



WINSOME YARNS LIMITED

34th
ANNUAL REPORT
2023-24

CORPORATE INFORMATION

RESOLUTION PROFESSIONAL

Shri Anil Kohli (M/s. ARCK Resolution Professionals LLP)
Resolution Professional- Winsome Yarns Limited
IBBI Regn No. IBBI/IPA-001/IP-P00112/2017-18/10219
(Appointed by Hon'ble NCLT, Chandigarh)

BOARD OF DIRECTORS

(Power under suspension during CIRP)

Shri Manish Bagrodia -Non-Independent Director Non-Executive)
Shri Rajiv Chadha -Independent Director (Non-Executive)
Shri Pankaj Mahajan -Independent Director (Non-Executive)

CHIEF FINANCIAL OFFICER

Shri Sanjay Sharma

REGISTERED OFFICE

WINSOME YARNS LIMITED
Basement, SCO- 13-14-15, Sector 34-A
Chandigarh-160022, India

AUDITORS

M/s Dhana & Associates
Chartered Accountants
407, South-Ext. Plaza-II
South Extension-2, New Delhi-110049, India

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Limited
Noble Heights, 1st Floor, Plot NH 2
C-1 Block LSC, Near Savitri Market
Janakpuri, New Delhi-110058, India

CORPORATE IDENTITY NO. (CIN)

L17115CH1990PLC010566

ISIN (EQUITY SHARE)

INE784B01035

PERMANENT ACCOUNT NO. (PAN)

AAACW1911H

BSE SECURITY CODE : 514348

NSE SYMBOL : WINSOME

GST NO.- (CHANDIGARH) : 04AAACW1911H2ZR

GST NO.- (PUNJAB) : 03AAACW1911H1ZU

GST NO.- (TAMILNADU) : 33AAACW1911H1ZR

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Note:

The National Company Law Board (NCLT), Chandigarh, vide Its order dated 22.12.2023 has admitted the reference for initiation of Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code 2016. The Powers of the Board of Directors stands suspended since then. Further the NCLT, Chandigarh, vide its order dated 14.03.2024 has appointed M/s. ARCK Resolution Professionals LLP as the Resolution Professional (RP) to carry the Day-to-day operations of the Company.

WINSOME YARNS LIMITED (Under CIRP)**Regd. Office : Basement, SCO. 13-14-15, Sector 34-A, Chandigarh-160022 (India)****CIN : L17115CH1990PLC010566****Tele : +91-172-4612000, 4613000, Fax : +91-172-4614000****website : winsomeyarns.com, Email : cshare@winsomegroup.com****NOTICE**

Notice is hereby given that Thirty Forth (34th) Annual General Meeting of M/s. Winsome Yarns Limited (CIN:L17115CH1990PLC010566) will be held on Friday, the 27th December, 2024 at 02:30 P.M. through Video Conferencing (VC)/ Other Audio Visual Means("OAVM"), to transact the following business:

ORDINARY BUSINESS:**ITEM NO. 1**

To receive, consider and adopt the Annual Audited Financial Statements of the Company for the Financial Year ended March 31, 2024 together with the Reports of the Board of Directors and Auditors thereon.

"RESOLVED THAT the audited financial statement of the Company for the financial year ended 31st March, 2024 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."

ITEM NO. 2

To appoint a director in place of Shri Manish Bagrodia (DIN. 00046944) (power under suspension), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Manish Bagrodia (DIN:00046944) (power under suspension), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:**ITEM NO. 3**

To approve and ratify the remuneration of M/s. Vijay Kumar Mishra & Associates, Cost Accountants as Cost Auditor of the Company for the financial year 2024-25 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred as "the Act") and the Companies (Audit and Auditors) Rules, 2014, (including any amendments, statutory modification(s) or re-enactment(s) thereof for the time being in force) and other applicable provisions, if any, of the Act, M/s. Vijay Kumar Mishra & Associates, Cost Accountants, (Firm registration number 001723), Ghaziabad appointed as Cost Auditors by the Resolution Professional (as the power of the Board is suspended and delegated to Resolution Professional, as appointed in terms of Insolvency and Bankruptcy Code, 2016) of the Company to audit the cost records of the Company for the financial year 2024-25, be paid a remuneration of Rs. 29,000/- (Rupees Twenty Nine Thousand only) per annum (plus applicable taxes) and out of pocket expenses that may be incurred."

Registered Office :
Basement, SCO 13-14-15
Sector 34-A, Chandigarh – 160022

Dated : 02.12.2024

For and on behalf of the Board
(Power suspended)

Manish Bagrodia
Director
DIN : 00046944

(Taken on Record)

Anil Kohli
Designated Partner
M/s. ARCK Resolution Professionals LLP
(Resolution Professional)

Registration No. IBBI/IPE-0030/IPA-1/2022-23/50013

NOTES :

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020, January 13, 2021 and December 28, 2022; General Circular No. 09/2023 dated September 25, 2023 and General Circular No. 09/2024 dated September 19, 2024, (collectively referred to as 'MCA Circulars') and SEBI Circular No. Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated October 03, 2024 read with SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 7, 2023; circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May13, 2022 and SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 (collectively referred to as 'SEBI Circulars') permitted the holding of the Annual General Meeting through video- conferencing / other audio visual means ('VC / OAVM'), without the physical presence of the Members, Directors or other eligible persons at a common venue. In compliance with the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and aforesaid MCA and SEBI Circulars, the AGM of the Company will be conducted through VC/OAVM.
2. In accordance with the provisions of Section 108 of the Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI Listing Regulations and in view of the aforesaid MCA and SEBI Circulars, the Company has engaged the services of Link Intime (India) Private Limited (“LI IPL”) to provide the facility of voting by electronic voting system to all the Members to enable them to cast their votes electronically during the AGM in respect of the business to be transacted at the aforesaid Meeting. The facility of casting the votes by the Members using such electronic voting system from a place other than venue of the AGM (“remote e-voting”) is also being provided by LI IPL.
3. In accordance with the MCA and SEBI Circulars, provisions of the Companies Act, 2013 ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the AGM of the Company is being held through VC / OAVM. Since the AGM will be held through VC / OAVM, no Route Map is being provided with the Notice. The deemed venue for the AGM shall be the Registered Office of the Company.
4. The Company has enabled the Members to participate in the 34th AGM. The participation of members through VC /OAVM shall be counted for the purpose of reckoning quorum for the AGM under Section 103 of the Act.
5. In case of Joint-holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM.
6. Since this AGM will be held through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM'), (a) Members will not be able to appoint proxies for the meeting, and (b) Attendance Slip & Route Map are not annexed to this Notice.
7. Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 ('the Act'), relating to the Special Business to be transacted at this Annual General Meeting ('AGM') is annexed.
8. Institutional /Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorisation etc., authorising its representative to attend the Annual General Meeting through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through their registered email address to gmadan1959@yahoo.co.in with copies marked to the Company at winsomeyarns.ibc@gmail.com; cshare@winsomegroup.com and to its RTA at swapann@linkintime.co.in.
9. Members who have not registered their E-mail address so far are requested to register their e-mail for receiving all communication including Annual Report, Notices and Circulars etc. from the company electronically. **Members can do this by updating their email addresses with their depository participants.**

Registration of email ID and Bank Account details:

- (a) In case the shareholder's email ID is already registered with the Company/its Registrar & Share Transfer Agent “RTA”/Depositories, log in details for e-voting are being sent on the registered email address.

(b) In case the shareholder has not registered his/her/their email address with the Company/its RTA/Depositories and or not updated the Bank Account mandate for receipt of dividend, the following instructions to be followed:

(i) Kindly log in to the website of our RTA, Link Intime India Private Ltd., www.linkintime.co.in under Investor Services > Email/Bank detail Registration - fill in the details and upload the required documents and submit. OR

(ii) **In the case of Shares held in Demat mode:**

The shareholder may please contact the Depository Participant (“DP”) and register the email address and bank account details in the demat account as per the process followed and advised by the DP.

10. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR Code and IFSC Code, mandates, nomination, power of attorney, change of address, change of name, e-mail address, contact numbers, etc to their depository participant (“DP”). Members holding shares in physical form are requested to intimate such changes to Company’s RTA, i.e. Link Intime Private Limited along with relevant evidences or supporting.
11. 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 PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Company’s RTA i.e. Link Intime India Private Limited.
12. SEBI has also made amendment to Regulation 40 of SEBI LODR Regulations with respect to mandatory dematerialization for transfer of securities. Pursuant to the aforesaid amendment to SEBI LODR Regulations, Listed Companies and their Registrars and Transfer Agents (“RTAs”) are advised to ensure that shares which are lodged for transfer are mandatory in dematerialized form with effect from April 1, 2019. Therefore, shareholders are requested to get their physical shareholding dematerialized for any further transfers.
13. Pursuant to Sec on 91 of the Companies Act, 2013 read with Rules framed there under and Regulation 42 (5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Register of Members and Share Transfer Books will remain closed from **Saturday, December 21, 2024 to Friday, December 27, 2024** (both days inclusive) for the purpose of Annual General Meeting.
14. Pursuant to Sec on 72 of the Companies Act, 2013, shareholders holding shares in physical form may file their nomination in the prescribed Form SH-13 with the Company’s Registrar and Share Transfer Agent. In respect of shares held in electronic/demat form, the nomination form may be filed with the respective Depository Participant.
15. The AGM Notice along with the Annual Report for the financial year 2023-24 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/Depositories or the Registrar and Share Transfer Agent i.e. Link Intime India Private Limited or the Depository Participant(s) in accordance with the aforesaid MCA Circulars and circular issued by SEBI dated May 12, 2020 read with SEBI Circular dated January 15, 2021. Members may note that the AGM Notice along with the Annual Report for the financial year 2023-24 will also be available on the Company’s website <http://www.winsomeyarns.com>; websites of the Stock Exchanges i.e. National Stock Exchange of India Ltd and BSE Limited at www.nseindia.com and www.bseindia.com respectively. Members can send and participate in the Annual General Meeting through VC/OAVM facility only. The Notice shall also be available on the e-voting website of the agency engaged for providing e-voting facility, i.e. Link Intime India Private Limited, (LIPL) viz., instavote.linkintime.co.in.

All documents referred to in the Notice and the Explanatory Statement/Annexure shall be made available for inspection by the Members of the Company, without payment of fees upto the date of AGM. Members desirous of inspecting the same may send their requests not later than December 19, 2024 at 11:00 A.M. at winsomeyarns.abc@gmail.com from their registered e-mail addresses mentioning their names and folio numbers/demat account numbers.

In accordance with the MCA Circulars, the Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under sec on 189 of the Companies Act, 2013 and Relevant documents referred to in this Notice of AGM and

explanatory statement will be available for inspection on the date of AGM in electronic mode and shall remain open and be accessible to any Member.

16. Members of the Company holding shares either in physical form or in Dematerialised forms as on Friday, November 29, 2024 will receive Annual Report and AGM Notice through electronic mode.

17. PROCEDURE FOR REMOTE E-VOTING AND E-VOTING DURING THE AGM:

Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and administration) Rules, 2014, as amended by the Companies (Management and administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosures Requirements), 2015 ("Listing Regulations"), the Company is pleased to provide members, the facility to exercise their vote at the 34th 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 eligible members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") and e voting during Annual General Meeting will be provided by the Link Intime India Private Limited. The instructions to cast votes through remote e-voting and through e-voting system during the AGM are annexed separately and form part of this Notice.

The Voting rights shall be reckoned on the paid-up value of shares registered in the name of member/beneficial owners (in case of electronic shareholding) as on the cut-off date i.e. Friday, December 20, 2024. The remote e-voting period commences on **Tuesday, December 24, 2024 (9.00 a.m. IST) and ends on Thursday, December 26, 2024 (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 i.e. **Friday, December 20, 2024 (hereinafter called as "Cut-off Date")**, may cast their vote electronically. The remote E-voting module shall be forthwith blocked by Link Intime for voting thereafter. Once the vote on resolution is casted by the Member, he shall not be allowed to change it subsequently as well as a person who is not a member as on the Cut-off date should treat this Notice for information purpose only.

Only those Members who are present in the Meeting through VC or OAVM facility and have not cast their votes on resolutions through remote e-Voting and are otherwise not barred from doing so, shall be allowed to vote through e-Voting system during the AGM. However, Members who would have cast their votes by remote e-Voting may attend the Meeting, but shall neither be allowed to change it subsequently nor cast votes again during the Meeting and accordingly, their presence shall also be counted for the purpose of quorum under Sec on 103 of the Act. The Members, whose names appear in the Register of Members/list of Beneficial Owners as on **cut-off date i.e. Friday, December 20, 2024** are entitled to vote on the Resolutions set forth in the Notice. The voting rights of the Members shall be in proportion to their share(s) of the paid-up equity share capital of the Company as on the cut-off date. The resolution Professional has appointed CS Girish Madan (C.O.P. No. 3577) of M/s. Girish Madan and Associates, Practicing Company Secretaries as the Scrutinizer to scrutinize the e- voting at the meeting and remote e-voting process in a fair and transparent manner. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any. Thereafter, the Results of e-Voting shall be declared forthwith by the Chairman or a person authorised by him, in writing, in this regard. The Results along with the report of the Scrutinizer shall be placed on the website of the Company (www.winsomeyarns.com) and on the website of Link Intime India Private Limited (<https://instavote.linkintime.co.in>) immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed. Subject to the receipt of requisite number of votes, the businesses mentioned in the Notice / the resolution(s) forming part of the Notice shall be deemed to be passed on the date of the AGM, i.e., Friday, December 27, 2024.

18. Remote e-Voting Instructions for shareholders:

As per the SEBI circular dated December 9, 2020, individual shareholders holding securities in demat mode can register directly with the depository or will have the option of accessing various ESP portals directly from their demat accounts.

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

1. Individual Shareholders holding securities in demat mode with NSDL

1. Existing IDeAS user can visit the e-Services website of NSDL viz... <https://eservices.nsdl.com> either on a personal computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added 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 i.e. LINKINTIME and you will be re-directed to "InstaVote" website for casting your vote during the remote e-Voting period.
 2. If you are not registered for IDeAS e-Services, option to register is available at <https://eservices.nsdl.com> Select "Register Online for IDeAS Portal" or click at <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>
 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> 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 i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.
2. Individual Shareholders holding securities in demat mode with CDSL
1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. The option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password.
 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by the company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider i.e. LINKINTIME for casting your vote during the remote e-Voting period. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.
 3. If the user is not registered for Easi/Easiest, the option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.
 4. Alternatively, the user can directly access the e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, the user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
3. Individual Shareholders (holding securities in demat mode) login through their depository participants You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful 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 the company name or e-Voting service provider name i.e. LinkIntime and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

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

Individual Shareholders of the company, holding shares in physical form / Non-Individual Shareholders holding securities in demat mode as on the cut-off date for e-voting may register for e-Voting facility of Link Intime as under:

1. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>
2. Click on “**Sign Up**” under ‘**SHARE HOLDER**’ tab and register with your following details: -

A. User ID:

Shareholders holding shares in physical form shall provide Event No + Folio Number registered with the Company. Shareholders holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID; Shareholders holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable).

C. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

Shareholders holding shares in **physical form but have not recorded ‘C’ and ‘D’, shall provide their Folio number in ‘D’ above*

Shareholders holding shares in **NSDL form, shall provide ‘D’ above*

▶ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter).

▶ Click “confirm” (Your password is now generated).

3. Click on ‘Login’ under ‘**SHARE HOLDER**’ tab.
4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on ‘**Submit**’.

Cast your vote electronically:

1. After successful login, you will be able to see the notification for e-voting. Select ‘**View**’ icon.
2. E-voting page will appear.
3. 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).
4. 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.

Guidelines for 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.

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders:

Shareholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at enotices@linkintime.co.in or contact on: - Tel: 022 – 4918 6000.

Helpdesk for Individual Shareholders holding securities in demat mode:

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e. NSDL and CDSL.

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 evoting@nsdl.co.in or call at : 022 - 4886 7000 and 022 - 2499 7000
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 helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

Individual Shareholders holding securities in Physical mode has forgotten the password:

If an Individual Shareholders holding securities in Physical mode has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the “Forgot Password” option available on the e-Voting website of Link Intime: <https://instavote.linkintime.co.in>

- o Click on ‘**Login**’ under ‘**SHARE HOLDER**’ tab and further Click ‘**forgot password?**’
- o Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on “SUBMIT”.

In case shareholders is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders 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.*

User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company

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

Shareholders 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”.

19. Process and manner for attending the Annual General Meeting through InstaMeet:

1. Open the internet browser and launch the URL: <https://instameet.linkintime.co.in> & Click on “**Login**”.

▶ Select the “**Company**” and ‘**Event Date**’ and register with your following details: -

A. Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No

• Shareholders/ members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**

• Shareholders/ members holding shares in **NSDL demat account shall provide 8 Character**

DP ID followed by 8 Digit Client ID

• Shareholders/ members holding shares in **physical form shall provide** Folio Number registered with the Company

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

C. Mobile No.: Enter your mobile number.

D. Email ID: Enter your email id, as recorded with your DP/Company.

▶ Click “Go to Meeting” (You are now registered for InstaMeet and your attendance is marked for the meeting).

Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:

1. Shareholders who would like to speak during the meeting must register their request with the company.
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive “speaking serial number” once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet:

Once the electronic voting is activated by the scrutinizer during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote"
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.
3. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.
4. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note: Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

Annexure to the Notice (Explanatory Statement in respect of the Special Businesses to be transacted at the AGM and set out under Item No. 3 of the accompanying Notice of AGM pursuant to Section 102 (1) of the Companies Act, 2013, as amended)

ITEM NO. 3

Section 148 of the Act, inter-alia, provides that the Central Government may direct audit of cost records of class of Companies. Further, as you are aware that w.e.f. 22nd December, 2023 the Company has been admitted to CIRP under Section 7 of the Code. Thereafter, in accordance with Section 17 of the Code, the powers of the Board stood suspended and be exercised by the Interim Resolution Professional until M/s. ARCK Resolution Professionals LLP, having Registration No. IBBI/IPE-0030/IPA-1/2022-23/50013 was appointed as Resolution Professional ("RP") vide the order of NCLT dated 14.03.2024 and took over the management of the affairs of the Company.

In pursuance of Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board shall appoint an individual who is a cost accountant in practice or a firm of cost accountants in practice, as cost auditor, which shall also recommend remuneration for such cost auditor. The remuneration recommended shall be considered and approved by the Board and ratified subsequently by the shareholders.

In terms of the same, as specified above that post the initiation of the CIRP the powers of the Board stood suspended and be exercised by the Interim Resolution Professional until replaced by Resolution Professional. Accordingly, Resolution Professional has, as per the approval of the Committee of Creditors, considered and approved the appointment of M/s. Vijay Kumar Mishra & Associates, Cost Accountants, (Firm registration number 001723) as the cost auditor for the financial year 2024-25 at a remuneration of Rs. 29,000/- (Rupees Twenty Nine Thousand Only) per annum plus applicable taxes and reimbursement of out-of-pocket expenses.

None of the Directors/Key Managerial Personnel of the Company/their relatives are in any way, concerned or interested, financially or otherwise, in the resolution.

The resolution mentioned in Item no. 3 of the Notice is recommended for your approval.

Details of the Director seeking appointment / re-appointment in the 34th Annual General Meeting to be held on Friday, December 27th, 2024 pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with applicable Secretarial Standard:

Particulars	Mr. Manish Bagrodia
Category of Director / Designation / Position in the Company	Upto June 30, 2024 Managing Director/Chairman and w.e.f 01 st July, 2024 he will be continued as Non Executive and Non Independent Director
Din	00046944
Date of Birth/Age	26.01.1968/56 Years
Date of Appointment on the Board	19.07.1990
Qualification	M.Com. and has also done Diploma in Computer Applications
Experience	35 years experience in textile industries
Directorship held in other Public Companies	1. Manimahesh Power Pvt. Limited 2. Revti Business Pvt. Limited
Memberships / Chairmanships of Committees of Other Public Companies	As provided in the Point No. 3 of the Corporate Governance Report
Shareholding of Non-Executive Directors	52040 Equity Shares
Relationship with any Director(s) of the Company	NIL
Number of shares held in Winsome Yarns Limited	52040 Equity Shares
No. of Board Meetings attended / entitled to attend during the year	During the Financial Year 2023-24: 5 out of 5 meetings
Percentage of shareholding in Winsome Yarns Limited	Representing 0.07% of the paid-up share capital of the Company.
Other Activities	NIL

Registered Office :
Basement, SCO 13-14-15
Sector 34-A, Chandigarh – 160022

Dated : 02.12.2024

For and on behalf of the Board
(Power suspended)

Manish Bagrodia
Director
DIN : 00046944

(Taken on Record)

Anil Kohli
Designated Partner
M/s. ARCK Resolution Professionals LLP
(Resolution Professional)
Registration No. IBBI/IPE-0030/IPA-1/2022-23/50013

DIRECTORS' REPORT

Dear Members,
Winsome Yarns Limited (herein after referred as “the Company”)
(Company Under Corporate Insolvency Resolution Process)

The Resolution Professional/Suspended Board of Directors present the 34th Annual Report and the Financial Statements of the Company for the year ended 31st March, 2024.

