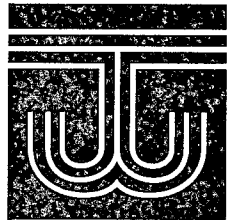


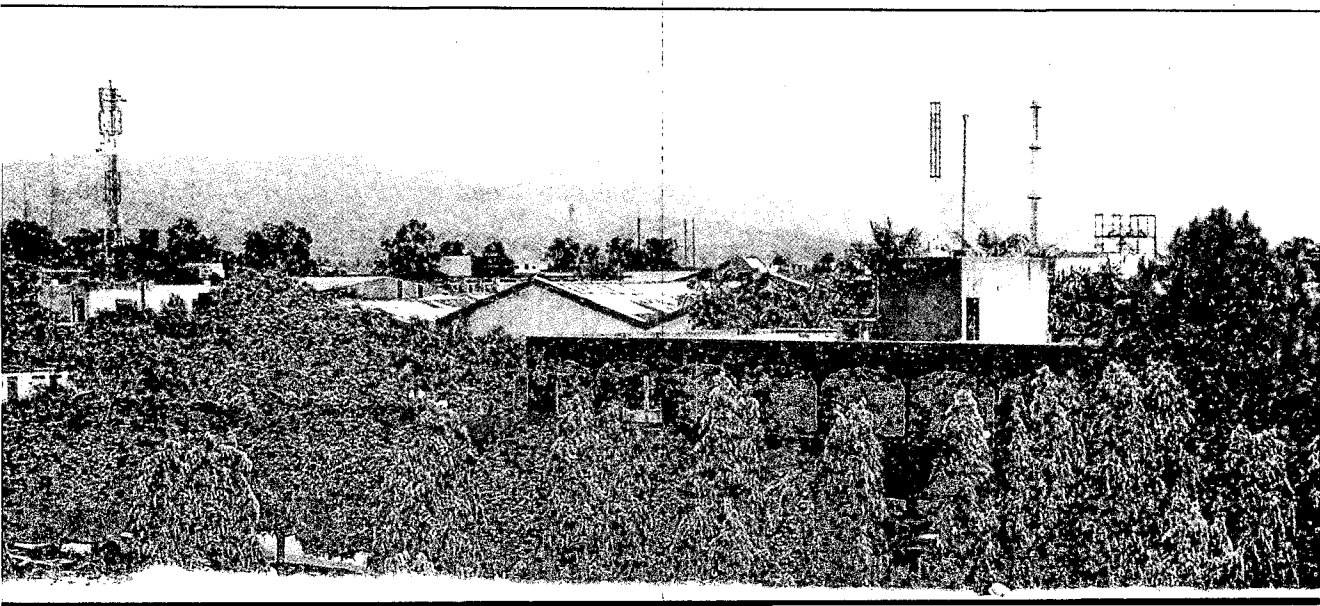
ATTESTED TO BE TRUE COPY
For Winsome Textile Industries Ltd.


Company Secretary



Winsome Textile Industries Limited

28th Annual Report 2008-09



BOARD OF DIRECTORS

Shri Satish Bagrodia	Chairman
Shri Ashish Bagrodia	Managing Director
Shri Viney Kumar	Director (IDBI Nominee)
Shri Chandra Mohan	Director
Shri Satish Girotra	Director
Shri Manish Bagrodia	Director

AUDIT COMMITTEE

Shri Chandra Mohan
Shri Viney Kumar
Shri Satish Girotra

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

Shri Satish Girotra, Chairman
Shri Chandra Mohan
Shri Viney Kumar
Shri Ashish Bagrodia

COMPANY SECRETARY

Shri S.K. Periwal

AUDITORS

M/s. Lodha & Co.
Chartered Accountants,
12, Bhagat Singh Marg,
New Delhi

BANKERS

UCO Bank
Canara Bank
Bank of India
Andhra Bank

FACTORY & REGISTERED OFFICE

1, Industrial Area, Baddi,
Distt. Solan (H.P.)

