

WYL/SECT/
18.05.2018

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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

website: www.winsomegroup.com



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 under Regulation 33 of LODR.
(Audited Financial Results for the year 2017-18)**

Dear Sir/Madam,

Pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Audited Financial Results of the Company for the Quarter and Year ended 31st March, 2018, duly approved by the Board of Directors of the Company at its meeting held on 18.05.2018 along with duly signed Auditors Report and Form 'B'.

The meeting of the Board of Directors of the Company commenced at 11.45 a.m. and concluded at 6.50 p.m.

This is for your information and records please.

Thanking you,

Yours faithfully,
For **WINSOME YARNS LIMITED**

(K. V. SINGHAL)

GM (Legal) & Company Secretary

Mobile No. 9914030030

Email : kvsinghal@winsomegroup.com, cshare@winsomegroup.com

Encl : as above.



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 2018

PART-I Sr. No.	Particulars	Rs. In lacs						
		Standalone			Consolidated			
		Unaudited Quarter Ended		Audited Year Ended	Unaudited Quarter Ended		Audited Year Ended	
	31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	
	Revenue							
1	Income from operations	8768	8270	10472	33305	37132	33305	37132
2	Other Income	107	9	95	182	195	182	195
3	Total Revenue(1+2)	8,875	8,279	10,567	33,487	37,327	33,487	37,327
4	Expenses							
	(a) Cost of Material consumed	6,029	5303	7183	21858	26022	21858	26022
	(b) Purchase of stock-in-trade	-	-	-	-	34	-	34
	(c) Excise Duty	-	0	-	2	12	2	12
	(d) Changes in inventories of finished goods, Work in progress & stock in trade	229	(68)	790	1,095	(733)	1,095	(733)
	(e) Employee Benefit expense	872	860	811	3524	3234	3524	3234
	(f) Finance cost	7	7	14	37	45	37	45
	(g) Depreciation & Amortisation expenses	427	426	498	1707	1813	1707	1813
	(h) Other expenses	2,034	1717	1004	7358	8613	7361	8799
	Total Expenses	9,598	8,245	10,300	35,579	39,040	35,584	39,226
5	Profit/(Loss) from Operations before Exceptional Items and tax.(3-4)	(723)	34	267	(2,092)	(1,713)	(2,097)	(1,899)
6	Exceptional Items	-	-	-	297	-	297	-
7	Profit/(Loss) before Tax (5-6)	(723)	34	267	(1,795)	(1,713)	(1,800)	(1,899)
8	Tax Expense							
	- Current Tax	-	-	-	-	-	-	-
	- Earlier years Tax	-	-	6	-	6	-	6
	- Deferred Tax Liability/(Asset)	-	-	-	-	-	-	-
9	Profit/(Loss) after tax (7-8)	(723)	34	261	(1,795)	(1,719)	(1,800)	(1,905)
10	Other Comprehensive Income	13	-	(8)	13	(8)	13	(8)
11	Total Comprehensive Income(9+10)	(710)	34	253	(1,782)	(1,727)	(1,787)	(1,913)
12	Paid - up Equity Capital (Face Value - Rs. 10/- each)	7,071	7,071	7,071	7,071	7,071	7,071	7,071
13	Earnings Per Share of Rs 10/- each (Not Annualised) - Basic & Diluted (Rs.)	(1.00)	0.05	0.36	(2.52)	(2.44)	(2.52)	(2.69)

Notes:

