

WINSOME YARNS LIMITED

Regd. Office: Basement, SCO # 13-14-15, Sector 34-A, Chandigarh - 160022


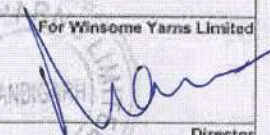

CIN : L17115CH1990PLC010566, Email - cshare@winsomegroup.com, Website - www.winsomeyarns.com Phone No.91-172-4613000, Fax No.91-172-4614000

AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED ON 31ST MARCH 2024

PART-I Sr. No.	Particulars	Rs. in Lakhs				
		Audited	Unaudited	Audited	Audited	
		Quarter Ended			Year Ended	
		31.03.2024	31.12.2023	31.03.2023	31.03.2024	31.03.2023
	Revenue					
1	Income from operations	42	770	243	2543	3093
2	Other Income	389	18	462	463	471
3	Total Revenue(1+2)	431	788	705	3,006	3,564
4	Expenses					
	(a) Cost of Material consumed	10	82	86	518	756
	(b) Purchase of stock-in-trade	0.00	-	-	-	-
	(c) Excise Duty	0.00	-	-	-	-
	(d) Changes in Inventories of finished goods, Work in progress & stock in trade	6	210	(196)	153	411
	(e) Employee Benefit expense	187	306	283	1114	1607
	(f) Finance cost	0	-	-	-	-
	(g) Depreciation & Amortisation expenses	270	185	329	1149	1387
	(h) Other expenses	146	323	505	1166	2046
	Total Expenses	619	1,106	1,006	4,100	6,206
5	Profit /(Loss) from Operations before Exceptional Items and tax. (3-4)	(188)	(317)	(301)	(1,094)	(2,642)
6	Exceptional Items	-	-	-	-	-
7	Profit /(Loss) before Tax (5+6)	(188)	(317)	(301)	(1,094)	(2,642)
8	Tax Expense					
	- Current Tax	-	-	-	-	-
	- Earlier years Tax	-	-	-	-	-
	- Deferred Tax Liability/(Asset)	-	-	-	-	-
9	Profit/(Loss) after tax (7-8)	(188)	(317)	(301)	(1,094)	(2,642)
10	Other Comprehensive income	-	-	-	-	-
11	Total Comprehensive income(9+10)	(188)	(317)	(301)	(1,094)	(2,642)
12	Paid - up Equity Capital (Face Value - Rs. 10/- each)	7,071	7,071	7,071	7,071	7,071
13	Reserve excluding revaluation reserve as per Balance Sheet of Previous accounting year				(49,062)	(47,968)
14	Earnings Per Share of Rs 10/- each (Not Annualised) - Basic & Diluted (Rs.)	(0.27)	(0.45)	(0.43)	(1.55)	(3.74)





