

winsome Yarns Limited

Regd. Office : SCO # 191-192, Sector 34-A,
Chandigarh - 160 022 INDIA
CIN : LI7115CH1990PLC010566
Phones : +91-172-2603966, 4612000, 4613000
Fax : +91-172-4614000
e-mail : exports@winsomegroup.com
website: www.winsomegroup.com



WYL/SECT/
30.07.2020

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 2019-20)

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 July 30, 2020.

1. Audited Financial Results of the Company for the Quarter and year ended March 31, 2020.
2. Statement of Assets and Liabilities for the half year ended March 31, 2020.
3. Cash flow statement on standalone and consolidated basis, pursuant to Regulation 33(3)(g) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
4. Auditors Report and Statement of Impact of audit qualifications on the basis of standalone and consolidated financials for the year 31.03.2020.

The meeting of the Board of Directors of the Company commenced at 12.45 P.M. and concluded at 7.30 P.M.

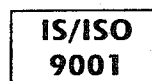
This is for your information and records please.

Thanking you,

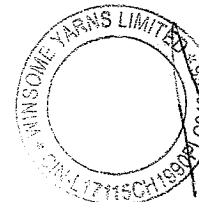
Yours faithfully,
For **WINSOME YARNS LIMITED**



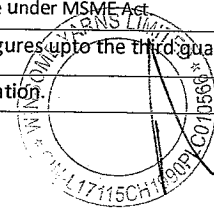
(RAJPAL S. RATHORE)
Dy. Manager (Legal & Secretarial)
Mobile No. 9855601267
Email : cshare@winsomegroup.com



WINSOME YARNS LIMITED											
Regd. Office: SCO # 191-192, Sector 34-A, Chandigarh - 160022											
CIN : L17115CH1990PLC010566, Email - cshare@winsomegroup.com, Website - www.winsomegroup.com Phone No.91-172-4613000, Fax No.91-172-4614000											
AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED ON 31ST MARCH 2020											
										Rs.in Lakhs	
PART-I Sr. No.	Particulars	Standalone					Consolidated				
		Audited	Unaudited	Audited	Audited		Audited	Unaudited	Audited	Audited	
		Quarter Ended			Year Ended		Quarter Ended			Year Ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	Revenue										
1	Income from operations	1,934	2078	4238	10,686	25025	1934	2078	4238	10686	25025
2	Other Income	53	11	67	119	204	53	11	67	119	204
3	Total Revenue(1+2)	1,987	2,089	4,305	10,805	25,229	1,987	2,089	4,305	10,805	25,229
4	Expenses										
	(a) Cost of Material consumed	259	580	2267	4208	15085	259	580	2267	4208	15085
	(b) Purchase of stock-in-trade	285	-	-	285	22	285	-	-	285	22
	(c) Excise Duty	-	-	-	-	-	-	-	-	-	-
	(d) Changes in Inventories of finished goods, Work in progress & stock in trade	615	411	(41)	1,268	1,179	615	411	(41)	1,268	1,179
	(e) Employee Benefit expense	553	590	722	2,594	3354	553	590	722	2594	3354
	(f) Finance cost	2	1	4	6	26	2	1	4	6	26
	(g) Depreciation & Amortisation expenses	381	381	401	1,525	1610	381	381	401	1525	1610
	(h) Other expenses	1,002	834	1608	4,327	6439	1003	836	1610	4333	6445
	Total Expenses	3,097	2,797	4,961	14,213	27,715	3,098	2,799	4,963	14,219	27,721
5	Profit/(Loss) from Operations before Exceptional Items and tax.(3-4)	(1,110)	(708)	(656)	(3,408)	(2,486)	(1,111)	(710)	(658)	(3,414)	(2,492)
6	Exceptional Items	(0)	(1,414)	10	(1,414)	(9,016)	0	(1,414)	10	(1,414)	(9,016)
7	Profit/(Loss) before Tax (5+6)	(1,110)	(2,122)	(646)	(4,822)	(11,502)	(1,111)	(2,124)	(648)	(4,828)	(11,508)
8	Tax Expense										
	- Current Tax	-	-	-	-	-	-	-	-	-	-
	- Earlier years Tax	-	-	-	-	-	-	-	-	-	-
	- Deferred Tax Liability/(Asset)	44	-	-	44	-	44	-	-	44	-
9	Profit/(Loss) after tax (7-8)	(1,154)	(2,122)	(646)	(4,866)	(11,502)	(1,155)	(2,124)	(648)	(4,872)	(11,508)
10	Other Comprehensive income	65	-	15	65	15	65	-	15	65	15
11	Total Comprehensive income(9+10)	(1,089)	(2,122)	(631)	(4,801)	(11,487)	(1,090)	(2,124)	(633)	(4,807)	(11,493)
12	Paid - up Equity Capital (Face Value - Rs. 10/- each)	7,071	7,071	7,071	7071.00	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				(41,807)	(37,006)				(41,798)	(36,991)
14	Earnings Per Share of Rs 10/- each (Not Annualised) - Basic & Diluted (Rs.)	(1.54)	(3.00)	(0.89)	(6.79)	(16.25)	(1.54)	(3.00)	(0.89)	(6.80)	(16.25)



