winsome
Yarns Limited
Regd. Office : SCO # 191-192, Sector 34-A, Chandigarh - 160 022 INDIA
CIN : L17115CH1990PLC010566
Phones : +91-172-2603966, 4612000, 4613000
Fax : +91-172-4614000
e-mail : exports@winsomegroup.com
website: www.winsomegroup.com

WYL/SECT/
30.05.2016

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**

Script Code : WINSOME

Sub : Outcome of Board Meeting (Audited Financial Results for 2015-16)

Dear Sir/Madam,

Pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), please find enclosed herewith Audited Financial Results of the Company for the Quarter and Year ended 31st March, 2016, duly approved by the Board of Directors of the Company, at its meeting held on 30.05.2016 along with duly signed Auditors Report and Form 'B'.

The meeting of the Board of Directors of the Company commenced at 4.00 p.m. and concluded at 8.45 p.m.

This is for your information and records please.

Thanking you,

Yours faithfully,
For WINSOME YARNS LIMITED

WINSOME YARNS LIMITED CIN-L17115CH1990PLC010566

(K. V. SINGHAL)
GM (Legal) & Company Secretary
Mobile No. 09914030030
Email : kvsinghal@winsomegroup.com, cshare@winsomegroup.com

Encl : as above.

IS/ISO 9001

Member
The Winsome Group

WINSOME YARNS LIMITED
Regd.Office: SCO # 191-192, Sector 34-A, Chandigarh - 160022
CIN : L17115CH1990PLC010566,Email – cshare@winsomegroup.com, Website – www.winsomegroup.com
AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED ON 31ST MARCH 2016

PART-I		Rs.in lacs						
		Standalone					Consolidated	
Sr. No.	Particulars	Unaudited			Audited			
		Quarter Ended			Year Ended	6 Months Ended	Year Ended	6 Months Ended
		31.03.2016	31.12.2015	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
1	**Income from operations**							
	(a) Net Sales/Income from operations(Net of Excise Duty)	8715	8186	8451	35115	18448	35121	18448
	(b) Other Operating Income	526	527	828	2353	1687	2353	1687
	Total Income from operations (Net)	**9241**	**8713**	**9279**	**37468**	**20135**	**37474**	**20135**
2	**Expenses**							
	(a) Cost of Material consumed	6015	5940	7323	25740	13378	25740	13378
	(b) Purchase of stock-in-trade	89	48	-	137	-	142	-
	(c) Changes in Inventories of finished goods,Work in progress & stock in trade	468	(399)	573	(525)	4669	(525)	4669
	(d) Employee Benefit expense	600	695	611	2767	1309	2767	1309
	(e) Depreciation & Amortisation expenses	588	430	512	1878	874	1878	874
	(f) Power & Fuel(net)	978	1172	1195	4376	2217	4376	2217
	(g) Other expenses	2478	1258	1323	5907	2406	5909	2412
	Total Expenses	**11,216**	**9,144**	**11,537**	**40,280**	**24,853**	**40,287**	**24,859**
3	**Profit /(Loss) from Operations before other Income, Finance cost & Exceptional Items(1-2)**	**(1,975)**	**(431)**	**(2,258)**	**(2,812)**	**(4,718)**	**(2,813)**	**(4,724)**
4	Other Income	323	21	19	419	318	430	319
5	**Profit /(Loss) from ordinary activities before Finance cost & Exceptional Items (3+4)**	**(1,652)**	**(410)**	**(2,239)**	**(2,393)**	**(4,400)**	**(2,383)**	**(4,405)**
6	Finance cost	583	7	(1,197)	607	275	607	275
7	**Profit /(Loss) from ordinary activities after finance cost but before Exceptional Items (5-6)**	**(2,235)**	**(417)**	**(1,042)**	**(3,000)**	**(4,675)**	**(2,990)**	**(4,680)**
8	Exceptional Items	(444)	-	-	-	-	5	-
9	**Profit /(Loss) from Ordinary Activities before Tax (7-8)**	**(1,791)**	**(417)**	**(1,042)**	**(3,000)**	**(4,675)**	**(2,995)**	**(4,680)**
10	Tax Expense							
	- Current Tax	-	-	-	-	-	-	-
	- Deferred Tax Liability/(Asset)	-	-	-	-	-	-	-
11	**Net Profit/(Loss) from ordinary activities after tax (9-10)**	**(1,791)**	**(417)**	**(1,042)**	**(3,000)**	**(4,675)**	**(2,995)**	**(4,680)**
12	Extraordinary items	-	-	-		-		
13	**Net Profit/(Loss) for the period (11-12)**	**(1,791)**	**(417)**	**(1,042)**	**(3,000)**	**(4,675)**	**(2,995)**	**(4,680)**
14	Minority Interest						-	-
15	**Net Profit /(Loss) after taxes & minority Interest.**	**(1,791)**	**(417)**	**(1,042)**	**(3,000)**	**(4,675)**	**(2,995)**	**(4,680)**
16	Paid - up Equity Capital (Face Value – Rs. 10/- each)	7,071	7,071	7,071	7,071	7,071	7,071	7,071
17	Reserves excluding Revaluation Reserve as per Balance Sheet of previous accounting year				(18,945)	(14,147)	(18,782)	(13,936)
18	Earnings Per Share of Rs 10/- each (Not Annualised)							
	- Basic & Diluted (Rs.)	(2.53)	(0.59)	(1.47)	(4.24)	(6.61)	(4.24)	(6.62)

WINSOME YARNS LIMITED CHANDIGARH

WINSOME YARNS LIMITED

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

(Rs in Lacs)

	Statement of Assets & Liabilities	Audited			
		Standalone		Consolidated	
	Particulars	Year Ended	Year Ended (6 Months)	Year Ended	Year Ended (6 Months)
		31.03.2016	31.03.2015	31.03.2016	31.03.2015
I.	EQUITY & LIABILITIES				
(1)	Shareholders' Funds				
(a)	Share Capital	7,082	7,082	7,082	7,082
(b)	Reserves & Surplus	(21,954)	(18,945)	(21,759)	(18,782)
	Sub-total- Shareholders' fund	(14,872)	(11,863)	(14,677)	(11,700)
(2)	Non- Current Liabilities				
(a)	Long Term Borrowings	49,917	12,952	49,917	12,952
(b)	Long Term Provisions	119	120	119	120
	Sub-total- Non- Current Liabilities	50,036	13,072	50,036	13,072
(3)	Current Liabilities				
(a)	Short Term Borrowings	-	28,156	-	28,156
(b)	Trade Payables	5,220	4,153	5,220	4,190
(c)	Other Current Liabilities	8,669	17,039	8,689	17,055
(d)	Short Term Provisions	14	13	14	13
	Sub-total- Current Liabilities	13,903	49,361	13,923	49,414
	TOTAL-EQUITY AND LIABILITIES	49,067	50,570	49,282	50,786
II.	Assets				
(1)	Non- Current Assets				
(a)	Fixed Assets	25,816	27,708	25,816	27,708
(b)	Non Current Investment	-	-	-	-
(c)	Deferred Tax Asset (Net)	-	-	-	-
(d)	Long term loans & advances	855	690	855	690
	Sub-total- Non- Current Assets	26,671	28,398	26,671	28,398
(2)	Current Assets				
(a)	Current Investment	2,679	2,679	2,679	2,679
(b)	Inventories	5,051	4,285	5,051	4,285
(c)	Trade receivables	12,218	11,845	12,447	12,049
(d)	Cash & bank balances	575	286	581	297
(e)	Short term Loans & Advances	926	1,565	906	1,566
(f)	Other Current Assets	947	1,512	947	1,512
	Sub-total- Current Assets	22,396	22,172	22,611	22,388
	TOTAL – ASSETS	49,067	50,570	49,282	50,786

