winsome
Yarns Limited
Regd. Office : SCO # 191-192, Sector 34-A,
Chandigarh - 160 022 INDIA
CIN : L7115CH1990PLC010566, 4612000, 4613000
Fax : +91-172-4614000
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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

IS/ISO 9001

Member
The Winsome Group

KHANDELIA & SHARMA
CHARTERED ACCOUNTANTS

Independent Auditor's Review Report on unaudited Standalone Financial Result of the Winsome Yarn Limited Pursuant to the Regulatio

[redacted]

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 31th, 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 31st, 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 31st, 2020 (Rs. 10906.24 Lakhs for nine months ended on December 31st, 2019), and further amount towards penal interest, penalty, etc. as may be charged by the lenders. In the absence of

to comment its impact on financial result.

KHANDELIA & SHARMA Chartered Accountants

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 31st, 2020 (Rs. 902.16 lakhs as at quarter ended December 31th, 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

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 31th, 2020.

For Khandelia & Co

KHANDELIA & SHARMA
CHARTERED ACCOUNTANTS

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 31st 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 31th, 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 31th, 2020 are understated due to:

a. Non provisioning of interest expenses, on borrowings, of Rs. 11006.91 Lakhs for nine-month ended on December 31th, 2020 (Rs. 10906.24 Lakhs for nine-month ended on December 31th, 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 31th, 2020 (Rs. 902.16 lakhs as at quarter ended December 31th, 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

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. 5 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 31st, 2020.

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

CA. Arun Khandelia
Partner
Membership No.: 089125

Place: New Delhi
Date:11-Febuary-2021