

# winsome

## Yarns Limited

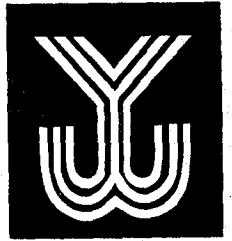
Regd. Office : SCO # 191-192, Sector 34-A,  
Chandigarh - 160 022 INDIA

CIN : L7115CH1990PLC010566, 4612000, 4613000

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WYL/SECT/  
08.11.2019

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 30 of SEBI (LODR).  
(Unaudited Financial Results for the quarter ended September, 2019)**

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 Unaudited Financial Results of the Company for the Quarter and half year ended September 30, 2019 along with Statement of Assets and Liabilities duly approved by the Board of Directors of the Company in their meeting held on November 8, 2019.

Also enclosed a copy of the Limited Review Report of the Auditors of the Company, as required under Regulation 30 of the Listing Regulations.

The meeting of the Board of Directors of the Company commenced at 12.45 P.M. and concluded at 3.35 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](mailto:cshare@winsomegroup.com)



**WINSOME YARNS LIMITED**

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

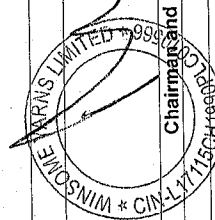
CIN : L17115CH1990PLC010566, Email - cshare@winsomergroup.com, Website - www.winsomergroup.com Phone No.91-172-4613000, Fax No.91-172-4614000

**UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED ON 30TH SEPTEMBER 2019**

PART-I	Sr. No.	Particulars	Standalone						Consolidated						
			Unaudited			Audited			Unaudited			Audited			
			Quarter Ended	Six Months Ended	Year Ended	Quarter Ended	Six Months Ended	Year Ended	Quarter Ended	Six Months Ended	Year Ended	Quarter Ended	Six Months Ended	Year Ended	
			30.09.2019	30.09.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019	30.09.2019	30.06.2019	30.09.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
1	Revenue	2554	6674	14314	25025	2554	6674	14314	25025	4120	6995	6674	14314	25025	
2	Income from operations	44	84	130	204	44	84	130	204	11	84	55	130	204	
3	Other Income	2,598	4,131	14,444	25,229	2,598	4,131	14,444	25,229	4,131	7,079	6,729	14,444	25,229	
4	Total Revenue(1+2)	1394	3863	8869	15085	1394	3863	8869	15085	1975	3863	3369	8869	15085	
	Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	
	(a) Cost of Material consumed	45	197	724	1,179	45	197	724	1,179	45	450	242	724	1,179	
	(b) Purchase of stock-in-trade	710	741	1814	3354	710	741	1814	3354	710	951	1451	1814	3354	
	(c) Changes in inventories of finished goods, Work in progress & stock in trade	1	2	17	26	1	2	17	26	1	5	3	17	26	
	(d) Employee Benefit expense	380	408	810	1610	380	408	810	1610	383	408	763	810	1610	
	(e) Finance cost	971	1520	3482	6439	971	1520	3482	6439	1522	1676	2494	3485	6445	
	(f) Depreciation & Amortisation expenses	3,501	4,818	15,738	27,715	3,501	4,818	15,738	27,715	3,502	4,820	8,322	15,741	27,721	
	(g) Other expenses	(903)	(687)	(1,294)	(2,486)	(903)	(687)	(1,294)	(2,486)	(689)	(296)	(1,593)	(1,297)	(2,492)	
5	Total Expenses	(903)	(295)	(9,026)	(9,016)	(903)	(295)	(9,026)	(9,016)	(689)	(296)	(1,593)	(9,026)	(9,016)	
6	Profit/(Loss) from Operations before Exceptional items and tax-(3-4)	(903)	(295)	(10,320)	(11,502)	(903)	(295)	(10,320)	(11,502)	(689)	(296)	(1,593)	(10,323)	(11,508)	
7	Exceptional Items	-	-	-	-	-	-	-	-	-	-	-	-	-	
8	Profit/(Loss) before Tax (5+6)	(903)	(295)	(10,320)	(11,502)	(903)	(295)	(10,320)	(11,502)	(689)	(296)	(1,593)	(10,323)	(11,508)	
9	Tax Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	
	- Current Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
	- Earlier years Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
	- Deferred Tax Liability/(Asset)	-	-	-	-	-	-	-	-	-	-	-	-	-	
9	Profit/(Loss) after tax (7-8)	(903)	(295)	(10,320)	(11,502)	(903)	(295)	(10,320)	(11,502)	(689)	(296)	(1,593)	(10,323)	(11,508)	
10	Other Comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	
11	Total Comprehensive income(9+10)	(903)	(295)	(10,320)	(11,502)	(903)	(295)	(10,320)	(11,502)	(689)	(296)	(1,593)	(10,323)	(11,508)	
12	Paid - up Equity Capital (Face Value - Rs. 10/- each)	7,071	7,071	7,071	7,071	7,071	7,071	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.)	(1.28)	(0.97)	(14.59)	(16.25)	(1.28)	(0.97)	(14.59)	(16.25)	(0.97)	(0.42)	(2.25)	(14.60)	(16.25)	
14	Reserve excluding revaluation reserve as per Balance Sheet of Previous accounting year	-	-	-	(37,006)	-	-	-	(37,006)	-	-	-	-	(36,991)	

