

Winsome

Yarns Limited

Regd. Office : Basement, SCO 13-14-15
Sector 34-A, Chandigarh – 160022 INDIA
(Vacated on 30.12.2024 and presently
working from B-58, Ind.Area, Phase-7
Mohali, Punjab-160055)
CIN : L17115CH1990PLC010566

Phones : +91-172-4612000, 4613000, Fax : +91-172-4614000

E-mail : cshare@winsomegroup.com

Website : winsomeyarns.com



Date:-08.12.2025

Script Code : 514348
Corporate Compliance & Listing Centre
BSE Limited
1st Floor, New Trading Ring
Rotunda Building, P. J. Towers
Dalal Street, Fort, MUMBAI-400001

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

Sub.: Submission of the Annual Report of the Company for the Financial Year 2024-25 along with the Notice of 35th Annual General Meeting (“AGM”)

Dear Sir(s)/ Madam(s),

Pursuant to Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Please find enclosed herewith the Annual Report for the Financial Year 2024-25 along with the Notice of the 35th Annual General Meeting (“AGM”) of the Company scheduled to be held on Tuesday, December 30, 2025 at 3:30 P.M (IST) through Video Conferencing (VC)/Other Audio-Visual Means (OAVM).

The said Notice along with the Annual Report for the financial year 2024-25 are being sent electronically to the members whose e-mail addresses are registered with the Registrar and Share Transfer Agent(“RTA”) of the Company i.e., MUFG Intime India Private Limited, the Company and the Depositories viz. the National Securities Depository Limited and Central Depository Services (India) Limited.

The Notice convening the AGM along with the Annual Report has also been uploaded on the Company’s website at www.winsomeyarns.com.

Further, as informed earlier, the Register of Member and Share Transfer Books of the Company will remain closed from Wednesday, 24th December, 2025 to Tuesday, 30th December, 2025 (both days inclusive) for the purpose of 35th Annual General Meeting of the Company.

Winsome Yarns Limited

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Sector 34-A, Chandigarh – 160022 INDIA
(Vacated on 30.12.2024 and presently
working from B-58, Ind.Area, Phase-7
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Website : winsomeyarns.com



Further, the Company has fixed Tuesday, 23rd December, 2025 as the cut-off date to determine the entitlement of the shareholders to cast their vote electronically in respect of the businesses to be transacted as per the Notice of the AGM and to attend the AGM.

You are requested to take the above information on record.

Thanking you,
Yours faithfully,
For WINSOME YARNS LIMITED
(Under CIRP)

**ANIL
KOHLI** Digitally signed
by ANIL KOHLI
Date: 2025.12.08
10:42:10 +05'30'

Anil Kohli, Designated Partner & Authorized Signatory
ARCK Resolution Professionals LLP acting as Resolution Professional
In the matter of M/s Winsome Yarns Limited
IBBI Regn No. IBBI/IPE-0030/IPA-1/2022-23/50013
AFA Valid upto : 31.12.2025



WINSOME YARNS LIMITED

35th
ANNUAL REPORT
2024-25

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
(Vacated on 30.12.2024 and
Presently operating from B-58,
Ind. Area, Phase 7, Mohali.)

AUDITORS

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

REGISTRAR AND SHARE TRANSFER AGENT

MUFG 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 Fifth (35th) Annual General Meeting of M/s. Winsome Yarns Limited (CIN:L17115CH1990PLC010566) will be held on Tuesday, the 30th December, 2025 at 03:30 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, 2025 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, 2025 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 consider and approve appointment of M/s Girish Madan & Associates, Practicing Company Secretaries as the Secretarial Auditors of the Company;

To consider and if thought fit, to pass the following resolution as an **ORDINARY RESOLUTION:-**

"RESOLVED THAT pursuant to the provisions of Section 204 of the Companies Act, 2013 ("the Act") and Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force), and Subject to the approval of the Committee of Creditors, in terms of the applicable provisions of the Insolvency and Bankruptcy Code, 2016, M/s Girish Madan & Associates, Practicing Company Secretaries, a Peer Reviewed Firm having Peer Review Certificate No. 1514/2021, Membership No. F-5017 and COP No. 3577, who has consented to and confirmed its eligibility to act as Secretarial Auditor be and are hereby appointed as the Secretarial Auditors of the Company to undertake audit of secretarial and related records and to furnish the Secretarial Audit Report for a term of five (5) consecutive financial years, commencing from FY 2025-26 till FY 2029-30;

RESOLVED FURTHER THAT the Committee of Creditors/Board of Directors of the Company be and is hereby authorized to fix and/or revise the annual remuneration plus applicable taxes and out-of-pocket expenses payable to them during their tenure as the Secretarial Auditors of the Company, as may be mutually agreed between the Board and the Secretarial Auditor from time to time;

RESOLVED FURTHER THAT Resolution Professional and/or any Director or the Company Secretary of the Company be and is hereby severally authorized to do all acts, deeds and things including filing of necessary forms, documents, applications and take steps as may be deemed necessary, proper or expedient to give effect to this resolution and matters incidental thereto."

Registered Office: Basement, SCO 13-14-15
Sector 34-A, Chandigarh – 160022
(Vacated on 30.12.2024 and
presently operating from
B58 Industrial Area Ph 7, Mohali)

Dated: 4.12.2025
Place: Chandigarh

For and on behalf of the Board
(Power suspended)

Sd/-
Manish Bagrodia
Director
DIN: 00046944

Sd/-
(Taken on Record)
Anil Kohli,
ARCK Resolution Professionals LLP
acting as RP Designated Partner
Registration No. IBBI/IPE-0030/IPA-1/
2022-23/50013
Date:-05.12.2024
Place:-New Delhi

NOTES:

1. 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; General Circular No. 09/2024 dated September 19, 2024 and General Circular No. 03/2025 dated September 22, 2025, (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') read applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 M/s MUFG Intime India Private Limited (formally known as Link Intime India Private Limited) ("LIPL") 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 LIPL.
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 35th 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@winsomergroup.com and to its RTA at swapann@in.mpms.mufg.com.
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 Section 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 **Wednesday, December 24, 2025 to Tuesday, December 30, 2025 (both days inclusive)** for the purpose of Annual General Meeting.
 14. Pursuant to Section 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 electric/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 2024-25 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. MUFG Intime India Private Limited (formally known as Link Intime India Private Limited) or the Depository Participant(s) in accordance with the aforesaid MCA Circulars and circular issued by SEBI read with applicable listing Regulations. Members may note that the AGM Notice along with the Annual Report for the financial year 2024-25 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. MUFG Intime India Private Limited (formally known as 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 23, 2025 at 11:00 A.M. at winsomeyarns.ibc@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, December 05, 2025 will receive Annual Report and AGM Notice through electronic mode.
17. In compliance to the provisions of Regulation 36 (1)(b) of the SEBI Listing Regulations A letter providing the web-link, including the exact path, where complete details of the Annual Report is available has been sent to those shareholder(s) who have not so registered their email IDs.
18. **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 35th 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 M/s MUFG Intime India Private Limited (formally known as 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. Tuesday, December 23, 2025. The remote e-voting period commences on Saturday, December 27, 2025 (9.00 a.m. IST) and ends on Monday, December 29, 2025 (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. Tuesday, December 23, 2025 (hereinafter called as "Cut-off Date")**, may cast their vote electronically. The remote E-voting module shall be forthwith blocked by MUFG Intime India Private Limited (formally known as Link Intime India Private Limited) 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. Tuesday, December 23, 2025** 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 MUFG Intime India Private Limited (formally known as 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., **Tuesday, December 30, 2025.**

19. Remote e-Voting Instructions for shareholders:

In terms of SEBI circular no. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants.

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

Login method for Individual shareholders holding securities in demat mode:

Individual Shareholders holding securities in demat mode with NSDL

METHOD 1 - NSDL IDeAS facility

Shareholders registered for IDeAS facility:

- Visit URL: <https://eservices.nsdl.com> and click on “Beneficial Owner” icon under “IDeAS Login Section”.
- Click on “Beneficial Owner” icon under “IDeAS Login Section”.
- Post successful authentication, you will be able to see e-Voting services under Value added services section. Click on “Access to e-Voting” under e-Voting services.
- Click on “MUFG InTime” or “evoting link displayed alongside Company’s Name” and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Shareholders not registered for IDeAS facility:

- To register, visit URL: <https://eservices.nsdl.com> and select “Register Online for IDeAS Portal” or click on <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>
- Enter 8-character DP ID, 8-digit Client ID, Mobile no, Verification code & click on “Submit”.
- Enter the last 4 digits of your bank account / generate ‘OTP’
- Post successful registration, user will be provided with Login ID and password. Follow steps given above in points (a-d).

Shareholders/ Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.



METHOD 2 - NSDL e-voting website

- Visit URL: <https://www.evoting.nsdl.com>
- Click on the “Login” tab available under ‘Shareholder/Member’ section.
- Enter User ID (i.e., your 16-digit demat account no. held with NSDL), Password/OTP and a Verification Code as shown on the screen.
- Post successful authentication, you will be re-directed to NSDL depository website wherein you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services.
- Click on “MUFG InTime” or “evoting link displayed alongside Company’s Name” and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

METHOD 3 - NSDL OTP based login

- Visit URL: <https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp>
- Enter your 8 - character DP ID, 8 - digit Client Id, PAN, Verification code and generate OTP.
- Enter the OTP received on your registered email ID/ mobile number and click on login.
- Post successful authentication, you will be re-directed to NSDL depository website wherein you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services.
- Click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Individual Shareholders registered with CDSL Easi/ Easiest facility

METHOD 1 - CDSL Easi/ Easiest facility:

Shareholders registered for Easi/ Easiest facility:

- Visit URL: <https://web.cdslindia.com/myeasitoken/Home/Login> or www.cdslindia.com & click on New System Myeasi Tab.
- Enter existing username, Password & click on "Login".
- Post successful authentication, user will be able to see e-voting option. The evoting option will have links of e-voting service providers i.e., MUFG InTime. Click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Shareholders not registered for Easi/ Easiest facility:

- To register, visit URL: <https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration> / <https://web.cdslindia.com/myeasitoken/Registration/EasiestRegistration>
- Proceed with updating the required fields for registration.
- Post successful registration, user will be provided username and password. Follow steps given above in points (a-c).

METHOD 2 - CDSL e-voting page

- Visit URL: <https://www.cdslindia.com>
- Go to e-voting tab.
- Enter 16-digit Demat Account Number (BO ID) and PAN No. and click on "Submit".
- System will authenticate the user by sending OTP on registered Mobile and Email as recorded in Demat Account
- Post successful authentication, user will be able to see e-voting option. The evoting option will have links of e-voting service providers i.e., MUFG InTime. Click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Individual Shareholders holding securities in demat mode with Depository Participant

Individual shareholders can also login using the login credentials of your demat account through your depository participant registered with NSDL / CDSL for e-voting facility.

- Login to DP website
- After Successful login, user shall navigate through "e-voting" option.
- Click on e-voting option, user will be redirected to NSDL / CDSL Depository website after successful authentication, wherein user can see e-voting feature.
- Post successful authentication, click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Login method for shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode.

Shareholders holding shares in physical mode / Non-Individual Shareholders holding securities in demat mode as on the cut-off date for e-voting may register and vote on InstaVote as under:

STEP 1: LOGIN / SIGNUP to InstaVote

Shareholders registered for INSTAVOTE facility:

- a) Visit URL: <https://instavote.linkintime.co.in> & click on “Login” under ‘SHARE HOLDER’ tab.
- b) Enter details as under:
1. User ID: Enter User ID
 2. Password: Enter existing Password
 3. Enter Image Verification (CAPTCHA) Code
 4. Click “Submit”.

(Home page of e-voting will open. Follow the process given under "Steps to cast vote for Resolutions")

InstaVote USER ID	NSDL	User ID is 8 Character DP ID followed by 8 Digit Client ID (e.g. IN123456) and 8 digit Client ID (eg.12345678).
	CDSL	User ID is 16 Digit Beneficiary ID.
	Shares held in physical form	User ID is Event No + Folio no. registered with the Company

Shareholders not registered for INSTAVOTE facility:

- a) Visit URL: <https://instavote.linkintime.co.in> & click on “Sign Up” under ‘SHARE HOLDER’ tab & register with details as under:
1. User ID: Enter User ID
 2. 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).
 3. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP/Company - in DD/MM/YYYY format)
 4. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company.
 - o Shareholders holding shares in **NSDL form**, shall provide ‘point 4’ above
 - o Shareholders holding shares in **physical form** but have not recorded ‘point 3’ and ‘point 4’, shall provide their Folio number in ‘point 4’ above
 5. 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).
 6. Enter Image Verification (CAPTCHA) Code.
 7. Click “Submit” (You have now registered on InstaVote).
Post successful registration, click on “Login” under ‘SHARE HOLDER’ tab & follow steps given above in points (a-b).

InstaVote USER ID	NSDL	User ID is 8 Character DP ID followed by 8 Digit Client ID (e.g. IN123456) and 8 digit Client ID (eg.12345678).
	CDSL	User ID is 16 Digit Beneficiary ID.
	Shares held in physical form	User ID is Event No + Folio no. registered with the Company

STEP 2: Steps to cast vote for Resolutions through InstaVote

- A. Post successful authentication and redirection to InstaVote inbox page, you will be able to see the “Notification for e-voting”.
- B. Select ‘View’ icon. E-voting page will appear.
- C. 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).
- D. After selecting the desired option i.e. Favour / Against, click on ‘Submit’.
- E. 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.

NOTE: Shareholders may click on “Vote as per Proxy Advisor’s Recommendation” option and view proxy advisor recommendations for each resolution before casting vote. “Vote as per Proxy Advisor’s Recommendation” option provides access to expert insights during the e-Voting process. Shareholders may modify their vote before final submission.

Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently.

Guidelines for Institutional shareholders (“Custodian / Corporate Body/ Mutual Fund”)

STEP 1 – Custodian / Corporate Body/ Mutual Fund Registration

- A. Visit URL: <https://instavote.linkintime.co.in>
- B. Click on “Sign Up” under “Custodian / Corporate Body/ Mutual Fund”
- C. Fill up your entity details and submit the form.
- D. A declaration form and organization ID is generated and sent to the Primary contact person email ID (which is filled at the time of sign up). The said form is to be signed by the Authorised Signatory, Director, Company Secretary of the entity & stamped and sent to insta.vote@linkintime.co.in.
- E. Thereafter, Login credentials (User ID; Organisation ID; Password) is sent to Primary contact person’s email ID. (You have now registered on InstaVote)

- A. Visit URL: <https://instavote.linkintime.co.in> and login with InstaVote Login credentials.
B. Click on “Investor Mapping” tab under the Menu Section
C. Map the Investor with the following details:
- 1) ‘Investor ID’ – Investor ID for NSDL demat account is 8 Character DP ID followed by 8 Digit Client ID i.e., IN00000012345678; Investor ID for CDSL demat account is 16 Digit Beneficiary ID.
 - 2) ‘Investor’s Name - Enter Investor’s Name as updated with DP.
 - 3) ‘Investor PAN’ - Enter your 10-digit PAN.
 - 4) ‘Power of Attorney’ - Attach Board resolution or Power of Attorney.
- NOTE: File Name for the Board resolution/ Power of Attorney shall be – DP ID and Client ID or 16 Digit Beneficiary ID.
- Further, Custodians and Mutual Funds shall also upload specimen signatures.
- D. Click on Submit button. (The investor is now mapped with the Custodian / Corporate Body/ Mutual Fund Entity). The same can be viewed under the “Report Section”.

STEP 3 – Steps to cast vote for Resolutions through InstaVote

The corporate shareholder can vote by two methods, during the remote e-voting period.

METHOD 1 - VOTES ENTRY

- a) Visit URL: <https://instavote.linkintime.co.in> and login with InstaVote Login credentials.
- b) Click on “Votes Entry” tab under the Menu section.
- c) Enter the “Event No.” for which you want to cast vote.
Event No. can be viewed on the home page of InstaVote under “On-going Events”.
- d) Enter “16-digit Demat Account No.”.
- e) 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). After selecting the desired option i.e. Favour / Against, click on ‘Submit’.
- f) 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.
(Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently).

METHOD 2 - VOTES UPLOAD

- a) Visit URL: <https://instavote.linkintime.co.in> and login with InstaVote Login credentials.
- b) After successful login, you will see “Notification for e-voting”.
- c) Select “View” icon for “Company’s Name / Event number”.
- d) E-voting page will appear.
- e) Download sample vote file from “Download Sample Vote File” tab.
- f) Cast your vote by selecting your desired option ‘Favour / Against’ in the sample vote file and upload the same under “Upload Vote File” option.
- g) Click on ‘Submit’. ‘Data uploaded successfully’ message will be displayed.
(Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently).

Helpdesk:

Shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode:

Shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode facing any technical issue in login may contact INSTAVOTE helpdesk by sending a request at enotices@in.mpms.muvg.com or contact on: - Tel: 022 – 4918 6000.

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 request at evoting@nsdl.co.in or call at: 022 - 4886 7000

Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
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Forgot Password:

Shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode:

Shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode have forgotten the USER ID [Login ID] or Password or both then the shareholder can use the “Forgot Password” option available on: <https://instavote.linkintime.co.in>

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

In case Custodian / Corporate Body/ Mutual Fund has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the “Forgot Password” option available on: <https://instavote.linkintime.co.in>

- Click on ‘Login’ under “Custodian / Corporate Body/ Mutual Fund” tab
- Click “**forgot password?**”
- Enter User ID, Organization ID and Enter Image Verification code (CAPTCHA).
- Click on “SUBMIT”.

In case shareholders have a 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 information about the particulars of the Security Question and Answer, PAN, DOB/DOI etc. The password should contain a minimum of 8 characters, at least one special character (!#\$%&), at least one numeral, at least one alphabet and at least one capital letter.*

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

Individual Shareholders holding securities in demat mode have forgotten the USER ID [Login ID] or Password or both, then the Shareholders are advised to use Forget User ID and Forget Password option available at above mentioned depository/ depository participants website.

General Instructions - Shareholders

- ❖ 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”.

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

In terms of Ministry of Corporate Affairs (MCA) General Circular No. 09/2024 dated 19.09.2024, the Companies can conduct their AGMs/ EGMs on or before 30 September 2025 by means of Video Conference (VC) or other audio-visual means (OAVM).

Shareholders are advised to update their mobile number and email Id correctly in their demat accounts to access InstaMeet facility.

Login method for shareholders to attend the General Meeting through InstaMeet:

- b) Visit URL: <https://instameet.in.mpms.mufg.com> & click on “**Login**”.
- c) Select the “Company Name” and register with your following details:
- d) Select Check Box - **Demat Account No.** / **Folio No.** / **PAN**
 - Shareholders holding shares in NSDL/ CDSL demat account shall select check box - **Demat Account No.** and enter the **16-digit demat account number.**
 - Shareholders holding shares in physical form shall select check box – **Folio No.** and enter the **Folio Number registered with the company.**

- Shareholders shall select check box – PAN and enter 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 by MUFG Intime, if applicable.
 - Mobile No: Mobile No. as updated with DP is displayed automatically. Shareholders who have not updated their Mobile No with the DP shall enter the mobile no.
 - Email ID: Email Id as updated with DP is displayed automatically. Shareholders who have not updated their Mobile No with the DP shall enter the mobile no.
- e) Click “Go to Meeting”
You are now registered for InstaMeet, and your attendance is marked for the meeting.

Instructions for shareholders to Speak during the General Meeting through InstaMeet:

- a) Shareholders who would like to speak during the meeting must register their request with the company.
- b) Shareholders will get confirmation on first cum first basis depending upon the provision made by the company.
- c) Shareholders will receive “speaking serial number” once they mark attendance for the meeting. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.
- d) Other shareholder who has not registered as “Speaker Shareholder” may still ask questions to the panellist via active chat-board during the meeting.

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

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

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

- a) On the Shareholders VC page, click on the link for e-Voting “Cast your vote”
- b) 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
- c) Click on 'Submit'.
- d) After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.
- e) 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'.
- f) 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. 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 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 General Meeting will be eligible to attend/ participate in the 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.

Helpdesk:

Shareholders facing any technical issue in login may contact INSTAMEET helpdesk by sending a request at instameet@in.mpms.mufig.com or contact on: - Tel: 022 – 4918 6000 / 4918 6175.

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

Pursuant to the provisions of Section 204 of the Act and the Rules framed thereunder every Listed Company is required to obtain a Secretarial Audit Report from a Company Secretary in practice. Further, as per Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") (amended vide SEBI notification dated December 12, 2024), every listed company is required to undertake Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary.

In terms of Regulation 24A(1) (b) of Listing Regulations, the appointment of Secretarial Auditor shall be approved by the Members of the Company at their Annual General Meeting. In compliance with the aforesaid requirements, the Resolution Professional, subject to approval of the Committee of Creditors in terms of the applicable provisions of the Insolvency and Bankruptcy Code, 2016, hereby and recommended to the Members the appointment of M/s. Girish Madan & Associates, Company Secretaries, a peer reviewed Firm having Peer Review Certificate No. 1514/2021 , Membership No F-5017 and COP No.3577 as the Secretarial Auditors of the Company for a period of five years commencing from FY 2025-26 to FY 2029-30, on following terms and conditions:

- a. Term of appointment: For a term of 5 (Five) consecutive years from April 01, 2025 to March 31, 2030.
- b. Proposed Fees: Such fee as determined by the Committee of Creditors/Board, on recommendation of Audit Committee.
- c. Basis of recommendations: The recommendations are based on the fulfilment of the eligibility criteria & qualification prescribed under the Act & Rules made thereunder and SEBI Listing Regulations. While recommending the Resolution Professional have also considered, experience of the individual, capability, independent assessment, audit experience and also evaluation of the quality of audit work done by him in the past.
- d. Credentials: M/s Girish Madan & Associates, Practicing Company Secretaries, a Peer Reviewed Firm having Peer Review Certificate No. 1514/2021 and Membership No.F-5017 and COP No.3577. is a seasoned professional with experience in secretarial audits, end-to-end advisory and compliance services, Corporate Law Consultancy, NCLT matters.

M/s Girish Madan & Associates has given his consent to act as Secretarial Auditors of the Company and confirmed that his appointment, if approved would be within the prescribed limits and that he is not disqualified to be appointed as Secretarial Auditor in terms of provisions of the Act & Rules made thereunder and SEBI Listing Regulations.

The fee for services in the nature of statutory certifications and other permissible non-audit services will be in addition to the Secretarial Audit fees as mentioned above in mutual consultation between Committee of Creditors/Board of Directors and the Secretarial Auditors.

M/s. Girish Madan & Associates have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified by the Institute of Companies Secretaries of India (ICSI). They have further confirmed that they hold a valid certificate issued by the Peer Review Board of the ICSI and they are not disqualified to be appointed as Secretarial Auditors in term of provisions of the Act, the Companies Secretaries Act, 1980 and Rules and Regulations made thereunder, and the Listing Regulations read with the SEBI Circular dated December 31, 2024.

None of the Director(s), Key Managerial Personnel(s) or their relatives are concerned or interested in this 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 35th Annual General Meeting to be held on Tuesday, December 30th, 2025 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 01st July, 2024 he will be continued as Non Executive and Non Independent Director
Din	00046944
Date of Birth/Age	26.01.1968/57 Years
Date of Appointment on the Board	19/07/1990
Qualification	M.Com. and has also done Diploma in Computer Applications
Brief resume and nature of their expertise in specific functional areas Qualification and Experience	36 years experience in textile industries
Directorship held in other Public Companies	NIL
Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid.	Upto June 30, 2024 Managing Director/Chairman and w.e.f 01st July, 2024 he will be continued as Non Executive and Non Independent Director and during the Financial Year 2024-25 no remuneration has been paid to him.
The remuneration last drawn by such person	NIL
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
Names of listed Companies in which person ceased to be a Director in past three years	NIL
No. of Board Meetings attended / entitled to attend during the year	During the Financial Year 2024-25: NIL as the power of the Board is suspended since from the date of initiation of CIRP i.e. December 22, 2023
Skills and capabilities required for the role of Independent Director and the manner in which the proposed person meets such requirements	N.A
Percentage of shareholding in	Representing 0.07% of the paid-up share capital of the Company.
Other Activities	NIL

35th Annual Report 2024-25

Registered Office: Basement, SCO 13-14-15
Sector 34-A, Chandigarh – 160022
(Vacated on 30.12.2024 and
presently operating from
B58 Industrial Area Ph 7, Mohali)

Dated: 4.12.2025
Place: Chandigarh

WINSOME YARNS LIMITED

For and on behalf of the Board
(Power suspended)

Sd/-
Manish Bagrodia
Director
DIN: 00046944

Sd/-
(Taken on Record)
Anil Kohli,
ARCK Resolution Professionals LLP
acting as RP Designated Partner
Registration No. IBBI/IPE-0030/IPA-1/
2022-23/50013
Date:-05.12.2025
Place:-New Delhi

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 35th Annual Report and the Financial Statements of the Company for the year ended 31st March, 2025.

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	Year ended
Revenue from operations	419.08	2542.5
Other income	86.43	463.0
Total Income	505.51	3005.6
EXPENSES		
Cost of material consumed	2.93	517.9
Purchase of stock-in-trade	--	--
Excise duty	--	--
Change in inventories of finished goods, work in process and stock in trade	183.11	152.8
Employees benefit expenses	533.85	1114.2
Finance costs	--	--
Depreciation and amortisation	982.51	1148.6
Other expenses	532.77	1166.2
Total Expense	2235.20	4099.8
Profit/ (Loss) before exceptional items and tax	(1729.69)	(1094.2)
Less: Exceptional items	--	--
Profit/ (Loss) before tax	(1729.69)	(1094.2)
Less/(-Add): Tax expense	--	--
Current tax	--	--
Deferred tax	--	--
Profit/ (Loss) after tax	(1729.69)	(1094.2)
Other comprehensive income	--	--
Total Comprehensive Income	(1729.69)	(1094.2)

CHANGES IN NATURE OF BUSINESS, IF ANY

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, 2025, 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.

That pursuant to the approval of the Resolution Plan of Mohini Health & Hygiene Limited by the members of the COC, an application for approval of the resolution plan has been filed before Hon'ble NCLT for its approval. The said application is pending adjudication.

OPERATIONS & PERFORMANCE:

During the year under review, it is submitted that the ARCK Resolution Professional LLP was appointed as the Resolution Professional (RP) of the Corporate Debtor (CD) vide Hon'ble NCLT order dated 14.03.2024. That upon taking charge, it was observed that both the manufacturing units of the CD i.e. Plant-I at Mohali (engaged in knitting of garments) and Plant-II at Derabassi (engaged in yarn production)—were not-operational. The primary reasons for this were the complete absence of fresh orders. Small orders were procured with the objective of partially reviving operations and covering the basic monthly expenses, necessary for safeguarding the assets, maintaining the premises and its value and keeping the CD as a going Concern. However, due to the continued absence of adequate orders, operations during the CIRP remained extremely Limited. The Mohali plant of the CD, which is equipped with 182 machines and has a production capacity of approximately 1,20,000 pieces per month, was operating at a minimal level, producing only around 5,000 pieces per month. However, due to absence of orders at the Mohali Plant

from the month of December, workers were requested not to report to work temporarily until new orders were secured. Likewise, the Derabassi plant, which comprises 1,20,000 spindles, had only about 12,000 spindles in use by the existing party which was carrying out the operations on job work basis.

