

Winsome Yarns Limited

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

Chandigarh - 160 022 INDIA

CIN : LI7115CH1990PLC010566

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WYL/SECT/NSE/
03.07.2021

To,
NATIONAL STOCK EXCHANGE OF INDIA LTD
"EXCHANGE PLAZA"
BANDRA-KURLA COMPLEX
BANDRA (E), MUMBAI - 400051

Script Code: WINSOME

Sub: Audited Financial Results for the year 2020-21

Dear Sir,

This is to inform you that after approving the financial results and other documents by the Board of Directors in their meeting held on 29.06.2021, we had uploaded the same on the portal, but now we observed that some documents were missing in the pdf.

In this regard, we are very sorry for that and now the complete set of following documents are sending herewith.

1. Audited Financial Results of the Company for the Quarter and year ended March 31, 2021.
2. Statement of Assets and Liabilities for the half year ended March 31, 2021.
3. Cash flow statement on standalone and consolidated basis, pursuant to Regulation 33(3)(g) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
4. Auditors Report and Statement of Impact of audit qualifications on the basis of standalone and consolidated financials for the year 31.03.2021.

We are again very sorry for inconvenience.

We hope, you will find the same in order.

Thanking you,

Yours faithfully,
For **WINSOME YARNS LIMITED**

(RAJPAL S. RATHORE)
Dy. Manager (Legal & Secretarial)
Mobile No. 9855601267
Email : cshare@winsomegroup.com

Encl : as above.



Works : Village Kurawala, Barwala Road, Derabassi-140507, Distt. Mohali (Pb.)
Ludhiana : Office No. 3, MD Complex, Near Samrala Chowk, Ludhiana -141008
Tirupur : No. 2, First Floor, Mahaveer Colony, Valipalayam Main Road, Tirupur - 641601

WINSOME YARNS LIMITED

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

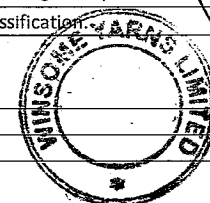
CIN : L17115CH1990PLC010566,Email – cshare@winsomegroup.com, Website – www.winsomegroup.com Phone No.91-172-4613000, Fax No.91-172-4614000

AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED ON 31ST MARCH 2021

PART-I	Sr. No.	Particulars	Standalone				Consolidated				Rs.in Lakhs	
			Audited	Unaudited	Audited	Audited	Audited	Unaudited	Audited	Audited		
			Quarter Ended		Year Ended		Quarter Ended		Year Ended			
			31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
		Revenue										
1		Income from operations	1,013	1,211	1,934	3,571	10,686	1,013	1,211	1,934	3,571	10,686
2		Other Income	3	4	53	17	119	3	4	53	17	119
3		Total Revenue(1+2)	1,016	1,215	1,987	3,588	10,805	1,016	1,215	1,987	3,588	10,805
4		Expenses										
		(a) Cost of Material consumed	64	106	259	504	4,208	64	106	259	504	4,208
		(b) Purchase of stock-in-trade	-	-	285	0	285	-	-	285	0	285
		(c) Excise Duty	-	-	-	0	-	-	-	-	0	-
		(d) Changes in Inventories of finished goods, Work in progress & stock in trade	(77)	292	615	87	1,268	(77)	292	615	87	1,268
		(e) Employee Benefit expense	527	483	553	1,780	2,594	527	483	553	1,780	2,594
		(f) Finance cost	0	6	2	6	6	0	6	2	6	6
		(g) Depreciation & Amortisation expenses	375	372	381	1,493	1,525	375	372	381	1,493	1,525
		(h) Other expenses	618	554	1,002	1,839	4,327	618	555	1,003	1,839	4,333
		Total Expenses	1,507	1,813	3,097	5,709	14,213	1,507	1,814	3,098	5,709	14,219
5		Profit/(Loss) from Operations before Exceptional Items and tax.(3-4)	(491)	(598)	(1,110)	(2,121)	(3,408)	(491)	(599)	(1,111)	(2,121)	(3,414)
6		Exceptional Items	-	-	-	-	(1,414)	-	-	-	-	(1,414)
7		Profit/(Loss) before Tax (5+6)	(491)	(598)	(1,110)	(2,121)	(4,822)	(491)	(599)	(1,111)	(2,121)	(4,828)
8		Tax Expense										
		- Current Tax	-	-	-	-	-	-	-	-	-	-
		- Earlier years Tax	-	-	-	-	-	-	-	-	-	-
		- Deferred Tax Liability/(Asset)	-	-	44	-	44	-	-	44	-	44
9		Profit/(Loss) after tax (7-8)	(491)	(598)	(1,154)	(2,121)	(4,866)	(491)	(599)	(1,155)	(2,121)	(4,872)
10		Other Comprehensive income	-	-	65	-	65	0	-	65	-	65
11		Total Comprehensive income(9+10)	(491)	(598)	(1,089)	(2,121)	(4,801)	(491)	(599)	(1,090)	(2,121)	(4,807)
12		Paid - up Equity Capital (Face Value – Rs. 10/- each)	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				(43,929)	(41,807)				(43,919)	(41,798)
14		Earnings Per Share of Rs 10/- each (Not Annualised) - Basic & Diluted (Rs.)	(0.69)	(0.85)	(1.54)	(3.00)	(6.79)	(0.69)	(0.85)	(1.54)	(3.00)	(6.80)