Notes:

1. The above results have been reviewed by the Audit committee and approved by the Board of Directors in their meeting held on 30th May 2016.
2. The company is only in one line of business namely Textiles (Yarn, Knitwear & related revenue) .
3. Consequent to erosion of entire net worth the company had filed reference to the Hon'ble Board for industrial and Financial Reconstruction (BIFR) under Sick industrial company (Special Provision Act. 1985), (SICA), which had since been registered and next date of hearing is yet to be fixed.
4. Auditors remarks on the accounts for the year ended 31st Mar.2016 (a) Regarding pending confirmation/reconciliation of balances of certain receivables (including overseas overdue receivables), bank balances, payables (including associate company),secured loans, contingent and other liabilities, loans and advances- impact unascertainable).: Management response : these accounts are in process of confirmation/reconciliation. The Management is of the opinion that adjustment, if any ; arising out of such reconciliation would not be material.(b) Regarding Non provision against certain overdue receivables and loan & advances.; Management response ; the management has already initiated necessary steps for the recovery/ reconciliation of the same .(c) Regarding accounting of consumption of Raw Material and Stores & Spares as balancing figure And valuation of inventories is as taken valued and certified by the management (Impact unascertainable).:Management response : Accounting is being done as per past practice through system on issue based consumption.(d) Non-provision against impairment (as per AS-28) in value of assets of Knitwear unit(CGU)and [Impact unascertainable]: Management response : The Company will reassess the value of CGU and the resulting impairment loss on sanction by the lenders of corrective Action Plan or Reworking of its Debts, and adjustment of impairment and lenders liability, if any, will be accounted in books of account of the company concurrently therewith.(e) Regarding non-provision for penal interest and penalty; Management response:read with note no.6 as stated below: (f) Regarding pending receipt of part money of GDR; Management response : Read with note no.5 as stated below. (g) regarding non-provision for interest and penalty on statutory dues :Management response : the same will be provided / accounted for as and when paid.(h) Pending appointment of Independent Director:Management response :Company is in process to appoint an independent director.(i)Regarding Written off/ Writtten back and adjustment/set off of receivable/ payables pending necessary approval :Management response ; the company is in process of obtaining necessary approvals.
5. An amount of USD 60,49,664(balance against GDR issue of 19,94,125 nos. made in financial year 2010-11,entitling 19,94,12,500 fully paid up equity shares of Re.1/- each at Rs.2.97 per share including premium) (now 1,99,41,250 fully paid up equity shares of Rs.10/- each at Rs.29.70 including premium on account of consolidation) is invested in money market fund outside India. The balance Issue proceeds of Rs.2679.34 lacs are pending to be utilised, since not been called.The GDR which was earlier listed with Luxembourg stock exchange has been delisted
6. 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 & certain overdue amount is continuing/ unpaid till date (as detailed in note no.5.6 of audited financial statement for the period ended 31st March 2016). 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 alongwith the underlying rights, title and interests in financial assistances granted to the Company to an Asset Reconstruction Company (ARC). Pending final settlement from ARC, the Company has shown the debts due to the above stated banks under Long Term Borrowings
7. Pursuant to adoption of useful lives of fixed assets as per schedule 2 of the companies act, 2013 and in compliance with notification No.GSR 627(E) dated 29/08/2014, during the current year the useful lives of major components of fixed assets has been assessed by the management and accordingly depreciation for the year is higher by Rs.96.57 lacs. After retaining residual value the carrying amount of Rs.63.35 lacs of certain fixed assets (net of Deferred Tax amounting to Rs.Nil), whose life have expired at the previous year end, has been charged to statement of Profit & Loss account.
8. The figures of the quarter ended 31st March, 2016 are balancing figures between audited figures in respect of full year ended 31st March,2016 and the unaudited published figures upto the third quarter ended 31st December 2015.
9. Current period figures in statement of Profit & Loss are for 12 months which are not strictly comparable with the figures of the previous period of six months
10. Previous periods/quarter/year figures have been regrouped and/or re-arranged wherever necessary to make their classification comparable with current period.

For & on behalf of Board

Manish Bagrodia
Managing Director
DIN No.00046944

Place: Chandigarh
Date : 30th May, 2016

LODHA
& CO
Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364671 / 2414
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Auditor's Report on Quarterly Financial Results and Year to Date Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Independent Auditor's Report

To The Board of Directors Of
WINSOME YARNS LIMITED

1. We have audited the accompanying statements standalone financial results of **WINSOME YARNS LIMITED** ('the Company') for the quarter ended March 31st , 2016 and the financial results for the year ended March 31st, 2016, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The quarterly financial results are the derived figures between the audited figures in respect of the year ended March 31st, 2016 and the published year-to-date figures up to December 31st, 2015, being the date of the end of the third quarter of the current financial year, which were subject to limited review. The financial results for the quarter and year to date ended March 31st, 2016 have been prepared on the basis of the financial results for the nine-month period ended December 31st, 2015, the audited annual financial statements as at and for the year ended March 31st, 2016, and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these financial results based on our review of the financial results for the nine-month period ended December 31st , 2015 which was prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25 "Interim Financial Reporting", Interim Financial Reporting, specified under the Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India; our audit of the annual financial statements as at and for the year ended March 31st , 2016; and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our qualified audit opinion.

