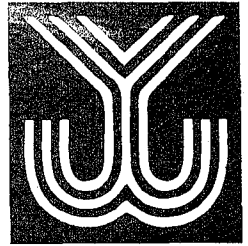


WYL/SECT/NSE/
Dated : 28.02.2022

Winsome
Yarns Limited

Regd. Office : SCO # 191-192, Sector 34-A,
Chandigarh - 160 022 INDIA
CIN : LI7115CH1990PLC010566
Phones : +91-172-2603966, 4612000, 4613000
Fax : +91-172-4614000
e-mail: info@winsomegroup.com
website: www.winsomegroup.com



To,
NATIONAL STOCK EXCHANGE OF INDIA LTD
"EXCHANGE PLAZA"
BANDRA-KURLA COMPLEX
BANDRA (E), **MUMBAI - 400051**

Script Code: WINSOME

Dear Sirs,

**Sub: Machine Readable/ Searchable Financial Results for the quarter ended
31.12.2021**

This has reference to your email dated 28.02.2022 (Copy enclosed), whereby you have advised to submit the Machine Readable/ legible copy of Financial Results for the quarter ended 31.12.2021.

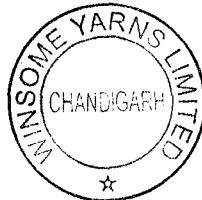
In this regard, we are hereby again submitting Machine Readable Financial Results and Limited Review Report for the quarter ended 31.12.2021.

You are kindly requested to not to initiate any action in this regard.

Thanking you,

Yours faithfully,
For WINSOME YARNS LIMITED

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



Encl : as above



IS/ISO
9001



Works : Village Kurawala, Barwala Road, Derabassi-140507, Distt. Mohali (Pb.)
Ludhiana : Office No. 3, MD Complex, Near Samrala Chowk, Ludhiana -141008
Tirupur : No. 2, First Floor, Mahaveer Colony, Valipalayam Main Road, Tirupur - 641601



Machine Readable Form / Legible copy of Financial Results notsubmitted.

neaps

to:

kvsinghal, cshare

28-02-2022 10:20 AM

Cc:

neaps

Hide Details

From: neaps@nse.co.in

To: kvsinghal@winsomegroup.com, cshare@winsomegroup.com

Cc: neaps@nse.co.in

Dear Sir/Madam,

We would like to draw your attention to NSE circular no. : NSE/CML/2018/02 dated January 16, 2018 wherein NSE has directed all listed companies to submit all the corporate announcements to the Exchange in a machine-readable and searchable form.

In respect of the above, it has been observed that your company has not submitted financial results for the period ended 31-Dec-2021 in Machine Readable Form / Legible copy. You are required to take note of the aforementioned provision.

This is a computer generated email, request you to submit the Machine Readable / legible copy of Financial Results on the following path:

Path - NEAPS > Compliance > Announcement. Subject - Financial Result Updates□.

Yours faithfully,

For National Stock Exchange of India Limited.

O/C

Winsome Yarns Limited

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

Chandigarh - 160 022 INDIA

CIN : LI7115CH1990PLC010566

Phones : +91-172-2603966, 4612000, 4613000

Fax : +91-172-4614000

e-mail: info@winsomegroup.com

website: www.winsomegroup.com



WYL/SECT/
11.02.2022

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, 2021)**

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, 2022.

1. Unaudited Financial Results of the Company for the Quarter ended December 31, 2021.
2. Limited Review Report of the Auditors of the Company, as required under Regulation 30 of the Listing Regulations.

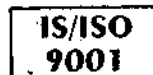
The meeting of the Board of Directors of the Company commenced at 12.30 P.M. and concluded at 5.15 P.M.

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



Works : Village Kurawala, Barwala Road, Derabassi-140507, Distt. Mohali (Pb.)
Ludhiana : Office No. 3, MD Complex, Near Samrala Chowk, Ludhiana -141008
Tirupur : No. 2, First Floor, Mahaveer Colony, Valipalayam Main Road, Tirupur - 641601