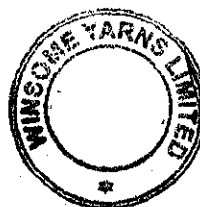
Notes:	
1	The above unaudited financial results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on June 29, 2021.
2	The Statutory Auditors of the Company have carried out the audit of the aforesaid financial results for the quarter and year ended on March 31, 2021 in accordance with Regulation 33 of the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015,
3	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.
4	COVID-19 pandemic has caused serious disruptions on the global economic and business environment and there is a huge uncertainty with respect to its severity, which cannot be reasonably ascertained. However, the Company has evaluated and factored 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 level of health and safety, the Company has undertaken manufacturing operations on job work basis. The operations of the Company are running at substantially below optimal levels. The operations are expected to remain impacted until customer orders return to normal levels, and supply chain stabilises, and the availability of manpower is consistent. The impact of any event and developments occurring after the financial results for the quarter and year ended March 31, 2021 may differ from that estimated as at the date of approval of these financial results and will be recognised prospectively. COVID-19 pandemic has caused serious disruptions on the global economic and business environment and there is a huge uncertainty with respect to its severity, which cannot be reasonably ascertained. However, the Company has evaluated and factored 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 level of health and safety, the Company has undertaken manufacturing operations on job work basis. The operations of the Company are running at substantially below optimal levels. The operations are expected to remain impacted until customer orders return to normal levels, and supply chain stabilises, and the availability of manpower is consistent. The impact of any event and developments occurring after the financial results for the quarter and year ended March 31, 2021 may differ from that estimated as at the date of approval of these financial results and will be recognised prospectively.
5	Auditors remarks on accounts for the quarter and year ended March 31, 2021: (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: Consolidated response as part of Note No. 6 hereinbelow; (2) Regarding non-provision for interest and penalty on Borrowings and long outstanding receivable: Management response: The interest on borrowings of the Company to the extent not accounted in books of account of the Company will be considered on settlement / restructuring of borrowings and efforts are being made to recover the outstanding receivable, Provision will be made upon finalisation; (3) Regarding pending receipt of part money of GDR invested in money market instrument outside India, non-accounting of the same at fair value and non-recognition of exchange fluctuation in respect thereto: Management response: Consolidated response as part of Note No. 7 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 for adjustments will be effected in due course; (6) 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.
6	Edelweiss Assets Reconstruction Company Limited (EARC), an Asset Reconstruction Company, has claimed that it is an assignee of debt payable by the Company to certain banks. In determination and recovery proceedings brought by Banks and EARC against the Company, the amount claimed was disputed by the Company and not acknowledged as its liability. The Company has also disputed the claim as being barred by limitation. Additionally, the Company has preferred a counter claim against the claimants for the losses caused by them to the Company. The Company initiated settlement discussions with certain banks, which were without prejudice to its rights, and the offer proposed by the Company was not accepted. 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. EARC had filed a Petition to initiate insolvency proceedings against the Company, which was been dismissed by the Hon'ble NCLT vide its order dated 14th March 2020 upon an observation that the assignment deed is unenforceable. An appeal has been filed by EARC against this order. Indian Overseas Bank has initiated insolvency proceedings against the Company before NCLT which is being contested by the Company. The Company does not consider itself liable towards Claims against it, and accounting of Claims by and against the Company will be accounted on resolution thereof. The Management expects that cash flows of the Company in future will be sufficient to meet its admitted liabilities, and the accounts of the Company have therefore, been prepared on 'Going Concern' basis.
7	GDR issued earlier by the Company, listed on Luxembourg Stock Exchange, were delisted. USD 48,19,980 (Rs. 2568.41 Lakhs without exchange adjustment) is invested in money market instruments outside India to use the amount for earmarked purposes, i.e., 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 when the amount is repatriated. The Company is filing an Appeal against the order of SEBI imposing penalty in relation to matters connected with issue of GDR.
8	The NSE and BSE had suspended trading of Equity shares of the Company due to delay in payment of certain amounts to the NSE and BSE. The delay occurred due to a technical glitch in the banking network wherefrom the payment was initiated by the Company. The Company has represented to the Stock Exchanges for review and revocation of their decision to suspend trading, and has also filed an appeal against the decision of the Stock Exchanges before SAT.
9	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.
10	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 :	June 28, 2021.