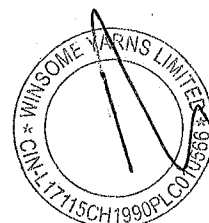


Notes:	
1	The above unaudited financial results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on November 08, 2019.
2	The Statutory Auditors of the Company have carried out the limited review of the above unaudited financial results for the quarter and half year ended September 2019 in accordance with Regulation 33 of the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015.
3	The Company has adopted Indian Accounting Standards ("Ind AS") from April 01, 2017 (transition date to Ind AS is April 01, 2016) and the unaudited financial results have been prepared in accordance with the recognition and measurement principles of Indian Accounting Standards as notified under the Companies (Indian Accounting Standards) Rules, 2015, as specified in section 133 of the Companies Act, 2013.
4	Effective April 01, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch up transition method which is applied to contracts that were not completed as of April 01, 2018. Accordingly, the comparatives have not been retrospectively adjusted. The effect of adoption of Ind AS 115 was insignificant on the financial statements.
5	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.
6	The Company has made provisions for doubtful debts of Rs.9036.05 Lakhs against long outstanding trade receivables including overseas overdue trade receivables of Rs.5989.20 Lakhs during the year ended March 31, 2019. The aforesaid provision for doubtful debts have been made based on continuous evaluation and assessment of recoverability of trade receivables by the Company, which is undertaken on regular basis.
7	Auditors remarks on accounts for the quarter & half year ended September 30, 2019: (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: Read with Note No. 8 hereinbelow; (b) Regarding no provision having been made against long outstanding loans and advances: Management response: The Management has taken up necessary steps for reconciliation and recovery, and the same is part of continuous evaluation and assessment of their recoverability, undertaken by the management of the Company on regular basis; (c) Regarding non-provision for interest and penalty on Borrowings: Management response: Read with Note No. 8 hereinbelow; (d) 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: Read with Note No. 9 hereinbelow; (e) 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 is in the process of obtaining necessary approvals from the competent authority/ies; (f) Regarding pending confirmation/reconciliation of balances of certain receivables (including overseas overdue receivables), bank balances, payables, 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, currently in discussions with lenders of the Company.
8	Due to continuous losses and resulting constraints of liquidity, the Company was not able to make payments, including towards installments 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 September 30, 2019 (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. 6 (six) number 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 implementation of business plan of the Company for technical upgradation and expected cash flows resulting thereafter, stable government policies for the business, the Management of the Company expects that its cash flows in the near future will be sufficient to meet the resulting payment and repayment obligations, and the accounts of the Company are therefore, prepared on 'Going Concern' basis.
9	An amount of USD 48,62,110 (Rs. 2568.41 Lakhs) out of GDRs issued by the Company, being balance pending repatriation, 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.
10	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:	November 08, 2019.


