

# winsome

## Yarns Limited

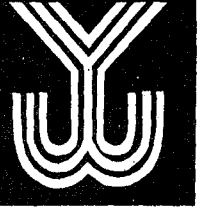
Regd. Office : SCO # 191-192, Sector 34-A,  
Chandigarh - 160 022 INDIA

CIN : L7115CH1990PLC010566, 4612000, 4613000

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WYL/SECT/  
11.02.2021

BSE Limited  
Dept. of Corporate Service  
1st Floor, New Trading Ring  
Rotunda Building, P. J. Towers  
Dalal Street, Fort, **MUMBAI-400001**

Script Code : 514348

National Stock Exchange of India Ltd  
Listing Department  
"Exchange Plaza" Bandra-Kurla Complex  
Bandra (E), **MUMBAI - 400051**

Symbol : WINSOME

**Sub : Outcome of Board Meeting under Regulation 30 of SEBI (LODR).  
(Unaudited Financial Results for the quarter ended December, 2020)**

Dear Sir/Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith following documents/ information duly approved by the Board of Directors of the Company in their meeting held on February 11, 2021.

1. Unaudited Financial Results of the Company for the Quarter ended December 31, 2020.
2. 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 12.15 P.M. and concluded at 3.30 P.M.

**This is for your information and records please.**

Thanking you,

Yours faithfully,  
For **WINSOME YARNS LIMITED**

**RAJPAL S. RATHORE**  
Dy. Manager (Legal & Secretarial)  
Email : [cshare@winsomegroup.com](mailto:cshare@winsomegroup.com)



**IS/ISO  
9001**



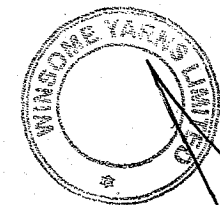
**WINSOME YARNS LIMITED**

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

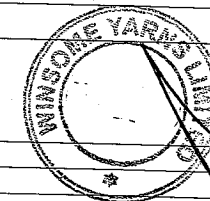
CIN : L17115CH1990PLC010566, Email – cshare@winsomegroup.com, Website – www.winsomegroup.com Phone No.91-172-4613000, Fax No.91-172-4614000

**UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED ON 31ST DECEMBER 2020**

PART-I		Rs.in Lakhs											
Sr. No.	Particulars	Standalone						Consolidated					
		Unaudited			Audited			Unaudited			Audited		
		Quarter Ended		Nine Months ended	Year Ended		Quarter Ended		Nine Months ended	Year Ended			
		31.12.2020	30.09.2020	31.12.0019	31.12.2020	31.12.2019	31.03.2020	31.12.2020	30.09.2020	31.12.0019	31.12.2020	31.12.2019	31.03.2020
	<b>Revenue</b>												
1	Income from operations	1,211	747	2078	2558	8752	10,686	1,211	747	2078	2558	8752	10686
2	Other Income	4	-	11	14	66	119	4	-	11	14	66	119
3	<b>Total Revenue(1+2)</b>	<b>1,215</b>	<b>747</b>	<b>2,089</b>	<b>2572</b>	<b>8818</b>	<b>10,805</b>	<b>1,215</b>	<b>747</b>	<b>2,089</b>	<b>2572</b>	<b>8818</b>	<b>10,805</b>
4	<b>Expenses</b>												
	(a) Cost of Material consumed	106	291	580	440	3949	4208	106	291	580	440	3949	4208
	(b) Purchase of stock-in-trade	-	-	-	-	-	285	-	-	-	-	-	285
	(c) Excise Duty	-	-	-	-	-	-	-	-	-	-	-	-
	(d) Changes in Inventories of finished goods, Work in progress & stock in trade	292	(35)	411	164	653	1,268	292	(35)	411	164	653	1268
	(e) Employee Benefit expense	483	423	590	1253	2041	2,594	483	423	590	1253	2041	2594
	(f) Finance cost	6	-	1	6	4	6	6	-	1	6	4	6
	(g) Depreciation & Amortisation expenses	372	372	380	1118	1144	1,525	372	372	381	1118	1144	1525
	(h) Other expenses	554	305	834	1221	3325	4,327	555	306	836	1225	3330	4333
	<b>Total Expenses</b>	<b>1,813</b>	<b>1,356</b>	<b>2,797</b>	<b>4202</b>	<b>11116</b>	<b>14,213</b>	<b>1,814</b>	<b>1,357</b>	<b>2,799</b>	<b>4,206</b>	<b>11,121</b>	<b>14,219</b>
5	<b>Profit/(Loss) from Operations before Exceptional Items and tax.(3-4)</b>	<b>(598)</b>	<b>(609)</b>	<b>(708)</b>	<b>(1,630)</b>	<b>(2,298)</b>	<b>(3,408)</b>	<b>(599)</b>	<b>(610)</b>	<b>(710)</b>	<b>(1,634)</b>	<b>(2,303)</b>	<b>(3,414)</b>
6	Exceptional Items	-	-	(1,414)	-	(1,414)	(1,414)	-	-	(1,414)	-	(1,414)	(1,414)
7	<b>Profit/(Loss) before Tax (5+6)</b>	<b>(598)</b>	<b>(609)</b>	<b>(2,122)</b>	<b>(1,630)</b>	<b>(3,712)</b>	<b>(4,822)</b>	<b>(599)</b>	<b>(610)</b>	<b>(2,124)</b>	<b>(1,634)</b>	<b>(3,717)</b>	<b>(4,828)</b>
8	Tax Expense												
	- Current Tax	-	-	-	-	-	-	-	-	-	-	-	-
	- Earlier years Tax	-	-	-	-	-	-	-	-	-	-	-	-
	- Deferred Tax Liability/(Asset)	-	-	-	-	-	44	-	-	-	-	-	44
9	<b>Profit/(Loss) after tax (7-8)</b>	<b>(598)</b>	<b>(609)</b>	<b>(2,122)</b>	<b>(1,630)</b>	<b>(3,712)</b>	<b>(4,866)</b>	<b>(599)</b>	<b>(610)</b>	<b>(2,124)</b>	<b>(1,634)</b>	<b>(3,717)</b>	<b>(4,872)</b>
10	Other Comprehensive income	-	-	-	-	-	65	-	-	-	-	-	65
11	<b>Total Comprehensive income(9+10)</b>	<b>(598)</b>	<b>(609)</b>	<b>(2,122)</b>	<b>(1,630)</b>	<b>(3,712)</b>	<b>(4,801)</b>	<b>(599)</b>	<b>(610)</b>	<b>(2,124)</b>	<b>(1,634)</b>	<b>(3,717)</b>	<b>(4,807)</b>
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
13	Reserve excluding revaluation reserve as per Balance Sheet of Previous accounting year						(41,807)						(41,798)
14	Earnings Per Share of Rs 10/- each (Not Annualised) - Basic & Diluted (Rs.)	(0.85)	(0.86)	(3.00)	(2.30)	(5.25)	(6.79)	(0.85)	(0.86)	(3.00)	(2.31)	(5.26)	(6.80)