3. **Basis for Qualified opinion:**

   Attention is invited to following:-

   i. ***In view of the accumulated losses {also to be read with para (viii) under the head 'Basis for Qualified Opinion', of Our Audit Report for the year ended 31.03.2016 and Note No. 2.12(b) of Audited Accounts as on that date}, the net***

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worth of the Company become negative. Accounts have been prepared, by the management on going concern basis considering the future business plans and expected cash flows. In the event of the same not being held to be a going concern and various assets and liabilities being consequently required to be adjusted with respect to their realizable value, the impact thereof has not been ascertained and therefore cannot be commented upon by us [This to be read together with accounting policy- Note No. 1.1 of Audited Financial Statements for the year ended 31.03.2016 and Note No. 3 of accompanying Statement].

ii. *Regarding non provisioning of Interest Expenses of Rs. 10583.08 Lacs (Rs. 3273.37 Lacs for the period ended 31.03.2015 and Rs. 8670.53 Lacs for the quarter ended 31st December 2015), penal interest, penalty etc. (amount unascertainable). [This to be read with note no. 2.25 of Audited Financial Statements for the Year ended 31.03.2016 and Note No. 4(e) & 6 of accompanying Statement].*

iii. *Regarding Written Off /Written Back and Adjustment/Set Off of payment of receivables/payables from/to overseas parties/suppliers which is pending necessary approval [This to be read with note no. 2.8(c), 2.8(d), and 2.9(a) of Audited Financial Statements for the Year ended 31.03.2016 and Note No. 4(i) of accompanying Statement].*

iv. *Regarding pending confirmation / reconciliation of balances of certain receivables, (including overseas overdue receivables as stated in note no.2.8 of Audited Financial Statements for the Year ended 31.03.2016) bank balances, payables (including of an Associate Company), secured loans, other liabilities, loans and advances etc; and contingent liability being considered as certified by the management in the absence of full detail, in this respect impact is unascertainable and cannot be commented upon by us. In our view read with said note internal control needs to be further strengthened. [This to be read with note no. 2.14 of Audited Financial Statements for the Year ended 31.03.2016 and Note No. 4(a) of accompanying Statement].*

v. *Regarding non-provision against receivables (including of oversea overdue debtors of amounting to Rs. 6173.94 Lacs (Rs. 6908.79 Lacs as at 31st March 2015, and Rs.6410.53 Lacs as at 31st December 2015) [including accounting of exchange fluctuation of Rs. 897.86 lacs (Rs. 897.41 Lacs as at 31st March 2015, and Rs. 897.95 Lacs as at 31st December 2015)] and loans and advances(including other current assets) of Rs. 10357.62 Lacs (Rs. 10377.68 Lacs as at 31st March 2015 , and Rs.11068.44 Lacs as at 31st December 2015) and Rs. 1743.40 Lacs(Rs. 2599.32 lacs as at 31st March 2015 and Rs.2686.77 Lacs as at 31st December 2015) respectively. The accounting of exchange fluctuation is not in line with generally accepted accounting principles and Accounting Standards 11 (AS-11)-"The Effect of Changes in Foreign Exchange Rates".[This to be read with Note No. 2.8 (a)&(b) and Note no. 2.11 respectively of Audited Financial Statements for the Year ended 31.03.2016 and Note No. 4(b) of accompanying Statement].*

vi. *Regarding accounting of consumption of Raw Material and Stores & Spares as balancing figure and the valuation of inventories is as taken, valued and as certified by the management. [This to be read with Note No. 2.22(A)(iv)(a)*

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to (d) of Audited Financial Statements for the Year ended 31.03.2016 and Note No. 4(c) of accompanying Statement].

vii. *The company have carried out assessment of value in use of assets [as per AS-28 (Impairment of Assets)] of knitwear unit (a CGU) by an independent professional firm, based on this estimated impairment loss is of amounting to Rs.1853.72 Lacs (net of depreciation) (Rs. 2365.58 Lacs as at 31st March 2015 & Rs.1981.48 Lacs as at 31st December 2015). However, no provision against the same has been made by the company for the reason as explained in the note no. 4(d) of the accompanying statement. The Non-provision against impairment in value of above stated assets is not in line with AS-28. [This to be read with Note No. 2.5 of Audited Financial Statements for the Year ended 31.03.2016].*

viii. *Regarding pending receipt of part money of amounting to USD 50,72,110 (Rs. 2679.34 lacs) out of the GDR issue made by the company and as explained lying outside India [i.e. balance amount against GDR issue of 19,94,125 nos. made in financial year 2010-11, entitling 19,94,12,500 fully paid up equity shares of Re.1/- each at Rs.2.97 per share including premium (now 1,99,41,250 fully paid up equity shares of Rs.10/- each at Rs.29.70 including premium)].In respect of realisability/receipt we are unable to comment. As explained, above stated amount is invested in money market fund outside India, pending for utilization. [This to be read with Note No. 2.3 of Audited Financial Statements for the year ended 31.03.2016 and Note No. 4(f) and 5 of accompanying Statement].*

ix. *Regarding non-provisions of Interest, Penalty etc. on delay/non-payment of certain statutory dues on time w.r.t. Employee State Insurance, Provident Fund, Punjab Welfare Fund, Tax Deducted at source, Tax Collected at source, Service Tax and Sales Tax etc. (amount unascertainable) and our inability to comment the impact on the loss for the Quarter and for the year.*
[This to be read with Note No. 2.23 (read with note no. 2.14) of Audited Financial Statements for the year ended 31.03.2016 and Note No. 4(g) of accompanying Statement].

x. *Regarding pending appointment of requisite number of independent directors. [This to be read with Note No. 2.27 of Audited Financial Statements for the year ended 31.03.2016 and Note No.4 (h) of accompanying Statement].*

xi. *In view of our comment under para (i) to (ix) above and on our comments w.r.t. the internal control system which needs to be further strengthened to be made the same commensurate with the size of the Company and the nature of its business for the purchases and consumption of inventory, booking of the expenses, set off of balances and for the sale of goods and services.*

Our opinion was also qualified on the financial statements for the period ended 31st March 2015 and Quarter ended 31st December 2015 in respect of matters reported in (i) to (xi) above.

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4. In our opinion and to the best of our information and according to the explanations given to us, *subject to paragraph 3 above* these quarterly financial results as well as the year to date results:

   (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and

   (ii) give a true and fair view of the net loss and other financial information for the quarter ended March 31st, 2016 and for the year ended March 31st, 2016.

For LODHA & CO.
Chartered Accountants
Firm's Registration No. 301051E

GAURAV LODHA
Partner
M.No. 507462

LODHA & CO. New Delhi Chartered Accountants

Place: New Delhi

Date : 30-05-2016

LODHA
& CO
Chartered Accountants

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Auditor's Report on Consolidated Year to Date Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Independent Auditor's Report

To The Board of Directors Of
WINSOME YARNS LIMITED

1. We have audited the accompanying Statement of Consolidated Financial Results of **WINSOME YARNS LIMITED**("the Company") and its subsidiaries (the company and its subsidiaries together referred to as "the Group") which has been approved by the Board of Directors for the year ended 31.03.2016 ("the Statement") being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements)Regulations,2015.This Statement("consolidated results"),which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared on the basis of the related consolidated financial statements of the group which is in accordance with the Accounting Standards prescribed under Section 133 of the Companies Act,2013 as applicable and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the statement.