INITIATION OF CORPORATE INSOLVENCY RESOLUTION PROCESS (CIRP):

The Hon'ble Adjudicating Authority, i.e., National Company Law Tribunal, Chandigarh Bench, has admitted the Company Petition i.e. C.P (IB) No. 291/Chd/Chd/2018, filed by M/s. Edelweiss Asset Reconstruction Company Limited, the Financial Creditor initiating Corporate Insolvency Resolution Process (“CIRP”) vide order dated 22.12.2023 under Insolvency & Bankruptcy Code, 2016 (hereinafter referred to as “Code”) in the matter of M/s. Winsome Yarns Ltd. (“Corporate Debtor”). The Adjudicating Authority vide the said Order appointed Mr. Sanjay Gupta having Registration No. IBBI/IPA-002/IP-N00982-C01/2017-2018/10354 as Interim Resolution Professional (IRP).r dated 22.12.2023.

The Committee of Creditors in its meeting held on 23.01.2024 approved the appointment of M/s. ARCK Resolution Professionals LLP, having Registration No. IBBI/IPE-0030/IPA-1/2022-23/50013 as Resolution Professional (“RP”) thereby replacing Mr. Sanjay Gupta. Thereupon an application was filed by the CoC, before Hon'ble NCLT, for the appointment of M/s. ARCK Resolution Professionals LLP as Resolution Professional in the captioned matter. Subsequently, the Hon'ble NCLT allowed the application and appointed M/s. ARCK Resolution Professionals LLP as Resolution Professional in this matter vide its Order dated 14.03.2024.

The Company is under the Corporate Insolvency Resolution Process.

A summary of the financial results is given below.

SUMMARISED FINANCIAL RESULTS:

(Rs. in lakhs)

INCOME	Year ended 31.03.2024	Year ended 31.03.2023
Revenue from operations	2542.58	3093.37
Other income	463.07	470.70
Total Income	3005.66	3564.07
EXPENSES		
Cost of material consumed	517.94	755.54
Purchase of stock-in-trade	--	--
Excise duty	--	--
Change in inventories of finished goods, work in process and stock in trade	152.86	411.22
Employees benefit expenses	1114.20	1606.54
Finance costs	--	--
Depreciation and amortisation	1148.68	1387.32
Other expenses	1166.21	2045.30
Total Expense	4099.89	6205.92
Profit/ (Loss) before exceptional items and tax	(1094.24)	(2641.85)
Less: Exceptional items	--	--
Profit/ (Loss) before tax	(1094.24)	(2641.85)
Less/(-Add): Tax expense	--	--
Current tax	--	--
Deferred tax	--	--
Profit/ (Loss) after tax	(1094.24)	(2641.85)
Other comprehensive income	--	--
Total Comprehensive Income	(1094.24)	(2641.85)

The Company's business of Yarn Spinning has been continuing on job work basis. The initiation of CIRP from 22nd December, 2023, effected the marketability of Company's products and the Knitwear business has also been mainly carried out on job-work basis for third parties, which is continuing to the extent possible within limited resources available with the Company.

A detailed review of the operations of the Company for the Financial Year ended 31st March, 2024, is given below which forms as part of this report.

STATUS OF CORPORATE INSOLVENCY RESOLUTION PROCESS UNDER INSOLVENCY AND BANKRUPTCY CODE 2016 (IBC) AFTER INITIATION:

The Corporate Insolvency Resolution Process ("CIRP") in the case of Winsome Yarns Limited ("Company/ Corporate Debtor") was initiated the Hon'ble National Company Law Tribunal, Chandigarh Bench ("Adjudicating Authority") under Section 7 of the IB Code vide its order dated 22nd December 2023. The Adjudicating Authority vide the order of the same date appointed Mr. Sanjay Gupta having Registration No. IBBI/IPA-002/IP-N00982-C01/2017-2018/10354 as the Interim Resolution Professional ("IRP") to conduct the CIRP of the Corporate Debtor. Later, in the CoC Meeting of the Corporate Debtor held on 23rd January, 2024, M/s. ARCK Resolution Professionals LLP, having Registration No. IBBI/IPE-0030/IPA-1/2022-23/50013 was appointed as the Resolution Professional ("RP") to run the CIRP of the Corporate Debtor.

Interim Resolution Professional had issued invitation for Expression of Interest (hereinafter referred as "EOI") in FORM G on February 20, 2024 in compliance with Regulation 36A of CIRP Regulations, 2016 in the newspaper in English language for the submission of a resolution plan in accordance with the provision of the code.

As per the published FORM G, the last date for submission of EOI was stipulated as March 5, 2024, and last date stipulated for submission of resolution plan was April 20, 2024 which was later on extended till 31.03.2024.

The Resolution Professional received three Resolution plans which were duly opened in presence of the COC Members in its 6th COC Meeting. Due discussion and negotiation on all three resolutions plans were conducted by the COC. The members of the COC in its COC Meeting decided that another FORM G be published for exploring more potential bidders and for wealth maximization to all Stakeholders.

Thereafter, Resolution Professional had re-published invitation for Expression of Interest (hereinafter referred as "EOI") in FORM G on July 18, 2024 in compliance with Regulation 36A of CIRP Regulations, 2016 in the newspaper in English and Vernacular (Punjabi) language for the submission of a resolution plan in accordance with the provision of the code.

As per the published FORM G, the last date for submission of EOI was stipulated as August 2, 2024 through Email and August 3, 2024 original in physical form at the office of the RP, and last date stipulated for submission of resolution plan was September 12, 2024, which was later on extended till 28.09.2024.

The Resolution Professional received four Resolution plans which were duly opened in presence of the COC Members in its 15th COC Meeting. The members of the COC duly discussed and negotiated in terms and clauses of the Resolution Plans including the financial bid and thereafter decided to go for inter-se bidding for challenge mechanism. Pursuant to inter se bidding convened on 22.10.2024, final Resolution Plans were submitted by all 4 RAs. All 4 compliant Resolution Plans have duly been placed to e-voting before the members of the COC for their approval.

A One-time settlement (OTS) proposal letter under section 12A of the Code has also been submitted by the promoters. However, as per the requirement laid down in Section 12 A read with Regulation 30 A, FORM FA along with requisite Bank Guarantee was not submitted by the Applicant, EARC to the Resolution Professional.

In terms of Section 17 of the Code, on commencement of the Corporate Insolvency Resolution Process (CIRP), the powers of the Board of Directors of Winsome Yarns Limited stands suspended and the same are being exercised by Mr. Anil Kohli, Partner of M/s. ARCK Resolution Professionals LLP, Resolution Professional. The management of the affairs of Winsome Yarns Limited is vested with Mr. Anil Kohli, Partner of M/s. ARCK Resolution Professionals LLP.

OPERATIONS & PERFORMANCE:

During the year under review, the Company's operations continued to be affected due to lack of sufficient working capital funds required for operations resulting in lower capacity utilization and the gross margins have suffered due to high input costs. Furthermore, the constraints of funds have affected Company's plans to undertake de-bottlenecking and regular capital expenditure as per industry norms, which are needed for proper maintenance and upkeep of its plant, machinery and equipment.

During the year ended 31.03.2024, the Company incurred a loss of Rs. 1094.24 lakhs in comparison to the loss of Rs. 2641.85 lakhs during the previous year ended 31.03.2023. Your Company's turnover of Rs. 2542.58 lakhs were marginally low against the previous year turnover of Rs. 3093.37 lakhs for the aforementioned reasons. The Company has since undertaken manufacturing for third parties on job work basis and is able to recover variable costs and part of fixed costs.

As per report of overseas investment manager, the remaining amount out of GDR issued earlier by the Company in 2011, then invested in Units of market instruments had lost value after the crisis due to covid and wars as the underlying investments eroded to NAV of NIL, and the Units were thereafter discarded.

The Company's dealings with a vendor who had supported the Company's operations over 5 years by providing raw materials and sales arrangements for finished goods, got into dispute, and on settlement reached in 2019 the vendor waived its claims and continued providing business support and the vendor availed the option to purchase 48 bigha 11 biswas of agricultural land of the Company at fair market value assessed by approved valuer, which sale was concluded during the financial year.

CLAIMS AGAINST THE COMPANY:

EARC has claimed that it is an assignee of debt recoverable by certain banks from the Company, and the Company has a counter claim against the claimants for the losses caused by them to the Company which are pending adjudication before the Hon'ble debt Recovery Tribunal.

The actions of the Banks and EARC, amongst others, for recovery from the Company and the petitions filed by them to initiate insolvency against the Company, though disputed by the Company, amongst other, for reasons of being barred by limitation, the Company had without prejudice to its rights in the matter and without acknowledging its liability, had initiated discussions with claimants to settle the disputes, which had failed.

The Financial Commissioner of the State of Punjab had determined that the Agreements for Assignment of debt by certain lenders to the Company in favour of EARC are insufficiently stamped, and therefore, defective. A demand of Rs. 4.46 crores (interest and penalty not applied as yet) was raised against EARC. A writ petition filed by EARC before the Hon'ble Punjab and Haryana High Court at Chandigarh against the proceedings initiated by the Financial Commissioner was allowed.

The State of Punjab and the Company have filed Letters Patent Appeal (LPA) against the order of the Single Judge Bench of the Hon'ble Punjab and Haryana High Court, which is being heard.

EARC acting in the matter as assignee of debt by certain banks in case wherein the State of Punjab has held stamp duty to have been unpaid, had Petitioned the Hon'ble NCLT to initiate insolvency proceedings against the Company, which was dismissed by the Hon'ble NCLT vide its order dated 17th March 2020 as the assignment deed was held as unenforceable.

In an appeal filed by EARC against the order of the Hon'ble NCLT, the Hon'ble NCLAT vide order dated 21 Jul 2022 has set aside the order of the Hon'ble NCLT and remanded the matter to the Hon'ble NCLT for rehearing and without touching the merits of the case and permitting the parties to take all arguments before the Hon'ble NCLT. The Hon'ble NCLT vide its Order dated 22nd December 2023, appointed Mr. Sanjay Gupta as an Interim Resolution Professional (IRP), who took over control of management and affairs of the Company. The NCLT, Chandigarh Bench, vide its Order dated 14.03.2024, appointed M/s. ARCK Resolution Professionals LLP having IBBI Registration No. IBBI/IPE-0030/IPA-1/2022-23/50013, as the Resolution Professional to conduct CIRP of the Company, and the powers of the Board of Directors of the Company, earlier suspended on commencement of CIRP, are now vested with the RP. In the event of a Resolution Plan, if one is received and is found compliant with the laws, is approved by the Committee of Creditors and the Authorities, the insolvency of the Company may stand resolved, which resolution may also include reliefs, concessions and waivers from creditors of the Company, and the Company will remain a Going Concern; failure of the aforementioned resolution process will lead to liquidation of the Company.

The resolution of disputes was initiated by the Company without prejudice to its rights in the matter, and though the Company did not consider itself liable to the claimants, the financial statements of the Company have been prepared on 'Going Concern' basis.

MSME REGISTRATION:

The Company is registered with Ministry of Micro, Small and Medium Enterprises, Government of India as 'Medium Enterprise' w.e.f. 18.07.2020 vide Udyam Registration No. UDYAM-CH-01-0000261.

TRADING OF EQUITY SHARES OF THE COMPANY:

The equity shares of the Company are traded on BSE Limited (under Scrip Code 514348) and National Stock Exchange of India (under Symbol 'WINSOME').

SUBSIDIARY COMPANIES/ JOINT VENTURES/ ASSOCIATES:

There are no Subsidiary Companies/ Joint Ventures/ Associates of the Company.

DIVIDEND AND TRANSFER TO RESERVE:

In view of losses incurred during the period under review, the Company does not recommend any dividend on the equity shares for the financial year ended as on March 31, 2024.

During the year under review, the Company has made no transfer to reserves.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review detailing economic scenario and outlook, as stipulated under Schedule V of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("SEBI LODR Regulations") is presented in a separate section and forms integral part of this Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company is not required to undertake any activities under the CSR as per section 135 of the Companies Act, 2013 as it does not meet applicable criteria as defined in section 135(1) of the Act and hence there is no CSR Committee constituted.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR)

The Company is not fall under Regulation 34(2)(f) of the SEBI (LODR), Regulations, 2015, hence there is no need to annex the Business Responsibility and Sustainability Report to the Annual Report.

COMPLIANCE OF SECRETARIAL STANDARD

The Company has complied with the Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government as required under Section 118(10) of the Companies Act, 2013.

SHARE CAPITAL:

During the financial year 2023-24, there was no change in the Share Capital of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

(a) Shri Manish Bagrodia, is Managing Director of the Company. Furthermore, the tenure of Mr. Manish Bagrodia, as Managing Director of the Company were completed on June 30, 2024. Accordingly, w.e.f. 1st July, 2024 Mr. Manish Bagrodia, continued as Non-Executive and Non-Independent Director of your Company, liable to retire by rotation and being eligible, offers himself for re-election.

(b) Mrs. Mridula Goyal is Non-Executive, Non-Independent Director has resigned from the Directorship of the Company w.e.f. 02.10.2024 due to citing health reasons. The said resignation letter is not accepted by the Resolution Professional and requested to revoke the intimation being filed by her to the concerned authorities. It is pertinent to mention here that requisite application has been filed before Hon'ble NCLT to bring on record the non-acceptance of resignation by Resolution Professional.

(c) Shri Rajiv Chadha and Shri Pankaj Mahajan are Non-Executive, Independent Director and not liable to retire by rotation.

(d) Ms. Anupma Kashyap was appointed as Additional Director in the capacity of Independent Director of the Company on 22.05.2023 and resigned from the directorship w.e.f. 22.12.2023.

(e) The tenure of five years of Shri Tilak Raj Dembla as Independent Director has been completed on 13th September, 2024. Accordingly, Mr. Tilak Raj Dembla (DIN:02605451) ceased to be independent director of the company w.e.f closure of business hour of 13th September, 2024.

(f) As per available information Ms. Neha Singhal, Company Secretary and Compliance officer of the Company has resigned from the company w.e.f. 22.12.2023. Pursuant to which, it has become difficult to appoint another CS as the company is under CIRP and professionals are reluctant to join a company under CIRP.

In view of the order of the Hon'ble National Company Law Tribunal, dated December 22, 2023, the powers of the Board of Directors of the Company stood suspended and such powers are vested with the Resolution Professional.

DECLARATION/ DISCLOSURES BY DIRECTORS:

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

PERFORMANCE EVALUATION OF BOARD:

The Company having been admitted under CIRP under Section 7 of the Code w.e.f 22.12.2023, and the powers of the Board of Directors of the Company having been suspended as per Section 17 of the Code and the same are now exercisable by the Resolution Professional, there is no evaluation of Board of Directors of the Company carried out during the year under review.

NO. OF BOARD MEETINGS:

During the period under review, falling prior to the commencement of CIRP, the Board of Directors met five times. The details regarding the attendance and the date of Board Meetings are provided in the "Corporate Governance Report". After the Commencement of CIRP, the role and responsibilities of the Board of

Directors are being fulfilled by the Resolution Professional in accordance with sections 17 and 23 of IBC 2016 and powers of the Board of Directors are suspended. Hence, no meetings of the Directors were held after the Commencement of CIRP, i.e., December 22, 2023.

CREDITORS MEETING:

Creditors' Meetings (CoC) were conducted during the course of the financial year after commencement of CIRP and matters relevant to IBC Proceedings and revival plans were duly placed before the meetings, amongst all other items that required confirmation from Creditors.

INDEPENDENT DIRECTORS' DECLARATION:

As specified above that w.e.f December 22, 2023 the Company has been admitted to CIRP under Section 7 of the Code. Thereafter, in accordance with Section 17 of the Code, the powers of the Board stood suspended and be exercised by the Interim Resolution Professional until replaced by Resolution Professional. Accordingly, the Company does not have the necessary declaration, for period under review, from the Independent Director as required in accordance with Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013 read with Clause 16(1)(b) and 25 of the Listing Regulations, 2015.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS:

On appointment, a Letter of Appointment is issued to the Independent Directors setting out in details, the terms of appointment, duties, responsibilities and expected time commitments. The Independent Director on being inducted on the Board, is familiarised 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 the Company, its process, products etc. It also includes visit to different plants, as & when required, to providing them thorough insight in to business operations. The Company follow such approach for familiarisation 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 law, policies, regulations etc. The details of familiarisation programmes are available on the following weblink of the Company's website: :

https://www.winsomeyarns.com/files/ugd/199b2d_7988df291e814459829db83f4be8b893.pdf

During the period one Familiarization programme was conducted on 29.05.2023.

AUDITORS:

Pursuant to Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the members of the Company in its 33rd Annual General Meeting held on 29th September, 2023 approved the reappointment of M/s. Dhana and Associates (Formerly known as M/s. Khandelia and Sharma), Chartered Accountants (Firm Registration Number: 510525C) as the Statutory Auditors of the Company for a further period of five consecutive years (second term) from the conclusion of 33rd Annual General Meeting till the conclusion of 38th Annual General Meeting of the Company.

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

AUDITORS' REPORT:

M/s. Dhana & Associates (Erstwhile- Khandelia and Sharma), Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the financial year ended March 31, 2024. The statement on the Impact of Audit Qualifications of Financials have been given after the Independent Auditor's Report.

THE EXPLANATION/ COMMENTS OF THE BOARD ON QUALIFICATION/ RESERVATION OR ADVERSE REMARKS GIVEN BY AUDITORS IN ITS REPORT FOR THE FINANCIAL YEAR 2023-24:

Explanation of management on the audit qualifications contained in the Auditors' Report are given in the statement of impacts of audit qualifications of the financials.

COST AUDITORS:

As per Section 148 of the Companies Act, 2013, the Company is required to have the audit of its cost records conducted by a Cost Accountant in practice. In this connection, the Company appointed M/s Vijay Kumar Mishra & Associates; Cost Accountant, as the Auditor of the Cost records of the Company for the year ending 31st March, 2025. Further, as specified above, as the powers of the board stood suspended and be exercised by the Interim Resolution Professional until replaced by Resolution Professional. The Committee of Creditors also approved the appointment of M/s Vijay Kumar Mishra & Associates, Cost Accountant, as the cost auditors of the Company for the year ending 31st March, 2025, at a remuneration, subject to approval and ratification by the shareholders, of Rs. 29,000 (Rupees Twenty-Nine Thousand Only) plus Taxes Plus out of pocket expenses.

The cost audit report of M/s Vijay Kumar Mishra & Associates, Cost Accountant, for the financial year 2023-24 does not contains any adverse qualification or remarks.

COST AUDIT REPORT:

Pursuant to Section 148 of the Companies Act, 2013, read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of various activities are required to be audited. The same had been audited by the Cost Auditor of the Company. The Board of Directors in their meeting held on 8.11.2023, vide Resolution No. 191.14(2), had approved the Cost Audit Report for the financial year 2022-23, and thereafter the cost audit report for the financial year 2022-23 had been filed with ROC on 24.11.2023 vide SRN-F83128132.

PUBLIC DEPOSIT:

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

SHARE REGISTRATION ACTIVITY:

The Company has appointed "LINK INTIME INDIA PRIVATE LIMITED" a category-I Registrar and Share Transfer Agent reregistered with Securities and Exchange Board of India (SEBI) to handle the work related to Share Registry.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees given, security provided and investments made during the year as per Section 186 of the Companies Act, 2013 form part of the notes and schedules of the Financial Statements provided in this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors acknowledge the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, in the preparation of annual accounts for the year ended on 31st March, 2024, and state that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

KEY MANAGERIAL PERSONNEL:

Mr. Sanjay Sharma, Chief Financial Officer, is the Key Managerial Personnel of the Company.

CORPORATE GOVERNANCE:

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

AUDIT COMMITTEE:

During the period under review but prior to the commencement of the CIRP, the Audit Committee met three times. The details regarding the composition, attendance and the date of Audit Committee are provided in the "**Corporate Governance Report**". After the Commencement of CIRP the role and responsibilities of the Board of Directors are being fulfilled by the Resolution Professional in accordance with sections 17 and 23 of IBC Code and powers of the Board of Directors are suspended. Hence, no meetings of the Audit Committee were held after the Commencement of CIRP, i.e., December 22, 2023.

NOMINATION AND REMUNERATION COMMITTEE:

During the period under review but prior to the commencement of the CIRP, the Nomination & Remuneration Committee met once. The details regarding the composition, attendance and the date of Nomination and Remuneration Committee are provided in the "**Corporate Governance Report**". After the Commencement of CIRP the role and responsibilities of the Board of Directors are being fulfilled by the Resolution Professional in accordance with sections 17 and 23 of IBC Code and powers of the Board of Directors are suspended. Hence, no meetings of the Nomination & Remuneration Committee were held after the Commencement of CIRP i.e. December 22, 2023.

The Committee formulated Remuneration Policy which is attached as **ANNEXURE 'A'** and forms a part of this Report of the Directors.

STAKEHOLDERS RELATIONSHIP COMMITTEE:

During the period under review but prior to the commencement of the CIRP, the Stakeholders Relationship Committee met three times. The details regarding the composition, attendance and the date of Stakeholders Relationship Committee are provided in the "**Corporate Governance Report**". After the Commencement of CIRP the role and responsibilities of the Board of Directors are being fulfilled by the Resolution Professional in accordance with sections 17 and 23 of IBC Code and powers of the Board of Directors are suspended. Hence, no meetings of the Stakeholders Relationship Committee were held after the Commencement of CIRP i.e. December 22, 2023.