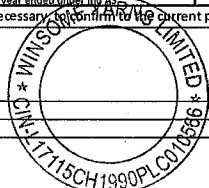
- The above audited financial results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on May 18, 2018.
- The Statutory Auditors of the Company have carried out the audit of the aforesaid financial results for the quarter and year ended on March 31, 2018 in accordance with Regulation 33 of the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015
- The Audited financial results of the Company have been prepared in accordance with the principles and procedures of Indian Accounting Standards ("Ind AS") as notified under the Companies (Indian Accounting Standards) Rules, 2015, and as specified in section 133 of the Companies Act, 2013.
- The Company has adopted Ind AS from April 1, 2017 (transition date to Ind AS is April 1, 2016) as prescribed under section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder, and accordingly these financial results for the periods presented have been prepared in accordance with recognition and measurement principles as stated therein and discloses information as required to be disclosed in accordance with Regulation 33 of the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015.
- The date of transition to Ind AS is April 1, 2016. The impact of transition has been accounted for in opening reserves and comparative results have been restated accordingly.
- In line with the provisions of Ind AS-108 'Operating Segments' as notified under the Companies (Ind AS) Rules, 2015, and as provided in section 133 of the Companies Act, 2013, the operations of the Company fall under one line of business activity namely, Textiles (Yarn, Knitwear & related revenue), which is considered to be the only reportable segment by the management.
- Auditors remarks on accounts for the year ended March 31, 2018: (a) Regarding preparation of accounts on going concern basis inspite of accumulated losses being in excess of net worth of the Company; Management Response: Read with Note No. 8 below; (b) Regarding Non provision against certain overdue receivables and loans and advances; Management response: The Management is carrying out necessary steps for reconciliation and recovery; (c) Regarding non-provision for interest and penalty on borrowings; Management response: Read with Note No. 8 below; (d) Regarding pending receipt of part money of GDR invested in money market instrument outside India, non accounting thereof at fair value and non-recognition of exchange fluctuation in respect thereto; Management response: Read with Note No. 9 below; (e) 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; Management Response: The Company is in the process of obtaining necessary approvals from the competent authority; (f) 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: Steps for confirmation and reconciliation of amounts have since been initiated. The Management is of the opinion that adjustments, if any, arising out of aforesaid reconciliation would not be material, except in case of unprovided interest on borrowings and that appropriate impact thereof will be ascertainable on restructuring of borrowings of the Company; (g) Regarding 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.
- Due to continuous losses and resulting constraints of liquidity, the Company was not able to make payments, including towards instalments of borrowings and interest thereon, both in respect of term loans and working capital as they fell due. Interest on term loans and working capital, including overdue amount, penal interest, etc. for the period October 2014 to March 31, 2018 (amount unascertained) has not been provided in books of account, and that the same will be provided / accounted for as and when the Company's debt restructuring plan is approved and given effect to by the respective lenders / assignee thereof. Six banks have since assigned and transferred their debts due from the Company, alongwith the underlying rights, title and interests in financial assistances granted to the Company, to Edelweiss Assets Reconstruction Company Limited (EARC), an Asset Reconstruction Company. The Company is also in discussions with EARC for a structured payment plan of its restructured dues. Considering the ongoing discussion for restructuring of debts with major lenders of the Company 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.
- Part amount of USD 50,72,110 (Rs. 2579.34 Lakhs) out of GDR's issued by the Company has been invested in money market instruments outside India as the GDR proceeds are earmarked for utilisation 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 finalisation, the aforesaid amount will be utilised for investment and on that date effect of any gain/loss shall be accounted in the books of account of the Company on account accrual and exchange fluctuation. The GDR's, which was earlier listed at the Luxembourg Stock Exchange, have since been delisted.
- Reconciliation of net profit after tax as previously reported under Indian GAAP and as restated now under Ind AS for the quarter and year ended March 31, 2017:

S.No.	Particulars	Audited		
		Standalone	Consolidated	
		3 months ended 31.03.2017	year ended 31.03.2017	year ended 31.03.2017
(i)	Net profit for the quarter and year ended under the previous Indian GAAP	963	(1,606)	(1,792)
(ii)	Adjustment:			
	(a) Prior period adjustments	(37)	(48)	(48)
	(b) Depreciation less charged in last year now rectified	(64)	(64)	(64)
	(c) Fair valuation of security deposits	-	-	-
	(d) Remeasurement of gratuity	(9)	(9)	(9)
(iii)	Net profit for quarter and year ended under Ind AS	259	(1,727)	(1,913)