Notes:	
1	The above financial results have been reviewed by Sh. Manish Bagrodia, Chairman and Managing Director (Power Suspended) and by the Resolution Professional.
2	The Statutory Auditors of the Company have carried out the audit of the above financial results for the quarter and year ended 31st March 2024, in accordance with Regulation 33 of the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015.
3	The Company's business of Yarn Spinning and Knitting has also been carried out on job-work basis for third parties, which is continuing to the extent possible within limited resources available with the Company.
4	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.
5	Auditors remarks on accounts for the quarter and year ended on 31st March 2024: (1) Regarding preparation of accounts on going concern basis despite accumulated losses of the Company being substantially in excess of its net worth: Company Response: The Company is under Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code, 2016, and is being maintained as a going concern by the Resolution Professional as part of the CIRP process for resolution of its insolvency; (2) Regarding non-provision for interest and penalty on Borrowings: Company response: The company is under CIRP and the IRP/RP has invited claims from the stakeholders. The Company will account the effect of its liability on account of debts and interest in line with the resolution plan, if approved, upon its sanction. ; (3) Regarding pending confirmation/reconciliation of balances of certain receivables, bank balances, payables, secured loans, contingent and other liabilities, loans and advances - impact unascertainable: Company response: Except as mentioned in Note (3) above, Confirmation and reconciliation of balances is carried out on an ongoing basis and adjustments, if any, arising therefrom are accounted from time to time. (4) Regarding non provision of diminution in carrying value of investment : Company response : The changes in value of investments will be accounted for after reconciliation. (5) CIRP cost of Rs. 345.76 Lakh for the quarter ended 31.03.2024 (Rs.406.61 Lakh as at 31.03.2024) has been accounted, and CIRP cost of Rs. Nil for the quarter ended 31.03.2024 (Rs. Nil as at 31.03.2024) is unaccounted. The aggregate CIRP cost of Rs.142.54 lacs will be required to be discharged in priority as per Insolvency and Bankruptcy Code, 2016: Company Response: The liability will be discharged on implementation of approved Resolution Plan, failing which during liquidation of the Company.
6	The Petition of Edelweiss Assets Reconstruction Company Ltd. (EARC), an Asset Reconstruction Company, under Section 7 of the Insolvency and Bankruptcy Code, 2016, (the Code) filed before the Hon'ble National Company Law Tribunal, Chandigarh Bench, ("NCLT"), praying initiation of Corporate Insolvency Resolution Process in case of Winsome Yarns Limited, was allowed the Hon'ble NCLT vide its Order dated 22nd December, 2023. An Interim Resolution Professional (IRP) Sh. Sanjay Gupta was appointed by the Hon'ble NCLT and had taken control of management and affairs of the Company. M/s. ARCK Resolution Professionals LLP, having IBBI Registration No. IBBI/IPE-0030/IPA-1/2022-23/50013, was appointed by the Hon'ble NCLT, Chandigarh Bench, vide its order dated 14.03.2024, as the new RP of Winsome Yarns Ltd., and the control and management of the Company is now vested with RP, and the powers of board of directors of the Company remain suspended. In the event of a Resolution Plan, if one is received and is found compliant with the laws, is approved by the Committee of Creditors and the Authorities, the insolvency of the Company may stand resolved, which resolution may also include reliefs, concessions and waivers from creditors of the Company, and the Company will remain a Going Concern; failure of the aforementioned resolution process will lead to liquidation of the Company.
7	The books of account of the Company drawn by its Board of Directors (powers suspended) upto the date of commencement of CIRP were handed over to the earlier RP and have been relied on by the RP for preparation of these financial results, which also include the period after commencement of CIRP and upto the end of calendar quarter under report, books of account whereof have been prepared under supervision and control of RP holding office for the time.
8	The subsidiaries and step-down subsidiaries of the Company stood liquidated / dissolved / become defunct prior to commencement of the financial year 2023-24, and these Financial results are for the Company on standalone basis.
9	The figures for the previous quarter and year have been regrouped / rearranged, wherever necessary, to confirm to the current period's classification.
	 For Winsome Yarns Limited  Director
Place: Chandigarh	 Taken on Record Resolution Professional
Date: November 14, 2024.	

Winsome Yarns Limited
Regd. Office: SCO 13-14-15, Sector 34-A, Chandigarh -160022
STATEMENT OF CASH FLOW FOR THE YEAR ENDED ON MARCH 31, 2024

Particulars	(Rs. In Lakhs)	
	Period Ended March 31, 2024	Year Ended March 31, 2023
A. CASH FLOW FROM OPERATIONS		
Loss before tax	(1,094.24)	(2,641.85)
Adjustment for:		
Depreciation	1,148.68	1,387.32
Amortisation of lease hold land	3.31	3.31
Prorata capital subsidy	(18.46)	-
(Profit)/Loss on sale of fixed assets	-	-
Interest expense	-	-
Interest income	(14.50)	(12.03)
Operating profit before working capital changes	<u>24.80</u>	<u>(1,263.25)</u>
Adjustment for working capital changes:		
Increase/(Decrease) in financial liabilities		
Trade payables	(763.92)	(293.88)
Revenue received in advance	121.98	(132.02)
Other payables	(55.86)	(710.30)
Increase/(Decrease) in other current liabilities	27.52	(133.36)
Increase/(Decrease) in provisions	32.13	35.45
(Increase)/Decrease in financial assets		
Trade and other receivables	39.79	1,088.73
Loans	-	-
Investment	-	-
Interest accrued but not due	3.47	-
Other loan	(3.47)	-
(Increase)/Decrease in other current assets	227.29	666.16
(Increase)/Decrease in other non current assets	57.03	-
(Increase)/Decrease in inventories	196.99	669.10
	<u>(92.25)</u>	<u>(73.37)</u>
Current tax liabilities (Net)	17.85	47.48
Net cash flow from operating activities	(A) <u>(74.39)</u>	(25.89)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions/Deletion to property, plant and equipment	69.96	-
Reductions to property, plant and equipment	-	-
Interest receipts	14.50	12.03
Net cash used in investing activities	(B) <u>84.46</u>	12.03
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	-	-
Increase/(Decrease) in financial liabilities		
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Net cash used in financing activities	(C) <u>-</u>	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(A+B+C) 10.07	(13.86)
Cash and cash equivalents - Opening balance	138.41	152.27
Cash and cash equivalents - Closing balance	148.48	138.41

