

WINSOME YARNS LIMITED											
Regd. Office: SCO # 191-192, Sector 34-A, Chandigarh - 160022											
CIN : L17115CH1990PLC010566, Email – cshare@winsomegroup.com, Website – www.winsomeyarns.com Phone No.91-172-4613000, Fax No.91-172-4614000											
AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED ON 31ST MARCH 2023											
PART-I	Rs.In Lakhs										
Sr. No.	Particulars	Standalone					Consolidated				
		Audited	Unaudited	Audited	Audited	Unaudited	Audited	Audited			
		Quarter Ended		Year Ended		Quarter Ended		Year Ended			
	31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022	
	Revenue										
1	Income from operations	243	958	1263	3093	4347	243	958	1,263	3,093	4,347
2	Other Income	462	2	14	471	25	462	2	14	471	25
3	Total Revenue(1+2)	705	960	1,277	3,564	4,372	705	960	1,277	3,564	4,372
4	Expenses										
	(a) Cost of Material consumed	86	234	10	756	508	86	234	10	756	508
	(b) Purchase of stock-in-trade	-	-	-	-	-	-	-	-	-	-
	(c) Excise Duty	-	-	-	-	-	-	-	-	-	-
	(d) Changes in Inventories of finished goods, Work in progress & stock in trade	(196)	779	(102)	411	(152)	(196)	779	(102)	411	(152)
	(e) Employee Benefit expense	283	393	399	1607	1861	283	393	399	1,607	1,861
	(f) Finance cost	-	-	-	-	-	-	-	-	-	-
	(g) Depreciation & Amortisation expenses	329	315	366	1387	1486	329	315	366	1,387	1,486
	(h) Other expenses	505	448	733	2046	2132	505	448	733	2,046	2,132
	Total Expenses	1,006	2,169	1,406	6,206	5,835	1,006	2,169	1,406	6,206	5,835
5	Profit/(Loss) from Operations before Exceptional Items and tax.(3-4)	(301)	(1,209)	(129)	(2,642)	(1,463)	(301)	(1,209)	(129)	(2,642)	(1,463)
6	Exceptional Items	-	-	-	-	-	-	-	-	-	-
7	Profit/(Loss) before Tax (5+6)	(301)	(1,209)	(129)	(2,642)	(1,463)	(301)	(1,209)	(129)	(2,642)	(1,463)
8	Tax Expense										
	- Current Tax	-	-	-	-	-	-	-	-	-	-
	- Earlier years Tax	-	-	-	-	-	-	-	-	-	-
	- Deferred Tax Liability/(Asset)	-	-	-	-	-	-	-	-	-	-
9	Profit/(Loss) after tax (7-8)	(301)	(1,209)	(129)	(2,642)	(1,463)	(301)	(1,209)	(129)	(2,642)	(1,463)
10	Other Comprehensive income	-	-	65	-	65	-	-	65	-	65
11	Total Comprehensive Income(9+10)	(301)	(1,209)	(64)	(2,642)	(1,398)	(301)	(1,209)	(64)	(2,642)	(1,398)
12	Paid - up Equity Capital (Face Value – Rs.)	7,071	7,071	7,071	7,071	7,071	7,071	7,071	7,071	7,071	7,071
13	Reserve excluding revaluation reserve as per Balance Sheet of Previous accounting year				(48,234)	(45,327)				(48,234)	(45,317)
14	Earnings Per Share of Rs 10/- each (Not Annualised) - Basic & Diluted (Rs.)	(0.43)	(1.71)	(0.09)	(3.74)	(1.98)	(0.43)	(1.71)	(0.09)	(3.74)	(1.98)

Notes:

