

WINSOME YARNS LIMITED



32nd
ANNUAL REPORT
2021-22



**IS/ISO
9001**



CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Manish Bagrodia

Mrs. Mridula Goyal

Shri Rajiv Chadha

Shri Tilak Raj Dembla

Chairman and Managing Director (Executive)

Non-Independent Director (Non-Executive)

Independent Director (Non-Executive)

Independent Director (Non-Executive)

CHIEF FINANCIAL OFFICER

Shri Sanjay Sharma

COMPANY SECRETARY

Ms. Neha Singhal

REGISTERED OFFICE

WINSOME YARNS LIMITED

SCO- 191-192, Sector 34-A

Chandigarh – 160022, India

AUDITORS

M/s Dhana & Associates

(Formerly : Khandelia and Sharma)

Chartered Accountants

407, South-Ext. Plaza-II

South Extension-2, New Delhi-110049, India

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Limited

Noble Heights, 1st Floor, Plot NH 2

C-1 Block LSC, Near Savitri Market

Janakpuri, New Delhi - 110058, India

CORPORATE IDENTITY NO. (CIN)

L17115CH1990PLC010566

ISIN (EQUITY SHARE)

INE784B01035

PERMANENT ACCOUNT NO. (PAN)

AAACW1911H

BSE SECURITY CODE : 514348

NSE SYMBOL : WINSOME

GST NO.- (CHANDIGARH) : 04AAACW1911H2ZR

GST NO.- (PUNJAB) : 03AAACW1911H1ZU

GST NO.- (TAMILNADU) : 33AAACW1911H1ZR

C O N T E N T S

<i>Notice of AGM.....</i>	<i>001</i>
<i>Directors' Report</i>	<i>006</i>
<i>Corporate Governance Report.....</i>	<i>022</i>
<i>Auditors' Report on Standalone Financials.....</i>	<i>037</i>
<i>Standalone Financials</i>	<i>052</i>
<i>Statement under Section 129 (Form AOC-1)....</i>	<i>079</i>
<i>Auditors' Report on Consolidated Financials.....</i>	<i>080</i>
<i>Consolidated Financials.....</i>	<i>091</i>

WINSOME YARNS LIMITED

Regd. Office : SCO. 191-192, 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 the 32nd Annual General Meeting of the Members of Winsome Yarns Limited, will be held on Friday, the 30th day of September, 2022 at 11.15 a.m. at the registered office of the company at SCO 191-192, Sector 34-A, Chandigarh 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, 2022 together with the Reports of the Board of Directors and Auditors thereon.

ITEM NO. 2

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

SPECIAL BUSINESS:

ITEM NO. 3

To ratify the appointment of M/s. Vijay Kumar Mishra & Associates, Cost Accountants as Cost Auditor of the Company for the financial year 2022-23 and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of Companies Act 2013, read with Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), and final policy of the Central Government on the subject, M/s. Vijay Kumar Mishra & Associates, Cost Accountants, (Firm registration number 001723), Ghaziabad, appointed by the Board of Directors as Cost Auditor of the Company, for conducting the Cost Audit of Accounts of the Company for the financial year 2022-23, be and is hereby ratified and confirmed. Further, the Board of Directors of the Company, be and are hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.

RESOLVED FURTHER THAT pursuant to provisions of section 148(3) of the Companies Act, 2013 and Rules made thereunder, approval of the shareholders be and is hereby accorded for the remuneration of Rs. 30,000/- (Rupees Thirty thousand only) plus taxes and out-of pocket expenses payable to the aforesaid Cost Auditor of the Company for the financial year 2022-23.”

