.

In FY 2020-21, the UK was India's fourteenth largest trading partner, accounting for US\$ 8.7 billion in exports and US\$ 6.7 billion in imports. In March 2021, the Ministry of Textiles favoured limited deal for the India-UK free trade agreement that could act as a major boost for the garments sector.

A memorandum of understanding (MoU) was signed by the Ministry of Agriculture and Farmer's Welfare with the Central Silk

Board, under the Ministry of Textiles, on a convergence model to implement agro-forestry in the silk sector.

In September 2020, the Union Cabinet approved the signing of an MOU between textile committee, India and M/s Nissenken Quality Evaluation Centre, Japan, for improving the quality and testing Indian textiles and clothing for the Japanese market. This pact between the two countries on a co-operation in textiles will help Indian exporters meet requirements of the Japanese importers as per the latter's technical regulations. Under the Union Budget FY 2020-21, a National Technical Textiles Mission is proposed for

a period from FY 2020-21 to FY 2023-24 at an estimated outlay of ₹1,480 crore (US\$ 211.76 million).

To support the handloom and handicrafts sector, the central government took steps to get weavers/artisans onboard on the Government e-Marketplace (GeM) and provide a wider market, enabling them to sell their products directly to various government departments and organisations. As of 31st December, 2020, 1,71,167 weavers/artisans/handloom entities had been registered on the GeM portal. (Source: IBEF)



## Company overview

Winsome Textiles Industry Limited (WTIL) established its first greenfield venture in Baddi, Himachal Pradesh, in 1980. WTIL has grown from 16,000 spindles in the 1980s to 1,10,000 spindles, and its dye house has a capacity of 30 tonnes per day and yarn dyed fabric knitting a capacity of 8 tonnes per day.

The Company is led by a young and dynamic team of professionals and is a leading producer of melange, dyed and speciality yarns in the world. The Company is associated with more than 250 customers across 50 countries and 600-plus customers within India.

## 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

## Financial review

**Revenues:** Revenue during the year stood at ₹626.13 crore, as compared to ₹664 crore in FY 2019-20.

**Interest and finance costs:** Net interest and finance costs increased/decreased by

32% during the year.

**Profit after tax:** The Company registered a profit after tax of ₹(0.66) crore compared to ₹(2.53) crore in the previous year.

### Key ratios

Particulars	FY 2019-20	FY 2020-21
Debt-equity ratio	2.85	2.90
Return on equity (%)	(2)%	(1)%
Book value per share (₹)	94.28	93.95
Earnings per share (₹)	(1.28)	0.33
Debtors' turnover (days)	63	76
Inventory turnover (days)	114	126
Interest coverage ratio (x)	0.91	0.97
Current ratio (x)	0.92	0.93
Net profit margin (%)	(0.38%)	(0.11%)

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 2,220 as on 31st March, 2021.

Training is the cornerstone of the organisation, increasing productivity and flexibility. To maintain quality, efficiency and effectiveness, there is an ever-present need for unremitting up gradation of employees through training. The Company an interest in the training & development of its employees; this includes technical and behavioural training. A need-based annual training calendar is formulated, which covers technical and behavioural training. Employees are sent for external training programs to CII, PHD Chambers, NITRA etc.

The Company is engaged in TQM and Quality Circles, which at one end acts as a problem-solving tool and improves efficiency and on the other end encourages and motivates employees down the line to contribute towards enhancing the productivity of the Company.

Art of Living workshops were conducted to cover staff and workers, which led to self-development, spiritual enlightenment and enhanced happiness quotient.

The Company is engaged as a Training Provider with National Skill Development Corporation under Registration number 9187 for the following: Pradhan Mantri Kaushal Vikas Yojna for providing training to new/fresh apprentices; Recognised Prior Learning)at two centers at Baddi (under the Textile Sector Skill Council) for ring frame

tenter, ring frame doffer and autoconer tenter.

## 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.

## Internal control systems

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 OekoTEX 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.

# How we manage risks at Winsome

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

## Overview

Our risk management is influenced by the following

Identification	Evaluation/Assessment	Prevention and control	Reviewing and reporting
Anticipation of risk	Estimation of the probability of occurrence, severity, category and rating of risk	Articulating measures to avoid the occurrence of risk, limit severity and reduce consequences; selecting the risk management technique by category and individual risk	Reporting on the Risk Management process at appropriate intervals (at least once in a year)

Controls	Financial control:	Measure and monitor:	Review and report:
The effectiveness of our risk management has been influenced by the following priorities	Determining the cost of risk. Ensuring that adequate financial resources are available, implementing the selected technique	Inspecting effectiveness of controls and responding to the results and improving the programme	Reporting on the Risk Management process at appropriate intervals (at least once in a year)

Financial risks	Risk mitigation initiatives
Credit risks, or the risk of financial loss to the Company if customers or counterparties are unable to meet their contractual obligations	<ul style="list-style-type: none"> <li>Ongoing credit profiling</li> <li>Regular monitoring of important developments, namely payment history, change in credit rating, regulatory changes and industry outlook</li> </ul>
Commodity price risk, or the risk resulting 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)	<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>
Foreign currency risk, or the risk arising from foreign currency transactions that the Company deals in due to operations in international markets	<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>
Debt risk, or the risk arising from assuming a large debt and being unable to service interest repayment obligations	<ul style="list-style-type: none"> <li>Renegotiating debt repayment tenures, strengthening cash flows during the last financial year</li> <li>Projected improvement in interest cover</li> </ul>

<b>Supply chain risks</b>	<b>Risk mitigation initiatives</b>
Higher dependence on a 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 absolute way to hedge this risk as it would be applicable to the entire sector</li> </ul>
<b>Manufacturing risks</b>	<b>Risk mitigation initiatives</b>
Generation of off-spec product (defect)	<ul style="list-style-type: none"> <li>Implementing Statistical Process Control to identify the cause of variation in processes and taking action before the generation of off-spec</li> </ul>
Equipment downtime	<ul style="list-style-type: none"> <li>Adhering to preventive/predictive/conditional monitoring programme to take preventive action</li> </ul>
<b>Marketing risks</b>	<b>Risk mitigation initiatives</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 initiatives</b>
The Company reduced its customer base on account of improper customer feedback analysis and poor assessment	<ul style="list-style-type: none"> <li>Ensuring customer satisfaction through collection of feedback at various levels and at regular intervals, while taking action to address issues, if any</li> </ul>
Non-availability of material	<ul style="list-style-type: none"> <li>Maintaining safety stock, factoring obsolescence</li> <li>Outsourcing with the objective to provide a complete customer solution</li> </ul>
<b>Human resource risks</b>	<b>Risk mitigation initiatives</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 ensure employee satisfaction</li> <li>Ensuring employees' safety through a strict adherence with safety rules and the use of protective equipment</li> </ul>
<b>Environment risks</b>	<b>Risk mitigation initiatives</b>
Environment pollution	<ul style="list-style-type: none"> <li>Investment in preventive measures</li> <li>Adherence to relevant environment management norms</li> </ul>

# Board's Report

Dear Shareholders,

Your Directors have pleasure in presenting the 40<sup>th</sup> Annual Report together with the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2021.

Financial Highlights	(₹ in lacs)	
	Year ended 31.03.2021	Year ended 31.03.2020
Sales	62378.39	66210.16
Profit before Interest & Depreciation	5391.49	6680.26
Less : Interest	3299.72	4877.88
Profit/(Loss) before Depreciation	2091.77	1802.38
Less : Depreciation	2180.25	2245.67
Profit/ (Loss) before Tax	(88.48)	(443.29)
Less : Provision for Taxation - Current Tax/MAT	92.46	-
- MAT Credit	(86.46)	-
- Deferred Tax Liability/(Assets)	(101.84)	(185.26)
- MAT Credit earlier year/Charged Earlier Year	-	-
- Tax/MAT for earlier years	-	-
- Tax Adjustment for the earlier year	128.73	33.92
Net Profit/ (Loss) after Tax	(121.37)	(291.95)
Add : Surplus brought from previous year	3022.63	3276.07
Less: Adjustments & amounts transferred to General Reserves	-	-
	<b>2955.74</b>	<b>3022.63</b>
<b>Appropriations :</b>		
Proposed Dividend	NIL	NIL
Corporate Dividend Tax	NIL	NIL
Surplus Carried to Balance Sheet	<b>2955.74</b>	<b>3022.63</b>
	<b>2955.74</b>	<b>3022.63</b>

## PERFORMANCE REVIEW/STATE OF AFFAIRS OF THE COMPANY

### A. Yarn Spinning, Dyeing and Fabric

In spite of the financial crisis in global economy due to Covid-19 pandemic, during the year under review, your Company has achieved a sales turnover of ₹62378.39 lacs against sales turnover of ₹66210.16 lacs during the previous year, a decrease of 5.79 % and a net loss (after tax) of ₹ (121.37) lacs for the current year against net loss (after tax) of ₹ (291.95) lacs during the previous year. The exports of the company for the current financial year were ₹28119.38 lacs against ₹24828.23 lacs for the previous financial year.

### 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 in the review Manuni Hydro Electric Project has generated about 111 lacs units against 141 lacs units in the previous year.

During the year under review, the working of company was adversely affected due to Covid-19 outbreak which affected millions of people in India as well as world over and took millions of precious lives. The outbreak and spread of coronavirus lead to disruptions in supply chain, declining sales in domestic as well as export market, cancellation of orders, which severely affected textile and apparel industry around the world including India. After announcement of complete lockdown by the Government of India, operations at plant were completely stopped and resumed partially in mid april with in house workers but plant utilization capacity remained extremely low. Periodic relaxations in the form of unlocking phases announced from time to time by Government resulted in exodus of labour from unit aggravating the already precarious workers availability. We had issues of reverse migration of labour, disruptions of plant operations on multiple occasion on orders of district administration due to detection of Covid cases and prohibition in interstate movement of workers coming from adjoining states on company transport till the early part of 3<sup>rd</sup> quarter. Persistent efforts by company for augmenting workforce and unlocking of Covid restrictions resulted in improved performance with effect from Oct/ Nov 20. Massive losses suffered during the first 7/8 months were set

off during later part of 3<sup>rd</sup> quarter and 4<sup>th</sup> quarter due to improved performance. This has happened due to shifting of orders out of china to other countries including India and increased production of value added yarns having higher contribution levels. Going ahead, due to positive environment, we are confident of achieving much better performance during current financial year.

## ACCOLADES AND RECOGNITIONS

We are delighted to inform you that your Company conferred with Gold Trophy by 'TEXPROCIL' for Highest Exports of "Processed Yarns" under Category II for F.Y. 2019-20. 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 new proposed projects for technology upgradation could not be implemented due to Covid-19 lockdown/restrictions imposed by Government of Himachal Pradesh and other States/Central Government.

## SHARE CAPITAL

The paid up Equity Share Capital as at March 31, 2021 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 2020-21. 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 2020-21.

## DIVIDEND & RESERVES

Keeping in view to conserve the resources, your Directors do not recommend any dividend for the FY 2020-21. 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 Ashish Bagrodia, Chairman & Managing Director, (DIN: 00047021) and Shri Anil Kumar Sharma, Executive Director

and CEO, (DIN: 01157106) shall be liable to retire by rotation at the ensuing General Meeting, being eligible, they have offered themselves for re-appointment.

Smt. Neena Singh, (DIN: 00233352) was re-appointed as an Independent Director of the Company for further term of five consecutive year's w.e.f. 28<sup>th</sup> September, 2020.

Shri Anil Kumar Sharma, (DIN: 01157106) was appointed as an Additional Director- designated as Executive Director & CEO of the Company w.e.f. 13<sup>th</sup> February, 2020, and shareholders of the Company have also confirmed his appointment as Executive Director & CEO at 39<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> December, 2020.

Smt. Manju Lakhanpal, (DIN: 07130592) was appointed as an Additional Director with effect from 01<sup>st</sup> April, 2020 and shareholders of the Company have also confirmed her appointment as an Independent Director for first term of five consecutive years w.e.f. 23<sup>rd</sup> December, 2020 at 39<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> December, 2020.

Shri Arun Kumar Basu, (DIN: 08747388) was appointed as an Additional Director with effect from 29<sup>th</sup> May, 2020 and shareholders of the Company have also confirmed his appointment as an Independent Director for first term of five consecutive years w.e.f. 23<sup>rd</sup> December, 2020 at 39<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> December, 2020.

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 11<sup>th</sup> February, 2021 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

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 ratification 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.

## AUDITOR'S REPORT

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

## COST AUDIT & AUDITORS

M/s K.K. Sinha & Associates, Cost Accountants were appointed as Cost Auditors of your Company for auditing the cost accounts records for the financial year 2020-21 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 re-appointed M/s K.K. Sinha & Associates, Cost Accountants as Cost Auditors of the Company for the financial year 2021-22 on a remuneration of ₹75,000/- (Rupees Seventy Five Thousand Only) same as in the previous year. The Company has received written confirmation(s) from M/s K.K. Sinha & Associates, Cost Accountants, to the effect that their re-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 2020-21 as required under Section 204 of the Companies Act, 2013 and Rules made there under. The secretarial audit report for FY 2020-21 is appended as an **Annexure II** to the Board's report. The Secretarial auditor's report is self-explanatory and requires no explanation.

Furthermore, the Board has re-appointed Shri Ramesh Bhatia, Practicing Company Secretary as secretarial auditor of the Company for the financial year 2021-22.

## ANNUAL SECRETARIAL COMPLIANCE REPORT

The Company has undertaken an audit for the financial year 2020-21 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.

## 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.

## ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return as on March 31, 2021 is available on the Company's website at web link <http://www.winsometextile.com/annual-return>.

## 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 March 31, 2021.

## OVERSEAS BRANCH

The Company has its branch office in Poland, which is 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 Practicing 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 V** to the Board's Report.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The brief outline of the corporate social responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure VI** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended. For other details regarding the CSR Committee, please refer to the Corporate Governance Report, which is also part of this Annual Report. The CSR policy is available on website of Company at web link: <http://www.winsometextile.com/files/pdf/68-224-file.pdf>.