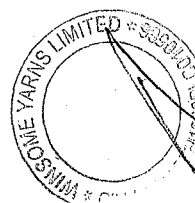
Notes:	
1	The above audited financial results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on July 30, 2020.
2	The Statutory Auditors of the Company have carried out the audit of the aforesaid financial results for the quarter and year ended on March 31, 2020 in accordance with Regulation 33 of the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015,
3	In line with the provisions of Ind AS-108 'Operating Segments' as notified under the Companies (Ind AS) Rules, 2015, and as provided in section 133 of the Companies Act, 2013, the operations of the Company fall under one line of business activity namely, Textiles (Yarn, Knitwear & related revenue), which is considered to be the only reportable segment by the management.
4	COVID-19 pandemic has caused serious disruptions on the global economic and business environment and there is a huge uncertainty with respect to its severity, which cannot be reasonably ascertained. However, the Company has evaluated and factored the possible effects in its working to the extent possible, including likely impact that may result from the COVID-19 pandemic as well as all events and circumstances upto the date of approval of these financial results on the carrying value of its assets and liabilities as at 31st March 2020. The operations of the Company are running at substantially below optimal levels. The operations are expected to remain impacted until customer orders return to normal levels, and supply chain stabilises, and the availability of manpower is consistent. The impact of any event and developments occurring after the balance sheet date on the financial results for the quarter and year ended March 31, 2020 may differ from that estimated as at the date of approval of these financial results and will be recognised prospectively.
5	Auditors remarks on accounts for the quarter and year ended March 31, 2020: (a) Regarding preparation of accounts on going concern basis despite accumulated losses of the Company being substantially in excess of its net worth: Management Response: Consolidated response as part of Note No. 6 hereinbelow; (b) Regarding non-provision for interest and penalty on Borrowings: Management response: Consolidated response as part of Note No. 6 hereinbelow; (c) Regarding pending receipt of part money of GDR invested in money market instrument outside India, non accounting of the same at fair value and non-recognition of exchange fluctuation in respect thereto: Management response: Consolidated response as part of Note No. 7 hereinbelow; (d) Regarding provisions made in books of account in case of investments in subsidiaries, amounts to be written off/written back and adjustment/set off of payment of receivables/payable from/to overseas parties/suppliers, which are pending necessary approval of the competent authority: Management Response: The Company has filed upto date returns, and approvals for adjustments will be effected in due course; (e) 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. The interest on borrowings of the Company to the extent not accounted in books of account of the Company will be considered on settlement / restructuring of borrowings.
6	Edelweiss Assets Reconstruction Company Limited (EARC), an Asset Reconstruction Company, is an assignee of debt payable by the Company to certain banks. The Company had been in discussions with EARC for restructuring of debts. The restructuring offer of the Company to EARC is for an amount lower than the amount accounted in its books of account, and the Company without accounting any further liability for payment on this account, will give effect to adjustments arising thereto on execution of agreement for restructuring. 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. The Financial Commissioner of the State of Punjab has since determined that the Agreements for Assignment of debt by lenders of the Company to EARC are insufficiently stamped, and therefore, defective. The Company is seeking advise from its Counsel in the matter. EARC had filed a Petition to initiate insolvency proceedings against the Company, which was been dismissed by the Hon'ble NCLT vide its order dated 14th March 2020. Indian Overseas Bank has initiated insolvency proceedings against the Company before NCLT which is being contested by the Company.
7	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 to use the amount for earmarked purposes, i.e., setting up a Yarn Dying Plant. The Plant could not be implemented as requisite support was not extended by the lenders. The final effect of exchange rate fluctuation will be accounted at the time when the amount is repatriated.
8	The NSE and BSE had suspended trading of the Equity shares of the company due to delay in payment of certain amounts to the NSE and BSE. The delay occurred due to a technical glitch in the banking network wherefrom the payment was initiated by the Company. The Company has represented to the Stock Exchanges for review and revocation of their decision to suspend trading, and has also filed an appeal against the decision of the Stock Exchanges before SAT.
9	In view of the recently notified criteria for classification of MSME, the Company has applied on 18 th July 2020 for registration as a medium Enterprise under MSME Act.
10	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.
11	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 :	July 30, 2020.



Manish Bagrodia
Chairman and Managing Director

Winsome Yarns Limited
SCO -191,192 Sector 34-A, Chandigarh -160022
Audited Statement of Asset and Liabilities as on 31.03.2020

Particulars	(Rs. In Lakhs)			
	Standalone		Consolidated	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
ASSETS				
(1) Non- current assets				
(a) Property, plant and equipment	19,162	20,669	19,162	20,669
(b) Capital Work In Progress	-	-	-	-
(c) Other Intangibles Assets	22	27	22	27
(d) Financial assets	-	-	-	-
(e) Investments	-	-	-	-
(f) Loans	2	2	2	2
(g) Deferred tax assets (net)	-	44	-	44
(h) Other Non- Current assets	2,905	3,161	2,905	3,161
Sub Total - non current assets	22,091	23,903	22,091	23,903
(2) Current assets				
(a) Inventories	1,159	2,869	1,159	2,869
(b) Financial assets				
(i) Loans	38	24	38	24
(ii) Investment	2,568	2,568	2,568	2,568
(iii) Trade receivables	1,519	1,736	1,564	1,777
(iv) Cash and cash equivalents	186	171	192	178
(v) Other bank Balance	31	31	31	31
(vi) Other financial assets	-	1,012	-	1,012
(vii) Current Tax Assets	122	110	122	110
(viii) Other current assets	671	925	671	925
Sub Total - current assets	6,294	9,446	6,345	9,494
Total of assets (1+2)	28,385	33,349	28,436	33,397
B. EQUITY AND LIABILITIES				
1. Equity				
(a) Equity share capital	7,071	7,071	7,071	7,071
(b) Other equity	(41,808)	(37,007)	(41,798)	(36,992)
Sub total - Total equity	(34,737)	(29,936)	(34,727)	(29,921)
LIABILITIES				
2. Non- current liabilities				
(a) Deferred grant income	69	78	69	78
(b) Provisions	164	202	164	202
Sub total - Non current liabilities	233	280	233	280
(3) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	55,658	55,658	55,658	55,658
(ii) Trade Payables				
(a) Total outstanding dues of Micro and small enterprises	124	95	124	95
(b) Total outstanding dues of creditors other than Micro and small enterprises	3,483	4,209	3,492	4,217
(iii) Other financial liabilities	3,391	2,932	3,423	2,957
(iv) Deferred grant income	9	9	9	9
(v) Other current liabilities	203	72	203	72
(b) Provisions	21	30	21	30
Sub Total - current liabilities	62,889	63,005	62,930	63,038
(4) Total of liabilities (2+3)	63,122	63,285	63,163	63,318
Total of equity and liabilities (1+4)	28,385	33,349	28,436	33,397