For and on behalf of the Board

Place : Chandigarh

Dated : 27.05.2022

Manish Bagrodia

Chairman and Managing Director

NOTES :

1. **Members who are holding the shares in demat form, are requested to update their PAN, Adhar No., Bank details, Nomination etc. and e-mail id with the Depository Participants (DP) where they are maintaining their demat account(s). Members who are holding shares in physical form, are requested to send their self attested copies of PAN card, Adhar card, Bank details, Nomination forms etc. and e-mail id to the Registrar and Share Transfer Agent of the Company, at their address : M/s Link Intime India Pvt. Limited, Noble Heights, 1st Floor, Plot NH 2, C-1 Block LSC, Near Savitri Market, Janakpuri, New Delhi-110058 by post or self attested scanned copies by email at sunil.mishra@linkintime.co.in**
2. A member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.
3. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.

4. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
5. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
6. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
7. M/s Link Intime India Pvt. Limited, Noble Heights, 1st Floor, Plot NH 2, C-1 Block LSC, Near Savitri Market, Janakpuri, New Delhi - 110058 (Tele. 011-41410592-94, Fax No. 011-41410591) is acting as common agency (RTA) for dematerialisation and physical transfer of shares of the Company.
8. The notice of AGM along with Annual Report will be sent by electronic mode to those members whose valid e-mail addresses are registered with the Company/Depositories, unless any member has requested for a physical copy of the same. The members who have not registered their e-mail addresses, physical copies will be sent by the permitted mode.
9. Item No. 2 - Shri Manish Bagrodia aged about 54 years is M.Com, Diploma in Computer Applications having around 33 years of experience in Textile Industry and Hydro Power generation. He is holding 52040 shares of the company. Presently, he is Chairman and Managing Director of Winsome Yarns Limited, and Directors of Confederation of Indian Textile Industry, Winsome Yarns (Cyprus) Limited, IDS Infotech (UK) Limited, Manimahesh Power Pvt. Limited and Revti Business Pvt. Limited. He is also member of Audit Committee and Stakeholders Relationship Committee and Chairman of Risk Management Committee of Winsome Yarns Limited.
10. A Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business is annexed hereto, if required.
11. The Register of Members and Share Transfer Books of the Company will remain closed on **23.09.2022 to 29.09.2022** (both days inclusive).

Remote e-voting Procedure

12. The instructions for shareholders voting electronically are as under:

- (i) The remote E-voting period begins on **27.09.2022 at 9.00 a.m.** IST and ends on **29.09.2022 at 5.00 p.m.** IST. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (**23.09.2022**), may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iv) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, 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 in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting **for Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<p>1) Users who have opted for CDSL Easi/ Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/ Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.</p> <p>2) After successful login the Easi/ Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</p> <p>3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration.</p> <p>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
Individual Shareholders holding securities in demat mode with NSDL	<p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</p>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 18001020 990 and 1800224430.

(v) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

- The shareholders should log on to the e-voting website www.evotingindia.com.
- Click on “Shareholders/ Members” tab.
Now Enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

For Physical shareholders and other than individual shareholders, holding shares in Demat.

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

- After entering these details appropriately, click on “SUBMIT” tab.
- Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the **EVSN** of **Winsome Yarns Limited** on which you choose to vote.
- On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option

“YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xv) If a demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) Non – Individual Shareholders and Custodians-- For remote Voting only.
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance User should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked on the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

Mr. Girish Madan, Practising Company Secretary (Membership No. FCS 5017), proprietor of M/s. Girish Madan and Associates has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer’s Report shall be placed on the Company’s website and on the website of CDSL within prescribed time limit from passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and the National Stock Exchange of India Limited.

THE EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 3

To ratify the appointment of M/s. Vijay Kumar Mishra & Associates, Cost Accountants as Cost Auditor of the Company for the year 2022-23.

The Board of Directors after considering the recommendation of Audit Committee has appointed M/s. Vijay Kumar Mishra & Associates, Cost Accountants as Cost Auditor of Company for the Financial Year 2022-23 to conduct the Cost Audit of Accounts of the Company on a total remuneration of Rs. 30,000/- (Rupees Thirty thousand only) plus taxes and out of pocket expenses. According to provisions of section 148 of Companies Act 2013 read with Companies (Audit & Auditors) Rules 2014, the remuneration of Cost Auditor is subject to the ratification of members of the Company.