## 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, 2021, 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, 2021 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 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

Covid-19 pandemic had severe financial and operational impact on the company resulting in weakening of the company's working capital and adversely impacting its profitability. However, based on future projections, the company has approached its consortium member banks for One Time Debt Restructuring under RBI resolution framework for COVID-19 related stress dated 06<sup>th</sup> August, 2020 with a Resolution Plan.

The Consortium member banks have invoked company's Resolution Plan on 23<sup>rd</sup> December, 2020 and signed Inter-Creditor Agreement on 14<sup>th</sup> January, 2021. Currently the said Resolution Plan is under process of approval/sanction which is to be statutorily implemented within 180 days from date of invocation, meanwhile, the external

Credit Rating Agency has assigned RP4 rating to the company's resolution plan for restructuring.

## 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: 08.06.2021



## 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 :

1. Directors viz. Executive Directors, Non-executive Director, Whole Time Director, Managing Director and Independent Director
2. Key Managerial Personnel
3. Senior Management Personnel
4. 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

- i. Managing Director, or Chief Executive Officer or manager and in their absence, a whole time director;
- ii. Company Secretary
- iii. Chief Financial Officer and
- iv. 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 31<sup>st</sup> MARCH, 2021

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 compliance 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 31/03/2021 (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 31/03/2021 according to the provisions of:

1. The companies Act, 2013 ( the Act ) and the rules made thereunder;
2. The Securities Contracts ( Regulations ) Act, 1956 ( SCRA ) and the rules made thereunder,
3. The Depositories Act, 1996 and the Regulations and Bye Laws framed thereunder
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extend of Foreign Direct Investments, ODI and ECB's.

5. 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,
- (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 Bombay Stock Exchange 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, except the following:

Sr. No	Compliance Requirement	Deviations	Observations/Remarks of the Practicing Company Secretary
1.	Regulation 17	Composition of the Board of Directors	Regulation 17 (1) (C ) of the SEBI (LODR) Regulations 2015 as amended read with SEBI notification No: LAD-NRO/ GN/2018/10 dated 09 <sup>th</sup> May 2018 requires that the Board of Directors of the Top 2000 BSE companies shall comprise of the minimum six directors w.e.f 01 <sup>st</sup> April, 2020 where as the company had five directors. How-ever, w.e.f 29 <sup>th</sup> May. 2020, the Company has complied with the conditions of the above mentioned circular of the SEBI
2	Regulation 19 (1) (a)	Composition of Nomination Committee	The Nomination Committee consisted of two Non Executive Directors due to the death of the former member Mr. Chander Mohan, an Independent Director. The delay in appointing the new Independent Directors occurred due to acute Covid-19 conditions. *

\* The fine imposed by the BSE under regulation 17 of the SEBI (LODR) Regulations, 2015 have been waived as communicated to the Company by mail dated 16<sup>th</sup> April, 2021

- 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

sd/-

**Ramesh Bhatia**

FCS No. : 2483

C P No. : 1917

Place : Chandigarh

Date : 08.06.2021

UDIN NO : F002482483C000436070

## "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: 08.06.2021

sd/-  
**(Ramesh Bhatia)**  
Company Secretary In Practice

## 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. 2020-21:

Sh. Ashish Bagrodia: 24.74:1  
Chairman & Managing Director

Sh. Anil Kumar Sharma: 20.98:1  
Executive Director and CEO

(II) The percentage increase/ (decrease) in remuneration of each Director, CEO, CFO & CS during F.Y. 2020-21:

S. No.	Name	Designation	% increase/ (decrease) in Remuneration
1	Sh. Ashish Bagrodia	CMD	(36.57%)
2	Sh. Anil Kumar Sharma	ED & CEO	(17.43%)
3	Sh. Sanjay Kumar Kedia	CFO	(13.36%)
4	Sh. Videshwar Sharma	CS	(12.16%)

Except Sh. Ashish Bagrodia, and Sh. Anil Kumar Sharma, remaining Board Members are Non-Executive Independent Directors and 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/ (decrease) in the median remuneration of employees for F.Y. 2020-21:

(13.37%).

(IV) The number of permanent employees on the rolls of company as on 31<sup>st</sup> March 2021:

2220.

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

During the year under review salaries/wages of employees other than the managerial personnel in F.Y. 2020-21 were (decreased) by 6.34%, whereas the said percentage also (decreased) in the managerial remuneration by 25.50%. The remuneration to employees and to managerial personnel commensurate with industry standards & as per nomination & remuneration policy of Company.

**Note:** Increase/(decrease) in the percentage is not comparable due to reductions in the salary of the employee's and Managerial Personnel in view of COVID-19 pandemic.

(VI) It is hereby affirmed that the remuneration paid during the F.Y. 2020-21 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: 08.06.2021



## Annexure -IV

## STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 197 OF COMPANIES ACT 2013 READ WITH RULE 5(2) &amp; 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	₹77.13 Lacs	Whole Time	B.E. (Mech.) Hons.	26 years	01 <sup>st</sup> October 1996	51 years	NIL	0.25% (49220 Shares)	-
<b>Top Ten Employees of the Company (remuneration - wise)</b>										
Shri Anil Kumar Sharma	As Executive Director & CEO	₹65.41 Lacs	Whole Time	B.Tech & MBA	41 years	01 <sup>st</sup> October 1985	67 years	Mahavir Spinning Mills Ltd.	Nil	N.A.
Shri Sanjiv Vikram Dutt	VP- Raw Material	₹32.07 Lacs	Whole Time	Graduate	32 years	30 April 2007	51 years	Ginni Filaments Ltd.	Nil	N.A.
Shri Sanjay Kedia	CFO	₹31.66 Lacs	Whole Time	B.Com, CA	21 years	21 <sup>st</sup> May 2009	46 years	Limtex Group	Nil	N.A.
Shri Alok Mishra	VP-Exports	₹30.69 Lacs	Whole Time	Masters in International Business	24 years	21 <sup>st</sup> January 2009	49 years	Indorama Synthetics TBK	Nil	N.A.
Shri Vipin Bathla	VP-Marketing	₹30.41 Lacs	Whole Time	MBA	25 years	11 <sup>th</sup> April 2011	49 years	Spentex Ind Ltd.	Nil	N.A.
Shri Jugal Kishor Sharma	VP- Technical	₹29.94 Lacs	Whole Time	Diploma in Textile Tech.	32 years	1 <sup>st</sup> May 1998	52 years	Shreyans Spinning Mills	Nil	N.A.
Shri Amit Kumar Yadav	Sr.GM-Dye House	₹27.17 Lacs	Whole Time	B. Tech Textile Chemistry	16 Years	02-Jul-2012	39 years	Sainath Texport Limited	Nil	N.A.
Shri Harjeet Singh Rana	VP- HR	₹27.01 Lacs	Whole Time	BA, LLB, PG-HR & MBA	25 Years	09-Aug-2016	50 Years	Hero Cycles Ltd.	Nil	N.A.
Shri Suresh Rameja	Sr. GM-Prod.	₹26.76 Lacs	Whole Time	Diploma in Textile Tech.	29 years	03-Aug-2016	50 years	Arham Spinning Mills	Nil	N.A.
Shri Raj Kumar Sharma	GM- IT	₹24.80 Lacs	Whole Time	Msc (CS), MCA & MBA	26 Years	18-March-2013	49 Years	Paayas Milk Producer Co. Ltd.	Nil	N.A.

For and on behalf of the Board

sd/-

(Ashish Bagrodia)

Chairman &amp; Managing Director

DIN-00047021

Place: Chandigarh

Date: 08.06.2021

## Annexure V

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 110 nos. LED light tube rod 18W in Mixing bins with an investment of ₹40000/- which saved 15322.56 KWH/per annum resulting in power saving of ₹76612.80/-.
- (b) Installation of 20 nos. LED light tube rod 18W in Canteen with an investment of ₹7500/- which saved 2745.60 KWH/per annum resulting in power saving of ₹13728/-.
- (c) Installation of 50 nos. LED light tube rod 18W in Shed 5 Winding with an investment of ₹19000/- which saved 5808 KWH/per annum resulting in power saving of ₹29040/-.
- (d) Installation of 01 LED Street Lights 30W in place of Metal Halide 125W with an investment of ₹800/- which saved 242 KWH/per annum resulting in power saving of ₹1210/-.
- (e) Installation of 22 nos. LED Lamp 37W street lights in different locations instead of HPSV Lamps 125W with an investment of ₹15470/- which saved 3271.84 KWH/per annum resulting in power saving of ₹16359.20/-.
- (f) Installation of 05 nos. of VFD for R/F pneumafil Motor in R/F 26-30 with an investment of ₹200000/- which saved 24310 KWH/per annum resulting in power saving of ₹121550/-.
- (g) Installation of 4 nos. of LED High bay 100W in place of Metal Halide 250W in Fabric area with an investment of ₹11600/- which saved 720 KWH/per annum resulting in power saving of ₹3600/-.
- (h) Installation of 4 nos. of LED Street lights 100W in place of Metal Halide 250W in ETP, with an investment of ₹11600/- which saved 297 KWH/per annum resulting in power saving of ₹1485/-.

- (i) Installation of 4 nos. of LED Street lights 50W in place of Metal Halide 150W in ETP, with an investment of ₹6400/- which saved 198 KWH/per annum resulting in power saving of ₹990/-.
- (j) Installation of 08 Panel LED Down Lighter 12W, 4000K, Square in place of CFL 18\*2W IN Admin area with an investment of ₹5935.60/- which saved 76.80 KWH/per annum resulting in power saving of ₹384/-.
- (k) Installation of 04 LED Panel Plano Surface 2X2 LED 36W in place of CFL 36\*2W in Engg. Office with an investment of ₹5400/- which saved 57.60 KWH/per annum resulting in power saving of ₹288/-.
- (l) Installation of 04 nos. LED Lamp 100W street lights in place of Metal Halide Lamps 250W in Godown area with an investment of ₹11600/- which saved 1795.20 KWH/per annum resulting in power saving of ₹8976/-.
- (m) Installation of 12 nos. LED PLL Down Lighter 18\*2 W,4000K, Square in place of CFL 36\*2 W in the Offices/ SQC with an investment of ₹4920/- which saved 943.49 KWH/per annum resulting in power saving of ₹4717.44/-.

#### (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 ₹03.40 Lacs.

### (B) TECHNOLOGY ABSORPTION :-

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

The New proposed projects for technology upgradation couldn't be implemented due to Covid-19 lockdown/

restriction imposed by Government of Himachal Pradesh and other States / Center Government.

(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	532.05
<b>Total</b>	<b>532.05</b>

Total R&D Expenditure as a percentage of Total Turnover = 0.85%

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

The Foreign Exchange earned in terms of actual inflows during F.Y. 2020-21 ₹27023.45 lacs.

The Foreign Exchange outgo in terms of actual outflows during F.Y. 2020-21 : ₹876.29 lacs

For and on behalf of the Board

sd/-

(Ashish Bagrodia)

Chairman & Managing Director

DIN-00047021

Place : Chandigarh

Date : 08.06.2021

## Annexure VI

### Annual Report on Corporate Social Responsibility (CSR) activities for F.Y. 2020-21

#### 1. Brief outline on CSR Policy of the Company.

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:-

- 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 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 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 undertake all or any of prescribed activities/ activity/sub-activity, as mentioned in Schedule VII of the Companies Act 2013 and rules made thereunder, (as amended), either directly or through Winsome Textile Social Trust. Winsome Textile Social Trust is established by the Company for carrying out CSR activities of the Company 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, its mechanism 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:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
(i)	Mr. Ashish Bagrodia	Chairman and Managing Director- Chairman of Committee	4	4
(ii)	Mr. Anil Kumar Sharma	Executive Director and CEO –Member of Committee	4	4
(iii)	Mrs. Manju Lakhanpal	Independent Director-Member of Committee	4	4

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company <http://www.winsometextile.com/investors-information>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). N.A

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (₹ in Lacs)	Amount required to be setoff for the financial year, if any (₹ in Lacs)
-	-	Nil	Nil

6. Average net profit of the company as per section 135(5). 554.65 Lacs
7. (a) Two percent of average net profit of the company as per section 135(5) 11.09 Lacs
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. Nil
- (c) Amount required to be set off for the financial year, Nil
- (d) Total CSR obligation for the financial year (7a+7b-7c). 11.09 Lacs

- 8 (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹ in Lacs)	Amount Unspent (₹ in Lacs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount.	Date of transfer	Name of the Fund	Amount	Date of transfer
41.00		N.A		N.A	

- (b) Details of CSR amount spent against ongoing projects for the financial year: N.A

- (c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	State	District	Amount spent for the project (₹ in lacs)	Mode of implementation Direct (Yes/No)	Mode of implementation Through implementing agency	
								Name.	CSR registration number
1	Sports	Promotion of sports & physical education activities	No	New Delhi	New Delhi	1.00	Yes	-	-
2.	Education	Promoting Education	No	Chandigarh	Chandigarh	1.00	Yes	-	-
3	Healthcare	Promoting Healthcare including Preventive Healthcare	No	New Delhi	New Delhi				
			No	Haryana	Gurgaon				
			Yes	Himachal Pradesh	Solan	11.90	Yes	-	-
4	Healthcare	Promoting Healthcare including Preventive Healthcare	Yes	Himachal Pradesh	Solan	27.10	No	Winsome Textile Social Trust	CSR00002213
<b>Total</b>						<b>41.00</b>			

- (d) Amount spent in Administrative Overheads 0.24 Lacs
- (e) Amount spent on Impact Assessment, if applicable N.A
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e) 41.00 Lacs

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (₹ in lacs)
(i)	Two percent of average net profit of the company as per section 135(5)	11.09
(ii)	Total amount spent for the Financial Year	41.00
(iii)	Excess amount spent for the financial year [(ii)-(i)]	29.90
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	29.90

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in Lacs)	Amount spent in the reporting Financial Year (₹ in Lacs)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years. (₹ in Lacs)
				Name of the Fund	Amount (₹ in Lacs)	Date of transfer	
1	N.A	N.A	N.A	N.A	N.A	N.A	N.A

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (₹ in Lacs)	Amount spent on the project in the reporting Financial Year (₹ in Lacs)	Cumulative amount spent at the end of reporting Financial Year. (₹ in Lacs)	Status of the project -Completed /Ongoing.
1	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details). N.A

- (a) Date of creation or acquisition of the capital asset(s). None
- (b) Amount of CSR spent for creation or acquisition of capital asset. Nil
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. N.A
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). N.A

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). N.A

sd/-

**Ashish Bagrodia**  
Chairman and Managing Director  
(Chairman of CSR Committee)

sd/-

**Anil Kumar Sharma**  
Executive Director and CEO  
(Member of CSR Committee)

Place: Chandigarh

Date: 08.06.2021

# 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 2021, the Board of Directors consists of Six Directors, out of which one is Promoter Director (Executive Chairman & Managing Director), one is Executive Director (Whole Time Director) and four are Non-Executive-Independent Directors out of which there are two Woman Directors. 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 2020-21, Six Board Meetings were held. These meetings were held on 28<sup>th</sup> April, 2020, 31<sup>st</sup> July, 2020, 14<sup>th</sup> September, 2020, 28<sup>th</sup> October, 2020, 10<sup>th</sup> November, 2020, and 11<sup>th</sup> February, 2021. As stipulated by Code of Independent Directors under Companies Act 2013 and under Listing Regulations, a Separate Meeting of Independent Directors was held on 11<sup>th</sup> February, 2021 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. Further, in view of Covid-19 situation all above said meetings were held through video conference call.