2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

   We believe that the audit evidence ,we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

3. **Basis for Qualified opinion ;**

   Attention is invited to following:-

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i. *In view of the accumulated losses {also to be read with para (viii) under the head 'Basis for Qualified Opinion', of Our Audit Report for the year ended 31.03.2016 and Note No. 2.9 of Consolidated Audited Financial statement as on that date), the net worth of the Company become negative. Accounts have been prepared, by the management on going concern basis considering the future business plans and expected cash flows. In the event of the same not being held to be a going concern and various assets and liabilities being consequently required to be adjusted with respect to their realizable value, the impact thereof has not been ascertained and therefore cannot be commented upon by us [This to be read together with Note No. 3 of accompanying Statement].*

ii. *Regarding non provisioning of Interest Expenses of Rs. 10583.08 Lacs (Rs. 3273.37 Lacs for the period ended 31.03.2015), penal interest, penalty etc. (amount unascertainable). [This to be read with note no. 2.18 of Consolidated Audited Financial statement for the Year ended 31.03.2016 and Note No. 4(e) & 6 of accompanying Statement].*

iii. *Regarding Written Off /Written Back and Adjustment/Set Off of payment of receivables/payables from/to overseas parties/suppliers which is pending necessary approval [This to be read with note no. 2.6(c), 2.6(d), and 2.7(a) of Consolidated Audited Financial Statements for the Year ended 31.03.2016 and Note No. 4(i) of accompanying Statement].*

iv. *Regarding pending confirmation / reconciliation of balances of certain receivables, (including overseas overdue receivables as stated in note no.2.6 of Consolidated Audited Financial Statements for the Year ended 31.03.2016) bank balances, payables (including of an Associate Company), secured loans, other liabilities, loans and advances etc; and contingent liability being considered as certified by the management in the absence of full detail, in this respect impact is unascertainable and cannot be commented upon by us. In our view read with said note internal control needs to be further strengthened. [This to be read Note No. 2.10 of the Consolidated Financial Statement for the year ended 31.03.2016 and 4(a) of accompanying Statement].*

v. *Regarding non-provision against receivables (including of oversea overdue debtors of amounting to Rs. 6173.94 Lacs (Rs. 6908.79 Lacs as at 31st March 2015) [including accounting of exchange fluctuation of Rs. 897.86 lacs (Rs. 897.41 Lacs as at 31st March 2015)] and loans and advances(including other current assets) of Rs. 10357.62 Lacs (Rs. 10377.68 Lacs as at 31st March 2015 ,) and Rs. 1743.40 Lacs(Rs. 2599.32 lacs as at 31st March 2015) respectively. The accounting of exchange fluctuation is not in line with generally accepted accounting principles and Accounting Standards 11 (AS-11)-"The Effect of Changes in Foreign Exchange Rates".[This to be read with Note No. 2.6 (a)&(b) and Note no. 2.8 respectively of Consolidate Audited Financial Statements for the Year ended 31.03.2016 and Note No. 4(b) of accompanying Statement].*

vi. *Regarding accounting of consumption of Raw Material and Stores & Spares as balancing figure and the valuation of inventories is as taken, valued and as*

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certified by the management. [This to be read with Note No. 2.16 (i)(a) to (d) of Consolidated Audited Financial Statements for the Year ended 31.03.2016 and Note No. 4(c) of accompanying Statement].

vii. *The company have carried out assessment of value in use of assets [as per AS-28 (Impairment of Assets)] of knitwear unit (a CGU) by an independent professional firm, based on this estimated impairment loss is of amounting to Rs.1853.72 Lacs (net of depreciation) (Rs. 2365.58 Lacs as at 31st March 2015). However, no provision against the same has been made by the company for the reason as explained in the note no. 4(d) of the accompanying statement. The Non-provision against impairment in value of above stated assets is not in line with AS-28. [This to be read with Note No. 2.5 of Consolidated Audited Financial Statements for the Year ended 31.03.2016].*

viii. *Regarding pending receipt of part money of amounting to USD 50,72,110 (Rs. 2679.34 lacs) out of the GDR issue made by the company and as explained lying outside India [i.e. balance amount against GDR issue of 19,94,125 nos. made in financial year 2010-11, entitling 19,94,12,500 fully paid up equity shares of Re.1/- each at Rs.2.97 per share including premium (now 1,99,41,250 fully paid up equity shares of Rs.10/- each at Rs.29.70 including premium)].In respect of realisability/receipt we are unable to comment. As explained, above stated amount is invested in money market fund outside India, pending for utilization. [This to be read with Note No. 2.4 of Consolidated Audited Financial Statements for the year ended 31.03.2016 and Note No. 4(f) and 5 of accompanying Statement].*

ix. *Regarding non-provisions of Interest, Penalty etc. on delay/non-payment of certain statutory dues on time w.r.t. Employee State Insurance, Provident Fund, Punjab Welfare Fund, Tax Deducted at source, Tax Collected at source, Service Tax and Sales Tax etc. (amount unascertainable) and our inability to comment the impact on the loss for the year.*
[This to be read with Note No. 2.17 (read with note no. 2.10) of Consolidated Audited Financial Statements for the year ended 31.03.2016 and Note No. 4(g) of accompanying Statement].

x. *Regarding pending appointment of requisite number of independent directors. [This to be read with Note No. 2.21 of Consolidated Audited Financial Statements for the year ended 31.03.2016 and Note No.4 (h) of accompanying Statement].*

xi. *In view of our comment under para (i) to (ix) above and on our comments w.r.t. the internal control system which needs to be further strengthened to be made the same commensurate with the size of the Company and the nature of its business for the purchases and consumption of inventory, booking of the expenses, set off of balances and for the sale of goods and services.*

Our opinion was also qualified on the financial statements for the period ended 31st March 2015 in respect of matters reported in (i) to (xi) above.

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4. (a) We did not audit the financial statements/financial information of one subsidiary, included in the consolidated financial results whose financial statements reflect total assets of Rs. 189.60 Lacs as at 31st March 2016,total revenue of Rs.6.42 Lacs for the year ended 31st March 2016 and total profit after tax of Rs. 5.84 Lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report have been furnished to us by the management and our opinion on the statement, in so far as it relates to the amounts and disclosures included in respect of subsidiary and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

   (b) We did not audit the financial statements/financial information of one subsidiary, included in the consolidated financial results whose financial statements reflect total assets of Rs. 46.16 Lacs as at 31st March 2016,total revenue of Rs. Nil for the year ended 31st March 2016 and loss of Rs. 0.40 Lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and our report in terms of sub-section (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial statements/financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.