- Reconciliation of equity as reported under previous GAAP is as follows

S.No.	Particulars	Audited		Audited	
		Standalone	Consolidated	Standalone	Consolidated
		As at 31.03.2017 (end of last period presented under previous GAAP)	As at 31.03.2017 (end of last period presented under previous GAAP)	As at 01.04.2016	As at 01.04.2016 (end of last period presented under previous GAAP)
(i)	Equity as reported under previous GAAP	(14,872)	(16,488)	(14,677)	(16,466)
(ii)	Adjustments:				
	(a) Transfer of capital subsidy in deferred assets	(116)	(106)	(115)	(106)
	(b) Prior period adjustments	48	(64)	48	(64)
	(c) Fair valuation of security deposits	-	-	-	-
	(d) Remeasurement of gratuity	-	-	-	(9)
(iii)	Net profit for quarter and year ended under Ind AS	(14,940)	(16,667)	(14,744)	(16,645)

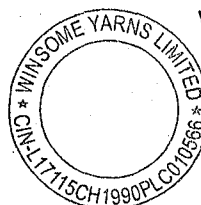
Place: Chandigarh
Date: 18th May, 2018.



Manish Bagrodia
Managing Director
DIN No.00046944

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

Particulars	Standalone			Consolidated		
	(Rs. In Lakhs)					
	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
ASSETS						
Non-current assets						
Property, plant and equipment	22,239	23,840	25,565	22,239	23,840	25,565
Capital Work In Progress	-	36	-	-	36	-
Other Intangibles Assets	11	0	0	11	0	0
Financial assets	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Loans	2	2	1	2	2	1
Deferred tax assets (net)	44	44	50	44	44	50
Other Non-Current assets	2,566	1,571	1,031	2,566	1,571	1,031
Total of non-current assets (a)	24,862	25,493	26,647	24,862	25,493	26,647
Current assets						
Inventories	4,238	5,753	5,051	4,238	5,753	5,051
Financial assets						
Loans	18	18	20	18	18	20
Investment	2,679	2,679	2,679	2,679	2,679	2,679
Trade receivables	12,185	12,062	12,218	12,225	12,102	12,446
Cash and cash equivalents	209	160	480	214	166	486
Other bank Balance	32	34	95	32	34	95
Other financial assets	1,047	1,001	1,046	1,048	1,002	1,047
Current Tax Assets	100	97	99	100	97	99
Other current assets	1,067	982	731	1,067	982	710
Total of current assets (b)	21,575	22,786	22,419	21,621	22,833	22,634
Total of assets (a+b)	46,437	48,279	49,066	46,483	48,326	49,281
EQUITY AND LIABILITIES						
Equity						
Equity share capital	7,071	7,071	7,071	7,071	7,071	7,071
Other equity	(25,520)	(23,738)	(22,011)	(25,501)	(23,715)	(21,815)
Total of equity (a)	(18,449)	(16,667)	(14,940)	(18,430)	(16,644)	(14,744)
LIABILITIES						
Non-current liabilities						
Deferred grant income	88	97	106	88	97	106
Provisions	192	167	119	192	167	119
Total of non current liabilities (b)	280	264	225	280	264	225
Current liabilities						
Financial liabilities						
Borrowings	55,737	55,767	55,917	55,737	55,767	55,917
Trade Payables	5,646	6,198	5,227	5,654	6,205	5,227
Other financial liabilities	3,134	2,634	2,418	3,153	2,651	2,437
Deferred grant income	9	9	9	9	9	9
Other current liabilities	57	56	196	57	56	196
Provisions	23	18	14	23	18	14
Total of current liabilities (c)	64,606	64,682	63,781	64,633	64,706	63,800
Total of liabilities (d = b+c)	64,886	64,946	64,006	64,913	64,970	64,025
Total of equity and liabilities (a+d)	46,437	48,279	49,066	46,483	48,326	49,281



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Auditor's Report on Quarterly Standalone Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