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	6	Yes	1	-	-	-	-
Shri Satish Chander Girotra	Director	Independent	6	Yes	7*	-	-	-	-
Smt. Neena Singh	Director	Independent	6	No	1	2	-	2	Punjab Communications Limited (Independent Non-Executive Director)
Smt. Manju Lakhanpal	Director	Independent	6	Yes	4*	4	1	5	SAB Industries Limited (Independent Non-Executive Director) Steel Strips Infrastructure Ltd. (Independent Non-Executive Director) Steel Strips Ltd. (Independent Non-Executive Director)
Shri Arun Kumar Basu	Director	Independent	5	No	-	-	-	-	-
Shri Anil Kumar Sharma <sup>§</sup>	Executive Director & CEO	Executive	6	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.

<sup>§</sup> Shri Anil Kumar Sharma, Executive Director and CEO shall be liable to retire by rotation at the ensuing General Meeting, being eligible, he has offered himself for re-appointment.

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	Area of Expertise					
	Leadership	Governance:	Strategy and Planning	Global Business	Gender, ethnic, national, or other diversity	Financial
Name of the Director						
Shri Ashish Bagrodia, Chairman and Managing Director	√	√	√	√	√	√
Shri Satish Chander Girotra, Non-Executive Independent Director	√	√	√	√	√	√
Smt. Neena Singh Non-Executive Independent Director	√	√	√	-	√	√
Shri Anil Kumar Sharma, Non Independent Executive Director	√	√	√	√	√	√
Smt. Manju Lakhanpal Non-Executive Independent Director	√	√	√	-	√	√
Shri. Arun Kumar Basu Non-Executive Independent	√	√	√	-	√	√

### 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.

During the financial year 2020-21, five Audit Committee meetings were held on 31<sup>st</sup> July, 2020, 14<sup>th</sup> September, 2020, 28<sup>th</sup> October, 2020, 10<sup>th</sup> November, 2020 and 11<sup>th</sup> February, 2021. Further, in view of Covid-19 situation all above said meetings were held through video conference call.

The composition, names of members, chairperson, particulars of the meetings and attendance of the members during the financial year are as under:

S. N.	Name of members	Category	No. of meetings attended during the year 2020-21
1	Shri Satish Chander Girotra, Chairman	Independent/Non-Executive	5
2	Smt. Neena Singh, Member	Independent/Non-Executive	5
4	Shri Ashish Bagrodia, Member	Executive Director	5
5	Shri Arun Kumar Basu, Member	Independent/Non-Executive	5

The Committee was reconstituted on 29<sup>th</sup> June, 2020 by inducting of Shri Arun Kumar Basu as new member in the Committee.

The meetings of Audit Committee were also attended by the Executive Director and CEO, 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, 2021 on 31<sup>st</sup> July, 2020 and 11<sup>th</sup> February, 2021. Further, in view of Covid-19 situation all above said meetings were held through video conference call. The details of Composition, category and attendance is as under:

S. N.	Name of members	Category	No. of meetings attended during the year 2020-21
1	Smt. Manju Lakhanpal Chairman	Independent/Non-Executive	2
2	Shri Satish Chander Girotra, Member	Independent/Non-Executive	2
3	Shri Arun Kumar Basu , Member	Independent/Non-Executive	2

The Committee was reconstituted on 29<sup>th</sup> June, 2020 by inducting of Shri Arun Kumar Basu and Smt. Manju Lakhanpal as new members in the Committee and Smt. Neena Singh ceased to be the member of Committee with the same effect.

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. The said policy 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 ₹20,000/- for each Board Meeting and ₹10,000/- 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 2020-21 are as hereunder:

Name of Directors	Total (₹ in Lacs)
Shri Satish Chander Girotra	2.20
Smt. Neena Singh	2.00
Smt. Manju Lakhanpal	1.80
Shri Arun Kumar Basu	1.70

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

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

Name of Director	Salary	Perquisites*	Commission	Total (₹ in Lacs)
Shri Ashish Bagrodia	68.25	8.88	Nil	77.13
Shri Anil Kumar Sharma	61.05	4.36	Nil	65.41

\* 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 2021. 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 2020-21, three Stakeholders Relationship Committee meetings were held on 14<sup>th</sup> September, 2020, 10<sup>th</sup> November, 2020 and 11<sup>th</sup> February, 2021. The composition of Committee, Chairperson, category of members, number of the meetings and attendance thereat is as under:

S. N.	Name of members	Category	No. of meetings attended during the year 2020-21
1	Shri Satish Chander Girotra, Chairman	Independent/Non-Executive	3
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. Further, in view of Covid-19 situation all above said meetings were held through video conference call.

#### (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, 2021, the Committee met four times on 31<sup>st</sup> July, 2020, 14<sup>th</sup> September, 2020, 10<sup>th</sup> November, 2020 and 11<sup>th</sup> February, 2021. The composition of Committee, Chairperson, category of members, number of the meetings and attendance thereat is as under:

S. N.	Name of members	Category	No. of meetings attended during the year 2020-21
1	Shri Ashish Bagrodia, Chairman	Executive Director	4
2	Shri Anil Kumar Sharma, Member	Executive Director	4
3	Smt. Manju Lakhanpal, Member	Independent/ Non-Executive	4

The Committee was reconstituted on 29<sup>th</sup> June, 2020 by inducting of Smt. Manju Lakhanpal as new member in the Committee and Sh. Satish Chander Girotra ceased to be the member of Committee with the same effect.

The Company Secretary act as secretary to the Committee.

Further, in view of Covid-19 situation all above said meetings were held through video conference call.

## 10. GENERAL BODY MEETINGS

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

Year	Venue	Date	Time
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.
2019-2020	1, Industrial Area, Baddi, Distt- Solan (H.P.)	23/12/20	10.00 A.M.

Extra Ordinary General Meeting

No Extra-ordinary General Meeting was held during the year 2020-21.

During the last three years, six special resolution were passed at the Annual General Meeting held on 24.09.2018, three special resolution were passed at the Annual General Meeting held on 28.09.2019 and five special resolution were passed at the Annual General Meeting held on 23.12.2020. 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. No special resolution passed through postal ballots during F.Y. 2020-21.

## 11. CREDIT RATINGS

Company has obtained rating from CARE Ratings Limited during the year ended 31<sup>st</sup> March, 2021 details for the same is mentioned as hereunder:-

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

## 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

The following fines have been levied by either SEBI or BSE or any Statutory Authority for non-compliance of any matter related to the capital markets during the last three years.

The BSE Limited has levied fine of ₹546340/- and 16250/- respectively, which was paid by the Company for non-complying of the provisions of Regulation 17 and 19(1)(2) of SEBI (LODR), Regulations, 2015. Although, the fine imposed by the Stock Exchange under regulation 17(1) of SEBI (LODR), Regulations, 2015 of ₹336300 have been waived off as communicated to Company by the Stock Exchange vide email dated 16<sup>th</sup> April, 2021.

### 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: 20567.42 Lacs

b) Exposure of the Company to various commodities:

Commodity Name	Exposure INR 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	10756.35	8718566.13	NIL	NIL	NA	NA	NIL
Work In Progress	4348.71	1936209.31	NIL	NIL	NA	NA	NIL
Finished Goods	5462.36	2271193.07	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, 2021, 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 Annual 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, 20		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, 21	
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 center 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 27<sup>th</sup> September, 2021 at Registered Office of Company: 1, Industrial Area, Baddi, Distt. Solan, Himachal Pradesh.

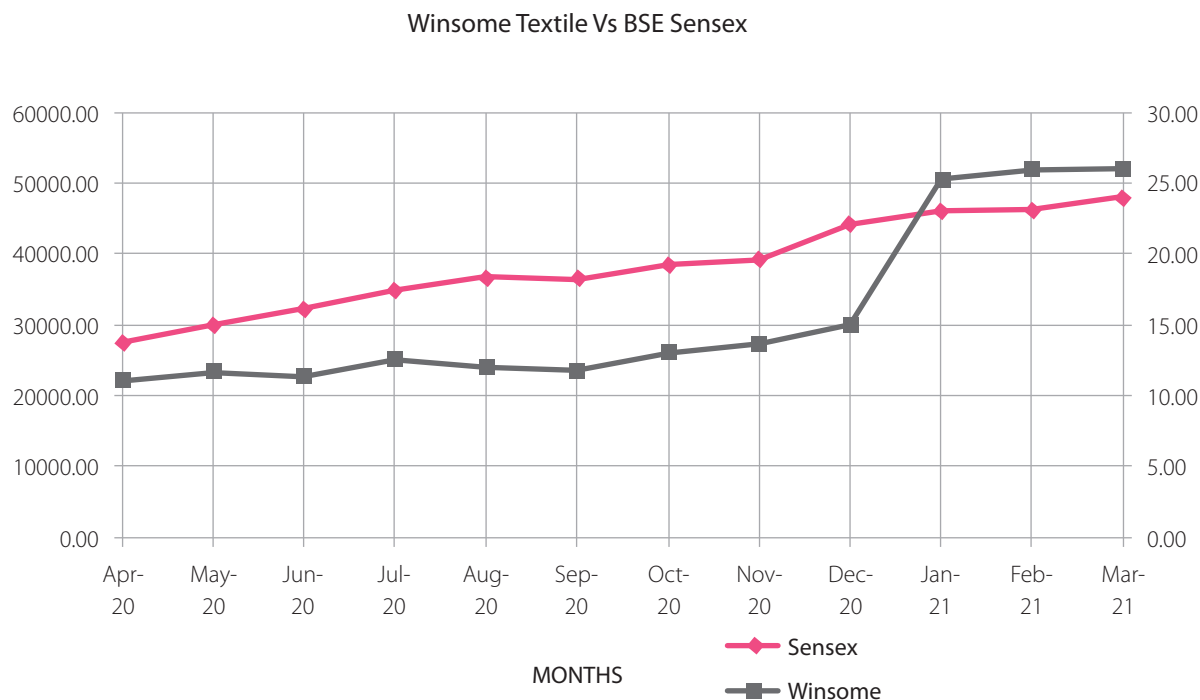
Financial Calendar	: 01 <sup>st</sup> April to 31 <sup>st</sup> March
Date of Book Closure	: 20.09.2021 to 27.09.2021 (both days inclusive)
Dividend Payment Date	: N.A.
Listing on Stock Exchange	: BSE Limited
Scrip Code	: 514470
Demat ISIN Number in NSDL & CDSL	: INE837B01031
Corporate Identity Number (CIN)	: L17115HP1980PLC005647

Annual listing fee for the year 2021-22 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 2021-22.

## 19. MARK ET PRICE DATA – HIGH AND LOW DURING EACH MONTH ON BSE IN F.Y. 2020-21. STOCK CODE - 514470 (Source: [www.bseindia.com](http://www.bseindia.com))

Months	High	Low	Volume (No. of Shares)
April, 2020	14.87	11.13	68567
May, 2020	14.39	11.61	22414
June, 2020	17.50	11.33	76054
July, 2020	17.20	12.60	51350
August, 2020	14.94	12.01	58418
September, 2020	16.99	11.67	63685
October, 2020	15.70	13.01	16055
November, 2020	15.80	13.50	33782
December, 2020	25.67	15.07	143595
January, 2021	36.70	25.40	81695
February, 2021	34.50	25.85	49301
March, 2021	33.60	26.00	162293

## 20. PERFORMANCE IN COMPARISON TO BROAD BASED INDICES



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 31ST MARCH, 21:-

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
001 - 500	1543	76.65	233406	1.18
501 - 1000	198	9.83	165292	0.84
1001 - 2000	100	4.97	155189	0.78
2001 - 3000	38	1.89	97187	0.49
3001 - 4000	27	1.34	93464	0.47
4001 - 5000	12	0.60	56180	0.28
5001 - 10000	41	2.04	330557	1.67
10001 and above	54	2.68	18688725	94.29
<b>Total</b>	<b>2013</b>	<b>100.00</b>	<b>19820000</b>	<b>100.00</b>



**23. SHAREHOLDING PATTERN AS ON 31ST MARCH, 21:-**

Category	No. of shares	Percentage
Promoters/Promoter Group	11038647	55.69
FII's/ FIC's Banks	6450200	32.54
Bodies Corporates	284571	1.44
Indian Public	1869558	9.44
HUF	124850	0.63
IEPF	27684	0.14
NRIs, Clearing Members, Unclaimed Suspense Account & Trust	24490	0.12
<b>Total</b>	<b>19820000</b>	<b>100.00</b>

**24. DETAILS OF SHAREHOLDING OF DIRECTORS IN THE COMPANY AS ON 31ST MARCH, 21:-**

Name of Director	No. of shares held
Shri Satish Chander Girotra	-
Shri Ashish Bagrodia	49220
Smt. Neena Singh	-
Smt. Maju Lakhanpal	-
Shri Arun Kumar Basu	-
Sh. Anil Kumar Sharma	-

- 25.** Dematerialization of shares and liquidity: : 99.94% of the shares issued by the Company have been dematerialized upto 31<sup>st</sup> March, 2021. The Equity Shares of the Company are actively traded on BSE Limited 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 &amp; Managing Director

DIN-00047021

Place: Chandigarh

Date : 08.06.2021

## 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 2021.

Place: Chandigarh

Date : 08.06.2021

sd/-

**Anil Kumar Sharma**  
Executive Director and CEO

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
**Winsome Textile Industries Limited,**  
(CIN: L17115HP1980PLC005647)  
Regd. Office: 1, Industrial Area, Baddi, Distt Solan,  
H.P. -173205.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Winsome Textile Industries Limited having CIN: L17115HP1980PLC005647 and having registered office at 1, Industrial Area, Baddi, Distt Solan, H.P. -173205 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Ashish Bagrodia	00047021	01/10/1996
2	Neena Singh	00233352	27/03/2015
3	Satish Chander Girotra	01112511	23/06/1998
4	Anil Kumar Sharma	01157106	13/02/2020
5	Manju Lakhanpal	07130592	01/04/2020
6	Arun Kumar Basu	08747388	29/05/2020

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

sd/-

**Ramesh Bhatia**  
Practicing Company Secretary  
FCS No. 2483  
C P No. 1917  
UDIN No: F002483C000447774

Place: Chandigarh

Date : 08.06.2021

## 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, 2021 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 :** 08.06.2021

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.