During the year ended 31.03.2025, the Company incurred a loss of Rs. 1729.6lakhs in comparison to the loss of Rs. 1094.24 lakhs during the previous year ended 31.03.2024. Your Company's turnover of Rs.419.08lakhs against the previous year turnover of Rs. 2542.58 lakhs for the aforementioned reasons.

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.

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.

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. Accordingly, the Company is not required to prepare the consolidated financial statements for the year ended March 31, 2025.

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, 2025.

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 2024-25, 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. 01st 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. Furthermore, as the matter is sub-judice accordingly, Form DIR-12 for cessation of directorship is yet to be filed with the Ministry of Corporate Affairs.

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

(d) 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.

(e) 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.

Retirement by Rotation:

As specified herein above that the matter pertaining to the resignation of Mrs. Mridula Goyal is sub-judice Accordingly, she will not be considered for the purpose of director liable to retire by rotation.

In accordance with the provisions of Section 152 of the Act and in terms of the Articles of Association of the Company, Mr. Manish Bagrodia, Director of the Company, is retiring by rotation at the ensuing AGM of the Company and is eligible for re-appointment.

Your Board recommends the re-appointment of Mr. Manish Bagrodia, as Director of the Company. The particulars in respect of Mr. Manish Bagrodia, as required under Regulation 36(3) of Listing Regulations and Secretarial Standard -2, are mentioned in the Notice of AGM.

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:

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 read with Section 23 of the Code, the powers of the Board stood suspended and be exercised by the Interim Resolution Professional/Resolution professional. Accordingly, the Company have received 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

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 Familiarization programme was conducted after the Commencement of CIRP, i.e., December 22, 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. Khandelua 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- Khandelua and Sharma), Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the financial year ended March 31, 2025. 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 2024-25:

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 which are attached with this report.

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/ 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 2024-25 is under to be received from Cost Auditor of the Company.

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 have been audited by the Cost Auditor of the Company.

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 "MUFG Intime India Private Limited (formally known as 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, 2025, 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:

The details regarding the composition, and other details 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:

The details regarding the composition, attendance and other details 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:

The details regarding the composition and other details 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:

The details regarding the composition and other details 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 displayed 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. 01.04.2024	Number of Sexual Harassment cases received during the Financial year 2024-25	Number of Sexual Harassment cases disposed off during the Financial year 2024-25	Number of Sexual Harassment cases pending for more than 90 days and/or at the end of Financial year 2024-25
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. Upto the commencement of CIRP 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 2025-26 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.

DETAILS OF MATERIAL CHANGES FROM THE END OF THE FINANCIAL YEAR TILL THE DATE OF THIS REPORT

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.

That pursuant to the approval of the Resolution Plan of Mohini Health & Hygiene Limited by the members of the COC, an application for approval of the resolution plan has been filed before Hon'ble NCLT for its approval. The said application is pending adjudication.

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.

CONFIRMATION FOR THE COMPLIANCE WITH THE MATERNITY BENEFIT ACT, 1961.

The Company hereby confirm and declare the due compliance of the Maternity Benefit Act, 1961.

DETAILS IN RESPECT OF FRAUD REPORTED BY THE AUDITORS UNDER SECTION 143(12) OF THE ACT OTHER THAN THOSE REPORTABLE TO CENTRAL GOVERNMENT

There was no instance of fraud during the year 2024-2025, which required the statutory auditors to report under Section 143(12) of the Act and the rules made thereunder. Further, the statutory auditor and secretarial auditor have not reported any fraud in their report.

THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONGWITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR

The details about the Corporate Insolvency Resolution Process along with the present status of the same has been duly briefed in the various section(s) of this Report.

THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF:

The Company did not enter into any transaction for One Time Settlement of loan/borrowings from Bank.

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.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 or any statutory modification or amendment in these Rules, a statement showing the name of top ten employees in terms of Remuneration drawn forms part of the Report and annexed to this report and marked as **"ANNEXURE C"**. Further, there was no employee in the Company who has drawn the remuneration in excess of the limits set out in the said Rules. Therefore, the disclosure for the same is not required.

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, 2025, is annexed as **ANNEXURE 'D'** to this Report. The Secretarial Audit Report is self-explanatory doesn't require any further clarifications.

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
(Vacated on 30.12.2024 and
presently operating from
B58 Industrial Area Ph 7, Mohali)

Dated: 4.12.2025
Place: Chandigarh

For and on behalf of the Board
(Power suspended)

Sd/-
Manish Bagrodia
Director
DIN: 00046944

Sd/-
(Taken on Record)
Anil Kohli,
ARCK Resolution Professionals LLP
acting as RP Designated Partner
Registration No. IBBI/IPE-0030/IPA-1/
2022-23/50013
Date:-05.12.2025
Place:-New Delhi

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**A.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 equipment. All efforts are made for installing energy saving devices wherever required.

A.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.

A.iii) The capital investment on energy conservation equipments;

Additional Investments, wherever required, are being made for reduction of consumption of energy.

B. TECHNOLOGY ABSORPTION**B.i) The Efforts made towards technology absorption;**

Research & Development (R&D)

B.1.α) Specific area in which R&D carried by the Company:

- Latest new technology has been adopted.

B.1.β) 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.

B.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.

B.iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year).--- Nil**B.iv) The expenditure incurred on Research and Development.**

Capital

Nil

Recurring

Rs.3.18 lacs

Total R & D expenditure as a percentage of total turnover =

0.76%

C. FOREIGN EXCHANGE EARNING AND OUTGO; Rs. in Lacs

	2024-25	2023-24
(a) Foreign exchange earned in terms of actual inflow during the year	-	10.58
(b) Foreign exchange outgo in terms of actual outflow during the year	-	176.39

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 2024-25, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2024-25 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

(Amount in Rupees)					
Sr. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for financial year 2024-25	% increase in Remuneration in the Financial year 2024-25	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>	--	--	--	--
4	Shri Rajiv Chadha <i>Independent Director</i>	--	--	--	--
5	Pankaj Mahajan <i>Appointed as Independent Director on 22.05.2023</i>	--	--	--	--
6	Shri Sanjay Sharma <i>Chief Financial Officer</i>	972012	--	-6.05	2.30

*Tenure as Independent Director of five years completed on 13.09.24

(ii) The median remuneration of employees of the Company during the financial year was Rs. 13398

(iii) In the financial year, there was an increase/(decrease) 16.26% in the median remuneration of employees.

(iv) There were 167 employees of Company as on March 31, 2025.

(v) Relationship between average increase in remuneration and company performance:- The Loss after Tax for the financial year ended March 31, 2025, increased by 412.74% whereas the Increase/(decrease) in median remuneration was 16.26 % The average median remuneration was in line with the average of salary in the industry.

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

(Rs. in lacs)	
Average remuneration of Key Managerial Personnel (KMP) in 2024-25	9.72
Revenue	419.08
Aggregate Remuneration of KMP (as % of revenue)	2.32%
Profit/ (Loss) before Tax (PBT)	-1729.69
Remuneration of KMP (as % of PBT)	N.A.

(vii) a) Variations in the market capitalization of the Company: As on 31.03.2025, the closing price of shares on BSE and NSE was Rs. 1.66 and Rs. 1.72, respectively. The market capitalization as on March 31, 2025, as per BSE and NSE closing share price was Rs. 11.74 crore and Rs. 12.16 crore, respectively.

b) Price Earnings Ratio of the Company as at March 31, 2025, was Rs. -0.68 and as at March 31, 2024 was Rs.-1.39.

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. 2024-25 was about 0 % whereas the increase in the key managerial remuneration for the same financial year was also 0%.

(xi) 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.

DISCLOSURE PURSUANT TO THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULES 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014, A STATEMENT SHOWING THE NAME OF TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DRAWN

S.No.	Employee Name	Designation	Nature of Duties	Qualification	Joining date	Age (In Years)	Experience (Yrs)	Gross Earning (In Rs.)
1	PRADEEP KUMAR	FOREMAN	BLOW-ROOM-CARD(MT	I.T.I	21/05/24	55	35	335305
2	SURJIT SINGH	OFFICER	ENGG	I.T.I	01/07/06	59	39	383268
3	RAJINDER KUMAR	ASSTT.OFFICER	MAINTENANCE	10TH	01/07/06	58	35	436212
4	MANOJ KUMAR TRIVEDI	ASSTT.MANAGER	COMMERCIAL AND EXPORT	B.A.	02/03/13	58	36	468000
5	PARVINDER KUMAR	SR.EXECUTIVE	ACCOUNTS	M.Com	22/10/07	53	30	471024
6	ARUN GROVER	ASSTT.MANAGER	MARKETING/EXPORTS	MBA	01/02/23	53	32	744000
7	RAJPAL SINGH RATHORE	SR.MANAGER	LEGAL AND SECRETARY	M.A.	02/08/94	61	40	782712
8	SUKHWANT SINGH	SR.MANAGER	I.T.	DIP. IT	01/03/13	55	35	937584
9	SANJAY SHARMA	A.G.M	ACCOUNTS	PGDBM	01/12/08	61	40	972012
10	ROHIT NARWAL	SR.MANAGER	POWER PROJECT	MBA(HR)	28/01/19	36	15	1062600

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2025
[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.

The Hon'ble National Company Law Tribunal ("NCLT"), Chandigarh Bench, admitted the Corporate Insolvency Resolution Process ("CIRP") application filed by an financial creditor of Winsome Yarns 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-1/2022-23/50013 as the new RP of Winsome Yarns Ltd ("the Company").

Furthermore, as per the provisions of the Section 17 and 18 of IBC, the powers of the directors and management of the Corporate Debtor (Winsome Yarns Limited) stand suspended from the initiation of the CIRP period, and the said powers stand vested with IRP/RP on the commencement of CIRP, and subsequently, on appointment of RP for the Corporate Debtor, the said powers stand vested with the RP.

The Code also mandated that the IRP/RP is required to do the necessary compliances as applicable to the Corporate Debtor.

Auditors Responsibility

The Secretarial Audit was conducted in a manner that provided me reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. The responsibility of the Auditor is to express opinion on the compliance with the applicable laws and maintenance of records based on audit. The audit has been conducted in accordance with the applicable ICSI Auditing Standards (CSAS-1 to CSAS- 4). These standards require that the auditor comply with the statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to the inherent limitations of the audit as stated in the para on Disclaimer of Opinion, there is an element of unavoidable risk that some mis-statements or material non compliances may not be detected even though the audit is properly planned and performed in accordance with the standards.

Disclaimer of Opinion:

In view of the Company being into CIRP, the decisions taken by the Resolution Professional and/or the decisions/resolutions passed by the Committee of Creditors are material. However, as I am not privy to the minutes of the Committee of Creditors or the decisions taken by the Resolution Professional, I am unable to comment on the impact of the said decisions/resolutions by the Resolution Professional and Committee of Creditors even though I am aware that all such decisions may be in the interest of the Company or other stake holders. Further, I am unable to comment on

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compliances, if any, arising/required in respect of the decisions/resolutions of the Resolution Professional and Committee of Creditors.

In view of the unavailability of the (i) Minutes of the Committee of the Creditors, (ii) details of all the corporate decisions taken by the Resolution Professional, (iii) status of ongoing investigations by the regulatory agencies, I am unable to comment on the impact (whether material or otherwise), if any, which may arise out of the lack of audit evidence on the functioning of the Company.

The report as being submitted under the requirements of Secretarial Audit may be read with the qualified opinion of Statutory Auditor as below including basis of qualified opinion and emphasis of matter:

"1) The Financial statement for the year ended on March 31, 2025 are understated due to:

i) Non-provisioning of interest expenses of Rs 46,73,409 Lakhs on borrowings for the year ended on March 31, 2025 (Rs 28,25,487 Lakhs towards interest for the year March 31, 2024) and Rs 15,32,825 Lakhs being payable for the interest on unpaid dues for the year ended March 31, 2025 (Rs 12,64,315 Lakhs till the year ended March 31, 2024) and further non-provisioning of penal interest, if any, accrued, as may be charged by the lenders on borrowings from various financial institutions and other banks. (Refer Note No. 32.2 of the financial statement which is not ascertainable and not provided by the management and hence not ascertainable with accuracy)

ii) Non-provisioning of interest expenses of Rs. 18,149.64 Lakhs on borrowings which are overdue for more than 365 days. Further the effect of penal interest, if any, as may be charged by the lenders on borrowings from various financial institutions and other banks is not ascertainable and not provided by the management. (Refer Note No. 32.2 of the financial statement which is not ascertainable and not provided by the management and hence not ascertainable with accuracy)

2) 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.

3) 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 31.03.2025 increasing by Rs. 2568.41 Lakhs.

4) 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.

5) 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, 2025. Fixed Deposit with Canara Bank Amount of Rs 3.06 lacs has been made for Margin Money for issuing Bank Guarantee, which was made when management was made working capital outstanding at the time of Account becoming NPA, but the dues of Account said to us is not coming hence 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, 2025.

Emphasis of Matter

1) 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 31.03.2025.