5. In our opinion and to the best of our information and according to the explanations given to us, *subject to paragraph 3 above* and based on the consideration of the reports of the other auditors referred to in paragraph 4 above, the Statement in the case of consolidated financial results of the group:

   (i) Include the results for the year ended 31st March 2016 of the subsidiaries: Winsome Yarn FZE and Winsome Yarn CYPRUS Limited;

   (ii) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements)Regulations,2015; and

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(iii) give a true and fair view in conformity with the aforesaid Accounting Standards and other accounting principles generally accepted in India, of the consolidated net loss and other financial information of the Group for the year ended 31/03/2016.

For Lodha & Co.
Chartered Accountants
FRN:-301051E

Gaurav Lodha
Partner
Membership No.507462
Place : New Delhi
Date : 30-05-2016

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FORM NO. B

1	**Name of the Company**	**WINSOME YARNS LIMITED**	
2	**Financial Statements for the year ended**	**31st March, 2016** **(For Standalone Financial Statements)**	
3	**Type of Audit observation**	Qualification in the Annexure referred to in 'Basis for Qualified Opinion' paragraph of the Auditors' Report dated 30th May, 2016 to the members of Winsome Yarns Limited on the accounts for the year ended 31st March, 2016:-	
		i.	Note no. 2.12(b) regarding the net worth of the Company become negative and preparation of financial statements by the management on "going concern basis", considering the future business plans and expected cash flows as stated in the said note. In the event of the same not being held to be a "going concern" and various assets and liabilities being consequently required to be adjusted with respect to their realizable value, the impact whereof has not been ascertained.
		ii.	Note no. 2.25 regarding non-provisioning of Interest Expenses of Rs. 10583.08 Lacs (Previous Year Rs. 3273.37 lacs), penal interest, penalty etc. (amount unascertainable)
		iii.	Note no. 2.8(c), 2.8(d) & 2.9(a) regarding written off/written back and Adjustment/set off of payment of receivables/payables from/to overseas parties/suppliers pending necessary approval respectively as stated in the said notes.
		iv.	Note No. 2.14 regarding pending confirmation / reconciliation of balances of certain receivables (including overseas overdue receivables as stated in note no.2.8), bank balances, payables (including of an Associate Company), secured loans, other liabilities, loans and advances etc.; and contingent liability being considered as certified by the management in the absence of full detail, in this respect impact is unascertainable and cannot be commented upon by us. In our view read with said note internal control needs to be further strengthened.
		v.	Note No. 2.8 (a)&(b) and Note no. 2.11 regarding non-provision against receivables [including of oversea overdue debtors of amounting to Rs. 6173.94 lacs (Previous Year Rs. 6908.79 Lacs)] [including accounting of exchange fluctuation of Rs. 897.86 Lacs(Previous Year Rs. 897.41 Lacs) till 31st March 2015] and loans and advances (including other current assets) of Rs. 10357.62 lacs (Previous Year Rs. 10377.68 Lacs) and Rs. 1743.40 lacs (Previous Year Rs. 2599.32 Lacs) respectively. The accounting of exchange fluctuation is not in line with generally accepted accounting principles and Accounting Standards 11 (AS-11)-"The Effect of Changes in Foreign Exchange Rates".
		vi.	Note No. 2.22(A)(iv)(a) to (d) regarding accounting of consumption of Raw Material and Stores & Spares as balancing figure and the valuation of inventories is as taken,

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			valued and as certified by the management as stated in said note; the impact whereof on the statement of state of affairs and loss for the period not being ascertainable for the reason stated in the said note and cannot be commented upon by us.
		vii.	As stated in note no. 2.5,the company have carried out assessment of value in use of assets of knitwear unit, by an independent professional firm, based on this estimated impairment loss is of amounting to Rs. 1853.72 lacs (Previous Year 2365.58 Lacs) (net). However, no provision against the same has been made by the company for the reason as explained in the said note. The Non provision against impairment in value of above stated assets is not in line with AS 28.
		viii.	Note no. 2.3 regarding pending receipt of part money of amounting to USD 50,72,110 (Rs. 2679.34 lacs) out of the GDR issue made by the company and as explained lying outside India [i.e. balance amount against GDR issue of 19,94,125 nos. made in financial year 2010-11, entitling 19,94,12,500 fully paid up equity shares of Re. 1/ each at Rs. 2.97 per share including premium (now 1,99,41,250 fully paid up equity shares of Rs. 10/- each at Rs. 29.70 including premium)]. In respect of realisability/receipt we are unable to comment. As explained, above stated amount is invested in money market fund outside India, pending for utilization.
		ix.	Note No. 2.23 (read with note no. 2.14) regarding non-provisions of Interest, Penalty etc. on delay/non payment of certain statutory dues on time w.r.t. Employee State Insurance, Provident Fund, Punjab Welfare Fund, Tax Deducted at source, Tax Collected at source, Service Tax and sales tax etc. (amount unascertainable) and our inability to comment the impact on the loss for the period.
		x.	Note no. 2.27 regarding pending appointment of requisite number of independent directors as stated in the said note.
		xi.	In view of our comment under para (i) to (ix) above and on our comments in terms of the internal control system needs to be further strengthened to be made the same commensurate with the size of the Company and the nature of its business for the purchases and consumption of inventory, booking of the expenses, set off of balances and for the sale of goods and services.
4	Frequency of Qualification		• In case of point no. (i) – Second time (two time under emphasis of Matter paragraph) • In case of point no (ii) – Second time • In case of point no (iii) – Second time • In case of point no. (iv) – For period > 3 Years • In case of point no. (v) – For period > 3 Years (However there is change in amount) • In case of point no. (vi) – For period > 3 Years • In case of point no. (vii) – For period > 3 Years

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			(However there is change in amount) • In case of point no. (viii) – Third time • In case of point no. (ix) – Second time • In case of point no. (x) – Second time • In case of point no. (xi) – Second time
5	Draw attention to relevant notes in the Annual Financial Statements and Management response to the qualifications in the Directors' Report.	i.	Note No. 2.12 (b)- The accumulated losses of the Company having exceeded its net worth, based on the audited accounts for the period ended 30th September 2014. Accordingly, the Company have filed an application with the Hon'ble Board for Industrial and Financial Reconstruction, in terms of its statutory obligation under section 3(1)(o) of the Sick Industrial Companies (Special Provisions) 1985 (SICA). Company in terms to the said Act, had been registered 10th April 2015. Considering the proposed rehabilitation plan of the company and future business plans, present business scenario, stable government policies for the business and expected cash flow in the near future as assessed by the management of the company, accounts are prepared on 'Going Concern' basis.
		ii.	a. Note no. 2.25- Due to continuous losses and financial tightness, the company has not been able to fully pay due installments & interest of term loan on due dates & certain overdue amount is continuing/ unpaid till date (as detailed in note no.5.6). No provision for interest, as calculated/ estimated by the management, on secured loans and short term borrowings of amounting to Rs.4574.10 lacs & Rs. 6008.98 lacs respectively (of banks) has been made in the accounts and the same will be accounted for as and when settled / paid. Further penal interest etc. (amount unascertained) if any, will be accounted for as and when paid/settled. b. Pending receipt of old dues against the TUFS subsidy claim filed, the Company has not recognized TUFS subsidy claim of amounting to Rs.1801.20 lacs for the period.
		iii.	Note no. 2.8(c), 2.8(d) & 2.9(a) regarding Adjustment/set off of payment of receivables/payables pending necessary approval respectively as stated in the said notes.Company is in process of obtaining necessary approvals from AD/RBI
		iv.	Note No. 2.14- Balances of certain Trade Receivables (including subsidiaries and oversea overdue trade receivables as stated in note no. 2.8), bank balances (including bills discounted and outstanding Letter of Credit), Trade Payables (including of Associate Company of amounting to Rs.567.90 lacs), Secured Loans, Other Liabilities and Loans & Advances are in process of confirmation/ reconciliation. 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