To the Board of Directors of Winsome Yarns Limited

1. We have audited the accompanying quarterly standalone financial results of Winsome Yarns Limited for the quarter ended March 31, 2018 and the year to date results for the year ended March 31, 2018 (attached herewith), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 05, 2016 and CIR/IMD/DF1/69/2016 dated August 10, 2016. These financial results includes the results for the quarter ended March 31, 2018, being the balancing figure between the audited figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the financial year. The figures upto the end of third quarter had only been reviewed and not subjected to audit.
2. This statement which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ("Ind AS") specified under section 133 of Companies Act, 2013 (Act) and published year to date figures upto the end of the third quarter of the financial year prepared in accordance with the recognition and measurement principals laid down in Accounting Standard for 'Interim Financial Reporting' (Ind AS 34), mandated under section 133 of the Act and SEBI circulars CIR/CFD/CMD/15/2015 dated November 30, 2015, CIR/CFD/FAC/62/2016 dated July 05, 2016 and CIR/IMD/DF1/69/2016 dated August 10, 2016. The responsibility includes design, implementation, and maintenance of internal control relevant to the preparation of the Statement that is free from material misstatement, whether due to fraud or error. Our responsibility is to express an opinion on this financial results based on our audit of the standalone financial statements for the year ended March 31, 2018 and our review of the standalone financial results for the nine months period ended December 31, 2017.
3. We conducted our audit in accordance with standard on auditing issued by the Institute of Chartered Accountants of 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 as well as evaluating the overall presentation of the Statement. We believe that audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.



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4. Basis of Qualified Opinion

- i) In view of accumulated losses of the Company as at the end of March 31, 2018, 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 absence of impact of aforesaid assumptions having been un-ascertained, we are unable to comment thereon.
- ii) The results for the quarter ended on March 31, 2018 and the year ended on March 31, 2018 are understated due to:
 - a) Non provisioning of interest expenses on borrowings of Rs. 2515.42 Lakhs for the quarter ended and Rs. 9671.90 Lakhs for the year ended on March 31, 2018 (Rs. 2182.41 Lakhs for the quarter ended and Rs. 8389.14 Lakhs for the year ended on March 31, 2017), and Rs. 28644.12 Lakhs being aggregate amount of interest unprovided till the year ended March 31, 2018 (Rs. 18972.22 Lakhs till the year ended March 31, 2017), 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. 9609.58 Lakhs (Rs. 9785.28 Lakhs as at March 31, 2017 and Rs. 9794.95 Lakhs as at December 31, 2017) including of overseas overdue trade receivables of Rs. 5989.20 Lakhs (Rs. 6173.48 Lakhs as at March 31, 2017 and Rs. 5987.96 Lakhs as at December 31, 2017). The accounting for exchange fluctuation in respect of overseas trade receivables is not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, overseas trade receivables is understated by Rs. 255.58 Lakhs (Rs. 223.89 Lakhs as at March 31, 2017).
 - c) Non provisioning against loans and advances (including other current assets) of Rs. 1569.63 Lakhs (Rs. 1611.71 Lakhs as at March 31, 2017 and Rs 1469.05 Lakhs as at December 31, 2017).
- iii) Part amount of USD 50,72,110 (Rs. 2679.34 Lakhs) out of GDR's issued by the Company, which funds had been raised for setting up of Yarn Dying Plant are



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invested in money market instruments outside India. As the funds were 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. 686.63 Lakhs as at March 31, 2018 and overstatement of losses by Rs. 10.63 Lakhs for the year ended on March 31, 2018.

- iv) 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.
- 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 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.
- vii) During the course of our audit for the quarter and year ended March 31, 2018, the management of the Company informed to us that they noticed and found fraud in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch 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



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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 claim.

5. In our opinion and to the best of our information and according to the explanations given to us, *except for the effects/possible effects of the matters described in paragraph 4 above under 'Basis of Qualified Opinion' paragraph*, these financial results:
- (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in this regard; and
 - (ii) give a true and fair view of the net loss and other financial information for the quarter ended March 31, 2018, as well as the year to date results for the period from April 1, 2017 to March 31, 2018.
6. We draw attention that the financial statement of the Company for the year ended March 31, 2017 prepared in accordance with Companies (Accounting Standards) Rules, 2006 and were audited by another firm of Chartered Accountants under the Companies Act, 2013, who vide their Report dated May 30, 2017 expressed a modified opinion on those financial statements. The aforementioned other Firm of Chartered Accountants completed their term of appointment and were not eligible for reappointment as Auditor of the Company for the year ending March 31, 2018.

For KR & Co.

