

**WINSOME YARNS LIMITED**

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

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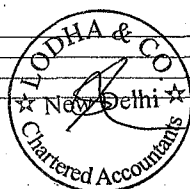
**UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED ON 31ST DEC. 2016**

PART-I Sr. No.	Particulars	Rs.in lacs					
		Unaudited			Unaudited		Audited
		Quarter Ended			Nine Months Ended		Year Ended
	31.12.2016	30.09.2016	31.12.2015	31.12.2016	31.12.2015	31.03.2016	
1	<b>Income from operations</b>						
	(a) Net Sales/Income from operations (Net of Excise Duty)	7089	8537	8186	25260	26400	35115
	(b) Other Operating Income	400	557	527	1388	1827	2353
	<b>Total Income from operations (Net)</b>	<b>7,489</b>	<b>9,094</b>	<b>8,713</b>	<b>26,648</b>	<b>28,227</b>	<b>37,468</b>
2	<b>Expenses</b>						
	(a) Cost of Material consumed	5605	6968	5940	18839	19725	25740
	(b) Purchase of stock-in-trade	29	-	48	34	48	137
	(c) Changes in Inventories of finished goods, Work in progress & stock in trade	(344)	(1,484)	(399)	(1,523)	(993)	(525)
	(d) Employee Benefit expense	821	832	695	2423	2167	2767
	(e) Depreciation & Amortisation expenses	437	436	430	1308	1290	1878
	(f) Power & Fuel (net)	804	943	1172	2757	3398	4376
	(g) Other expenses	1423	1790	1129	4841	3284	5907
	<b>Total Expenses</b>	<b>8,775</b>	<b>9,485</b>	<b>9,015</b>	<b>28,679</b>	<b>28,919</b>	<b>40,280</b>
3	<b>Profit/(Loss) from Operations before other Income, Finance cost &amp; Exceptional Items (1-2)</b>	<b>(1,286)</b>	<b>(391)</b>	<b>(302)</b>	<b>(2,031)</b>	<b>(692)</b>	<b>(2,812)</b>
4	Other Income	14	12	21	93	96	419
5	<b>Profit/(Loss) from ordinary activities before Finance cost &amp; Exceptional Items (3+4)</b>	<b>(1,272)</b>	<b>(379)</b>	<b>(281)</b>	<b>(1,938)</b>	<b>(596)</b>	<b>(2,393)</b>
6	Finance cost	10	11	136	31	169	607
7	<b>Profit/(Loss) from ordinary activities after finance cost but before Exceptional Items (5-6)</b>	<b>(1,282)</b>	<b>(390)</b>	<b>(417)</b>	<b>(1,969)</b>	<b>(765)</b>	<b>(3,000)</b>
8	Exceptional Items	-	-	-	-	444	-
9	<b>Profit/(Loss) from Ordinary Activities before Tax (7-8)</b>	<b>(1,282)</b>	<b>(390)</b>	<b>(417)</b>	<b>(1,969)</b>	<b>(1,209)</b>	<b>(3,000)</b>
10	Tax Expense	-	-	-	-	-	-
	- Current Tax	-	-	-	-	-	-
	- Deferred Tax Liability/(Asset)	-	-	-	-	-	-
11	<b>Net Profit/(Loss) from ordinary activities after tax (9-10)</b>	<b>(1,282)</b>	<b>(390)</b>	<b>(417)</b>	<b>(1,969)</b>	<b>(1,209)</b>	<b>(3,000)</b>
12	Extraordinary items	-	-	-	-	-	-
13	<b>Net Profit/(Loss) for the period (11-12)</b>	<b>(1,282)</b>	<b>(390)</b>	<b>(417)</b>	<b>(1,969)</b>	<b>(1,209)</b>	<b>(3,000)</b>
14	Paid - up Equity Capital (Face Value - Rs. 10/- each)	7,071	7,071	7,071	7,071	7,071	7,071
15	Reserves excluding Revaluation Reserve as per Balance Sheet of previous accounting year						(18,945)
16	Earnings Per Share of Rs 10/- each (Not Annualised) - Basic & Diluted (Rs.)	(1.81)	(0.55)	(0.59)	(2.78)	(1.71)	(4.24)