RISK MANAGEMENT COMMITTEE:

During the period under review but prior to the commencement of the CIRP, the Risk Management Committee met two times. The details regarding the composition, attendance and the date of Risk Management Committee are provided in the "**Corporate Governance Report**". After the Commencement of CIRP the role and responsibilities of the Board of Directors are being fulfilled by the Resolution Professional in accordance with sections 17 and 23 of IBC Code and powers of the Board of Directors are suspended. Hence, no meetings of the Risk Management Committee were held after the Commencement of CIRP i.e. December 22, 2023.

SEXUAL HARASSMENT COMMITTEE:

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

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

The details of the sexual harassment cases received, disposed of and pending are given below:-

Number of Sexual Harassment Cases pending in the beginning of the Financial Year i.e. 01.04.2023	Number of Sexual Harassment cases received during the Financial year 2023-24	Number of Sexual Harassment cases disposed off during the Financial year 2023-24	Number of Sexual Harassment cases pending at the end of Financial year 2023-24
NIL	NIL	NIL	NIL

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

Pursuant to the provision of section 177(9) of the Companies Act, 2013, and as required under the provisions of regulations of the Listing Regulation, 2015, the Company has adopted the 'Whistle Blower Policy' and authorized to the Audit Committee of the Board to look after all the matters relating to Whistle Blower Policy and to submit its report to Board at regular intervals, on the receipt of any concerned matter, for any appropriate action. The details of the vigil mechanism Policy/ Whistle Blower Policy are explained in the Corporate Governance Report and also posted on the website of the Company. It can be accessed on www.winsomeyarns.com

RELATED PARTY TRANSACTIONS:

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

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

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website (www.winsomeyarns.com). None of the Directors have had any pecuniary relationship or transactions with the Company.

LISTING OF SHARES:

The Equity Shares of your Company are listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The Listing fee for the financial year 2024-25 has been paid to BSE and NSE.

SIGNIFICANT AND MATERIAL ORDER:

The same is provided and explained under the heading of status of corporate insolvency resolution process under insolvency and bankruptcy code 2016 (IBC) after initiation.

RATINGS, AWARDS, ACHIEVEMENTS & RECOGNITIONS:

The data pertaining to the Credit Rating, awards, achievements is not available.

INTERNAL FINANCIAL CONTROLS:

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

MINI HYDRO POWER PROJECTS:

There are five mini hydro power projects of the Company situated at Sidhwan Canal, Distt. Ludhiana, Punjab. The details of the same are as under:

Site Name in State of Punjab	Date of Commissioning	Installed Generated Capacity
Barewal	Commissioned on 12th June, 2010	900 KW
Bharowal	Commissioned on 12th January, 2013	750 KW
Isewal	Commissioned on 15th July, 2011	900 KW
Mansian	Commissioned on 22nd Sep., 2010	500 KW
Raowal	Commissioned on 29th August, 2011	850 KW

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

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

ENERGY SAVING INITIATIVES:

The Company is continually making its best efforts to save the energy consumption.

ENVIRONMENT AND POLLUTION CONTROL:

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

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

PARTICULARS OF EMPLOYEES:

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

EXTRACT OF ANNUAL RETURN:

The annual return of the company will be available on the Company's website www.winsomeyarns.com.

SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Girish Madan & Associates, a firm of Company Secretaries in practice (C.P. No. 3577) to undertake the Secretarial Audit

of the Company for the financial year 2024-25. The Secretarial Audit Report (MR-3) for the financial year ended 31st March, 2024, is annexed as **ANNEXURE 'D'** to this Report.

WEBSITE:

Pursuant to the provisions of Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is maintaining a website i.e. www.winsomeyarns.com.

CASH FLOW ANALYSIS:

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

INSURANCE:

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

ACKNOWLEDGEMENTS:

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

Registered Office:
Basement, SCO 13-14-15
Sector 34-A, Chandigarh – 160022

For and on behalf of the Board
(Power suspended)

(Taken on Record)
Anil Kohli,
ARCK Resolution Professionals LLP
acting as RP
Designated Partner
Registration No. IBBI/IPE-0030/IPA-1/
2022-23/50013

Dated: 04.12.2024

Manish Bagrodia
Director
DIN: 00046944

ANNEXURE 'A'**REMUNERATION POLICY****Extract From Nomination and Remuneration Policy:****POLICY RELATING TO THE REMUNERATION FOR THE MANAGING DIRECTOR, NON-EXECUTIVE/INDEPENDENT DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL.****General:**

- a. The remuneration/ compensation/ commission etc. to the Managing Director, Non-Executive/ Independent Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation/ commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b. The remuneration and commission to be paid to the Managing Director shall be in accordance with the percentage/ slabs/ conditions as per the provisions of the Companies Act, 2013, and the Rules made thereunder.
- c. Increments to the existing remuneration/ compensation structure linked to performance, should be clear and meet appropriate performance benchmarks and may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director.
- d. The Committee does not propose to fix the actual amounts of remuneration that may be payable to each individual key managerial personnel or senior management personnel. However, the management, whilst fixing the remuneration of any such key personnel must consider the following:
 - i) The Industry practice for the same level of employment/office.
 - ii) Past performance/seniority of the concerned appointee.
 - iii) The nature of duties and responsibilities cast upon such person by reason of his holding that office.
 - iv) The remuneration should be such that it provides adequate incentive to the person to give his best to the Company and feel essence of high satisfaction with his employment.
 - v) The perquisites to be given to Managing Director/s, KMP & Senior Management Personnel will be as per industry practice and as may be recommended by the Committee to the Board.

Remuneration to Managing Director, KMP and Senior Management Personnel:

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

Remuneration to Non-Executive / Independent Director:**a. Remuneration/ Commission:**

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

b. Sitting Fees:

The Non-Executive/ Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committees thereof as may be recommended by the Committee and approved by the Board provided that the amount of such fees shall not exceed amount prescribed by the Central Government from time to time. So far as the Sitting Fees are concerned, presently, for meetings of the various Committees, the same are at par for all the Committees which is per the industry practice.

ANNEXURE 'B'**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

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

A. CONSERVATION OF ENERGY

- i) The steps taken or impact on conservation of energy;**
The Company has been giving high priority to conservation of energy by close monitoring of energy consuming equipments. All efforts are made for installing energy saving devices wherever required.
- ii) The steps taken by the company for utilising alternate sources of energy;**
The Company has already installed five micro hydel power projects with total generation capacity of 3.90 MW and the power so generated is being adjusted in the power bill raised by the concerned electricity department of Government of Punjab for Derabassi plant.
- iii) The capital investment on energy conservation equipments;**
Additional Investments, wherever required, are being made for reduction of consumption of energy.

B. TECHNOLOGY ABSORPTION

- i) The Efforts made towards technology absorption;**
Research & Development (R&D)
a) Specific area in which R&D carried by the Company:
- Latest new technology has been adopted.
b) Future plan of Action:
- This is an ongoing process and continuous improvements are being carried out in the Plant & Machinery maintenance and the quality of finished products.
- ii) The benefits derived like product improvement, cost reduction, product development or import substitution;**
- There has been benefit in respect of quality and Productivity of the product.
- Productivity International quality products.
- iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year). --- Nil**
- iv) The expenditure incurred on Research and Development.**
- | | |
|---|---------------|
| Capital | Nil |
| Recurring | Rs. 5.20 lacs |
| Total R & D expenditure as a percentage of total turnover | = 0.20 % |

C. FOREIGN EXCHANGE EARNING AND OUTGO;	Rs. in Lacs	<u>2023-24</u>	<u>2022-23</u>
(a) Foreign exchange earned in terms of actual inflow during the year		10.58	6.89
(b) Foreign exchange outgo in terms of actual outflow during the year		176.39	39.98

ANNEXURE 'C'

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

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2023-24, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2023-24 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

<i>(Amount in Rupees)</i>					
Sr. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for financial year 2023-24	% increase in Remuneration in the Financial year 2023-24	No. of times of remuneration of each Person to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company (as % of Revenue)
1	Shri Manish Bagrodia <i>Non-Independent Director</i>	--	--	--	--
2	Mrs. Mridula Goyal <i>Non-Independent Director</i>	--	--	--	--
3	Shri Tilak Raj Dembla <i>Independent Director</i>	10000	--	0.63	--
4	Shri Rajiv Chadha <i>Independent Director</i>	25000	--	1.56	0.01
5	Pankaj Mahajan <i>Appointed as Independent Director on 22.05.2023</i>	50000	--	3.13	0.02
6	Anupma Kashyap <i>Appointed as Independent Director on 22.05.2023 and resigned on 22.12.2023.</i>	45000	--	2.81	0.02
7	Shri Sanjay Sharma <i>Chief Financial Officer</i>	1072012	--	67.01	0.41
8	Ms. Neha Singhal <i>Company Secretary</i>	137888	--	8.62	0.05

- (ii) The median remuneration of employees of the Company during the financial year was Rs. 15,998.
- (iii) In the financial year, there was an increase/(decrease) of 24.40% in the median remuneration of employees.
- (iv) There were 379 employees of Company as on March 31, 2024.
- (v) Relationship between average increase in remuneration and company performance:-
The Loss after Tax for the financial year ended March 31, 2024, reduced by 43.31% whereas the Increase/(decrease) in median remuneration was 24.40%. The average median remuneration was in line with the average of salary in the industry.
- (vi) Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:-

<i>(Rs. in lacs)</i>	
Average remuneration of Key Managerial Personnel (KMP) in 2023-24	6.05
Revenue	2640.39
Aggregate Remuneration of KMP (as % of revenue)	0.23%
Profit/ (Loss) before Tax (PBT)	-1094.24
Remuneration of KMP (as % of PBT)	N.A.

- (vii) a) Variations in the market capitalization of the Company: As on 31.03.2024, the closing price of shares on BSE and NSE was Rs. 2.95. The market capitalization as on March 31, 2024, was Rs. 20.86 crore.
- b) Price Earnings Ratio of the Company as at March 31, 2024, was Rs. (-) 1.39 and as at March 31, 2023 was Rs. (-)3.74.
- c) Percent increase over/ decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer. The Company has not made any public issue or rights issue of securities in the recent past, so comparison have not been made of current share price with public offer price. The Company's shares are listed on BSE Limited and National Stock Exchanges of India Limited.
- (viii) Average percentage increase made in the salaries of employees in the financial year i.e. 2023-24 was about 11.95%, whereas the increase in the key managerial remuneration for the same financial year was also 24.69%.
- (ix) There are no variable component of remuneration availed by the directors.
- (x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year. – Not Applicable
- (xi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INTRODUCTION

India's textiles sector is one of the oldest industries in the Indian economy, dating back to several centuries.

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

SHORTAGE OF RAW MATERIALS AND LOW PRODUCTIVITY OF LABOUR

65% of the overall cost of production is determined by raw materials. Cotton is in low supply in the nation, especially long-staple cotton that is imported from Pakistan, Kenya, Uganda, Sudan, Egypt, Tanzania, the United States of America, and Peru. It is unfortunate that despite having the largest amount of cotton planted (26% of the world's acreage), the country only contributes 9% to global cotton production. Low production and illnesses in the mills are caused by fluctuating prices and unpredictability in the availability of raw materials.

HIT BY COMPETITION, GARMENT INDUSTRY SEEKS TECH UPGRADE:

Punjab textile industries facing major competition from industries located in other states, the micro and small units dealing in the garment and products in Punjab pinned high hopes on the new Punjab government to equip them with the latest technology by starting new schemes.

The garment and textile industry of Punjab which at one point of time was the leader in the country is now lagging behind other states. That happened as the newer units which came up in other states especially in South India adapted latest technologies. Therefore, demand from the new government should pay special attention to technological upgrade of the existing units in and support financially to adopt new machinery and technology.

Textile and garment units of Punjab are fast becoming uncompetitive as compared to similar units in other states. The cost of production of textile and garment industry in other states is decreasing due to adoption of new technologies. We have already suffered a lot as significant percentage of the total business of garment and textile units has been taken over by the industry from other states. It's high time that the state government takes appropriate measures like starting unconditional technology upgrade fund scheme for old units so that we can easily adopt new techniques.

FINANCIAL PERFORMANCE:

During the year ended 31.03.2024, the Company incurred a loss of Rs. 1094.24 lakhs in comparison to the loss of Rs. 2641.85 lakhs for the previous year ended 31.03.2023. Your Company's turnover (including other income) of Rs.3005.66 lakhs was marginally low against the previous year turnover of Rs. 3564.07 lakhs for the aforementioned reasons. The Company has since undertaken manufacturing for third parties on job work basis, and is able to recover variable costs and part of fixed costs.

RISK MANAGEMENT:

Current & Future Challenges and Problems in the Apparel Industry:

The new trends, changing consumer habits, and market shifts have shed a light on the new challenges the e-Commerce apparel industry is facing in 2024.

- Difficulty in managing customized order allocation and inventory sync.
- Unable to align warehouse operations manually amid such hard times.
- Problems in selling pandemic essentials such as face masks in combo packs.
- Inability to manage deliveries, leading to higher % of Customer Initiated Returns (CIR).
- Hard to align multiple sales channels and offline stores alongside.
- Back-breaking for eCommerce platforms to manage multiple vendors.
- Untimely and inefficient delivery of products.
- No stock rotation leads to outdated stock.
- The increased cost of Reverse Logistics.
- Hard transition to present Taxation policies.

The issues in textile industry of India is facing like:

- Shortage in supply of raw materials.
- Increase in the cost of raw materials.
- Environmental problems.
- Infrastructure bottlenecks.
- Impact of GST.
- Shortage of laborer's due to a mass return.
- Increasing of power cuts.

HUMAN RESOURCE:

The Company keeps developing its organizational structure consistently over time. Efforts are made to follow excellent Human Resource practices. Adequate efforts of the staff and management personnel are directed on imparting continuous training to improve the management practices. The objective of your Company is to create a workplace where every person can achieve his or her full potential. The employees are encouraged to put in their best. Lot of hard work is put in to ensure that new and innovative ideas are given due consideration to achieve the short and long term objectives of your Company. There were 379 employees of the Company as on 31.03.2024.

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

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

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

This is to confirm that the Company has adopted a Code of conduct for its employees including the director. It is confirmed that the Company has in respect of the financial Year ended 31st March, 2024, received from the Senior Management team of the Company and the members of the Board, a declaration of Compliance with the code of Conduct as applicable to them.

OTHER DISCLOSURES

A	details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor, including:	2023-24	2022-23
i)	Debtors Turnover	35.86	34.11
ii)	Inventory Turnover	6.48	7.59
iii)	Interest Coverage Ratio	Not Applicable	Not Applicable
iv)	Current Ratio	0.60	0.61
v)	Debt Equity Ratio	(1.33)	(1.37)
vi)	Operating Profit Margin (%)	(0.61)	(1.01)
vii)	Net Profit Margin (%)	(0.43)	(0.85)
	or sector-specific equivalent ratios, as applicable.	Not available	Not available
viii)	details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof.]	00.03	0.06

Furthermore, the other required financial information are provided in the financial statements of the company which are as attached with this Annual Report.

CORPORATE GOVERNANCE REPORT

In accordance with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange, a Report containing the details of Corporate Governance of Winsome Yarns Limited for the year 2023-24 is given below.

1. Company's Philosophy on Code of Governance:

The Company lays emphasis on good corporate practices which will enable the management to conduct the affairs of the Company in a transparent manner and culminate in optimum use of its resources for achieving highest standards of corporate governance and the principles of integrity, transparency, accountability and commitment to values. The framework is driven by the objective of enhancing long term stakeholder value without compromising on ethical standards and corporate social responsibilities. The Company believes in transparency, empowerment, accountability and integrity in its operations having duly delegated authority to the various functional heads who are responsible for attaining the corporate plans with the ultimate purpose of enhancement of "stakeholder value".

2. Corporate Insolvency Resolution Process (CIRP):

The Corporate Insolvency Resolution Process ("CIRP") in the case of Winsome Yarns Limited ("Company/ Corporate Debtor") was initiated the Hon'ble National Company Law Tribunal, Chandigarh Bench ("Adjudicating Authority") under Section 7 of the IB Code vide its order dated 22nd December 2023. The Adjudicating Authority vide the order of the same date appointed Mr. Sanjay Gupta having Registration No. IBBI/IPA-002/IP-N00982-C01/2017-2018/10354 as the Interim Resolution Professional ("IRP") to conduct the CIRP of the Corporate Debtor. Later, in the CoC Meeting of the Corporate Debtor held on 23rd January, 2024, M/s. ARCK Resolution Professionals LLP, having Registration No. IBBI/IPE-0030/IPA-1/2022-23/50013 was appointed as the Resolution Professional ("RP") to run the CIRP of the Corporate Debtor.

Interim Resolution Professional had issued invitation for Expression of Interest (hereinafter referred as "EOI") in FORM G on February 20, 2024 in compliance with Regulation 36A of CIRP Regulations, 2016 in the newspaper in English language for the submission of a resolution plan in accordance with the provision of the code.

As per the published FORM G, the last date for submission of EOI was stipulated as March 5, 2024, and last date stipulated for submission of resolution plan was April 20, 2024 which was later on extended till 31.03.2024.

The Resolution Professional received three Resolution plans which were duly opened in presence of the COC Members in its 6th COC Meeting. Due discussion and negotiation on all three resolutions plans were conducted by the COC. The members of the COC in its COC Meeting decided that another FORM G be published for exploring more potential bidders and for wealth maximization to all Stakeholders.

Thereafter, Resolution Professional had re-published invitation for Expression of Interest (hereinafter referred as "EOI") in FORM G on July 18, 2024 in compliance with Regulation 36A of CIRP Regulations, 2016 in the newspaper in English and Vernacular (Punjabi) language for the submission of a resolution plan in accordance with the provision of the code.

As per the published FORM G, the last date for submission of EOI was stipulated as August 2, 2024 through Email and August 3, 2024 original in physical form at the office of the RP, and last date stipulated for submission of resolution plan was September 12, 2024, which was later on extended till 28.09.2024.

The Resolution Professional received four Resolution plans which were duly opened in presence of the COC Members in its 15th COC Meeting. The members of the COC duly discussed and negotiated in terms and clauses of the Resolution Plans including the financial bid and thereafter decided to go for inter-se bidding for challenge mechanism. Pursuant to inter se bidding convened on 22.10.2024, final Resolution Plans were submitted by all 4 RAs. All 4 compliant Resolution Plans have duly been placed to e-voting before the members of the COC for their approval.

A One-time settlement (OTS) proposal letter under section 12A of the Code has also been submitted by the promoters. However, as per the requirement laid down in Section 12 A read with Regulation 30 A, FORM FA along with requisite Bank Guarantee was not submitted by the Applicant, EARC to the Resolution Professional.

In terms of Section 17 of the Code, on commencement of the Corporate Insolvency Resolution Process (CIRP), the powers of the Board of Directors of Winsome Yarns Limited stands suspended and the same are being exercised by Mr. Anil Kohli, Partner of M/s. ARCK Resolution Professionals LLP, Resolution Professional. The management of the affairs of Winsome Yarns Limited is vested with Mr. Anil Kohli, Partner of M/s. ARCK Resolution Professionals LLP.

3. Board of Directors

The current strength of the Board of Directors (Board) of the Company is of three directors, who are senior, competent and eminent experts from diverse fields and professions. During the period under review, Shri Manish Bagrodia is Managing Director ; Shri Rajiv Chadha and Shri Pankaj Mahajan are Non-Executive,

Independent Director. Mr. Manish Bagrodia has 35 years experience in the Textile Industry and Hydro Power Generation. Mr. Rajiv Chadha, Independent Director has more than 38 years services experience of various companies. Mr. Pankaj Mahajan, Independent Director has about 27 years of experience of Accounts and Finance activities and have good knowledge of matters related to accounts and Finance.

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

The names and categories of directors on the board as on date and their attendance at board meetings during the year 2023-24 and at the last annual general meeting and the number of directorships in other Companies and committee memberships/ chairmanship held by the directors are given below:

Name of the Directors	Category	Securities held (Equity Shares)	Attendance Particulars		No. of Directorship in other Companies	No. of Membership/ Chairmanship in Committees*		
			Board Meeting	Last AGM		Membership	Chairmanship	Total
Shri Manish Bagrodia	Managing Director	52040	5	Yes	2 @	2	1	3
Mrs. Mridula Goyal	Non-Executive & Professional/ Director	Nil	--	--	--	3	--	3
Shri Tilak Raj Dembla Tenure as Independent Director of five years completed on 13.09.24	Non-Executive & Independent Director	Nil	1	--	--	--	--	--
Shri Rajiv Chadha	Non-Executive & Independent Director	Nil	3	Yes	--	3	1	4
Shri Pankaj Mahajan Appointed on 22.05.2023	Non-Executive & Independent Director	Nil	4	Yes	4	1	2	3
Ms. Anupma Kashyap Appointed on 22.05.2023 and resigned on 22.12.2023	Non-Executive & Independent Director	Nil	4	--	--	--	--	--

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

@ Including Private Limited Company.

Disclosure of relationship between Directors inter-se

None of the Directors of the Company are related with the other Directors in any manner as per the provisions of Companies Act, 2013 and SEBI LODR Regulations.

Number of Shares & Convertible instruments held by Non-Executive Directors

Mr. Manish Bagrodia, Managing Director of the company hold 52040 equity shares in the company. Further, none of the other Non-Executive Directors holds any Shares and Convertible instruments, in the company, during the year under review.

Separate Meeting of Independent Director's & Familiarization Programme for Independent Directors

As per the information available, during Financial Year 2023-24, no Separate Meeting of the Independent Directors of the Company was held. Further, No Familiarization program has been carried out by the company during the period under review.