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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, 2025.*

iii) *As per the information given to us, the Corporate Insolvency Resolution Process (CIRP) costs for the Year ended 31st March 2025 amounted to Rs 1095.13 lakh, compared to Rs 406.61 lakhs for the previous year ended 31st March, 2024. As of 31st March, 2025, an outstanding amount of Rs 336.37 lakh in CIRP costs remains unpaid. This unpaid amount is required to be settled on a priority basis in accordance with the provisions of the Insolvency and Bankruptcy Code (IBC), 2016*

iv) *As per the information given to us, We draw attention to the users of the financial statements for the year ended 31st March 2025, which states that sales return of Rs 125 Lakhs has been recorded in Other Expenses instead of appropriately disclosing of sales return in Revenue from Operations, which impacts the presentation of gross revenue and expenses.*

v) *As per information given to us, we draw attention to the users of the financial statement of the company for the year ended 31st March, 2025. The Committee of Creditors (COC) has approved the Resolution Plan being filed by M/s Mohini Health & Hygiene Limited with requisite majority, through e-voting, in accordance with the provisions of the Insolvency & Bankruptcy Code, 2016 and as per terms of Regulation 36B (4A) of the IBBI CIRP Regulations, 2016 read with clause 15 of RFRP Dated 13.08.2024 they are Required to be submitted performance security equivalent of Rs Rs 20,20,19,374/- (Rupees Twenty Crores Twenty lakhs Nineteen Thousand three hundred Seventy Four). The performance security amount has been deposited in the form of a bank deposit in the designated account. Furthermore, please also take note that the Resolution Professional has filed an application for approval of the COC approved Resolution Plan with the Hon'ble National Company Law Tribunal, Chandigarh Bench ('NCLT')*

vi) *As per information given to us, we draw attention to the users of the financial statement of the company for the year ended 31st March, 2025. A theft has been reported in Transformer, with loss of Rs.59,20,000/- Approx in April 2025 from its housing in the spinning mill complex of the Company situated at Village Kurranwala, Barwala Road, Dera Bassi, Punjab, and complaint is given for registering FIR at Dera Bassi Police station & subsequently Insurance claim has been filed with the Insurance company. We are unable to comment upon Possible impact in the standalone financial statements for the year ended 31st March, 2025.*

vii) *As per the information and explanations provided to us, we draw the attention of the users of the financial statements for the year ended 31st March, 2025, to the fact that there has been a reduction in the salary of six employees amounting to 26.05 lakhs. This adjustment has resulted in a corresponding decrease in total salary expenses and salary payable by 26.05 lakhs, leading to an decrease in the loss for the current financial year 2024-25.*

Further, 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."

Further, I draw your attention that in terms of Section 28 of the Insolvency and Bankruptcy Code, 2016 any change in the management of the Company requires approval of the Committee of Creditors. Further, as stated, being not privy to the decisions taken by the Committee of Creditors, since minutes of the meeting were not made available to us for verification in view of confidentiality, I am unable to comment if the events involving change in the directors with regards resignation of Independent Director/Whole-Time Director and withdrawal of resignation of Whole-Time Director were subject to approval of the CoC.

Secretarial Standards issued by the Institute of Company Secretaries of India, which the company has followed to the extent feasible and possible in view of the CIRP and within the inherent limitations in the process. As per Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) — specifically SS-1 (Meetings of the Board of Directors) and SS-2 (General Meetings) the last date for holding the annual general meeting of the company was 30.09.2024, but the annual general meeting of the company was held on 27.12.2024. In terms of the applicable Circulars of the Ministry of Corporate

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Affairs, the Company has filed Form GNL-1, for the extension of holding Annual General Meeting. Subsequently the Company had filed Form GNL-2 for submission of documents.

I have relied on the representation made by the Company and its officers for the systems and mechanisms formed by the Company for compliances under applicable Acts, Rules, Laws and Regulations to the Company.

I have not examined the Compliance by the Company with other laws including applicable labour, industrial, environmental and other industry specific since the compliance and monitoring of the said laws are to be ensured by the management of the Company; with the applicable financial laws like direct and indirect laws, since the same have been subject to review by the statutory financial audit undertaken by other designated professionals.

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

- 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) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

The provisions as specified in regulation 17 shall not be applicable during the insolvency resolution process period in respect of a listed entity which is undergoing corporate insolvency resolution process under the Insolvency Code. However, the role and responsibilities of the board of directors as specified under regulation 17 shall be fulfilled by the interim resolution professional or resolution professional in accordance with sections 17 and 23 of the Insolvency Code. Since, the power of the Board has been suspended during the Corporate Insolvency Resolution Process, the Regulations 18, 19, 20 and 21 shall not be applicable during the insolvency resolution process period in respect of a listed entity which is undergoing corporate insolvency resolution process under the Insolvency Code. However, the roles and responsibilities of the committees specified in the respective regulations shall be fulfilled by the IRP/RP. It is noted that the provisions of Regulations 22 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, pertaining to corporate governance—such as Vigil Mechanism, Related Party Transactions, Governance of Subsidiaries, Obligations of Independent Directors, and Senior Management responsibilities—continue to remain applicable during the CIRP period, subject to practical limitations and modifications due to the suspension of the Board. The RP, to the extent applicable and feasible, has ensured compliance with the said provisions during the CIRP period in accordance with SEBI circulars and regulatory guidelines.

- b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **No such transaction during the Financial year 2024-25.**
- c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **No such transaction during the Financial year 2024-25.**
- d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **No such transaction during the Financial year 2024-25.**
- e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **No such transaction during the Financial year 2024-25.**

- f) The Securities and Exchange Board of India (Issue and Listing of Securities Debt instrument and security receipts) Regulations, 2008; **No such transaction during the Financial year 2024-25.**
- g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **No such transaction during the Financial year 2024-25.**
- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **No such transaction during the Financial year 2024-25.**
- i) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **No such transaction during the Financial year 2024-25.**
- j) Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to obligations of Issuer Company); **No such transaction during the Financial year 2024-25.**

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

VII. 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

Since the power of the Board is suspended during the CIRP, hence no board as well as committee meetings were held during the financial year 2024-25.

We further report that:

4. Non compliances as per SEBI (LODR) Regulations, 2015 for the year ended **31st March, 2025** are as follows:

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

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

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6. Form AOC-4 for the Financial Year 2023-24 has been filed on MCA portal on 10.03.2025 through Form GNL-2 vide SRN- AB2864805 and Form MGT-7 filed on 24.06.2025 through Form GNL-2 vide SRN- AB4903106.

Girish Digitally signed
by Girish Madan
Madan Date: 2025.12.04
13:53:14 +05'30'

Date: 04/12/2025
Place: Panchkula

(Girish Madan)
Practicing Company Secretary
Membership No: 5017
Certificate of Practice No: 3577
UDIN: **F005017G002203026**
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.

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Annexure-A

To,

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

My report is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management/ Resolution Professional 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**

Digitally signed
by Girish Madan
Date: 2025.12.04
13:53:34 +05'30'

(Girish Madan)

Practicing Company Secretary

Membership No: 5017

Certificate of Practice No: 3577

UDIN: **F005017G002203026**

Peer Review Certificate No. 1514/2021

Date: 04/12/2025

Place: Panchkula

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERALL REVIEW, INDUSTRY STRUCTURE AND DEVELOPMENTS

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.

The operations in the year under review had been severely impacted due to the Corporate Insolvency Resolution Process (CIRP) against the Company. The overall performance of the Company for the year under review has significantly gone down wherein "Revenue from Operations" of the Company registered decrease in the sales, compared to the previous year.

The performance of the Company during the year under review showed decrease in the sales due to the non-supportive markets and varied changes in the customer preferences and impacted due to the initiation of Corporate Insolvency Resolution Process (CIRP).

OPPORTUNITIES AND THREATS:

The Company is engaged in manufacturing of textile and allied products. The threat is from small players who will enter the market and existing players creating competition in these segments due to which the margins will be under pressure in the future. The major threats are as follows:-

1. 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.

2. 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.

3. INITIATION OF CORPORATE INSOLVENCY RESOLUTION PROCESS (CIRP) AND APPROVAL OF THE RESOLUTION PLAN:

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.

That pursuant to the approval of the Resolution Plan of Mohini Health & Hygiene Limited by the members of the COC, an application for approval of the resolution plan has been filed before Hon'ble NCLT for its approval. The said application is pending adjudication.

OPPORTUNITIES

- Favourable government initiatives such as the National Technical Textiles Mission (NTTM), 100% FDI in the sector, SAMARTH- Scheme for Capacity Building in the Textile Sector, etc. for the development of the textile industry.
- Extension of the scheme for Rebate of State and Central Taxes and Levies (RoSCTL) till March 31, 2026, for the export of apparel, garments and made-ups with the same rates would benefit textile companies.
- The 'China plus one' diversification policy will benefit Indian manufacturers. As global retailers are looking for an alternate supply base, India has emerged as an attractive option for manufacturing and exports of textiles and apparels.
- The growth of the technical textile market will create lucrative opportunities.
- The rapid growth of the retail sector and E-commerce will boost the growth of the textile and apparel industry.
- Rising disposable incomes will stimulate domestic demand.
- The growing popularity of 'fast fashion' products will contribute to the growth of the textile and apparel industry.
- Approval of the Resolution Plan for the Company by the Committee of Creditors (COC) and the said resolution plan as approved by the COC is pending for approval from Hon'ble National Company Law Tribunal (NCLT), Chandigarh Bench can be seen as an opportunity for the company to revive and compete with the other players in the market, under the supervision and guidance of the new management.

SEGMENT WISE AND PRODUCT WISE PERFORMANCE

The Company's business activities falls within a single primary segment viz. Textiles (Yarn, Knitwear & related revenue). The Company does not have any other segment as of now. The products and dealings are closely related with textiles and its allied products.

COMPANY OUTLOOK:

As Resolution Plan for the Company approved by the Committee of Creditors (COC) and the said resolution plan, as approved by the COC, is pending for approval from Hon'ble National Company Law Tribunal (NCLT), Chandigarh Bench can be seen as an opportunity for the company to revive and compete with the other players in the market, under the supervision and guidance of the new management. The Company hopes to turn around its performance in forthcoming years.

FINANCIAL PERFORMANCE:

During the year ended 31.03.2025, the Company incurred a loss of Rs. 1729.6 lakhs in comparison to the loss of Rs. 1094.24 lakhs during the previous year ended 31.03.2024. Your Company's turnover of Rs.419.08 lakhs against the previous year turnover of Rs. 2542.58 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 2025.

- 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.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company maintains an efficient internal control system commensurate with the size, nature and complexity of its business. The internal control system is responsible for addressing the evolving risks in the business, reliability of financial information, timely reporting of operational and financial transactions, safeguarding of assets and stringent adherence to the applicable laws and regulations. The internal auditors of the Company are responsible for regular monitoring and review of these controls. The Resolution Professional periodically reviews the audit reports and ensures correction of any variance, as may be required. Key observations are communicated to the management who undertakes prompt corrective actions.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company considers its employees as the most important asset and integral to its competitive position. It has a well designed HR policy that promotes a conducive work environment, inclusive growth, equal opportunities, and competitiveness and aligns employees' goals with the organisation's growth vision. Its human resource division plays a crucial role in nurturing a strong and talented workforce. It provides opportunities for professional and personal development and implements comprehensive employee engagement and development programmes to enhance the productivity and skills of its employees. The Company's employee strength stood at 167 as on March 31, 2025 Further, industry relations remained peaceful and harmonious during the year.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE (Forms part of Director's Report)**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, 2025, 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

FINANCIAL STATEMENT

In accordance with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations 2018, the Company is required to provide details of significant changes (a change of 25% or more as compared to the previous financial year) in key financial ratios, along with detailed explanations thereof. The key financial ratios are given below:

Key financial ratios	2024-25	2023-24	Difference (%)
Debtors' turnover	103.19	35.86	67
Inventory turnover	5.69	6.48	-0.79
Interest coverage ratio	Not Applicable	Not Applicable	-
Current ratio (in times)	0.63	0.6	0.03
Debt equity ratio (in times)	-1.28	-1.33	-0.05
Operating Profit Margin (in %)	-4.33	-0.61	3.72
Net profit margin (in %)	-4.12	-0.43	3.69
Return on net worth (in %)	0.04	0.03	0.01

The reason of the Operating Profit and Net Profit Margin is more than 25% or more as compared to the previous financial year due to decrease in the sales, non-supportive markets, varied changes in the customer preferences and initiation of CIRP by NCLT wide order dated 22th December 2023 which effected the marketability of the Company. As the global textile market is interconnected, this outbreak has a global impact on the business.

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 2024-25 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.

That pursuant to the approval of the Resolution Plan of Mohini Health & Hygiene Limited by the members of the COC, an application for approval of the resolution plan has been filed before Hon'ble NCLT for its approval. The said application is pending adjudication.

3. **Board of Directors**

The current strength of the Board of Directors (Board) of the Company is of four directors, who are senior, competent and eminent experts from diverse fields and professions. During the period under review, Shri Manish Bagrodia is Non Executive Non-Independent Director; Shri Rajiv Chadha and Shri Pankaj Mahajan are Non-Executive, Independent Director. Mr. Manish Bagrodia has 36 years of experience in the Textile

Industry and Hydro Power Generation. Mr. Rajiv Chadha, Independent Director has more than 39 years services experience of various companies. Mr. Pankaj Mahajan, Independent Director has about 28 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 2024-25 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)	Attendance		No. of Directorship in other Company	No. of Membership/ Chairmanship in Committees*		
			Board Meet	Last		Members hip	Chairmansh ip	Total
Shri Manish Bagrodia**	Managing Director (upto June 30, 2024) and Non-Executive & Independent Director w.e.f July 01, 2024	52040	--	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	--	--	--	--	--	--
Shri Rajiv Chadha	Non-Executive & Independent	Nil	--	--	--	3	1	4
Shri Pankaj Mahajan Appointed on 22.05.2023	Non-Executive & Independent	Nil	--	Yes	1@	1	2	3

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

@ Including Private Limited Company.