CORPORATE OFFICE

SCO 191-192, Sector 34-A,
Chandigarh-160 022

SHARE TRANSFER AGENT

Link Intime India (P) Ltd.
A-40, 2nd Floor, Near Batra Banquet Hall,
Naraina Industrial Area,
Phase-II, New Delhi-110 028

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NOTICE

NOTICE is hereby given that the 28th Annual General Meeting of the Members of Winsome Textile Industries Limited, will be held on Friday the 11th of September, 2009 at 11.00 a.m. at its Registered Office at 1, Industrial Area, Baddi, Distt. Solan (H.P.) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March 2009, and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Satish Girotra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Manish Bagrodia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT M/s Lodha & Co., Chartered Accountants, be and are hereby appointed as Statutory Auditors of the company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the company, at a remuneration to be decided by the Board of Directors."

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to Section 94(1)(d) and other applicable provisions of the Companies Act, 1956 (including any modification or re-enactment thereof); the SEBI (Disclosure and Investor Protection) Guidelines, 2000; the provisions of the Articles of Association of the Company and also subject to the regulations prescribed in this behalf by the Government of India and further subject to the guidelines, regulations and clarifications issued by the Securities & Exchange Board of India (SEBI) for the time being in force, and the listing agreements entered into by the Company with the stock exchanges, where the shares of the Company are listed and subject to such other statutory approvals, consents, permissions and sanctions, consent and approval of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called the **"Board"**, which term shall include any duly constituted and authorized committee thereof), to split/sub-divide each and every equity share of the Company of nominal value of Rs. 10/- each into 10 equity shares of Re. 1/- each so that:

- a) Out of the existing Authorized Share Capital of the Company of Rs. 20,00,00,000/- (Rupees Twenty Crores only) divided into 5,000 (Five thousand) Redeemable Cumulative Preference Shares of Rs. 100/- each and 1,99,50,000 (One Crore Ninety Nine lacs Fifty Thousand) equity shares of Rs. 10/- each, the equity Share Capital be sub-divided into 19,95,00,000 (Nineteen Crores Ninety Five lacs) equity shares of Re. 1/- each;
- b) Accordingly, the paid-up equity share capital consisting of equity shares of Rs. 10/- each be sub-divided into equity shares of Re.1/- each;

- c) All the 7500000 Convertible Warrants of nominal value of Rs. 10/- each, which are yet to be converted into Equity Shares, will after such subdivision coming into effect be entitled to be converted into 10 Equity Shares of Re. 1/- each.
- d) The number of Equity Shares to be allotted upon conversion of all warrants allotted by the Board hereinafter but before the record date for such split/sub-division shall be adjusted such that where each Warrant is convertible into one Equity Share of Rs. 10/- each, such Warrant shall, after the subdivision coming into effect, be convertible into 10 Equity Shares of Re. 1/- each.
- e) The Board be and is hereby authorized to inform the Registrar & Transfer Agents of the Company and the depositories, to take the necessary action to give effect to this resolution, to file necessary corporate action forms with Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited, such that the split/sub-divided Equity Shares would be credited to the demat/electronic accounts of shareholders and also to issue, wherever applicable, new share certificates representing the sub-divided shares with new distinctive numbers, in the aforesaid proportion subject to the rules as laid down in the Companies (Issue of Share Certificates) Rules, 1960 with an option to either exchange the new share certificates in lieu of cancellation of the old share certificates or without physically exchanging the share certificates, by treating the old share certificates as deemed to be cancelled.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required in the said connection.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any committee of director(s) or any other officer or officers of the company and to do all such acts, matters, things and deeds and to take all such steps and do all such things and give all such directions as the Board may consider necessary, expedient or desirable and also to settle any questions or difficulties or doubts that may arise in regard to the offer/issue, allotment and further to do all such acts, deeds, matters and things and to finalize and execute all documents and writings as may be necessary, proper, desirable or expedient as the Board, in its absolute discretion may deem fit and take all such steps which are incidental and ancillary in this regard.”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to Section 16 and other applicable provisions of the Companies Act, 1956, the existing Clause V of the Memorandum of Association of the Company be and is hereby amended to incorporate therein the effect of the sub-division of equity shares from nominal value of Rs. 10/- per share to Re. 1/- per share and be read as follows:

- (V) The Authorised Share Capital of the Company is Rs. 20,00,00,000 (Rupees Twenty Crore Only) divided into 5,000 (Five Thousand) Redeemable Cumulative Preference Shares of Rs. 100/- each and 19,95,00,000 (Nineteen Crores Ninety Five lacs) Equity Shares of Re. 1/- (One) each.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, the existing Clause 4 of the Articles of Association of the Company be and is hereby amended as follows:

“The Authorised Share Capital of the Company shall be such sum as mentioned in Clause V of the Memorandum of Association of the Company.”