Confirmation with respect to the Independent Directors

As specified above that w.e.f December 22, 2023 the Company has been admitted to CIRP under Section 7 of the Code. Thereafter, in accordance with Section 17 of the Code, the powers of the Board stood suspended and be exercised by the Interim Resolution Professional until replaced by Resolution Professional. Accordingly, the Company does not have the necessary declaration, for period under review, from the Independent Director as required in accordance with Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013 read with Clause 16(1)(b) and 25 of the Listing Regulations, 2015.

Reasons for the Resignation of Independent Director

Mr. Anupma Kashyap, Independent Director of the company, due to personal reasons, has resigned from the directorship of the company w.e.f 22.12.2023 i.e the date of termination of the CIRP.

Details of Board Meetings held during the year

Five board meetings were held during the financial year 2023-24. The meetings were held on 22.05.2023, 29.05.2023, 14.08.2023, 08.11.2023 and 22.12.2023 and the maximum time gap between any two

meetings was within the period prescribed under the Companies Act, 2013. With effect from 22.12.2023, the Company is under Corporate Insolvency Resolution Process.

Key Board Skills, Expertise and Competencies

The Board comprises qualified members who bring in the required skills, competence and expertise to enable them to effectively contribute in deliberations at Board and Committee meetings. The below matrix summarizes a mix of skills, expertise and competencies expected to be possessed by our individual Directors, which are key to corporate governance and Board effectiveness.

Name of the Director	Entrepreneur/ Leadership	Financial Expertise	Global Exposure	Board Service & Governance
Shri Manish Bagrodia	Yes	Yes	Yes	Yes
Mrs. Mridula Goyal	Yes	Yes	Yes	Yes
Mr. Rajiv Chadha	Yes	Yes	Yes	Yes
Mr. Tilak Raj Dembla	Yes	Yes	Yes	Yes
Mr. Pankaj Mahajan	Yes	Yes	Yes	Yes

Key Board Skills/ Expertise/ Competencies

Entrepreneur/Leadership :- Extended entrepreneurial / leadership experience for a significant enterprise, resulting in a practical understanding of organisations, processes, strategic planning, and risk Management. Demonstrated strengths in developing talent, planning succession, and driving change and long term-growth.

Financial Expertise:- Education and experience as an Auditor or Public Accountant or a principal financial officer, comptroller or principal accounting officer or holding a position involving performance of similar functions.

Global Exposure:- Experience in driving business success in markets around the world, with an understanding of diverse business environments, economic conditions, cultures, and regulatory frameworks, and a broad perspective on global market opportunities.

Diversity:- Representation of gender, ethnic, geographic, cultural, or other perspectives that expand the Board's understanding of the needs and viewpoints of our customers, partners, employees, governments, and other stakeholders worldwide.

Board Service and Governance:- Service on other public Company Boards, to develop insights about maintaining Board and Management accountability, protecting shareholder interests, and observing appropriate governance practices.

Maximum tenure of Independent Directors

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

4. Code of Conduct

The Company has framed a code of conduct for the members of the Board of Directors and Senior Management Personnel of the Company. The said code of conduct is available on the website of the Company. The declaration by Shri Manish Bagrodia, Non-Independent Director of the Company, regarding compliance by the Board members and Senior Management Personnel, with the said code of conduct is given as **ANNEXURE-(i)** to this report.

5. Whistle Blower Policy

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

6. CEO/ CFO Certification

Shri Manish Bagrodia, Non-Independent Director, and Chief Financial Officer (CFO) have issued certificate and taken on record by the Resolution Professional pursuant to the provisions of Regulation 17(8) of the Listing Regulations certifying that the "Financial Statements" 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 annexed as **Annexure-(ii)** and forms part of the Annual Report.

7. Audit Committee

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

With effect from 22.12.2023, the powers of the Board of Directors of the Company stands suspended and such powers shall be vested with the Resolution Professional.

The attendance of the members during the financial year 2023-24 and present composition of the Committee are as below:

Name of members	Chairmanship/ Membership in the Committee	Category	No. of meetings attended during the year 2023-24
Shri Manish Bagrodia	Member	Promoter/Executive	3
Shri Rajiv Chadha	Member	Independent/ Non-Executive	--
Shri Pankaj Mahajan <i>Appointed on 22.05.2023</i>	Chairman	Independent/ Non-Executive	3
Ms. Anupma Kashyap <i>Resigned on 22.12.2023</i>	Member	Independent/ Non-Executive	3

During the financial year, the Audit Committee meetings were held on 29.05.2023, 14.08.2023 and 08.11.2023. The Auditors, CFO were invitees to the meetings.

8. Nomination and Remuneration Committee

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

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

With effect from 22.12.2023, the powers of the Board of Directors of the Company stands suspended and such powers shall be vested with the Resolution Professional.

The attendance of the members during the financial year 2023-24 and present composition of the Committee are as below:

Name of members	Chairmanship/ Membership in the Committee	Category	No. of meetings attended during the year 2023-24
Shri Rajiv Chadha	Chairman	Independent/ Non-Executive	1
Mrs. Mridula Goyal <i>Resigned on 02.10.2024</i>	Member	Non-Independent/ Non-Executive	--
Shri Pankaj Mahajan <i>Appointed on 22.05.2023</i>	Member	Independent/ Non-Executive	--
Ms. Anupma Kashyap <i>Resigned on 22.12.2023</i>	Member	Independent/ Non-Executive	--
Shri Tilak Raj Dembla Tenure as Independent Director of five years completed on 13.09.2024	Member	Independent/ Non-Executive	1

During the financial year, the Nomination and Remuneration Committee meeting was held on 22.05.2023.

Remuneration Policy**i). For Non-Executive Directors**

The Non-Executive Directors are paid remuneration by way of Sitting Fees. The Non-Executive Directors are entitled to sitting fees of Rs. 5,000/- for each Board and Committee Meetings attended. The aforesaid sitting fees is within the limits prescribed under the sections/rules of Companies Act, 2013.

The details of remuneration paid to the Non-Executive Directors during the financial year 2023-24 are given below:

Name of Non-Executive Directors	Sitting Fees (Amount in Rs.)
Mrs. Mridula Goyal	--
Shri Rajiv Chadha	25000
Shri Tilak Raj Dembla	10000
Shri Pankaj Mahajan	50000
Ms. Anupma Kashyap	45000
Total	130000

ii). For Executive Director

Shri Manish Bagrodia had been re-appointed as Managing Director of the Company for a period of five years with effect from 01.07.2019 by the shareholders in their meeting held on 14th September, 2019. There was no remuneration drawn by Shri Manish Bagrodia during the financial year from 01.04.2023 to 31.03.2024.

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

9. Stakeholders Relationship Committee

The Stakeholders Relationship Committee functions with the following objectives:

Redressing of Shareholders and Investors complaints, regarding transfer of shares, non-receipt of balance sheet, non-receipt of dividend, demat and remat the shares, duplicate share certificates, change of address etc. During the financial year 2023-24, the Stakeholders Relationship Committee meetings were held on 29.05.2023, 14.08.2023 and 08.11.2023. During the financial year no grievance was received, hence no grievance was pending at the end of the financial year.

With effect from 22.12.2023, the powers of the Board of Directors of the Company stand suspended and such powers are vested with the Resolution Professional.

The attendance of the members during the financial year 2023-24 and present composition of the Committee are as below:

Name of members	Chairmanship/ Membership in the Committee	Category	No. of meetings attended during the year 2023-24
Shri Manish Bagrodia,	Member	Promoter/Executive	3
Mrs. Mridula Goyal Resigned on 02.10.2024	Member	Non-Independent/ Non-Executive	--
Shri Rajiv Chadha	Member	Independent/ Non-Executive	--
Shri Pankaj Mahajan	Chairman	Independent/ Non-Executive	3

Compliance Officer

At the beginning of the Financial Year i.e. 01.04.2023 the company has the full time company Secretary named Ms, Neha Singhal who, as per the available information, w.e.f 22.12.2023 has resigned from the post of company secretary. After that the company is under the process of appointing right person as the company secretary and compliance officer of the company.

Status of Investor complaints received by the Company during the year under review is as follows:

Particulars	Pending as on April 1, 2023	Received during the Year	Disposed during the Year	Pending as on March 31, 2024
No of Complaints	0	0	0	0

10. Risk Management Committee

The Board of Directors of the Company had already constituted a Risk Management Committee of the Board. With effect from 22.12.2023, the powers of the Board of Directors of the Company stands suspended and such powers are vested with the Resolution Professional.

The attendance of the members during the financial year 2023-24 and present composition of the Committee are as below:

Name of members	Chairmanship/ Membership in the Committee	Category	No. of meetings attended during the year 2023-24
Shri Manish Bagrodia	Chairman	Promoter/Executive	2
Mrs. Mridula Goyal Resigned on 02.10.2024	Member	Non-Independent/ Non-Executive	--
Shri Rajiv Chadha	Member	Independent/ Non-Executive	1
Ms. Anupma Kashyap Resigned on 22.12.2023	Member	Independent/ Non-Executive	2

During the year 2023-24, the Risk Management Committee meeting were held on 29.05.2023 and 08.11.2023.

Risk Management

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

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

i. Foreign exchange risk

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

ii. Interest rate risk

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

iii. Commodity price risk

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

iv. Risk element in individual businesses

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

v. Compliance risks

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

vi. People risks

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

11. Disclosures

- (i)** All related party transactions have been entered into in the ordinary course of business and were placed periodically before the audit committee & Board in summary form including transactions for which omnibus approval of the Audit Committee was taken. There were no material individual transactions with related parties which were not in the normal course of business, required to be placed before the audit committee & Board and that may have potential conflict with the interest of the Company at large. All individual transactions with related parties or others were on an arm's length basis. Transactions with related parties as per requirements of Accounting Standard (AS) 18 – 'Related Party Information' are disclosed in Note no. **3.11** to the Financial Statements.
- (ii)** All Accounting Standards mandatorily required have been followed without exception in preparation of the financial statements.
- (iii)** Procedures for assessment of risk and its minimisation have been laid down by the Company and reviewed by the Board. These procedures are periodically reassessed to ensure that executive management controls risks through means of a properly defined framework.
- (iv)** No money was raised by the Company through public issue, rights issue etc. during the financial year.
- (v)** The number of shares held by each director is mentioned in "**Shareholding of Directors and Key Managerial Personnel (KMPs)**".

- (vi) Management Discussion and Analysis forms part of the Annual Report to the shareholders and it includes discussion on matters as required under the provisions of regulations of SEBI (LODR) Regulation, 2015.
- (vii) There were no material financial & commercial transactions by Senior Management as defined in the required regulations of the SEBI (LODR) Regulation, 2015, where they have any personal interest that may have a potential conflict with the interests of the Company at large requiring disclosure by them to the Board of Directors of the Company.
- (viii) No penalties or strictures have been imposed on the Company by SEBI or any statutory authority on any matter related to capital markets during the last three years expected stated in this report..
- (ix) The Company has established a vigil mechanism/ whistle blower policy for directors and employees to report concerns about unethical behavior, actual or suspected fraud etc. and the same has been disclosed on the website of the Company.
- (x) The details of fees and other expenses paid to Statutory Auditors, Cost Auditors and Secretarial Auditors have been given in the financial statement of the company.
- (xi) The Company has established and adopted a Vigil Mechanism/Whistle-Blower Policy which is uploaded on the website www.winsomeyarns.com. Further, the company has affirmed that no personnel has been denied access to the audit committee and to the IRP/RP post the initiation of CIRP i.e. w.e.f 22.12.2023.
- (xii) Commodity price risk or Foreign exchange risks, if any, are tracked and managed within the Risk Management framework. The foreign exchange market is highly regulated and the Company ensures compliance with all the regulations.
- (xiii) Company does not have any 'Material non-listed Subsidiary Companies' during the accounting year under review in terms of the provisions of Regulation 16(1)(c) of the Listing Regulations, 2015.

12. Compliance Certificate

Compliance Certificate for Corporate Governance from Company Secretary in Practice is given as **ANNEXURE-1** to this report.

13. Certificate pursuant to clause 10 of Part C of Schedule V of SEBI (LODR), Regulations, 2015

A certificate from a Company Secretary in practice pursuant to clause 10 of Part C of Schedule V of SEBI (LODR), Regulations, 2015 is given as **ANNEXURE -2** to this report.

14. General Body Meetings

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

Year	Venue	Date	Time	Particulars of special resolution passed
2020-2021	Regd. Office of the Company at SCO 191-192, Sector 34-A, Chandigarh	29.09.2021	11.15 A.M.	NIL
2021-2022	Regd. Office of the Company at SCO 191-192, Sector 34-A, Chandigarh	30.09.2022	11.15 A.M.	NIL
2022-2023	Regd. Office of the Company at SCO 191-192, Sector 34-A, Chandigarh	29.09.2023	11.15 A.M.	NIL

During the last three financial years, all resolutions, as set out in the notices of General Meetings were passed by the shareholders. During the financial year, no postal ballots were used. At the forthcoming AGM, there is no item on the agenda that needs approval by Postal ballots.

Postal Ballot

No Special Resolution was passed by the Company during the year through Postal Ballot.

At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal Ballot.

Serial No.	Procedure
1	After obtaining consent to act as Scrutinizer the Board of Directors appoints Scrutinizer to conduct Postal Ballot process in true, fair and transparent manner
2	Cut Off date is fixed for identifying shareholders entitled to receive notice of the postal ballot.
3	Postal Ballot Notice along with explanatory statement and Postal Ballot form with instructions are dispatched to shareholders. As per requirements of Listing Agreement, e-voting facility was also provided to Shareholders of the Company.
4	Company advertises dispatch of postal ballot in one English Newspaper and one Vernacular language.
5.	The postal ballot form duly completed and signed should be sent to the Scrutinizer appointed by

	the Company at the registered office of the Company on or before the close of the Business hours on specified date.
6.	After due scrutiny of all the Postal Ballot forms received & considering the voting through electronic mode upto the close of working hours scrutinizer submitted his report to the company on the specified date.
7.	Result of the postal ballot is declared at the registered office of the company and the same is notified to stock exchanges as well as published on the website of the company.

15. Details of Unclaimed Suspense Account of shares

As per circular/ guidelines of Securities and Exchange Board of India(SEBI), the Company opened a demat account on 07.05.2012 in the name of "WINSOME YARNS LIMITED-UNCLAIMED SUSPENSE ACCOUNT" and transferred the unclaimed shares in this account of those shareholders who had not claimed the shares after giving the notices to the respective shareholders.

The details of unclaimed shares are as under:

Unclaimed shares' details as on 01.04.2023		Details of claimed shares during the financial year		Balance as on 31.03.2024
No. of shareholders	No. of shares	No. of shareholders	No. of shares	No. of shareholders
1418	296500	--	--	1418

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

16. Means of Communications

The financial results are published in widely circulating national & local dailies newspapers such as Financial Express in English and Jansatta in Hindi. The financial results have been uploaded on the websites of BSE (www.bseindia.com) and NSE (www.nseindia.com) under the Scrip Code '514348' and Symbol 'WINSOME' respectively. The Company has also uploaded the same on its website (www.winsomeyarns.com).

17. General Shareholder information

Day, Date and time of Annual General Meeting	Friday; December 27, 2024 at 2:30 P.M
Venue of Annual General Meeting	In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020, January 13, 2021 and December 28, 2022; General Circular No. 09/2023 dated September 25, 2023 and General Circular No. 09/2024 dated September 19, 2024, (collectively referred to as 'MCA Circulars') and SEBI Circular No. Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/ 133 dated October 03, 2024 read with SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 7, 2023; circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May13, 2022 and SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 (collectively referred to as 'SEBI Circulars') permitted the holding of the Annual General Meeting through video-conferencing / other audio visual means ('VC / OAVM'), without the physical presence of the Members at a common venue. In compliance with the provisions of the Act, MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC / OAVM. For details, please refer to the Notice this AGM.
Financial Year	1 st April, 2023 to 31 st March, 2024
Listing of equity shares on Stock Exchanges	BSE Limited (BSE) National Stock Exchange of India Ltd (NSE)
Scrip Code/ Symbol	BSE – 514348, NSE – WINSOME
Date of Book Closure	from 21.12.2024 to 27.12.2024 (both days inclusive)
ISIN Number	INE784B01035

Listing Fee :- The listing fee for the financial year 2023-24 has been paid to NSE and BSE.

DETAILS OF UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONS PLACEMENT AS SPECIFIED UNDER REGULATION 32 (7A):- Not Applicable**Market price data:**

Details of month wise High and Low equity shares price of the Company from 01.04.2023 to 31.03.2024 on BSE and NSE are as under. The trading of equity shares of the Company was suspended on BSE and NSE and resumed w.e.f. 26.09.2023.

Month	BSE (Rs.)		NSE (Rs.)
	High	Low	High
April 2023	--	--	--
May 2023	--	--	--
June 2023	--	--	--
July 2023	--	--	--
August 2023	--	--	--
September 2023	9.00	7.82	9.00
October 2023	7.67	5.30	--
November 2023	5.20	3.55	4.60
December 2023	3.67	3.25	3.90
January 2024	4.08	3.34	3.95
February 2024	3.94	3.56	3.90
March 2024	3.68	2.95	3.60

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

VIII. Stock Performance chart in comparison to broad-based indices:- As stated above that during the financial year the trading of the company was suspended for some time and comparative data for the whole year is not available. Accordingly, the company is unable to provide the stock performance chart in comparison to broad-based indices.

Registrar and Share Transfer Agent	M/s Link Intime India Pvt. Limited Noble Heights, 1 st Floor, Plot NH 2, C-1 Block LSC Near Savitri Market, Janakpuri, New Delhi 110058 Tele. No. 011-41410592-94, Fax No. 011-41410591 E-mail: delhi@linkintime.co.in ; sunil.mishra@linkintime.co.in
Share Transfer System	Shares lodged in physical form with the RTA directly or through Company, are processed and returned, duly transferred, within the time period as prescribed in Regulation 40 of SEBI (LODR), Regulations 2015, except in cases which are under objection. In respect of shares held in dematerialised mode, the transfer takes place instantaneously between the transferor, transferee through Depository Participant in electronic mode.
E-mail IDs	cshare@winsomergroup.com

Distribution of shareholding as on 31st March, 2024.

Range of Shares	No. of Shareholders			Total	% of Total Shareholders	No. of Shares			Total	% of Shareholding
	NCDL	CDSL	Physical			NCDL	CDSL	Physical		
1 to 500	4001	4855	3816	12672	75.084	731367	669839	597547	1998753	2.827
501 to 1000	769	769	99	1637	9.700	682119	682078	82700	1446897	2.046
1001 to 2000	483	494	26	1003	5.943	800852	801639	42900	1645391	2.327
2001 to 3000	204	210	6	420	2.489	534630	557352	15500	1107482	1.566
3001 to 4000	84	106	3	193	1.144	308583	381892	11100	701575	0.992
4001 to 5000	120	123	1	244	1.446	580749	591890	5000	1177639	1.666
5001 to 10000	190	147	2	339	2.009	1472386	1134892	12000	2619278	3.704
10001 and above	212	157	--	369	2.186	52495706	7514508	--	60010214	84.871
Total	6063	6861	3953	16877	100.000	57606392	12334090	766747	70707229	100.000

Shareholding Pattern as on 31st March, 2024.

Category	No. of Shares	Percentage
Promoters	27339609	38.67
Mutual Funds	11800	0.02
Bank	7800	0.01
Foreign Portfolio Investors	9155403	12.95
Individual shareholding (nominal share capital upto Rs. 2 lacs).	12357613	17.48
Individual shareholding (nominal share capital excess of Rs. 2 lacs).	10318271	14.59
Trust	111	--
HUF Shareholding	1505003	2.13
NRI shareholding	467774	0.66
Unclaimed or Suspense Account	296500	0.42
Clearing Members	9790	0.01
Body Corporate shareholding	9237555	13.06
TOTAL	70707229	100.00

Details of shareholding of Directors in the Company as on 31.03.2024.

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

Dematerialisation of shares and liquidity.	Out of total 70707229 nos. of shares, 98.9156% shares have been dematerialized upto 31.03.2024.
Outstanding GDRS/ ADRS/ Warrants or any convertible instruments, conversion date and likely impact on equity.	The Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments, the conversion of which will have an impact on equity shares.
Plant Location (Yarn)	Village - Kurawala, Tehsil – Derabassi, Distt. Mohali (Punjab)
(Knitwear)	Winsome Knitwear (Prop. Winsome Yarns Limited) B-58, Industrial Area, Phase-VII, Mohali (PB)
Micro Hydel Power Projects	Barewal, Bharowal, Isewal, Mansion, Raowal at Sidhwan Bate, Distt. Ludhiana, Punjab
Address for correspondence	The Company Secretary Winsome Yarns Limited Basement, SCO 13-14-15, Sector 34-A Chandigarh-160022
E-mail IDs / Website	cshare@winsomegroup.com / www.winsomeyarns.com

Registered Office:
Basement, SCO 13-14-15
Sector 34-A, Chandigarh – 160022

Dated: 04.12.2024

For and on behalf of the Board
(Power suspended)

Manish Bagrodia
Director
DIN: 00046944

(Taken on Record)
Anil Kohli,
ARCK Resolution Professionals LLP
acting as RP
Designated Partner
Registration No. IBBI/IPE-0030/IPA-1/
2022-23/50013

ANNEXURE-(i)**DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT**

To,
The Board of Directors
(Powers vested with Resolution Professional w.e.f. 22 December 2023)
Winsome Yarns Limited
Basement, SCO 13-14-15, Sector 34-A, Chandigarh-160022

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

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non compliance thereof during the year ended 31st March, 2024.