### To the Members of Winsome Textile Industries Limited

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, 2021 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

1.Regulation 17 (1) (C) of the SEBI (LODR) Regulations 2015 regarding minimum number of directors required on the Board of the company w.e.f 1<sup>st</sup> April, 2020. The necessary compliance has been made w.e.f 29<sup>th</sup> May, 2020.

2. Regulation 19) of the SEBI (LODR) Regulations 2015 The Nomination Committee consisted of two Non-Executive Directors. The necessary compliance has been made w.e.f 29<sup>th</sup> June, 2020.

I state that in respect of investor grievance (s) received during the year ended March, 31, 2021, 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 : 08.06.2021

sd/-

**Ramesh Bhatia**

Practicing Company Secretary

FCS No. 2483

C P No. 1917

UDIN No: F002483C000447774

# 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 2021, 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 March 31, 2021, 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.

## Inventories (refer note 4.1 to the financial statements)

### Key Audit Matter

Inventories held by the Company comprising of Raw Material, Work-in-Progress, Finished Goods and Others represents 29.69% of the Company's total assets.

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.

### Assessing NRV

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.

The assessment and application of write-down of inventory to NRV are subject to significant judgement by Company.

Considering the company's present situation, significant judgements made by the company in light of future market & 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.

### How the matter was addressed in our audit

Our audit procedures included:

- Through discussions with management, we understood the Company's basis of estimated selling price for the goods;
- Evaluating the design & 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.

## Assessment of recoverability of Deferred Tax Assets (DTA) on tax losses and tax credits with respect to Minimum Alternate Tax (MAT) (refer note 4.3, 6.3 & 28 to the financial statements)

### Key Audit Matter

- The Company has recognized DTA of Rs.27.20Lacs on unabsorbed depreciation and business losses carried forward from the previous years (together referred to hereinafter as “tax losses”).
- DTA has been recognized on the basis of Company’s assessment of availability of future taxable profit to be able to utilize such tax losses and tax credits. The recoverability of the DTA depends upon factors such as the projected taxable profits of business, the period considered for such projections, the rate at which those profits will be taxed, period over which tax losses will be available for recovery and the likely outcome of disputes pending with the tax authorities.

### How the matter was addressed in our audit

- Evaluation of the design and testing of the operating effectiveness of Company’s controls relating to taxation and the assessment of carrying amount of DTA relating to unabsorbed tax losses and tax credits;
- The assessment of DTA is considered a key audit matter as the amounts involved are material to the financial statements and significant estimates and judgement are involved in assessing the amount of DTA and also in relation to preparation of forecasts of future taxable profits based on the underlying business plans.
  - Testing the appropriateness of the amount of DTA by tracing the tax losses and the tax credits to the income tax returns filed and assessment orders received by the Company and evaluating the judgement made by the Company on the amounts disputed by the Income Tax Authorities.
  - Assessing the reasonableness of the period of projections used in the deferred tax asset recoverability assessment.
  - Testing, whether projections prepared by the Company were consistent with our understanding and knowledge of current business and the general economic environment in which the Company operates and whether the tax losses and MAT can be utilized within the recoupment period.
  - Assessing appropriateness of the assumptions used in the projections of future taxable profits.
  - Reviewing the adequacy of disclosures made in the financial statements with regard to deferred taxes. Based on the above procedures performed, our testing did not identify any significant exceptions with respect to the reasonableness of the assumptions and estimates used by the management in assessing the recoverability of DTA recognized in respect of tax losses and tax credits as at year end.

## 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

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.

1. 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 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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
2. 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 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
3. 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.

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

**Abhishek Gupta**  
Partner  
Membership No. 529082

Place: Chandigarh (Camp)  
Date: 8th June, 2021



## 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 March 2021, we report that:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (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 Act 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 H)	Forum
Income Tax Act	Income Tax	2011-12	2238.13	CIT (Appeal)
Income Tax Act	Income Tax	2018-19	2.98	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

Place: Chandigarh (Camp)  
Date: 8th June, 2021

## 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 March 2021 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 March 2021, 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

Place: Chandigarh (Camp)

Date: 8th June, 2021

# Balance Sheet

as at 31st March, 2021

Particulars	Notes	(Rs. in lacs)	
		As at 31st March, 2021	As at 31st March, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3.1	30,266.38	32,360.58
Capital work-in-progress	3.2	177.49	-
Intangible Assets	3.3	15.28	17.73
<b>Financial assets</b>			
- Investments	3.4.1	7.80	6.35
Other non -Current Assets	3.5	364.76	68.02
		<b>30,831.71</b>	<b>32,452.68</b>
<b>Current assets</b>			
Inventories	4.1	21,571.98	20,769.35
<b>Financial assets</b>			
- Trade receivables	4.2.1	13,023.60	11,397.16
- Cash and cash equivalents	4.2.2	41.68	78.35
- Bank Balances other than Cash and Cash Equivalents	4.2.2.1	1,507.65	1,677.58
- Loans	4.2.3	32.17	13.91
- Other financial assets	4.2.4	8.02	11.39
Current tax assets (Net)	4.3	2,720.56	2,818.09
Other current assets	4.4	2,917.05	2,710.35
		<b>41,822.71</b>	<b>39,476.18</b>
<b>Total Assets</b>		<b>72,654.42</b>	<b>71,928.86</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	5.1	1,982.00	1,982.00
Other Equity	5.2	16,637.56	16,703.51
		<b>18,619.56</b>	<b>18,685.51</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	6.1.1	3,265.18	4,494.54
Non - Current Provisions	6.2	491.83	527.87
Deferred tax liabilities (Net)	6.3	5,071.80	5,143.86
Other non-current liabilities	6.4	289.62	318.35
		<b>9,118.43</b>	<b>10,484.62</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	7.1.1	19,256.02	19,663.65
- Trade payables	7.1.2		
(a) Dues of micro & small enterprises		-	-
(b) Dues of creditors other than micro & small enterprises		16,503.03	17,661.34
- Other financial liabilities	7.1.3	7,924.30	4,530.98
Other current liabilities	7.2	1,044.49	723.33
Current Provisions	7.3	188.59	179.43
		<b>44,916.43</b>	<b>42,758.73</b>
<b>Total Equity and Liabilities</b>		<b>72,654.42</b>	<b>71,928.86</b>
Corporate Information & Significant Accounting Policies		1 & 2	
Accompanying notes to the financial statements		3 to 36	

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

**Ashish Bagrodia**  
(Chairman Cum  
Managing Director)  
DIN -00047021

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

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

**Abhishek Gupta**  
Partner  
Membership No: 529082

**Videshwar Sharma**  
(Company Secretary)

Place: Chandigarh (Camp)  
Date: 8th June, 2021

## Statement of Profit & Loss for the year ended 31st March, 2021

(Rs. in lacs)

Particulars	Notes	2020-2021	2019-2020
Revenue from Operations	8.1	62,378.39	66,210.16
Other Income	8.2	235.02	197.33
<b>Total Income</b>		<b>62,613.41</b>	<b>66,407.49</b>
<b>Expenses</b>			
Cost of Material Consumed	9.1	34,861.69	35,776.77
Purchase of Stock in trade	9.2	5,356.22	6,790.11
Changes in Inventories	9.3	419.02	871.02
Employee Benefits Expense	9.4	5,374.59	5,791.15
Finance Costs	9.5	3,299.72	4,877.88
Depreciation & Amortization Expenses	9.6	2,180.25	2,245.67
Other Expenses	9.7	10,689.33	10,498.18
<b>Total Expenses</b>		<b>62,180.82</b>	<b>66,850.78</b>
Profit/(Loss) before exceptional items and tax		432.59	(443.29)
Exceptional items	9.8	521.07	-
Profit/(Loss) before tax		<b>(88.48)</b>	<b>(443.29)</b>
Tax Expense:	10		
Current Tax		134.73	33.92
Deferred Tax		(101.84)	(185.26)
		<b>32.89</b>	<b>(151.34)</b>
<b>Profit/(Loss) for the year</b>		<b>(121.37)</b>	<b>(291.95)</b>
Other comprehensive income			
<b>A) Items that will not be reclassified to profit or loss</b>			
- Changes in fair value of Equity Instruments		1.45	0.64
- Tax Expense relating to above		(0.51)	(0.22)
- Remeasurement of net defined benefit liabilities		83.75	59.19
- Tax Expense relating to above items		(29.27)	(20.68)
<b>B) Items that will be reclassified to profit or loss</b>		-	-
<b>Other comprehensive income for the year</b>		<b>55.42</b>	<b>38.93</b>
<b>Total comprehensive income for the year</b>		<b>(65.95)</b>	<b>(253.02)</b>
Earnings per equity share			
Basic & Diluted	12	(0.33)	(1.28)

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

**Ashish Bagrodia**  
(Chairman Cum  
Managing Director)  
DIN -00047021

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

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

**Abhishek Gupta**

Partner

Membership No: 529082

Place: Chandigarh (Camp)

Date: 8th June, 2021

**Videshwar Sharma**  
(Company Secretary)

## Cash Flow Statement for the year ended 31st March, 2021

	(Rs. in lacs)	
	2020-2021	2019-2020
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit/(loss) before tax and extraordinary items	(88.48)	(443.29)
<b>Adjusted for :</b>		
Depreciation	2,180.25	2,245.67
Provision for Doubtful Debts	522.68	0.35
Bad debt written off	102.96	0.16
Interest Paid	3,299.72	4,877.88
Loss on sale of fixed assets ( Net)	19.26	7.55
Dividend Received	(0.47)	(0.54)
Interest income	(112.66)	(132.91)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>5,923.26</b>	<b>6,554.87</b>
<b>Adjusted for :</b>		
Trade and other receivables	(2,308.80)	1,808.41
Inventories	(802.63)	(570.03)
Trade Payables and advances from customers	(707.97)	45.38
<b>CASH GENERATED FROM OPERATIONS</b>	<b>2,103.86</b>	<b>7,838.63</b>
Direct Taxes paid / adjusted	(37.20)	(168.77)
Cash flow before extra ordinary items	<b>2,066.66</b>	<b>7,669.86</b>
Extra Ordinary items	-	-
<b>Net cash from Operating activities (A)</b>	<b>2,066.66</b>	<b>7,669.86</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Net Changes in fixed assets	(305.50)	(341.12)
Sale of fixed assets	25.15	13.11
Capital Advances	(291.68)	(1.37)
Dividend Received	0.47	0.54
Interest Received	112.66	132.91
<b>Net Cash from investing activities (B)</b>	<b>(458.90)</b>	<b>(195.93)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Interest paid	(3,299.72)	(4,877.88)
Net Proceeds/(Repayment) of Long Term Borrowings	2,062.92	(2,508.66)
Net Proceeds/(Repayment) from Short term Borrowings	(407.63)	(282.60)
<b>Net Cash from Financing activities (C)</b>	<b>(1,644.43)</b>	<b>(7,669.14)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+ B+ C)</b>	<b>(36.67)</b>	<b>(195.21)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>78.35</b>	<b>273.56</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>41.68</b>	<b>78.35</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

**Ashish Bagrodia**  
(Chairman Cum  
Managing Director)  
DIN -00047021

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

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

**Abhishek Gupta**

Partner  
Membership No: 529082

Place: Chandigarh (Camp)  
Date: 8th June, 2021

**Videshwar Sharma**  
(Company Secretary)

## Statement of Changes in Equity For the year ended 31st March, 2021

### EQUITY SHARE CAPITAL

(Rs. in lacs)

Particulars	Notes	As at	Changes during	As at
		31st March, 2020		2020-2021
1,98,20,000 Equity shares of Rs. 10/- each fully paid up	5.1	1982.00	-	1982.00
		1982.00	-	1982.00

### Other Equity

(Rs. in lacs)

Particulars	Notes	Reserves and Surplus				Equity Investment Reserve {upon fair value through other comprehensive income}	Total
		Capital Reserve	Securities Premium	Retained Earnings	Surplus in the statement of Profit and Loss		
	5.2			General Reserve			
Balance as at 01.04.2019		46.68	5,131.46	8,500.00	3,276.07	2.32	16,956.53
Profit/(Loss) for the year after tax		-	-	-	(291.95)	-	(291.95)
Other comprehensive income for the year		-	-	-	38.51	0.42	38.93
<b>Total comprehensive income for the year</b>		-	-	-	<b>(253.44)</b>	<b>0.42</b>	<b>(253.02)</b>
Transfer to General Reserve		-	-	-	-	-	-
Balance as at 31.03.2020		46.68	5,131.46	8,500.00	3,022.63	2.74	16,703.51
Balance as at 01.04.2020		46.68	5,131.46	8,500.00	3,022.63	2.74	16,703.51
Profit/(Loss) for the year after tax		-	-	-	(121.37)	-	(121.37)
Other comprehensive income for the year		-	-	-	54.48	0.94	55.42
<b>Total comprehensive income for the year</b>		-	-	-	<b>(66.89)</b>	<b>0.94</b>	<b>(65.95)</b>
Transfer to General Reserve		-	-	-	-	-	-
Balance as at 31.03.2021		46.68	5,131.46	8,500.00	2,955.74	3.68	16,637.56

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

**Ashish Bagrodia**  
(Chairman Cum  
Managing Director)  
DIN -00047021

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

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

**Abhishek Gupta**

Partner  
Membership No: 529082

Place: Chandigarh (Camp)  
Date: 8th June, 2021

**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 18th 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 8th June, 2021.