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, 2020

Particulars	(Rs., Lakhs)	
	Year Ended March 31, 2020	Year Ended March 31, 2019
A. CASH FLOW FROM OPERATIONS		
Loss before tax	(4,756.61)	(11,487.01)
Adjustment for:		
Depreciation	1,525.26	1,609.55
Amortisation of lease hold land	3.31	3.31
Prorata capital subsidy	(9.23)	(9.23)
(Profit)/Loss on sale of fixed assets	-	-
Interest expense	5.95	26.27
Interest income	(27.03)	(25.09)
Operating profit before working capital changes	(3,258.34)	(9,882.20)
Adjustment for working capital changes:		
Increase/(Decrease) in financial liabilities		
Trade payables	(697.23)	(1,341.47)
Revenue received in advance	(123.92)	(37.59)
Other payables	583.56	(173.71)
Increase/(Decrease) in other current liabilities	130.82	15.41
Increase/(Decrease) in provisions	(47.13)	16.20
(Increase)/Decrease in financial assets		
Trade and other receivables	216.47	10,449.70
Loans	(13.39)	(5.61)
Investment	-	110.93
Interest accrued but not due	-	-
Other loan Other loan	1,012.34	34.75
(Increase)/Decrease in other current assets	254.43	141.72
(Increase)/Decrease in other non current assets	251.76	(597.91)
(Increase)/Decrease in inventories	1,710.08	1,368.86
	19.44	99.08
Current tax liabilities (Net)	(12.06)	(9.98)
Net cash flow from operating activities	(A) 7.38	89.10
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(13.80)	(55.89)
Reductions to property, plant and equipment	-	-
Interest receipts	27.03	25.09
Net cash used in investing activities	(B) 13.23	(30.80)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(5.95)	(26.27)
Increase/(Decrease) in financial liabilities		
Proceeds from borrowings	-	(70.88)
Repayment of borrowings	-	-
Net cash used in financing activities	(C) (5.95)	(97.15)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(A+B+C) 14.66	(38.84)
Cash and cash equivalents - Opening balance	202.14	240.98
Cash and cash equivalents - Closing balance	216.80	202.14

(Figures in bracket represents cash outflow)

For WINSOME YARNS LIMITED

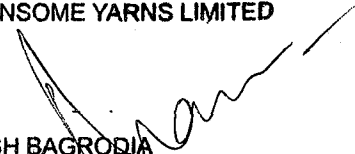

MANISH BAGRODIA
 Chairman and Managing Director
 DIN : 00046944

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, 2020

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
(Rs., Lakhs)		
A. CASH FLOW FROM OPERATIONS		
Loss before tax	(4,762.84)	(11,493.16)
Adjustment for:		
Depreciation	1,525.26	1,609.55
Amortisation of lease hold land	3.31	3.31
Prorata capital subsidy	(9.23)	(9.23)
(Profit)/Loss on sale of fixed assets	-	-
Interest expense	5.95	26.27
Interest income	(27.03)	(25.09)
Operating profit before working capital changes	(3,264.58)	(9,888.35)
Adjustment for working capital changes:		
Increase/(Decrease) in financial liabilities		
Trade payables	(696.69)	(1,341.74)
Revenue received in advance	(123.92)	(37.59)
Other payables	591.80	(167.63)
Increase/(Decrease) in other current liabilities	130.82	15.41
Increase/(Decrease) in provisions	(47.13)	16.20
(Increase)/Decrease in financial assets		
Trade and other receivables	213.73	10,447.23
Loans	(13.39)	(5.61)
Investment	-	110.93
Interest accrued but not due	-	-
Other loan Other loan	1,012.34	35.35
(Increase)/Decrease in other current assets	254.43	141.73
(Increase)/Decrease in other non current assets	251.75	(597.92)
(Increase)/Decrease in inventories	1,710.08	1,368.86
	19.24	96.87
Current tax liabilities (Net)	(12.06)	(9.98)
Net cash flow from operating activities (A)	7.18	86.89
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(13.80)	(55.89)
Reductions to property, plant and equipment	-	-
Interest receipts	27.03	25.09
Net cash used in investing activities (B)	13.23	(30.80)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(5.95)	(26.27)
Increase/(Decrease) in financial liabilities		
Proceeds from borrowings	(0.00)	(70.87)
Repayment of borrowings	-	-
Net cash used in financing activities (C)	(5.95)	(97.14)
D. CHANGE IN CURRENCY TRANSLATION RESERVE ARISING ON CONSOLIDATION		
Effect of currency translation on bank balance (D)	0.62	2.58
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	15.08	(38.47)
Cash and cash equivalents - Opening balance	208.41	246.88
Cash and cash equivalents - Closing balance	223.49	208.41

(Figures in bracket represents cash outflow)

For WINSOME YARNS LIMITED


MANISH BAGRODIA
 Chairman and Managing Director
 DIN : 00046944

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

We have audited the annual standalone financial result ("the statement") of WINSOME YARN LIMITED ("the company") for the year and quarter ended 31st March, 2020 attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to Note 9 to the standalone financial result which states that the figures for the quarter ended 31st March 2020 as reported in these standalone financial result, are the balancing figures between audited standalone figures in respect of the full financial year and the published standalone year to date figures up to the end of the third quarter of the financial year. These standalone financial result are based on the standalone financial statements for the year ended 31st March, 2020 prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') specified under section 133 of the Companies Act, 2013 ('the Act') and published standalone year to date figures up to the end of the third quarter of the financial year prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, Interim Financial Reporting, specified under section 133 of the Act, and SEBI Circular CIR/CFD/CMD/15/2015 dated 30th November 2015 and SEBI Circular CIR/CFD/FAC/62/2016 dated 5th July 2016, which are the responsibility of the Company's Management. Our responsibility is to express opinion on these standalone financial results are based on our audit of the standalone financial statements for the year ended 31st March, 2020 and our review of standalone financial result for the nine-month period ended 31st December, 2019.

Qualified Opinion

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 also includes examining, on a test basis, evidence supporting the amounts disclosed as financial result. 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 opinion.



Basis for Qualified opinion

1. In view of accumulated losses of the Company as at the end of March 31, 2020, the net worth of the Company as at that date being negative, continuous losses, negative cash flows and due to financial constraints, 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) (a) proposed rehabilitation plan of the Company is under discussions with majority of lenders, and (b) future business plans of the Company and expected cash flows therefrom will suffice to service restructured debts of the Company, 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, 2020 are understated due to:
 - a) Non provisioning of interest expenses, on borrowings, of Rs. 12890.29 Lakhs for the year ended on March 31, 2020 (Rs. 11168.88 Lakhs for the year ended on March 31, 2019), and Rs. 52703.29 Lakhs being aggregate amount of interest unprovided till the year ended March 31, 2020 (Rs. 39813.00 Lakhs till the year ended March 31, 2019), 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).
 - b) Non provisioning against long outstanding receivables of Rs. 521.57 Lakhs (Rs. 492.12 Lakhs as at March 31, 2019) including of overseas overdue trade receivables. Further the accounting for exchange fluctuation in respect of overseas trade receivables and export advances is not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, we are unable to comment its impact on financial result.
3. During the end of financial year company measured its inventories of finished goods at net realizable value which is below than their cost. However, during the financial year company utilized its production below their capacity and fixed overhead allocated to each unit of production is increased as a consequence of low production, resulting is that cost of inventories of finished good per unit increased due to idle capacity, allocation of fixed overheads on inventory of finished goods is not in line with Ind AS 2 "Inventories".