Chartered Accountants

Firm Registration No: 025217N

By the hand of




Kamal Ahluwalia

Partner

Membership No. 093812

New Delhi (Camp at Chandigarh)

May 18, 2018

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Chartered Accountants

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

To the Board of Directors of Winsome Yarns Limited

1. We have audited the accompanying consolidated financial results of **Winsome Yarns Limited** for the year ended March 31, 2018 (attached herewith), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 05, 2016 and CIR/IMD/DF1/69/2016 dated August 10, 2016.
2. This consolidated statement which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ("Ind AS") specified under section 133 of Companies Act, 2013 (the Act). The responsibility includes design, implementation, and maintenance of internal control relevant to the preparation of the Statement that is free from material misstatement, whether due to fraud or error. Our responsibility is to express an opinion on this financial results based on our audit of the consolidated financial statements for the year ended March 31, 2018.
3. We conducted our audit in accordance with standard on auditing issued by the Institute of Chartered Accountants of 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 in financial results. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the Statement. We believe that audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.
4. **Basis of Qualified Opinion**
 - i) **In view of accumulated losses of the Company as at the end of March 31, 2018, 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**



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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.

ii) The results for the quarter ended on March 31, 2018 and the year ended on March 31, 2018 are understated due to:

- a) Non provisioning of interest expenses on borrowings of Rs. 2515.42 Lakhs for the quarter ended and Rs. 9671.90 Lakhs for the year ended on March 31, 2018 (Rs. 2182.41 Lakhs for the quarter ended and Rs. 8389.14 Lakhs for the year ended on March 31, 2017), and Rs. 28644.12 Lakhs being aggregate amount of interest unprovided till the year ended March 31, 2018 (Rs. 18972.22 Lakhs till the year ended March 31, 2017), 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. 9609.58 (Rs. 9785.28 Lakhs as at March 31, 2017 and Rs. 9794.95 Lakhs as at December 31, 2017) including of overseas overdue trade receivables of Rs. 5989.20 Lakhs (Rs. 6173.48 Lakhs as at March 31, 2017 and Rs. 5987.96 Lakhs as at December 31, 2017). The accounting for exchange fluctuation in respect of overseas trade receivables is not in line with Ind AS-21 "The Effects of Changes in Foreign Exchange Rates" and accordingly, overseas trade receivables is understated by Rs. 255.58 Lakhs (Rs. 223.89 Lakhs as at March 31, 2017).
- c) Non provisioning against loans and advances (including other current assets) of Rs. 1569.63 Lakhs (Rs. 1611.71 Lakhs as at March 31, 2017 and Rs 1469.05 Lakhs as at December 31, 2017).

iii) Part amount of USD 50,72,110 (Rs. 2679.34 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 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



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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. 686.63 Lakhs as at March 31, 2018 and overstatement of losses by Rs. 10.63 for the year ended on March 31, 2018.

- iv) 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.
 - 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 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.
 - vii) During the course of our audit for the quarter and year ended March 31, 2018, the management of the Company informed to us that they noticed and found fraud in the nature of shortage/misappropriation of goods stored at its Ludhiana Branch 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 claim.
5. We did not audit the financial statements of 2 (two) consolidated entities being subsidiaries of the Company namely, Winsome Yarns (Cyprus) Ltd. and Winsome Yarns FZE, included in consolidated results for the year ended March 31, 2018, whose financial statements as prepared by the management reflect total assets of Rs. 45.83 Lakhs as at March 31, 2018, as



KR & CO.

Chartered Accountants

well as total revenue of Rs Nil and total net loss after tax of Rs. 5.19 Lakhs 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 financial results, to the extent have been derived from such management certified financial statements as at March 31, 2018.

6. In our opinion and to the best of our information and according to the explanations given to us, *except for the effects/possible effects of our observations stated in paragraph 4 above under "Basis of Qualified Opinion" paragraph and based on the consideration of the management certified accounts as referred in paragraph 5 above*, these consolidated financial results for the year ended March 31, 2018:
- (i) have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015; and
 - (ii) give a true and fair view of the consolidated net loss and other financial information for the period from April 1, 2017 to March 31, 2018.

For KR & Co.