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 2021

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	
		31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021	31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
	Revenue												
1	Income from operations	1580	1,028	1211	3084	2558	3,571	1580	1,028	1,211	3,084	2558	3,571
2	Other Income	5	3	4	11	14	17	5	3	4	11	14	17
3	Total Revenue(1+2)	1,585	1,031	1,215	3,095	2,572	3,588	1,585	1,031	1,215	3,095	2,572	3,588
4	Expenses												
	(a) Cost of Material consumed	273	112	106	498	440	504	273	112	106	498	440	504
	(b) Purchase of stock-in-trade	0	-	-	-	-	-	-	-	-	-	0	-
	(c) Excise Duty	0	-	-	-	-	-	-	-	-	-	0	-
	(d) Changes in Inventories of finished goods,Work in progress & stock in trade	218	(11)	292	(50)	164	87	218	(11)	292	(50)	164	87
	(e) Employee Benefit expense	513	503	483	1462	1253	1,780	513	503	483	1,462	1253	1,780
	(f) Finance cost	0	-	6	-	6	6	-	-	6	-	6	6
	(g) Depreciation & Amortisation expenses	373	374	372	1120	1118	1,493	373	374	372	1,120	1118	1,493
	(h) Other expenses	446	494	554	1399	1221	1,839	446	494	555	1,399	1225	1,839
	Total Expenses	1,823	1,472	1,813	4,429	4,202	5,709	1,823	1,472	1,814	4,429	4,206	5,709
5	Profit /(Loss) from Operations before Exceptional Items and tax.(3-4)	(238)	(441)	(598)	(1,334)	(1,630)	(2,121)	(238)	(441)	(599)	(1,334)	(1,634)	(2,121)
6	Exceptional Items	-	-	-	-	-	-	-	-	-	-	-	-
7	Profit /(Loss) before Tax (5+6)	(238)	(441)	(598)	(1,334)	(1,630)	(2,121)	(238)	(441)	(599)	(1,334)	(1,634)	(2,121)
8	Tax Expense												
	- Current Tax	-	-	-	-	-	-	-	-	-	-	-	-
	- Earlier years Tax	-	-	-	-	-	-	-	-	-	-	-	-
	- Deferred Tax Liability/(Asset)	-	-	-	-	-	-	-	-	-	-	-	-
9	Profit/(Loss) after tax (7-8)	(238)	(441)	(598)	(1,334)	(1,630)	(2,121)	(238)	(441)	(599)	(1,334)	(1,634)	(2,121)
10	Other Comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
11	Total Comprehensive income(9+10)	(238)	(441)	(598)	(1,334)	(1,630)	(2,121)	(238)	(441)	(599)	(1,334)	(1,634)	(2,121)
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						(43,929)						(43,919)
14	Earnings Per Share of Rs 10/- each (Not Annualised) - Basic & Diluted (Rs.)	(0.34)	(0.62)	(0.85)	(1.89)	(2.30)	(3.00)	(0.34)	(0.62)	(0.85)	(1.89)	(2.31)	(3.00)



Handwritten signature

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, 2022.
2	The Statutory Auditors of the Company have carried out the Limited Review of the aforesaid financial results for the quarter and nine months ended on 31st December 2021. in accordance with Regulation 33 of the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015. The Statutory Auditors of the Company have carried out the Limited Review of the aforesaid financial results for the quarter and nine months ended on 31st December 2021. 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 substantially disrupted the global economic and business environment and there continues to subsist uncertainty with respect to its after effects, which cannot be reasonably ascertained. However, the Company had evaluated and considered 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 March 2021. In order to mitigate the uncertainty due to frequent lock-down of operations for reasons of observing a high and stringent level of requirements for health and safety, the Company had taken to manufacturing for third parties. The operations of the Company are running at a low level and are likely to continue until after effects and impact of Covid-19 pandemic have significantly subsided and sufficient time has elapsed thereafter, as supply chain stabilisation and availability of manpower, both are likely to take time. The impact of any event and developments occurring after the date of financial results for the quarter and nine months ended December 31, 2021 is different from those 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 2021: (1) Regarding preparation of accounts on going concern basis despite accumulated losses of the Company being substantially in excess of its net worth: Management Response: Refer consolidated response as part of Note No. 6 hereinbelow; (2) Regarding non-provision for interest and penalty on Borrowings and long outstanding receivables: Management response: There being no amount considered as payable by the Company on account of interest and penalty, no liability is accounted; Efforts are being made to recover the amounts receivable and provision, if any, required to be made in respect thereof will be accounted on their final settlement; (3) Regarding part of GDR money invested in money market instrument outside India, non-accounting thereof at fair value and non-recognition of exchange fluctuation in respect thereto: Management response: Refer consolidated response as part of Note No. 7 hereinbelow; (4) 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 and adjustments will be effected in due course; (6) 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.
6	Edelweiss Assets Reconstruction Company Ltd. (EARC), an Asset Reconstruction Company, claimed that it is an assignee of debt payable by the Company to certain banks. The actions of certain other Banks and EARC, amongst others, for recovery of amount considered by them as owed by the Company and to seek declaration that the Company being in default thereof be declared insolvent, are disputed by the Company as the debt is not acknowledged, and in any case the actions of Banks and EARC are barred by limitation. Additionally, the Company has a counter claim against the claimants for the losses caused by them to the Company. The Authorities in the State of Punjab initiated proceedings against EARC for the reasons that the Assignment Deed whereby EARC had acquired the debt from certain banks is not adequately stamped, and the Company is a party. The action of the aforementioned State Authorities has been set aside by the Hon'ble High Court of Punjab and Haryana at Chandigarh, and the Company has filed an appeal against the order. EARC had filed a petition to initiate insolvency proceedings against the Company, which was dismissed by the Hon'ble National Company Law Tribunal, Chandigarh Bench (NCLT), holding that the Assignment Deed being under stamped is not an evidence. An appeal filed by EARC against this order of Hon'ble NCLT is under adjudication. Indian Overseas Bank has petitioned to initiate insolvency proceedings against the Company, which is being contested by the Company. The Company had without prejudice to the fact that it does not acknowledge its liability on account of debt to EARC and other banks, initiated discussions to settle the disputes, which failed. The Company does not consider itself liable towards the claimants of debt, and pending resolution of the matters, the Management has prepared its financial statements on 'Going Concern' basis.
7	GDR issued earlier by the Company, listed on Luxembourg Stock Exchange, were delisted. USD 48,19,980 (Rs. 2568.41 Lakhs without exchange adjustment) is invested in money market instruments outside India for utilisation towards earmarked purposes (setting up a Yarn Dying Plant). The Plant could not be implemented as requisite support was then not extended by the lenders. The final effect of exchange rate fluctuation will be accounted at the time of utilisation of the amount. The Company has filed an Appeal against the order of SEBI imposing penalty as SEBI has erred in passing the order as it did not take into consideration full facts and circumstances of matters connected with issue of GDR.
8	The impact of any event and developments occurring after the date of financial results for the quarter and nine months ended December 31, 2021 is different from those estimated as at the date of approval of these financial results, and will be recognised prospectively.
9	The figures for the previous quarter and year have been regrouped / rearranged, wherever necessary, to confirm to the current period's classification.
	 For and on behalf of Board of Directors 
Place:	Chandigarh
Date :	February 11, 2022.
	Manish Bagrodia Chairman and Managing Director