4. As stated in note no. 7 of standalone 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. In respect of its reliability/receipt, we are unable to comment. 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", which has the effect of understatement of investment by Rs. 1078.39 lakhs as at March 31st 2020 (Rs. 793.73 lakhs as at March 31st 2019) overstatement of losses by Rs.284.65 lakhs for the year ended March 31st 2020. (Rs.199.63 lakhs as at March 31st 2019) respectively.
5. 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.
6. 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.
7. Confirmation of balances and reconciliation thereof with trade receivable, trade payable and advance to suppliers are pending, (which include balances pertaining to, Associate Company or Companies) in the absences of confirmations, we are unable to state whether these balances are recoverable/payable to the extent stated in the standalone financial result and therefore, not being commented upon. Further strengthening of internal controls by the Company will provide greater reliability.
8. In earlier year, management noticed and found fraud in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch during the financial year 2017-18 by its employee/s against which the management took action by lodging F.I.R. with the concerned Police Station and investigation in the matter is pending. The misappropriation of goods has been valued at Rs. 70 Lakhs against which some of the parties to whom goods were sold by the concerned employees have confirmed having received the goods and also confirmed to the Company as having made payment against the same. The Company also filed its claim to insurance company under Employee Fidelity Insurance, effect whereof has been accounted in the books of account of the Company,



considering the ongoing recovery process of its claims and as per information given to us by management the matter is still pending and same as it is previous financial year.

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 are pending before various appellate forum. We are unable to comment upon possible impact in the standalone financial statements for the year 31st March, 2020.
- iii) As stated in exceptional item, the company has made provisioning against loans and advances, interest receivable (including other current assets) outstanding since long amounting of Rs. 1414.10 lakhs.
- iv) We draw attention to the users of the financial statement of the company ended on 31st March, 2020, that the lender Edelweiss Assets Reconstruction Company Limited and Indian Overseas Bank has filed an application against company under section 7 of the Insolvency & Bankruptcy Code, 2016 before National Company Law Tribunal, Chandigarh Branch. The Company Petition filed by Edelweiss Asset Reconstruction Company Limited against the Company for initiation of Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code (IBC), 2016 has been rejected by National Company Law Tribunal, Chandigarh Bench vide its Order dated 17.03.2020.

Our opinion is not modified in respect of these matters.

For Khandelia & Sharma

Chartered Accountants

Firm Registration No: 510525C



CA. Arun Khandelia

Partner

Membership No.: 089125

UDIN: - 20089125 AAAA BR7753



Place: New Delhi (Camp at Chandigarh)

Date: 30-July-2020

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

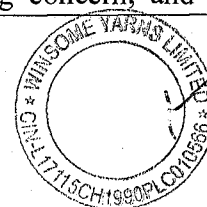
Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2020
[See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations 2016]

(Rs. in Lakhs)

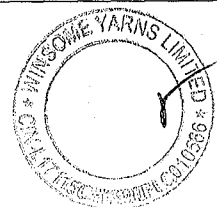
I.	Sl. No.	Particulars	Audited Figure (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)*
	1	Turnover/ Total income	10,805	10,805
	2	Total Expenditure	14,212	27,624
	3	Net Profit/(Loss)	(4,801)	(18,213)
	4	Earnings Per Share	(6.79)	(25.76)
	5	Total Assets	28,385	27,863
	6	Total Liabilities	63,122	115,825
	7	Net Worth	(34,737)	(87,962)
	8	Any other financial item(s) (as felt appropriate by the management)	-	-

* all adjustments are without tax effect.

II.	Audit Qualifications	
(a)	Details of Audit qualification	<p>Reference is invited to Para (4) of Independent Auditor's Report on Standalone audited financial results:</p> <p>(i) In view of accumulated losses of the Company as at the end of March 31, 2020, the net worth of the Company as at that date being negative, the decision of management of the Company to prepare the accounts of the Company on going concern basis for reasons that, (a) proposed rehabilitation plan of the Company is under discussions with majority of lenders, and (b) future business plans of the Company and expected cash flows therefrom will suffice to service restructured debts of the Company, there would arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumptions as to going concern, and in the</p>

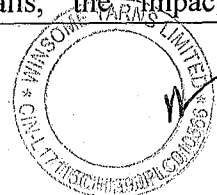


			<p>absence of impact of aforesaid assumptions having been un-ascertained, we are unable to comment thereon</p> <p>(ii) The results for the quarter ended on March 31, 2020 and the year ended on March 31, 2020 are understated due to:</p> <p>(a) Non provisioning of interest expenses on borrowings of Rs. 3384.63 Lakhs for the quarter ended and Rs. 12890.29 Lakhs for the year ended on March 31, 2020 (Rs. 2905.99 Lakhs for the quarter ended and Rs. 11168.88 Lakhs for the year ended on March 31, 2019, and Rs. 52703.28 Lakhs being aggregate amount of interest unprovided till the year ended March 31, 2020 (Rs. 39813.00 Lakhs till the year ended March 31, 2019), and further amount towards penal interest, penalty, etc. as may be charged by the lenders. (In the absence of statement of account, the above amount has been arrived at as per estimates of the Company, and the aggregate unprovided amount in books of account of the Company is not ascertainable with accuracy).</p> <p>(b) Non provisioning against long outstanding receivables of Rs. 521.57 Lakhs (Rs. 492.12 Lakhs as at March 31, 2019) including of overseas overdue trade receivables. Further the accounting for exchange fluctuation in respect of overseas trade receivables and export advances is not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, we are unable to comment its impact on financial statement.</p> <p>(iii) Non provisioning against loans and advances (including other current assets) Nil (Rs. 1331.29 Lakhs as at March 31, 2019).</p> <p>(iv) As stated in note no. 10 of standalone financial statement, investment in money market USD 48,19,980 in Arise Money Market Fund. As per</p>
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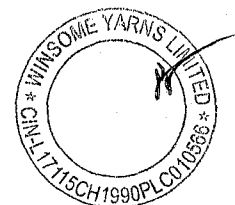


information given to us, the balance above is as per rate of exchange prevailing at the time of investment, and is subject to adjustment in rate of foreign exchange and accruals on money market investments. In respect of its realisability/receipt, we are unable to comment. The non-accounting of investment 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" respectively, which has the effect of understatement of investment by Rs. 1078.39 lakhs as at March 31st 2020 (Rs. 793.73 lakhs as at March 31st 2019) overstatement of losses by Rs. 284.65 lakhs for the year ended March 31st 2020. (Rs. 199.63 lakhs as at March 31st 2019)