(Figures in bracket represents cash outflow)



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Winsome Yarns Limited
Basement, SCO # 13-14-15, Sector 34-A, Chandigarh - 160022
Audited Statement of Asset and Liabilities as on 31.03.2024

Particulars	(Rs. In Lakhs)	
	Audited	
	31.03.2024	31.03.2023
ASSETS		
(1) Non- current assets		
(a) Property, plant and equipment	13,595	14,810
(b) Capital Work In Progress	-	-
(c) Other Intangibles Assets	4	0
(d) Financial assets	-	-
(e) Investments	-	-
(f) Loans	-	-
(g) Deferred tax assets (net)	-	-
(h) Other Non- Current assets	2,703	2,763
Sub Total - non current assets	16,302	17,581
(2) Current assets		
(a) Inventories	356	553
(b) Financial assets		
(i) Loans	-	-
(ii) Investment	2,568	2,568
(iii) Trade receivables	253	293
(iv) Cash and cash equivalents	118	108
(v) Other bank Balance	31	31
(vi) Other financial assets	-	-
(vii) Current Tax Assets	87	105
(viii) Other current assets	200	427
Sub Total - current assets	3,613	4,085
Total of assets (1+2)	19,915	21,666
B. EQUITY AND LIABILITIES		
1. Equity		
(a) Equity share capital	7,071	7,071
(b) Other equity	(49,062)	(47,968)
Sub total - Total equity	(41,992)	(40,897)
LIABILITIES		
2. Non- current liabilities		
(a) Deferred grant income	51	69
(b) Provisions	219	194
Sub total - Non current liabilities	270	263
(3) Current liabilities		
(a) Financial liabilities		
(i) Borrowings	55,658	55,658
(ii) Trade Payables		
(a) Total outstanding dues of Micro and small enterprises	71	81
(b) Total outstanding dues of creditors other than Micro and small enterprises	2,617	3,371
(iii) Other financial liabilities	3,021	2,955
(iv) Deferred grant income	9	9
(v) Other current liabilities	227	200
(b) Provisions	34	27
Sub Total - current liabilities	61,637	62,300
(4) Total of liabilities (2+3)	61,906	62,563
Total of equity and liabilities (1+4)	19,915	21,666





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,

THE RESOLUTION PROFESSIONAL,

WINSOME YARN LIMITED

(A Company under Corporate Insolvency Resolution Process vide NCLT order)

Qualified Opinion

We have audited the accompanying Standalone annual financial result ("the statement") of Winsome Yarns Limited ("the Company under the CIRP process"), for the year ended 31st March 2024, attached herewith, being submitted by the company pursuant to the requirements of regulations 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Hon'ble National Company Law Tribunal ("NCLT"), Chandigarh Bench, admitted the Corporate Insolvency Resolution Process ("CIRP") application filed by an financial creditor of Winsome Yarn Ltd ("the Company") and appointed Mr. Sanjay Gupta (IBBI Registration No .IBBI/IPA-002/IP-N00982-C01/2017-2018/10354, as Interim Resolution Professional ("IRP"), in terms of the Insolvency and Bankruptcy Code, 2016 ("the Code") to manage the affairs of the Company vide CP (IB) No. 291/Chd /Chd /2018 dated 22.12.2023. Further Hon'ble National Company Law Tribunal ("NCLT"), Chandigarh Bench, vide order dated 14.03.2024 appointed M/s ARCK Resolution Professionals LLP having IBBI Registration No. IBBI/IPE-0030/IPA-1/2022-23/50013 as the new RP of Winsome Yarns Ltd ("the Company").

In view of pendency of the CIRP, and in view of suspension of the powers of Board of Directors and as explained to us, the powers of adoption of the Standalone Financial Results for the year ended 31st March,2024 vest with the RP.

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

- (i) Present financial results in accordance with the requirements of Regulation 33 of the Listing Regulations, except for the effects/possible effects of the matters described in paragraph under 'Basis for Qualified Opinion',



- (ii) give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the standalone net loss after tax and other comprehensive income/loss of the Company as at March 31st, 2024, except for the effects/possible effects of the matters described in paragraph under 'Basis for Qualified Opinion'.