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		v.	2.8(a)- Receivables exceeding six months includes outstanding amount for period over one year of Rs.6221.87 Lacs (including exchange gain of Rs. 897.86 lacs till 31.03.2016) [excluding as stated in note no. (b) below], where company is in process of filing necessary papers with appropriate authority for extension of time [read with note no.2.9 (A)]. In this regards, management is confident about full recovery/ realisability considering the past performance of the customer and recovery initiative taken by the Company. (b)-The trade' receivable include certain overdue Trade Receivables/ Other Receivables of Rs. 4676.92 lacs. Considering the fact that management is confident about full recovery/ realisability, provision there against has not been considered necessary. 2.11- Overdue amount include Short Term Loans and Advances (Including Other Current Assets) of Rs. 1743.40 lacs. In the opinion of the management these are fully realisable and hence considered good. Further, necessary steps have been initiated for recovery of the same.
		vi.	Note No. 2.22(A)(iv)(a)- As per the past practice, consumption of raw material and stores & spares is derived as net of opening stock plus purchases less closing stock as item wise records are in process of updation. (b)- Company is in process of carrying out item wise reconciliation between item wise physical stock of fixed and inventories. To the extent assets and inventories have been physically verified by the management, no material discrepancies have been observed between the book record and physical quantity. (c)- In view of Para (a) above, closing inventory of stock-in-process and finished goods has been considered as taken, valued and certified by the management after 'providing against old/ non-moving inventory as assessed/ estimated by the management and/or based on contracts/ subsequent sales realization. (d)- In view of security arrangement in place, the management is confident that there will not be any material adjustment on updation/ completion of records of physical verification of inventory and fixed assets.
		vii.	Note No. 2.5-In accordance with Accounting Standard 28- 'Impairment of Assets', the Company has identified its garmenting manufacturing facility (Knitwear Unit) located at Plot No. B-58, Industrial Area, Phase- VII, Mohali (Punjab), [Cash Generating Units (CGU)]. The CGU is engaged in manufacture of sweaters, pullover and garments of various sizes. Considering the continuing past losses of the CGU, during the period ended 31st March 2015, the Company on the basis of projected scale of operations and prevailing market conditions assessed that the recoverable value of the above CGU would be lower as compared to the carrying value, thus, indicating impairment. As a result of the impairment testing carried out as at 30th September,

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			2013 by an independent expert, impairment loss of Rs. 2996.00 Lacs was estimated by the Management, based on a comparison of the carrying value of the asset vis-a-vis recoverable value. Post the assessment of value of CGU, the Company has charged an amount of Rs. 1142.28 Lacs on account of depreciation, and the assessed amount of impairment loss has since reduced to Rs. 1853.72 Lacs. However, as the reports are under consideration of the Management, Impairment loss will be accounted as and when finally assessed. Further, management is of the view that in recent past with growth in the textile market (consumption) in general and considering the present economic and political scenario, impairment if any, would be much lower than the amount as assessed by the expert.
		viii.	2.3(a)- In the Extraordinary General Meeting of the Company held on 28/06/2010, the Members of the Company had approved the issue of new capital through Global Depository Receipts (GDRs), and 19,94,125 number of GDR of USD 6.64 each (each GDR converting/ equivalent to 100 equity shares-being 1,99,41,250 nos. of equity shares of Rs. 10 each at Rs. 29.70 including premium) had been issued and allotted on 29/03/2011. The GDR is listed for trading at the Luxembourg Stock Exchange. Out of the proceeds of GDRs raised in 2011, an amount of USD 6,954,515 (INR 3721.05 Crores) stood remitted to India, which had been utilised for augmentation of working capital needs of the Company and a balance amount of US$ 50,72,110 (INR 2679.34 Lacs) continues to remain invested in an overseas Money Market Fund outside India as on 31.3.2015, pending proceeds to be utilised. In this regards, as advised, Company is filing return regularly with the RBI. (b)- The Depository of GDR Issue. The Bank of New York Melon, USA, (BNYM) has resigned to act as Depository w.e.f. 29.10.2014 and also issued a termination notice on 16.3.2015 to terminate the depository agreement w.e.f. 15-06-2015. The GDR is listed at Luxembourg Stock Exchange (LSE). The LSE has issued a notice to the company for withdrawal of GDR issued from the LSE w.e.f. 16-06-2015. The company is in process to appoint new depository.
		ix.	Note no. 2.23 Due to financial tightness and losses Company could not make due payments against various statutory dues (TDS, TCS, PF, ESIC, PWF, Service Tax, Sales Tax etc.) on time and pending for payment at close of the period are on account of Provident Fund Rs. 85.15 lacs and ESI Rs. 17.15 Lacs . Penal interest and penalty in this regard (amount unascertained) if any, will be accounted for as and when the same will be paid. All these amounts have since been paid.
		x.	Note no. 2.27-The Company is in process to appoint an Independent Director.
			Para (i) to (ix) Necessary steps have been Initiated to

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		xi.	further strengthen system of internal controls w.r.t. purchases and consumption of inventory, booking of expenses, set off of balances and for the sale of goods and services
6	**Additional comments from the board/audit committee chair:-**	No	

(A) Under the Annexure referred under **'Report on other legal and regulatory requirements'** paragraph, Independent Auditors have drawn attention to the following:-

1) In respect of records and Physical verification of fixed assets. [Refer to clause 1(a) and 1(b) of the above referred Annexure].
This is to be read with point no. 5(vi) as stated above.

2) In respect of records and procedure of physical verification of the Inventories. [Refer to clause 2 of the above referred Annexure].

This is to be read with point no. 5(vi) as stated above.

3) Provident Fund, Employee State Insurance dues, Punjab Welfare Fund, TDS, TCS, Sales Tax & Service Tax were found paid with certain delay and non- deposition of PF, ESI & PWF. [Refer to clause 7(a) of the above referred Annexure].

This is to be read with point no. 5(ix) as stated above.