## 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 31st March 2021 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
- ♦ 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.



## Notes to the Financial Statements

### 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. 1st 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:

- (a) its purchase price including freight, duties, and non-refundable purchase taxes after deducting trade discounts and rebates.
- (b) any attributable expenditure directly attributable for bringing an asset to the location and the working condition for its intended use and
- (c) 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.

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

# Notes to the Financial Statements

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.
- 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

## Notes to the Financial Statements

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.

**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:

## Notes to the Financial Statements

- ♦ 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. 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.

## Notes to the Financial Statements

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 ultimate collection thereof, and same is adjusted from corresponding heads of expense.**

### 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.

**(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.

# Notes to the Financial Statements

## (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.

### 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.

## Notes to the Financial Statements

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.

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

## Notes to the Financial Statements

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.

### 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.



## Notes to the Financial Statements

### 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.

#### Employee Benefits

The Union Ministry of Labour issued draft rules under section 67 of the Code on Wages Act in July, 2020 in the Gazette and the Act is yet to be effective. The three labour codes, the Occupational Health, Safety and Working Conditions Code 2020, the Industrial Relations Code 2020 and the Code on Social Security, 2020 have been passed by the parliament and have also received the assent of the President of India on September, 2020. However, the date on which these Codes will come into effect has not been notified. The Company will assess the impact of these Codes and will record any related impact in the period these Codes become effective.

## Notes to the Financial Statements

### 3.1 PROPERTY, PLANT & EQUIPMENT

Particulars	GROSS BLOCK		As at 31.03.2021	Up to 31.03.2020	DEPRECIATION		NET BLOCK	
	As at 31.03.2020	Additions			Deductions	For the year	Adjustments	As at 31.03.2021
Land								
- Freehold	1,810.74	-	1,810.74	-	-	-	1,810.74	1,810.74
- Leasehold	5.27	-	5.19	-	-	-	5.19	5.27
Building	10,266.70	-	10,266.70	1,543.57	339.20	-	8,383.93	8,723.13
Plant & Machinery	28,878.26	81.30	28,889.13	7,726.77	1,740.73	39.44	19,461.07	21,151.49
Furniture & Fixtures	151.89	8.27	160.16	73.48	15.64	-	71.04	78.41
R & D Assets	665.02	-	665.02	223.37	47.54	-	394.11	441.65
Vehicles	186.05	27.87	186.26	69.24	22.99	14.25	108.28	116.81
Equipments & Facilities	55.27	1.85	56.93	37.26	6.04	0.18	13.81	18.01
Computers & Networks	64.70	7.30	72.00	49.63	4.16	-	18.21	15.07
<b>TOTAL</b>	<b>42,083.90</b>	<b>126.59</b>	<b>42,112.13</b>	<b>9,723.32</b>	<b>2,176.30</b>	<b>53.87</b>	<b>30,266.38</b>	<b>-</b>
<b>PREVIOUS YEAR FIGURES</b>	<b>41,809.37</b>	<b>341.20</b>	<b>42,083.90</b>	<b>7,531.51</b>	<b>2,237.74</b>	<b>45.93</b>	<b>-</b>	<b>32,360.58</b>

### 3.2 CAPITAL WORK IN PROGRESS

Particulars	GROSS BLOCK		As at 31.03.2021	Up to 31.03.2020	DEPRECIATION		NET BLOCK	
	As at 31.03.2020	Additions			Deductions	For the year	Adjustments	As at 31.03.2021
Capital Work in Progress	-	258.79	177.49	-	-	-	177.49	-
<b>TOTAL</b>	<b>-</b>	<b>258.79</b>	<b>177.49</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>177.49</b>	<b>-</b>
<b>PREVIOUS YEAR FIGURES</b>	<b>-</b>	<b>266.97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 3.3 INTANGIBLE ASSETS

Particulars	GROSS BLOCK		As at 31.03.2021	Up to 31.03.2020	DEPRECIATION		NET BLOCK	
	As at 31.03.2020	Additions			Deductions	For the year	Adjustments	As at 31.03.2021
Software	49.16	1.50	50.66	31.43	3.95	-	15.28	17.73
<b>TOTAL</b>	<b>49.16</b>	<b>1.50</b>	<b>50.66</b>	<b>31.43</b>	<b>3.95</b>	<b>-</b>	<b>15.28</b>	<b>-</b>
<b>PREVIOUS YEAR FIGURES</b>	<b>49.16</b>	<b>-</b>	<b>49.16</b>	<b>23.50</b>	<b>7.93</b>	<b>-</b>	<b>-</b>	<b>17.73</b>

## Notes to the Financial Statements

### 3.4 FINANCIAL ASSETS - NON CURRENT

#### 3.4.1 INVESTMENT IN SHARES

	As at 31.03.2021	As at 31.03.2020
Unquoted		
Other Investment		
31000 Equity Shares of Rs. 10/- each in Shivalik Solid Waste Management Ltd.	7.80	6.35
	<b>7.80</b>	<b>6.35</b>

### 3.5 OTHER NON CURRENT ASSETS

	As at 31.03.2021	As at 31.03.2020
Non Financial Assets at amortized cost (unsecured, considered good)		
Security Deposits	62.76	57.70
Capital Advances	302.00	10.32
	<b>364.76</b>	<b>68.02</b>

### 4.1 INVENTORIES

	As at 31.03.2021	As at 31.03.2020
As taken, valued and certified by the management		
Raw Materials	10,756.36	9,335.80
Stock in Process	4,348.71	4,720.36
Finished Goods #	5,462.36	5,509.73
Stores, Spares & Consumables	773.60	992.08
Waste	230.95	211.38
	<b>21,571.98</b>	<b>20,769.35</b>
# Including Goods-in-Transit	86.81	87.89

### 4.2 FINANCIAL ASSETS - CURRENT

#### 4.2.1 TRADE RECEIVABLES

	As at 31.03.2021	As at 31.03.2020
(unsecured, considered good, unless otherwise stated)		
- Due for more than six months	262.71	52.06
- Others	13,304.36	11,365.89
	13,567.07	11,417.95
Less : Provision for Doubtful debts	543.47	20.79
	<b>13,023.60</b>	<b>11,397.16</b>

#### 4.2.2 CASH AND CASH EQUIVALENTS

	As at 31.03.2021	As at 31.03.2020
Balances with Scheduled Banks :		
In Current Account	41.68	78.35
Cash-in-hand	-	-
	<b>41.68</b>	<b>78.35</b>

## Notes to the Financial Statements

### 4.2 FINANCIAL ASSETS - CURRENT (contd.)

#### 4.2.2.1 Bank Balances other than Cash and cash equivalents

	As at 31.03.2021	As at 31.03.2020
Other bank balances		
- Fixed Deposits - Lien Marked	1,507.65	1,677.58
	<b>1,507.65</b>	<b>1,677.58</b>

#### 4.2.3 LOANS

	As at 31.03.2021	As at 31.03.2020
(Unsecured, considered good)		
Loans and advances to employees	32.17	13.91
	<b>32.17</b>	<b>13.91</b>

#### 4.2.4 OTHER FINANCIAL ASSETS

	As at 31.03.2021	As at 31.03.2020
Interest Accrued on Fixed Deposits	8.02	11.39
	<b>8.02</b>	<b>11.39</b>

### 4.3 CURRENT TAX ASSETS (NET)

	As at 31.03.2021	As at 31.03.2020
MAT Credit Entitlement	2,517.05	2,556.69
Taxation Advances and Refundable (Net of Provisions)	203.51	261.40
	<b>2,720.56</b>	<b>2,818.09</b>

### 4.4 OTHER CURRENT ASSETS

	As at 31.03.2021	As at 31.03.2020
(Unsecured, considered good)		
Advances to suppliers	1,078.78	1,034.19
Export Incentive Receivable	163.18	155.67
Interest Subsidy on Term Loans	295.50	338.83
Refund/ Claim Receivable	657.15	211.83
Balance with Government Authorities	302.18	486.20
Advances recoverable in kind	420.26	483.63
	<b>2,917.05</b>	<b>2,710.35</b>

## Notes to the Financial Statements

### 5.1 EQUITY SHARE CAPITAL

	As at 31.03.2021	As at 31.03.2020
<b>Authorised :</b>		
2,49,50,000 Equity shares of Rs. 10/- each	2,495.00	2,495.00
5,000 Preference Share of Rs. 100/- each	5.00	5.00
	<b>2,500.00</b>	<b>2,500.00</b>
<b>Issued, Subscribed and Paid up :</b>		
1,98,20,000 Equity shares of Rs. 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 :

	As at 31.03.2021	As at 31.03.2020
	Nos.	Nos.
At the beginning of the year	1,98,20,000	1,98,20,000
Changes during the year	-	-
At the end of the year	<b>1,98,20,000</b>	<b>1,98,20,000</b>

(ii) Details of shareholders holding more than 5% of the Equity Shares in the company:

	As at 31.03.2021		As at 31.03.2020	
	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 Rs. 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, 2021 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

	As at 31.03.2021	As at 31.03.2020
<b>Reserves &amp; Surplus</b>		
a) <b>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>
c) <b>Retained Earnings</b>		
General Reserve		
As per last Account	8,500.00	8,500.00
	<b>8,500.00</b>	<b>8,500.00</b>
Surplus in the Statement of Profit & Loss		
As per last Account	3,022.63	3,276.07
Profit/(Loss) for the year	(121.37)	(291.95)

# Notes to the Financial Statements

## 5.2 OTHER EQUITY (contd.)

	As at 31.03.2021	As at 31.03.2020
Remeasurement of net defined benefit liabilities	54.48	38.51
	<b>2,955.74</b>	<b>3,022.63</b>
<b>Total Retained Earnings</b>	<b>11,455.74</b>	<b>11,522.63</b>
<b>d) Equity Investment Reserve</b>		
As per last Account	2.74	2.32
Add: Addition during the year	0.94	0.42
	<b>3.68</b>	<b>2.74</b>
<b>TOTAL</b>	<b>16,637.56</b>	<b>16,703.51</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.

## 6.1 FINANCIAL LIABILITIES - NON CURRENT

### 6.1.1 Borrowings

	As at 31.03.2021	As at 31.03.2020
Secured Loans		
Term Loan		
- From Banks	7,799.04	5,742.21
Vehicle Loans		
- From Banks	64.46	58.37
	<b>7,863.50</b>	<b>5,800.58</b>
Less : Current maturities of long term borrowings (Disclosed under Other Current Liabilities under Note No. 7.1.3 ) (*)	4,598.32	1,306.04
	<b>3,265.18</b>	<b>4,494.54</b>

#### i) Details of security for term loans

- (i) Term Loans of Rs. 4839.75 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 and pari-passu second charge on entire current assets (present and future) and personal guarantee of Chairman cum Managing Director of the company.
- (ii) Term Loans of Rs. 1699.29 are secured by way of extension of pari-passu first charge on entire current assets (present and future), Joint Equitable Mortgage by deposit of title deeds on company's immovable properties (present and future) on pari-passu second charge basis and a charge by way of hypothecation of all movable fixed assets and personal guarantee of Chairman cum Managing Director of the company.

## Notes to the Financial Statements

### 6.1 FINANCIAL LIABILITIES - NON CURRENT (contd.)

- (iii) Term Loans of Rs. 1260 are secured by way of extension of pari-passu first charge on entire current assets (present and future), Joint Equitable Mortgage by deposit of title deeds on company's immovable properties (present and future) on pari-passu second charge basis and a charge by way of hypothecation of all movable fixed assets and guarantee of National Credit Guarantee Trustee Company (NCGTC) Limited.

#### Repayment Terms (\*)

S.No.	Amount Outstanding	No of remaining Installments	Nature of Installment	Last date of Repayment
(a)	216.65	13	Equal Monthly	08.04.2022
(b)	605.94	13	Equal Monthly	18.04.2022
(c)	126.03	13	Equal Monthly	30.04.2022
(d)	257.00	15	Equal Monthly	02.06.2022
(e)	207.00	14	Ballooning	31.05.2022
(f)	158.67	5	Equal Quarterly	31.05.2022
(g)	286.67	15	Equal Monthly	18.06.2022
(h)	2687.99	7	Equal Quarterly	01.07.2022
(i)	937.50	6	Equal Quarterly	01.07.2022
(j)	1055.59	15	Equal Quarterly	30.09.2024
(k)	750.00	48	Equal Monthly	28.02.2026
(l)	510.00	48	Equal Monthly	31.03.2026

(\*) Refer Note No. 19

#### 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)	2.02	6	05.09.2021
(b)	39.19	40	02.07.2024
(c)	23.25	55	16.10.2025

### 6.2 NON-CURRENT PROVISIONS

	As at 31.03.2021	As at 31.03.2020
Provision for Employee Benefits:		
- Gratuity	417.40	449.07
- Leave Encashment	74.43	78.80
	<b>491.83</b>	<b>527.87</b>

### 6.3 DEFERRED TAX LIABILITIES (NET)

	As at 31.03.2021	As at 31.03.2020
Deferred Tax Liability / (Asset) relating to:		
- Property, plant and equipment and Intangible Assets	5,830.16	5,903.91
- Employee Benefits	(282.86)	(302.86)
- Unabsorbed Losses	(27.20)	(180.99)
- Others	(448.30)	(276.20)
	<b>5,071.80</b>	<b>5,143.86</b>

# Notes to the Financial Statements

## 6.4 OTHER NON-CURRENT LIABILITIES

	As at 31.03.2021	As at 31.03.2020
Deferred Income - Capital subsidy	289.62	318.35
	<b>289.62</b>	<b>318.35</b>

## 7.1 FINANCIAL LIABILITIES-CURRENT

### 7.1.1 Borrowings

	As at 31.03.2021	As at 31.03.2020
<b>Working Capital Limits - Secured (*)</b>		
From Banks:		
Working Capital Demand loan		
- Foreign Currency Loan	3,312.69	3,514.11
- Rupee Loan	564.00	564.00
Cash Credit Facilities	2,537.30	3,815.36
Packing Credit Facilities		
- Foreign Currency Packing Credit	5,012.32	3,353.71
- Rupee Loan Packing Credit	3,456.76	5,176.62
Bills Discounting Facilities	4,372.95	3,239.85
	<b>19,256.02</b>	<b>19,663.65</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.