For Winsome Yarns Limited

Place: Chandigarh
Date: 14.11.2024

Manish Bagrodia
Director (Powers Suspended)

'=====

ANNEXURE-(ii)

Compliance Certificate from Shri Manish Bagrodia Director & Chief Financial Officer under Regulation 17(8) of SEBI (LODR) Regulations, 2015 for the Financial Year ended 31.03.2024. [Schedule-II, Part-B of SEBI (LODR), Regulations, 2015]

- A. We have reviewed financial statements and the cash flow statement for the year ended 31.03.2024 and that to the best of our knowledge and belief:
- 1 these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2 these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B To the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps have taken or propose to take to rectify these deficiencies.
- D We have indicated to the auditors and the audit committee.
- 1 There has not been any significant changes in internal control over financial reporting during the year;
 - 2 There has not been any significant changes in accounting policies during the year and that the same have been disclosed (if any) in the notes to the financial statements; and
 - 3 There is no any instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For Winsome Yarns Limited

For Winsome Yarns Limited

Place : Chandigarh
Dated : 14.11.2024

Sanjay Sharma
Chief Financial Officer

Manish Bagrodia
Director(Powers Suspended)

ANNEXURE – D**Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2024****[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

**To,
The Members/Resolution Professional,
WINSOME YARNS LTD, (Under CIRP)
Chandigarh**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by WINSOME YARNS LIMITED (under Corporate Insolvency Resolution Process) (herein after called the "Company") having CIN : L17115CH1990PLC010566 and its registered office at Basement, SCO 13-14-15, Sector 34-A, Chandigarh, 160022, while taking review after completion of financial year. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2024, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2024 according to the provisions of:

- i.** The Companies Act, 2013 (the Act) and the rules made there under;
- ii.** The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii.** The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv.** Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.: -
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011: **No such transaction took place during the Financial Year 2023-24.**
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **The trading of equity shares of the Company were suspended on 02.01.2020 by BSE and NSE. The same was revoked w.e.f. 26.09.2023.**
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **No such transaction took place during the Financial Year 2023-24.**
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **No such transaction took place during the Financial Year 2023-24.**
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **No such transaction took place during the Financial Year 2023-24.**
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **No such transaction took place during the Financial Year 2023-24;**
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **No such transaction took place during the Financial Year 2023-24.**

V. Compliance with Tax laws (Income Tax, VAT, Excise and Service Tax)

VI. And Labor Laws, Environment Laws, other applicable laws etc.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with Stock Exchange.
- iii. 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, Guidelines Standards etc. mentioned above subject to the following observations.

We further report that:

Compliances of applicable Financial Laws including, Direct & Indirect Tax Laws by the Company has not been reviewed in this Audit Report; since the same is under the purview of Statutory Auditor & other Designated Professionals.

3. During the period under review Company has following Committees namely;

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

The details of committee meetings/Board meetings (till NCLT Order for commencement of CIRP) are given below:

SR.NO.	COMMITTEE	DATE OF MEETING
1	Audit Committee	29.05.2023, 14.08.2023 and 08.11.2023
2	Nomination & Remuneration Committee	22.05.2023
3	Separate Meeting of Independent Directors	Nil
4	Board of Directors meeting	22.05.2023, 29.05.2023, 14.08.2023, 08.11.2023 and 22.12.2023
5	Risk Management Committee	29.05.2023 and 08.11.2023
6	Stakeholders Relationship Committee	29.05.2023, 14.08.2023 and 08.11.2023

We further report that:

During the year under review The Hon'ble Adjudicating Authority, i.e., National Company Law Tribunal, Chandigarh Bench, has admitted the Company Petition i.e. C.P (IB) No. 291/Chd/Chd/2018, filed by M/s. Edelweiss Asset Reconstruction Company Limited, the Financial Creditor initiating Corporate Insolvency Resolution Process ("CIRP") under Insolvency & Bankruptcy Code, 2016 (hereinafter referred to as "Code") in the matter of M/s. Winsome Yarns Ltd. ("Corporate Debtor"). The Adjudicating Authority appointed Mr. Sanjay Gupta having Registration No. IBBI/IPA-002/IP-N00982-C01/2017-2018/10354 as Interim Resolution Professional (IRP) vide its said order dated 22.12.2023.

Further, the Committee of Creditors has filed an application before Hon'ble NCLT, Chandigarh for the appointment of M/s. ARCK Resolution Professionals LLP as Resolution Professional in place of Mr. Sanjay Gupta. Subsequently, the Hon'ble NCLT allowed the application and appointed M/s. ARCK Resolution Professionals LLP having Registration No. IBBI/IPE-0030/IPA-1/2022-23/50013 as Resolution Professional ("RP") in this matter vide its Order dated 14.03.2024.

Upon initiation of CIRP against corporate debtor i.e. Winsome Yarns Limited, its management shall vest with the interim resolution professional/resolution professional as the case may be, in terms of section 17 of the IBC, 2016. Accordingly, the powers of the board of directors of the Corporate Debtor are under suspension from the CIRP initiation order dated 22.12.2023 passed by Hon'ble NCLT.

4. Non compliances as per SEBI (LODR) Regulations, 2015 for the year ended **31st March, 2024** are as follows:

- (i) The post of the Whole Time Company Secretary of the Company has been vacant since 22.12.2023.

5. DEFAULT IN DEPOSITING THE PROVIDENT FUND CONTRIBUTION

As per the information provided, the company is not regular in depositing undisputed statutory dues including provident fund, employees' state insurance.

Date: 04.12.2024
Place: Panchkula

(Girish Madan)
Practicing Company Secretary
Membership No: 5017
Certificate of Practice No: 3577
UDIN: **F005017F003245628**
Peer Review Certificate No. 1514/2021

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

Annexure-A

To,
The Members,
WINSOME YARNS LTD
Chandigarh

My report is to be read along with this letter.

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

(Girish Madan)

Practicing Company Secretary
Membership No: 5017

Certificate of Practice No: 3577

UDIN: **F005017F003245628**

Peer Review Certificate No. 1514/2021

Date: 04/12/2024

Place: Panchkula

ANNEXURE-'1'**CERTIFICATE OF SECRETARIAL AUDITORS ON CORPORATE GOVERNANCE UNDER SEBI (LODR) REGULATIONS, 2015**

To the Members of
Winsome Yarns Limited (under CIRP)

We, have examined the compliance of conditions of Corporate Governance by Winsome Yarns Limited, (CIN: L17115CH1990PLC010566) (under Corporate Insolvency Resolution Process) having its registered office at Basement, SCO 13-14-15, Sector 34-A, Chandigarh, while taking review after completion of financial year for the year ended March 31, 2024, as stipulated in Schedule V of SEBI (LODR) Regulations, 2015.

During the year under review The Hon'ble Adjudicating Authority, i.e., National Company Law Tribunal, Chandigarh Bench, has admitted the Company Petition i.e. C.P (IB) No. 291/Chd/Chd/2018, filed by M/s. Edelweiss Asset Reconstruction Company Limited, the Financial Creditor initiating Corporate Insolvency Resolution Process ("CIRP") under Insolvency & Bankruptcy Code, 2016 (hereinafter referred to as "Code") in the matter of M/s. Winsome Yarns Ltd. ("Corporate Debtor"). The Adjudicating Authority appointed Mr. Sanjay Gupta having Registration No. IBBI/IPA-002/IP-N00982-C01/2017-2018/10354 as Interim Resolution Professional (IRP) vide its said order dated 22.12.2023. Further, the Committee of Creditors has filed an application before Hon'ble NCLT, Chandigarh for the appointment of M/s. ARCK Resolution Professionals LLP as Resolution Professional in place of Mr. Sanjay Gupta. Subsequently, the Hon'ble NCLT allowed the application and appointed M/s. ARCK Resolution Professionals LLP having Registration No. IBBI/IPE-0030/IPA-1/2022-23/50013 as Resolution Professional ("RP") in this matter vide its Order dated 14.03.2024. Upon initiation of CIRP against corporate debtor i.e. Winsome Yarns Limited, its management shall vest with the interim resolution professional/resolution professional as the case may be, in terms of section 17 of the IBC, 2016. Accordingly, the powers of the board of directors of the Corporate Debtor are under suspension from the CIRP initiation order dated 22.12.2023 passed by Hon'ble NCLT.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the

Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (LODR) Regulations, 2015. Subject to the qualifications marked under Annual Secretarial Compliance Report dated 30.05.2024 and Secretarial Audit Report dated 04.12.2024 for the financial year ended 31.03.2024 to the extent applicable and as may deem fit and appropriate by Resolution Professional.

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

Date: 04/12/2024

Place : Panchkula

(Girish Madan)
Practicing Company Secretary
Membership No: 5017
Certificate of Practice No: 3577
UDIN : **F005017F003245870**
Peer Review Certificate No. 1514/2021

ANNEXURE-'2'

CERTIFICATE

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

In pursuance of sub clause (I) of clause 10 of Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015) in respect of Winsome Yarns Limited (CIN: L17115CH1990PLC010566) (under Corporate Insolvency Resolution Process) having its registered office at Basement, SCO 13-14-15, Sector 34-A, Chandigarh- 160022, I hereby certify that:

On the basis of written representation/ declaration received from the Directors as on 1st April, 2024 (Same has not taken on record by the Board of Directors, since the power of the Board has been suspended since the company is under Corporate Insolvency Resolution Process), further, none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of the Company by the Board/Ministry of Corporate Affairs or any such Statutory Authority.

Date: 04/12/2024

Place : Panchkula

(Girish Madan)
Practicing Company Secretary
Membership No: 5017
Certificate of Practice No: 3577
UDIN : **F005017F003245870**
Peer Review Certificate No. 1514/2021

INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS

To
 The Resolution professional
 Winsome Yarn Limited
 (A company under Corporate Insolvency Resolution Process vide NCLT order)

Report on the Audit of the Standalone Financial Statement.**1) Qualified Opinion.**

We have audited the accompanying Standalone Ind AS financial statements of Winsome Yarns Limited ("the Company under CIRP process"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

The Hon'ble National Company Law Tribunal ("NCLT"), Chandigarh Bench, admitted the Corporate Insolvency Resolution Process ("CIRP") application filed by a financial creditor of Winsome Yarn Ltd ("the Company") and appointed Mr. Sanjay Gupta (IBBI Registration No. IBBI/IPA-002/IP-N00982-C01/2017-2018/10354, as Interim Resolution Professional ("IRP"), in terms of the Insolvency and Bankruptcy Code, 2016 ("the Code") to manage the affairs of the Company vide CP (IB) No. 291/Chd /Chd /2018 dated 22.12.2023. Further Hon'ble National Company Law Tribunal ("NCLT"), Chandigarh Bench, vide order dated 14.03.2024 appointed M/s ARCK Resolution Professionals LLP having IBBI Registration No. IBBI/IPE-0030/IPA-1/2022-23/50013as the new RP of Winsome Yarns Ltd ("the Company").

In view of pendency of the CIRP, and in view of suspension of the powers of Board of Directors and as explained to us, the powers of adoption of the Standalone Financial statements for the year ended 31st March, 2024 vest with the RP.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects/possible effects of the matters described in paragraph under 'Basis of Qualified Opinion', the aforesaid Ind AS financial statements give the information required by the companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, State of affairs of the Company as at March 31, 2024, and profit/loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

2) Basis for Qualified Opinion.

1. In view of accumulated losses of the Company as at the end of March 31, 2024, the net worth of the Company as at that date being negative, continuous losses, negative cash flows and due to financial constraints, resignation of KMP and non-deposit of statutory dues on time, material uncertainty exists about the company ability to continue as going concern. The decision of management (Power suspended) and RP of the Company to prepare the accounts of the Company on going concern basis for reasons that mentioned in standalone financial statement note no 3.2 (e) there would arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumptions as to going concern, and in the absence of impact of aforesaid assumptions having been un-ascertained, we are unable to comment thereon.
2. The Financial statement for the year ended on March 31, 2024 are understated due to:
 - i) Non-provisioning of interest expenses, of Rs 22,850.78 Lakhs on borrowings for the year ended on March 31, 2024 (Rs 19,662.06 lakhs for the year ended on March 31, 2023) and Rs 1,26,851.35 Lakhs being aggregate amount of interest un-provided till the year ended March 31, 2024 (Rs 1,04,000.57 Lakhs till the year ended March 31, 2023), and further amount towards penal interest, penalty, etc. as may be charged by the lenders. (In the absence of statement of account, the above amount has been arrived at as per estimates of the Company, and the aggregate un-provided amount in books of account of the Company is not ascertainable with accuracy).
 - ii) Non-provisioning against long outstanding receivables of Rs. 128.17 Lakhs which is overdue for more than 365 days. Further Re-instatement of few debtors, advance from customers, creditors for export, etc. on exchange fluctuation is not recognized in line with Ind AS - 21

“The Effects of changes in Foreign Exchange Rates” the effect of which we are unable to comment.

3. The Internal Control Systems need to be further strengthened in order that they are commensurate with the size of the Company and the nature of its business, more particularly in areas of, purchases and consumption of materials, charging of expenses, set-off of balances, and invoicing of sale of goods and services.
4. As per the information given to us, the carrying value of investments have not been marked to realizable value, which if accounted would result in Investments reducing by Rs. 2568.41 Lakhs and Loss of the year ended 31.03.2024 increasing by Rs. 2568.41 Lakhs.
5. Confirmation of balances and reconciliation thereof with respective parties are pending, which include balances pertaining to, accounts receivable and accounts payable, bank balances (including FDR), other current assets, advance for leasing, security deposit with government, loans and advances recoverable, secured loans, other liabilities, provisions, and contingent liabilities. All balances have been certified by the management of the Company. In the absence of the Company having aforementioned details and confirmations, the impact thereof is unascertainable, and therefore, not being commented. Further strengthening of internal controls by the Company will provide greater reliability.
6. As per the information given to us, In reference to note no. 13 of financial Statements, we draw attention to the users of the financial statement for the year ended on 31st March, 2024. Fixed Deposit with Canara Bank Amount of Rs 30.66 lakhs had been made for Margin Money for issuing Bank Guarantee, which was adjusted against the dues of working capital outstanding at the time of Account becoming NPA, has not been accounted for as it will change note in Financials of the borrowing amount as per books. We are unable to comment upon possible impact in the standalone financial statements for the year 31st March, 2024.

We conducted our audit in accordance with the standard on auditing (“SA”) specified under section 143(10) of the Act. Our responsibilities under those standards are further describes in the Auditor’s Responsibilities for the audit of the standalone financial statement 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 (“the ICAI”) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the act 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 obtained by us is sufficient and appropriate to provide a basis for our qualified opinion.

3. Emphasis of matter

- i) As per information given to us, the company has made advance payment of Rs. 2268.50 Lakhs to Edelweiss Assets Reconstruction Company as an advance against restructuring of loan. Loan outstanding from Edelweiss Assets Reconstruction Company amounting of Rs. 47071.08 Lakhs as on 31.03.2024.
- ii) The company has not made provision for the demand raised by various authorities as the matters are pending before various appellate forum. We are unable to comment upon possible impact in the standalone financial statements for the year 31st March, 2024.
- iii) In reference to note no. 3.2 (e) of financial statements, we draw attention to the users of the financial statement for the year ended on 31st March, 2024, The Petition of Edelweiss Assets Reconstruction Company Ltd. (EARC), an Asset Reconstruction Company, under Section 7 of the Insolvency and Bankruptcy Code, 2016, (the Code) filed before the Hon’ble National Company Law Tribunal, Chandigarh Bench, (“NCLT”) was allowed by the Hon’ble NCLT vide its Order dated 22nd December, 2023. An Interim Resolution Professional (IRP), Sh. Sanjay Gupta is appointed by the Hon’ble NCLT. Further Hon’ble National Company Law Tribunal (“NCLT”), Chandigarh Bench, vide order dated 14.03.2024 appointed M/s ARCK Resolution Professionals LLP having IBBI Registration No. IBBI/IPE-0030/IPA-1/2022-23/50013as the new RP of the Winsome Yarns Ltd (“the Company”). and has since taken control of management and affairs of the Company. With the appointment of the RP, the powers of the board is now vested with RP and thus the powers of existing board is suspended.

- iv) In reference to note no. 14 of financial statements, we draw attention to the users of the financial statement for the year ended on 31st March, 2024. The Provisions may be modified on further reconciliation and evaluation of the recoverability of the Current Assets. The other Non Current assets have reduced from Rs 250.44 Lacs to Rs 47.66. The main reduction is due to change in the Advance against Imprest account by Rs 215.83 lacs. However, We are unable to comment upon possible impact in the standalone financial statements for the year 31st March, 2024.
- v) As per the information given to us. CIRP cost of Rs. 345.76 Lakh for the quarter ended 31.03.2024 (Rs.406.61 Lakh as at 31.03.2024) has been accounted, and CIRP cost of Rs. Nil for the quarter ended 31.03.2024 (Rs. Nil as at 31.03.2024) is unaccounted. The aggregate CIRP cost of Rs. 142.54 lakh will be required to be discharged in priority as per Insolvency and Bankruptcy Code, 2016. The liability will be discharged on implementation of approved Resolution Plan, failing which during liquidation of the Company. We are unable to comment upon possible impact in the standalone financial statements for the year 31st March, 2024

Our opinion is not modified in respect of these matters

4. Key Audit Matters

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. There 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. In addition, the matters described in the basis for qualified opinion and emphasis of matter paragraph are by their nature are key audit matters.

5. Information Other than the Financial Statement and Auditor's Report

The Company's Board of Directors is responsible for the other information but does not include the financial statements and our auditors 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 responsibilities is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statement or our Knowledge obtained in the audit or otherwise appears to be materially misstate. 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.

6. Responsibilities of Management and Those Charged with Governance for the standalone Financial Statements.

The company is under CIRP process vide CP (IB) No.291/chd/chd/2018 by Hon'ble NCLT Chandigarh Bench dated 22.12.2023 and all management responsibilities vested with Resolution professional.

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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 Ind AS 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 statement, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as application, matters related to going concern and using the going concern basis of accounting unless management 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.

7. 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 SAs 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 the 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 Statement, 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 Act, we are also responsible for expressing our opinion on whether the Company has in place adequate internal financial controls with reference to financial statements 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 the management.
- Conclude on the appropriateness of the 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 Statement 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 Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of financial information of the Company of which we are the independent auditors. For the subsidiaries included in the Statement, which have been audited by other auditors or not have been audited by other auditors, such other auditors or management remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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.

8. Report on Other Legal and Regulatory Requirement

- i) As required by the Companies (Auditor's Report) Order, 2020 (the Order) issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- ii) As required by section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit, except as stated in para under the head "Basis of Qualified Opinion".

- b) Except for the effects/possible effects of the matters described in the "Basis of Qualified Opinion" paragraph above, in our opinion, proper books of account as required by law have been kept by the Company in so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) Except for the matter described in para under the "Basis for Qualified Opinion", in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- e) The matters described in the "Basis of Qualified Opinion" paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) The company is under corporate Insolvency Resolution process vide the order of Hon'ble NCLT, Chandigarh Bench dated 22.12.2023 and all management responsibilities vest with the Resolution professional, Hence the requirement to comment upon the Director's qualification is not Applicable
- g) The matters described in the "Basis of Qualified Opinion" paragraph above, in our opinion, may have an adverse Impact Relating to maintenance of Accounts and other matters connected therewith.
- h) 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".
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - I. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements Refer Note no. 3.2 to the standalone financial statement.
 - II. Except as matter described under paragraph of "basis for qualified opinion" as required under the applicable law or Accounting Standards, The Company has made provision, for material foreseeable losses, if any, on long term contracts including derivative contracts;
 - III. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - IV.
 - a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the Accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kinds of funds) by the company to or in any other person(s) or entities including foreign entities ("intermediaries"), with the understanding whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
 - b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity (ies) including foreign entities ("Funding parties"), with the understanding whether recorded in writing or otherwise, that the company shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding parties ("ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries; and
 - c) Based on the audit procedures that the auditor has considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused

them to believe that the representation under sub point (a) and (b) contain any mis-statement.

- V. The company does not declare or paid any dividend during the year
- VI. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books if account for the financial year ended 31st March 2024 which has a feature of recording audit trail (edit Log) facility and same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1st April, 2023 reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the Financial Year ended 31st March, 2024.

For Dhana & Associates
Chartered Accountants
Firm Registration No: 510525C

CA. Arun Khandelia
Partner
Membership No.: 089125

Place: New Delhi
Date: 14-November-2024
ICAI UDIN No.: 24089125BKASKH1125

"ANNEXURE A" TO INDEPENDENT AUDITOR'S REPORT

(Annexure referred to in paragraph 7 on Report on Other Legal and Regulatory Requirements)

- i)
- a) As per information and explanation given to us, the Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As per information and explanation given to us, the fixed assets have been physically verified by the management at reasonable intervals. However, we have not been provided complete physical verification report.
 - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable freehold properties are held in the name of the Company. However, we have not been provided complete title deed of immovable property situated at Derabassi (Punjab) location.
 - d) According to the information given to us the Company has not revalued its property plant, and equipment during the year
 - e) According to the information and explanation given to us, no proceedings have been initiated or are pending against the company for holding any Benami property under the benami Transactions (prohibition) Act 1988.
- ii)
- a) According to the information, explanation and representation provided by the management, physical verification of inventory has been conducted at reasonable intervals by the management. But, in our opinion the coverage and procedure of such verification by the management is not appropriate. Further, according to information and explanation given to us no material discrepancy was noticed in such verification by management.
 - b) According to the information, explanation and representation provided by the management, during any point of time of the year, the company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current Assets.
- iii)
- According to the information, explanation given to us, the Company has not made investment in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnerships or other parties. Accordingly, sub-clause (a),(b),(c),(d),(e) of clause (iii) para 3 of the order is not applicable to the company.