Basis for Qualified opinion

1. In view of accumulated losses of the company as at the end of March 31, 2024, the net worth of the company as at that date being negative, continuous losses, negative cash flows and due to financial constraints, resignation of KMP and non-deposit of statutory dues on time, material uncertainty exists about the company ability to continue as going concern. The decision of management and RP of the company to prepare the accounts of the company on going concern basis for the reason mentioned in standalone financial result note no 4 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, 2024 are understated due to:
 - a) Non-provisioning of interest expenses, of Rs 22,850.78 Lakhs on borrowings for the year ended on March 31, 2024 (Rs 19,662.06 lakhs for the year ended on March 31, 2023) and Rs 1,26,851.35 Lakhs being aggregate amount of interest un-provided till the year ended March 31, 2024 (Rs 1,04,000.57 Lakhs till the year ended March 31, 2023), and further amount towards penal interest, penalty, etc. as may be charged by the lenders. (In the absence of statement of account, the above amount has been arrived at as per estimates of the Company, and the aggregate un-provided amount in books of account of the Company is not ascertainable with accuracy)
 - b) Non-provisioning against long outstanding receivables of Rs. 128.17 Lakhs which is overdue for more than 365 days. Further Re-instatement of few debtors, advance from customers, creditors for export, etc. on exchange fluctuation is not recognized in line with Ind AS - 21 "The Effects of changes in Foreign Exchange Rates" the effect of which we are unable to comment.
3. 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.



4. As per the information given to us, the carrying value of investments have not been marked to realizable value, which if accounted would result in Investments reducing by Rs. 2568.41 Lakhs and Loss of the year ended 31.03.2024 increasing by Rs. 2568.41 Lakhs.
5. Confirmation of balances and reconciliation thereof with respective parties are pending, which include balances pertaining to, accounts receivable and accounts payable, bank balances (including FDR), other current and non-current assets, advance for leasing, security deposit, secured loans, other liabilities, provisions, and contingent liabilities. All balances and disclosures have been certified by the management of the Company. In the absence of the Company having aforementioned details and confirmations, the impact thereof is unascertainable, and therefore, not being commented. Further strengthening of internal controls by the Company will provide greater reliability.
6. As per the information given to us, In reference to note no. 13 of financial Statements, we draw attention to the users of the financial statement for the year ended on 31st March, 2024. Fixed Deposit with Canara Bank Amount of Rs 30.66 lakhs had been made for Margin Money for issuing Bank Guarantee, which was adjusted against the dues of working capital outstanding at the time of Account becoming NPA, has not been accounted for as it will change note in Financials of the borrowing amount as per books. We are unable to comment upon possible impact in the standalone financial statements for the year 31st March, 2024.

We conducted our audit in accordance with the standard on auditing ("SA") specified under section 143(10) of the Act. Our responsibilities under those standards are further describes in the Auditor's Responsibilities for the audit of the statement section of our report. We are independent of the company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter

- i) As per information given to us, the company has made advance payment of Rs. 2268.50 Lakhs to Edelweiss Assets Reconstruction Company as an advance against restructuring of loan. Loan outstanding from Edelweiss Assets Reconstruction Company amounting of Rs. 47071.08 Lakhs as on 31.03.2024.



- ii) The company has not made provision for the demand raised by various authorities as the matters are pending before various appellate forum. We are unable to comment upon possible impact in the standalone financial statements for the year 31st March, 2024.
- iii) In reference to note no. 6 of financial result, we draw attention to the users of the financial statement for the year ended on 31st March, 2024, The Petition of Edelweiss Assets Reconstruction Company Ltd. (EARC), an Asset Reconstruction Company, under Section 7 of the Insolvency and Bankruptcy Code, 2016, (the Code) filed before the Hon'ble National Company Law Tribunal, Chandigarh Bench, ("NCLT") was allowed by the Hon'ble NCLT vide its Order dated 22nd December, 2023. An Interim Resolution Professional (IRP), Sh. Sanjay Gupta is appointed by the Hon'ble NCLT. Further Hon'ble National Company Law Tribunal ("NCLT"), Chandigarh Bench, vide order dated 14.03.2024 appointed M/s ARCK Resolution Professionals LLP having IBBI Registration No. IBBI/IPE-0030/IPA-1/2022-23/50013 as the new RP of the Winsome Yarns Ltd ("the Company"). and has since taken control of management and affairs of the Company. With the appointment of the RP, the powers of the board is now vested with RP and thus the powers of existing board is suspended.
- iv) In reference to note no. 14 of financial statements, we draw attention to the users of the financial statement for the year ended on 31st March, 2024. The Provisions may be modified on further reconciliation and evaluation of the recoverability of the Current Assets. The other Non Current assets have reduced from Rs 250.44 Lacs to Rs 47.66. The main reduction is due to change in the Advance against Imprest account by Rs 215.83 lacs. However, We are unable to comment upon possible impact in the standalone financial statements for the year 31st March, 2024.
- v) As per the information given to us. CIRP cost of Rs. 345.76 Lakh for the quarter ended 31.03.2024 (Rs.406.61 Lakh as at 31.03.2024) has been accounted, and CIRP cost of Rs. Nil for the quarter ended 31.03.2024 (Rs. Nil as at 31.03.2024) is unaccounted. The aggregate CIRP cost of Rs. 142.54 lakh will be required to be discharged in priority as per Insolvency and Bankruptcy Code, 2016. The liability will be discharged on implementation of approved Resolution Plan, failing which during liquidation of the Company. We are unable to comment upon possible impact in the standalone financial statements for the year 31st March, 2024