(\*) Refer Note No. 19

### 7.1.2 Trade Payables

	As at 31.03.2021	As at 31.03.2020
- Dues of Micro and Small Enterprises	-	-
- Dues of creditors other than micro & small enterprises		
- Acceptances	11918.68	11969.79
- Others	4584.35	5691.55
	<b>16503.03</b>	<b>17661.34</b>

### 7.1.3 Other Financial Liabilities

	As at 31.03.2021	As at 31.03.2020
Current maturities of long-term borrowings	4,598.32	1,306.04
Interest accrued but not due on borrowings	9.65	14.50
Interest accrued and due on borrowings	62.47	74.75
Security deposits	37.34	36.10
Creditors for Capital Goods	15.70	12.85
Other Liabilities	3,184.30	2,897.87
Derivative Financial Instruments	16.52	188.87
	<b>7,924.30</b>	<b>4,530.98</b>



## Notes to the Financial Statements

### 7.2 OTHER CURRENT LIABILITIES

	As at 31.03.2021	As at 31.03.2020
Statutory Dues	584.75	574.93
Advance from customers	459.74	148.40
	<b>1,044.49</b>	<b>723.33</b>

### 7.3 CURRENT PROVISIONS

	As at 31.03.2021	As at 31.03.2020
Provision for Employee Benefits:		
- Gratuity	154.77	151.90
- Leave Encashment	33.82	27.53
	<b>188.59</b>	<b>179.43</b>

### 8.1 REVENUE FROM OPERATIONS

	2020-2021	2019-2020
<b>Sale of Products</b>		
- Yarn	48,569.60	48,898.41
- Fabric	5,179.67	6,693.53
- Trading Sale	5,425.26	6,876.84
	<b>59,174.53</b>	<b>62,468.78</b>
<b>Other operating revenues:</b>		
- Waste & Scrap Sales	2,411.43	2,547.59
- Export Incentives	558.01	504.45
- Exchange Rate Variation Gain	234.42	689.34
	<b>3,203.86</b>	<b>3,741.38</b>
	<b>62,378.39</b>	<b>66,210.16</b>

### 8.2 OTHER INCOME

	2020-2021	2019-2020
Interest	112.66	132.91
Rent	2.56	2.58
Dividend	0.47	0.54
Miscellaneous Income	22.30	17.62
Liabilities Written Back	68.30	14.95
Pro-rata Capital Subsidy	28.73	28.73
	<b>235.02</b>	<b>197.33</b>

### 9.1 COST OF MATERIAL CONSUMED

	2020-2021	2019-2020
Raw Material	31,568.13	32,541.02
Dyes and Chemicals	2,371.92	2,272.25
Packing Material	921.64	963.50
	<b>34,861.69</b>	<b>35,776.77</b>

## Notes to the Financial Statements

### 9.2 PURCHASE OF STOCK-IN-TRADE

	2020-2021	2019-2020
Trading Purchases	5,356.22	6,790.11
	<b>5,356.22</b>	<b>6,790.11</b>

### 9.3 CHANGE IN INVENTORIES

	2020-2021	2019-2020
Opening 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>
Less: Closing Stock		
Finished Goods	5,462.36	5,509.73
Work in progress	4,348.71	4,720.36
	<b>9,811.07</b>	<b>10,230.09</b>
Decrease/(Increase) in Stocks	419.02	871.02

### 9.4 EMPLOYEE BENEFIT EXPENSES

	2020-2021	2019-2020
Salary and allowances	4,991.10	5,373.00
Contribution to Provident & Other Funds	348.64	394.05
Staff welfare expenses	34.85	24.10
	<b>5,374.59</b>	<b>5,791.15</b>

### 9.5 FINANCE COSTS

	2020-2021	2019-2020
Interest Expenses	1,830.64	2,300.11
Other Borrowing Cost	1,617.15	1,898.16
Loan Processing and other financial charges	159.85	32.15
Exchange Fluctuation relating to borrowing costs	(307.92)	647.46
	<b>3,299.72</b>	<b>4,877.88</b>

### 9.6 DEPRECIATION & AMORTIZATION EXPENSES

	2020-2021	2019-2020
Relating to :		
- Property, plant & equipment	2,176.30	2,237.74
- Intangible Assests	3.95	7.93
	<b>2,180.25</b>	<b>2,245.67</b>

### 9.7 OTHER EXPENSES

	2020-2021	2019-2020
Conversion Charges	80.07	71.69
Consumption of Stores, Spares & Consumables	1,410.90	1,431.38
Power and Fuel	4,680.20	4,936.02
Repairs and Maintenance :		
Buildings	14.85	37.73
Machinery	40.61	80.85

## Notes to the Financial Statements

### 9.7 OTHER EXPENSES (contd.)

	2020-2021	2019-2020
Rent	67.39	76.10
Rates & Taxes	50.03	69.55
Insurance	202.14	164.58
Freight & Handling Charges	2,116.46	1,574.48
Commission	610.04	607.60
Travelling Expenses	103.01	277.67
Bad Debts	102.96	0.16
Provision for Doubtful Debts	1.61	0.35
Expenses of CSR Activities	41.01	121.79
Loss on sale of Fixed Assets (Net)	19.26	7.55
Miscellaneous Expenses	1,148.79	1,040.68
	<b>10,689.33</b>	<b>10,498.19</b>

### 9.8 EXCEPTIONAL ITEMS

	2020-2021	2019-2020
Provision for Doubtful Debts - Credit impaired body corporate	521.07	-
	<b>521.07</b>	<b>-</b>

### 10 TAX EXPENSES

	2020-2021	2019-2020
<b>Current tax</b>		
Income Tax	92.46	-
Less : MAT Credit availed during the year	(86.46)	-
Tax Adjustments	128.73	33.92
	<b>134.73</b>	<b>33.92</b>
<b>Deferred Tax</b>		
Deferred Tax	(101.84)	(185.26)
	<b>32.89</b>	<b>(151.34)</b>

(i) The major components of tax expense for the years ended 31 March 2021 and 31 March 2020 are:

	2020-2021	2019-2020
<b>Current Tax:</b>		
Current tax expenses for current year	92.46	-
MAT Tax Credit pertaining to current year	(86.46)	-
Tax expenses pertaining to prior periods	128.73	33.92
	<b>134.73</b>	<b>33.92</b>
Deferred tax obligations	(101.84)	(185.26)
<b>Total tax expense reported in the statement of profit or loss</b>	<b>32.89</b>	<b>(151.34)</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:

	2020-2021	2019-2020
<b>Profit before income taxes</b>	<b>(88.48)</b>	<b>(443.29)</b>
At statutory income tax rate	31.200%	34.944%
Expected Income Tax expenses	(27.61)	(154.90)

# Notes to the Financial Statements

## 10 TAX EXPENSES (contd.)

	2020-2021	2019-2020
Tax effects of adjustments to reconcile expected income tax expense to reported income tax expense		
Depreciation Difference	(13.75)	(1.88)
Non deductible expenses for tax purposes	278.50	142.24
Weighted deduction for R & D Expenses u/s 35 of Income Tax Act	(45.37)	(73.83)
Tax pertaining to prior periods	128.73	33.92
Others (Net)	(287.61)	(96.89)
<b>Total Income Tax expenses</b>	<b>32.89</b>	<b>(151.34)</b>

(iii) Significant components of net deferred tax assets and liabilities for the year ended on 31st March, 2021 is as follows:

	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	5,903.91	(73.75)	-	5,830.16
Employee Benefits	(302.86)	(9.27)	29.27	(282.86)
Unabsorbed Losses	(180.99)	153.79	-	(27.20)
Others	(276.20)	(172.61)	0.51	(448.30)
<b>Net Deferred Tax (Assets)/Liabilities</b>	<b>5,143.86</b>	<b>(101.84)</b>	<b>29.78</b>	<b>5,071.80</b>

Significant components of net deferred tax assets and liabilities for the year ended on 31st March, 2020 is as follows:

	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)
<b>Net Deferred Tax (Assets)/Liabilities</b>	<b>5,308.22</b>	<b>(185.26)</b>	<b>20.90</b>	<b>5,143.86</b>

## 11 FINANCIAL INSTRUMENTS

### 11.1 Financial Instruments by category

The carrying value of financial instruments by categories as on 31st March, 2021 were as follows:

Particulars	Note Reference	Fair Value through Profit & Loss	Fair Value through OCI	Amortised Cost	Total Carrying Value	Total Fair Value
<b>Financial Assets</b>						
<b>Investments</b>						
- Equity Instruments (other than subsidiary, Joint ventures)	3.4.1	-	7.80	-	7.80	7.80
- Trade receivables	4.2.1	-	-	13,023.60	13,023.60	13,023.60
- Cash and Cash equivalents	4.2.2	-	-	41.68	41.68	41.68

## Notes to the Financial Statements

### 11 FINANCIAL INSTRUMENTS (contd.)

Particulars	Note Reference	Fair Value through Profit & Loss	Fair Value through OCI	Amortised Cost	Total Carrying Value	Total Fair Value
- Bank Balances other than Cash and Cash Equivalents	4.2.2.1	-	-	1,507.65	1,507.65	1,507.65
- Loans	4.2.3	-	-	32.17	32.17	32.17
- Other financial assets	4.2.4	-	-	8.02	8.02	8.02
<b>Total Financial Assets</b>		-	<b>7.80</b>	<b>14,613.12</b>	<b>14,620.92</b>	<b>14,620.92</b>
<b>Financial Liabilities</b>						
- Long Term Borrowings	6.1.1	-	-	3,265.18	3,265.18	3,265.18
- Short Term Borrowings	7.1.1	-	-	19,256.02	19,256.02	19,256.02
- Trade Payables	7.1.2	-	-	16,503.03	16,503.03	16,503.03
- Other Financial Liabilities	7.1.3	16.52	-	7,907.78	7,924.30	7,924.30
<b>Total Financial Liabilities</b>		<b>16.52</b>	-	<b>46,932.01</b>	<b>46,948.53</b>	<b>46,948.53</b>

The carrying value of financial instruments by categories as on 31st 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
<b>Financial Assets</b>						
<b>Investments</b>						
- 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>
<b>Financial Liabilities</b>						
- 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>

#### Management estimations and assumptions

- 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.
- 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:
  - 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.
  - The fair values of the derivative financial instruments have been determined based on the exchange rates prevailing as at year end.

# Notes to the Financial Statements

## 11 FINANCIAL INSTRUMENTS (contd.)

### 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.

#### (ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value:

As at 31st March 2021

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	-	-	7.80
<b>Other financial current Liabilities</b>				
- Derivative financial instruments	7.1.3	-	16.52	-

As at 31st 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	-

### 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

## Notes to the Financial Statements

### 11 FINANCIAL INSTRUMENTS (contd.)

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.

(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 (Rs. in Lacs)	
	Current Year	Previous Year	Current Year	Previous Year
Exposure on account of Financial Assets				
Trade receivables (net of bill discounted)				
- In USD	51,01,999.86	29,19,881.34	3,729.82	2,208.78
- In PLN	5,31,957.53	3,68,992.56	98.61	67.29
Cash and cash equivalents				
- In PLN	1,28,162.64	3,10,639.38	23.76	56.65
Other Current Assets				
- In USD	16,774.58	15,774.58	12.13	11.33
- In Euro	24,199.47	22,735.60	20.01	17.65
- In CHF	-	23,201.60	-	15.93
- In PLN	7,157.85	38,328.88	1.33	6.99
Exposure on account of Financial Liabilities				
Trade Payables				
- In USD	1,62,609.86	2,55,306.21	118.89	193.19
- In Euro	18,866.08	61,483.02	16.17	50.89
- In CHF	-	21,112.13	-	16.51
- In PLN	18,091.11	17,342.93	3.35	3.16
Advance From Customer				
- In USD	5,95,664.89	2,13,261.87	433.74	154.40
- In Euro	31,976.00	6,955.14	27.20	5.80
Foreign Currency Loan				
- In USD	45,31,415.30	46,44,607.51	3,312.69	3,514.11
Packing Credit Foreign Currency				
- In USD	68,56,331.89	44,32,019.09	5,012.32	3,353.71
Foreign Commission Payable				
- In USD	2,70,702.44	2,00,225.29	197.92	149.81
- In Euro	2,914.98	3,750.23	2.50	3.11
Other Financial Liabilities				
- In PLN	65,492.73	37,631.28	12.14	6.87

(b) Forward Contracts of Rs. 2615.86 Lacs-US \$ 36.01 Lacs (Previous Year Rs 4572.08 Lacs-US \$ 60.42 Lacs ) taken for the purpose of hedging against outstanding of future orders as on 31.03.2021.