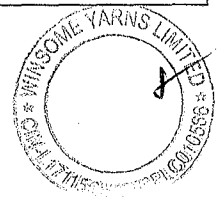
- (v) Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/set off of payment of receivables/payable from/to overseas parties/suppliers, which is pending necessary approval of the competent authority.
- (vi) The Internal Control Systems need to be further 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.
- (vii) Confirmation of balances and reconciliation thereof with respective parties are pending, which include balances pertaining to, accounts receivable and payable (including Associate Company/ies), bank balances, secured loans, other liabilities, loans and advances recoverable, and contingent liabilities. All balances have been certified by the management of the Company. In the absence of the Company having aforementioned details, the impact



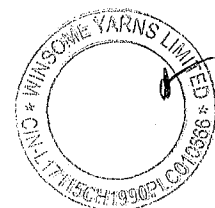
			<p>thereof is unascertainable, and therefore, not being commented. Further strengthening of internal controls by the Company will provide greater reliability</p> <p>(viii) As per the audit report of previous auditors for the year ended 31st March 2018, they noticed and found fraud in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch during the financial year 2017-18 by its employee/s against which the management took action by lodging F.I.R. with the concerned Police Station and investigation in the matter is pending. The misappropriation of goods has been valued at Rs. 70.00 Lakhs against which some of the parties to whom goods were sold by the concerned employees have confirmed having received the goods and also confirmed to the Company as having made payment against the same. The Company also filed its claim to insurance company under Employee Fidelity Insurance, effect whereof has been accounted in the books of account of the Company, considering the ongoing recovery process of its claims. As per information given to us by management of the Company the matter is still pending and its status is same as it in previous financial year.</p>
	(b)	Type of Audit Qualification	Qualified Opinion
	(c)	Frequency of Audit Qualification	<ul style="list-style-type: none"> • In case of point no (i), (iv) and (v) – Appeared since F.Y. 2014-15 • In case of point no (ii)(a) – Appeared since F.Y. 2013-14 (However, there is change in amount) • In case of point no (ii)(b) and (ii)(c) – Appeared since F.Y. 2003-04 (However, there is change in amount) • In case of point no (iii) – Appeared since F.Y. 2013-14 • In case of point no (vi) – Appeared since F.Y. 2003-04 • In case of point no. (vii)—Appeared in F.Y. 2017-



			18
	(d)	For Audit Qualification(s) where the impact is quantified by the Auditor, Management views	<p>With regard to Auditors Qualification No. (ii)(a), (ii)(b), (iii), (iv) and (viii):-</p> <p>(ii)(a) Regarding non-provision of interest expenses, penal interest, penalty, etc. in respect of borrowings of the Company from banks - As stated in Note No. 3.24 of the Audited Financial Statement, due to continuous losses and financial tightness, the Company has not been able to fully pay due installments & interest on term loan on due dates, which resulted into classification of credit facilities as Non-Performing Assets couple with recall of facilities by lenders of the Company & certain overdue amount is continuing/ unpaid till date (as detailed in note no. 3.24 of audited financial statement for the year ended March 31, 2020). Interest on term loans and working capital including overdue amount, penal interest etc. (amount unascertained) has not been provided and as the same will be provided / accounted for as and when paid/settled as the company is in process of discussion/applying for getting loans to be restructured by the lenders/ARC. Six of banks have assigned and transferred the total debts due from the Company along with the underlying rights, title and interests in financial assistances granted to the Company to an Asset Reconstruction Company (ARC).</p> <p>a) (ii)(b) Regarding non-provision against long outstanding receivables-As also explained in Note No. 3.8(a) of Audited Financial Statements, management view is that the receivables for period over one year of Rs 521.57 Lakhs till 31.03.2020 (Rs. 492.12 Lakhs till 31.03.2019), including of overseas overdue trade receivables. Further the accounting for exchange fluctuation in respect of overseas trade receivables and export advances is not in line with Ind AS-21 "The Effects of</p>



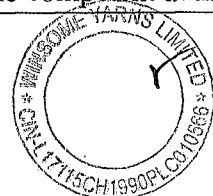
			<p>Changes in Foreign Exchange Rates" and accordingly, we are unable to comment its impact on financial statement.</p> <p>(iii) Regarding non accounting of investment at fair value and non-recognition of exchange fluctuation in respect thereto, the management is of view that the money lying outside India is part of GDRs proceeds of the Company and is earmarked for utilization for setting up a Yarn Dying Plant, which could not be implemented for want of support of lenders. The Management of the Company is engaged in firming an active plan for implementation of its proposal for setting up of a Yarn Dying Plant, and upon its finalization, the aforesaid amount will be utilized for investment and on that date effect of any gain shall be accounted in the books of account of the Company.</p> <p>(vii) In previous year with regard to noticed fraud in the nature of shortage and misappropriation of goods stored at its Ludhiana Branch by the employee/s of the Company, the effect whereof has been accounted in the books of account of the Company, considering the ongoing recovery process and its claim.</p>
	(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)	If management is unable to estimate the impact, reasons for the same	<p>With regard to Auditors Qualification No. (i), (iii), (iv), (v) and (vi):-</p> <p>(i) Regarding net worth of the Company becoming negative and preparation of financial statements on going concern basis - Consequent to erosion of entire net worth, the Company filed Reference before the Hon'ble Board for Industrial and</p>



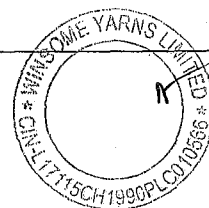
Financial Reconstruction (BIFR) under Sick Industrial Company (Special Provisions) Act, 1985 (SICA), which was registered. The Company was in discussions with its lenders for evolving a scheme of rehabilitation of its financial debts, which continued during the period when the reference of the Company was under consideration before BIFR and also presently after the SICA has been repealed. Considering the proposed rehabilitation and future business plans of the Company, present business scenario, stable government policies for the business and expected cash flow in the near future as assessed by the Management, accounts of the Company are prepared on 'Going Concern' basis.