Our opinion is not modified in respect of these matters.

Responsibilities of Management and Those Charged with Governance for the Statement

The company is under CIRP Process vide CP (IB) No. 291/Chd /Chd /2018 by Hon'ble NCLT Chandigarh Bench dated 22.12.2023 and all management responsibilities vested with Resolution Professional.

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

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

The respective management is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Statement

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



under section 143(10) of the Act, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.

As part of an audit in accordance with the Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has in place adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of financial information of the



Company of which we are the independent auditors. For the subsidiaries included in the Statement, which have been audited by other auditors or not have been audited by other auditors, such other auditors or management remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

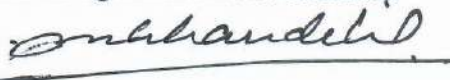
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The annual financial results included the results for the quarter ended 31st March 2024 being the balancing figure between the audited figures in respect of the full financial year and the

published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

**For Dhana and Associates
(Formerly Khandelia & Sharma)
Chartered Accountants
Firm Registration No: 510525C**



**CA. Arun Khandelia
Partner
Membership No.: 089125
ICAI UDIN No.: 24089125BKASKH1125**




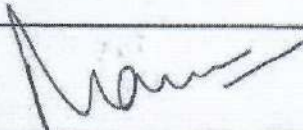

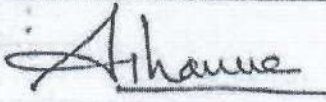


**Place: New Delhi
Date: 14.11.2024**

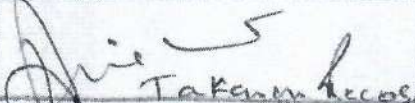
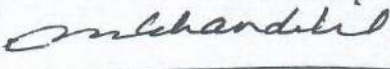

STATEMENT OF IMPACT OF AUDIT QUALIFICATIONS (FOR AUDIT REPORT WITH MODIFIED OPINION) SUBMITTED ALONG-WITH ANNUAL AUDITED FINANCIAL RESULTS – WINSOME YARNS LIMITED

Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2024 [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	3006	3006
	2	Total Expenditure	4100	27079
	3	Net Profit/(Loss)	(1094)	(24073)
	4	Earnings Per Share	(1.55)	(34.04)
	5	Total Assets	19915	19986
	6	Total Liabilities	61907	188758
	7	Net Worth	(41992)	(168843)
	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, 2024, the net worth of the company as at that date being negative, continuous losses, negative cash flows and due to financial constraints, resignation of KMP and non-deposit of statutory dues on time, material uncertainty exists about the company ability to continue as going concern. The decision of management and RP of the company to prepare the accounts of the company on going concern basis for the reason mentioned in standalone financial result note no 4 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) Non-provisioning of interest expenses, of Rs 22,850.78 Lakhs on	