# Notes to the Financial Statements

## 11 FINANCIAL INSTRUMENTS (contd.)

### (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 31st March, 2021	As at 31st March, 2020
<b>Variable rate instruments</b>		
Long term borrowings	7,863.50	5,800.58
Current maturities of long term debt	4,598.32	1,306.04
Short term borrowings	19,256.02	19,663.65

### (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 31.03.2021	Year ended 31.03.2020
Net Profit after tax attributable to equity shareholders	(65.95)	(253.02)
<b>Total (A)</b>	<b>(65.95)</b>	<b>(253.02)</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 (Rs.) (A)/(B)	(0.33)	(1.28)
Diluted earning per Share (Rs.)* (A)/(B)	(0.33)	(1.28)
Face value per equity share (Rs.)	10	10



## Notes to the Financial Statements

### 13 CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR):-

S. No.	Particulars	As at 31st March, 2021	As at 31st March, 2020
	<b>Contingent Liabilities</b>		
(i)	Income Tax Matters against which appeal filed before Appellate Authority	2442.82	2439.84
(ii)	Outstanding Bank Guarantees	883.67	898.67
(iii)	Claims against company not accepted	279.93	262.81

(iv) Custom duty Rs. 69.66 Lacs (Previous year Rs. 59.94 Lacs ) saved upon import of capital goods made under EPCG scheme against which export obligations amounting to Rs. 417.98 Lacs (Previous year Rs. 359.63 Lacs) pending.

(v) Interest on contested demand of entry tax, amount whereof is not ascertainable.

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.

**14** Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 1130.63 Lacs (Previous year Rs. 25.23 Lacs) {(net of advances of Rs. 302 Lacs)(Previous year Rs. 10.32 Lacs)}.

**15** In order to meet the new effluent discharge norms for input to the Common Effluent Treatment Plant (CETP), as per Govt. of Himachal Pradesh notification dated 26.12.2019, it is now mandatory to upgrade the company's existing Effluent Treatment Plant (ETP). The company has undertaken a major capex project, which is under implementation, for revamping its existing ETP and installation of Ultra-filtration/ Nano-filtration/ Reverse Osmosis(RO) Plant to treat and reduce FDS in the Cat-IV Effluent discharged from its Dyeing Unit before discharging to the CETP Pipe line.

**16** In view of the management, no provision is required in respect of receivable to the extent of Rs. 568.37 lacs, out of Rs. 1089.44 lacs, from a body corporate whose net worth has been fully eroded, anticipating revival upon debt restructuring of the said body corporate in future. Under these circumstances, the due date of payment will be as mutually decided.

**17** The company has taken legal and other persuasive actions for recovery of certain overdue Trade Receivables amounting to Rs. 6.72 Lacs (previous year Rs. 6.92 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** Covid -19 pandemic had severe financial and operational impact on the company resulting in weakening of the company's working capital and adversely impacting its profitability. However, based on future projections, the company has approached its consortium member banks for One Time Debt Restructuring under RBI resolution framework for COVID-19 related stress dated 06th August, 2020 with a Resolution Plan. The company, under the said scheme, has proposed for :

- Extension of repayment schedule of its Term Loans outstanding as on 31st December, 2020 amounting Rs. 50.25 Crores upto two years;
- Carve out Working Capital Term Loan of Rs.50.46 Crores from Working Capital limits with ballooning repayment over 5 years;
- Reduction of Working Capital Fund Based Limits by Rs. 48.44 Crores.

The Consortium member banks have invoked company's Resolution Plan on 23rd December, 2020 and signed Inter-Creditor Agreement on 14th January, 2021. Currently the said Resolution Plan is under process of approval/sanction which is to be statutorily implemented within 180 days from date of invocation. Meanwhile, the external Credit Rating Agency has assigned RP4 rating to the company's resolution plan for restructuring.

Since the approval and implementation of Resolution Plan is under process, long term borrowings' repayment schedule, current maturities and short term borrowings have been reported based on existing terms of such borrowings.

## Notes to the Financial Statements

- 20 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.
- 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:-

Sr. No.	Particulars	2020-2021	2019-2020
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	2020-2021	2019-2020
(i) Revenue-Sales (Net)		
- Within india	34,259.01	41,381.92
- Outside india	28,119.38	24,828.24
<b>Total</b>	<b>62,378.39</b>	<b>66,210.16</b>
(ii) Carrying amount of segment assets by location of assets		
- Within india	68,768.76	69,544.24
- Outside india	3,885.66	2,384.62
<b>Total</b>	<b>72,654.42</b>	<b>71,928.86</b>
(iii) Capital Expenditure		
- Within india	305.58	126.03
- Outside india	-	215.17
<b>Total</b>	<b>305.58</b>	<b>341.20</b>

## Notes to the Financial Statements

### 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.

#### Significant influenced entities

Particulars	Country	Holding as at	
		31.03.2021	31.03.2020
a) Name of Subsidiary		-	-
b) List of Joint Ventures		-	-
c) Other related parties			
<b>(i) Key management personnel and their relatives</b>	<b>Relationship</b>		
Shri Ashish Bagrodia	Chairman Cum Managing Director		
Shri Anil 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)		
<b>(ii) Enterprise where Key Management Personnel &amp; their relative have significant influence</b>			
Star point Financial Services (P) Ltd.	India		
Winsome Yarns Limited	India		
Roselab Commodities Pvt. Ltd.	India		
Kailashpati Vinimay Pvt. Ltd.	India		

#### Transactions with the Related Parties :-

Nature of Transactons	2020-2021	2019-2020
	Other related parties	Other related parties
Income	-	-
Expenses		
Rent	5.71	22.83
Reimbursement of Expenses (Net)	0.88	42.05
Year End Receivable		
Trade Receivable	1,089.44	1,089.44
Loans and advances	17.77	10.24
Year End Payable		
Other Financial Liabilities	9.46	6.81

The table below describes the compensation to key managerial personnel and Related Parties:

Particulars	Year Ended 31 March, 2021	Year Ended 31 March, 2020
Short term employee benefits	192.67	257.92
Post employment benefits		
Defined contribution plan	-	-
Defined benefit plan	69.20	67.98
Other long term benefit	-	-
	<b>261.87</b>	<b>325.90</b>

# Notes to the Financial Statements

## 24 AUDITORS REMUNERATION (EXCLUDING GST)

### (a) Statutory Audit

Particulars	2020-2021	2019-2020
Audit Fee	18.00	15.00
Tax Audit Fee	3.60	2.10
Other Services	1.05	1.18
Reimbursement of expenses	0.10	1.32

### (b) Cost Audit

Particulars	2020-2021	2019-2020
Cost Audit Fee	0.75	0.75
Other Service	-	0.23

### (c) Other

Particulars	2020-2021	2019-2020
Secretarial audit fee	0.30	0.60

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 Practicing Actuary.

### Defined Contribution Plan

Contribution to Defined Contribution Plan, charged off for the year are as under:

Particulars	2020-2021	2019-2020
Employer's Contribution to Provident & Pension Fund	295.18	331.21
Employer's Contribution to ESIC Scheme	53.46	62.84

### 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

	Leave Encashment (Unfunded)		Gratuity (Funded)	
	2020-2021	2019-2020	2020-2021	2019-2020
Present value of obligation at the beginning of the year	106.33	113.43	608.14	571.37
Current Service Cost	22.91	24.44	130.05	120.66
Interest Cost	6.98	8.25	40.07	43.22
Remeasurements - Actuarial (gains)/losses	29.41	35.37	(85.82)	(65.12)
Benefits paid	(57.38)	(75.16)	(61.09)	(61.99)
Past Service Cost	-	-	-	-
Present value of obligation at the end of the year	108.25	106.33	631.35	608.14

#### b. Movement in Fair value of Plan Asset

	Leave Encashment (Unfunded)		Gratuity (Funded)	
	2020-2021	2019-2020	2020-2021	2019-2020
Fair Value of Plan Asset Beginning of the year	-	-	7.17	2.48
Interest Income	-	-	0.48	0.19
Actual contribution	-	-	111.46	24.79
Actuarial Gain/Losses	-	-	(2.07)	(5.93)
Benefits paid	-	-	(57.86)	(14.36)
Fair Value of Plan Asset End of the year	-	-	59.18	7.17

#### c. Reconciliation of fair value of assets and obligations

## Notes to the Financial Statements

25 (contd.)

	Leave Encashment (Unfunded)		Gratuity (Funded)	
	2020-2021	2019-2020	2020-2021	2019-2020
Present value of obligation at the end of the year	108.25	106.33	631.35	608.14
Fair Value of Plan assets as at the end of the year	-	-	59.18	7.17
Net liability recognised in Balance Sheet	108.25	106.33	572.17	600.97

d. Amount recognised in the Statement of Profit and Loss under Employee Benefit Expenses

	Leave Encashment (Unfunded)		Gratuity (Funded)	
	2020-2021	2019-2020	2020-2021	2019-2020
Current Service Cost	22.91	24.44	130.05	120.66
Interest Cost	6.98	8.25	40.07	43.22
Past Service Cost	-	-	-	-
Remeasurements - Actuarial (gains)/losses	29.41	35.37	-	-
Expected return on plan assets	-	-	(0.48)	(0.19)
Net expenses recognised in the statement of Profit and Loss	59.30	68.06	169.64	163.69

e. Amount recognised in the other comprehensive income

	Leave Encashment (Unfunded)		Gratuity (Funded)	
	2020-2021	2019-2020	2020-2021	2019-2020
Actuarial Gain/Losses in Plan Assets	-	-	2.07	5.93
Effect of change in demographic assumptions	-	-	-	-
Effect of change in financial assumptions	-	-	(33.20)	4.26
Effect of experience adjustments	-	-	(52.62)	(69.38)
Net expenses recognised in the other comprehensive income	-	-	(83.75)	(59.19)

f. The weighted-average assumptions used to determine net periodic benefit cost are set out below:

Mortality Table (IALM Ultimate)	Leave Encashment (Unfunded)		Gratuity (Funded)	
	2012-14	2012-14	2012-14	2012-14
Interest rate for discounting	6.97%	6.71%	6.97%	6.71%
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.	6.97%	6.71%
Withdrawal Rate	10.00%	10.00%	10.00%	10.00%
Retirement Age	58 Years	58 Years	58 Years	58 Years

g. The quantitative sensitivity analysis on net liability recognized on account of change in significant assumptions:

Particulars	Leave Encashment (Unfunded)		Gratuity (Funded)	
	2020-2021	2019-2020	2020-2021	2019-2020
Discount Rate 100 basis points Increase	(4.64)	(4.56)	(30.37)	(29.26)
Discount Rate 100 basis points Decrease	6.07	5.96	35.94	34.62
Salary Escalation Rate 100 basis points Increase	5.63	5.53	34.77	33.49
Salary Escalation Rate 100 basis points Decrease	(4.32)	(4.24)	(26.91)	(25.92)
Withdrawal Rate 25% Increase	(0.56)	(0.55)	0.65	(0.63)
Withdrawal Rate 25% Decrease	0.61	0.60	(1.05)	1.01

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 Financial Statements

25 (contd.)

h. Maturity profile of defined benefit obligation:

	Gratuity	
With in 1 year	154.77	151.90
1-2 Year	66.84	66.01
2-3 Year	64.43	60.34
3-4 Year	76.21	55.24
4-5 Year	56.71	68.97
above 5 years	153.22	198.51
	572.17	600.97

26 During the year Research and Development expenditure (net) amounting to Rs. 290.86 Lacs (Previous year Rs. 422.56 Lacs) have been charged to Statement of Profit and Loss in respective heads of the accounts & Capital Expenditure of Rs. Nil (previous year Rs. Nil), has been capitalized under the R & D Assets.

Particulars	2020-2021	2019-2020
Raw Material	303.81	428.98
Employee Cost	92.34	104.11
Store & Spares	67.04	78.23
Power & Fuel	68.86	75.84
Total Recurring Expenses	532.05	687.16
Less: Sale Consideration	241.19	264.60
Net Recurring Expenses	290.86	422.56
Total Capital Expenditure	-	-
Total R&D Expenses (Incl. Capital Expenditure)	290.86	422.56

27 The company has overseas operations at its branch in Poland and the financials of the period ended 31st March, 2021 has been incorporated in the audited financial statements of the company for the year ended 31st March, 2021.

28 In view of the management, the company should be able to utilise the MAT credit entitlement of Rs. 2517.05 Lacs (P.Y 2556.69 Lacs) based upon future prospects and hence, the same has been recognised as an assets under the head "Current Tax Assets-Net"

29 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.

30 (a) Raw Material Consumed

Particulars	2020-2021	2019-2020
Cotton	26,358.95	26,995.82
Manmade/other fibres and filaments	5,209.18	5,545.20
Total	31,568.13	32,541.02

(b) Total Value of Raw Materials and Stores & Spares consumed (includes packing material & dyes & chemicals):

Particulars	2020-2021	%	2019-2020	%
Raw Material:				
Imported	325.15	1.03	3,131.41	9.62
Indigenous	31,242.98	98.97	29,409.61	90.38
<b>Total</b>	<b>31,568.13</b>	<b>100.00</b>	<b>32,541.02</b>	<b>100.00</b>
Stores & Spares (includes packing material & dyes & chemicals):				
Imported	195.23	4.15	184.47	3.95
Indigenous	4,509.23	95.85	4,482.66	96.05
<b>Total</b>	<b>4,704.46</b>	<b>100.00</b>	<b>4,667.13</b>	<b>100.00</b>

## Notes to the Financial Statements

### 30 (contd.)

Detail of Traded Goods \*

Particulars	2020-2021		2019-2020	
	Purchases	Sales	Purchases	Sales
Yarn	5,356.22	5,425.26	6,790.11	6,876.84
<b>Total</b>	<b>5,356.22</b>	<b>5,425.26</b>	<b>6,790.11</b>	<b>6,876.84</b>

\*Opening stock and closing stock Nil (Previous Year Nil)

#### (C) CIF Value of Imports:

Particulars	2020-2021	2019-2020
Raw Material	121.13	3,316.78
Capital goods	-	215.17
Spare Parts & Components	145.49	235.24
<b>Total</b>	<b>266.62</b>	<b>3,767.19</b>

#### (d) Earnings in Foreign Exchange

Particulars	2020-2021	2019-2020
Exports of goods on FOB basis (excluding export through export houses & EOU)	27,023.45	23,312.31

#### (e) Expenditure in Foreign Currency

Particulars	2020-2021	2019-2020
Interest and other financial charges	406.27	297.48
Travelling	5.91	101.93
Rent	27.66	26.09
Employee Expenses	26.69	23.81
Commission Expenses	102.49	217.31
Freight & Handling Charges	5.76	6.10
Insurance	2.23	3.46
Repairs and Maintenance	8.81	1.55
Other Expenses	23.85	27.75

## 31 CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

	2020-2021	2019-2020
Amount required to be spent as per Section 135 of the Act	10.99	35.41
Amount spent during the year		
- Actual Expenditure (Including Administrative Overheads)	41.01	121.79
- Qualifying Expenditure	41.01	121.79

- 32 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company is in the process of assessing the impact of the code and will record the same, if any, in the year the Code becomes effective.