- The above financial results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on May 29, 2023.
- The Statutory Auditors of the Company have carried out the limited review of the aforesaid financial results for the quarter and year ended on 31st March 2023, in accordance with Regulation 33 of the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015.
- In line with the provisions of Ind AS-108 'Operating Segments' as notified under the Companies (Ind AS) Rules, 2015, and as provided in section 133 of the Companies Act, 2013, the operations of the Company fall under one line of business activity namely, Textiles (Yarn, Knitwear & related revenue), which is considered to be the only reportable segment by the management.
- Auditors remarks on accounts for the Quarter and year ended on 31st Mar 2023: (1) Regarding preparation of accounts on going concern basis despite accumulated losses of the Company being substantially in excess of its net worth; Management Response: Refer consolidated response as part of Note No. 5 hereinbelow; (2) Regarding non-provision for interest and penalty on Borrowings and long outstanding receivables; Management response: There being no amount considered as payable by the Company on account of interest and penalty, no liability is accounted; Efforts are being made to recover the amounts receivable and provision, if any, required to be made in respect thereof will be accounted on their final settlement; (3) Regarding part of GDR money invested in money market instrument outside India, non-accounting thereof at fair value and non-recognition of exchange fluctuation in respect thereto; Management response: Refer consolidated response as part of Note No. 6 hereinbelow; (4) Regarding provisions made in books of account in case of investments in subsidiaries, amounts to be written off/written back and adjustment/set off of payment of receivables/payable from/to overseas parties/suppliers, which are pending necessary approval of the competent authority; Management Response: The Company has filed upto date returns, and approvals and adjustments will be effected in due course; (5) Regarding pending confirmation/reconciliation of balances of certain receivables, bank balances, payables, secured loans, contingent and other liabilities, loans and advances - impact unascertainable; Management response: Confirmation and reconciliation of balances is carried out on an ongoing basis and adjustments, if any, arising therefrom are accounted from time to time.
- Edelweiss Assets Reconstruction Company Ltd. (EARC), an Asset Reconstruction Company, claimed that it is an assignee of debt payable by the Company to certain banks. The actions of certain other Banks and EARC, amongst others, for recovery of amount considered by them as owed by the Company and to seek declaration that the Company being in default thereof be declared insolvent, are disputed by the Company as the debt is not acknowledged, and in any case the actions of Banks and EARC are barred by limitation. Additionally, the Company has a counter claim against the claimants for the losses caused by them to the Company.
The Authorities in the State of Punjab initiated proceedings against EARC for the reasons that the Assignment Deed whereby EARC had acquired the debt from certain banks is not adequately stamped, and the Company is a party. The action of the aforementioned State Authorities has been set aside by the Hon'ble High Court of Punjab and Haryana at Chandigarh, and the Revenue Authority of the State of Punjab and the Company have filed Letters Patent Appeals against the aforementioned order of the Hon'ble High Court.
EARC had filed a petition to initiate insolvency proceedings against the Company, which was dismissed by the Hon'ble National Company Law Tribunal, Chandigarh Bench (NCLT), holding that the Assignment Deed being under stamped is not admissible as evidence. 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 judgement is now reserved.. Indian Overseas Bank, TR Cones and EARC acting in the matter of debt acquired by it by way of assignment by Dena Bank had filed separately petitions to initiate insolvency proceedings against the Company, which are being contested by the Company.
The Company had without prejudice to the fact that it does not acknowledge its liability on account of debt to EARC and other banks, initiated discussions to settle the disputes, which failed. The Company has counter claims against banks and EARC and Company does not consider itself liable towards the claimants of debt, and pending resolution of the matters, the Management has prepared its financial statements on 'Going Concern' basis.
- 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. The final effect of exchange rate fluctuation will be accounted at the time of utilisation of the amount.
- The impact of any event and developments occurring after the date of financial results for the quarter ended March 31, 2023 is different from those estimated as at the date of approval of these financial results, and will be recognised prospectively.
- The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures upto the third quarter of the current financial year.
- The figures for the previous quarter and year have been regrouped / rearranged, wherever necessary, to confirm to the current period's classification.

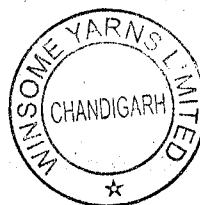
Place: Chandigarh
Date: May 29, 2023.