**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.

*** 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.

**** 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.

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, 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

After the Commencement of CIRP i.e. w.e.f. December 22, 2023, in terms of the Section 17 of the Insolvency and Bankruptcy Code, 2016, the powers of the Board are suspended and During the 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. Hence, no meetings of the Independent Directors were held after the Commencement of CIRP i.e. December 22, 2023 and during the Financial Year 2024-25. Further, No

Familiarization program has been carried out by the company during the period under review. The details of the any previous familiarization program shall be available on; https://www.winsomeyarns.com/files/ugd/199b2d_7988df291e814459829db83f4be8b893.pdf.

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 have the necessary declaration, for period under review, from the Independent Director(s) 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

During the period under review i.e Financial Year 2024-25 non of the Independent Director(s) of the Company resigns before the expiry of his / her tenure.

Details of Board Meetings held during the year

After the Commencement of CIRP i.e. w.e.f. December 22, 2023, in terms of the Section 17 of the Insolvency and Bankruptcy Code, 2016, the powers of the Board are suspended and During the 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. Hence, no meetings of the Directors were held after the Commencement of CIRP i.e. December 22, 2023 and during the Financial Year 2024-25.

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/ ur/	Financial	Global Expos	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

* Tenure as Independent Director of five years completed on 13.09.24

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.

As specified above, the powers of the Board are suspended and During the 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. Hence, no meetings of the Audit Committee were held after the Commencement of CIRP i.e. December 22, 2023 and during the Financial Year 2024-25.

The present composition of the Committee are as below:

Name of members	Chairmanship/ Membership in the	Category	No. of meetings attended during the year 2024-25
Shri Manish Bagrodia	Member	Promoter/Executive	--
Shri Rajiv Chadha	Member	Independent/ Non-Executive	--
Shri Pankaj Mahajan <i>Appointed on 22.05.2023</i>	Chairman	Independent/ Non-Executive	--

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.

As specified above, the powers of the Board are suspended and During the 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. Hence, no meetings of the Nomination and Remuneration Committee were held after the Commencement of CIRP i.e. December 22, 2023 and during the Financial Year 2024-25.

The present composition of the Committee are as below:

Name of members	Chairmanship/ Membership in the	Category	No. of meetings attended during the
Shri Rajiv Chadha	Chairman	Independent/ Non-Executive	--

Mrs. Mridula Goyal	Member	Non-Independent/ Non-Executive	--
Shri Pankaj Mahajan <i>Appointed on 22.05.2023</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	--

Performance evaluation criteria by Independent Directors

The Companies Act, 2013 and Listing Regulations, 2015 has enabled an evaluation mechanism to appraise the performance of the Independent Directors. In terms of that, the Nomination & Remuneration Committee of the Company has laid down the criteria for the evaluation of the Independent Directors of the Company. The performance of Independent Directors shall be done by the entire Board of Directors (excluding the Director being evaluated) and on the basis of evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

AREAS OF EVALUATION

1. Frequency of meetings attended
2. Timeliness of circulating Agenda for meetings and descriptiveness
3. Quality, quantity and timeliness of flow of information to the Board
4. Promptness with which Minutes of the meetings are drawn and circulated
5. Opportunity to discuss matters of critical importance, before decisions are made
6. Familiarity with the objects, operations and other functions of the company
7. Importance given to Internal Audit Reports, Management responses and steps towards improvement
8. Avoidance of conflict of interest
9. Exercise of fiscal oversight and monitoring financial performance
10. Level of monitoring of Corporate Governance Regulations and compliance
11. Adherence to Code of Conduct and Business ethics by directors individually and collectively
12. Monitoring of Regulatory compliances and risk assessment
13. Review of Internal Control Systems
14. Performance of the Chairperson of the company including leadership qualities.
15. Performance of the Whole time Director
16. Overall performance of the Board/ Committees

Remuneration Policy

i). For Non-Executive Directors

The Non-Executive Directors were paid remuneration by way of Sitting Fees. The Non-Executive Directors were 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 2024-25 are given below:

Name of Non-Executive Directors	Sitting Fees (Amount in Rs.)
Mrs. Mridula Goyal	--
Shri Rajiv Chadha	--
Shri Tilak Raj Dembla*	--
Shri Pankaj Mahajan	--
Total	--

* Tenure as Independent Director of five years completed on 13.09.24

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 01.04.2024 to 31.03.2025. Furthermore, the tenure of Mr. Manish Bagrodia, as Managing Director of the company were expired on 30.06.2024 and post that he is continuing as Non-Independent Non Executive Director.

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.

As specified above, the powers of the Board are suspended and During the 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. Hence, no meetings of the Stakeholders Relationship Committee were held after the Commencement of CIRP i.e. December 22, 2023 and during the Financial Year 2024-25.

The present composition of the Committee are as below:

Name of members	Chairmanship/ Membership in the Committee	Category	No. of meetings attended during the year 2024-25
Shri Manish Bagrodia,	Member	Promoter/Executive	--
Mrs. Mridula Goyal	Member	Non-Independent/ Non-Executive	--
Shri Rajiv Chadha	Member	Independent/ Non-Executive	--
Shri Pankaj Mahajan	Chairman	Independent/ Non-Executive	--

Compliance Officer

As specified in the previous reports the company 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, 2024	Received during the Year	Disposed during the Year	Pending as on March 31, 2025
No of	0	0	0	0

SENIOR MANAGEMENT:

The following are the Particulars of senior management including the changes therein since the close of the previous financial year.

As the company is under CIRP since from December 22, 2023, accordingly, there is no specific changes in senior management except vacation of one independent director post the completion of his tenure as Independent Director and also the change of Designation of one of Executive Director from Executive Director to Non Executive Director. The details of the same is briefed under various section/heading of this report.

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.

As specified above, the powers of the Board are suspended and During the 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. Hence, no meetings of the Risk Management Committee were held after the Commencement of CIRP i.e. December 22, 2023 and during the Financial Year 2024-25.

The present composition of the Committee are as below:

Name of members	Chairmanship/ Membership in the	Category	No. of meetings attended during
Shri Manish Bagrodia	Chairman	Promoter/Non-Executive	--
Mrs. Mridula Goyal	Member	Non-Independent/ Non-Executive	--
Shri Rajiv Chadha	Member	Independent/ Non-Executive	--

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.

(xiv) details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years:- As specified above, the Company is CIRP w.e.f December 22, 2023 and the powers of the Board are suspended and during the 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. Even before initiation of CIRP, the majority of employees has left the Company due to which the company is unable to do various compliances, within the stipulated time, under various applicable laws. Such delay in making the compliances results in non-compliances, under various applicable laws, which leads to imposition of penalties on the companies.

(xv) Detailed disclosures pertaining to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is provided in Director's Report being the part of this Report

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
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
2023-2024	Through VC/OAVM	27.12.2024	02.30 P.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	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 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 01.04.2024		Details of claimed shares during the financial year		Balance as on 31.03.2025
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	Tuesday; December 30, 2025 at 3:30 P.M
Venue of Annual General Meeting	In compliance with the provisions of the Act, MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC / OAVM and Registered office of the shall be considered as deemed venue of AGM. For details, please refer to the Notice this AGM.
Financial Year	1 st April, 2024 to 31 st March, 2025
Listing of equity shares on Stock Exchanges	BSE Limited (BSE) National Stock Exchange of India Ltd (NSE)
Scrip Code/ Symbol	BSE – 514348, NSE – WINSOME
Dividend Payment Date	The Company has not declared any dividend during the financial year under review.
Date of Book Closure	from 24.12.2025 to 30.12.2025 (both days inclusive)
ISIN Number	INE784B01035
List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad.	As the Company is under CIRP w.e.f December 22, 2023, accordingly, no rating has been taken during the year.

Listing Fee :- The listing fee for the financial year 2025-26 has been paid to NSE and BSE.

Details relating to Suspension of Securities and reasons thereof

As per the information available, during the year, trading in the security of the company is not suspended by the exchanges.

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

Registrar and Share Transfer Agent	M/s MUFG Intime India Private Limited (formally known as Link Intime India Private 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
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@winsomegroup.com

Distribution of shareholding as on 31st March, 2025.

SHAREHOLDING OF SHARES	NUMBER OF SHAREHOLDERS	PERCENTAGE OF TOTAL	SHARES	PERCENTAGE OF TOTAL
1--500	14166	77.6858	2058010	2.9106
501—1000	1647	9.0321	1442236	2.0397
1001—2000	965	5.2920	1562567	2.2099
2001—3000	392	2.1497	1037995	1.4680
3001—4000	178	0.9761	649734	0.9189
4001—5000	231	1.2668	1111026	1.5713
5001—10000	321	1.7604	2485152	3.5147
10001--****	335	1.8371	60360509	85.3668
Total	18235	100.0000	70707229	100.0000

Shareholding Pattern as on 31st March, 2025.

Category	No. of Shares	Percentage
Promoters	27339609	38.67
Mutual Funds	11800	0.02
Foreign Portfolio Investors	6355403	8.99
Individual shareholding (nominal share capital upto Rs. 2 lacs).	11664147	16.50
Individual shareholding (nominal share capital excess of Rs. 2 lacs).	9002108	12.73
Trust	111	0.00
HUF Shareholding	554828	0.78
NRI shareholding	704880	1.00
Unclaimed or Suspense Account	296500	0.42
Clearing Members	9790	0.01

Body Corporate shareholding	14764941	20.88
LLP	3112	0.00
TOTAL	70707229	100.00

Details of shareholding of Directors in the Company as on 31.03.2025.

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

Dematerialisation of shares and liquidity.	Out of total 6,99,43,182 nos. of shares, 98.9194% shares have been dematerialized upto 31.03.2025.
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
Plant Location (Yarn)	Village - Kurawala, Tehsil – Derabassi, Distt. Mohali (Punjab)
(Knitwear)	Winsome Knitwear (Prop. Winsome Yarns Limited) B-58, Industrial Area, Phase-VII,
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
(Vacated on 30.12.2024 and
presently operating from
B58 Industrial Area Ph 7, Mohali)

Dated: 4.12.2025
Place: Chandigarh

For and on behalf of the Board
(Power suspended)

Sd/-
Manish Bagrodia
Director
DIN: 00046944

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

Date:-05.12.2025
Place:-New Delhi

ANNEXURE-(i)

DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

To,
The Board of Directors
(Powers vested with the Resolution Professional w.e.f. December 22, 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 noncompliance thereof during the year ended 31st March, 2025.

For Winsome Yarns Limited

Sd/-
Manish Bagrodia
Director (Powers Suspended)
DIN: 00046944

Place: Chandigarh
Date: 27.10.2025

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 31.03.2025. [Schedule-II, Part-B of SEBI (LODR), Regulations, 2015]

- A. We have reviewed financial statements and the cash flow statement for the year ended 31.03.2025 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 : 27.10.2025

Sd/-
Sanjay Sharma
Chief Financial Officer

Sd/-
Manish Bagrodia
Director(Powers Suspended)
DIN:- 00046944

GIRISH MADAN & ASSOCIATES
COMPANY SECRETARIES
623, SECTOR 8, PANCHKULA – 134109 (HARYANA)
Telephone : 0172-4527931, Mobile No. 9814212623
Email : gmadan1959@yahoo.co.in

ANNEXURE-'1'

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

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

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, 2025, as stipulated in Schedule V of SEBI (LODR) Regulations, 2015.

During the year under review, the application bearing C.P (IB) No. 291/Chd/Chd/2018 filed by Edelweiss Asset Reconstruction Company Limited, the Financial Creditor, under section 7 of the Code for initiating CIRP against Winsome Yarns Limited (the Corporate Debtor), is admitted by Hon'ble NCLT vide its order dated 22.12.2023. Upon initiation of CIRP against corporate debtor, its management shall be 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 present stage of the CIRP that pursuant to the appointment as the RP, the Resolution Professional published FORM G on 18.07.2024. In furtherance to the same, resolutions plans were received in the matter and resolution Plan of M/s Mohini Health & Hygiene Limited has been approved by Committee of Creditors in its 18th COC Meeting held on 12.11.2024. Thereafter, an application has been filed before the NCLT, Chandigarh Bench for approval of the Resolution Plan of M/s Mohini Health & Hygiene Limited. The approval of the Hon'ble National Company Law Tribunal, Chandigarh Bench("NCLT") is awaited so far.

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/ Resolution Professional of the Company, 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 20.05.2025 and Secretarial Audit Report dated 04.12.2025 for the financial year ended 31.03.2025 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: 04/12/2025
Place : Panchkula

Girish Madan
Digitally signed by Girish Madan
Date: 2025.12.04 13:53:54 +05'30'
(Girish Madan)
Practicing Company Secretary
Membership No: 5017
Certificate of Practice No: 3577
UDIN : **F005017G002203114**
Peer Review Certificate No. 1514/2021

GIRISH MADAN & ASSOCIATES
COMPANY SECRETARIES
623, SECTOR 8, PANCHKULA – 134109 (HARYANA)
Telephone : 0172-4527931, Mobile No. 9814212623
Email : gmadan1959@yahoo.co.in

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, 2025 (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.

Digitally signed by Girish
Madan
Date: 2025.12.04 13:54:29
+05'30'

(Girish Madan)

Practicing Company Secretary

Membership No: 5017

Certificate of Practice No: 3577

UDIN : **F005017G002203114**

Peer Review Certificate No. 1514/2021

Date: 04/12/2025

Place : Panchkula



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, 2025, 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.