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 ended 31st December, 2021, 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.

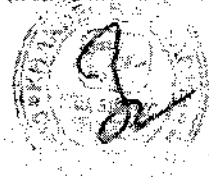
4. Basis of Qualified Conclusion

- I. In view of accumulated losses of the Company as at the end of quarter ended December 31st, 2021, 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 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 unascertained, we are unable to comment thereon.

- II. The unaudited standalone financial result for the quarter ended on December 31st, 2021 are understated due to:
- a. Non provisioning of interest expenses, on borrowings, of Rs. 4300.37 Lakhs for quarter ended on December 31st, 2021 (of Rs. 3821.21 Lakhs for quarter ended on December 31st, 2020), 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 not provided amount in books of account of the Company is not ascertainable with accuracy.
 - b. Non-provisioning against long outstanding receivables amounting to Rs 602.50 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. As stated in note no. 7 of standalone financial statement, 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. 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". In the absence of any confirmation and working, the effect of over/under valuation of investment and over/under statement of profit or loss, we are unable to comment.
- 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.

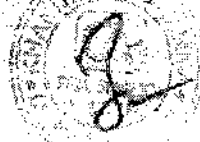
- VI. Confirmation of balances and reconciliation thereof with respective parties are pending, which include balances pertaining to, accounts receivable and accounts payable, bank balances (including FDR) and bank reconciliations, other current assets, advance for leasing, security deposit with government, loans and advances recoverable, 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.

5. **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.



6. **EMPHASIS OF MATTER**

- i. In reference to Note no. 6 in the standalone financial result, as per information given to us, the Company had suggested to Edelweiss Assets Reconstruction Company (EARC) in December 2017 to restructure its debt and had made advance payments aggregating to Rs. 2268.50 Lakhs upto July 2018, but no such agreement was reached. The debt of EARC payable by the Company is Rs. 47071.07 Lakhs and the Company has counter claims pending before the Hon'ble Debt Recovery Tribunal- III, Chandigarh Securitisation Appeal 159 of 2018. The company does not consider itself liable to EARC for any amount, and in the event of settlement of pending disputes resulting in a requirement to account any values the same shall then be affected. We are unable to comment upon possible impact in the standalone financial results.
- ii. The Company has not made provision for demand raised by various authorities as appeals filed by the Company are pending before respective appellate forum. We are unable to comment upon possible impact in the standalone financial results.
- iii. In reference to Note no. 6, we draw attention to the fact that the lender Edelweiss Assets Reconstruction Company Limited (EARC) and



Indian Overseas Bank (IOB) has filed an application against company under section 7 of the Insolvency & Bankruptcy Code, 2016 before National Company Law Tribunal (NCLT), Chandigarh Bench. The Petition filed by EARC against the Company for initiation of Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code (IBC), 2016 has been rejected by NCLT, Chandigarh Bench vide its Order dated 17.03.2020 and the matter is pending before the National Company Law Appellate Tribunal (NCLAT). The petition of IOB is under adjudication. The actions of Banks & EARC for recovery of debt are disputed by the company before the Hon'ble Debt Recovery Tribunal- III, Chandigarh, as the debt is not acknowledged. The company has counter claims against banks and EARC for the loss caused to the company and the company does not consider itself liable towards them, and no amount has been accounted by the company. We are unable to comment on possible impact of the above on the standalone financial statements for nine month ended December 31st, 2021.