Manish Bagrodia
Chairman and Managing Director

Winsome Yarns Limited
SCO -191,192 Sector 34-A, Chandigarh -160022
Statement of Asset and Liabilities as on 31.03.2021

Particulars	(Rs. In Lakhs)			
	Standalone		Consolidated	
	Auidted		Auidted	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
ASSETS				
(1) Non- current assets				
(a) Property, plant and equipment	17,674	19,162	17,674	19,162
(b) Capital Work In Progress	0	-	-	-
(c) Other Intangibles Assets	17	22	17	22
(d) Financial assets	0	-	-	-
(e) Investments	0	-	-	-
(f) Loans	2	2	2	2
(g) Deferred tax assets (net)	0	-	-	-
(h) Other Non- Current assets	2,731	2,905	2,731	2,905
Sub Total - non current assets	20,423	22,091	20,423	22,091
(2) Current assets				
(a) Inventories	1,070	1,159	1,070	1,159
(b) Financial assets				
(i) Loans	38	38	38	38
(ii) Investment	2,568	2,568	2,568	2,568
(iii) Trade receivables	1,391	1,519	1,436	1,564
(iv) Cash and cash equivalents	152	186	158	192
(v) Other bank Balance	31	31	31	31
(vi) Other financial assets	0	-	-	-
(vii) Current Tax Assets	136	122	136	122
(viii) Other current assets	753	671	753	671
Sub Total - current assets	6,139	6,294	6,190	6,345
Total of assets (1+2)	26,562	28,385	26,614	28,436
B. EQUITY AND LIABILITIES				
1. Equity				
(a) Equity share capital	7,071	7,071	7,071	7,071
(b) Other equity	(43,929)	(41,808)	(43,918)	(41,798)
Sub total - Total equity	(36,858)	(34,737)	(36,847)	(34,727)
LIABILITIES				
2. Non- current liabilities				
(a) Deferred grant income	69	69	69	69
(b) Provisions	234	164	234	164
Sub total - Non current liabilities	303	233	303	233
(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	98	124	98	124
(b) Total outstanding dues of creditors other than Micro and small enterprises	3,282	3,483	3,291	3,492
(iii) Other financial liabilities	3,703	3,391	3,735	3,423
(iv) Deferred grant income	9	9	9	9
(v) Other current liabilities	346	203	346	203
(b) Provisions	21	21	21	21
Sub Total - current liabilities	63,117	62,889	63,158	62,930
(4) Total of liabilities (2+3)	63,420	63,122	63,461	63,163
Total of equity and liabilities (1+4)	26,562	28,385	26,614	28,436



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, 2021

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
A. CASH FLOW FROM OPERATIONS		
Loss before tax	(2,121.17)	(4,756.61)
Adjustment for:		
Depreciation	1,493.28	1,525.26
Amortisation of lease hold land	3.31	3.31
Prorata capital subsidy	-	(9.23)
(Profit)/Loss on sale of fixed assets	-	-
Interest expense	6.03	5.95
Interest income	(12.17)	(27.03)
Operating profit before working capital changes	<u>(630.73)</u>	<u>(3,258.35)</u>
Adjustment for working capital changes:		
Increase/(Decrease) in financial liabilities		
Trade payables	(226.69)	(697.23)
Revenue received in advance	-	(123.92)
Other payables	311.86	583.56
Increase/(Decrease) in other current liabilities	142.75	130.82
Increase/(Decrease) in provisions	70.60	(47.13)
(Increase)/Decrease in financial assets		
Trade and other receivables	127.58	216.47
Loans	0.06	(13.39)
Investment	-	-
Interest accrued but not due	-	-
Other loan	-	1,012.34
(Increase)/Decrease in other current assets	(81.35)	254.43
(Increase)/Decrease in other non current assets	171.27	251.76
(Increase)/Decrease in inventories	88.97	1,710.08
	<u>(25.64)</u>	<u>19.44</u>
Current tax liabilities (Net)	(14.55)	(12.06)
Net cash flow from operating activities	<u>(A) (40.19)</u>	<u>7.38</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	-	(13.80)
Reductions to property, plant and equipment	-	-
Interest receipts	12.17	27.03
Net cash used in investing activities	<u>(B) 12.17</u>	<u>13.23</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(6.03)	(5.95)
Increase/(Decrease) in financial liabilities		
Proceeds from borrowings	-	(0.00)
Repayment of borrowings	-	-
Net cash used in financing activities	<u>(C) (6.03)</u>	<u>(5.95)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT: (A+B+C)	(34.05)	14.66
Cash and cash equivalents - Opening balance	216.80	202.14
Cash and cash equivalents - Closing balance	182.75	216.80

(Figures in bracket represents cash outflow)