4) Company has defaulted in repayment of dues on account of interest and principal to banks. [Refer to clause 8 of the above referred Annexure].

This is to be read with point no. 5(ii) as stated above.

To be signed by:		
1	**CEO/Managing Director**	Manish Bagrodia Managing Director WINSOME YARNS LIMITED CIN-L17115CH1990PLC010566
2	**Chief Financial Officer**	Anand Balkishan Sharma President (Corporate Finance) and CFO WINSOME YARNS LIMITED CIN-L17115CH1990PLC010566
3	**Auditor of the Company**	Gaurav Lodha (Partner) LODHA & CO. New Delhi Chartered Accountants

		M.No. 507462 M/s Lodha & Co. Chartered Accountants (FRN: 301051E)
4	**Audit Committee Chairman**	Pradeep Kumar Audit Committee Chairman

Place :- Chandigarh

Date :- 30th May 2016

FORM NO. B

1	**Name of the Company**	**WINSOME YARNS LIMITED**	
2	**Financial Statements for the year ended**	**31st March, 2016** **(For Consolidated Financial Statements)**	
3	**Type of Audit observation**	Qualification in the Annexure referred to in 'Basis for Qualified Opinion' paragraph of the Auditors' Report dated 30th May, 2016 to the members of Winsome Yarns Limited on the accounts for the year ended 31st March, 2016:-	
		i.	Note no. 2.9 regarding the net worth of the Company become negative and preparation of financial statements by the management on "going concern basis", considering the future business plans and expected cash flows as stated in the said note. In the event of the same not being held to be a "going concern" and various assets and liabilities being consequently required to be adjusted with respect to their realizable value, the impact whereof has not been ascertained.
		ii.	Note no. 2.18 regarding non-provisioning of Interest Expenses of Rs. 10583.08 Lacs (Previous Year 3273.37 Lacs), penal interest, penalty etc. (amount unascertainable)
		iii.	Note no. 2.6(c), 2.6(d) & 2.7(a) regarding writtenoff/written back and Adjustment/set off of payment of receivables/payables from/to overseas/suppliers which is pending necessary approval respectively as stated in the said notes.
		iv.	Note No. 2.10 regarding pending confirmation / reconciliation of balances of certain receivables (including overseas overdue receivables as stated in note no.2.6), bank balances, payables (including of an Associate Company), secured loans, other liabilities, loans and advances etc.; and contingent liability being considered as certified by the management in the absence of full detail, in this respect impact is unascertainable and cannot be commented upon by us. In our view read with said note internal control needs to be further strengthened.
		v.	Note No. 2.6 (a)&(b) and Note no. 2.8 regarding non-provision against receivables [including of oversea overdue debtors of amounting to Rs. 6173.94 lacs (Previous Year Rs. 6908.79 Lacs)] [including accounting of exchange fluctuation of Rs. 897.86 Lacs (Previous Year Rs. 897.41 Lacs) till 31st March 2015] and loans and advances (including other current assets) of Rs. 10357.62 lacs (Previous Year Rs. 10377.68 Lacs) and Rs. 1743.40 lacs (Previous Year Rs. 2599.32 Lacs) respectively. The accounting of exchange fluctuation is not in line with generally accepted accounting principles and Accounting Standards 11 (AS-11)-"The Effect of Changes in Foreign Exchange Rates".
		vi.	Note No. 2.16(l)(a) to (d) regarding accounting of consumption of Raw Material and Stores & Spares as balancing figure and the valuation of inventories is as taken,

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			valued and as certified by the management as stated in said note; the impact whereof on the statement of state of affairs and loss for the period not being ascertainable for the reason stated in the said note and cannot be commented upon by us.
		vii.	As stated in note no. 2.5, the company have carried out assessment of value in use of assets of knitwear unit, by an independent professional firm, based on this estimated impairment loss is of amounting to Rs. 1853.72 lacs (Previous Year 2365.58 Lacs) (net). However, no provision against the same has been made by the company for the reason as explained in the said note. The Non provision against impairment in value of above stated assets is not in line with AS 28.
		viii.	Note no. 2.4 regarding pending receipt of part money of amounting to USD 50,72,110 (Rs. 2679.34 lacs) out of the GDR issue made by the company and as explained lying outside India [i.e. balance amount against GDR issue of 19,94,125 nos. made in financial year 2010-11, entitling 19,94,12,500 fully paid up equity shares of Re. 1/ each at Rs. 2.97 per share including premium (now 1,99,41,250 fully paid up equity shares of Rs. 10/- each at Rs. 29.70 including premium)]. In respect of realisability/receipt we are unable to comment. As explained, above stated amount is invested in money market fund outside India, pending for utilization.
		ix.	Note No. 2.17 (read with note no. 2.10) regarding non-provisions of Interest, Penalty etc. on delay/non-payment of certain statutory dues on time w.r.t. Employee State Insurance, Provident Fund, Punjab Welfare Fund, Tax Deducted at source, Tax Collected at source, Service Tax and sales tax etc. (amount unascertainable) and our inability to comment the impact on the loss for the period.
		x.	Note no. 2.21 regarding pending appointment of requisite number of independent directors as stated in the said note.
		xi.	In view of our comment under para (i) to (ix) above and on our comments in terms of the internal control system needs to be further strengthened to be made the same commensurate with the size of the Company and the nature of its business for the purchases and consumption of inventory, booking of the expenses, set off of balances and for the sale of goods and services.
4	Frequency of Qualification		• In case of point no. (i) – Second time (two time under emphasis of Matter paragraph) • In case of point no (ii) – Second time • In case of point no (iii) – Second time • In case of point no. (iv) – For period > 3 Years • In case of point no. (v) – For period > 3 Years (However there is change in amount) • In case of point no. (vi) – For period > 3 Years • In case of point no. (vii) – For period > 3 Years