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 February 11, 2021.
2	The Statutory Auditors of the Company have carried out the unaudit of the aforesaid financial results for the quarter and nine months ended on December 31, 2020 in accordance with Regulation 33 of the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015,
3	In line with the provisions of Ind AS-108 'Operating Segments' as notified under the Companies (Ind AS) Rules, 2015, and as provided in section 133 of the Companies Act, 2013, the operations of the Company fall under one line of business activity namely, Textiles (Yarn, Knitwear & related revenue), which is considered to be the only reportable segment by the management.
4	COVID-19 pandemic has caused serious disruptions on the global economic and business environment and there is a huge uncertainty with respect to its severity, which cannot be reasonably ascertained. However, the Company has evaluated and factored the possible effects in its working to the extent possible, including likely impact that may result from the COVID-19 pandemic as well as all events and circumstances upto the date of approval of these financial results on the carrying value of its assets and liabilities as at 31st December 2020. The operations of the Company are running at substantially below optimal levels. The operations are expected to remain impacted until customer orders return to normal levels, and supply chain stabilises, and the availability of manpower is consistent. The impact of any event and developments occurring after the financial results for the quarter and nine month ended December 31, 2020 may differ from that estimated as at the date of approval of these financial results and will be recognised prospectively.
5	Auditors remarks on accounts for the quarter and nine months ended December 31, 2020: (a) Regarding preparation of accounts on going concern basis despite accumulated losses of the Company being substantially in excess of its net worth: Management Response: Consolidated response as part of Note No. 6 hereinbelow; (b) Regarding non-provision for interest and penalty on Borrowings: Management response: Consolidated response as part of Note No. 6 hereinbelow; (c) Regarding pending receipt of part money of GDR invested in money market instrument outside India, non accounting of the same at fair value and non-recognition of exchange fluctuation in respect thereto: Management response: Consolidated response as part of Note No. 7 hereinbelow; (d) Regarding provisions made in books of account in case of investments in subsidiaries, amounts to be written off/written back and adjustment/set off of payment of receivables/payable from/to overseas parties/suppliers, which are pending necessary approval of the competent authority: Management Response: The Company has filed upto date returns, and approvals for adjustments will be effected in due course; (e) Regarding pending confirmation/reconciliation of balances of certain receivables, bank balances, payables, secured loans, contingent and other liabilities, loans and advances - impact unascertainable): Management response: Confirmation and reconciliation of balances is carried out on an ongoing basis and adjustments, if any, arising therefrom are accounted from time to time. The interest on borrowings of the Company to the extent not accounted in books of account of the Company will be considered on settlement / restructuring of borrowings.
6	Edelweiss Assets Reconstruction Company Limited (EARC), an Asset Reconstruction Company, is an assignee of debt payable by the Company to certain banks. The Company had been in discussions with EARC for restructuring of debts. The restructuring offer of the Company to EARC is for an amount lower than the amount accounted in its books of account, and the Company without accounting any further liability for payment on this account, will give effect to adjustments arising thereto on execution of agreement for restructuring. The Management expects that its cash flows of the Company in the near future will be sufficient to meet the resulting payment and repayment obligations as may arise as a result of restructuring agreement, and the accounts of the Company have therefore, been prepared on 'Going Concern' basis. The Financial Commissioner of the State of Punjab has since determined that the Agreements for Assignment of debt by lenders of the Company to EARC are insufficiently stamped, and therefore, defective. EARC had filed a Petition to initiate insolvency proceedings against the Company, which was been dismissed by the Hon'ble NCLT vide its order dated 17th March 2020. An appeal has been filed by EARC against this order. Indian Overseas Bank has initiated insolvency proceedings against the Company before NCLT which is being contested by the Company.
7	GDR issued earlier by the Company, listed on Luxemburg Stock Exchange, were delisted. USD 48,19,980 (Rs. 2568.41 Lakhs without exchange adjustment) is invested in money market instruments outside India to use the amount for earmarked purposes, i.e., setting up a Yarn Dying Plant. The Plant could not be implemented as requisite support was not extended by the lenders. The final effect of exchange rate fluctuation will be accounted at the time when the amount is repatriated.
8	The NSE and BSE had suspended trading of the Equity shares of the company due to delay in payment of certain amounts to the NSE and BSE. The delay occurred due to a technical glitch in the banking network wherefrom the payment was initiated by the Company. The Company has represented to the Stock Exchanges for review and revocation of their decision to suspend trading, and has also filed an appeal against the decision of the Stock Exchanges before SAT.
9	The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures upto the third quarter of the current financial year.
10	The figures for the previous quarter and year have been regrouped / rearranged, wherever necessary, to confirm to the current period's classification.



**Manish Bagrodia**  
Chairman and Managing Director

Place: Chandigarh  
Date: Feb 11, 2021.

**Independent Auditor's Review Report on unaudited 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 nine month ended 31<sup>th</sup> December, 2020, 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

- I. In view of accumulated losses of the Company as at the end of quarter ended December 31<sup>th</sup>, 2020, the net worth of the Company as at that date being negative, continuous losses, negative cash flows, 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 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 ended on December 31<sup>st</sup>, 2020 are understated due to:
- a. Non provisioning of interest expenses, on borrowings, of Rs. 11006.91 Lakhs for the nine-month ended on December 31<sup>st</sup>, 2020 (Rs. 10906.24 Lakhs for nine months ended on December 31<sup>st</sup>, 2019), and further amount towards penal interest, penalty, etc. as may be charged by the lenders. In the absence of statement of account, the above amount has been arrived at as per estimates of the Company, and the aggregate unprovided amount in books of account of the Company is not ascertainable with accuracy.
- b. Non provisioning against long outstanding receivables amounting to Rs 521.57 lakhs including overseas overdue trade receivables. Further the accounting for exchange fluctuation in respect of overseas trade receivables, overseas trade payables and overseas advances is not in line with Ind AS 21 "The effects of change in foreign exchange rates" and accordingly we are unable to comment its impact on financial result.