Manish Bagrodia (DIN: 00046944)
Chairman and Managing Director

Winsome Yarns Limited
SCO -191,192 Sector 34-A, Chandigarh -160022
Audited Statement of Asset and Liabilities as on 31.03.2023

Particulars	(Rs. In Lakhs)			
	Standalone		Consolidated	
	Unaudited 31.03.2023	Audited 31.03.2022	Unaudited 31.03.2023	Audited 31.03.2022
ASSETS				
(1) Non- current assets				
(a) Property, plant and equipment	14,810	16,192	14,810	16,192
(b) Capital Work In Progress	0	0	-	-
(c) Other Intangibles Assets	8	13	8	13
(d) Financial assets	0	0	-	-
(e) Investments	0	0	-	-
(f) Loans	0	0	-	-
(g) Deferred tax assets (net)	0	0	-	-
(h) Other Non- Current assets	2,763	2,767	2,763	2,767
Sub Total - non current assets	17,581	18,971	17,581	18,971
(2) Current assets				
(a) Inventories	553	1,222	553	1,222
(b) Financial assets				
(i) Loans	-	-	-	-
(ii) Investment	2,568	2,568	2,568	2,568
(iii) Trade receivables	293	1,382	293	1,426
(iv) Cash and cash equivalents	108	121	108	127
(v) Other bank Balance	31	32	31	32
(vi) Other financial assets	0	-	-	-
(vii) Current Tax Assets	105	152	105	152
(viii) Other current assets	427	1,094	427	1,094
Sub Total - current assets	4,085	6,570	4,085	6,621
Total of assets (1+2)	21,666	25,542	21,666	25,593
B. EQUITY AND LIABILITIES				
1. Equity				
(a) Equity share capital	7,071	7,071	7,071	7,071
(b) Other equity	(47,968)	(45,326)	(47,968)	(45,317)
Sub total - Total equity	(40,897)	(38,255)	(40,897)	(38,246)
LIABILITIES				
2. Non- current liabilities				
(a) Deferred grant income	69	69	69	69
(b) Provisions	194	158	194	158
Sub total - Non current liabilities	263	227	263	227
(3) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	55,658	55,658	55,658	55,658
(ii) Trade Payables				
(a) Total outstanding dues of Micro and small enterprises	81	81	81	81
(b) Total outstanding dues of creditors other than Micro and small enterprises	3,371	3,664	3,371	3,672
(iii) Other financial liabilities	2,955	3,797	2,955	3,830
(iv) Deferred grant income	9	9	9	9
(v) Other current liabilities	200	333	200	333
(b) Provisions	27	27	27	27
Sub Total - current liabilities	62,300	63,570	62,300	63,611
(4) Total of liabilities (2+3)	62,563	63,797	62,563	63,838
Total of equity and liabilities (1+4)	21,666	25,542	21,666	25,593



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Winsome Yarns Limited

Regd. Office: SCO 191-192, Sector 34-A, Chandigarh -160022

STATEMENT OF STANDALONE CASH FLOW FOR THE YEAR ENDED ON MARCH 31, 2023

(Rs., L)

Particulars	Year Ended	Year Ended
	March 31, 2023	March 31, 2022
A. CASH FLOW FROM OPERATIONS		
Loss before tax	(2,641.86)	(1,397.59)
Adjustment for:		
Depreciation	1,387.32	1,486.31
Amortisation of lease hold land	3.31	3.31
Prorata capital subsidy	-	-
(Profit)/Loss on sale of fixed assets	-	-
Interest expense	-	-
Interest income	(12.03)	(9.79)
Operating profit before working capital changes	(1,263.25)	82.24
Adjustment for working capital changes:		
Increase/(Decrease) in financial liabilities		
Trade payables	(293.88)	365.33
Revenue received in advance	(132.02)	-
Other payables	(710.30)	94.27
Increase/(Decrease) in other current liabilities	(133.36)	(12.45)
Increase/(Decrease) in provisions	35.45	(70.12)
(Increase)/Decrease in financial assets		
Trade and other receivables	1,088.73	9.67
Loans	-	-
Investment	-	-
Interest accrued but not due	-	-
Other loan	-	-
(Increase)/Decrease in other current assets	666.16	(340.92)
(Increase)/Decrease in other non current assets	-	(0.00)
(Increase)/Decrease in inventories	669.10	(152.53)
	(73.38)	(24.53)
Current tax liabilities (Net)	47.48	(15.75)
Net cash flow from operating activities (A)	(25.89)	(40.28)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	-	-
Reductions to property, plant and equipment	-	-
Interest receipts	12.03	9.79
Net cash used in investing activities (B)	12.03	9.79
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	-	-
Increase/(Decrease) in financial liabilities		
Proceeds from borrowings	-	(0.00)
Repayment of borrowings	-	-
Net cash used in financing activities (C)	-	(0.00)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(13.86)	(30.49)
Cash and cash equivalents - Opening balance	152.27	182.75
Cash and cash equivalents - Closing balance	138.41	152.27