- iv) According to the information, explanation and representation provided by the management and based upon audit procedures performed, the Company has not given any loans, provided any guarantee or security in connection with any loan and/ or acquiring securities of any other body corporate.
- v) As explanation given to us and on the basis of our examination of the records, the Company has accepted deemed deposits in violation of provisions of section 73 to 76 of companies act 2013 read with rule 3 of companies (acceptance of deposits) Rules, 2014. The nature of the contraventions is trade advance for supply of goods which is not appropriated against supply of goods within a period of 365 days from the date of acceptance of such advances.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the Company's products to which the said Rules apply and are of the opinion that prima facie, the prescribed records have been made and maintained. However; we have not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- vii) a) According to the information and explanations given to us, the company is not regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales- tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authority. However, the arrear of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date, they became payable, are not provided.

Name of the statute	Nature of the dues	Amount(Rs.)	Period to which amount relates	Due date	Date of payment
Employee State Insurance Act, 1948	Employee State Insurance Fund	Full Information Not Provided	Full Information Not Provided	Full Information Not Provided	Full Information Not Provided
Employees' Provident Funds & miscellaneous Provisions Act, 1952	Employees Provident Fund	Full Information Not Provided	Full Information Not Provided	Full Information Not Provided	Full Information Not Provided
Income Tax Act, 1961	Tax Deducted at Source	Full Information Not Provided	Full Information Not Provided	Full Information Not Provided	Full Information Not Provided
Punjab Labor Welfare Fund Act, 1965	Labor Welfare fund	Full Information Not Provided	Full Information Not Provided	Full Information Not Provided	Full Information Not Provided

- b) According to the information and explanations given to us, the following dues of income tax, sales tax, service tax, duty of excise and Value added tax have not been deposited by the company on account of disputes:

Name of the Statute	Nature of Dues	Amount (Rs. in Lakhs)	Period to which relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	182.71	2005-2007	ITAT, Chandigarh
Central/State Sales Tax	-do-	111.81	2014-2015	Asstt .Excise & Taxation commissioner, Mohali
	-do-	1759.65	2015-2016	Asstt .Excise & Taxation commissioner, Mohali
	-do-	3.87	2016-2017	Asstt .Excise & Taxation commissioner, Mohali
	-do-	2.98	2017-2018	Asstt .Excise & Taxation commissioner, Mohali
	-do-	53.50	2008-2009	Sales Tax tribunal
	-do-	1.84	2017-18	DETC cum Joint Director (Enf.), Patiala

	-do-	10.34	2010-11	DETC cum Joint Director (Enf.), Patiala
Central Excise Act	Excise Duty	7.63	2008-09	CESTAT, New Delhi
	-do-	5.04	2010-11	CESTAT, New Delhi
	-do-	13.42	2011-12	CESTAT, New Delhi
Goods and Service Tax	GST	423.53	2018-19	DTC Appeals
	GST	6.43	2017-18	DTC Appeals

*This para to be read with note no. 3.1(A) and 3.1(B) to the financial statements.

- viii) According to information and explanation given to us, there is not any transactions which have been surrender or disclosed as income during the year in the tax assessment under the income Tax 1961 and not recorded in the books of accounts.
- ix) a) In our opinion based on audit procedures performed and according the information and explanation given to us, the Company has defaulted in repayment of loans and borrowings to bank. However, the Company has not taken loans from any bank, financial institution, and Government or debenture holders during the year. The lender wise details of default is as under;

SI No.	Name of Bank	Total Default Amount* (Rs. Lakhs)	Maximum Delay (in days)	Remark
1.	Bank of India	2514.00	3925	Term Loan
2.	Bank of Maharashtra	2506.00	3835	Term Loan
3.	Indian Overseas Bank	2045.00	3743	Term Loan
4.	ICICI Bank Ltd.	611.00	3925	Working Capital Term Loan and FITL
5.	Oriental Bank of Commerce	1965.00	3925	Term Loan
6.	Canara Bank	12782.66	3650	Term Loan and Working Capital Loan – Assigned to EARC
7.	Punjab National Bank	14813.88	3726	Term Loan and Working Capital Loan – Assigned to EARC
8.	State Bank of Patiala	9789.44	3594	Term Loan and Working Capital Loan – Assigned to EARC
9.	Dena Bank	3973.01	3833	Term Loan – Assigned to EARC
10.	UCO Bank	4244.62	3652	Term Loan – Assigned to EARC
11.	United Bank of India	1467.46	3833	Term Loan – Assigned to EARC

EARC = Edelweiss Asset Reconstruction Company Ltd

***Total default amount excludes the interest that is not provided in the book**

- b) According to information given to us, the company appears as a willful defaulter as **per RBI guidelines refer note no 3.2C of Financial statement.**
- c) According to information and explanation given to us, term loans were Applied for the purposes for the purpose for which the loans were obtained.
- d) According to information and explanation given to us, the company has not utilized funds for long term purposes for those funds which were raised for short term basis
- e) According to information and explanation given to us, the company has not taken funds from any entity or persons on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- f) According to information and explanation given to us, the company has not raised loans raised loans during the year on the pledge of securities in its subsidiaries, associates or joint ventures.
- x) a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, sub-clause (a) of clause (x) of para 3 of the order is not applicable.

- b) 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 convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, sub-clause (b) of clause (x) of para 3 of the order is not applicable.
- xi)
- a) According to the information and explanations given to us, no material fraud by the company or on the company has been noticed or reported during the year.
- b) According to the information and explanations given to us, no report under sub- section (12) of section 143 of the company's act has been filed by auditors in Form ADT-4 as prescribed under rule 13 of companies (audit or auditors) rules,2014 with the central government.
- c) According to information and Explanation given to us, there is no whistle-blower complaints, received by the company during the year.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, sub clause (a), (b) and (c) clause (xii) of para 3 of the order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS standalone financial statements as required by the applicable accounting standards.
- xiv)
- a) The internal Audit system of the company not commensurate with the size and nature of its business.
- b) Internal audit report for the period under audit not provided to us, hence the internal audit reports have not been considered by us.
- xv) According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi)
- a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- b) According to information and explanation given to us, the company has not conducted any non- banking or Housing financial activities. Accordingly, sub-clause (b) of clause (xvi) of para 3 of the order is not applicable.
- c) According to information and explanation given to us the company is not a core investment company (CIC) as defined in the regulation made by the Reverse Bank of India. Accordingly, sub-clause (c) of clause (xvi) para 3 of the order is not applicable to the company.
- d) According to information and explanation given to us, there have not any CIC in the group. Accordingly, sub-clause (d) of clause (xvi) para 3 of the order is not applicable to the company.
- xvii) According to information and explanation given to us, the company has not incurred any cash losses in the current financial year but they have incurred cash losses in immediately preceding financial year.
- xviii) According to information and Explanation given to us, there has been no resignation of the statutory auditor during the year and accordingly this clause is not applicable.
- xix) According to information and explanation given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, auditor's knowledge of boards of directors and managements plan, our opinion is that there is material uncertainty exists as on the date of audit report that company is capable is meeting its liability existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- xx) According to information and explanation given to us, section 135 of company's act is not applicable on the company. Accordingly, clause (xx) of paragraph 3 of the order is not applicable.

xxi) According to information and explanation given to us, the company does not have joint venture, subsidiary and Associates and has not required prepared consolidated financial statement. Accordingly, clause (xxi) of paragraph 3 of the order is not applicable to the company.

For Dhana & Associates
Chartered Accountants
Firm Registration No: 510525C

CA. Arun Khandelia
Partner
Membership No.: 089125

Place: New Delhi
Date: 14-November-2024
ICAI UDIN No.: 24089125BKASKH1125

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

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

We have audited the internal financial controls over financial reporting of Winsome Yarns Limited ("the Company under CIRP process") as of March 31, 2024, in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally

accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Basis of Qualified Opinion

We draw attention to the paragraph 2 "Basis for Qualified Opinion" of our main report and the same to be read with our comments as stated below:

According to the information and explanation given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2024:

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

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

In our opinion, except for the effects/possible effects of the material weaknesses described above and on the achievement of the objectives of control criteria, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

We have considered the material weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the March 31, 2024 standalone financial statements of the Company and these material weaknesses does not affect our opinion on the standalone financial statements of the Company.

For Dhana & Associates
Chartered Accountants
Firm Registration No: 510525C

CA. Arun Khandelia
Partner
Membership No.: 089125

Place: New Delhi
Date: 14-November-2024
ICAI UDIN No.: 24089125BKASKH1125

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

Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2024 [See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations 2016]				
(Rs. in Lakhs)				
I.	Sl. No.	Particulars	Audited Figure (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)*
	1	Turnover/ Total income	3006	3006
	2	Total Expenditure	4100	27079
	3	Net Profit/(Loss)	(1094)	(24073)
	4	Earnings Per Share	(1.55)	(34.04)
	5	Total Assets	19915	19986
	6	Total Liabilities	61907	188758
	7	Net Worth	(41992)	(168843)
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
* all adjustments are without tax effect.				
II.	Audit Qualifications			
	(a)	Details of Audit qualification	<p>Reference is invited to Para (4) of Independent Auditor's Report on Standalone audited financial results:</p> <p>i. In view of accumulated losses of the company as at the end of March 31, 2024, the net worth of the company as at that date being negative, continuous losses, negative cash flows and due to financial constraints, resignation of KMP and non-deposit of statutory dues on time, material uncertainty exists about the company ability to continue as going concern. The decision of management and RP of the company to prepare the accounts of the company on going concern basis for the reason mentioned in standalone financial result note no 4 there would arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumptions as to going concern, and in the absence of impact of aforesaid assumptions having been un-ascertained, we are unable to comment thereon.</p> <p>ii. Non-provisioning of interest expenses, of Rs 22,850.78 Lakhs on borrowings for the year ended on March 31, 2024 (Rs 19,662.06 lakhs for the year ended on March 31, 2023) and Rs 1,26,851.35 Lakhs being aggregate amount of interest un-provided till the year ended March 31, 2024 (Rs 1,04,000.57 Lakhs till the year ended March 31, 2023), and further amount towards penal interest, penalty, etc. as may be charged by the lenders. (In the absence of statement of account, the above amount has been arrived at as per estimates of the Company, and the aggregate un-provided amount in books of account of the Company is not ascertainable with accuracy).</p> <p>b) Non-provisioning against long outstanding receivables of Rs. 128.17 Lakhs which is overdue for more than 365 days. Further Re-instatement of few debtors, advance from customers, creditors for export, etc. on exchange fluctuation is not recognized in line with Ind AS - 21 "The</p>	

			<p>Effects of changes in Foreign Exchange Rates” the effect of which we are unable to comment.</p> <p>iii. The Internal Control Systems need to be further strengthened in order that they are commensurate with the size of the Company and the nature of its business, more particularly in areas of, purchases and consumption of materials, charging of expenses, set-off of balances, and invoicing of sale of goods and services.</p> <p>iv. As per the information given to us, the carrying value of investments have not been marked to realizable value, which if accounted would result in Investments reducing by Rs. 2568.41 Lakhs and Loss of the year ended 31.03.2024 increasing by Rs. 2568.41 Lakhs.</p> <p>v. Confirmation of balances and reconciliation thereof with respective parties are pending, which include balances pertaining to, accounts receivable and accounts payable, bank balances (including FDR), other current and non-current assets, advance for leasing, security deposit, secured loans, other liabilities, provisions, and contingent liabilities. All balances and disclosures have been certified by the management of the Company. In the absence of the Company having aforementioned details and confirmations, the impact thereof is unascertainable, and therefore, not being commented. Further strengthening of internal controls by the Company will provide greater reliability.</p> <p>vi. As per the information given to us, In reference to note no. 13 of financial Statements, we draw attention to the users of the financial statement for the year ended on 31st March, 2024. Fixed Deposit with Canara Bank Amount of Rs 30.66 lakhs had been made for Margin Money for issuing Bank Guarantee, which was adjusted against the dues of working capital outstanding at the time of Account becoming NPA, has not been accounted for as it will change note in Financials of the borrowing amount as per books. We are unable to comment upon possible impact in the standalone financial statements for the year 31st March, 2024.</p>
		Type of Audit Qualification	Qualified Opinion
	(c)	Frequency of Qualification	<ul style="list-style-type: none"> • In case of point no (i), (iv) and (v) – Appeared since F.Y. 2014-15 • In case of point no (ii) – Appeared since F.Y. 2013-14 (However, there is change in amount) • In case of point no (iii) – Appeared since F.Y. 2013-14 • In case of point no (vi) – Appeared since F.Y. 2003-04
	(d)	For Audit Qualification(s) where the impact is quantified by the Auditor, Management views	<p>With regard to Auditors Qualification No. (i)(ii), (iii), (iv),(v) and (vi) :-</p> <p>(i) The management has prepared its Financial Statement on Going Concern basis- Refer Note No.6 of Results</p> <p>(ii) Regarding non-provision of interest expenses, penal</p>

			<p>interest, penalty, etc. in respect of borrowings of the Company from banks - As stated in Note No. 3.15 of the Audited Financial Statement, The operating losses suffered by the Company for reasons beyond control of the Company, including due to non-performance of commitments and obligations by the lenders of the Company, consequently led to financial stress being faced by the Company. The unilateral recall of borrowings by the lenders and followed by lock downs to contain the spread of pandemic of Covid-19, resulted in an alleged claim of an unpaid principal and overdue interest .</p> <p>Provision for upto date interest,has not been made in the books of account, and disputing the liability of the Company in its borrowings, it had filed a counter claim against the lenders, which is for an amount larger than the amount claimed by the lenders and the matter is pending adjudication before the Hon'ble Debt Recovery Tribunal, Chandigarh.</p> <p>The Company will account the effects of payment of restructured liabilities on approval of resolution plan or otherwise on failure of insolvency proceedings and during liquidation of the Company.</p> <p>(iii) Regarding further strengthening the system of internal controls – Necessary steps have been initiated by the Company to further strengthen the system of internal controls w.r.t. purchases and consumption of inventory, booking of expenses, set off of balances, for the sale of goods and services, etc.</p> <p>(iv) Regarding non provision of dimunition in carrying value of investment : Company response : The changes in value of investments will be accounted for after reconciliation.</p> <p>(v) The balances of certain Trade Receivables , Bank Balances including other bank balances, Investments,Trade Payables , Secured Borrowings, Other Financial Liabilities and Financial Assets including other current assets are subject to reconciliation. Contingent liabilities (read with note no. 3.1) are as as certified by the management. Further, necessary steps have been initiated to further strengthen system of internal controls in this regard.</p> <p>(vi) This Fixed Deposit had been made for Margin Money for issuing Bank Guarantee, Which was adjusted against the dues of working capital outstanding at the time of Account becoming NPA, has not been accounted for as it will change note in Financials of the borrowing amount as per books.The above amount is not recoverable .</p>
	(iii)	Auditors' comments on (i) or (ii) above	Refer details of audit qualification [para II(a) above]

II.	Signature	
	Director (Power suspended due to CIRP)	Manish Bagrodia DIN : 0046944
	Chief Financial Officer	Sanjay Sharma
	Chairman Audit Committee	Pankaj Mahajan DIN: 06994712
	Resolution Professional	Anil Kohli Partner ARCK Resolution Professionals LLP
	Statutory Auditors	For Dhana & Associates (Formerly- Khandelia & Sharma) Chartered Accountants, Firm Registration No. 510525C (Arun Khandelia) Partner (M.No. 089125)

Place: Chandigarh

Date: November 14, 2024

Winsome Yarns Limited

Regd. Office: Basement, SCO 13-14-15, Sector 34-A, Chandigarh -160022

BALANCE SHEET AS AT MARCH 31, 2024

(Rs. In Lakhs)

Particulars	Notes	March 31, 2024	March 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	4 (a)	13,594.96	14,809.68
Capital work in progress		0.00	0.00
Other intangibles assets	4(b)	3.92	7.83
Financial assets			
Investments	5	-	-
Loans	6	-	-
Deferred tax assets (net)	7	-	-
Other non current assets	8	2,702.96	2,763.31
		16,301.84	17,580.82
Current assets			
Inventories	9	356.09	553.07
Financial assets			
Loans	6	-	-
Investment	10	2,568.41	2,568.41
Trade receivables	11	253.28	293.07
Cash and cash equivalents	12	117.82	107.75
Other bank balances	13	30.66	30.66
Other financial assets	14	-	-
Current tax assets	15	86.86	104.71
Other current assets	16	200.05	427.34
		3,613.17	4,085.01
TOTAL ASSETS		19,915.00	21,665.83
EQUITY AND LIABILITIES			
Equity			
Share capital	17	7,070.72	7,070.72
Other equity		(49,062.29)	(47,968.05)
		(41,991.57)	(40,897.33)
Liabilities			
<i>Non-current liabilities</i>			
Deferred grant income	18	50.60	69.06
Provisions	19	219.16	193.79
		269.76	262.85
Current liabilities			
Financial liabilities			
Borrowings	20	55,657.63	55,657.63
Trade Payables			
Outstanding dues of Micro and small enterprises	21	71.23	80.66
Outstanding dues of creditors other than Micro and small enterprises		2,616.57	3,371.03
Other financial liabilities	22	3,021.23	2,955.12
Deferred grant income	18	9.23	9.23
Other current liabilities	23	227.42	199.90
Provisions	19	33.50	26.74
		61,636.81	62,300.31
Total liabilities		61,906.57	62,563.16
TOTAL EQUITY AND LIABILITIES		19,915.00	21,665.83

SIGNIFICANT ACCOUNTING POLICIES
NOTES TO THE FINANCIAL STATEMENTS

2
3-17.

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date.

For and on behalf of the Board
(Suspended Powers)

Dhana & Associates
(Formerly Khandelia & Sharma)
Chartered Accountants
Firm Registration No. 510525C
By the hand of

Manish Bagrodia
Director
DIN 00046944

Pankaj Mahajan
Director
DIN 06994712

CA. Arun Khandelia
Partner
Membership No.: 089125
November 14, 2024
New Delhi (Camp at Chandigarh)

Sanjay Sharma
Chief Financial Officer

Taken on Record
Anil Kohli
Resolution Professional

Winsome Yarns Limited

Regd. Office: Basement, SCO 13-14-15, Sector 34-A, Chandigarh -160022

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024

(Rs. In Lakhs)

Particulars	Notes	Period Ended March 31, 2024	Year Ended March 31, 2023
INCOME			
Revenue from operations	24	2,542.58	3,093.37
Other income	25	463.07	470.70
Total Income		3,005.66	3,564.07
EXPENSES			
Cost of material consumed		517.94	755.54
Purchase of stock-in-trade		-	-
Excise duty		-	-
Change in inventories of finished goods, work in process and stock in trade	26	152.86	411.22
Employees benefit expenses	27	1,114.20	1,606.54
Finance costs	28	-	-
Depreciation and amortisation	29	1,148.68	1,387.32
Other expenses	30	1,166.21	2,045.30
Total Expense		4,099.89	6,205.92
Loss before exceptional items and tax		(1,094.24)	(2,641.85)
Less: Exceptional items		-	-
Loss before tax		(1,094.24)	(2,641.85)
Less/(-Add): Tax expense			
Current tax		-	-
Deferred tax	7	-	-
Loss after tax		(1,094.24)	(2,641.85)
Other comprehensive income		-	-
Total Comprehensive Income		(1,094.24)	(2,641.85)
Earnings per equity share [par value of Rs. 10 (Rs. 10) each]			
1. Basic (Rs.)	31	(1.55)	(3.74)
2. Diluted (Rs.)	31	(1.55)	(3.74)

SIGNIFICANT ACCOUNTING POLICIES

2

NOTES TO THE FINANCIAL STATEMENTS

3-17.

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

As per our report of even date.

