

winsome

Yarns Limited

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

CIN : L7115CH1990PLC010566, 4612000, 4613000

Fax : +91-172-4614000

e-mail : exports@winsomegroup.com

website : www.winsomegroup.com



WYL/SECT/
13.02.2020

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

Script Code : 514348

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

Script Code : WINSOME

**Sub : Outcome of Board Meeting under Regulation 30 of SEBI (LODR).
(Unaudited Financial Results for the quarter ended December, 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 following documents/ information duly approved by the Board of Directors of the Company in their meeting held on February 13, 2020.

1. Unaudited Financial Results of the Company for the Quarter and nine months ended December 31, 2019.
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 12.45 P.M. and concluded at 7.40 P.M.

This is for your information and records please.

Thanking you,

Yours faithfully,
For WINSOME YARNS LIMITED

MEENU KHANDELWAL
Company Secretary & Compliance Officer
Mobile No. 7009380445
Email : cshare@winsomegroup.com



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Tirupur : D, No. 3 (1) / 4 A, Mullai Nagar, Karumaramplayam, Mannarai, Tirupur- 641607, e-mail : tirupur@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

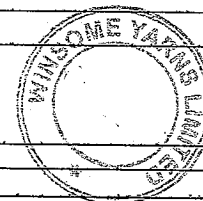
UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED ON 31ST DECEMBER 2019

PART-I		Rs.in Lakhs											
Sr. No.	Particulars	Standalone						Consolidated					
		Unaudited					Audited	Unaudited					Audited
		Quarter Ended		Nine Months Ended		Year Ended	31.03.2019	Quarter Ended		Nine Months Ended		Year Ended	31.03.2019
		31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018		31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018	
	Revenue												
1	Income from operations	2,078	2554	6473	8752	20787	25025	2078	2554	6473	8752	20787	25025
2	Other Income	11	44	7	66	137	204	11	44	7	66	137	204
3	Total Revenue(1+2)	2,089	2,598	6,480	8,818	20,924	25,229	2,089	2,598	6,480	8,818	20,924	25,229
4	Expenses												
	(a) Cost of Material consumed	580	1394	3949	3949	12818	15085	580	1394	3949	3949	12,818	15085
	(b) Purchase of stock-in-trade	-	-	-	-	22	22	-	-	-	-	22	22
	(c) Excise Duty	-	-	-	-	-	-	-	-	-	-	-	-
	(d) Changes in Inventories of finished goods, Work in progress & stock in trade	411	45	496	653	1,220	1,179	411	45	496	653	1,220	1,179
	(e) Employee Benefit expense	590	710	818	2041	2632	3354	590	710	818	2041	2,632	3354
	(f) Finance cost	1	1	5	4	22	26	1	1	5	4	22	26
	(g) Depreciation & Amortisation expenses	381	380	399	1144	1209	1610	381	380	399	1144	1,209	1610
	(h) Other expenses	834	971	1349	3325	4831	6439	836	972	1351	3330	4,836	6445
	Total Expenses	2,797	3,501	7,016	11,116	22,754	27,715	2,799	3,502	7,018	11,121	22,759	27,721
5	Profit/(Loss) from Operations before Exceptional Items and tax.(3-4)	(708)	(903)	(536)	(2,298)	(1,830)	(2,486)	(710)	(904)	(538)	(2,303)	(1,835)	(2,492)
6	Exceptional Items	(1,414)	-	-	(1,414)	(9,026)	(9,016)	(1,414)	-	-	(1,414)	(9,026)	(9,016)
7	Profit/(Loss) before Tax (5+6)	(2,122)	(903)	(536)	(3,712)	(10,856)	(11,502)	(2,124)	(904)	(538)	(3,717)	(10,861)	(11,508)
8	Tax Expense												
	- Current Tax	-	-	-	-	-	-	-	-	-	-	-	-
	- Earlier years Tax	-	-	-	-	-	-	-	-	-	-	-	-
	- Deferred Tax Liability/(Asset)	-	-	-	-	-	-	-	-	-	-	-	-
9	Profit/(Loss) after tax (7-8)	(2,122)	(903)	(536)	(3,712)	(10,856)	(11,502)	(2,124)	(904)	(538)	(3,717)	(10,861)	(11,508)
10	Other Comprehensive income	-	-	-	-	-	15	-	-	-	-	-	15
11	Total Comprehensive income(9+10)	(2,122)	(903)	(536)	(3,712)	(10,856)	(11,487)	(2,124)	(904)	(538)	(3,717)	(10,861)	(11,493)
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	Earnings Per Share of Rs 10/- each (Not Annualised) - Basic & Diluted (Rs.)	(3.00)	(1.28)	(0.76)	(5.25)	(15.35)	(16.25)	(3.00)	(1.28)	(0.76)	(5.26)	(15.36)	(16.25)
14	Reserve excluding revaluation reserve as per Balance Sheet of Previous accounting year						(37,006)						(36,991)