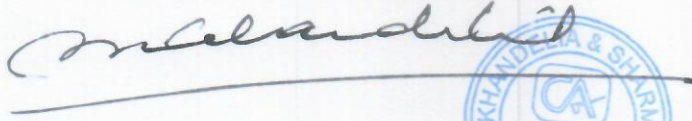
- III. In reference to note no. 7 of unaudited standalone financial result, investment in USD 48,19,980 in Arise Money Market fund. As per information given to us, the balance above is as per rate of exchange prevailing at the time of investment, and is subject to adjustment in rate of foreign exchange and accruals on money market investments. In respect of its 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", which has the effect of understatement of investment by Rs. 938.13 lakhs as on December 31<sup>st</sup>, 2020 (Rs. 902.16 lakhs as at quarter ended December 31<sup>th</sup>, 2019).
- 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 on. Further strengthening of internal controls by the Company will provide greater reliability.
5. We would like to draw attention to the following matters as stated in the unaudited standalone financial result:
- i) In reference to Note no. 6 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 year 2018-19 for advance against restructuring of loan. Loan outstanding from Edelweiss Assets Reconstruction Company amounting of Rs. 47071.07 Lakhs.

- ii) The company has not made provision for the demand raised by various authorities are pending before various appellate forum. We are unable to comment upon possible impact in the standalone financial statements for the year December 31<sup>th</sup>, 2020.

**For Khandelia & Sharma**  
**Chartered Accountants**  
**Firm Registration No: 510525C**



**CA. Arun Khandelia**  
**Partner**  
**Membership No.: 089125**

UDIN - 21089125AAAACL4982



**Place: New Delhi**  
**Date: 11-February-2021**

**Independent Auditor's Review Report on unaudited 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 ended 31<sup>st</sup> December 2020, 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 December 31<sup>th</sup>, 2020, the net worth of the Group as at that date being negative, continuous losses, negative cash flows due to financial constraints, resignation of KMP and non-deposit of statutory dues on time, 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 un-ascertained, we are unable to comment thereon.

II. The unaudited consolidated financial result for the quarter ended on December 31<sup>th</sup>, 2020 are understated due to:

a. Non provisioning of interest expenses, on borrowings, of Rs. 11006.91 Lakhs for nine-month ended on December 31<sup>th</sup>, 2020 (Rs. 10906.24 Lakhs for nine-month ended on December 31<sup>th</sup>, 2019), and further amount towards penal interest, penalty, etc. as may be charged by the lenders. (In the absence of statement of account, the above amount has been arrived at as per estimates of the Holding Company, and the aggregate unprovided amount in books of account of the Holding Company is not ascertainable with accuracy).

b. Non provisioning against long outstanding receivables of Rs 521.57 lakhs including overseas overdue trade receivables. Further the accounting for exchange fluctuation in respect of overseas trade receivables, overseas trade payables and overseas advances is not in line with Ind AS 21 "The effects of change in foreign exchange rates" and accordingly unable to comment its impact on financial result.

III. In reference to note no. 7 of unaudited consolidated financial result, the holding company have investment in money market of



48,19,980 in Arise Money Market fund. As per information given to us, the balance above is as per rate of exchange prevailing at the time of investment, and is subject to adjustment in rate of foreign exchange and accruals on money market investments. In respect of its 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. 938.13 lakhs as at December 31<sup>th</sup>, 2020 (Rs. 902.16 lakhs as at quarter ended December 31<sup>th</sup>, 2019).

- IV. 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.
- V. 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.
- 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 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.
- VII. 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 11Romania 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 December 31<sup>th</sup>, 2020.



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

- i) In reference to Note no. 6 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 year 2018-19 for advance against restructuring of loan. Loan outstanding from Edelweiss Assets Reconstruction Company amounting of Rs. 47071.07 Lakhs.
- ii) The company has not made provision for the demand raised by various authorities are pending before various appellate forum. We are unable to comment upon possible impact in the standalone financial statements for the year December 31<sup>th</sup>, 2020.

**For Khandelia & Sharma**  
**Chartered Accountants**  
**Firm Registration No: 510525C**

*Khandelia*



**CA. Arun Khandelia**  
**Partner**  
**Membership No.: 089125**  
UDIN- 21089125AAAACK4268

**Place: New Delhi**  
**Date: 11-February-2021**