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STATEMENT OF CASH FLOW FOR THE HALF YEAR ENDED ON MARCH 31, 2024		
Particulars	(Rs. In Lakhs)	
	Period Ended March 31, 2024	Year Ended March 31, 2023
A. CASH FLOW FROM OPERATIONS		
Loss before tax	(1,094.24)	(2,641.85)
Adjustment for:		
Depreciation	1,148.68	1,387.32
Amortisation of lease hold land	3.31	3.31
Prorata capital subsidy	(18.46)	-
(Profit)/Loss on sale of fixed assets	-	-
Interest expense	-	-
Interest income	(14.50)	(12.03)
Operating profit before working capital changes	24.80	(1,263.25)
Adjustment for working capital changes:		
Increase/(Decrease) in financial liabilities		
Trade payables	(763.92)	(293.88)
Revenue received in advance	121.98	(132.02)
Other payables	(55.86)	(710.30)
Increase/(Decrease) in other current liabilities	27.52	(133.36)
Increase/(Decrease) in provisions	32.13	35.45
(Increase)/Decrease in financial assets		
Trade and other receivables	39.79	1,088.73
Loans	-	-
Investment	-	-
Interest accrued but not due	3.47	-
Other loan	(3.47)	-
(Increase)/Decrease in other current assets	227.29	666.16
(Increase)/Decrease in other non current assets	57.03	-
(Increase)/Decrease in inventories	196.99	669.10
	(92.25)	(73.37)
Current tax liabilities (Net)	17.85	47.48
Net cash flow from operating activities (A)	(74.39)	(25.89)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions/Deletion to property, plant and equipment	69.96	-
Reductions to property, plant and equipment	-	-
Interest receipts	14.50	12.03
Net cash used in investing activities (B)	84.46	12.03
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	-	-
Increase/(Decrease) in financial liabilities		
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Net cash used in financing activities (C)	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	10.07	(13.86)
Cash and cash equivalents - Opening balance	138.41	152.27
Cash and cash equivalents - Closing balance	148.48	138.41

(Figures in bracket represents cash outflow)

As per our report of event date.

For and on behalf of the Board

(Suspended Powers)

Dhana & Associates
(Formerly Khandelia & Sharma)
Chartered Accountants
Firm Registration No. 510525C
By the hand of

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Director
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Pankaj Mahajan
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CA. Arun Khandelia
Partner
Membership No.: 089125
November 14, 2024
New Delhi (Camp at Chandigarh)

Sanjay Sharma
Chief Financial Officer

Taken on Record
Anil Kohli
Resolution Professional

Winsome Yarns Limited

Regd. Office: Basement, SCO 13-14-15, Sector 34-A, Chandigarh -160022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024

(Rs. In Lakhs)

Particulars	Equity share capital (A)	OTHER EQUITY					Total Other Equity (B)	Total equity attributable to equity holders of the Company (A) +(B)
		Reserve & Surplus						
		Securities premium reserve	Capital reserve	Retained earnings	Capital redemption reserve	Other Comprehensive Income		
Balance as at April 1, 2022	7,070.72	5,181.95	261.03	(51,043.66)	124.44	150.04	(45,326.20)	(38,255.48)
Loss for the year	-	-	-	(2,641.85)	-	-	(2,641.85)	(2,641.85)
Balance as at March 31,2023	7,070.72	5,181.95	261.03	(53,685.51)	124.44	150.04	(47,968.05)	(40,897.33)
Loss for the year	-	-	-	(1,094.24)	-	-	(1,094.24)	(1,094.24)
Balance as at March 31, 2024	7,070.72	5,181.95	261.03	(54,779.75)	124.44	150.04	(49,062.29)	(41,991.57)

As per our report of even date.

For and on behalf of the Board

(Suspended Powers)

Dhana & Associates
(Formerly Khandelia & Sharma)
Chartered Accountants
Firm Registration No. 510525C
By the hand of

Manish Bagrodia
Director
DIN 00046944

Pankaj Mahajan
Director
DIN 06994712

CA. Arun Khandelia
Partner
Membership No.: 089125
November 14, 2024
New Delhi (Camp at Chandigarh)

Sanjay Sharna
Chief Financial Officer

Taken on Record
Anil Kohli
Designated Partner of Resolution Professional
N/s ARCK Resolution Professionals LLP

Notes to the financial statements as at and for the year ended March 31, 2024.

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

(a) Statement of Compliance

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

Effective April 1, 2017, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 'First time adoption of Indian Accounting Standards', with April 1, 2016, as the transition date. The transition was carried out from Indian Accounting Principles Generally Accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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

(b) Functional and presentation currency

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

(c) Basis of Measurement

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

Determining the Fair Value

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

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

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

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

The fair value of trade receivables, trade payables and other Current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are Non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis.

Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value.

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

(d) Use of Estimate

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

(e) Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating

cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements issued by the Ministry of Corporate Affairs based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

(b) Recent accounting pronouncement

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

The standard permits two possible methods of transition:

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

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

(b) Ind AS 116 on "Leases": On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116 on Leases. Ind AS 116 will replace the existing Ind AS 17 on Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the Lessee and the Lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit & Loss as per Ind AS 17. The Standard also contains enhanced disclosure requirements for lessees.

The effective date for adoption of Ind AS 116 is annual period beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- (a)** Full retrospective: Retrospectively to each prior period presented applying Ind AS 8 on 'Accounting Policies, Changes in Accounting Estimates and Errors'.
- (b)** Modified retrospective: Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application. Under modified retrospective approach, the lessee records the lease liability at the present value of remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date certain practical expedients are available under both the methods.

On completion of the evaluation of the Ind AS 116, the Company found that underlying value of leased assets of the Company is of low value and accordingly applying Para 4 of Ind AS 116, no adjustment is required to be made to the leased assets of the Company. Therefore, the Company is carrying its leased assets as per earlier standard.

(c) Significant accounting policies

(a) Property, Plant and Equipment

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

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

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

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

(b) Intangible Assets

Intangible Assets are stated at cost of acquisition less accumulated amortisation. Specialized Software is amor-

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

(c) Impairment of non financial assets

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

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

(d) Inventories

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

(e) Financial instruments

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

Financial Assets :

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

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

Financial assets are classified as those measured at:

- a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and/ or interest.
- b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.
- c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

In case of investment in equity shares

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

Debt instruments:

Debt instruments are measured at amortised cost. Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised when the asset is

derecognised or impaired. Interest income from these financial assets is included as part of other income using the effective interest rate method.

Other:

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

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

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

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

- a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;
- b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Financial Liabilities

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

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

Offsetting Financial Instruments

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

Equity Instruments

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

(f) Government Grants

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

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

- a) related to or used for assets are included in the Balance Sheet as deferred income and recognised as income over the useful life of the assets.
- b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.
- c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

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

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

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

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

Provisions are recognised when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognised is the best estimate of the consideration required to settle the obligation at

the reporting date, taking into account the risks and uncertainties surrounding the obligation. In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

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

(h) Recognition of revenue and expenditure

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

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

(ii) Interest and dividend income

Interest income is recognised using Effective Interest Method (EIR).

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

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

(i) Borrowing Cost

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

(j) Employee benefits

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

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

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

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

(k) Taxes on income

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

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

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

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

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

(l) Foreign currency transactions and translation

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

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

Non-monetary foreign currency items are carried at cost.

(m) Prior period errors

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

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

(n) Earnings per share

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

(o) Cash flow statement

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

Amendment to Ind AS-7

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

(p) Cash and cash equivalents

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

3

3.1 Explanatory notes forming part of the Balance Sheet

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

(Rs. In Lakhs)

S.No	Particulars	2023-24	2022-23
(i)	Sales Tax liability in respect of matters under appeal/Rectification Sales Tax liability appeal yet to be filed.	1918.22 25.80	65.68 -
(ii)	Excise duty show cause notices / matters under appeal Sales Tax liability in respect of matters under appeal	26.10	26.10
(iii)	Income Tax Demand AY 2005-06 Income Tax Demand AY 2006-07	73.94 108.77	73.94 108.77
(iv)	GST liability in respect of matters under appeal for FY 2017-18 GST show cause notice for FY 2017-18.	6.43 423.53	6.43 -

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

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

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

- 3.2**
- a) The loans from Banks are further secured by unconditional and irrevocable personal guarantees of promoters, promoters group/ associate companies and secured/ to be secured by pledge of 51% (Fifty one percent) of equity share capital (present /future) of the company or 100% of shares held/ to be held by promoters, promoters group/ associate companies, whichever is lower.
- b) Appeals filed by the Company against its Lenders, viz., Bank of Maharashtra, Edelweiss Asset Reconstruction Company Limited and others, under section 17 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act, 2002) before the Hon'ble Debt Recovery Tribunal, Chandigarh (DRT), against notice u/s 13(4) of the SARFAESI Act, 2002 issued by the aforesaid lenders, were admitted and are pending adjudication before the Hon'ble DRT. The Company has alleged that the action taken by the aforementioned lenders was incorrect in law, and the Company has a claim for damages suffered by it.
- c) The Lender Banks (Canara Bank, State Bank of Patiala, Punjab National Bank, UCO Bank, Union Bank of India, Dena Bank) of the Company which held more than 80% of total outstanding loans of the Company have assigned and transferred their debts along with underlying rights, benefits and obligations to Edelweiss Asset Reconstruction Company Limited (EARC).
- d) Canara Bank, State Bank of Patiala, UCO Bank, Oriental Bank of Commerce, Dena Bank (now merged with Bank of Baroda), Indian Overseas Bank, Bank of India, ICICI Bank and Bank of Maharashtra had filed an Original Application under section 19(1) of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 before the Hon'ble Debt Recovery Tribunal (DRT) at Chandigarh, which is pending adjudication. Besides this, Edelweiss Asset Reconstruction Company Ltd. being assignee of Punjab National Bank and United Bank of India has also separately filed an application under section 19(1) of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 before the Hon'ble Debt Recovery Tribunal (DRT) at Chandigarh, which is pending adjudication.
- e) Edelweiss Assets Reconstruction Company Ltd. (EARC) an Asset Reconstruction Company has claimed that it is an assignee of debt payable by the company by certain banks. The actions of the Banks and Edelweiss Assets Reconstruction Company Limited (EARC), amongst others, for recovery of debt held by them as owed by the Company and action to seek declaration that the Company being in default of the debt and be declared insolvent, were disputed by the Company as the debt was not acknowledged, and in any case the actions of Banks and EARC was barred by limitation. Additionally, the Company had a counter claim against the claimants for the losses caused by them to the Company. The Company had without prejudice to its rights and without acknowledging its liability, initiated discussions with claimants to settle the disputes, which failed. The Financial Commissioner of the State of Punjab has since determined that the Agreements for Assignment of debt by lenders of the Company to EARC are insufficiently stamped, and therefore, defective. A demand of Rs. 4.46 crores (interest and penalty to be applied) was raised against EARC. A writ petition filed by EARC before the Hon'ble Punjab and Haryana High Court at Chandigarh against the proceedings initiated by the Financial Commissioner was allowed. The State of Punjab and the Company have filed Letters Patent Appeal (LPA) against the order of the Single Judge Bench of the Hon'ble Punjab and Haryana High Court, which is being heard. EARC acting in the matter as assignee of debt by certain banks in case wherein the State of Punjab has held stamp duty to have been unpaid, had Petitioned the Hon'ble NCLT to initiate insolvency proceedings against the Company, which was dismissed by the Hon'ble NCLT vide its order dated 17th March 2020 as the assignment deed was held as unenforceable. In an appeal filed by EARC against the order of the Hon'ble NCLT, the Hon'ble NCLAT vide order dated 21 Jul 2022 has set aside the order of the Hon'ble NCLT and remanded the matter to the Hon'ble NCLT for rehearing and without touching the merits of the case and permitting the parties to take all arguments before the Hon'ble NCLT, The Hon'ble NCLT vide its Order dated 22nd December, 2023, appointed Mr. Sanjay Gupta as an Interim Resolution Professional (IRP), who took over control of management and affairs of the Company. The NCLT, Chandigarh Bench, vide its Order dated 14.03.2024, appointed M/s. ARCK Resolution Professionals LLP having IBBI Registration No. IBBI/IPE-0030/IPA-1/2022-23/50013, as the new RP in CIRP of the Company, and the powers of the Board of Directors of the Company, earlier suspended on commencement of CIRP, are now vested with new RP. In the event of a Resolution Plan, if one is received and is found compliant with the laws, is approved by the Committee of Creditors and the Authorities, the insolvency of the Company may stand resolved, which resolution may also include reliefs, concessions and waivers from creditors of the Company, and the Company will remain a Going Concern; failure of the aforementioned resolution process will lead to liquidation of the Company. Indian Overseas Bank and 2 (two) operational creditors had filed separate petitions before the Hon'ble NCLT praying for commencement of insolvency of the Company, which after commencement of CIRP pursuant to petition of Edelweiss, . The amounts claimed by creditors were disputed by the Company, and the petitions were disposed off by the Hon'ble NCLT after the aforementioned petition of Edelweiss was allowed..
- (B) Certain winding-up petitions filed against the Company by its creditors, including persons claiming to be creditors, had been adjourned sine-die by the Hon'ble Punjab and Haryana High Court. There have been no proceedings in the matters thereafter.

- (C) As per information obtained by the Company from CIBIL, (i) The Company was declared wilful defaulter more than 5 years ago, and (ii) concurrently Mr. Manish Bagrodia, a Director of the Company, was declared wilful defaulter. The Company has not raised any securities during the period of 5 years from the last date of aforementioned declaration. However as per current CIBIL reports only the Company appears as a wilful defaulter as per RBI guidelines. The promoters and directors do not appear in the list of wilful defaulters.
- 3.3**
- a) As per report of overseas investment manager, the remaining amount out of GDR issued earlier by the Company in 2011, then invested in Unit of market instruments had lost value after the crisis due to covid and wars had set in as the underlying investments eroded to NAV of NIL, and the Units were thereafter discarded.
- b) The balances of certain Trade Receivables , Bank Balances including other bank balances, Investments, Trade Payables , Secured Borrowings, Other Financial Liabilities and Financial Assets including other current assets are subject to reconciliation. Contingent liabilities (read with note no. 3.1) are as as certified by the management. Further, necessary steps have been initiated to further strengthen system of internal controls in this regard.
- c) The Company's dealings with a vendor who had supported the Company's operations over 5 years by providing raw materials and sales arrangements for finished goods, got into dispute, and on settlement reached in 2019 the vendor waived its claims and continued providing business support and the vendor took an option to purchase 48 bigha 11 biswas of agricultural land of the Company at fair market value assessed by approved valuer, the latter was concluded during the financial year.
- d) Reduction in Other Financial assets in F.Y. 2023-24, is due to netting of Advance against imprest with Sundry Creditors as per accounting requirement after reconciliation which were long pending due to shortage of staff. The other Non Current assets have reduced from Rs 250.44 Lacs to Rs 47.66. .The main reduction is due to change in the Advance against Imprest account by Rs 215.83 lacs .Further, As on 31.03.2023 certain prepayment applications was pending resulting in showing the higher outstanding amounts in Advance against Imprest and Sundry creditors. During the FY 2023-24 prepayment application to the tune of Rs.209.26 Lacs has been done which has reduced the figures of Advance against imprest and Sundry creditors
- e) The Refunds /Claims considered good have reduced from Rs 179.56 lacs to Rs 156.29 lacs . The reduction is due to accounting of GST Input receivable of Rs 27.24 Lacs..
- 3.4** Research and Development Expenditure (as certified by management) amounting to Rs.5.20 Lakhs (Previous Period Rs. 14.48 Lakhs) have been debited to Statement of Profit and Loss during the year. In earlier year a fraud had come to be discovered by the Company in the nature of shortage/ misappropriation of goods stored at its Ludhiana Branch (Punjab), committed by its employee/s. A complaint was lodged with the concerned Police Station and First Information Report was registered by the Authorities. The loss of goods is valued at about Rs. 70.00 Lakhs. It has since revealed that some of the parties to whom goods were allegedly sold by the concerned employees have confirmed their receipt and also confirmed having made payment therefor. The Company is hopeful of full recovery of loss from the Insurance Company under Employee Fidelity Insurance, and has accounted the same in its books of account.
- 3.5**
- 3.6 Employees Benefits:**
- a) **Defined Contribution Plan:**
Contribution to Defined Contribution Plan, i.e. contribution to provident fund amounting to Rs. 49.66 Lakhs (Previous year Rs. 59.58 Lakhs) has been recognized as expense for the period under sub-head 'Contributions to Provident and other Funds' and under head 'Employee Benefit Expenses' of the Statement of Profit and Loss.
- b) **Defined Benefit Plan:**
The employee's gratuity fund is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected Unit Credit Method till 31.03.2022, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2023-24	2022-23	2023-24	2022-23
I. Amount to be recognized in the Balance sheet				
Present Value of Obligation as at 31.03.2023	174.67	158.44	77.99	62.09
Fair value of plan assets as at 31.03.2023	-	-	-	-
Funded Status [surplus/(Deficit)]	-174.67	-158.44	-77.99	-62.09

Net Assets/(Liability) Recognized in Balance Sheet	-174.67	-158.44	-77.99	-62.09
II. Expenses recognized during the period				
Current Service Cost	16.50	10.00	17.00	27.12
Interest Cost	-	-	-	-
Expected Return on Plan Assets	-	-	-	-
Actuarial (gain)/ loss	-	-	-	-
Net Expenses Recognized	16.50	10.00	17.00	27.12
III. Reconciliation of opening and closing balance of Defined Benefit Obligation				
Present Value of Obligation at the beginning of the period	158.44	149.89	62.09	35.19
Current Service Cost	16.50	10	17.00	27.12
Interest Cost	-	-	-	-
Actuarial (gain)/ loss on obligations	-	-	-	-
Benefit Paid	0.27	1.45	1.10	0.22
Present Value of Obligation as at the end of the period	174.67	158.44	77.99	62.09
IV. Actuarial / Demographic assumptions:-				
Indian Assure Lives Mortality Table	2012-14	2012-14	2012-14	2012-14
Discount rate (Per annum)	6.25%	7.50%	6.25%	7.50%
Expected Return on Plan Assets (Per annum)	8.00%	8.00%	8.00%	8.00%
Estimated rate of increase in compensation level	5.00%	5.00%	5.00%	5.00%
Retirement Age	58 Years			
Withdrawal Rate (All Ages)	10%			
Disability	No explicit allowance			
Leave Accumulation Ratio	0.58 (PY 0.58)			

- (i) The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.
- (ii) The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches with that of the liabilities.

3.7 The Company has computed the amount due to vendors registered under the Micro, Small and Medium Enterprises Development Act, 2006 (Act) as per information provided by them, and the requisite disclosures are under: The Company is updating the information with details.

S. No.	Particulars	2023-24	2022-23
a)	(i) Principal amount remaining unpaid at the end of the accounting year (ii) Interest due on above	71.19 85.03	80.66 71.31
b)	The amount of interest paid by the buyer alongwith amount of payment made to the supplier beyond the appointed date.	-	-
c)	The amount of interest accrued and remaining unpaid at the end of financial year	85.03	71.31
d)	\The amount of interest due and payable for the period of delay in making	-	-

	payment (which have been paid but beyond the due date during the period) but without adding interest specified under this act.		
e)	The amount of further interest due and payable in succeeding year, until such interest is fully paid.	85.03	71.31

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

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

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

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

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

Information about geographical segments (by location of customers)

(Rs. In Lakhs)

S. No.	Particulars	India	Outside India	Total
(i)	External Revenue-Sale*	2532.00 (3085.97)	10.58 (7.40)	2542.58 (3093.37)
(ii)	Carrying amount of segment assets by location of assets	17117.28 (18992.72)	12.39 (-)	17129.67 (18992.72)

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

3.10 As on March 31, 2024, the Company has net deferred tax assets (on timing difference including of carry over losses and unabsorbed depreciation). However, considering the losses incurred in recent past by the Company, deferred tax assets have been restricted to the amount of deferred tax liability for want of virtual certainty of its realisation in near future.

3.11 Related party disclosures

(a) Key management personnel and their relatives.

Shri Manish Bagrodia	Chairman and Managing Director
Shri Sanjay Sharma [^]	Chief Financial Officer
Ms. Neha Singhal Resigned on 22.12.2023	Company Secretary

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

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

Transactions with the Related Parties during the year ended 2023-24

(Rs. In Lakhs)

Particulars	2023-24	2022-23
Starpoint Financial Services Pvt. Ltd.		
--Balance Outstanding as at period end Receivable / (Payable)	-48.49	(48.49)
S.C. Winsome Romania		
--Balance Outstanding as at period end Receivable / (Payable)	-	7.22
IMM Winsome Italia		
--Balance Outstanding as at period end		
--Balance Outstanding as at period end Receivable / (Payable)	-	149.18
Ms. Neha Singhal {Salary} Upto 21.12.2023	1.38	1.88
Shri Sanjay Sharma (Salary)	10.72	9.72

[^]Pursuant to Companies Act 2013.

3.12 (A) (i) Details of WIP:

(Rs. In Lakhs)

Particulars	2023-24	2022-23
Mixed Materials (natural and man-made fibres)	12.07	15.92
Fleece	-	-
Winding	-	-
Garments	41.54	158.48
Total	53.61	174.40

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

Particulars	2023-24	2022-23
Yarns	513.22	755.54
Others	-	-
Total	513.22	755.54

(iii) Total Value of Raw Materials and Stores & Spares consumed : (Rs. In Lakhs)

Particular	Raw Material				Stores & Spares			
	2023-24	%	2022-23	%	2023-24	%	2022-23	%
Imported	-	-	1.09	0.14	1.14	0.61	49.09	10.45
Indigenous	513.22	100	754.15	99.86	185.99	99.39	420.54	89.55
Total	755.24	100	755.24	100.00	187.13	100.00	469.63	100.00

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

(B) CIF Value of imports: (Rs. In Lakhs)

Particulars	2023-24	2022-23
Spare Parts & Components	1.14	49.09
Raw Material	18.19	1.09

(C) Earnings in Foreign Exchange : (Rs. In Lakhs)

Particulars	2023-24	2022-23
Exports of goods on FOB basis (excluding export through export houses)	10.58	6.89

(D) Expenditure in Foreign currency: (Rs. In Lakhs)

Particulars	2023-24	2022-23
Foreign Traveling	-	-
Commission on sales	-	-
Others	176.09	39.98

3.13 Due to financial tightness and losses Company could not make due payments against various statutory dues (PF, ESIC, PWF, TDS etc.) . Penal interest and penalty in this regard (amount unascertained) if any, will be accounted for as and when the same will be paid.