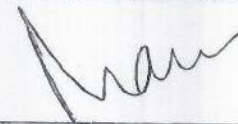

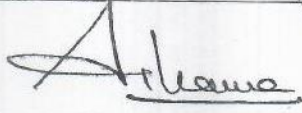

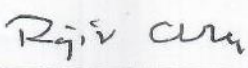
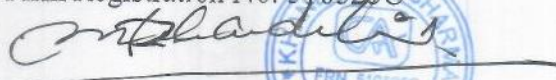

(iii) Regarding pending receipt of part money out of GDR issue – As also explained in Note no. 3.3 of the of the Audited Financial Statements that out of the proceeds of GDRs raised in F.Y. 2010-2011, an amount of USD 7,164,490 (INR 3873.75 Lakhs) stood remitted to India, which had been utilised for augmentation of working capital needs of the Company and a balance amount of USD 48,19,980 (INR 2568.41 Lakhs) continues to remain invested in an overseas Money Market Fund outside India as on 31.03.2020, pending utilization of such proceeds. The Company is filing all due returns regularly with RBI. Also the Depository of GDR issue had resigned w.e.f. 29.10.2014 and terminated the agreement w.e.f. 15-06-2015. The GDR had been de-listed from LuxSE w.e.f. 16.06.2015. The Company is in process to appoint new depository and seek relisting of GDR on LuxSE or any other overseas stock Exchange.

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



			<p>(v) Regarding further strengthening the system of internal controls – Necessary steps have been initiated by the Company to further strengthen the system of internal controls w.r.t. purchases and consumption of inventory, booking of expenses, set off of balances, for the sale of goods and services, etc.</p> <p>(vi) Regarding pending confirmation / reconciliation of balances of certain receivables (including overseas overdue receivables), bank balances, payable (including of an Associate Company/ies), secured loans, other liabilities, loans and advances etc; and contingent liability - The management is of the opinion that adjustment, if any, arising out of such reconciliation would not be material. Further, necessary steps have been initiated to further strengthen system of internal controls w.r.t. accounting of expenses, accounting of income (including sale of licenses and provision written back), payroll payments and of balance reconciliation/confirmation.</p>
	(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 – Rajiv Chadha DIN 08793211	
	• Statutory Auditor	For Khandelia & Sharma, Chartered Accountants Firm Registration No. 510325C   (Arun Khandelia) Partner Membership No. 089125

Place: Chandigarh
Date: July 30, 2020

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

We have audited the annual consolidated financial result ("the statement") of WINSOME YARN LIMITED ("the company") for the year ended 31st March, 2020 attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn that the consolidated financial result which states that the figures for the quarter ended 31st March 2020 as reported in these consolidated financial result, are the balancing figures between audited consolidated figures in respect of the full financial year and the published consolidated year to date figures up to the end of the third quarter of the financial year. These consolidated financial result are based on the consolidated financial statements for the year ended 31st March 2020 prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') specified under section 133 of the Companies Act, 2013 ('the Act') and published consolidated year to date figures up to the end of the third quarter of the financial year prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, Interim Financial Reporting, specified under section 133 of the Act, and SEBI Circular CIR/CFD/CMD/15/2015 dated 30th November 2015 and SEBI Circular CIR/CFD/FAC/62/2016 dated 5th July 2016, which are the responsibility of the Company's Management. Our responsibility is to express opinion on these consolidated financial results are based on our audit of the consolidated financial statements for the year ended 31st March 2020 and our review of consolidated financial result for the nine-month period ended 31st December 2019.

Qualified Opinion

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 result is free of material misstatement(s). An audit also includes examining, on a test basis, evidence supporting the amounts disclosed as financial result. 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 opinion.

1



Basis for qualified opinion

1. In view of accumulated losses of the Group as at the end of March 31, 2020, the net worth of the Company as at that date being negative, continuous losses, negative cash flows and due to financial constraints, 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 to consolidated financial result), (a) proposed rehabilitation plan of the Company is under discussions with majority of lenders, and (b) future business plans of the Company and expected cash flows therefrom will suffice to service restructured debts of the Company, 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 consolidated Financial result for the year ended on March 31, 2020 are understated due to:
 - a) Non provisioning of interest expenses, on borrowings, of Rs. 12890.29 Lakhs for the year ended on March 31, 2020 (Rs. 11168.88 Lakhs for the year ended on March 31, 2019), and Rs. 52703.29 Lakhs being aggregate amount of interest unprovided till the year ended March 31, 2020 (Rs. 39813.00 Lakhs till the year ended March 31, 2019), 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).
 - b) Non provisioning against long outstanding receivables of Rs. 521.57 Lakhs (Rs. 492.12 Lakhs as at March 31, 2019) including of overseas overdue trade receivables. Further the accounting for exchange fluctuation in respect of overseas trade receivables and export advances is not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, we are unable to comment its impact on financial result.
3. During the end of financial year company measured its inventories of finished goods at net realizable value which is below than their cost. However, during the financial year company utilized its production below their capacity and fixed overhead allocated to each unit of production is increased as a consequence of low production, resultingis that cost of



- inventories of finished good per unit increased due to idle capacity, allocation of fixed overheads on inventory of finished goods is not in line with Ind AS 2 "Inventories".
4. As stated in note no. 7 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. In respect of its reliability/receipt, we are unable to comment. 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", which has the effect of understatement of investment by Rs. 1078.39 lakhs as at March 31st 2020 (Rs. 793.73 lakhs as at March 31st 2019) overstatement of losses by Rs. 284.65 lakhs for the year ended March 31st 2020. (Rs. 199.63 lakhs as at March 31st 2019) respectively.
 5. 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.
 6. 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.
 7. Confirmation of balances and reconciliation thereof with trade receivable, trade payable and advance to suppliers are pending, (which include balances pertaining to, Associate Company or Companies) in the absence of confirmations, we are unable to state whether these balances are recoverable/payable to the extent stated in the consolidated financial result and therefore, not being commented upon. Further strengthening of internal controls by the Company will provide greater reliability.
 8. In earlier year, management noticed and found fraud in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch during the financial year 2017-18 by its employee/s against which the management took action by lodging F.I.R. with the concerned Police Station and investigation in the matter is pending. The misappropriation of goods has been valued at Rs. 70 Lakhs against which some of the parties to whom goods were sold by the concerned employees have confirmed having received the goods and also confirmed to the Company as having made payment against the same. The Company also filed its claim to insurance company under Employee Fidelity



Insurance, effect whereof has been accounted in the books of account of the Company, considering the ongoing recovery process of its claims and as per information given to us by management the matter is still pending and same as it is previous financial year.