## Notes to the Financial Statements

### 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	31st March, 2021	31st March, 2020
(a) Revenue from contract with customers		
Sale of Products	59174.53	62468.78
Other Operating Revenues:	3203.86	3741.38
	<b>62378.39</b>	<b>66210.16</b>
(b) Income from investment activities/others		
Other Income	235.02	197.33
	<b>235.02</b>	<b>197.33</b>
<b>Total</b>	<b>62613.41</b>	<b>66407.49</b>

(ii) Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Type of goods/services	31st March, 2021	31st March, 2020
Sale of Products		
Yarn	48569.6	48898.41
Fabric	5179.67	6693.53
Trading Sales	<b>5425.26</b>	<b>6876.84</b>
	59174.53	62468.78
Other Operating Revenues:		
Waste & Scrap Sales	2411.43	2547.59
Export Incentives	558.01	504.45
Exchange Rate Variation Gain	234.42	689.34
	3203.86	3741.38
Other Income	235.02	197.33
Total revenue from contracts with customers	62613.41	66407.49
Revenue from contract with customers		
Within india	34,259.01	41,381.92
Outside india	28,119.38	24,828.24
	<b>62,378.39</b>	<b>66,210.16</b>

(iii) Contract balances

Particulars	Sub heading	31st March, 2021	31st March, 2020
Contract Assets	Trade Receivables	13,023.60	11,397.16
Contract liabilities	Advance from Customers	459.74	148.40

(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.



## Notes to the Financial Statements

### 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 31st March, 2021	As at 31st March, 2020
Borrowings	27,119.52	25,464.23
Less: Cash and cash equivalents	1,549.33	1,755.93
Net debt	25,570.19	23,708.30
Total equity	<b>18,619.56</b>	<b>18,685.51</b>
Capital and Net debt	44,189.75	42,393.81
Gearing ratio	57.86%	55.92%

Further, there have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year ended 31st March 2021.

There were no changes in the objectives, policies or processes for managing capital during the year ended 31 March 2021 and 31 March 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	Notes	31st March, 2021	31st March, 2020
<b>Non Current Assets</b>			
Property, Plant and Equipments	3.1	30,266.38	32,360.58
Capital work-in-progress	3.2	177.49	-
Intangible Assets	3.3	15.28	17.73
<b>Total</b>		<b>30,459.15</b>	<b>32,378.31</b>
<b>Current Assets</b>			
Inventories	4.1	21,571.98	20,769.35
Trade receivables	4.2.1	13,023.60	11,397.16
Cash and cash equivalents	4.2.2	41.68	78.35
Bank Balances other than Cash and Cash Equivalents	4.2.2.1	1,507.65	1,677.58
<b>Total</b>		<b>36,144.91</b>	<b>33,922.44</b>

## Notes to the Financial Statements

**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

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**Ashish Bagrodia**  
(Chairman Cum  
Managing Director)  
DIN -00047021

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

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

**Abhishek Gupta**

Partner

Membership No: 529082

Place: Chandigarh (Camp)

Date: 8th June, 2021

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**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 40<sup>th</sup> Annual General Meeting of the Members of Winsome Textile Industries Limited, will be held on Monday, the 27<sup>th</sup> day of September, 2021 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, 2021, 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 reappointment.
3. To appoint a Director in place of Shri Anil Kumar Sharma (DIN-01157106), who retires by rotation and being eligible, offers himself for reappointment.

#### SPECIAL BUSINESS:

4. 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), re-appointed by the Board of Directors as Cost Auditor of the Company, for conducting Cost Audit of Company for the financial year 2021-22, 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."

5. To consider and if thought fit, to pass the following resolution as Special Resolution.

**"RESOLVED THAT** pursuant to the provisions of Section 13 and 61 and other applicable provisions, if any, of Companies Act, 2013, (including any statutory modifications or re-enactment thereof, for the time being in force), and the rules framed thereunder, approval of the Company be and is hereby accorded to reclassification of the Authorized Share Capital of the Company and consequent alteration in Memorandum of Association of the Company"

**"RESOLVED FURTHER THAT** the existing Authorized Share Capital of the Company is Rs.25,00,00,000 (Rupees Twenty Five Crores) divided into 5,000 (Five Thousand) Redeemable Cumulative Preference shares of RS.100/- (Rupees Hundred) each and 2,49,50,000 (Two Crores forty nine lacs fifty thousand) Equity Shares of Rs.10/- (Rupees Ten) each be and is hereby reclassified to Rs.25,00,00,000 (Rupees Twenty Five Crores) divided into 2,50,00,000 (Two Crores Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each."

**"RESOLVED FURTHER THAT** the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following new Clause V as under:

V. The Authorized Share Capital of the Company is Rs.25,00,00,000 (Rupees Twenty Five Crores) divided into 2,50,00,000 (Two Crores Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each"

**"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

Date: 08.06.2021

## 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 04<sup>th</sup> September, 2017 (subject to annual ratification by shareholders at every subsequent AGM) on a remuneration mutually agreed upon between 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 07<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 ATTENDANCE 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 20.09.2021 to 27.09.2021 (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 an 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 was pending for transfer to IEPF. Although, the unclaimed dividend and shares transferred to the IEPF Authority by the Company in the previous year(s) 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 2020-21 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 40<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 40<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) (RTA of the Company).
- 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 22<sup>nd</sup> September, 2021 at 9:00 A.M. (IST) and shall end on 26<sup>th</sup> September, 2021 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 20<sup>th</sup> September, 2021, 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 process and manner for Remote e-voting are as hereunder:**

**Remote e-Voting Instructions for shareholders post change in the Login mechanism for Individual shareholders holding securities in demat mode, pursuant to SEBI circular dated December 9, 2020:**

Pursuant to SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode can vote through their demat account maintained with Depositories and Depository Participants only post 9<sup>th</sup> June, 2021.

Shareholders are advised to update their mobile number and email Id in their demat accounts to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode/ physical mode is given below:

Type of shareholders	Login Method
<b>Individual Shareholders holding securities in demat mode with NSDL</b>	<ul style="list-style-type: none"> <li>• If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password.</li> <li>• After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>• If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>• Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ul>
<b>Individual Shareholders holding securities in demat mode with CDSL</b>	<ul style="list-style-type: none"> <li>• Existing user of who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>• After successful login of Easi / Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL, KARVY, LINK NTIME, CDSL. Click on e-Voting service provider name to cast your vote.</li> <li>• If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>• Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP where the E Voting is in progress.</li> </ul>
<b>Individual Shareholders (holding securities in demat mode) &amp; login through their depository participants</b>	<ul style="list-style-type: none"> <li>• You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility.</li> <li>• Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ul>

Type of shareholders	Login Method
Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME.	<ol style="list-style-type: none"> <li>1. Open the internet browser and launch the URL: <a href="https://instavote.linkintime.co.in">https://instavote.linkintime.co.in</a> <ul style="list-style-type: none"> <li>➤ Click on “Sign Up” under ‘SHARE HOLDER’ tab and register with your following details: -               <ol style="list-style-type: none"> <li>A. <b>User ID:</b> Shareholders/ members holding shares in <b>physical form</b> shall provide Event No + Folio Number registered with the Company.</li> <li>B. <b>PAN:</b> 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.</li> <li>C. <b>DOB/DOI:</b> Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)</li> <li>D. <b>Bank Account Number:</b> Enter your Bank Account Number (last four digits), as recorded with your DP/Company.                   <ul style="list-style-type: none"> <li>• Shareholders/ members holding shares in <b>physical form</b> but have not recorded ‘C’ and ‘D’, shall provide their Folio number in ‘D’ above</li> </ul> </li> </ol> </li> <li>➤ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$&amp;*), at least one numeral, at least one alphabet and at least one capital letter).</li> <li>➤ Click “confirm” (Your password is now generated).</li> </ul> </li> <li>2. Click on ‘Login’ under ‘SHARE HOLDER’ tab.</li> <li>3. Enter your <b>User ID</b>, Password and Image Verification (CAPTCHA) Code and click on ‘Submit’.</li> <li>4. After successful login, you will be able to see the notification for e-voting. Select ‘View’ icon.</li> <li>5. E-voting page will appear.</li> <li>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).</li> <li>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.</li> </ol>

#### Institutional shareholders:

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.

#### Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME, 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.

#### Individual Shareholders holding securities in demat mode with NSDL/ CDSL have forgotten the password:

- Shareholders/ members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.
- 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 this 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”.

**Helpdesk for Individual Shareholders holding securities in demat mode:**

In case shareholders/ members holding securities in demat mode have any technical issues related to login through Depository i.e. NSDL/ CDSL, they may contact the respective helpdesk given below:

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 22-23058542-43.

**Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders & evoting service Provider is LINKINTIME.**

In case shareholders/ members holding securities in physical mode/ Institutional shareholders 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.

- V. 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. 20<sup>th</sup> September,2021, 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.
- VI. 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. 20<sup>th</sup> September,2021.
- VII. 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.
- VIII. 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.
- IX. The Results declared along with 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 BSE Limited, 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. 4

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 2021-2022 to conduct the Cost Audit of the Company on a total remuneration of Rs.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. 4 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. 4 of the Notice.

### ITEM NO. 5

The Board of Directors, in their meeting held on 08<sup>th</sup> June, 2021, proposed the reclassification of Authorized Share Capital and consequent alteration in Memorandum of Association of the Company, subject to the approval of Members of the Company.

The present Authorized Share Capital of the Company is Rs.25,00,00,000 (Rupees Twenty Five Crores) divided into 5,000 (Five Thousand) Redeemable Cumulative Preference Shares of Rs.100/- (Rupees Hundred) each and 2,49,50,000 (Two Crores forty nine lacs fifty thousand) Equity Shares of Rs.10/- (Rupees Ten) each. The said reclassification is sought for convenient purpose only and the Board recommends reclassification of Company's Authorized Share Capital to Rs.25,00,00,000 (Rupees Twenty Five Crores) divided into 2,50,00,000 (Two Crores Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each."

Further, in order to alter the Authorized Share Capital of the Company, the Memorandum of Association will also undergo a change by substitution of Clause V, The said reclassification of Capital and alteration of Memorandum of Association shall be subject to the approval of members by way of Special Resolution.

The draft copy of Memorandum of Association (after alteration) 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 be kept open at the venue of the AGM till the conclusion of AGM.

Therefore, the resolutions at Items No. 5 of the Notice seeks approval of the Members to reclassify the Share Capital and to substitute the Clause V of Memorandum of Association of the Company.

The Board recommends the Special Resolution at Items No. 5 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. 5 of the Notice.

## Annexure to Item No. 2 to 3 of Notice

Details pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) and Secretarial Standard 2 on General Meeting with respect to Director retiring by rotation and being eligible seeking re-appointment is as under:

Name of Director	Ashish Bagrodia	Anil Kumar Sharma
Date of Birth	19.06.1970	29.06.1954
Nationality	Indian	Indian
Date of appointment on the Board	01.10.1996	13.02.2020
Director Identification Number	00047021	01157106
Qualifications	B. E. (Mech.) Hons.	MBA and B. Tech.
Experience & Expertise in specific Functional Areas	More than two decades of vast & rich experience in Textile Industry as team leader.	More than 40 years core experience in the field of marketing and administration of textile Industry.
No. of shares held in the Company as on 31.03.21	49220 Equity Shares of Rs.10/- each.	NIL
No. of Board Meetings attended during the year	6 out of 6	6 out of 6
Directorship held in Other Companies	Confederation of Indian Textile Industry (CITI)	Majestic Auto Limited Kailashpati Vinimay (P) Ltd
Membership/Chairmanship of Committees held in Other Public Ltd. Companies (includes only Audit Committee & Stakeholder's Relationship Committee)	Chairmanship: NIL Membership: NIL	Chairmanship: NIL Membership: NIL
Relationships between Directors inter-se	-	-
Remuneration details	Refer Corporate Governance Report	

Except Sh. Ashish Bagrodia (DIN:00047021) and Sh. Anil Kumar Sharma (DIN:01157106) and their 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. 2 and 3 of the Notice respectively.

For and on behalf of the Board

Sd/

(Ashish Bagrodia)

Chairman & Managing Director  
DIN-00047021

Place: Chandigarh  
Date: 08.06.2021

WINSOME TEXTILE INDUSTRIES LIMITED

CIN: L17115HP1980PLC005647

Regd. 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

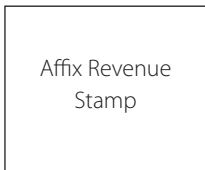
As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 40th Annual General Meeting of the Company, to be held on Monday, the 27th day of September, 2021 at 10:00 A.M. at regd. office of Company at 1, Industrial Area, Baddi, Distt. Solan, Himachal Pradesh and at any adjournment thereof in respect of such resolutions as are indicated below:-

Table with 3 columns: S. No., Resolutions, For, Against. Rows include Ordinary Business (3 items) and Special Business (2 items).

Signed this .....day of ..... 2021.

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**

40TH ANNUAL GENERAL MEETING ON MONDAY, THE 27TH DAY OF SEPTEMBER, 2021 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

Registered 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**

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions.

The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should kindly bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



**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)