Akshay

SANJAY SHARMA
CFO

Winsome Yarns Limited
 Regd. Office: SCO 191-192, Sector 34-A, Chandigarh -160022
STATEMENT OF CONSOLIDATED CASH FLOW FOR THE YEAR ENDED ON MARCH 31, 2021

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
A. CASH FLOW FROM OPERATIONS		
Loss before tax	(2,121.17)	(4,762.84)
Adjustment for:		
Depreciation	1,493.28	1,525.26
Amortisation of lease hold land	3.31	3.31
Prorata capital subsidy	-	(9.23)
(Profit)/Loss on sale of fixed assets	-	-
Interest expense	6.03	5.95
Interest income	(12.17)	(27.03)
Operating profit before working capital changes	(630.73)	(3,264.58)
Adjustment for working capital changes:		
Increase/(Decrease) in financial liabilities		
Trade payables	(226.69)	(696.69)
Revenue received in advance	-	(123.92)
Other payables	311.86	591.81
Increase/(Decrease) in other current liabilities	142.75	130.82
Increase/(Decrease) in provisions	70.60	(47.13)
(Increase)/Decrease in financial assets		
Trade and other receivables	127.58	213.72
Loans	0.06	(13.39)
Investment	-	-
Interest accrued but not due	-	-
Other loan	-	1,012.34
(Increase)/Decrease in other current assets	(81.35)	254.43
(Increase)/Decrease in other non current assets	171.27	251.75
(Increase)/Decrease in inventories	88.97	1,710.08
	(25.64)	19.24
Current tax liabilities (Net)	(14.55)	(12.06)
Net cash flow from operating activities (A)	(40.19)	7.18
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	-	(13.80)
Reductions to property, plant and equipment	-	-
Interest receipts	12.17	27.03
Net cash used in investing activities (B)	12.17	13.23
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(6.03)	(5.95)
Increase/(Decrease) in financial liabilities		
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Net cash used in financing activities (C)	(6.03)	(5.95)
D. CHANGE IN CURRENCY TRANSLATION RESERVE ARISING ON CONSOLIDATION		
Effect of currency translation on bank balance (D)	-	0.62
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT: (A+B+C)	(34.05)	15.08
Cash and cash equivalents - Opening balance	223.49	208.41
Cash and cash equivalents - Closing balance	189.44	223.49

(Figures in bracket represents cash outflow)



Ahame
SANJAY SHARMA
 CFO

Independent Auditor's Report on Standalone Financial Result of the Winsome Yarn Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To Board of Director of Winsome Yarn Limited

Qualified Opinion

We have audited the accompanying Standalone annual financial result ("the statement") of Winsome Yarns Limited ("the Company"), for the year ended 31st March 2021, attached herewith, being submitted by the company pursuant to the requirements of regulations 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial results:

- (i) Present financial results in accordance with the requirements of Regulation 33 of the Listing Regulations, **except for the effects/possible effects of the matters described in paragraph under 'Basis for Qualified Opinion',**
- (ii) give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the standalone net loss after tax and other comprehensive income/loss of the Company as at March 31st, 2021, **except for the effects/possible effects of the matters described in paragraph under 'Basis for Qualified Opinion'.**

Basis for Qualified opinion

1. In view of accumulated losses of the Company as at the end of March 31, 2021, 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.



2. The Financial result for the year ended on March 31, 2021 are understated due to:

- a) Non provisioning of interest expenses, on borrowings, of Rs. 14852.97 Lakhs for the year ended on March 31, 2021 (Rs. 12890.29 lakhs for the year ended on March 31, 2020), and Rs. 67556.26 Lakhs being aggregate amount of interest unprovided till the year ended March 31, 2021 (Rs. 52703.29 Lakhs till the year ended March 31, 2020), and further amount towards penal interest, penalty, interest to EARC payable 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)
- b) Non provisioning against long outstanding receivables of Rs.602.50 Lakhs (Rs. 521.57 Lakhs as at March 31, 2020) including of overseas overdue trade receivables. 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. As stated in note no. 7 of standalone financial statement, investment in USD 48,19,980 in Arise Money Market Fund. As per information given to us, the balance 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 and over/under statement, we are unable to comment.
4. Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/ set off of payment of receivables/payables from/to overseas parties/suppliers, which is pending necessary approval of the competent authority.
5. 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, allocation of overheads, charging of expenses, set-off of balances, and invoicing of sale of goods and services.
6. 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



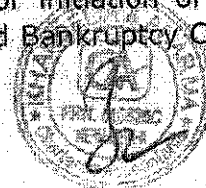
details and confirmations, the impact thereof is unascertainable, and therefore, not being commented. Further strengthening of internal controls by the Company will provide greater reliability.

