

## WINSOME YARNS LIMITED (Under CIRP)

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

CIN : L17115CH1990PLC010566, Email - cshare@winsomergroup.com, Website - www.winsomeyarns.com

Phone No.91-172-4613000, Fax No.91-172-4614000

**UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED ON 31ST DECEMBER 2023**

(Rs. in Lakhs)

PART-I Sr. No.	Particulars	Unaudited Quarter Ended			Unaudited Nine Months Ended		Audited Year Ended
		31.12.2023	30.09.2023	31.12.2022	31.12.2023	31.12.2022	31.03.2023
	Revenue						
1	Income from operations	770	1389	958	2501	2850	3093
2	Other Income	18	37	2	74	9	471
3	Total Revenue(1+2)	788	1426	960	2575	2859	3564
4	Expenses						
	(a) Cost of Material consumed	82	192	234	508	670	756
	(b) Purchase of stock-in-trade	-	-	-	-	-	-
	(c) Excise Duty	-	-	-	-	-	-
	(d) Changes in Inventories of finished goods, Work in progress & stock in trade	710	62	779	147	607	411
	(e) Employee Benefit expense	306	344	393	927	1324	1607
	(f) Finance cost	-	-	-	-	-	-
	(g) Depreciation & Amortisation expenses	185	347	315	879	1058	1387
	(h) Other expenses	323	209	448	1020	1541	2046
	Total Expenses	1106	1154	2169	3481	5200	6206
5	Profit/(Loss) from Operations before Exceptional Items and tax.(3-4)	(317)	272	(1,209)	(905)	(2,341)	(2,642)
6	Exceptional Items	-	-	-	-	-	-
7	Profit/(Loss) before Tax (5+6)	(317)	272	(1,209)	(905)	(2,341)	(2,642)
8	Tax Expense						
	- Current Tax	-	-	-	-	-	-
	- Earlier years Tax	-	-	-	-	-	-
	- Deferred Tax Liability/(Asset)	-	-	-	-	-	-
9	Profit/(Loss) after tax (7-8)	(317)	272	(1,209)	(905)	(2,341)	(2,642)
10	Other Comprehensive Income	-	-	-	-	-	-
11	Total Comprehensive Income(9+10)	(317)	272	(1,209)	(905)	(2,341)	(2,642)
12	Paid - up Equity Capital (Face Value - Rs. 10/- each)	7071	7071	7071	7071	7071	7071
13	Reserve excluding revaluation reserve as per Balance Sheet of Previous accounting year				(51,442)		(47,968)
14	Earnings Per Share of Rs. 10/- each (Not Annualised) - Basic & Diluted (Rs.)	(0.45)	0.38	(1.71)	(1.28)	(3.31)	(3.74)

**Notes:**

- The above financial results have been reviewed by Sh. Manish Bagrodia, Chairman and Managing Director (Power Suspended) and by the Resolution Professional.
- The Statutory Auditors of the Company have carried out the limited review of the above financial results for the quarter and 9 months ended 31st Dec, 2023, in accordance with Regulation 33 of the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015.
- 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 Auditors remarks on accounts for the quarter and nine months ended on 31st Dec. 2023: (1) Regarding preparation of accounts on going concern basis despite accumulated losses of the Company being substantially in excess of its net worth: Company Response: The Company is under Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code, 2016, and is being maintained as a going concern by the Resolution Professional as part of the CIRP process for resolution of the Corporate Debtor; (2) Regarding non-provision for interest and penalty on Borrowings and long outstanding receivables: Company response: The company is under CIRP and the IRP/RP has invited claims from the stakeholders and the same is under scrutiny, the same shall be updated in next quarter notes to accounts ; (3) Regarding pending confirmation/reconciliation of balances of certain receivables, bank balances, payables, secured loans, contingent and other liabilities, loans and advances - impact unascertainable); Company response: Confirmation and reconciliation of balances is carried out on an ongoing basis and adjustments, if any, arising therefrom are accounted from time to time. (4) Regarding non provision of diminution in carrying value of investment : Company response : The changes in value of investments will be accounted for after reconciliation.
- 5 The Petition of Edelweiss Assets Reconstruction Company Ltd, (EARC), an Asset Reconstruction Company, under Section 7 of the Insolvency and Bankruptcy Code, 2016, (the Code) filed before the Hon'ble National Company Law Tribunal, Chandigarh Bench, (NCLT) was allowed the Hon'ble NCLT vide its Order dated 22nd December, 2023. An Interim Resolution Professional (IRP) Sh. Sanjay Gupta was appointed by the Hon'ble NCLT and has since taken control of management and affairs of the Company. After that the NCLT, Chandigarh Bench vide its Order dated 14.03.2024 appointed M/s. ARCK Resolution Professionals LLP having IBBI Registration No. IBBI/PE-0030/PA-1/2022-23/50013 as the new RP of the Corporate Debtor, i.e Winsome Yarns Ltd. With the appointment of the IRP/RP, the powers of the board is now vested with RP and thus the powers of existing board is suspended.
- 6 The books of account of the Company drawn by its Board of Directors (powers suspended) upto the date of commencement of CIRP were handed over to the RP and have been relied on by the RP for the above financial results, which also include the period after commencement of CIRP and upto the end of calendar quarter under report.
- 7 The above Financial results have been prepared on standalone basis as there are no financials to be consolidated in respect of the wholly owned subsidiary, which was dissolved, and its step-down subsidiaries, which are defunct/liquidated.
- 8 The figures for the previous quarter and half year have been regrouped / rearranged, wherever necessary, to confirm to the current period's classification.