For Khandelia & Sharma
Chartered Accountants
Firm Registration No: 5105250

CA. Arun Khandelia
Partner
Membership No.: 089125

Place: New Delhi
Date: 11-February-2021

ICAI Udin No. 22089125ABKDVZ1672

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 holding company"), and its subsidiaries (the parent and its subsidiaries together referred to as "the group"), for the quarter ended 31st December 2021, 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. **Basis for qualified conclusion:**
 1. In view of accumulated losses of the Group as at the end of quarter ended December 31th, 2021, the net worth of the Group 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 Group ability to continue as going concern. The decision of management of the Group to prepare the accounts of the holding 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 31st, 2021 are understated due to:
- a. Non provisioning of interest expenses, on borrowings, of Rs 4300.37 Lakhs for quarter ended on December 31th, 2021 (Rs. 3821.21 Lakhs for the quarter ended on December 31th, 2020), 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 602.50 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 consolidated financial result.
- III. As stated in note no. 7 of consolidated financial statement, 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. 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". In the absence of any confirmation and working, the effect of over/under valuation of investment and over/under statement of profit or loss, we are unable to comment.
- 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, bank balances (including FDR) and bank reconciliations, other current assets, advance for leasing, security deposit with government, loans and advances recoverable, secured loans, other liabilities, provisions, and contingent liabilities. All balances have been certified by the management of the Holding Company. In the absence of the Holding Company having aforementioned details and confirmations, 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. Therefore, we are unable to comment about any possible effect of these subsidiary companies in consolidated financial statement for the period ending December 31st, 2021.

5. **Qualified Conclusion**

Based on our review conducted as above except in "**Basis of Qualified conclusion**" paragraph mentioned in para 5 above, nothing has come to our attention that causes us to believe that the accompanying Unaudited Consolidated Financial Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.


6. **EMPHASIS OF MATTER**

We would like to draw attention to:

- i. In reference to Note no. 6 in the consolidated financial result, as per information given to us, the holding company had suggested to Edelweiss Assets Reconstruction Company (EARC) in December 2017 to restructure its debt and had made advance payments aggregating to Rs. 2268.50 Lakhs upto July 2018, but no such agreement was reached. The debt of EARC payable by the holding company is Rs. 47071.07 Lakhs and the holding company has counter claims pending before the Hon'ble Debt Recovery Tribunal- III, Chandigarh Securitisation Appeal 159 of 2018. The holding company does not consider itself liable to EARC for any amount, and in the event of settlement of pending disputes resulting in a requirement to account any values the same shall then be affected. We are unable to comment upon possible impact in the consolidated financial results.

- ii. The holding company has not made the provision for the demand raised by various authorities as the matter are pending before various appellate forum. We are unable to comment upon possible impact in the consolidated financial statements.
- iii. In reference to Note no. 6, we draw attention to the fact that the lender Edelweiss Assets Reconstruction Company Limited (EARC) and Indian Overseas Bank (IOB) has filed an application against holding company under section 7 of the Insolvency & Bankruptcy Code, 2016 before National Company Law Tribunal (NCLT), Chandigarh Bench. The Petition filed by EARC against the holding company for initiation of Corporate Insolvency Resolution Process (CIRP) under Insolvency and Bankruptcy Code (IBC), 2016 has been rejected by NCLT, Chandigarh Bench vide its Order dated 17.03.2020 and the matter is pending before the National Company Law Appellate Tribunal (NCLAT). The petition of IOB is under adjudication. The actions of Banks & EARC for recovery of debt are disputed by the holding company before the Hon'ble Debt Recovery Tribunal- III, Chandigarh, as the debt is not acknowledged. The holding company has counter claims against banks and EARC for the loss caused to the holding company and the holding company does not consider itself liable towards them, and no amount has been accounted by the holding company. We are unable to comment on possible impact of the above on the consolidated financial statements for nine month ended December 31st, 2021.

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


CA. Arun Khandelia
Partner
Membership No.: 089125

Place: New Delhi
Date: 11-February-2022

ICAI Udin No. 22089125ABKEQJ4275