			<p>borrowings for the year ended on March 31, 2024 (Rs 19,662.06 lakhs for the year ended on March 31, 2023) and Rs 1,26,851.35 Lakhs being aggregate amount of interest un-provided till the year ended March 31, 2024 (Rs 1,04,000.57 Lakhs till the year ended March 31, 2023), and further amount towards penal interest, penalty, etc. as may be charged by the lenders. (In the absence of statement of account, the above amount has been arrived at as per estimates of the Company, and the aggregate un-provided amount in books of account of the Company is not ascertainable with accuracy)</p> <p>b) Non-provisioning against long outstanding receivables of Rs. 128.17 Lakhs which is overdue for more than 365 days. Further Re-instatement of few debtors, advance from customers, creditors for export, etc. on exchange fluctuation is not recognized in line with Ind AS - 21 "The Effects of changes in Foreign Exchange Rates" the effect of which we are unable to comment.</p> <p>(iii) 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>(iv) As per the information given to us, the carrying value of investments have not been marked to realizable value, which if accounted would result in Investments reducing by Rs. 2568.41 Lakhs and Loss of the year ended 31.03.2024 increasing by Rs. 2568.41 Lakhs.</p> <p>(v) Confirmation of balances and reconciliation thereof with respective parties are pending, which include balances pertaining to, accounts receivable and accounts payable, bank balances (including FDR), other current and non-current assets, advance for leasing, security deposit, secured loans, other liabilities, provisions, and contingent liabilities. All balances and disclosures have been certified by the management of the Company. In the absence of the Company having aforementioned details and confirmations, the impact thereof is unascertainable, and therefore, not being commented. Further strengthening of internal controls by the Company will provide greater reliability.</p> <p>(vi) As per the information given to us, In reference to note no. 13 of financial Statements, we draw attention to the users of the financial statement for the year ended on 31st March, 2024. Fixed Deposit with Canara Bank Amount of Rs 30.66 lakhs had been made for Margin Money for issuing Bank Guarantee, which was adjusted against the dues of working capital outstanding at the time of Account becoming NPA, has not been accounted for as it will change note in Financials of the borrowing amount as per books. We are unable to comment upon possible impact in the standalone financial statements for</p>
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			the year 31 st March, 2024
		Type of Audit Qualification	Qualified Opinion
	(c)	Frequency of 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) – Appeared since F.Y. 2013-14 (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
	(d)	For Audit Qualification(s) where the impact is quantified by the Auditor, Management views	<p>With regard to Auditors Qualification No. (i)(ii), (iii), (iv),(v) and (vi) :-</p> <p>(i) The management has prepared its Financial Statement on Going Concern basis- Refer Note No.6 of Results</p> <p>(ii) Regarding non-provision of interest expenses, penal interest, penalty, etc. in respect of borrowings of the Company from banks - As stated in Note No. 3.15 of the Audited Financial Statement, The operating losses suffered by the Company for reasons beyond control of the Company, including due to non-performance of commitments and obligations by the lenders of the Company, consequently led to financial stress being faced by the Company. The unilateral recall of borrowings by the lenders and followed by lock downs to contain the spread of pandemic of Covid-19, resulted in an alleged claim of an unpaid principal and overdue interest .</p> <p>Provision for upto date interest,has not been made in the books of account, and disputing the liability of the Company in its borrowings, it had filed a counter claim against the lenders, which is for an amount larger than the amount claimed by the lenders and the matter is pending adjudication before the Hon'ble Debt Recovery Tribunal, Chandigarh.</p>

		<p>The Company will account the effects of payment of restructured liabilities on approval of resolution plan or otherwise on failure of insolvency proceedings and during liquidation of the Company.</p> <p>(iii) 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>(iv) Regarding non provision of diminution in carrying value of investment : Company response : The changes in value of investments will be accounted for after reconciliation.</p> <p>(v) The balances of certain Trade Receivables , Bank Balances including other bank balances, Investments, Trade Payables , Secured Borrowings, Other Financial Liabilities and Financial Assets including other current assets are subject to reconciliation. Contingent liabilities (read with note no. 3.1) are as as certified by the management. Further, necessary steps have been initiated to further strengthen system of internal controls in this regard.</p> <p>(vi) This Fixed Deposit had been made for Margin Money for issuing Bank Guarantee, Which was adjusted against the dues of working capital outstanding at the time of Account becoming NPA, has not been accounted for as it will change note in Financials of the borrowing amount as per books. The above amount is not recoverable .</p>
	(iii) Auditors' comments on (i) or (ii) above	Refer details of audit qualification [para II(a) above]
II.	Signatories	
	<ul style="list-style-type: none"> Manish Bagrodia- Director DIN: 0046944 	 
	<ul style="list-style-type: none"> Chief Financial Officer - Sanjay Sharma 	 
	<ul style="list-style-type: none"> Pankaj Mahajan Director DIN 06994712 	 

	 Anil Kohli Resolution Professional	
	• Statutory Auditor	
		For Dhana & Associates (Formerly Khandelia & Sharma, Chartered Accountants Firm Registration No. 510525C  <hr/> (Arun Khandelia) Partner Membership No. 089125 

Place: Chandigarh

Date: November 14, 2024

UDIN- 24089125BKASKI1439