7. In earlier year, management noticed and found fraud in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch during the financial year 2017-18 by its employee/s against which the management took action by lodging F.I.R. with the concerned Police Station and investigation in the matter is pending. The misappropriation of goods has been valued at Rs. 70 Lakhs against which some of the parties to whom goods were sold by the concerned employees have confirmed having received the goods and also confirmed to the Company as having made payment against the same. The Company also filed its claim to insurance company under Employee Fidelity Insurance, effect whereof has been accounted in the books of account of the Company, considering the ongoing recovery process of its claims and as per information given to us by management the matter is still pending and same as it is previous financial year.

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 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.

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 for advance against restructuring of loan. Loan outstanding from Edelweiss Assets Reconstruction Company amounting of Rs. 47071.08 Lakhs.
- 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, 2021.
- iii) We draw attention to the users of the financial statement of the company ended on 31st March, 2021, that the lender Edelweiss Assets Reconstruction Company Limited and Indian Overseas Bank has filed an application against company under section 7 of the Insolvency & Bankruptcy Code, 2016 before National Company Law Tribunal, Chandigarh Branch. The Company Petition filed by Edelweiss Asset Reconstruction Company Limited against the Company for initiation of Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code (IBC),



2016 has been rejected by National Company Law Tribunal, Chandigarh Bench vide its Order dated 17.03.2020 and the matter is pending before the National Company Law Appellate Tribunal.

Our opinion is not modified in respect of these matters.

Responsibilities of Management and Those Charged with Governance for the Statement

This Statement has been prepared on the basis of the standalone annual audited financial statements and has been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit/loss and other comprehensive income and other financial information of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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 Statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Statement

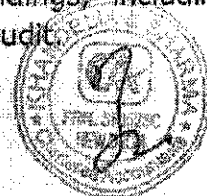
Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing, specified under section 143(10) of the Act, 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 this Statement.



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) (1) 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.

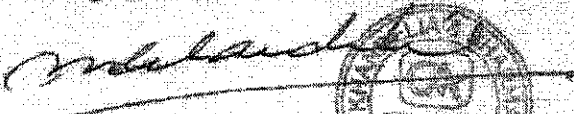
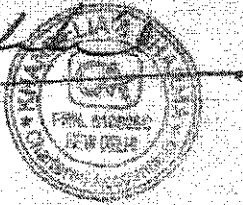


We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The annual financial results included the results for the quarter ended 31st March 2021 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For Khandelia & Sharma
Chartered Accountants
Firm Registration No: 510525C

CA. Arun Khandelia
Partner
Membership No.: 089125
ICAI UDIN No.: 21089125AAAAF07125

Place: New Delhi
Date: 29-June-2021

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, 2021 [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	3588	3588
	2	Total Expenditure	5709	26873
	3	Net Profit/(Loss)	(2121)	(23285)
	4	Earnings Per Share	(3.00)	(32.93)
	5	Total Assets	26562	27,863
	6	Total Liabilities	63420	130976
	7	Net Worth	(36858)	(105016)
	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, 2021, 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	

			<p>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</p> <p>(ii) The results for the quarter ended on March 31, 2021 and the year ended on March 31, 2021 are understated due to:</p> <p>(α) Non provisioning of interest expenses on borrowings of Rs. 3888.11 Lakhs for the quarter ended and Rs. 14852.97 Lakhs for the year ended on March 31, 2021 (Rs. 3384.63 Lakhs for the quarter ended and Rs. 12890.28 Lakhs for the year ended on March 31, 2020, and Rs. 67556.26 Lakhs being aggregate amount of interest unprovided till the year ended March 31, 2021 (Rs. 52703.29 Lakhs till the year ended March 31, 2020), 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).</p> <p>(β) Non provisioning against long outstanding receivables of Rs. 602.50 Lakhs (Rs. 521.57 Lakhs as at March 31, 2020) including of overseas overdue trade receivables. Further the accounting for exchange fluctuation in respect of overseas trade receivables and export advances is</p>
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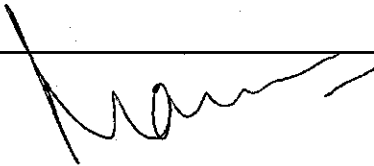
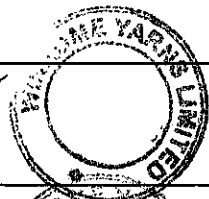
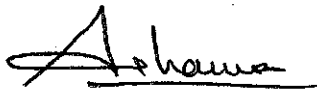
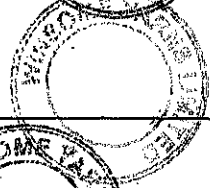
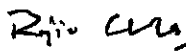

