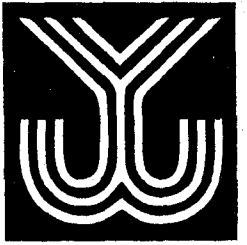


WYL/SECT/NSE/  
Dated : 20.06.2023

**Winsome  
Yarns Limited**

Regd. Office : SCO # 191-192, Sector 34-A,  
Chandigarh - 160 022 INDIA  
CIN : L17115CH1990PLC010566  
Phones : +91-172-4612000, 4613000  
Fax : +91-172-4614000  
e-mail: info@winsomegroup.com  
website: winsomeyarns.com



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

Script Code: WINSOME

Dear Sirs,

**Sub: Clarification for Financial Results for the quarter and year ended  
31.03.2023**

This has reference to your email dated 20.06.2023, whereby you have advised to submit the Standalone and Consolidated auditors reports of Financial Results for the quarter ended 31.03.2023.

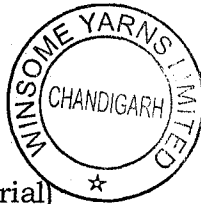
In this regard, we are very sorry for inconvenience and as advised by you, we are submitting Standalone and Consolidated auditors reports along with Financial Results for the quarter and year ended ended 31.03.2023.

Thanks a lot for your cooperation.

Thanking you,

Yours faithfully,  
For WINSOME YARN'S LIMITED

RAJPAL S. RATHORE  
Dy. Manager (Legal & Secretarial)  
Email : [cshare@winsomegroup.com](mailto:cshare@winsomegroup.com)



Encl : as above



IS/ISO  
9001



Works : Village Kurawala, Barwala Road, Derabassi-140507, Distt. Mohali (Pb.)  
Tirupur : No. 2, First Floor, Mahaveer Colony, Valipalayam Main Road, Tirupur - 641601

# Winsome Yarns Limited

Regd. Office : SCO # 191-192, Sector 34-A,  
Chandigarh - 160 022 INDIA  
CIN : L17115CH1990PLC010566  
Phones : +91-172-4612000, 4613000  
Fax : +91-172-4614000  
e-mail: info@winsomegroup.com  
website: winsomeyarns.com



WYL/SECT/  
29.05.2023

BSE Limited  
Dept. of Corporate Service  
1st Floor, New Trading Ring  
Rotunda Building, P. J. Towers  
Dalal Street, Fort, **MUMBAI-400001**

Script Code : 514348

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

Symbol : WINSOME

## **Sub: Outcome of Board Meeting under Regulation 30 of SEBI (LODR). (Audited Financial Results for the year 2022-23)**

Dear Sir/Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith following documents/ information duly approved by the Board of Directors of the Company in their meeting held on May 29, 2023.

1. Audited Financial Results of the Company for the Quarter and Year ended March 31, 2023.
2. Statement of Assets and Liabilities for the half year ended March 31, 2023.
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 Reports and Statement of Impact of audit qualifications on the basis of standalone and consolidated financials for the year 31.03.2023.

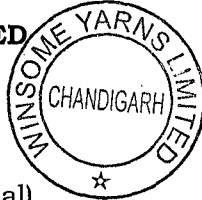
The meeting of the Board of Directors of the Company commenced at **12.30 P.M.** and concluded at **6.05 P.M.**

This is for your information and records please.

Thanking you,  
Yours faithfully,

**For WINSOME YARNS LIMITED**

(RAJPAL S. RATHORE)  
Dy. Manager (Legal & Secretarial)  
Email : [cshare@winsomegroup.com](mailto:cshare@winsomegroup.com)



Encl : as above.



Works : Village Kurawala, Barwala Road, Derabassi-140507, Distt. Mohali (Pb.)  
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.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	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
	<b>Revenue</b>										
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	<b>Expenses</b>										
	(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
	<b>Total Expenses</b>	1,006	2,169	1,406	6,206	5,835	1,006	2,169	1,406	6,206	5,835
5	<b>Profit/(Loss) from Operations before Exceptional Items and tax.(3-4)</b>	(301)	(1,209)	(129)	(2,642)	(1,463)	(301)	(1,209)	(129)	(2,642)	(1,463)
6	Exceptional Items	-	-	-	-	-	-	-	-	-	-
7	<b>Profit/(Loss) before Tax (5+6)</b>	(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	<b>Profit/(Loss) after tax (7-8)</b>	(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	<b>Total Comprehensive Income(9+10)</b>	(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

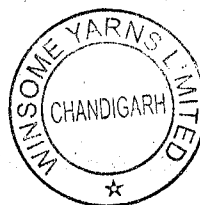
Date: May 29, 2023.