**Notes:**

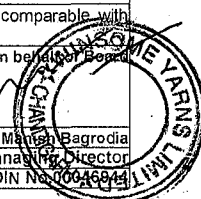
- The above results have been reviewed by the Audit committee and approved by the Board of Directors in their meeting held on 08<sup>th</sup> February 2017. The above results have been limited reviewed by the statutory Auditors.
- The company is only in one line of business namely Textiles (Yarn, Knitwear & related revenue).
- Consequent to erosion of entire net worth, the company filed Reference to the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) under Sick Industrial Company (Special Provisions) Act, 1985 (SICA), which had since been registered. The Company has been in discussions with its lenders for a scheme of rehabilitation of its financial debts. For reasons that SICA was repealed with effect from December 1, 2016, the Company is obtaining legal advise in the matter to ensure an early sanction to its Scheme of Rehabilitation.
- Auditors remarks on the accounts for the year ended 31<sup>st</sup> Mar.2016 (a) Regarding pending confirmation/reconciliation of balances of certain receivables (including overseas overdue receivables), bank balances, payables (including associate company), secured loans, contingent and other liabilities, loans and advances- impact unascertainable). Management response : these accounts are in process of confirmation/reconciliation. The Management is of the opinion that adjustment, if any ; arising out of such reconciliation would not be material.(b) Regarding Non provision against certain overdue receivables and loan & advances ; Management response ; the management has already initiated necessary steps for the recovery/reconciliation of the same .(c) Regarding accounting of consumption of Raw Material and Stores & Spares as balancing figure And valuation of inventories is as taken valued and certified by the management ( Impact unascertainable).Management response : Accounting is being done as per past practice through system on issue based consumption.(d) Non-provision against impairment (as per AS-28) in value of assets of Knitwear unit(CGU)and [Impact unascertainable): Management response : The Company will reassess the value of CGU and the resulting impairment loss on sanction by the lenders of corrective Action Plan or Reworking of its Debts, and adjustment of impairment and lenders liability, if any, will be accounted in books of account of the company concurrently therewith.(e) Regarding non-provision for penal interest and penalty; Management response:read with note no.6 as stated below. (f) Regarding pending receipt of part money of GDR; Management response : Read with note no.5 as stated below. (g) regarding non-provision for interest and penalty on statutory dues :Management response : the same will be provided / accounted for as and when paid.(h) Pending appointment of independent Director:Management response :Company is in process to appoint an independent director.(i)Regarding Written off/ Written back and adjustment/set off of receivable/ payables pending necessary approval :Management response ; the company is in process of obtaining necessary approvals.
- An amount of USD 60,49,664(balance against GDR issue of 19,94,125 nos. made in financial year 2010-11,entitling 19,94,12,500 fully paid up equity shares of Re.1/- each at Rs.2.97 per share including premium) (now 1,99,41,250 fully paid up equity shares of Rs.10/- each at Rs.29.70 including premium on account of consolidation) is invested in money market fund outside India. The balance issue proceeds of Rs.2679.34 lacs are pending to be utilised, since not been called.The GDR which was earlier listed with Luxembourg stock exchange has been delisted
- Due to continuous losses and financial tightness, the company has not been able to fully pay due installments & interest on term loan on due dates & certain overdue amount is continuing/ unpaid till date (as detailed in note no.5.6 of audited financial statement for the period ended 31<sup>st</sup> March 2016). Interest on term loans and working capital including overdue amount, penal interest etc. (amount unascertained) has not been provided and as the same will be provided / accounted for as and when paid/settled as the company is in process of discussion/ applying for getting loans to be restructured by the lenders/ARC. Six of banks have assigned and transferred the total debts due from the Company alongwith the underlying rights, title and interests in financial assistances granted to the Company to an Asset Reconstruction Company (ARC). Pending final settlement from ARC, the Company has shown the debts due to the above stated banks under Long Term Borrowings
- Previous periods/quarter/year figures have been regrouped and/or re-arranged wherever necessary to make their classification comparable with current period.

Place: Chandigarh  
Date: 08<sup>th</sup> February 2017



For & on behalf of Board

Manish Bagrodia  
Managing Director  
DIN No. 00046845



To  
The Board of Directors,  
Winsome Yarns Limited,  
SCO 191-192, Sector 34-A  
Chandigarh-160022.