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

Particulars	Domestic Currency	Amount in Document Currency		Amount in INR (In Lakhs)	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023
Advance From Customer	USD	553975.53	553975.53	352.99	352.99
	EURO	-	-	-	-
Sundry Creditors	HKD	3009.40	3009.40	0.32	0.32
	Euro	17691.11	24910.74	18.36	22.26
	USD	189608.42	257002.34	159.27	215.11
	CHF	15250.37	15250.37	14.60	13.83

Advance To Suppliers	EURO	84.08	84.08	0.06	0.06
	USD	1733.46	24056.79	1.11	19.44
	HKD	10451	10451	0.91	0.91
	GBP	488.45	488.45	0.36	0.36
	JPY	25672	25672	0.12	0.12
Foreign Commission Payable	USD	-	-	-	-

(b) Forward contract taken to hedge the foreign currency receivables are outstanding as at 31/03/2023 Rs. Nil (Previous Year Rs. Nil)

- 3.15** The operating losses suffered by the Company for reasons beyond control of the Company, including due to non-performance of commitments and obligations by the lenders of the Company, consequently led to financial stress being faced by the Company. The unilateral recall of borrowings by the lenders and followed by lock downs to contain the spread of pandemic of Covid-19, resulted in an alleged claim of an unpaid principal and overdue interest .

Provision for upto date interest, as calculated/estimated by the Management on secured loans and short term borrowings being Rs. 22850.78 Lakhs (Including Rs. 19662.06 Lakhs, previous year) and Rs. 126851.35 Lakhs (Including Rs.104000.57 Lakhs, previous year) respectively has not been made in the books of account, and disputing the liability of the Company in its borrowings, it had filed a counter claim against the lenders, which is for an amount larger than the amount claimed by the lenders and the matter is pending adjudication before the Hon'ble Debt Recovery Tribunal, Chandigarh.

The Company will account the effects of payment of restructured liabilities on approval of resolution plan or otherwise on failure of insolvency proceedings and during liquidation of the Company.

- 3.16** The NSE and BSE had suspended trading of the Equity shares of the company due to delay in payment of certain amounts to the NSE and BSE. The delay occurred due to a technical glitch in the banking network wherefrom the payment was initiated by the Company, and representation by the Company to the Stock Exchanges for review and revocation of their decision to suspend trading was revoked and trading resumed on 29 Sep.2023.

3.17 Financial risk management

i. Financial instrument by category

- Investment in equity shares of subsidiaries are measured in accordance with Ind AS 27 in its Separate financial statements as issued by "Ministry of Corporate Affairs", Government of India.
- For amortised cost instruments, carrying value represents the best estimate of fair value except investment in other instruments.

ii. Risk management

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

(A) Credit risk

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

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

- Low credit risk
- Moderate credit risk
- High credit risk

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

(B) Liquidity risk

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

(C) Market risk

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

a) Currency risk

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

b) Interest rate risk

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

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

3.18 The Company is registered as a Medium Enterprise under MSME Act with the Ministry of Micro , Small and Medium Enterprises, Government of India, vide Udyam Registration number UDYAM-CH-01-0000261 dated 18 July, 2020.

As per our report of even date

Dhana & Associates
(Formerly Khandelia & Sharma.)

Chartered Accountants
FRN: 510525C

By the hand of

CA. Arun Khandelia

Partner
M. No. 089125
New Delhi
(Camp at Chandigarh)

For and on behalf of the Board
(Suspended Powers)

Manish Bagrodia
Director
DIN 00046944

Pankaj Mahajan
Director
DIN 06994712

Place : Chandigarh

Sanjay Sharma

Taken on Record

Date : 14.11.2024

Chief Financial Officer

Anil Kohli
Resolution Professional

4 (a) Property, plant and equipment							(Rs., Lakhs)
Particulars	Land	Buildings*	Plant & Machinery	Furniture & Fixtures*	Office equipments	Vehicles	Total
Gross carrying value							
As at April 1, 2022	341.09	8,643.25	40,063.63	369.81	130.68	44.55	49,593.01
-Additions*	-	-	-	-	-	-	-
-Disposals	-	-	-	-	-	-	-
As at March 31, 2023	341.09	8,643.25	40,063.63	369.81	130.68	44.55	49,593.01
-Additions	-	-	-	-	-	-	-
-Disposals	69.96	-	-	-	-	-	69.96
As at March 31, 2024	271.13	8,643.25	40,063.63	369.81	130.68	44.55	49,523.05
Depreciation and Impairment							
As at April 1, 2022	-	4,031.20	28,860.54	352.59	114.15	42.32	33,400.80
Depreciation charged during the year	-	255.46	1,119.99	0.26	6.80	-	1,382.50
Adjustments	-	-	-	-	-	-	-
As at March 31, 2023	-	4,286.66	29,980.53	352.85	120.95	42.32	34,783.30
Depreciation charged during the year	-	255.04	886.30	0.03	3.40	-	1,144.77
Adjustments	-	-	-	-	-	-	-
As at March 31, 2024	-	4,541.70	30,866.83	352.88	124.35	42.32	35,928.08
Net Book Value							
As at March 31, 2024	271.13	4,101.55	9,196.80	16.94	6.33	2.23	13,594.98
As at March 31, 2023	341.09	4,356.59	10,083.10	16.97	9.73	2.23	14,809.71
As at April 1, 2022	341.09	4,612.05	11,203.09	17.22	16.53	2.23	16,192.21

4(b) Other Intangible Assets (Rs., Lakhs)

Particulars	Specialized Software	Total
Gross carrying value		
As at April 1, 2022	94.08	94.08
-Additions	-	-
-Disposals	-	-
As at March 31, 2023	94.08	94.08
-Additions	-	-
-Disposals	-	-
As at March 31, 2024	94.08	94.08
Depreciation and Impairment		
As at April 1, 2022	81.44	81.44
Depreciation charged during the year	4.81	4.81
-Disposals	-	-
As at March 31, 2023	86.25	86.25
Depreciation charged during the year	3.91	3.91
Adjustments	-	-
As at March 31, 2024	90.16	90.16
Net Book Value		
As at March 31, 2024	3.92	3.92
As at March 31, 2023	7.83	7.83
As at April 1, 2022	12.64	12.64

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

Notes:

- The Company's land at Derabassi, Punjab comprises a common passage (Passage Land), which is used by the owner of adjoining land as there is no direct access road available to him. The said owner of adjoining land filed an application in the Court of Additional Civil Judge, Dera Bassi, Punjab, under order 39 Rule 1 and 2 read with section 151 of CPC, 1908, seeking amongst others, restraint against the Company from selling or transferring or in any manner dealing with the Passage Land or causing any restriction on the use of Passage Land.
- (i) Certain employees of the Company, who are paying rent and maintenance charges to the Company for use of residential quarters occupied by them at the spinning mill of the Company situated at Village Kuranwala, Barwala Road, Dera Bassi, Punjab and knitwear unit of the Company situated at Plot No. B-58, Phase VII, Industrial Area, SAS Nagar, Mohali, Punjab obtained permanent injunction from the Hon'ble Civil Judge (Junior Division), Dera Bassi, Punjab and the Hon'ble Court of Civil Judge (Junior Division), SAS Nagar, Mohali vide order dated 05.08.2017 and 13.10.2017 respectively, against the Company from dispossessing them from the residential quarters located in the premise of the Company at Village Kuranwala, Barwala Road, Dera Bassi, Punjab and Plot No. B-58, Phase VII, Industrial Area, SAS Nagar, Mohali, Punjab and further stopping the ingress and outgress of their vehicles and evicting them forcibly from the said residential quarters only till their employment continues with the Company.
- (ii) A tenant having shop situated in the spinning mill complex of the Company situated at Village Kuranwala, Barwala Road, Dera Bassi, Punjab, paying rent to the Company, obtained permanent injunction from the Hon'ble Court of Civil Judge (Junior Division), Dera Bassi, Punjab vide order dated August 12, 2015 against the Company from interfering in the peaceful possession of the tenant and further restrained the Company from dispossessing the tenant otherwise than in due course of law from the aforesaid shop.
- (iii)

Winsome Yarns Limited

Notes forming part of audited Financial statements as at and for the year ended on March 31, 2024

(Rs. In Lakhs)

Particulars	March 31, 2024	March 31, 2023	
5 Investments	--	--	
6 Loans			
Unsecured, considered good			
Security deposits			
Non- Current	--	--	
	--	--	
7 Deferred tax assets (net)			
Particulars	March 31, 2024	March 31, 2023	Charged to Statement of Profit and Loss for the year ended March 31, 2024
i) Deferred tax asset (DTA)			
MAT credit entitlement	--	--	
DTA on accumulated losses (to the extent of DTL)	(2,575.19)	(2,735.78)	(160.59)
	(2,575.19)	(2,735.78)	(160.59)
ii) Deferred tax liabilities (On Property, plant and equipment)	(2,575.19)	(2,735.78)	(160.59)
	(2,575.19)	(2,735.78)	(160.59)
Net deferred tax assets/(liabilities) (i-ii) [Refer Note No. 3.10]	-	-	-
8 Other non current assets			
Unsecured, Considered Good Advance other than capital advance		250.00	250.00
Unsecured, Considered Doughtful capital advance		250.00	250.00
		-	-
Prepaid expense			
Security deposit with Government		171.40	230.23
Security deposit – Others		41.02	39.22
Advance against leasing		222.04	225.36
Advance against restructuring		2,268.50	2,268.50
		2,702.96	2,763.31
		2,702.96	2,763.31
Security deposit with government is reduced during the said period due to the refund of ACD deposited with Punjab State Power Corporation. The reduction has been adjusted against the electricity bills payable to them.			
9 Inventories			
Production supplies		52.06	72.08
Stores and spares		66.43	87.86
Work in progress		53.61	174.40
Finished goods*		184.00	216.07
Waste		0.00	2.68
		356.09	553.07
*Includes in transit Nil (Previous Year Rs Nil)			
10 Investments			
Investment in Money Market			
Value of Invetment USD 4819980 in Aries Money Market Fund (Refer Note No. 3.3)		2,568.41	2,568.41
		2,568.41	2,568.41
11 Trade receivables			
Unsecured, considered good		253.28	293.07
		253.28	293.07
Total Trade Receivable		253.28	293.07

Winsome Yarns Limited

Notes forming part of audited Financial statements as at and for the year ended on March 31, 2024

Particulars	March 31, 2024	March 31, 2023
12 Cash and cash equivalents		
Balances with banks in current accounts	117.81	107.74
Cash in hand	0.01	0.01
	117.82	107.75
13 Other bank balances		
Earmarked balance		
- On Margin money account	0.00	0.00
- On Fixed deposits account*	30.66	30.66
	30.66	30.66
This Fixed Deposit had been made for Margin Money for issuing Bank Guarantee, Which was adjusted against the dues of working capital outstanding at the time of Account becoming NPA.		
14 Other financial assets		
Interest subsidy receivable (Under TUFS)	899.05	899.05
Interest accrued but not due	0.00	3.47
Other loan	47.66	250.44
	946.71	1,152.96
Less : Allowance for doubtful Refunds/Claims receivables/Credit Impaired**	946.71	1,152.96
	-	-
** The Provisions may be modified on further reconciliation and evaluation of the recoverability of the Current Assets.		
Reduction in current assets in F.Y. 2023-24, is due to netting of Advance against imprest with Sundry Creditors as per accounting requirement after reconciliation which were long pending due to shortage of staff. The other Non Current assets have reduced from Rs 250.44 Lacs to Rs 47.66. The main reduction is due to change in the Advance against Imprest account by Rs 215.83 lacs. Further, As on 31.03.2023 certain prepayment applications was pending resulting in showing the higher outstanding amounts in Advance against Imprest and Sundry creditors. During the FY 2023-24 prepayment application to the tune of Rs.209.26 Lacs has been done which has reduced the figures of Advance against imprest and Sundry creditors.		
15 Current tax assets		
Advance income tax including TDS	86.86	104.71
	86.86	104.71
16 Other current assets		
Unsecured, Considered Good Refunds/Claims receivables	156.29	179.56
Unsecured, Considered Doubtful Refunds/Claims receivables	50.03	50.03
	206.32	229.59
Less : Allowance for doubtful Refunds/Claims receivables/Credit Impaired	50.03	50.03
	156.29	179.56
Unsecured, Considered Good		
Prepaid expenses	15.33	22.65
Balance with Government Authority	69.98	88.75
Export incentive receivable	42.06	42.06
Advance against leasing	3.31	3.31
Advances to suppliers	130.45	102.15
	261.14	258.92
Less : Allowance for doubtful Refunds/Claims receivables/Credit Impaired**	217.39	11.14
	43.76	247.78
	200.05	427.34
** The Provisions may be modified on further reconciliation and evaluation of the recoverability of the Current Assets. The Refunds /Claims considered good have reduced from Rs 179.56 lacs to Rs 156.29 lacs. The reduction is due to accounting of GST Input receivable of Rs 27.24 Lacs..		
17 Equity Share Capital		
Authorized Share Capital		
8,50,00,000 (March 31, 2020: 8,50,00,000)		
equity shares of Rs.10 (March 31, 2020) each	8,500.00	8,500.00
	8,500.00	8,500.00
Issued Share Capital		
7,10,86,829 (March 31, 2020: 7,10,86,829)		
equity shares of Rs.10 (March 31, 2020: Rs.10) each	7,108.68	7,108.68
	7,108.68	7,108.68
Subscribed and paid up Capital		
7,07,07,229 (March 31, 2020: 7,07,07,229)		
equity shares of Rs.10 (March 31, 2020: Rs.10) each fully paid up	7,070.72	7,070.72
	7,070.72	7,070.72

Notes:

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

Particulars	March 31, 2024		March 31, 2023	
	Number	Rs. in Lakhs	Number	Rs. in Lakhs
Outstanding at the beginning of the year	70707229	7070.72	70707229	7070.72
Outstanding at the end of the period/year	70707229	7070.72	70707229	7070.72

Winsome Yarns Limited

Notes forming part of audited Financial statements as at and for the year ended on March 31, 2024

b) Terms/rights attached to equity shares

The Company has only one class of Equity Shares having face value of Rs. 10/- each (Previous Year Rs. 10/- each) in its issued, subscribed and paid up equity share capital. Each shareholder is entitled to one vote per share. Each shareholder has the right in profit/surplus in proportion to amount paid up with respect to share holding.

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

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

Particulars	March 31, 2024		March 31, 2023	
	Number	% holding	Number	% holding
i) Shell Business (P) Ltd	21412414	30.28	21412414	30.28
ii) Satyam Combines (P) Ltd	5765073	8.15	5765073	8.15
iii) Aspire Emerging Funds	6355403	8.99	6355403	8.99

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

18 Deferred Grant Income

Non current

Unamortized grant

50.60	69.06
50.60	69.06

Current

Unamortized grant

9.23	9.23
9.23	9.23

19 Provisions

Non current

Provision for employee benefit

Gratuity

158.17

144.20

Leave encashment

60.99

49.59

219.16

193.79

Current

Provision for employee benefit

Gratuity

16.50

14.24

Leave encashment

17.00

12.50

33.50

26.74

20 Borrowings

Secured

Loan payable on demand

to Banks

8,146.04

8,146.04

to EARC

47,071.07

47,071.07

Working capital term loan

440.52

440.52

55,657.63

55,657.63

a) The Hon'ble Adjudicating Authority, i.e., National Company Law Tribunal, Chandigarh Bench, has admitted the Company petition (C.P. (IB) - 391/2022) under Section 7 on 22.12.2023 thereby initiating Corporate Insolvency Resolution Process under Insolvency & Bankruptcy Code, 2016 ("Code") in the matter of M/s Winsome Yarns Limited ("Corporate Debtor").

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

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

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

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

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

21 Trade payables

Total outstanding dues of Micro and small enterprises*

71.23

80.66

Total outstanding dues of creditors other than Micro and small enterprises

2,616.57

3,371.03

*Refer Note No. 3.7

2,687.80

3,451.69

Winsome Yarns Limited

Notes forming part of audited financial statements as at and for the year ended on March 31, 2024

Particulars	Year Ended	Year Ended
	March 31, 2024	March 31, 2023
22 Other financial liabilities		
Interest accrued and due on borrowings	1,052.85	1,052.85
Book overdraft	-	18.75
Revenue received in advance	525.98	404.00
Other payables		
Capital payables	-	7.50
Others	1,442.41	1,472.02
	3,021.23	2,955.12
23 Other current liabilities		
Statutory dues and taxes	227.42	199.90
	227.42	199.90
24 Revenue from operations		
<i>Sale of products</i>		
- Yarns*	73.91	0.03
- Knitwear*	1,610.72	1,511.38
- Trading sale - Yarns	-	-
	(A)	1,684.63
<i>Sale of services</i>		
Yarns - Job work charges**	694.56	1,376.80
Knitted - Job work charges**	-	30.46
	(B)	694.56
		1,407.27
<i>Other operating revenue</i>		
- Waste sales	162.92	172.48
- Sale of scraps	0.47	2.22
	(C)	163.40
		174.69
Net Revenue from operations	(A+B+C)	2,542.58
		3,093.37
*includes duty drawback & DEPB of Rs Nil (P.Y 65.12 Lakhs)		
25 Other income		
Interest received	14.50	12.03
Foreign exchange rate difference (net)	18.31	-8.53
Profit on sale of fixed assets	430.04	-
Provisions written back	-18.24	458.67
Deferred grant income	18.46	-
Miscellaneous income	-	-
		463.07
26 Change in inventories of finished goods, work in process and stock in trade		
Closing Stock		
Finished goods		
- Yarn	34.10	34.10
- Knitwear	149.90	181.97
	184.00	216.07
Work in process		
- Yarn	12.07	15.92
- Knitwear	41.54	158.48
	53.61	174.40
	(A)	237.61
Less : Opening Stock		
Finished goods		
- Yarn	34.10	55.43
- Knitwear	181.97	555.57
	216.07	611.00
Work in process		
- Yarn	15.92	48.56
- Knitwear	158.48	142.13
	174.40	190.69
	(B)	390.47
(Increase) /Decrease in inventories	(B-A)	152.86
		411.22

Winsome Yarns Limited

Notes forming part of audited financial statements as at and for the year ended on March 31, 2024

Particulars	Year Ended	Year Ended
	March 31, 2024	March 31, 2023
27 Employee benefit expenses		
Salaries, wages, bonus, etc.	1,050.82	1,528.90
Contribution to provident and other funds	49.66	59.58
Employees welfare	13.72	18.06
	1,114.20	1,606.54
28 Finance costs		
Interest paid on:		
Borrowings	-	-
	-	-
29 Depreciation and amortisation		
Depreciation	1,144.77	1,382.51
Amortisation	3.91	4.81
	1,148.68	1,387.32
30 Other expenses		
Stores and spares consumed	187.13	469.63
Power and fuel	233.85	883.59
(net of credit received on account of power generation by Captive MHPs)		
Repairs and maintenance		
-Building	8.00	15.63
-Plant and machinery	13.11	3.52
-Others	23.91	33.48
Processing and dyeing charges	57.57	16.53
Material handling charges	0.37	0.11
Lease rent of land	3.31	3.31
Rent	2.70	1.56
Rates and taxes	0.02	20.20
Printing and stationery	2.12	4.20
Director's meeting fees	0.95	2.15
Insurance	32.89	36.95
Bank charges	1.42	13.29
Traveling and conveyance	95.74	128.21
Postage, telegrams and telephones	9.11	10.25
CIRP Cost	63.89	-
Legal and professional charges	256.12	137.49
Charity and donation	0.30	-
Payment to auditor		
-Audit fees	5.00	5.00
-Tax audit fees	1.00	1.00
-Other services	3.10	2.07
Commission on sales	6.70	17.67
Freight and handling charges	20.28	29.48
Advertisement and other selling expenses	50.60	98.23
Miscellaneous	86.99	103.21
	1,166.21	2,045.30

31 Earnings per share

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

(a) Net (loss)/profit available for equity shareholders	Rs., Lakhs	(1,094.24)	(2,641.85)
(b) Weighted average number of equity shares outstanding for calculation of			
- Basic and diluted earnings per share	Nos., Lakhs	707.07	707.07
(c) Nominal value	Rs.	10.00	10.00
(d) Earnings per share (a)/(b)			
- Basic and diluted	Rs.	(1.55)	(3.74)
- Diluted	Rs.	(1.55)	(3.74)

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

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

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

For and on behalf of the Board
(Suspended Powers)

Dhana & Associates
(Formerly Khandelia & Sharma)
Chartered Accountants
Firm Registration No. 510525C
By the hand of

Manish Bagrodia
Director
DIN 00046944

Pankaj Mahajan
Director
DIN 06994712

CA. Arun Khandelia
Partner
Membership No.: 089125
November 14, 2024
New Delhi (Camp at Chandigarh)

Sanjay Sharma
Chief Financial Officer

Taken on Record
Anil Kohli
Resolution Professional

WINSOME YARNS LIMITED
Regd. Office : Basement, SCO # 13-14-15
Sector 34-A, Chandigarh-160022 (India)

CIN : L17115CH1990PLC010566
Telephone : 91-172 – 4612000, 4613000, Fax : 4614000
Email : cshare@winsomegroup.com