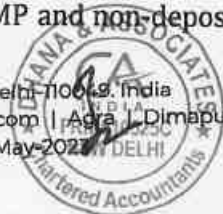
The Hon'ble National Company Law Tribunal ("NCLT"), Chandigarh Bench, admitted the Corporate Insolvency Resolution Process ("CIRP") application filed by an financial creditor of Winsome Yarn Ltd ("the Company") and appointed Mr. Sanjay Gupta (IBBI Registration No .IBBI/IPA-002/IP-N00982-C01/2017-2018/10354, 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-1/2022-23/50013 as 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,2025 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, 2025, 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, 2025 are understated due to:
- i) Non-provisioning of interest expenses, of Rs 26,433.97 Lakhs on borrowings for the year ended on March 31, 2025 (Rs 22,850.78 lakhs for the year ended on March 31, 2024) and Rs 1,53,285.32 Lakhs being aggregate amount of interest un-provided till the year ended March 31, 2025 (Rs 1,26,851.35 Lakhs till the year ended March 31, 2024), 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. 118.49 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 31.03.2025 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, 2025. 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, 2025.

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 31.03.2025.
- 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, 2025.
- iii) As per the information given to us, the Corporate Insolvency Resolution Process (CIRP) costs for the Year ended 31st March 2025 amounted to Rs 1095.13 lakh, compared to Rs 406.61 lakhs for the previous year ended 31st March, 2024. As of 31st March, 2025, an outstanding amount of Rs 336.37 lakh in CIRP costs remains unpaid. This unpaid amount is required to be settled on a priority basis in accordance with the provisions of the Insolvency and Bankruptcy Code (IBC), 2016
- iv) As per the information given to us, We draw attention to the users of the financial statements for the year ended 31st March 2025, which states that sales return of Rs 125 Lakhs has been recorded in Other Expenses instead of appropriately disclosing of sales return in Revenue from Operations. which impacts the presentation of gross revenue and expenses.
- v) As per information given to us, we draw attention to the users of the financial statement of the company for the year ended 31st March, 2025. The Committee of Creditors (COC)



has approved the Resolution Plan being filed by M/s Mohini Health & Hygiene Limited with requisite majority, through e-voting, in accordance with the provisions of the Insolvency & Bankruptcy Code, 2016 and as per terms of Regulation 36B (4A) of the IBBI CIRP Regulations, 2016 read with clause 15 of RFRP Dated 13.08.2024 they are Required to be submitted performance security equivalent of Rs Rs 20,20,19,374/- (Rupees Twenty Crores Twenty lakhs Nineteen Thousand three hundred Seventy Four). The performance security amount has been deposited in the form of a bank deposit in the designated account. Furthermore, please also take note that the Resolution Professional has filed an application for approval of the COC approved Resolution Plan with the Hon'ble National Company Law Tribunal, Chandigarh Bench ('NCLT')

vi) As per information given to us, we draw attention to the users of the financial statement of the company for the year ended 31st March, 2025. A theft has been reported in Transformer, with loss of Rs.59,20,000/- Approx in April 2025 from its housing in the spinning mill complex of the Company situated at Village Kurranwala, Barwala Road, Dera Bassi, Punjab, and complaint is given for registering FIR at Dera Bassi Police station & subsequently Insurance claim has been filed with the Insurance company. We are unable to comment upon Possible impact in the standalone financial statements for the year ended 31st March, 2025.

vii) As per the information and explanations provided to us, we draw the attention of the users of the financial statements for the year ended 31st March, 2025, to the fact that there has been a reduction in the salary of six employees amounting to ₹26.05 lakhs. This adjustment has resulted in a corresponding decrease in total salary expenses and salary payable by ₹26.05 lakhs, leading to an decrease in the loss for the current financial year 2024-25.

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 (Powers suspended) 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 (Powers suspended) 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 there with.
- 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 2025 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. The audit trail of the prior period has been preserved by the company as per statutory requirement for record retention to the extend it was enabled.

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



CA. Arun Khandelja
Partner
Membership No.: 089125
Place: New Delhi
Date: 27.10-2025
UDIN: 25089125BMJNAO6995

"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	4290	Term Loan
2.	Bank of Maharashtra	2506.00	4200	Term Loan
3.	Indian Overseas Bank	2045.00	4108	Term Loan
4.	ICICI Bank Ltd.	611.00	4290	Working Capital Term Loan and FITL
5.	Oriental Bank of Commerce	1965.00	4290	Term Loan
6.	Canara Bank	12782.66	4015	Term Loan and Working Capital Loan - Assigned to EARC



7.	Punjab National Bank	14813.88	4091	Term Loan and Working Capital Loan - Assigned to EARC
8.	State Bank of Patiala	9789.44	3959	Term Loan and Working Capital Loan - Assigned to EARC
9.	Dena Bank	3973.01	4198	Term Loan - Assigned to EARC
10.	UCO Bank	4244.62	4017	Term Loan - Assigned to EARC
11.	United Bank of India	1467.46	4198	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 wilful defaulter as per RBI guidelines
 - 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 Reserve 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 incurred cash losses of Rs 747.15 Lakhs current financial year but they have not incurred any 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: 27.10-2025
UDIN: 25089125BMJNAO6995

**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, 2025, 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, 2025:

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, 2025, 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, 2025 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: 27.10-2025
UDIN: 25089125BMJNAO6995

Winsome Yarns Limited(Under CIRP)

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

(Vaccated on 30.12.2024 and presently working from B-58, Ind. Area Phase 7, Mohali.)

BALANCE SHEET AS AT MARCH 31, 2025

Particulars	Notes	March 31, 2025	March 31, 2024
ASSETS			
Non-current assets			
Property, plant and equipment	4 (a)	12,613.86	13,594.96
Capital work in progress			0.00
Other intangibles assets	4 (b)	2.49	3.92
Financial assets			
Investments	5	-	-
Loans	6	-	-
Deferred tax assets (net)	7	-	-
Other non current assets	8	2,699.65	2,702.96
		<u>15,316.00</u>	<u>16,301.84</u>
Current assets			
Inventories	9	156.54	356.09
Financial assets			
Loans	10	2,568.41	2,568.41
Investment	11	120.12	253.28
Trade receivables	12	57.75	117.82
Cash and cash equivalents	13	2,050.86	30.66
Other bank balances	14	(0.00)	(0.00)
Other financial assets	15	95.38	86.86
Current tax assets	16	208.05	200.05
Other current assets		<u>5,259.90</u>	<u>3,613.16</u>
		<u>20,572.90</u>	<u>19,915.00</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Equity	17	7,070.72	7,070.72
Share capital		(50,791.98)	(49,062.29)
Other equity		<u>(43,721.26)</u>	<u>(41,991.57)</u>
Liabilities			
Non-current liabilities			
Deferred grant income	18	41.37	50.60
Provisions	19	252.65	219.18
		<u>294.03</u>	<u>269.78</u>
Current liabilities			
Financial liabilities			
Borrowings	20	55,657.63	55,657.63
Trade Payables	21		
Outstanding dues of Micro and small enterprises		71.56	71.23
Outstanding dues of creditors other than Micro and small enterprises		2,724.72	2,616.57
	22	5,244.79	3,021.23
Other financial liabilities	18	9.23	9.23
Deferred grant income	23	248.20	227.42
Other current liabilities	19	44.00	33.50
Provisions		<u>64,000.13</u>	<u>61,636.81</u>
		<u>64,294.16</u>	<u>61,906.57</u>
Total liabilities		<u>20,572.90</u>	<u>19,915.00</u>
TOTAL EQUITY AND LIABILITIES			

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

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

(Signature)
GA. Arun Khandelwa
Partner
Membership No.: 089125
October 24, 2025



(Signature)
Chief Financial Officer

For and on behalf of the Board
(As per the Powers)

(Signature)
Manish Bagrodia
Director
DIN 00046944



Taken on Record
Anil Kohli
Designated Partner & Authorized Signatory

Winsome Yarns Limited(Under CIRP)

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

(Vaccated on 30.12.2024 and presently working from B-58, Ind.Area Phase 7, Mohali.)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED ON MARCH 31, 2025

Particulars	(Rs. in Lakhs)	
	Year Ended March 31, 2025	Year Ended March 31, 2024
A. CASH FLOW FROM OPERATIONS		
Loss before tax	(1,729.69)	(1,094.24)
Adjustment for:		
Depreciation	982.54	1,146.68
Amortisation of lease hold land	3.31	3.31
Prorate capital subsidy	(9.23)	(18.46)
(Profit)/Loss on sale of fixed assets	-	-
Interest expense	(84.35)	(14.50)
Interest income	(837.42)	24.80
Operating profit before working capital changes		
Adjustment for working capital changes:		
Increase/(Decrease) in financial liabilities	108.45	(763.92)
Trade payables	(12.70)	121.98
Revenue received in advance	2,236.27	(55.86)
Other payables	20.79	27.52
Increase/(Decrease) in other current liabilities	44.00	32.13
Increase/(Decrease) in provisions		
(Increase)/Decrease in financial assets		
Trade and other receivables	133.16	39.79
Loans	-	-
Investment	-	3.47
Interest accrued but not due	0.00	(3.47)
Other loan	(8.00)	227.29
(Increase)/Decrease in other current assets	-	57.03
(Increase)/Decrease in other non current assets	199.55	196.99
(Increase)/Decrease in inventories	1,884.10	(92.25)
Current tax liabilities (Net)	(8.52)	17.85
Net cash flow from operating activities (A)	1,875.58	(74.39)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions/Deletion to property, plant and equipment	-	69.96
Reductions to property, plant and equipment	-	-
Interest receipts	84.35	14.50
Net cash used in investing activities (B)	84.35	84.46
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)	1,959.93	10.07
Cash and cash equivalents - Opening balance	148.48	138.41
Cash and cash equivalents - Closing balance	2,108.41	148.48
	2,108.41	148.48
	0.00	-

(Figures in bracket represents cash outflow)

As per our report of event date

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

CA. Arun Khandelia
Partner
Membership No. 089125

October 27, 2025



(Signature)
Sangeet Sharma
Chief Financial Officer

For and on behalf of the Board
(Suspended Powers)

(Signature)
Manish Bagrodia
Director
DIN 00048944



Taken on Record

Anil Kohli

Chief Financial Officer

Winsome Yarns Limited(Under CIRP)

Notes forming part of audited Financial statements as at and for the year ended on March 31, 2025

							(Rs., Lakhs)
4 (a) Property, plant and equipment							
Particulars	Land	Buildings*	Plant & Machinery	Furniture & Fixtures*	Office equipments	Vehicles	Total
Gross carrying value							
As at April 1, 2023	341.09	8,643.25	40,063.63	369.81	130.68	44.55	49,593.01
-Additions*							69.96
-Disposals	69.96						
As at March 31, 2024	271.13	8,643.25	40,063.63	369.81	130.68	44.55	49,523.05
-Additions							
-Disposals							
As at March 31, 2025	271.13	8,643.25	40,063.63	369.81	130.68	44.55	49,523.05
Depreciation and Impairment							
As at April 1, 2023	-	4,286.66	29,980.53	352.85	120.95	42.32	34,783.31
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
Depreciation charged during the year	-	241.94	739.13	0.02	0.02	-	981.11
Adjustments							
As at March 31, 2025	-	4,783.64	31,605.96	352.90	124.37	42.32	36,909.19
Net Book Value							
As at March 31, 2025	271.13	3,859.61	8,457.67	16.91	6.31	2.23	12,613.86
As at March 31, 2024	271.13	4,101.55	9,296.80	16.93	6.33	2.23	13,594.97
As at April 1, 2023	341.09	4,356.59	10,083.10	16.96	9.73	2.23	14,809.70

Winsome Yarns Limited(Under CIRP)

Notes forming part of audited Financial statements as at and for the year ended on March 31, 2025

4(b) Other Intangible Assets	(Rs., Lakhs)	
Particulars	Specialized Software	Total
Gross carrying value		
As at April 1, 2023	94.08	94.08
-Additions	-	-
-Disposals	-	-
As at March 31, 2024	94.08	94.08
-Additions	-	-
-Disposals	-	-
As at March 31, 2025	94.08	94.08
Depreciation and Impairment		
As at April 1, 2023	86.25	86.25
Depreciation charged during the year	3.91	3.91
-Disposals	-	-
As at March 31, 2024	90.16	90.16
Depreciation charged during the year	1.43	1.43
Adjustments	-	-
As at March 31, 2025	91.59	91.59
Net Book Value		
As at March 31, 2025	2.49	2.49
As at March 31, 2024	3.92	3.92
As at April 1, 2023	7.83	7.83

*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

- (i) The Company's land at Derabassi, Punjab comprises a common passage (Passage Land), which is used by the owner of adjoining land as there is no direct access road available to him. The said owner of adjoining land filed an application in the Court of Additional Civil Judge, Dera Bassi, Punjab, under order 39 Rule 1 and 2 read with section 151 of CPC, 1908, seeking amongst others, restraint against the Company from selling or transferring or in any manner dealing with the Passage Land or causing any restriction on the use of Passage Land.
- (ii) Certain employees of the Company, who are paying rent and maintenance charges to the Company for use of residential quarters occupied by them at the spinning mill of the Company situated at Village Kuranwala, Barwala Road, Dera Bassi, Punjab and knitwear unit of the Company situated at Plot No. B-58, Phase VII, Industrial Area, SAS Nagar, Mohali, Punjab obtained permanent injunction from the Hon'ble Civil Judge (Junior Division), Dera Bassi, Punjab and the Hon'ble Court of Civil Judge (Junior Division), SAS Nagar, Mohali vide order dated 09.08.2017 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 egress of their vehicles and evicting them forcibly from the said residential quarters only till their employment continues with the Company.
- (iii) A tenant having shop situated in the spinning mill complex of the Company situated at Village Kuranwala, Barwala Road, 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.
- (iv) A theft has been reported in Transformer of copper winding approx.4200 KG (Cost Rs.1200/- per kg Approx. amount of loss is Rs.50,40,000/-) & 5500 litres oil (cost per litre Rs160/- Approx. Rs.8,80,000/- and loss Rs.59,20,000/- Approx.) from its housing is stolen by unknown persons in the spinning mill complex of the Company situated at Village Kuranwala, Barwala Road, Dera Bassi, Punjab, and complaint is given for registering FIR at Dera Bassi Police station & subsequently insurance claim has been filed with the Insurance company.