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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 13, 2020.
2	The Statutory Auditors of the Company have carried out the limited review of the above unaudited financial results for the quarter and nine months ended December 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	Auditors remarks on accounts for the quarter & nine months ended December 31, 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: Consolidated response as part of Note No. 7 hereinbelow; (b) Regarding non-provision for interest and penalty on Borrowings: Management response: Consolidated response as part of Note No. 7 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. 8 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: 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.
7	Edelweiss Assets Reconstruction Company Limited (EARC), an Asset Reconstruction Company, is an assignee of debt payable by the Company to certain banks, which assignment agreements / deeds are defective. The Company had been in discussions with EARC for restructuring of debts, and had made certain payments to EARC. 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. EARC has filed a Petition to initiate insolvency proceedings against the Company, which is being contested by the Company.
8	GDR issued earlier by the Company, listed on Luxembourg Stock Exchange, were delisted. USD 48,62,110 (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 Dyeing Plant. The Plant could not be implemented as requisite support was not extended by the lenders. The effect of exchange rate fluctuation will be accounted on repatriation of funds.
9	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 :	February 13, 2020.



Manish Bagrodia
Chairman and Managing Director

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 nine months ended 31st December, 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
 - I. In view of accumulated losses of the Company as at the end of quarter ended December 31st, 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

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Dimapuri, Agra

Peer Review Certificate No. 011580 Dated 05th March 2019



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 nine months ended on December 31st, 2019 are understated due to:
Non provisioning of interest expenses, on borrowings, of Rs.10906.24 Lakhs for the nine months ended on December 31st, 2019 (Rs. 8256.50 Lakhs for the nine months ended on December 31st, 2018) 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. Amount towards penal interest, penalty, etc. as may be charged by the lenders also not provided and in the absence of statement of account, the above unprovided amount in books of account of the Company is not ascertainable with accuracy.
- 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. 902.16 lakh as at December 31th, 2019 (Rs. 895.61 lakhs as at December 31st, 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 liability.



VIII. Refer to the audit report for the year ended 31st March 2018 and 31st 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 31st, 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

UDIN: 20089125AAAAAO5232

Place : New Delhi (Camp at Chandigarh)

Date : 13-February-2019

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 nine months ended 31st December, 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 December 31st, 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 un-ascertained, we are unable to comment thereon.

- II. The unaudited consolidated financial result for the quarter ended on September 30th, 2019 are understated due to:
Non provisioning of interest expenses, on borrowings, of Rs. 10906.24 Lakhs for the half year ended on December 31st, 2019 (Rs. 8256.50 Lakhs for the nine months ended on December 31st, 2018) 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. Amount towards penal interest, penalty, etc. as may be charged by the lenders also not provided and in the absence of statement of account, the above unprovided amount in books of account of the Company is not ascertainable with accuracy.
- 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. 902.16 lakh as at December 31st, 2019 (Rs. 895.61 lakhs as at December 31st, 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 31st March 2018 and 31st 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 December 31st, 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 31st 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

UDIN: 20089125AAAAAP1185

Place : New Delhi (Camp at Chandigarh)

Date : 13-February-2020