(Figures in bracket represents cash outflow)



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Winsome Yarns Limited

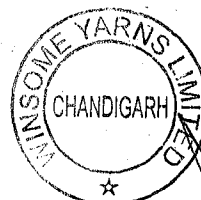
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STATEMENT OF CONSOLIDATED CASH FLOW FOR THE YEAR ENDED ON MARCH 31, 2023

(Rs., L)

Particulars	Year Ended	
	March 31, 2023	March 31, 2022
A. CASH FLOW FROM OPERATIONS		
Loss before tax	(2,641.86)	(1,397.59)
Adjustment for:		
Depreciation	1,387.32	1,486.31
Amortisation of lease hold land	3.31	3.31
Prorata capital subsidy	-	-
(Profit)/Loss on sale of fixed assets	-	-
Interest expense	-	-
Interest income	(12.03)	(9.79)
Operating profit before working capital changes	<u>(1,263.25)</u>	<u>82.24</u>
Adjustment for working capital changes:		
Increase/(Decrease) in financial liabilities		
Trade payables	(293.88)	365.33
Revenue received in advance	(132.02)	-
Other payables	(710.30)	93.90
Increase/(Decrease) in other current liabilities	(133.36)	(12.45)
Increase/(Decrease) in provisions	35.45	(70.12)
(Increase)/Decrease in financial assets		
Trade and other receivables	1,088.73	9.67
Loans	-	-
Investment	-	-
Interest accrued but not due	-	-
Other loan	-	-
(Increase)/Decrease in other current assets	659.85	(340.92)
(Increase)/Decrease in other non current assets	-	(0.00)
(Increase)/Decrease in inventories	669.10	(152.53)
	<u>(79.69)</u>	<u>(24.90)</u>
Current tax liabilities (Net)	47.48	(15.75)
Net cash flow from operating activities (A)	<u>(32.20)</u>	<u>(40.65)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	-	-
Reductions to property, plant and equipment	-	-
Interest receipts	12.03	9.79
Net cash used in investing activities (B)	<u>12.03</u>	<u>9.79</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	-	-
Increase/(Decrease) in financial liabilities		
Proceeds from borrowings	-	(0.00)
Repayment of borrowings	-	-
Net cash used in financing activities (C)	<u>-</u>	<u>(0.00)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(20.17)	(30.49)
Cash and cash equivalents - Opening balance	158.58	189.43
Cash and cash equivalents - Closing balance	138.41	158.58

(Figures in bracket represents cash outflow)



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

**Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2023
[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	3564	3564
	2	Total Expenditure	6206	25868
	3	Net Profit/(Loss)	(2642)	(22304)
	4	Earnings Per Share	(3.74)	(31.54)
	5	Total Assets	21666	24893
	6	Total Liabilities	62563	166564
	7	Net Worth	(40897)	(141671)
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
* all adjustments are without tax effect.				
II.	(a)	Audit Qualifications 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, 2023, 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 of the Company to prepare the accounts of the Company on going concern basis for reasons that, (refer to note no. 6 of standalone financial result) The Management expects that its cash flows of the Company in the near future will be sufficient to meet the resulting payment and repayment obligations as may arise as a result of restructuring agreement, and the accounts of the Company have therefore, been prepared on 'Going Concern' basis, 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. absence of impact of aforesaid assumptions having been un-ascertained, we are unable to comment thereon

(ii) The results for the quarter ended on March 31, 2023 and the year ended on March 31, 2023 are understated due to:

Non provisioning of interest expenses on borrowings Rs. 19662.06 Lakhs for the year ended on March 31, 2023 (Rs. 16782.25 Lakhs for the year ended on March 31, 2022, and Rs. 104000.57 Lakhs being aggregate amount of interest unprovided till the year ended March 31, 2023 (Rs. 84338.51 Lakhs till the year ended March 31, 2022), 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 unprovided amount in books of account of the Company is not ascertainable with accuracy).