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
<b>ASSETS</b>				
<b>(1) Non- current assets</b>				
(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
<b>Sub Total - non current assets</b>	<b>17,581</b>	<b>18,971</b>	<b>17,581</b>	<b>18,971</b>
<b>(2) Current assets</b>				
(a) Inventories	553	1,222	553	1,222
<b>(b) Financial assets</b>				
(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
<b>Sub Total - current assets</b>	<b>4,085</b>	<b>6,570</b>	<b>4,085</b>	<b>6,621</b>
<b>Total of assets (1+2)</b>	<b>21,666</b>	<b>25,542</b>	<b>21,666</b>	<b>25,593</b>
<b>B. EQUITY AND LIABILITIES</b>				
<b>1. Equity</b>				
(a) Equity share capital	7,071	7,071	7,071	7,071
(b) Other equity	(47,968)	(45,326)	(47,968)	(45,317)
<b>Sub total - Total equity</b>	<b>(40,897)</b>	<b>(38,255)</b>	<b>(40,897)</b>	<b>(38,246)</b>
<b>LIABILITIES</b>				
<b>2. Non- current liabilities</b>				
(a) Deferred grant income	69	69	69	69
(b) Provisions	194	158	194	158
<b>Sub total - Non current liabilities</b>	<b>263</b>	<b>227</b>	<b>263</b>	<b>227</b>
<b>(3) Current liabilities</b>				
<b>(a) Financial liabilities</b>				
(i) Borrowings	55,658	55,658	55,658	55,658
<b>(ii) Trade Payables</b>				
(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
<b>Sub Total - current liabilities</b>	<b>62,300</b>	<b>63,570</b>	<b>62,300</b>	<b>63,611</b>
<b>(4) Total of liabilities (2+3)</b>	<b>62,563</b>	<b>63,797</b>	<b>62,563</b>	<b>63,838</b>
<b>Total of equity and liabilities (1+4)</b>	<b>21,666</b>	<b>25,542</b>	<b>21,666</b>	<b>25,593</b>



**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
<b>A. CASH FLOW FROM OPERATIONS</b>		
Loss before tax	(2,641.86)	(1,397.59)
<b>Adjustment for:</b>		
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)
<b>Operating profit before working capital changes</b>	<b>(1,263.25)</b>	<b>82.24</b>
<b>Adjustment for working capital changes:</b>		
<b>Increase/(Decrease) in financial liabilities</b>		
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)
<b>(Increase)/Decrease in financial assets</b>		
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)
<b>Net cash flow from operating activities (A)</b>	<b>(25.89)</b>	<b>(40.28)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	-	-
Reductions to property, plant and equipment	-	-
Interest receipts	12.03	9.79
<b>Net cash used in investing activities (B)</b>	<b>12.03</b>	<b>9.79</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	-	-
<b>Increase/(Decrease) in financial liabilities</b>		
Proceeds from borrowings	-	(0.00)
Repayment of borrowings	-	-
<b>Net cash used in financing activities (C)</b>	<b>-</b>	<b>(0.00)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(13.86)</b>	<b>(30.49)</b>
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

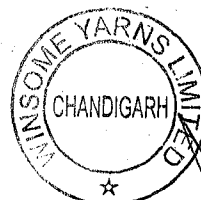
Regd. Office: SCO 191-192, Sector 34-A, Chandigarh -160022

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

(Rs., L)

Particulars	Year Ended	
	March 31, 2023	March 31, 2022
<b>A. CASH FLOW FROM OPERATIONS</b>		
Loss before tax	(2,641.86)	(1,397.59)
<b>Adjustment for:</b>		
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)
<b>Operating profit before working capital changes</b>	<u><b>(1,263.25)</b></u>	<u><b>82.24</b></u>
<b>Adjustment for working capital changes:</b>		
<b>Increase/(Decrease) in financial liabilities</b>		
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)
<b>(Increase)/Decrease in financial assets</b>		
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)
<b>Net cash flow from operating activities (A)</b>	<u><b>(32.20)</b></u>	<u><b>(40.65)</b></u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	-	-
Reductions to property, plant and equipment	-	-
Interest receipts	12.03	9.79
<b>Net cash used in investing activities (B)</b>	<u><b>12.03</b></u>	<u><b>9.79</b></u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	-	-
<b>Increase/(Decrease) in financial liabilities</b>		
Proceeds from borrowings	-	(0.00)
Repayment of borrowings	-	-
<b>Net cash used in financing activities (C)</b>	<u><b>-</b></u>	<u><b>(0.00)</b></u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(20.17)</b>	<b>(30.49)</b>
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)