			<p>not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, we are unable to comment its impact on financial statement.</p> <p>(iii) As stated in note no. 7 of standalone financial statement, investment in USD 48,19,980 in Arise Money Market Fund. As per information given to us, the balance 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 and over/under statement, we are unable to comment.</p> <p>(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> <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 assets, advance for leasing, security deposit with government, loans and advances recov-</p>
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			<p>erable, 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) In earlier year, management noticed and found fraud in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch during the financial year 2017-18 by its employee/s against which the management took action by lodging F.I.R. with the concerned Police Station and investigation in the matter is pending. The misappropriation of goods has been valued at Rs. 70 Lakhs against which some of the parties to whom goods were sold by the concerned employees have confirmed having received the goods and also confirmed to the Company as having made payment against the same. The Company also filed its claim to insurance company under Employee Fidelity Insurance, effect whereof has been accounted in the books of account of the Company, considering the on-going recovery process of its claims and as per information given to us by management the matter is still pending and same as it is previous financial year.</p>
	(b)	Type of Audit Qualification	Qualified Opinion
	(c)	Frequency of Audit 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)(a) – Appeared since F.Y. 2013-14 (However, there is change in amount) • In case of point no (ii)(b) – Appeared since F.Y. 2003-04 (However, there is change in amount) • In case of point no (iii) – Appeared since F.Y. 2013-14

			<ul style="list-style-type: none"> ● In case of point no (vi) – Appeared since F.Y. 2003-04 ● In case of point no. (vii)—Appeared in F.Y. 2017-18
(d)	For Audit Qualification(s) where the impact is quantified by the Auditor, Management views	With regard to Auditors Qualification No. (ii)(a), (ii)(b), (iii), (iv) and (viii):-	<p>(ii)(a) 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>a) (ii)(b) Regarding non-provision against long outstanding receivables-As also explained in Note No. 3.8(a) of Audited Financial Statements, management view is that the receivables for period over one year of Rs 602.50 Lakhs till 31.03.2021 (Rs. 521.57 Lakhs till 31.03.2020), including of overseas overdue trade receivables. Further</p>

			<p>the accounting for exchange fluctuation in respect of overseas trade receivables and export advances is not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, we are unable to comment its impact on financial statement.</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 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.</p> <p>(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</p> <p>(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> <p>(vi) Regarding pending confirmation / reconciliation of</p>
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			<p>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 - Rajiv Chadha DIN 08793211 		 

• Statutory Auditor

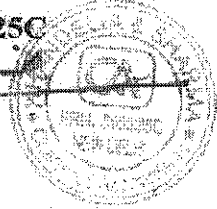
For Khandelia & Sharma,
Chartered Accountants
Firm Registration No. 510525C



(Arun Khandelia)

Partner

Membership No. 089125



Place: New Delhi

Date: June 29, 2021

Independent Auditor's Report on Consolidated Financial Result of the Winsome Yarn Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To Board of Director of Winsome Yarn Limited

Qualified Opinion.

We have audited the accompanying Consolidated annual financial result ("the statement") of Winsome Yarns Limited ("the Holding Company") and its subsidiaries (the Holding Company and its Subsidiaries together referred to as "the Group"), for the year ended 31st March 2021, attached herewith, being submitted by the holding Company pursuant to the requirements of regulations 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the explanations given to us, and other financial information of subsidiary as referred to in "Other Matter" paragraphs of the aforesaid financial result:

- (i) Includes the annual financial results of the following subsidiaries

Subsidiary Holding Company	Country
Winsome Yarns (Cyprus) Ltd	Cyprus
Winsome Yarns FZE	United Arab Emirates

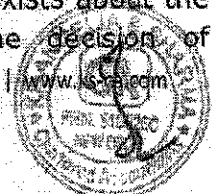
- (ii) Present financial results in accordance with the requirements of Regulation 33 of the Listing Regulations, except for the effects/possible effects of the matters described in paragraph under 'Basis for Qualified Opinion',
- (iii) give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated net loss after tax and other comprehensive income/loss of the Holding Company as at March 31st, 2021, except for the effects/possible effects of the matters described in paragraph under 'Basis for Qualified Opinion'.

Basis for qualified opinion

I. In view of accumulated losses of the Group as at the end of March 31, 2021, the net worth of the Holding 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 Holding Company ability to continue as going concern. The decision of

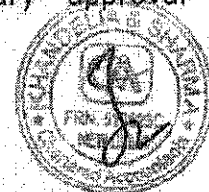
407, South-Ex Plaza II, South Extension 2, New Delhi 110 049, India | +91 11 41643733 | info@ks-ca.com | www.ks-ca.com

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management of the Holding Company to prepare the accounts of the Holding Company on going concern basis for reasons that, (refer to note no. 6 of standalone financial result) The Management of Holding Company 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.