(iii) As stated in note no. 7 of standalone financial result, investment in USD 48,19,980 in Arise Money Market Fund was invested out of proceed of GDR, which was issued by the company earlier and allotted on March 29, 2011. The value of investment above is as per rate of exchange prevailing at the time of investment, and is subject to adjustment in rate of foreign exchange and accruals on money market investments. The non-accounting of investment at fair value and non-recognition of exchange fluctuation in respect thereto is not in line with Ind AS 109 "Financial Instruments" and Ind AS-21 "The Effects of Changes in Foreign Exchange Rates". In the absence of any confirmation and working, the effect of over/under valuation of investment, over/under statement of profit or loss on foreign exchange fluctuation and realizability of investment, we are unable to comment.

(iv) Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/set off of payment of receivables/payable from/to overseas parties/suppliers, which is pending necessary approval of the competent authority.

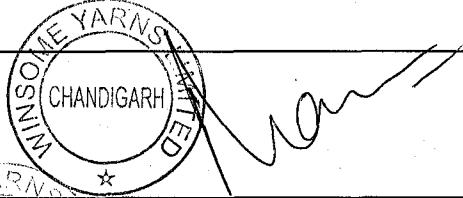
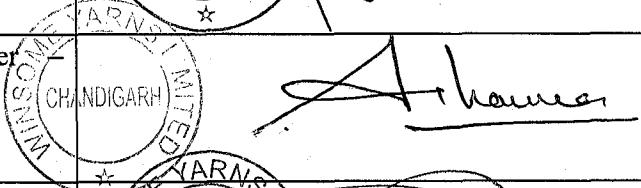
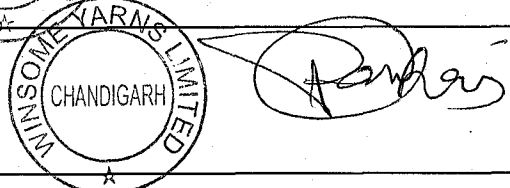
			<p>(v) The Internal Control Systems need to be further strengthened in order that they are commensurate with the size of the Company and the nature of its business, more particularly in areas of, purchases and consumption of materials, charging of expenses, set-off of balances, and invoicing of sale of goods and services.</p> <p>(vi) 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>
	(b)	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

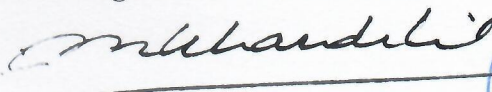

			<p>• In case of point no (vi) – Appeared since F.Y. 2003-04</p>
(d)	<p>For Audit Qualification(s) where the impact is quantified by the Auditor, Management views</p>	<p>With regard to Auditors Qualification No. (i)(ii), (iii), (iv),(v) and (vi) :-</p> <p>(i) The management has prepared its Financial Statement on Going Concern basis- Refer Note No.6 of Results</p> <p>(ii) Regarding non-provision of interest expenses, penal interest, penalty, etc. in respect of borrowings of the Company from banks - As stated in Note No. 3.24 of the Audited Financial Statement, due to continuous losses and financial tightness, the Company has not been able to fully pay due installments & interest on term loan on due dates, which resulted into classification of credit facilities as Non-Performing Assets couple with recall of facilities by lenders of the Company & certain overdue amount is continuing/ unpaid till date (as detailed in note no. 3.24 of audited financial statement for the year ended March 31, 2021). Interest on term loans and working capital including overdue amount, penal interest etc. (amount unascertained) has not been provided and as the same will be provided / accounted for as and when paid/settled as the company is in process of discussion/applying for getting loans to be restructured by the lenders/ARC. Six of banks have assigned and transferred the total debts due from the Company along with the underlying rights, title and interests in financial assistances granted to the Company to an Asset Reconstruction Company (ARC).</p> <p>(iii) Regarding non accounting of investment at fair value and non-recognition of exchange fluctuation in respect thereto, the management is of view that the money lying outside India is part of GDRs proceeds of the Company and is earmarked for utilization for setting up a Yarn Dying Plant, which could not be implemented for want of support of lenders. The Management of the Company is engaged in firming an active plan for</p>	

implementation of its proposal for setting up of a Yarn Dying Plant, and upon its finalization, the aforesaid amount will be utilized for investment and on that date effect of any gain shall be accounted in the books of account of the Company.