*[Handwritten Signature]*



**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**

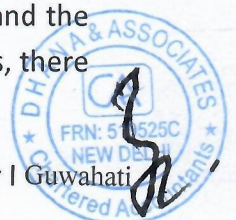
We have audited the accompanying Standalone annual financial result ("the statement") of Winsome Yarns Limited ("the Company"), for the year ended 31<sup>st</sup> March 2023, attached herewith, being submitted by the company pursuant to the requirements of regulations 33 of the SEBI (Listing Obligations 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 31<sup>st</sup>, 2023, except for the effects/possible effects of the matters described in paragraph under 'Basis for Qualified Opinion'.

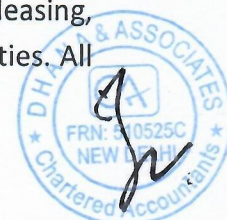
**Basis for Qualified opinion**

1. In view of accumulated losses of the company as at the end of March 31, 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. 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, 2023 are understated due to:
  - a) Non provisioning of interest expenses, of Rs 19,662.06 Lakhs on borrowings for the year ended on March 31, 2023 (Rs 16,782.25 lakhs for the year ended on March 31, 2022 ) and Rs 1,04,000.57 Lakhs being aggregate amount of interest un-provided 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 un-provided amount in books of account of the Company is not ascertainable with accuracy)
3. As stated in note no. 6 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.
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 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.

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 31<sup>st</sup> March, 2023.
- iii) As per information given to us, the company has made provision against long outstanding trade receivables of Rs 446.30 Lakhs during current financial year. including of overseas. Which is overdue for more than 365 days.
- iv) In reference to note no. 5 of financial result, we draw attention to the users of the financial statement of the company ended on 31st March, 2023, that the lender Edelweiss Assets Reconstruction Company Limited and Indian Overseas Bank has filed an application against company under section 7, T.R cones and Winsome Textile Limited has filed an application against company under section 9 of the Insolvency & Bankruptcy Code, 2016 before National Company Law Tribunal, Chandigarh (NCLT). The 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 EARC filed an appeal before National company law Appellate Tribunal (NCLAT) against the order of NCLT. NCLAT vide its order dated 21.07.2022 (on the grounds of order dated 26.10.2021 by Hon'ble High Court of Punjab and Haryana, the company have filed letters patents appeals against the aforementioned order of Hon'ble high court of Punjab and Haryana) set aside the order of NCLT and remanded back to the Adjudicating Authority to decide the application filed under section 7 of the code in accordance with law and the order is reserved by the Adjudicating Authority .The petition filed by the Indian Overseas Bank and T.R Cones is to be heard on 05/07/2023 and 16/6/2023 respectively. The actions of Banks & EARC for recovery of debt are disputed by the company before the Hon'ble Debt Recovery Tribunal- III, Chandigarh, as the debt is not acknowledged. The company has counter claims against banks and EARC for the loss caused to the company and the company does not consider itself liable towards them, and no amount has been accounted by the company. We are unable to comment on possible impact of the above on the standalone financial statements for year ended 31 March 2023.

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) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has in place adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify



our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of financial information of the Company of which we are the independent auditors. For the subsidiaries included in the Statement, which have been audited by other auditors or not have been audited by other auditors, such other auditors or management remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

#### **Other Matter**

The annual financial results included the results for the quarter ended 31<sup>st</sup> March 2023 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 D H A N A and Associates**  
**(Formerly: Khandelia & Sharma)**  
**Chartered Accountants**  
**Firm Registration No: 510525C**