Winsome Yarns Limited(Under CIRP)

Notes forming part of audited Financial statements as at and for the year ended on March 31, 2025

Particulars	March 31, 2025	March 31, 2024	
5 Investments			
6 Loans			
Unsecured, considered good			
Security deposits			
Non-Current			
7 Deferred tax assets (net)			
Particulars	March 31, 2025	March 31, 2024	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)	(2,304.54)	(2,735.78)	(431.24)
	(2,304.54)	(2,735.78)	(431.24)
(ii) Deferred tax liabilities (On Property, plant and equipment)	(2,304.54)	(2,735.78)	(431.24)
	(2,304.54)	(2,735.78)	(431.24)
Net deferred tax assets/(liabilities) (i-ii) [Refer Note No. 3.10]			
	March 31, 2025	March 31, 2024	
8 Other non current assets			
Unsecured, Considered Good Advance other than capital advance	250.00	250.00	
Unsecured, Considered Doubtful capital advance	250.00	250.00	
Prepaid expense			
Security deposit with Government	171.40	171.40	
Security deposit - Others	41.02	41.02	
Advance against leasing	218.73	222.04	
Advance against restructuring	2,268.50	2,268.50	
	2,699.65	2,702.96	
	2,699.65	2,702.96	
9 Inventories			
Production supplies	52.37	52.06	
Stores and spares	49.68	66.43	
Work in progress	39.89	53.61	
Finished goods*	14.61	184.00	
Waste	0.00	0.00	
	156.54	356.09	
*Includes in transit Nil (Previous Year Rs Nil)			
10 Investments			
Investment in Money Market			
Value of Investment USD 4819980 in KAS Capital Fund Formerly 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	120.12	253.28	
	120.12	253.28	
Total Trade Receivable	120.12	253.28	

TRADE RECEIVABLES AGEING SCHEDULE AS ON 31ST MARCH 2025

OUTSTANDING FOR FOLLOWING PERIODS FROM DUE DATE OF PAYMENT							
PARTICULARS	NOT DUE	LESS THAN 6 MONTH	6 MONTH -1 YEAR	1-2 YEAR	2-3 YEAR	MORE THAN 3 YEARS	TOTAL
(1) UNDISPUTED TRADE RECEIVABLE							
- CONSIDERED GOODS	-	0.02	1.67	25.38	16.12	76.98	120.12
- CREDIT IMPAIRED	-	-	-	-	-	-	-
(2) DISPUTED TRADE RECEIVABLE	-	-	-	-	-	-	-
- CONSIDERED GOODS	-	-	-	-	-	-	-
- CREDIT RISK	-	-	-	-	-	-	-
- CREDIT IMPAIRED	-	-	-	-	-	-	-

TRADE RECEIVABLES AGEING SCHEDULE AS ON 31ST MARCH 2024

(1) UNDISPUTED TRADE RECEIVABLE							
- CONSIDERED GOODS	2.14	83.48	52.56	56.60	2.42	56.08	253.28
- CREDIT IMPAIRED	-	-	-	-	-	-	-
(2) DISPUTED TRADE RECEIVABLE	-	-	-	-	-	-	-
- CONSIDERED GOODS	-	-	-	-	-	-	-
- CREDIT RISK	-	-	-	-	-	-	-
- CREDIT IMPAIRED	-	-	-	-	-	-	-



12 Cash and cash equivalents		
Balances with banks in current accounts	57.74	117.81
Cash in hand	0.01	0.01
	<u>57.75</u>	<u>117.82</u>

Winsome Yarns Limited

Notes forming part of audited Financial statements as at and for the year ended on March 31, 2025

Particulars	March 31, 2025	March 31, 2024
13 Other bank balances		
Earmarked balance		
- On Margin money account	0.00	0.00
- On Fixed deposits account*	30.66	30.66
- On Fixed deposits account(EMD)**	<u>2,020.00</u>	<u>-</u>
	<u>2,050.66</u>	<u>30.66</u>
This Fixed Deposit had been made for Margin Money for raising Bank Guarantee, Which was adjusted against the dues of working capital repaying at the time of Annual business *FPA, has not been accounted for as it will change note in Financials of the borrowing amount as per books		
** This Fixed Deposit had been made for Earnest Money Refundable received against Resolution Plans from the Applicants		
14 Other financial assets		
Interest subsidy receivable (Under TUFs)	899.05	899.05
Interest accrued but not due	0.00	0.00
Other loan	<u>47.65</u>	<u>47.65</u>
	<u>946.71</u>	<u>946.71</u>
Less: Allowance for doubtful Refunds/Claims receivables/Credit Impaired**	<u>(0.00)</u>	<u>(0.00)</u>
** The Provisions may be modified on further reconciliation and evaluation of the recoverability of the Current Assets		
15 Current tax assets		
Advance income tax including TDS	<u>95.38</u>	<u>85.86</u>
	<u>95.38</u>	<u>85.86</u>
16 Other current assets		
Unsecured, Considered Good Refunds/Claims receivables	155.78	156.29
Unsecured, Considered Doubtful Refunds/Claims receivables	<u>50.03</u>	<u>50.03</u>
	<u>205.81</u>	<u>206.32</u>
Less: Allowance for doubtful Refunds/Claims receivables/Credit Impaired	<u>50.03</u>	<u>50.03</u>
	<u>155.78</u>	<u>156.29</u>
Unsecured, Considered Good		
Prepaid expenses	4.41	15.33
Balance with Government Authority	77.38	69.98
Export incentives receivable	42.06	42.06
Advance against leasing	3.31	3.31
Advances to suppliers	<u>142.51</u>	<u>130.45</u>
	<u>269.65</u>	<u>261.14</u>
Less: Allowance for doubtful Refunds/Claims receivables/Credit Impaired**	<u>217.38</u>	<u>217.38</u>
	<u>52.27</u>	<u>43.76</u>
	<u>205.05</u>	<u>200.05</u>
** The Provisions may be modified on further reconciliation and evaluation of the recoverability of the Current Assets		
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	<u>8,500.00</u>	<u>8,500.00</u>
	<u>8,500.00</u>	<u>8,500.00</u>
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	<u>7,108.68</u>	<u>7,108.68</u>
	<u>7,108.68</u>	<u>7,108.68</u>
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	<u>7,070.72</u>	<u>7,070.72</u>
	<u>7,070.72</u>	<u>7,070.72</u>

Notes:

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

Particulars	March 31, 2025		March 31, 2024	
	Number	Rs. in Lakhs	Number	
Outstanding at the beginning of the year	70707229	7070.72	70707229	
Outstanding at the end of the period/year	70707229	7070.72	70707229	

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, 2025		March 31, 2024	
	Number	% holding	Number	% holding
i) Shell Business (P) Ltd	21412414	30.28	21412414	30.28
ii) Satyem Consumer (P) Ltd	5765073	8.15	5765073	8.15
iii) Aspre 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	<u>41.37</u>	<u>50.80</u>
Current	<u>41.37</u>	<u>50.80</u>
Unamortized grant	<u>9.23</u>	<u>9.23</u>
	<u>9.23</u>	<u>9.23</u>



Winsome Yarns Limited

Notes forming part of audited financial statements as at and for the year ended on March 31, 2025

Particulars	March 31, 2025	March 31, 2024
19 Provisions		
Non current		
Provision for employee benefit	189.07	189.57
Gratuity	63.59	49.59
Leave encashment	252.66	219.18
Current		
Provision for employee benefit	30.00	16.30
Gratuity	14.00	17.00
Leave encashment	44.00	33.90
20 Borrowings		
Secured		
Loan payable on demand	8,146.04	8,146.04
to Banks	47,071.07	47,071.07
to EARC	440.52	440.52
Working capital term loan	55,657.63	55,657.63

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

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

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

d) Working Capital Term Loans of Rs.400.52 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 have been classified under current liabilities.

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

21 Trade payables		
Total outstanding dues of Micro and small enterprises*	71.56	71.23
Total outstanding dues of creditors other than Micro and small enterprises	2,724.72	2,616.57
*Refer Note No. 3.7	2,796.28	2,687.80

Trade Payables Aging Schedule as on: March 31, 2025

Particulars	Outstanding for following periods from Due Date of Payment					
	Not Due	Less than 1 Year	1-2 Year	2-3 Year	More than 3 Years	More than 3 Years
(i) MSME	0.00	1.25	7.87	18.86	43.58	71.56
(ii) Others	1.71	80.21	82.53	192.25	2,458.03	2,724.72
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Trade Payables Aging Schedule as on: March 31, 2024						
(i) MSME	0.00	8.88	19.85	5.22	38.38	71.23
(ii) Others	1.43	78.01	77.80	96.26	2,352.68	2,616.57
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-

22 Other financial liabilities		
Interest accrued and due on borrowings	1,052.85	1,052.85
Bank overdraft	-	-
Revenue received in advance	513.28	525.98
EMO Refundable	2,020.00	-
Other payables		
Capital payables	-	-
Others	1,858.67	1,442.41
	5,244.80	3,021.23

23 Other current liabilities		
Statutory dues and taxes	248.20	227.42
	248.20	227.42

24 Revenue from operations		
Sale of products		
- Yarns*	6.31	73.91
- Knitwear	188.26	1,810.72
- Trading sale - Yarns	-	-
	(A)	
	174.59	1,884.63
Sale of services		
Yarns - Job work charges**	203.24	694.56
Knitted - Job work charges**	40.25	-
	(B)	
	243.49	694.56

**The company has entered into job work agreement with M/s Bharat Syntex Ltd. They will supply Raw material (cotton & Other Fibres) for job work required for manufacturing of yarn of accepted standard quality. They will have lien on stocks of Raw Material/ Work in Progress/ Finished goods being manufactured from the Raw Materials supplied by them with rights of constructive pledge available to them in respect of materials.

Other operating revenue		
- Waste sales	-	162.92
- Sale of scraps	1.00	0.47
	(C)	
	1.00	163.40
Net Revenue from operations	(A+B+C)	
	419.08	2,542.56

*Includes duty drawback & DEPB of Rs Nil (P.Y Rs Nil)



Winsome Yarns Limited(Under CIRP)

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2025

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 Comprehen- sive Income		
Ice as at April 1, 2023	7,070.72	5,181.95	261.03	(53,685.51)	124.44	150.04	(47,968.05)	(40,897.33)
For the year	-	-	-	(1,094.24)	-	-	(1,094.24)	(1,094.24)
Ice 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)
For the year	-	-	-	(1,729.69)	-	-	(1,729.69)	(1,729.69)
Ice as at March 31, 2025	7,070.72	5,181.95	261.03	(56,509.44)	124.44	150.04	(50,791.98)	(43,721.26)

Our report of even date.

7
for Associates
Shri Khandela & Sharma)
Chartered Accountants
Registration No. 510525C
hand of



(Signature)
Sanjay Sharma
Chief Financial Officer

For and on behalf of the Board
(Suspended Powers)

(Signature)
Manish Bagrodia
Director
DIN 00046944



Taken on Record
Anil Kohli
Designated Partner & Authorized Signatory
ARCK Resolution Professionals LLP acting as Resolution Professional

Ship No.: 089125
2025
hi (Camp at Chandigarh)

Winsome Yarns Limited(Under CIRP)

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

(Vaccated on 30.12.2024 and presently working from B-58, Ind.Area Phase 7, Mohali)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2025

Particulars	Notes	Year Ended March 31, 2025	Year Ended March 31, 2024
INCOME			
Revenue from operations	24	419.08	2,542.58
Other income	25	86.43	483.07
Total Income		505.51	3,005.66
EXPENSES			
Cost of material consumed		2.93	517.94
Purchase of stock-in-trade		-	-
Excise duty		-	-
Change in inventories of finished goods, work in process and stock in trade	26	183.11	152.86
Employees benefit expenses	27	533.85	1,114.20
Finance costs	28	-	-
Depreciation and amortisation	29	982.54	1,148.68
Other expenses	30	532.77	1,166.21
Total Expense		2,235.20	4,099.89
Loss before exceptional items and tax		(1,729.69)	(1,094.24)
Less: Exceptional items		-	-
Loss before tax		(1,729.69)	(1,094.24)
Less/(-Add): Tax expense			
Current tax		-	-
Deferred tax	7	-	-
Loss after tax		(1,729.69)	(1,094.24)
Other comprehensive income		-	-
Total Comprehensive Income		(1,729.69)	(1,094.24)
Earnings per equity share [par value of Rs. 10 (Rs. 10) each]			
1 Basic (Rs.)	31	(2.45)	(1.55)
2 Diluted (Rs.)	31	(2.45)	(1.55)

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.