(iv) Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/set off of payment of receivables/payable from/to overseas parties/suppliers, which is pending necessary approval of the competent authority. The management is in the process of obtaining necessary approvals from the competent authority

(v) 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>(vi) Regarding pending confirmation / reconciliation of balances of certain receivables (including overseas overdue receivables), bank balances, payable (including of an Associate Company/ies), secured loans, other liabilities, loans and advances etc; and contingent liability - The management is of the opinion that adjustment, if any, arising out of such reconciliation would not be material. Further, necessary steps have been initiated to further strengthen system of internal controls w.r.t. accounting of expenses, accounting of income (including sale of licenses and provision written back), payroll payments and of balance reconciliation/confirmation.</p>
	(iii)	Auditors' comments on (i) or (ii) above	Refer details of audit qualification [para II(a) above]
III.	Signatories		
		<ul style="list-style-type: none">Chariman and Managing Director of the Company - Manish Bagrodia	
		<ul style="list-style-type: none">Chief Financial Officer - Sanjay Sharma	
		<ul style="list-style-type: none">Audit Committee Chairman - Pankaj Mahajan DIN 06994712	

<ul style="list-style-type: none">• Statutory Auditor	<p>For Dhana & Associates (Formerly Khandelia & Sharma, Chartered Accountants Firm Registration No. 510525C</p> <p> _____</p> <p>(Arun Khandelia) Partner Membership No. 089125</p> 
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Place: Chandigarh
Date: May 29, 2023

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

Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2023 [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	3564	3564
	2	Total Expenditure	6206	25868
	3	Net Profit/(Loss)	(2642)	(22304)
	4	Earnings Per Share	(3.74)	(31.54)
	5	Total Assets	21666	24893
	6	Total Liabilities	62563	166564
	7	Net Worth	(40897)	(141671)
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
* all adjustments are without tax effect.				
II.		Audit Qualifications		
	(a)	Details of Audit qualification	<p>Reference is invited to Para (4) of Independent Auditor's Report on consolidated audited financial results:</p> <p>(i) In view of accumulated losses of the Company as at the end of March 31, 2023, 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 of the Company to prepare the accounts of the Company on going concern basis for reasons that, (refer to note no. 5 of financial result) The Management expects that its cash flows of the Company in the near future will be sufficient to meet the resulting payment and repayment obligations as may arise as a result of restructuring agreement, and the accounts of the Company have therefore, been prepared on 'Going Concern' basis, 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</p>	

absence of impact of aforesaid assumptions having been un-ascertained, we are unable to comment thereon.
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- (ii) The results for the quarter ended on March 31, 2023 and the year ended on March 31, 2023 are understated due to:

Non provisioning of interest expenses on borrowings of Rs. 19662.06 Lakhs for the year ended on March 31, 2023 (Rs. 16782.25 Lakhs for the year ended on March 31, 2022, and Rs. 104000.57 Lakhs being aggregate amount of interest unprovided till the year ended March 31, 2023 (Rs. 84338.51 Lakhs till the year ended March 31, 2022), 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 unprovided amount in books of account of the Company is not ascertainable with accuracy).

- (iii) As stated in note no. 7 of standalone financial result, investment in USD 48,19,980 in Arise Money Market Fund was invested out of proceed of GDR, which was issued by the company earlier and allotted on March 29, 2011. The value of investment above is as per rate of exchange prevailing at the time of investment, and is subject to adjustment in rate of foreign exchange and accruals on money market investments. The non-accounting of investment at fair value and non-recognition of exchange fluctuation in respect thereto is not in line with Ind AS 109 "Financial Instruments" and Ind AS-21 "The Effects of Changes in Foreign Exchange Rates". In the absence of any confirmation and working, the effect of over/under valuation of investment, over/under statement of profit or loss on foreign exchange fluctuation and realizability of investment, we are unable to comment.

- (iv) Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/set off of payment of receivables/payable from/to overseas parties/suppliers, which is pending necessary approval of the competent authority.