Chartered Accountants

Firm Registration No: 025217N

By the hand of

Kamal Ahluwalia
Kamal Ahluwalia

Partner

Membership No. 093812

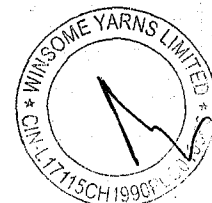


New Delhi (Camp at Chandigarh)

May 18, 2018

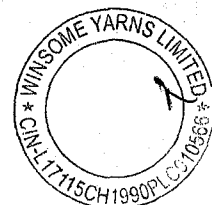
STATEMENT OF IMPACT OF AUDIT QUALIFICATIONS (FOR AUDIT REPORT WITH MODIFIED OPINION) SUBMITTED ALONG-WITH ANNUAL AUDITED FINANCIAL RESULTS – STANDALONE BASIS – WINSOME YARNS LIMITED

Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2018 [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	33488	33498
	2	Total Expenditure	35579	56430
	3	Net Profit/(Loss)	(1782)	22622
	4	Earnings Per Share	(2.52)	(31.82)
	5	Total Assets	46437	35944
	6	Total Liabilities	64886	(93530)
	7	Net Worth	(18449)	(57586)
	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 Standalone audited financial results: (i) In view of accumulated losses of the Company as at the end of March 31, 2018, 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	

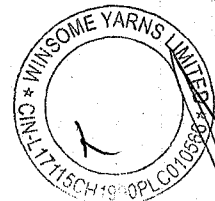


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| | | | <p>(iii) Part amount of USD 50,72,110 (Rs. 2679.34 Lakhs) out of GDR's issued by the Company, which funds had been raised for setting up of Yarn Dying Plant are invested in money market instruments outside India. As the funds were raised for 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. 686.63 Lakhs as at March 31, 2018 and overstatement of losses by Rs. 10.63 Lakhs for the year ended on March 31, 2018.</p> <p>(iv) Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/set off of payment of receivables/payable from/to overseas parties/suppliers, which is pending necessary approval of the competent authority.</p> <p>(v) The Internal Control Systems need to be further strengthened in order that they are commensurate with the size of the Company and the nature of its business, more particularly in areas of, purchases and consumption of materials, charging of expenses, set-off of balances, and invoicing of sale of goods and services.</p> <p>(vi) Confirmation of balances and reconciliation thereof with respective parties are pending,</p> |
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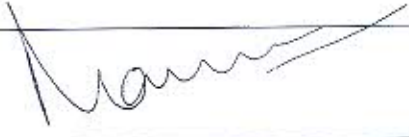






			<p>14</p> <ul style="list-style-type: none"> • In case of point no (vi) – Appeared since F.Y. 2003-04 • In case of point no. (vii)—Appeared in F.Y. 2017-18
	(d)	For Audit Qualification(s) where the impact is quantified by the Auditor, Management views	<p>With regard to Auditors Qualification No. (ii)(a), (ii)(b), (ii)(c), (iii) and (vii):-</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, 2018). 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 receivables and loans and advances – As also explained in Note No. 3.8(a) of Audited Financial Statements, management view is that the receivables includes outstanding amount of overseas receivables for period over one year of Rs 5989.20 Lakhs till 31.03.2018 (Rs. 6173.48 Lakhs till 31.03.2017), where the Company is in process of filing</p>



			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.
	(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 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.</p> <p>(iii) Regarding pending receipt of part money out of GDR issue - As also explained in Note no. 2.3 of the of the Audited Financial Statements that out of the proceeds of GDRs raised in F.Y. 2010-2011, an amount of USD 6,954,515 (INR 3721.05</p>



		(including sale of licenses and provision written back), payroll payments and of balance reconciliation/confirmation.
	(iii) Auditors' comments on (i) or (ii) above	Refer details of audit qualification [para II(a) above]
III.	Signatories	
	• Managing Director – Mr. Manish Bagrodia	
	• CFO – Mr. Anand Balkishan Sharma	
	• Audit Committee Chairman – Mr. Pradeep Kumar	
	• Statutory Auditor	For K R & Co, Chartered Accountants Firm Registration No. 025217N  (Kamal Ahluwalia) Partner Membership No. 093182 

Place: Chandigarh
Date: May 18, 2018

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

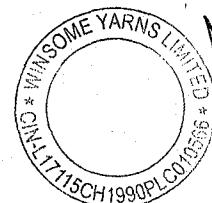
**Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2018
[See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations 2016]**

(Rs. in Lakhs)

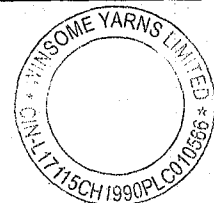
I.	Sl. No.	Particulars	Audited Figure (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)*
	1	Turnover/ Total income	33488	33498
	2	Total Expenditure	35584	56435
	3	Net Profit/(Loss)	(1787)	(22627)
	4	Earnings Per Share	(2.53)	(31.83)
	5	Total Assets	46483	35990
	6	Total Liabilities	64913	(93557)
	7	Net Worth	(18430)	(57567)
	8	Any other financial item(s) (as felt appropriate by the management)	-	-

* all adjustments are without tax effect.