By order of the Board

Place : Chandigarh
Dated: 30.06.2009

SATISH BAGRODIA
Chairman

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. The proxy form duly executed stamped should be deposited with the company at its Registered Office not less than forty-eight hours before the meeting.
3. The Register of Members and Share Transfer Book of the Company were closed from 27.07.2009 to 28.07.2009 (both days inclusive).
4. Item No. 2 Shri Satish Girotra, Director, aged about 69 years, is a Post Graduate in Education and Management having overall experience of about 44 years. He is holding 250 shares of the Company.
Presently, he is Director of Winsome Textile Industries Limited, S. Girotra Consultants (P) Ltd., Puru Sepricon Pvt Ltd and KBA Giori India (P) Ltd. He is also Chairman of Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee of Winsome Textile Industries Ltd.
5. Item No. 3 Shri Manish Bagrodia, Director, aged 41 years is M. Com and has also done Diploma in Computer Applications. He has around 22 years experience in the Textile Industry. He is holding 46220 shares of the company.
Presently, he is the Managing Director of Winsome Yarns Limited and Director of Winsome Textile Industries Limited, IDS Infotech Limited, Winsome Capital Services Limited, Winsome Yarns (Cyprus) Limited, S.C. Winsome Romania, s.r.l., IMM Winsome Italia s.p.a. and S.C. Textil s.r.l. He is also member of Shareholders/Investors Grievance Committee in Winsome Yarns Limited.
6. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of the Notice.
7. Members / proxies should fill the attendance slip for attending the Meeting.
8. In case of joint holders attending the meeting only such joint holders who are higher in the order of names will be entitled to vote.
9. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote at the Meeting.
10. M/s Link Intime India Private Limited, A-40, 2nd Floor, Near Batra Banquet Hall, Phase-II, Naraina Industrial Area, New Delhi-110028 (Tele. 011-41410592-94, Fax No. 011-41410591) is acting as common agency for dematerialisation and physical transfer of shares of the company.

The members should send their physical shares and letter for change of address and issue of duplicate shares directly to the aforesaid share transfer agent.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 5

The Board of your Company is of the view that sub-division of equity shares will increase the liquidity of the Equity Shares in the stock market. Towards this end, it is proposed to reduce the nominal value of the Equity Shares of the Company from Rs. 10/- each to Re. 1/- each. This will enable the small investors to enter the market, increase the number of shareholders base of the Company and will also improve the liquidity of the Company's Equity Shares in the stock market, thereby benefitting the shareholders.

With this objective in mind, it is proposed that the denomination of the face value of each Equity Share of the Company be changed from Rs. 10/- per Equity Share to Re. 1/- per Equity Share.

The existing Authorised Share Capital of the Company is Rs 20,00,00,000 (Rupees Twenty Crore only) divided into 5000 (Five thousand) Redeemable Cumulative Preference Shares of Rs. 100/- each and 1,99,50,000 (One crore ninety nine lacs fifty thousand) equity shares of Rs.10/- each. After sub-division the authorised capital of the Company will comprise of 5000 (Five thousand) Redeemable Cumulative Preference Shares of Rs. 100/- each and 19,95,00,000 (Nineteen Crores Ninety Five Lacs) equity share of Re.1/- each. As per the provisions of Section 94(1)(d) of the Companies Act, 1956, by passing the resolution in the general meeting, a company may sub-divide its share capital into shares of the smaller denomination. Hence, the consent of shareholders by way of Special Resolution is being sought for sub-division of equity shares of the Company.