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			(However there is change in amount) • In case of point no. (viii) – Third time • In case of point no. (ix) – Second time • In case of point no. (x) – Second time • In case of point no. (xi) – Second time
5	Draw attention to relevant notes in the Annual Financial Statements and Management response to the qualifications in the Directors' Report.	i.	Note No. 2.9 - The accumulated losses of the Company having exceeded its net worth, based on the audited accounts for the period ended 30th September 2014. Accordingly, the Company have filed an application with the Hon'ble Board for Industrial and Financial Reconstruction, in terms of its statutory obligation under section 3(1)(o) of the Sick Industrial Companies (Special Provisions) 1985 (SICA). Company in terms to the said Act, had been registered 10th April 2015. Considering the proposed rehabilitation plan of the company and future business plans, present business scenario, stable government policies for the business and expected cash flow in the near future as assessed by the management of the company, accounts are prepared on 'Going Concern' basis.
		ii.	a. Note no. 2.18- Due to continuous losses and financial tightness, the company has not been able to fully pay due installments & interest of term loan on due dates & certain overdue amount is continuing/ unpaid till date (as detailed in note no.5.6). No provision for interest, as calculated/ estimated by the management, on secured loans and short term borrowings of amounting to Rs.4574.10 lacs & Rs. 6008.98 lacs respectively (of banks) has been made in the accounts and the same will be accounted for as and when settled / paid. Further penal interest etc. (amount unascertained) if any, will be accounted for as and when paid/settled. b. Pending receipt of old dues against the TUFS subsidy claim filed, the Company has not recognized TUFS subsidy claim of amounting to Rs.1801.20 lacs for the period.
		iii.	Note no. 2.6(c), 2.6(d) & 2.7(a) regarding Adjustment/set off of payment of receivables/payables pending necessary approval respectively as stated in the said notes.Company is in process of obtaining necessary approvals from AD/RBI
		iv.	Note No. 2.10- Balances of certain Trade Receivables (including subsidiaries and oversea overdue trade receivables), bank balances (including bills discounted and outstanding Letter of Credit), Trade Payables (including of Associate Company of amounting to Rs.567.90 lacs), Secured Loans, Other Liabilities and Loans & Advances are in process of confirmation/ reconciliation. 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

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		v.	2.6(a)- Receivables exceeding six months includes outstanding amount for period over one year of Rs.6221.87 Lacs (including exchange gain of Rs. 897.86 lacs till 31.03.2016) [excluding as stated in note no. (b) below], where company is in process of filing necessary papers with appropriate authority for extension of time. In this regards, management is confident about full recovery/ realisability considering the past performance of the customer and recovery initiative taken by the Company. (b)-The trade receivable include certain overdue Trade Receivables/ Other Receivables of Rs. 4676.92 lacs. Considering the fact that management is confident about full recovery/ realisability, provision there against has not been considered necessary. 2.8- Overdue amount include Short Term Loans and Advances (including Other Current Assets) of Rs. 1743.40 lacs. In the opinion of the management these are fully realisable and hence considered good. Further, necessary steps have been initiated for recovery of the same.
		vi.	Note No. 2.16 (i)(a)- As per the past practice, consumption of raw material and stores & spares is derived as net of opening stock plus purchases less closing stock as item wise records are in process of updation. (b)- Company is in process of carrying out item wise reconciliation between item wise physical stock of fixed and inventories. To the extent assets and inventories have been physically verified by the management, no material discrepancies have been observed between the book record and physical quantity. (c)- In view of Para (a) above, closing inventory of stock-in-process and finished goods has been considered as taken, valued and certified by the management after providing against old/ non-moving inventory as assessed/ estimated by the management and/or based on contracts/ subsequent sales realization. (d)- In view of security arrangement in place, the management is confident that there will not be any material adjustment on updation/ completion of records of physical verification of inventory and fixed assets.
		vii.	Note No. 2.5-In accordance with Accounting Standard 28- 'Impairment of Assets', the Company has identified its garmenting manufacturing facility (Knitwear Unit) located at Plot No. B-58, Industrial Area, Phase- VII, Mohali (Punjab), [Cash Generating Units (CGU)]. The CGU is engaged in manufacture of sweaters, pullover and garments of various sizes. Considering the continuing past losses of the CGU, during the period ended 31st March 2015, the Company on the basis of projected scale of operations and prevailing market conditions assessed that the recoverable value of the above CGU would be lower as compared to the carrying value, thus, indicating impairment. As a result of the impairment testing carried out as at 30th September, 2013 by an independent expert, impairment loss of Rs.

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			2996.00 Lacs was estimated by the Management, based on a comparison of the carrying value of the asset vis-a-vis recoverable value. Post the assessment of value of CGU, the Company has charged an amount of Rs. 1142.28 Lacs on account of depreciation, and the assessed amount of impairment loss has since reduced to Rs. 1853.72 Lacs. However, as the reports are under consideration of the Management, Impairment loss will be accounted as and when finally assessed. Further, management is of the view that in recent past with growth in the textile market (consumption) in general and considering the present economic and political scenario, impairment if any, would be much lower than the amount as assessed by the expert.
		viii.	2.4(a)- In the Extraordinary General Meeting of the Company held on 28/06/2010, the Members of the Company had approved the issue of new capital through Global Depository Receipts (GDRs), and 19,94,125 number of GDR of USD 6.64 each (each GDR converting/ equivalent to 100 equity shares-being 1,99,41,250 nos. of equity shares of Rs. 10 each at Rs. 29.70 including premium) had been issued and allotted on 29/03/2011. The GDR is listed for trading at the Luxembourg Stock Exchange. Out of the proceeds of GDRs raised in 2011, an amount of USD 6,954,515 (INR 3721.05 Crores) stood remitted to India, which had been utilised for augmentation of working capital needs of the Company and a balance amount of US$ 50,72,110 (INR 2679.34 Lacs) continues to remain invested in an overseas Money Market Fund outside India as on 31.3.2015, pending proceeds to be utilised. In this regards, as advised, Company is filing return regularly with the RBI. (b)- The Depository of GDR Issue. The Bank of New York Melon, USA, (BNYM) has resigned to act as Depository w.e.f. 29.10.2014 and also issued a termination notice on 16.3.2015 to terminate the depository agreement w.e.f. 15-06-2015. The GDR is listed at Luxembourg Stock Exchange (LSE). The LSE has issued a notice to the company for withdrawal of GDR issued from the LSE w.e.f. 16-06-2015. The company is in process to appoint new depository.
		ix.	Note no. 2.17 (Read with Note No. 2.10) Due to financial tightness and losses Company could not make due payments against various statutory dues (TDS, TCS, PF, ESIC, PWF, Service Tax, Sales Tax etc.) on time and pending for payment at close of the period are on account of Provident Fund Rs. 85.15 lacs and ESI Rs. 17.15 Lacs. Penal interest and penalty in this regard (amount unascertained) if any, will be accounted for as and when the same will be paid. All these amounts have since been paid.
		x.	Note no. 2.21-The Company is in process to appoint an Independent Director.
		xi.	Para (i) to (ix) Necessary steps have been initiated to further strengthen system of internal controls w.r.t.

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			purchases and consumption of inventory, booking of expenses, set off of balances and for the sale of goods and services
6	**Additional comments from the board/audit committee chair:-**	**No**	

To be signed by:		
1	**CEO/Managing Director**	Manish Bagrodia Managing Director
2	**Chief Financial Officer**	Anand Balkishan Sharma President (Corporate Finance) and CFO
3	**Auditor of the Company**	Gaurav Lodha (Partner) M.No. 507462 M/s Lodha & Co. Chartered Accountants (FRN: 301051E)
4	**Audit Committee Chairman**	Pradeep Kumar Audit Committee Chairman

Place :- Chandigarh
Date :- 30th May 2016