**Subject: Limited Review Report for the Quarter ended 31<sup>st</sup> December 2016.**

1. We have reviewed the accompanying statement of unaudited financial results ("the statement") of **Winsome Yarns Limited** ("the Company") for the Quarter and nine months ended December 31<sup>st</sup>, 2016. This statement is the responsibility of the Company's management and has been approved by the Board of Directors in their meeting held on 8<sup>th</sup> February 2017. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

**3. Basis for Qualified Opinion:**

Attention is invited to following:-

- i. In view of the accumulated losses (also to be read with para (viii) under the head 'Basis for Qualified Opinion', of our Audit Report for the year ended 31.03.2016 and Note No. 2.12(b) of Audited Accounts as on that date), the net worth of the Company become negative. Accounts have been prepared, by the management on going concern basis considering the proposed rehabilitation, future business plans and expected cash flows. In the event of the same not being held to be a going concern and various assets and liabilities being consequently required to be adjusted with respect to their realizable value, the impact thereof has not been ascertained and therefore cannot be commented upon by us [This to be read together with accounting policy- Note No. 1.1 of Audited Financial Statements for the year ended 31.03.2016 and Note No. 3 of accompanying Statement].*
- ii. Regarding non provisioning of Interest Expenses of Rs. 16789.81 Lacs (Rs. 10583.08 Lacs for the year ended 31.03.2016, Rs. 14639.22 Lacs for the quarter ended 30<sup>th</sup> September 2016 and Rs. 8670.53 Lacs for the quarter ended 31<sup>st</sup> December 2015 ), penal interest, penalty etc. (amount unascertainable). [This to be read with note no. 2.25 of Audited Financial Statements for the year ended 31.03.2016 and Note No. 4(e) & 6 of accompanying Statement].*
- iii. Regarding Written Off /Written Back and Adjustment/Set Off of payment of receivables/payables from/to overseas parties/suppliers which is pending necessary approval [This to be read with note no. 2.8(c), 2.8(d) and 2.9(a) of Audited Financial Statements for the year ended 31.03.2016 and Note No. 4(i) of accompanying Statement].*
- iv. Regarding pending confirmation / reconciliation of balances of certain receivables, (including overseas overdue receivables as stated in note no.2.8 of Audited Financial*



**Statements for the year ended 31.03.2016) bank balances, payables (including of an Associate Company), secured loans, other liabilities, loans and advances etc; and contingent liability being considered as certified by the management in the absence of full detail, in this respect impact is unascertainable and cannot be commented upon by us. In our view read with said note internal control needs to be further strengthened. [This to be read with note no. 2.14 of Audited Financial Statements for the year ended 31.03.2016 and Note No. 4(a) of accompanying Statement].**