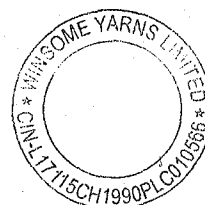
II.	Audit Qualifications	
(a)	Details of Audit qualification	<p>Reference is invited to Para (4) of Independent Auditor's Report on Consolidated audited financial results:</p> <p>(i) In view of accumulated losses of the Company as at the end of March 31, 2018, the net worth of the Company as at that 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>



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| | | | <p>(iii) Part amount of USD 50,72,110 (Rs. 2679.34 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 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. 686.63 Lakhs as at March 31, 2018 and overstatement of losses by Rs. 10.63 Lakhs for the year ended on March 31, 2018.</p> <p>(iv) Regarding provisions in case of investments in subsidiaries, written off/written back and adjustment/set off of payment of receivables/payable from/to overseas parties/suppliers, which is pending necessary approval of the competent authority.</p> <p>(v) The Internal Control Systems need to be further strengthened in order that they are commensurate with the size of the Company and the nature of its business, more particularly in areas of, purchases and consumption of materials, charging of expenses, set-off of balances, and invoicing of sale of goods and services.</p> <p>(vi) Confirmation of balances and reconciliation thereof with respective parties are pending, which include balances pertaining to, accounts</p> |
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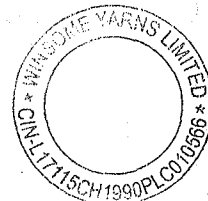


			<ul style="list-style-type: none"> • In case of point no (vi) – Appeared since F.Y. 2003-04 • In case of point no. (vii)—Appeared in F.Y. 2017-18
(d)	For Audit Qualification(s) where the impact is quantified by the Auditor, Management views	With regard to Auditors Qualification No. (ii)(a), (ii)(b), (ii)(c), (iii) and (vii):-	<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 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. 3.24 of Consolidated Audited Financial Statement for the year ended March 31, 2018). 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 receivables and loans and advances – As also explained in Note No. 3.8(a) of Consolidated Audited Financial Statements, management view is that the receivables includes outstanding amount of overseas receivables for period over one year of Rs 5989.20 Lakhs till 31.03.2018 (Rs. 6173.48 Lakhs till 31.03.2017), where the Company is in</p>

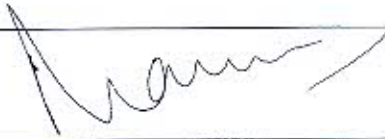






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			shortage and misappropriation of goods stored at its Ludhiana Branch by the employee/s of the Company, the effect whereof has been accounted in the books of account of the Company, considering the ongoing recovery process and its claim.
	(e)	For 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 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.</p> <p>(iii) Regarding pending receipt of part money out of GDR issue – As also explained in Note no. 2.3 of the of the Audited Financial Statements that out of the proceeds of GDRs raised in F.Y. 2010-2011, an amount of USD 6,954,515 (INR 3721.05</p>



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			(including sale of licenses and provision written back), payroll payments and of balance reconciliation/confirmation.
	(iii)	Auditors' comments on (i) or (ii) above	Refer details of audit qualification [para II(a) above]
III.	Signatories		
		• Managing Director – Mr. Manish Bagrodia	
		• CFO – Mr. Anand Balkishan Sharma	
		• Audit Committee Chairman – Mr. Pradeep Kumar	
		• Statutory Auditor	For K R & Co, Chartered Accountants Firm Registration No. 025217N  (Kamal Ahluwalia) Partner Membership No. 093182 

Place: Chandigarh
Date: May 18, 2018