2. The Financial result for the year ended on March 31, 2021 are understated due to:
 - a) Non provisioning of interest expenses, on borrowings, of Rs. 14852.97 Lakhs for the year ended on March 31, 2021 (Rs. 12890.29 Lakhs for the year ended on March 31, 2020), and Rs. 67556.26 Lakhs being aggregate amount of interest unprovided till the year ended March 31, 2021 (Rs. 52703.29 Lakhs till the year ended March 31, 2020), and further amount towards penal interest, penalty, interest payable to EARC 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 Holding Company, and the aggregate unprovided amount in books of account of the Holding Company is not ascertainable with accuracy)
 - b) Non provisioning against long outstanding receivables of Rs.602.50 Lakhs (Rs. 521.57 Lakhs as at March 31, 2020) including of overseas overdue trade receivables. 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. As stated in note no. 7 of consolidated financial statement, investment in USD 48,19,980 in Arise Money Market Fund. As per information given to us, the balance 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 and over/under statement, we are unable to comment.
4. Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/ set off of payment of receivables/payables from/to overseas parties/suppliers, which is pending necessary approval of the competent authority.



5. The Internal Control Systems need to be further strengthened in order that they are commensurate with the size of the Holding 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.
6. Confirmation of balances and reconciliation thereof with respective parties are pending, which include balances pertaining to, accounts receivable and 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 Holding Company. In the absence of the Holding Company having aforementioned details and confirmations, the impact thereof is unascertainable, and therefore, not being commented. Further strengthening of internal controls by the Holding Company will provide greater reliability.
7. In earlier year, management of Holding Company noticed and found fraud in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch during the financial year 2017-18 by its employee/s against which the management of Holding Company took action by lodging F.I.R. with the concerned Police Station and investigation in the matter is pending. The misappropriation of goods has been valued at Rs. 70 Lakhs against which some of the parties to whom goods were sold by the concerned employees have confirmed having received the goods and also confirmed to the Holding Company as having made payment against the same. The Holding Company also filed its claim to Insurance Company under Employee Fidelity Insurance, effect whereof has been accounted in the books of account of the Holding Company, considering the ongoing recovery process of its claims and as per information given to us by management the matter is still pending and same as it is previous financial year.
8. 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 2021.

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 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.

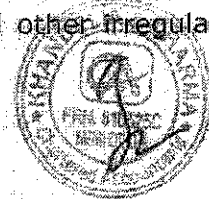
Emphasis of matter

- i) As per information given to us, the Holding Company has made advance payment of Rs. 2268.50 Lakhs to Edelweiss Assets Reconstruction Holding Company for advance against restructuring of loan. Loan outstanding from Edelweiss Assets Reconstruction Holding Company amounting of Rs. 47071.08 Lakhs.
- i) The holding 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 consolidated financial statements for the year 31st March, 2021.
- ii) We draw attention to the users of the financial statement of the Holding Company ended on 31st March, 2021, that the lender Edelweiss Assets Reconstruction Holding Company Limited and Indian Overseas Bank has filed an application against Holding Company under section 7 of the Insolvency & Bankruptcy Code, 2016 before National Holding Company Law Tribunal, Chandigarh Branch. The Holding Company Petition filed by Edelweiss Asset Reconstruction Holding Company Limited against the Holding Company for initiation of Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code (IBC), 2016 has been rejected by National Company Law Tribunal, Chandigarh Bench vide its Order dated 17.03.2020 and the matter is pending before National Company Law Appellate Tribunal.

Our opinion is not modified in respect of these matters.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statement

This Statement has been prepared on the basis of the consolidated annual audited financial statements and has been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit/loss and other comprehensive income and other financial information of the Holding Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Holding Company and for preventing and detecting frauds and other irregularities;



selection and application of appropriate 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 Statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors is responsible for assessing the Holding Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Holding Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Holding Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statement

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing, specified under section 143(10) of the Act, 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 this Statement.

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 Holding Company has in place adequate internal

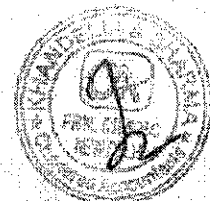


financial controls with reference to financial statements and the operating effectiveness of such controls.

- 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 Holding 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 Holding 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 Holding 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 Holding 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.


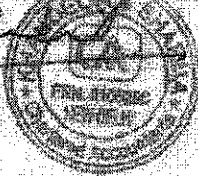
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Other Matters.

We were not provided with the financial statements of subsidiaries of the Holding Company included in consolidated Ind AS financial statements for the year ended March 31, 2021, whose financial statements as prepared and consolidated by the management reflect total assets of Rs. 51.20 Lakhs as at March 31, 2021, as well as total revenue of Rs Nil, total loss after tax of Rs Nil and net cash flow decrease by Rs 34.33 lakh for the year ended on that date. These financial statements and other financial information have been approved by management of holding company. Our opinion on the consolidated Ind AS financial results, to the extent have been derived from such management certified financial statements as at March 31, 2021.