  
**Edelweiss Assets Reconstruction Company Limited**  
**Chairman and Managing Director**  
**Manish Bagrodia**

Winsome Yarns Limited  
SCO -191,192 Sector 34-A, Chandigarh -160022  
Statement of Asset and Liabilities as on 30.09.2019

Particulars	(Rs. In Lakhs)			
	Standalone		Consolidated	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	As at	As at	As at	As at
	30.09.2019	31.03.2019	30.09.2019	31.03.2019
<b>ASSETS</b>				
<b>(1) Non- current assets</b>				
(a) Property, plant and equipment	19,908	20,669	19,908	20,669
(b) Capital Work In Progress	16	-	16	-
(c) Other Intangibles Assets	25	27	25	27
(d) Financial assets	-	-	-	-
(e) Investments	-	-	-	-
(f) Loans	2	2	2	2
(g) Deferred tax assets (net)	-	44	-	44
(h) Other Non- Current assets	3,159	3,161	3,159	3,161
<b>Sub Total - non current assets</b>	<b>23,110</b>	<b>23,903</b>	<b>23,110</b>	<b>23,903</b>
<b>(2) Current assets</b>				
(a) Inventories	2,358	2,869	2,358	2,869
<b>(b) Financial assets</b>				
(i) Loans	37	24	37	24
(ii) Investment	2,568	2,568	2,568	2,568
(iii) Trade receivables	1,242	1,735	1,284	1,778
(iv) Cash and cash equivalents	191	150	197	156
(v) Other bank Balance	31	31	31	31
(vi) Other financial assets	1,050	1,012	1,050	1,012
(vii) Current Tax Assets	119	110	119	110
(viii) Other current assets	938	925	938	925
<b>Sub Total - current assets</b>	<b>8,534</b>	<b>9,424</b>	<b>8,582</b>	<b>9,473</b>
<b>Total of assets (1+2)</b>	<b>31,644</b>	<b>33,327</b>	<b>31,692</b>	<b>33,376</b>
<b>B. EQUITY AND LIABILITIES</b>				
<b>1. Equity</b>				
(a) Equity share capital	7,071	7,071	7,071	7,071
(b) Other equity	(38,641)	(37,006)	(38,629)	(36,991)
<b>Sub total - Total equity</b>	<b>(31,570)</b>	<b>(29,935)</b>	<b>(31,558)</b>	<b>(29,920)</b>
<b>LIABILITIES</b>				
<b>2. Non- current liabilities</b>				
(a) Deferred grant income	74	78	74	78
(b) Provisions	217	202	217	202
<b>Sub total - Non current liabilities</b>	<b>291</b>	<b>280</b>	<b>291</b>	<b>280</b>
<b>(3) Current liabilities</b>				
<b>(a) Financial liabilities</b>				
(i) Borrowings	55,658	55,636	55,658	55,636
<b>(ii) Trade Payables</b>				
(a) Total outstanding dues of Micro and small enterprises	104	95	104	95
(b) Total outstanding dues of creditors other than Micro and small enterprises	3,618	4,209	3,626	4,217
(iii) Other financial liabilities	3,413	2,931	3,441	2,957
(iv) Deferred grant income	9	9	9	9
(v) Other current liabilities	91	72	91	72
<b>(b) Provisions</b>	30	30	30	30
<b>Sub Total - current liabilities</b>	<b>62,923</b>	<b>62,982</b>	<b>62,959</b>	<b>63,016</b>
<b>(4) Total of liabilities (2+3)</b>	<b>63,213</b>	<b>63,262</b>	<b>63,250</b>	<b>63,296</b>
<b>Total of equity and liabilities (1+4)</b>	<b>31,644</b>	<b>33,327</b>	<b>31,692</b>	<b>33,376</b>