  
CA Arun Khandelia

Partner

Membership No.: 089125

ICAI UDIN No. 23089125BGWUMZ4917

Place: New Delhi

Date: 29/05/2023

**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.

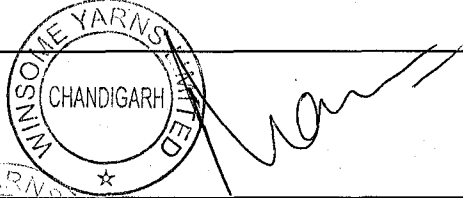
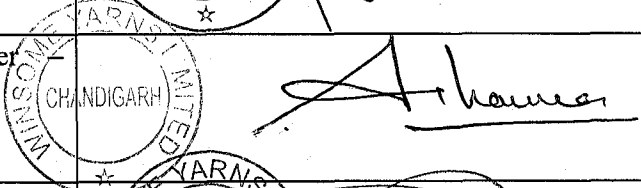
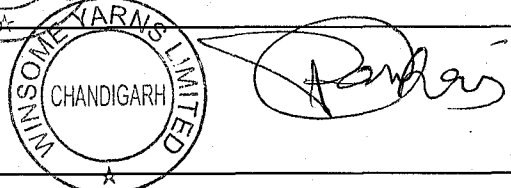
			<p>(v) The Internal Control Systems need to be further strengthened in order that they are commensurate with the size of the Company and the nature of its business, more particularly in areas of, purchases and consumption of materials, charging of expenses, set-off of balances, and invoicing of sale 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"> <li>• In case of point no (i), (iv) and (v) – Appeared since F.Y. 2014-15</li> <li>• In case of point no (ii) – Appeared since F.Y. 2013-14 (However, there is change in amount)</li> <li>• In case of point no (iii) – Appeared since F.Y. 2013-14</li> </ul>

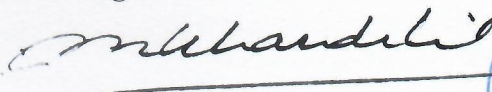

			<p>• In case of point no (vi) – Appeared since F.Y. 2003-04</p>
(d)	<p>For Audit Qualification(s) where the impact is quantified by the Auditor, Management views</p>	<p>With regard to Auditors Qualification No. (i)(ii), (iii), (iv),(v) and (vi) :-</p> <p>(i) The management has prepared its Financial 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 &amp; 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 &amp; 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		
	• Chariman and Managing Director of the Company - Manish Bagrodia		
	• Chief Financial Officer - Sanjay Sharma		
	• Audit Committee Chairman - Pankaj Mahajan DIN 06994712		

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



**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 31<sup>st</sup> March 2023, 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

<b>Subsidiary Holding Company</b>	<b>Country</b>
Winsome Yarns (Cypurs) 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 31<sup>st</sup>, 2023, 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 Group as at the end of March 31, 2023, 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 management of the Holding Company to prepare the accounts of the Holding Company on going concern basis for reasons that. 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, 2023 are understated due to:
  - a) Non provisioning of interest expenses of Rs. 19,662.06 Lakhs on borrowings, for the year ended on March 31, 2023 (Rs. 16,782.25 lakhs for the year ended on March 31, 2022), and Rs. 1,04,000.57 Lakhs being aggregate amount of interest un provided 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, 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 un provided amount in books of account of the Holding Company is not ascertainable with accuracy)
3. As stated in note no. 6 of consolidated financial Result, 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, over/under statement of profit or loss on foreign exchange fluctuation and realizability of investment, 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 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 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. 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 31<sup>st</sup> March 2023.

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 31<sup>st</sup> March, 2023.



- ii) As per information given to us, the holding company has made provision against long outstanding trade receivables of Rs 446.30 lakhs during current financial year including of overseas. Which is overdue for more than 365 days.
- iii) We draw attention to the users of the financial statement of the Holding Company ended on 31st March, 2023 that the lender Edelweiss Assets Reconstruction Company Limited and Indian Overseas Bank has filed an application against company under section 7 and T.R cones and Winsome Textile Limited has filed an application against company under section 9 of the Insolvency & Bankruptcy Code, 2016 before National Company Law Tribunal, Chandigarh (NCLT). The 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 EARC filed an appeal before National company law Appellate Tribunal (NCLAT) against the order of NCLT. NCLAT vide its order dated 21.07.2022 (on the grounds of order dated 26.10.2021 by Hon'ble High Court of Punjab and Haryana, the company have filed letters patents appeals against the aforementioned order of Hon'ble high court of Punjab and Haryana) set aside the order of NCLT and remanded back to the Adjudicating Authority to decide the application filed under section 7 of the code in accordance with law and the order is reserved by the Adjudicating Authority . The petition filed by the Indian Overseas Bank and T.R Cones is to be heard on 05/07/2023 and 16/6/2023 respectively. The actions of Banks & EARC for recovery of debt are disputed by the company before the Hon'ble Debt Recovery Tribunal- III, Chandigarh, as the debt is not acknowledged. The company has counter claims against banks and EARC for the loss caused to the company and the company does not consider itself liable towards them, and no amount has been accounted by the company. We are unable to comment on possible impact of the above on the consolidated financial statements for year ended 31 March 2023

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.