For Khandelia & Sharma
Chartered Accountants
Firm Registration No: 510525G

CA. Arun Khandelia
Partner
Membership No.: 089125
ICAI UDIN No.: 21089125AAAAFP2030

Place: New Delhi
Date: 29-June-2021

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, 2021 [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	3588	3588
	2	Total Expenditure	5709	26873
	3	Net Profit/(Loss)	(2121)	(23285)
	4	Earnings Per Share	(3.00)	(32.93)
	5	Total Assets	26614	26011
	6	Total Liabilities	63461	131017
	7	Net Worth	(36847)	(105006)
	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 consolidated audited financial results: (i) In view of accumulated losses of the Company as at the end of March 31, 2021, 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 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	

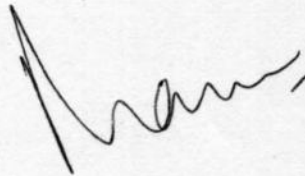

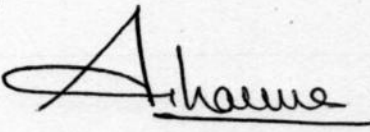

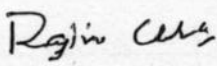

			<p>arise as a result of restructuring agreement, and the accounts of the Company have therefore, been prepared on 'Going Concern' basis, there would arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumptions as to going concern, and in the absence of 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</p> <p>(ii) The results for the quarter ended on March 31, 2021 and the year ended on March 31, 2021 are understated due to:</p> <p>(α) Non provisioning of interest expenses on borrowings of Rs. 3888.11 Lakhs for the quarter ended and Rs. 14852.97 Lakhs for the year ended on March 31, 2021 (Rs. 3384.63 Lakhs for the quarter ended and Rs. 12890.28 Lakhs for the year ended on March 31, 2020, and Rs. 67556.26 Lakhs being aggregate amount of interest unprovided till the year ended March 31, 2021 (Rs. 52703.29 Lakhs till the year ended March 31, 2020), 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).</p> <p>(β) Non provisioning against long outstanding receivables of Rs. 602.50 Lakhs (Rs. 521.57 Lakhs as at March 31, 2020) including of overseas overdue trade receivables. Further the accounting for exchange fluctuation in respect of overseas trade receivables and export advances is not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, we are unable to comment its impact on financial statement.</p>
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			<p>(iii) As stated in note no. 7 of standalone financial statement, investment in USD 48,19,980 in Arise Money Market Fund. As per information given to us, the balance 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 and over/under statement, we are unable to comment.</p> <p>(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> <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 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 com-</p>
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			<p>mented. Further strengthening of internal controls by the Company will provide greater reliability.</p> <p>(vii) In earlier year, management noticed and found fraud in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch during the financial year 2017-18 by its employee/s against which the management took action by lodging F.I.R. with the concerned Police Station and investigation in the matter is pending. The misappropriation of goods has been valued at Rs. 70 Lakhs against which some of the parties to whom goods were sold by the concerned employees have confirmed having received the goods and also confirmed to the Company as having made payment against the same. The Company also filed its claim to insurance company under Employee Fidelity Insurance, effect whereof has been accounted in the books of account of the Company, considering the ongoing recovery process of its claims and as per information given to us by management the matter is still pending and same as it is previous financial year.</p>
	(b)	Type of Audit Qualification	Qualified Opinion
	(c)	Frequency of Audit 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)(a) – Appeared since F.Y. 2013-14 (However, there is change in amount) ● In case of point no (ii)(b) – Appeared since F.Y. 2003-04 (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
	(d)	For Audit Qualification(s) where the impact is quantified by the Auditor, Management views	<p>With regard to Auditors Qualification No. (ii)(a), (ii)(b), (iii), (iv) and (viii):-</p> <p>(ii)(a) Regarding non-provision of interest expenses, penal interest, penalty, etc. in respect of borrowings</p>

			<p>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>(ii)(b) Regarding non-provision against long outstanding receivables-As also explained in Note No. 3.8(a) of Audited Financial Statements, management view is that the receivables for period over one year of Rs 602.50 Lakhs till 31.03.2021 (Rs. 521.57 Lakhs till 31.03.2020), including of overseas overdue trade receivables. Further the accounting for exchange fluctuation in respect of overseas trade receivables and export advances is not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, we are unable to comment its impact on financial statement.</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</p>
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			<p>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.</p> <p>(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</p> <p>(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> <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> <p>(vii) In previous year with regard to noticed fraud in the nature of shortage and misappropriation of goods stored at its Ludhiana Branch by the employee/s of the Company, the effect whereof</p>
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			has been accounted in the books of account of the Company, considering the ongoing recovery process and its claim.
	(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
	(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 – Rajiv Chadha DIN 08793211 		 

	<ul style="list-style-type: none">• Statutory Auditor	For Khandelia & Sharma, Chartered Accountants Firm Registration No. 510525C  (Arun Khandelia) Partner Membership No. 089125 
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Place: Chandigarh
Date: June 29, 2021