**Independent Auditor's Review 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**

1. We have reviewed the accompanying statement of standalone unaudited financial result ("the statement") of WINSOME YARN LIMITED ("the company"), for the quarter and half year ended 30<sup>th</sup> September, 2019, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').
2. This statement which is the responsibility of company's management and approved by company's board of directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, "Interim financial reporting" ("Ind AS 34"), prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountant of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing specified under section 143(10) of the companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. We draw attention to qualified conclusion
  1. In view of accumulated losses of the Company as at the end of quarter ended September 30<sup>th</sup>, 2019, the net worth of the Company as at that date being negative, continuous losses, negative cash flows and due to financial constraints and resignation of KMPs and directors, 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, (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 unaudited standalone financial result for the quarter and half year ended on September 30<sup>th</sup>, 2019 are understated due to:  
Non provisioning of interest expenses, on borrowings, of Rs. 6207.26 Lakhs for the half year ended on September 30<sup>th</sup>, 2019 (Rs. 5398 Lakhs for the half year ended on September 30<sup>th</sup>, 2018), and further amount towards penal interest, penalty, etc. as may be charged by the lenders. (In the absence of statement of account, the above amount has been arrived at as per estimates of the Company, and the aggregate unprovided amount in books of account of the Company is not ascertainable with accuracy).
  - III. Non-provisioning against loans and advances, current and non-current assets (including financial assets) of Rs. 1399.19 Lakhs. (Rs. 1306.20 Lakh as at September 30<sup>th</sup>, 2018)
  - IV. As stated in note no. 9 of unaudited standalone financial result, company have investment in money market of 4862.11 redeemable shares of USD 1000 each, out of GDR's issued by the company are invested in Arise Money Market instrument outside India. 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 realizability/receipt, we are unable to comment. The measurement of investment is not in line with Ind AS 109 "Financial Instruments" and exchange fluctuation in respect thereto is not in line with Ind AS 21 "The Effects of Changes in Foreign Exchange Rates" respectively, which has the effect of understatement of investment by Rs. 877.37 lakh as at September 30<sup>th</sup>, 2019 (Rs. 1030.16 lakhs as at September 30<sup>th</sup>, 2018).
  - V. 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.
  - 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 thereof is unascertainable, and therefore, not being commented. Further strengthening of internal controls by the Company will provide greater reliability.



VIII. Refer to the audit report for the year ended 31<sup>st</sup> March 2018 and 31<sup>st</sup> March 2019, the management of the company 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 in previous financial year.

5. We would like to draw attention to the following matters as stated in the unaudited standalone financial result:

- i) As stated in Note no. 8 in the standalone financial result, as per information given to us, the company has made advance payment of Rs. 2268.50 Lakhs to Edelweiss Assets Reconstruction Company during the financial ending March 31<sup>st</sup>, 2019 for advance against restructuring of loan. Loan outstanding from Edelweiss Assets Reconstruction Company amounting of Rs. 47071.07 Lakhs.
- ii) 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.

**For KHANDELIA & SHARMA**

**Chartered Accountants**

**Firm Registration No: 510525C**


**CA. Arun Khandelia**

**Partner**

**Membership No.: 089125**

**Place : New Delhi (Camp at Chandigarh)**

**Date : 08-November-2019**

UDIN-19089125 AAAA EQ1900

**Independent Auditor's Review 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**

1. We have reviewed the accompanying statement of consolidated unaudited financial result ("the statement") of WINSOME YARN LIMITED ("the parent"), and its subsidiaries (the parent and its subsidiaries together referred to as "the group"), for the quarter and half year ended 30<sup>th</sup> September, 2019, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').
2. This statement which is the responsibility of parent's management and approved by parent's board of directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, "Interim financial reporting" ("Ind AS 34"), prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountant of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing specified under section 143(10) of the companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. We draw attention to qualified conclusion:
  - I. In view of accumulated losses of the Group as at the end of quarter ended September 30<sup>th</sup>, 2019, the net worth of the Group as at that date being negative, continuous losses, negative cash flows and due to financial constraints and resignation of KMPs and





directors, material uncertainty exists about the Group ability to continue as going concern. The decision of management of the Group to prepare the accounts of the Company on going concern basis for reasons that, (a) proposed rehabilitation plan of the Holding Company is under discussions with majority of lenders, and (b) future business plans of the Group and expected cash flows therefrom will suffice to service restructured debts of the Holding 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 unascertained, we are unable to comment thereon.