- v. **Regarding non-provision against receivables (including of oversea overdue debtors of amounting to Rs. 5532.77 Lacs (Rs. 6173.94 Lacs as at 31st March 2016, Rs. 5746.25 Lacs as at 30<sup>th</sup> September 2016 and Rs.6410.53 Lacs as at 31<sup>st</sup> December 2015) [including accounting of exchange fluctuation of Rs. 898.41 lacs (Rs. 897.86 Lacs as at 31st March 2016, Rs. 897.98 Lacs as at 30<sup>th</sup> September 2016 and Rs. 897.95 Lacs as at 30<sup>st</sup> December 2015)] and loans and advances (including other current assets) of Rs. 9141.47 Lacs (Rs. 10357.62 Lacs as at 31st March 2016, Rs. 9630.71 Lacs as at 30<sup>th</sup> September 2016 and Rs. 11068.44 Lacs as at 31<sup>st</sup> December 2015) and Rs. 1301.41 Lacs (Rs. 1743.40 lacs as at 31st March 2016, Rs. 1372.37 Lacs as at 30<sup>th</sup> September 2016 and Rs. 2686.77 Lacs as at 31<sup>st</sup> December 2015) respectively. The accounting of exchange fluctuation is not in line with generally accepted accounting principles and Accounting Standards 11 (AS-11)-"The Effect of Changes in Foreign Exchange Rates". [This to be read with Note No. 2.8 (a)&(b) and Note no. 2.11 respectively of Audited Financial Statements for the year ended 31.03.2016 and Note No. 4(b) of accompanying Statement].**
- vi. **Regarding accounting of consumption of Raw Material and Stores & Spares as balancing figure and the valuation of inventories is as taken, valued and as certified by the management. [This to be read with Note No. 2.22(A)(iv)(a) to (d) of Audited Financial Statements for the year ended 31.03.2016 and Note No. 4(c) of accompanying Statement].**
- vii. **The company have carried out assessment of value in use of assets [as per AS-28 (Impairment of Assets)] of knitwear unit (a CGU) by an independent professional firm, based on this estimated impairment loss is of amounting to Rs.1476.77 Lacs (net of depreciation) (Rs. 1853.72 Lacs as at 31<sup>st</sup> March 2016, Rs. 1604.56 Lacs as at 30<sup>th</sup> September 2016 and Rs. 1981.48 Lacs as at 31<sup>st</sup> December 2015). However, no provision against the same has been made by the company for the reason as explained in the note no. 4(d) of the accompanying statement. The non-provision against impairment in value of above stated assets is not in line with AS-28. [This to be read with Note No. 2.5 of Audited Financial Statements for the year ended 31.03.2016]**
- viii. **Regarding pending receipt of part money of amounting to USD 50,72,110 (Rs. 2679.34 lacs) out of the GDR issue made by the company and as explained lying outside India [i.e. balance amount against GDR issue of 19,94,125 nos. made in financial year 2010-11, entitling 19,94,12,500 fully paid up equity shares of Re.1/- each at Rs.2.97 per share including premium (now 1,99,41,250 fully paid up equity shares of Rs.10/- each at Rs.29.70 including premium)]. In respect of realisability/receipt we are unable to comment. As explained, above stated amount is invested in money market fund outside India, pending for utilization. [This to be read with Note No. 2.3 of Audited Financial Statements for the year ended 31.03.2016 and Note No. 4(f) and 5 of accompanying Statement].**
- ix. **Regarding non-provisions of Interest, Penalty etc. on delay/non-payment of certain statutory dues on time w.r.t. Employee State Insurance, Provident Fund, Punjab Welfare Fund, Tax Deducted at source, Tax Collected at source and Service Tax, Sales Tax etc. (amount unascertainable) and our inability to comment the impact on the loss for the Quarter.**



*[This to be read with Note No. 2.23 (read with note no. 2.14) of Audited Financial Statements for the year ended 31.03.2016 and Note No. 4(g) of accompanying Statement].*

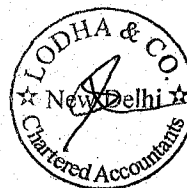
- x. *Regarding pending appointment of requisite number of independent directors. [This to be read with Note No. 2.27 of Audited Financial Statements for the year ended 31.03.2016 and Note No.4 (h) of accompanying Statement].*
- xi. *In view of our comment under para (i) to (ix) above and on our comments w.r.t. the internal control system which needs to be further strengthened to be made the same commensurate with the size of the Company and the nature of its business for the purchases and consumption of Inventory, booking of the expenses, set off of balances and for the sale of goods and services.*

*Our opinion was also qualified for the quarter/year ended 31<sup>st</sup> March 2016, quarter ended September 2016 and quarter ended 31<sup>st</sup> December 2015 in respect of matters reported in (i) to (xi) above.*

#### **Qualified Conclusion**

4. Based on our review conducted as above except for the effect of our observations stated in para 3 (Basis for Qualified Opinion) (ii), (v) and (vii) and possible effect of other stated in para 3 (i), (iii), (iv), (vi), (viii), (ix), (x) and (xi) above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable Accounting Standards specified u/s 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 as amended and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement. Also, quantification in respect of above stated qualifications have not been disclosed in the said quarterly unaudited financial results.

Place: Chandigarh  
Dated: 08.02.2017



For Lodha & Co.,  
Chartered Accountants  
Firm Registration No. 301051E

*Gaurav Lodha*  
(Gaurav Lodha)  
Partner  
M. No. 507462