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

For and on behalf of the Board

Place : Chandigarh
Dated : 27.05.2022

Manish Bagrodia
Chairman and Managing Director

DIRECTORS' REPORT

Dear Members,

We are pleased to present the 32nd Annual Report of the Company and the audited statement of accounts for the year ended 31st March, 2022. A summary of the financial results is given below.

SUMMARISED FINANCIAL RESULTS:

(Rs. in lakhs)

INCOME	Year ended 31.03.2022	Year ended 31.03.2021
Revenue from operations	4347.24	3570.99
Other income	24.95	17.25
Total Income	4372.19	3588.24
EXPENSES		
Cost of material consumed	508.57	503.68
Purchase of stock-in-trade	--	--
Excise duty	--	--
Change in inventories of finished goods, work in process and stock in trade	(152.37)	86.80
Employees benefit expenses	1860.76	1780.15
Finance costs	--	6.03
Depreciation and amortisation	1486.31	1493.28
Other expenses	2131.59	1839.47
Total Expense	5834.86	5709.41
Profit/ (Loss) before exceptional items and tax	(1462.67)	(2121.17)
Less: Exceptional items	--	--
Profit/ (Loss) before tax	(1462.67)	(2121.17)
Less/(-Add): Tax expense	--	--
Current tax	--	--
Deferred tax	--	--
Profit/ (Loss) after tax	(1462.67)	(2121.17)
Other comprehensive income	65.08	--
Total Comprehensive Income	(1397.59)	(2121.17)

OPERATIONS & PERFORMANCE:

During the year under review, the Company's operations continued to be affected due to lack of sufficient working capital funds required for operations resulting in lower capacity utilisation and the gross margins have suffered due to high input costs as the Company is not able to negotiate fine pricing with its suppliers. Furthermore, the constraints of funds have effected Company's plans to undertake debottlenecking and regular capital expenditure as per industry norms and needed for proper maintenance and upkeep of its plant, machinery and equipment.

During the year ended 31.03.2022, the Company incurred a loss of Rs. 1397.59 lakhs in comparison to the loss of Rs. 2121.17 lakhs for the previous year ended 31.03.2021. Your Company's turnover of Rs.4372.19 lakhs was marginally higher against the previous year turnover of Rs. 3588.24 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.

CLAIMS AGAINST THE COMPANY:

The Company's borrowings from certain secured lenders had been assigned by the lending banks to Edelweiss Asset Reconstruction Company Limited (EARC), an Asset Reconstruction Company (ARC).

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 are disputed by the Company, amongst other

reasons, being barred by limitation. 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 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 in respect of one of the Assignment Agreements.

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.

An appeal filed by EARC before the Hon'ble National Company Law Appellate Tribunal against the order of the Hon'ble NCLT is being heard.

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

Indian Overseas Bank has initiated insolvency proceedings against the Company before NCLT which is being contested by the Company.

A vendor of the Company has petitioned the Hon'ble NCLT for initiation of insolvency proceedings against the Company, which petition is being heard.

Further, the Company's net worth is eroded and will improve after debt resolution discussions are concluded.

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 its Udyam Registration No. UDYAM-CH-01-0000261.

OUTLOOK AND IMPACT OF COVID-19 PANDEMIC:

In the wake of the global COVID-19 pandemic, and in compliance with the directives of Government of India/State Governments, Winsome Yarns Limited ("the Company") has adopted several measures to ensure the safety and well being of all its employees. In work place, the Company has implemented heightened hygiene, health and sanitation measures and is promoting social distancing.

COVID-19 pandemic has substantially disrupted the global economic and business environment and there continues to subsist uncertainty with respect to its after effects, which cannot be reasonably ascertained. However, the Company had evaluated and considered the possible effects in its working to the extent possible, including likely impact that may result from the COVID-19 pandemic as well as all events and circumstances upto the date of approval of these financial results on the carrying value of its assets and liabilities as at 31st March 2021. In order to mitigate the uncertainty due to frequent lock-down of operations for reasons of observing a high and stringent level of requirements for health and safety, the Company had taken to manufacturing for third parties.