			<p>(v) 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>(vi) 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 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>(vii) We have not been provided the financial statement/financial information of subsidiary companies (1) Winsome Yarns (Cyprus) Ltd, (2) Winsome Yarns FZE. Therefore, we are unable to comment about any possible effect of these subsidiary companies in consolidated financial statement for the period ending 31st March 2023.</p>
	(b)	Type of Audit Qualification	Qualified Opinion
	(c)	Frequency of Qualification	<ul style="list-style-type: none"> • In case of point no (i), (iv) and (v) – Appeared since F.Y. 2014-15 • In case of point no (ii) – Appeared since F.Y. 2013-14 (However, there is change in amount) • In case of point no (iii) – Appeared since F.Y. 2013-14 • In case of point no (vi) – Appeared since F.Y. 2003-04 • In case of point no. (vii)—Appeared in F.Y. 2017-18

	<p>(d) For Audit Qualification(s) where the impact is quantified by the Auditor, Management views</p>	<p>With regard to Auditors Qualification No. (ii), (iii), (iv), (v), (vi), and (vii):-</p> <p>(i) The management has prepared its Financial Statement on Going Concern basis- Refer Note No.5 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. 3.24 of the Audited Financial Statement, due to continuous losses and financial tightness, the Company has not been able to fully pay due installments & interest on term loan on due dates, which resulted into classification of credit facilities as Non-Performing Assets couple with recall of facilities by lenders of the Company & certain overdue amount is continuing/ unpaid till date (as detailed in note no. 3.24 of audited financial statement for the year ended March 31, 2022). Interest on term loans and working capital including overdue amount, penal interest etc. (amount unascertained) has not been provided and as the same will be provided / accounted for as and when paid/settled as the company is in process of discussion/applying for getting loans to be restructured by the lenders/ARC. Six of banks have assigned and transferred the total debts due from the Company along with the underlying rights, title and interests in financial assistances granted to the Company to an Asset Reconstruction Company (ARC).</p> <p>(iii) Regarding non accounting of investment at fair value and non-recognition of exchange fluctuation in respect thereto, the management is of view that the money lying outside India is part of GDRs proceeds of the Company and is earmarked for utilization for setting up a Yarn Dying Plant, which could not be implemented for want of support of lenders.</p>
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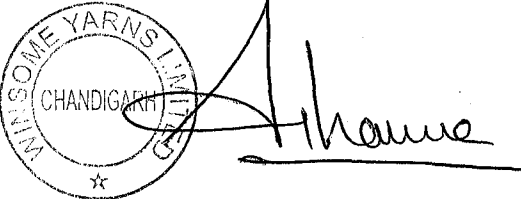
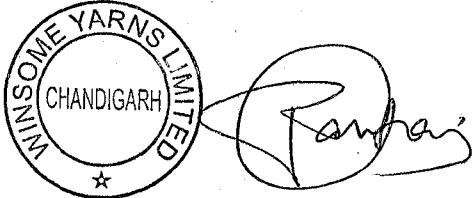
The Management of the Company is engaged in firming an active plan for implementation of its proposal for setting up of a Yarn Dying Plant, and upon its finalization, the aforesaid amount will be utilized for investment and on that date effect of any gain shall be accounted in the books of account of the Company.

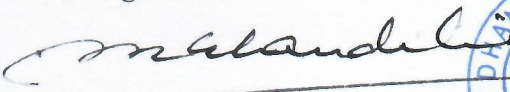

(iv) Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/set off of payment of receivables/payable from/to overseas parties/suppliers, which is pending necessary approval of the competent authority. The management is in the process of obtaining necessary approvals from the competent authority

(v) 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.

(vi) Regarding pending confirmation / reconciliation of balances of certain receivables (including overseas overdue receivables), bank balances, payable (including of an Associate Company/ies), secured loans, other liabilities, loans and advances etc; and contingent liability - The management is of the opinion that adjustment, if any, arising out of such reconciliation would not be material.

Further, necessary steps have been initiated to further strengthen system of internal controls w.r.t. accounting of expenses, accounting of income (including sale of licenses and provision written back), payroll payments and of balance reconciliation/confirmation.

	(e)	For Audit Qualification(s) where the impact is not quantified by the Auditor:	
	(i)	Management's estimation on the impact of audit qualification	Not ascertainable
	(ii)	Auditors' comments on (i) or (ii) above	Refer details of audit qualification [para II(a) above]
III	Signatories		
		<ul style="list-style-type: none"> Chariman and Managing Director of the Company – Manish Bagrodia 	
		<ul style="list-style-type: none"> Chief Financial Officer – Sanjay Sharma 	
		<ul style="list-style-type: none"> Audit Committee Chairman – Pankaj Mahajan DIN 06994712 	

	<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
Date: May 29, 2023