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

CA. Arun Khandelia
Partner
Membership No.: 089125
October , 2025
New Delhi (Camp at Chandigarh)



Sanjay Sharma
Sanjay Sharma
Chief Financial Officer

For and on behalf of the Board
(Suspended Powers)

Manish Bagrodia
Manish Bagrodia
Director
DIN 00046944



Taken on Record
Anil Kohli
Designated Partner & Authorized signatory
ARCK Resolution Professionals LLP, New Delhi

Winsome Yarns Limited (Under CIRP)

Notes forming part of audited Financial statements as at and for the year ended on March 31, 2025

Particulars	Year Ended	Year Ended
	March 31, 2025	March 31, 2024
25 Other income		
Interest received	84.35	14.50
Foreign exchange rate difference (net)	-7.15	18.31
Profit on sale of fixed assets		430.04
Provisions written back		-18.24
Deferred grant income	9.23	18.46
Miscellaneous income		
	<u>86.43</u>	<u>462.07</u>
26 Change in inventories of finished goods, work in process and stock in trade		
Closing Stock		
Finished goods		
- Yarn	12.27	34.10
- Knitwear	2.34	149.90
	<u>14.61</u>	<u>184.00</u>
Work in process		
- Yarn	14.54	12.07
- Knitwear	25.35	41.54
	<u>39.89</u>	<u>53.61</u>
	<u>54.50</u>	<u>237.61</u>
Less: Opening Stock	(A)	
Finished goods		
- Yarn	34.10	34.10
- Knitwear	149.90	181.97
	<u>184.00</u>	<u>316.07</u>
Work in process		
- Yarn	12.07	15.92
- Knitwear	41.54	158.48
	<u>53.61</u>	<u>174.40</u>
	<u>237.61</u>	<u>390.47</u>
	(B)	
(Increase) / Decrease in inventories	(B-A)	
	<u>183.11</u>	<u>162.86</u>
27 Employee benefit expenses		
Salaries, wages, bonus, etc.	502.80	1,050.82
Contribution to provident and other funds	23.72	49.66
Employees welfare	7.33	13.72
	<u>533.85</u>	<u>1,114.20</u>
28 Finance costs		
Interest paid on borrowings	-	-
	<u>-</u>	<u>-</u>
29 Depreciation and amortisation		
Depreciation	961.11	1,144.77
Amortisation	1.43	3.81
	<u>962.54</u>	<u>1,148.58</u>
30 Other expenses		
Stores and spares consumed	30.23	187.13
Power and fuel	110.59	233.85
(net of credit received on account of power generation by Captive MHPs)		
Repairs and maintenance		
- Building	5.47	8.00
- Plant and machinery	0.09	13.11
- Others	13.51	23.91
Processing and dyeing charges	10.20	57.57
Material handling charges	0.00	0.37
Lease rent of land	3.31	3.31
Rent	5.55	2.70
Rates and taxes	0.01	0.02
Printing and stationery	0.31	2.12
Director's meeting fees		0.95
Insurance	21.87	32.89
Bank charges	0.74	1.42
Traveling and conveyance	2.28	95.74
Postage, telegrams and telephones	5.03	9.11
CRP Cost	150.75	83.89
Legal and professional charges	13.38	256.12
Charity and donation	-	0.30
Payment to auditor		
- Audit fees	5.00	5.00
- Tax audit fees	1.00	1.00
- Other services	2.71	3.10
Commission on sales	-	6.70
Freight and handling charges	0.76	20.28
Advertisement and other selling expenses	125.19	50.60
Miscellaneous	24.73	88.99
	<u>532.77</u>	<u>1,168.21</u>



51 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	(1,729.69)	(1,094.24)
(b) Weighted average number of equity shares outstanding for calculation of			
- Basic and diluted earnings per share	Nos., Lakhs	707.07	707.07
(c) Nominal value	Rs.	10.00	10.00
(d) Earnings per share (a)/(b)			
- Basic and diluted	Rs.	(2.45)	(1.55)
- Diluted	Rs.	(2.45)	(1.55)

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.

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



CA. Arun Khandelia
Partner
Membership No. : 089125
October 27, 2025
New Delhi (Camp at Chandigarh)

Sarjay Sharma
Chief Financial Officer

For and on behalf of the Board
Suspended Powers

Manish Bagrodia
Director
DIN 00046944



Takshin Record
Anil Kohli
Designated Partner & Authorized Signatory
ARCA Resolution Professionals LLP acting as Resolution Professional

Winsome Yarns Limited

Notes to the financial statements as at and for the year ended March 31, 2025.

- 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 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

Winsome Yarns Limited**Notes to the financial statements as at and for the year ended March 31, 2025.**

periodically, including at each financial year end by the management of the Company.

(b) Intangible Assets

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

(c) Impairment of non financial assets

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

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

(d) Inventories

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

(e) Financial Instruments

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

Financial Assets :

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

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

Financial assets are classified as those measured at:

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

In case of investment in equity shares

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



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

Debt instruments:

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

Other:

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

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

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

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

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

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

Financial Liabilities

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

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

Offsetting Financial Instruments

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

Equity Instruments

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

(f) Government Grants

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

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

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

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

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

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



Statement of Profit and Loss.

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

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

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

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

(h) Recognition of revenue and expenditure

(i) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable. Revenue represents the net invoice value of goods and services provided to third parties after deducting discounts, volume rebates, outgoing taxes. Revenue is recognised usually when all significant risks and rewards of ownership of the asset sold are transferred to the customer and the commodity has been delivered to the shipping agent. Revenue from sale of material by-products are included in revenue.

(ii) Interest and dividend income

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

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

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

(i) Borrowing Cost

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

(j) Employee benefits

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

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

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

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

(k) Taxes on income

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

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

Winsome Yarns Limited**Notes to the financial statements as at and for the year ended March 31, 2025.**

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.N	Particulars	2024-25	2023-24
o.			



Winsome Yarns Limited

Notes to the financial statements as at and for the year ended March 31, 2025.

(i)	Sales Tax liability in respect of matters under appeal/Rectification Sales Tax liability appeal yet to be filed.	1918.22 25.80	1918.22 25.80
(ii)	Excise duty show cause notices / matters under appealSales 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	6.43 423.53

(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/PA-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. Committee of Creditors (COC) had approved the Resolution Plan for resolution of debts of the Company submitted by Mohini Health & Hygiene Limited and the Resolution Professional had filed an application before Hon'ble National NCLT for approval of Resolution Plan. The Resolution Plan on approval by Hon'ble NCLT will also make the Company eligible for certain reliefs, concessions and waivers from creditors and agencies, including from governmental bodies, and the Company will thus remain a Going; 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.

- 3.4** Research and Development Expenditure (as certified by management) amounting to Rs.3.18 Lakhs (Previous Period Rs. 5.20 Lakhs) have been debited to Statement of Profit and Loss during the year.

- 3.5** 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

Winsome Yarns Limited**Notes to the financial statements as at and for the year ended March 31, 2025.**

Company is hopeful of full recovery of loss from the Insurance Company under Employee Fidelity Insurance, and has accounted the same in its books of account.

3.6 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)	
	2024-25	2023-24	2024-25	2023-24
I. Amount to be recognized in the Balance sheet				
Present Value of Obligation as at 31.03.2025	204.67	174.67	91.99	77.99
Fair value of plan assets as at 31.03.2025	-	-	-	-
Funded Status [surplus/(Deficit)]	-204.67	-174.67	-91.99	-77.99
Net Assets/(Liability) Recognized in Balance Sheet	-204.67	-174.67	-91.99	-77.99
II. Expenses recognized during the period				
Current Service Cost	30.00	16.50	14.00	17.00
Interest Cost	-	-	-	-
Expected Return on Plan Assets	-	-	-	-
Actuarial (gain)/ loss	-	-	-	-
Net Expenses Recognized	30.00	16.50	14.00	17.00
III. Reconciliation of opening and closing balance of Defined Benefit Obligation				
Present Value of Obligation at the beginning of the period	174.67	158.44	77.99	62.09
Current Service Cost	30.00	16.50	14.00	17.00
Interest Cost	-	-	-	-
Actuarial (gain)/ loss on obligations	-	-	-	-
Benefit Paid	-	0.27	-	1.10
Present Value of Obligation as at the end of the period	204.67	174.67	91.99	77.99
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			



Winsome Yarns Limited**Notes to the financial statements as at and for the year ended March 31, 2025.**

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	2024-25	2023-24
a)	(i) Principal amount remaining unpaid at the end of the accounting year	71.56	71.19
	(ii) Interest due on above	98.42	85.03
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	98.42	85.03
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.	98.42	85.03

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*	419.08 (2532.00)	- (10.58)	419.08 (2542.58)
(ii)	Carrying amount of segment assets by location of assets	17896.41 (17117.28)	12.79 (12.39)	17909.20 (17129.67)

*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



Winsome Yarns Limited

Notes to the financial statements as at and for the year ended March 31, 2025.

Shri Sanjay Sharma[^]

Chief Financial Officer

(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	2024-25	2023-24
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)	-	-
IMM Winsome Italia		
--Balance Outstanding as at period end		
--Balance Outstanding as at period end Receivable / (Payable)	-	-
Ms. Neha Singhal (Salary) Upto 21.12.2023	-	1.38
Shri Sanjay Sharma (Salary)	9.72	10.72

[^]Pursuant to Companies Act 2013.**3.12 (A) (i) Details of WIP:**

(Rs. In Lakhs)

Particulars	2024-25	2023-24
Mixed Materials (natural and man-made fibres)	14.54	12.07
Fleece	-	-
Winding	-	-
Garments	25.35	41.54
Total	39.89	53.61

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

(Rs. In Lakhs)

Particulars	2024-25	2023-24
Yarns	2.93	513.22
Others	-	-
Total	2.93	513.22

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

(Rs. In Lakhs)

Particular	Raw Material				Stores & Spares			
	2024-25	%	2023-24	%	2024-25	%	2023-24	%
Imported	-	-	-	-	-	-	1.14	.61
Indigenous	2.93	100	513.22	100	30.23	100.00	185.99	99.39
Total	2.93	100	513.22	100	30.23	100.00	187.13	100.00



Winsome Yarns Limited

Notes to the financial statements as at and for the year ended March 31, 2025.

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	2024-25	2023-24
Spare Parts & Components	-	1.14
Raw Material	-	18.19

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

Particulars	2024-25	2023-24
Exports of goods on FOB basis (excluding export through export houses)	-	10.58

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

Particulars	2024-25	2023-24
Foreign Traveling	-	-
Commission on sales	-	-
Others	-	176.09

- 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)	
		31.03.2025	31.03.2024	31.03.2025	31.03.2024
Advance From Customer	USD	553975.53	553975.53	352.99	352.99
	EURO	-	-	-	-
Sundry Creditors	HKD	3009.40	3009.40	0.34	0.32
	Euro	17691.11	24910.74	16.99	18.36
	USD	189608.42	257002.34	165.53	159.27
	CHF	15250.37	15250.37	15.38	14.60
Advance To Suppliers	EURO	84.08	84.08	0.06	0.06
	USD	1733.46	24056.79	1.11	1.11
	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 31/03/2025 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. 26433.97 Lakhs (Including Rs. 22850.78 Lakhs, previous year) and Rs. 153285.32 Lakhs (Including Rs.126851.35 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.



Winsome Yarns Limited**Notes to the financial statements as at and for the year ended March 31, 2025.****3.16 Financial risk management****i. Financial instrument by category**

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

ii. Risk management

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

(A) Credit risk

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

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

- a) Low credit risk
- b) Moderate credit risk
- c) High credit risk

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

(B) Liquidity risk

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

(C) Market risk

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

a) Currency risk

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

b) Interest rate risk

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

- ii) **Liabilities:** The Company had borrowings from banking institutions, majority whereof are



Winsome Yarns Limited

Notes to the financial statements as at and for the year ended March 31, 2025.

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.

- 3.17 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

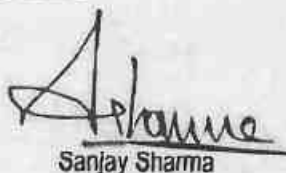
New Delhi

(Camp at Chandigarh)

Place : Chandigarh

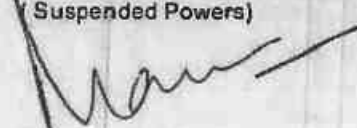
Date : 27 Oct. 2025




Sanjay Sharma

Chief Financial Officer

For and on behalf of the Board
(Suspended Powers)


Manish Bagrodia

Director

DIN 00045944



Taken on Record

Anil Kohli

Designated Partner &
Authorized signatory of
IPE registered as
IP

ARCK Resolution
Professionals LLP
acting as Resolution
Professional



in the matter of M/s.
Winsome Yarns
Limited

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

Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2025 [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	505	505
	2	Total Expenditure	2235	31356
	3	Net Profit/(Loss)	(1730)	(30851)
	4	Earnings Per Share	(2.45)	(43.63)
	5	Total Assets	20573	17855
	6	Total Liabilities	64294	217579
	7	Net Worth	(43721)	(199724)
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
* all adjustments are without tax effect.				
II.	Audit Qualifications			
	(a)	Details of Audit qualification	Reference is invited to Para (4) of Independent Auditor's Report on Standalone audited financial results:	
			(i) In view of accumulated losses of the company as-at the end of March 31, 2025, 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.	
			(ii) Non-provisioning of interest expenses, of Rs 26,433.97 Lakhs on borrowings for the year ended on March 31, 2025 (Rs 22,850.78	

			<p>lakhs for the year ended on March 31, 2024) and Rs 1,53285.32 Lakhs being aggregate amount of interest un-provided till the year ended March 31, 2025 (Rs 1,26,851.35 Lakhs till the year ended March 31, 2024), 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. 118.49 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.</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 31.03.2025 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, 2025. Fixed Deposit with Canara Bank Amount of Rs 30.65 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, 2025.</p>
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		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. 2023-24
	(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.4 of Results</p> <p>(ii) Regarding non-provision of interest expenses, penal interest, penalty, etc. in respect of borrowings of the Company from banks - As stated in Note No. 3.15 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</p>

			<p>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 diminution 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 11(a) above]
II.	Signatories		
	<ul style="list-style-type: none"> Manish Bagrodia- Director DIN 0046944 		
	<ul style="list-style-type: none"> Chief Financial Officer- Sanjay Sharma 		

	<ul style="list-style-type: none"> Anil Kohli (Authorized Representative of ARCK Resolution Professional LLP- Resolution Professional) 	 (Taken on Record)
	<ul style="list-style-type: none"> Statutory Auditor 	<p>For Dhana & Associates (Formerly Khandelia & Sharma, Chartered Accountants Firm Registration No. 510525C</p>  <p>(Arun Khandelia) Partner Membership No. 089125</p> 

Place: Chandigarh