The operations of the Company are running at a low level until the after effects and impact of Covid-19 pandemic has significantly subsided and sufficient time has elapsed thereafter, as supply chain stabilisation and availability of manpower, both are likely to take time.

The impact of any event and developments occurring after the date of financial results for the quarter and year ended March 31, 2021 is different from those estimated as at the date of approval of these financial results, and will be recognised prospectively. The impact of COVID-19 pandemic on the Company's operations cannot be fully ascertained at this point.

Based on the guidelines issued by the GOI, various ministries/ departments of State Government, the Company commenced its operations and is operating at below optimal level of its normal capacity.

We would like to further inform you that the safety and well-being of the employees, customers, vendors, business partners and the communities in which we live and work is of paramount importance to us. The Company has issued few key guidelines for employees which include:

- Mandatory self-declaration of good health before joining;
- Wearing of face-masks, face shield, regular sanitization of personal items, work-stations, premises and maintaining social distancing;
- Thorough sanitization of all workplaces regularly, & other official vehicles after each trip.

The performance of the Company during the current year depends on availability of raw material-cotton, at reasonable prices, demand of yarn which depends on sentiments of customers which is subdued for the time being on account of world wide spread of pandemic and availability of funds for carrying out necessary repairs and maintenance at the manufacturing facilities of the Company and meeting working capital requirements.

TRADING OF EQUITY SHARES OF THE COMPANY:

The NSE and BSE had suspended trading of the Equity shares of the company due to delay in payment of certain amount to the BSE. The delay occurred due to a technical glitch in the banking network where from the payment was initiated by the Company. The Company has represented to the Stock Exchanges for review and revocation of their decision to suspend trading.

SUBSIDIARY COMPANIES:

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

As required by Indian Accounting Standard - 110 issued by the Ministry of Corporate Affairs, the consolidated financial statements included in this Annual Report incorporate the accounts of its subsidiary Companies, namely Winsome Yarns (Cyprus) Limited (unaudited 31.03.2022) and Winsome Yarns FZE (unaudited 31.03.2022, ceased operations, declared defunct from 01.04.2014).

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

The business recessionary conditions in Europe had negatively effected the affairs of three step down subsidiaries of Winsome Yarns Cyprus Ltd., a wholly owned subsidiary of the Company, namely, S.C. Winsome Romania, S.r.l., IMM Winsome Italia S.r.l. and S.C. Textil, S.r.l., and these companies had been placed under liquidation. The Balance Sheets and other financial statements of the 3 (three) companies are not available, and accordingly, the instant consolidated financial statements of the Company do not include the financials of the above named 3 (three) subsidiary Companies. The Company has made necessary provisions in its books of account in respect of value of investments of the Company in the 3 (three) subsidiaries.

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

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

GDR ISSUE:

GDR issued earlier by the Company, listed on Luxemburg Stock Exchange, were delisted. USD 48,19,980 (Rs. 2568.41 Lakhs without exchange adjustment) is invested in money market instruments outside India for utilisation towards earmarked purposes (setting up a Yarn Dying Plant). The Plant could not be implemented as requisite support was then not extended by the lenders. Sebi vide order dated 28 May 2021 imposed penalty of Rs.11 Crore and vide order dated 26 October 2021 restraining the company from accessing the security market in any manner, whatsoever, for a period of three years from the date of said order. Based on legal opinion that SEBI has erred in passing the orders as it did not take into consideration full facts and circumstances of matters connected with issue of GDR. The Company has filed Appeals against these orders.

DIVIDEND:

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

SHARE CAPITAL:

During the financial year 2021-22, there was no change in the securities of the Company.

DIRECTORS:

- Shri Manish Bagrodia, Chairman and Managing 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 and not liable to retire by rotation.
- Shri Rajiv Chadha and Shri Tilak Raj Dembla are Non-Executive, Independent Director and not liable to retire by rotation.

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)