9. We have not been provided the financial statement/financial information of subsidiary companies (1) Winsome Yarns (Cyprus) Ltd, (2) Winsome Yarns FZE, (3) S.C. Winsome Romania s.r.l, (4) I.M.M Winsome Italia s.r.l and (5) S.C. Textile s.r.l, The management of the holding company only consolidate and certify financial statement of Winsome Yarns (Cyprus) Limited for consolidation. Therefore, we are unable to comment about any possible effect of these subsidiary companies in consolidated financial statement for the period ending 31st March 2020.

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 are pending before various appellate forum. We are unable to comment upon possible impact in the consolidated financial result for the year 31st March, 2020.
- iii) As stated in exceptional item to the consolidated financial result, the company has made provisioning against loans and advances, interest receivable (including other current assets) outstanding since long amounting of Rs. 1414.10 lakhs.
- iv) We draw attention to the users of the consolidated financial result of the company ended on 31st March, 2020, that the lender Edelweiss Assets Reconstruction Company Limited and Indian Overseas Bank has filed an application against company under section 7 of the Insolvency & Bankruptcy Code, 2016 before National Company Law Tribunal, Chandigarh Branch. The Company Petition filed by Edelweiss Asset Reconstruction Company Limited against the Company for initiation of Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code (IBC), 2016 has been rejected by National Company Law Tribunal, Chandigarh Bench vide its Order dated 17.03.2020.

Our opinion is not modified in respect of these matters.



Other Matters.

We did not audit the financial statements of subsidiaries of the Company included in consolidated Ind AS financial statements for the year ended March 31, 2020, whose financial statements as prepared by the management reflect total assets of Rs. 51.25 Lakhs as at March 31, 2020, as well as total revenue of Rs Nil, total loss after tax of Rs. 6.26 Lakhs and net cash flow increase by Rs 15.08 lakh for the year ended on that date. These financial statements and other financial information have not been audited by other auditors but these are certified by the management and have been furnished to us by them, and 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, 2020.

For Khandelia & Sharma

Chartered Accountants

Firm Registration No: 510525C




CA. Arun Khandelia

Partner

Membership No.: 089125

UDIN:- 20089125AAAA BQ 1592

Place: New Delhi (Camp at Chandigarh)

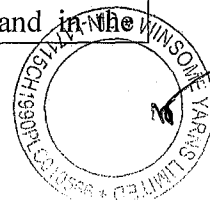
Date: 30-JULY-2020

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, 2020
[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	10,805	10,805
	2	Total Expenditure	14,219	27,630
	3	Net Profit/(Loss)	(4,807)	(18,219)
	4	Earnings Per Share	(6.80)	(25.77)
	5	Total Assets	28,436	27,915
	6	Total Liabilities	63,163	115,867
	7	Net Worth	(34,727)	(87,952)
	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, 2020, the net worth of the Company as at that date being negative, the decision of management of the Company to prepare the accounts of the Company on going concern basis for reasons that, (a) proposed rehabilitation plan of the Company is under discussions with majority of lenders, and (b) future business plans of the Company and expected cash flows therefrom will suffice to service restructured debts of the Company, there would arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumptions as to going concern, and in the	

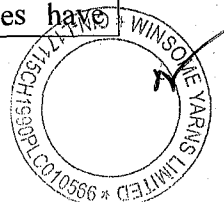


			<p>absence of impact of aforesaid assumptions having been un-ascertained, we are unable to comment thereon</p> <p>(ii) The results for the quarter ended on March 31, 2020 and the year ended on March 31, 2020 are understated due to:</p> <p>(a) Non provisioning of interest expenses on borrowings of Rs. 3384.63 Lakhs for the quarter ended and Rs. 12890.29 Lakhs for the year ended on March 31, 2020 (Rs. 2905.99 Lakhs for the quarter ended and Rs. 11168.88 Lakhs for the year ended on March 31, 2019), and Rs. 52703.28 Lakhs being aggregate amount of interest unprovided till the year ended March 31, 2020 (Rs. 39813.00 Lakhs till the year ended March 31, 2019), and further amount towards penal interest, penalty, etc. as may be charged by the lenders. (In the absence of statement of account, the above amount has been arrived at as per estimates of the Company, and the aggregate unprovided amount in books of account of the Company is not ascertainable with accuracy).</p> <p>(b) Non provisioning against long outstanding receivables of Rs. 521.57 Lakhs (Rs. 492.12 Lakhs as at March 31, 2019) including of overseas overdue trade receivables. Further the accounting for exchange fluctuation in respect of overseas trade receivables and export advances is not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, we are unable to comment its impact on financial statement.</p> <p>(c) Non provisioning against loans and advances (including other current assets) Nil (Rs. 1331.29 Lakhs as at March 31, 2019).</p> <p>(iii) Part amount of USD 48,19,980 (Rs. 2568.41 Lakhs) out of GDR's issued by the Company, which funds had been raised for setting up of Yarn Dying Plant are invested in money market instruments outside India. As the funds were</p>
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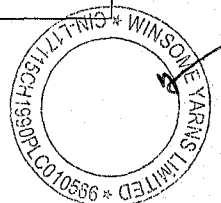


raised for earmarked purposes, the availability thereof to the Company and utilization of the same is subject to Company's undertaking active plans for implementation of the proposed investment. The balance above is as per rate of exchange prevailing at the time of investment, and is subject to adjustment in rate of foreign exchange and accruals on money market investments. In respect of its realisability/receipt, we are unable to comment. 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" respectively, which has the effect of understatement of investment by Rs. 1078.39 Lakhs as at March 31, 2020 (Rs. 793.73 lakhs as at March 31st 2019) overstatement of losses by Rs. 284.65 lakhs for the year ended March 31st 2020. (Rs. 199.63 lakhs as at March 31st 2019).