For Winsome Yarns Limited  
  
 Chairman and Managing Director  
 Taken on Record

Place : Chandigarh  
 Date : April 23, 2024

Resolution Professional  
 For M/s Winsome Yarns Limited  
  
 (Anil Kohli) Authorised Signatory  
 ARCK Resolution Professionals LLP  
 Resolution Professional  
 22/4/2024



**Independent Auditor's Review Report on quarterly and 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,

**THE RESOLUTION PROFESSIONAL,**

**WINSOME YARN LIMITED**

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

1. We have reviewed the accompanying statement of standalone unaudited financial result ("the statement") of WINSOME YARN LIMITED ("the company" under the CIRP process), for quarter ended 31st December, 2023 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. The Hon'ble National Company Law Tribunal ("NCLT"), Chandigarh Bench, admitted the Corporate Insolvency Resolution Process ("CIRP") application filed by an operational creditor of Winsome Yarn Ltd ("the Company") and appointed Mr. Sanjay Gupta (IBBI Registration No .IBBI/IPA-002/IP-N00982-C01/2017-2018/10354, as Interim Resolution Professional ("IRP"), in terms of the Insolvency and Bankruptcy Code, 2016 ("the Code") to manage the affairs of the Company vide CP (IB) No. 291/Chd /Chd /2018 dated 22 December, 2023

Further Hon'ble National Company Law Tribunal ("NCLT"), Chandigarh Bench, vide order dated 14.03.2024 appointed M/s ARCK Resolution Professionals LLP having IBBI Registration No. IBBI/IPE-0030/IPA-1/2022-23/50013 as the new RP of Winsome Yarns Ltd.





In view of pendency of the CIRP, and in view of suspension of the powers of Board of Directors and as explained to us, the powers of adoption of the Standalone Financial Results for the Quarter ended 31st December, 2023 vest with the RP.

This statement which is the responsibility of company's management, directors and RP and approved by company's management, directors and RP, 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.

### **3 (a) Basis of Qualified Conclusion**

- I. In view of accumulated losses of the Company as at the end of quarter 31<sup>st</sup> December 2023 the net worth of the Company as at that date being negative, continuous losses, negative cash flows, due to financial constraints and non-deposit of statutory dues on time, material uncertainty exists about the company ability to continue as going concern. The decision of management and RP of the Company to prepare the accounts of the Company on going concern basis for reasons mentioned in note no. 4 of standalone financial result, 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 31st December,2023 are understated due to:
  - a. Non provisioning of interest expenses, on borrowings, of Rs 5863.97 Lakhs for quarter ended on 31st December,2023 (of Rs.5044.54 Lakhs for quarter ended on 31st December,2022) 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. 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.
- IV. Confirmation of balances and reconciliation thereof with respective parties are pending, which include balances pertaining to, accounts receivable and accounts payable, bank balances (including FDR), other current assets, advance for leasing, security deposit, secured loans, other liabilities, provisions, and contingent liabilities. All balances have been certified by the management of the Company. In the absence of the Company having aforementioned details and confirmations, the impact thereof is unascertainable, and therefore, not being commented. Further strengthening of internal controls by the Company will provide greater reliability.
- V. As per the information given to us, the carrying value of investments have not been marked to realisable value, which if accounted would result in Investments reducing by Rs. 2568 Lakhs and Loss of the quarter and 9 months ended 31.12.2023 increasing by Rs. 2568 Lakhs.

#### 4. **Qualified Conclusion**

Based on our review conducted as above, except in "**Basis of Qualified Conclusion**" paragraph mentioned in para 3 above, nothing has come to our attention that causes us to believe that the





accompanying statement unaudited financial results prepared in accordance with applicable accounting standard and other recognized accounting practices and policies has not disclosed the information required to be disclosed in term of regulation 33 of the SEBI (Listing obligation and disclosure requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contain any material misstatement.

## 5. EMPHASIS OF MATTER

- i) As per information given to us, 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 as the matters are pending before various appellate forum. We are unable to comment upon possible impact in the standalone financial statements for the quarter year ended 31<sup>st</sup> December, 2023.
- iii) In reference to note no. 5 of financial result, we draw attention to the users of the financial statement of the company for the quarter ended 31<sup>st</sup> December, 2023, The Petition of Edelweiss Assets Reconstruction Company Ltd. (EARC), an Asset Reconstruction Company, under Section 7 of the Insolvency and Bankruptcy Code, 2016, (the Code) filed before the Hon'ble National Company Law Tribunal, Chandigarh Bench, ("NCLT") was allowed by the Hon'ble NCLT vide its Order dated 22nd December, 2023. An Interim Resolution Professional (IRP) Sh. Sanjay Gupta is appointed by the Hon'ble NCLT and has since taken control of management and affairs of the Company. With the appointment of the IRP, the powers of the board is now vested with IRP and thus the powers of existing board is suspended.
- iv) As per information given to us, The Financial results for quarter ended 31<sup>st</sup> December, 2023 has been prepared on standalone basis as the wholly owned subsidiary stands dissolved and the step-down subsidiaries are defunct/liquidated. There being no operations in



these companies their financial statements are not being prepared. The company has already made necessary provision in the books of accounts in earlier years to take care of the Losses in these subsidiaries.

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



A handwritten signature in black ink, appearing to read 'Arun Khandelia', is written over a horizontal line. A circular blue stamp is partially visible behind the signature, containing the text 'DHANA & ASSOCIATES', 'NEW DELHI', and 'Chartered Accountants'.

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

**Place: New Delhi  
Date : 22-Apr-2024**

**UDIN: 24089125BKASAC2690**