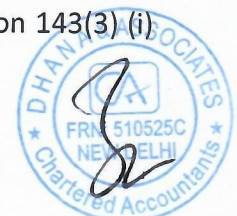
The Board of Directors is also responsible for overseeing the Holding Company's financial reporting process.

### **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, 2023, whose financial statements as prepared and consolidated by the management reflect total assets of Rs Nil Lakhs as at March 31, 2023, as well as total revenue of Rs Nil, total profit/loss after tax of Rs Nil and net cash flow increase/decrease by Rs Nil 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, 2023.

The annual financial results included the consolidated financial results for the quarter ended 31st March 2023 being the balancing figure between the audited consolidated figures in respect of the full financial year and the published unaudited year to date consolidated figures up to the third quarter of the current financial year which were subject to limited review by us.

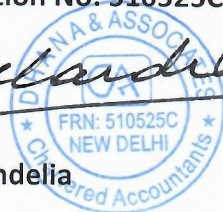
**For D H A N A and Associates**  
**(Formerly: Khandelía & Sharma)**  
**Chartered Accountants**  
**Firm Registration No: 510525C**



**CA. Arun Khandelía**  
**Partner**

Membership No.: 089125

ICAI UDIN No. 23089125BGWUNA8039



**Place: New Delhi**

**Date: 29-05-2023**

**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	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, 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	

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 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 31<sup>st</sup> March 2023.</p>
	(b)	Type of Audit Qualification	Qualified Opinion
	(c)	Frequency of Qualification	<ul style="list-style-type: none"> <li>• In case of point no (i), (iv) and (v) – Appeared since F.Y. 2014-15</li> <li>• In case of point no (ii) – Appeared since F.Y. 2013-14 (However, there is change in amount)</li> <li>• In case of point no (iii) – Appeared since F.Y. 2013-14</li> <li>• In case of point no (vi) – Appeared since F.Y. 2003-04</li> <li>• In case of point no. (vii)—Appeared in F.Y. 2017-18</li> </ul>

	<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 &amp; 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 &amp; 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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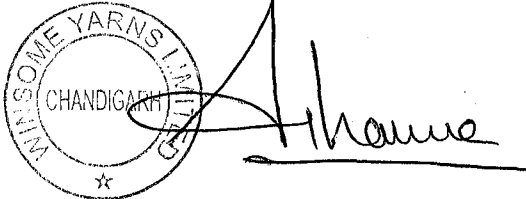
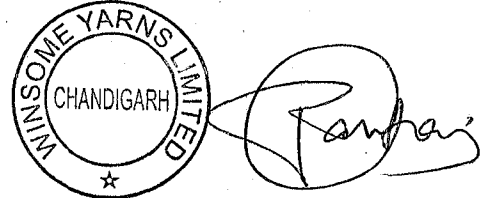
The Management of the Company is engaged in firming an active plan for implementation of its proposal for setting up of a Yarn Dying Plant, and upon its finalization, the aforesaid amount will be utilized for investment and on that date effect of any gain shall be accounted in the books of account of the Company.

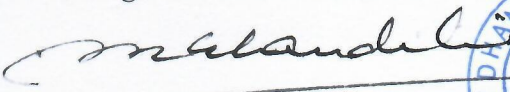

(iv) Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/set off of payment of receivables/payable from/to overseas parties/suppliers, which is pending necessary approval of the competent authority. The management is in the process of obtaining necessary 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"> <li>Chariman and Managing Director of the Company – Manish Bagrodia</li> </ul>	
		<ul style="list-style-type: none"> <li>Chief Financial Officer – Sanjay Sharma</li> </ul>	
		<ul style="list-style-type: none"> <li>Audit Committee Chairman – Pankaj Mahajan DIN 06994712</li> </ul>	

	<ul style="list-style-type: none"> <li>• Statutory Auditor</li> </ul>	<p><b>For Dhana &amp; Associates</b>  <b>(Formerly: Khandelia &amp; Sharma,</b>  <b>Chartered Accountants</b>  <b>Firm Registration No. 510525C</b></p>   <p><b>(Arun Khandelia)</b>  <b>Partner</b>  <b>Membership No. 089125</b></p>

Place: Chandigarh  
Date: May 29, 2023