- II. The unaudited consolidated financial result for the quarter ended on September 30<sup>th</sup>, 2019 are understated due to:

Non provisioning of interest expenses, on borrowings, of Rs. 6207.26 Lakhs for the half year ended on September 30<sup>th</sup>, 2019 (Rs. 5398 Lakhs for the half year ended on September 30<sup>th</sup>, 2018), and further amount towards penal interest, penalty, etc. as may be charged by the lenders. (In the absence of statement of account, the above amount has been arrived at as per estimates of the Company, and the aggregate unprovided amount in books of account of the Company is not ascertainable with accuracy).

- III. Non-provisioning against loans and advances, current and non-current assets (including financial assets) of Rs. 1399.19 Lakhs. (Rs. 1306.20 Lakh as at September 30<sup>th</sup>, 2018)

- IV. As stated in note no. 9 of unaudited consolidated financial result, company have investment in money market of 4862.11 redeemable shares of USD 1000 each, out of GDR's issued by the company are invested in Arise Money Market instrument outside India. 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 realizability/receipt, we are unable to comment. The measurement of investment is not in line with Ind AS 109 "Financial Instruments" and exchange fluctuation in respect thereto is not in line with Ind AS 21 "The Effects of Changes in Foreign Exchange Rates" respectively, which has the effect of understatement of investment by Rs. 877.37 lakh as at September 30<sup>th</sup>, 2019 (Rs. 1030.16 lakhs as at September 30<sup>th</sup>, 2018).

- V. Regarding 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.



- VI. The Internal Control Systems need to be further strengthened in order that they are commensurate with the size of the Group 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 Holding Company. In the absence of having aforementioned details, the impact thereof is unascertainable, and therefore, not being commented. Further strengthening of internal controls by the Holding Company will provide greater reliability.
- VIII. Refer to the audit report for the year ended 31<sup>st</sup> March 2018 and 31<sup>st</sup> March 2019, the Holding Company had 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 of holding company 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 Holding Company as having made payment against the same. The holding Company also filed its claim to insurance company under Employee Fidelity Insurance, effect whereof has been accounted in the books of account of the holding Company, considering the ongoing recovery process of its claims and as per information given to us by management of holding company the matter is still pending and same as it is in previous financial year.
- IX. 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., (5) S.C. Textile s.r.l. . Therefore, we are unable to comment about any possible effect of these subsidiary companies in consolidated unaudited financial result for the period ending September 30<sup>th</sup>, 2019.
5. We would like to draw attention to the following matters as stated in the unaudited consolidated financial result:



- i) As stated in Note no. 8 in the unaudited consolidated financial result, as per information given to us, the holding company has made advance payment of Rs. 2268.50 Lakhs to Edelweiss Assets Reconstruction Company during the financial ending March 31<sup>st</sup> 2019 for advance against restructuring of loan. Loan outstanding from Edelweiss Assets Reconstruction Company amounting of Rs. 47071.07 Lakhs.
- ii) The lender Edelweiss Assets Reconstruction Company Limited and Indian Overseas Bank has filed an application against the holding company under section 7 of the Insolvency & Bankruptcy Code, 2016 before National Company Law Tribunal, Chandigarh Branch.

For Khandelia & Sharma

Chartered Accountants

Firm Registration No: 510525C


CA. Arun Khandelia

Partner

Membership No.: 089125

Place : New Delhi (Camp at Chandigarh)

Date : 08-November-2019

UDIN-19089125AAAAEP9975