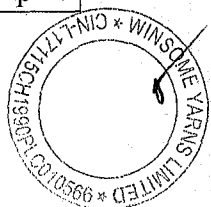
- (iv) Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/set off of payment of receivables/payable from/to overseas parties/suppliers, which is pending necessary approval of the competent authority.
- (v) The Internal Control Systems need to be further 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.
- (vi) Confirmation of balances and reconciliation thereof with respective parties are pending, which include balances pertaining to, accounts receivable and payable (including Associate Company/ies), bank balances, secured loans, other liabilities, loans and advances recoverable, and contingent liabilities. All balances have



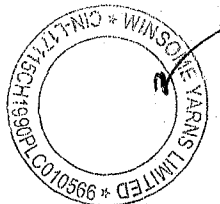
			<p>been certified by the management of the Company. In the absence of the Company having aforementioned details, the impact thereof is unascertainable, and therefore, not being commented. Further strengthening of internal controls by the Company will provide greater reliability</p> <p>(vii) As per the audit report of previous auditors for the year ended 31st March 2018, they noticed and found fraud in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch during the financial year 2017-18 by its employee/s against which the management took action by lodging F.I.R. with the concerned Police Station and investigation in the matter is pending. The misappropriation of goods has been valued at Rs. 70.00 Lakhs against which some of the parties to whom goods were sold by the concerned employees have confirmed having received the goods and also confirmed to the Company as having made payment against the same. The Company also filed its claim to insurance company under Employee Fidelity Insurance, effect whereof has been accounted in the books of account of the Company, considering the ongoing recovery process of its claims. As per information given to us by management of the Company the matter is still pending and its status is same as it in previous financial year.</p>
	(b)	Type of Audit Qualification	Qualified Opinion
	(c)	Frequency of Audit Qualification	<ul style="list-style-type: none"> • In case of point no (i), (iv) and (v) – Appeared since F.Y. 2014-15 • In case of point no (ii)(a) – Appeared since F.Y. 2013-14 (However, there is change in amount) • In case of point no (ii)(b) and (ii)(c) – Appeared since F.Y. 2003-04 (However, there is change in amount) • In case of point no (iii) – Appeared since F.Y. 2013-14



			<ul style="list-style-type: none"> • In case of point no (vi) – Appeared since F.Y. 2003-04 • In case of point no. (vii)—Appeared in F.Y. 2017-18
(d)	For Audit Qualification(s) where the impact is quantified by the Auditor, Management views	With regard to Auditors Qualification No. (ii)(a), (ii)(b), (iii), (iv) and (viii):-	<p>(ii)(a) Regarding non-provision of interest expenses, penal interest, penalty, etc. in respect of borrowings of the Company from banks - As stated in Note No. 3.23 of the Consolidated Audited Financial Statement, due to continuous losses and financial tightness, the Company has not been able to fully pay due installments & interest on term loan on due dates, which resulted into classification of credit facilities as Non-Performing Assets couple with recall of facilities by lenders of the Company & certain overdue amount is continuing/ unpaid till date (as detailed in note no. 3.23 of Consolidated Audited Financial Statement for the year ended March 31, 2020). Interest on term loans and working capital including overdue amount, penal interest etc. (amount unascertained) has not been provided and as the same will be provided / accounted for as and when paid/settled as the company is in process of discussion/applying for getting loans to be restructured by the lenders/ARC. Six of banks have assigned and transferred the total debts due from the Company along with the underlying rights, title and interests in financial assistances granted to the Company to an Asset Reconstruction Company (ARC).</p> <p>(ii)(b) Regarding non-provision against long outstanding receivables-As also explained in Note No. 3.8(a) of Audited Financial Statements, management view is that the receivables for period over one year of Rs 521.57 Lakhs till 31.03.2020 (Rs. 492.12 Lakhs till 31.03.2019), including of overseas overdue trade receivables. Further the accounting for exchange fluctuation in respect of overseas trade receivables and export</p>



			<p>advances is not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, we are unable to comment its impact on financial statement.</p> <p>(ii)(c) Regarding overdue amount of Loans and Advances read with Note No. 3.11 (including Other Current Assets) Nil (Rs.1331.29 Lakhs as at March 31, 2019).</p> <p>(iii) Regarding non accounting of investment at fair value and non-recognition of exchange fluctuation in respect thereto, the management is of view that the money lying outside India is part of GDRs proceeds of the Company and is earmarked for utilization for setting up a Yarn Dying Plant, which could not be implemented for want of support of lenders. The Management of the Company is engaged in firming an active plan for implementation of its proposal for setting up of a Yarn Dying Plant, and upon its finalization, the aforesaid amount will be utilized for investment and on that date effect of any gain shall be accounted in the books of account of the Company.</p> <p>(vii) With regard to noticed fraud in the nature of shortage and misappropriation of goods stored at its Ludhiana Branch by the employee/s of the Company, the effect whereof has been accounted in the books of account of the Company, considering the ongoing recovery process and its claim.</p>
	(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



			<p>(iv) Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/set off of payment of receivables/payable from/to overseas parties/suppliers, which is pending necessary approval of the competent authority. The management is in the process of obtaining necessary approvals from the competent authority</p> <p>(v) Regarding further strengthening the system of internal controls – Necessary steps have been initiated by the Company to further strengthen the system of internal controls w.r.t. purchases and consumption of inventory, booking of expenses, set off of balances, for the sale of goods and services, etc.</p> <p>(vi) Regarding pending confirmation / reconciliation of balances of certain receivables (including overseas overdue receivables), bank balances, payable (including of an Associate Company/ies), secured loans, other liabilities, loans and advances etc; and contingent liability - The management is of the opinion that adjustment, if any, arising out of such reconciliation would not be material. Further, necessary steps have been initiated to further strengthen system of internal controls w.r.t. accounting of expenses, accounting of income (including sale of licenses and provision written back), payroll payments and of balance reconciliation/confirmation.</p>
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	(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 - Rajiv Chadha DIN 08793211	
	• Statutory Auditor	For Khandelia & Sharma, Chartered Accountants Firm Registration No. 510525G  (Arun Khandelia) Partner Membership No. 089125 

Place: Chandigarh

Date: July 30, 2020