The Board of Directors recommend the passing of the Special Resolution as set out under item No. 5 of the accompanying Notice.

None of the directors is interested in the aforesaid resolution.

ITEM NO. 6 & 7

Consequent to the Sub-division of Equity Shares, it is necessary to alter the Capital Clause V of the Memorandum of Association and Clause 4 of the Articles of Association of the Company, which relate to the capital structure of the Company to accommodate the sub-division of equity shares of the Company. The ordinary resolution at item no. 6 and special resolution at item no. 7 will enable to make the corresponding amendments in Clause V of the Memorandum of Association and Clause 4 of the Articles of Association of the Company.

A copy of the Memorandum and Articles of Association of the Company showing proposed alterations is available for inspection at the Registered Office of the Company from 10.00 a.m. to 12.30 p.m. on any working day.

The Board of Directors recommend the passing of the Ordinary Resolution as set out under item no. 6 and Special Resolution as set out under item no. 7 of the accompanying Notice.

None of the directors is interested in the aforesaid resolutions.

By order of the Board

Place : Chandigarh
Dated: 30.06.2009

SATISH BAGRODIA
Chairman

Dear Shareholders,

Your Directors have pleasure in presenting the 28th Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2009.

Financial Highlights	Year ended 31.3.2009 (Rs.in lacs)	Year ended 31.3.2008 (Rs. in lacs)
Sales	17098.71	15666.54
Profit before Interest, Depreciation	1184.81	2506.29
Less: Interest	2005.27	1217.79
Profit/(Loss) before Depreciation	(820.48)	1288.50
Less: Depreciation	1053.03	801.01
Profit/(Loss) before Tax	(1873.51)	487.49
Less : Provision for Taxation		54.32
- Current Tax	-	54.32
- Fringe Benefit Tax	8.43	8.11
- Credit against MAT	-	(54.32)
- Deferred Tax	(532.75)	166.34
Profit/(Loss) after Tax	(1349.19)	313.04
Add : Surplus brought forward from previous year	2737.08	2437.78
	1387.89	2750.82
Appropriations:		
Dividend (Previous year 2%)	-	11.74
Corporate Dividend Tax	-	2.00
Surplus carried to Balance Sheet	1387.89	2737.08
	1387.89	2750.82

Operations & Performance

During the year under review, your Company had achieved a sales turnover of Rs. 17098.71 lacs as against sales turnover of Rs. 15666.54 lacs during the previous year. Though the Sales turnover had increased by approximately 9%, but there is net loss of Rs. 1349.19 lacs for the year as against net profit of Rs. 313.04 lacs during the previous year. The profitability during the year had been severely affected mainly on account of increase of raw material prices due to unprecedented exports of cotton and substantial depreciation of US Dollar against the Indian Rupee in the first half of the financial year and increase of MSP on cotton by approximately 40% after October, 08.

NEW PROJECTS/ EXPANSION PLANS

Your Directors are pleased to inform you that as part of the Company's Expansion Project 13000 Spindles and dye house capacity expansion by 10 tons per day had been installed and commercial production started. Out of 23040 spindles which were to be replaced, 15936 spindles have already been replaced and the balance will be replaced during the current financial year. The Hydro Power Project of the Company is under implementation and is expected to be completed in the next financial year i.e. 2010-11.

IS/ISO 9001-2000 & 14001

Your Directors are pleased to inform you that Your Company continues to be holder of ISO 14001 Environmental Management System Certificate & ISO 9001- 2000 Quality Management System Certificate issued by Bureau of Indian Standard.

Dividend

Your Directors do not recommend the dividend due to fund constraints.

Directors

In accordance with the Company's Articles of Association Shri Satish Girotra and Shri Manish Bagrodia, Directors retire by rotation and being eligible, offer themselves for re-appointment.

Auditors

M/s Lodha & Co, Chartered Accountants, as Statutory Auditors of the company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received a letter from M/s Lodha & Co., Chartered Accountants, to the effect that their re-appointment, if made, would be within the prescribed limits under section 224 (1-B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of section 226 of the Companies Act, 1956.

Conservation of Energy

As required by the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given in the Annexure A forming part of this report.

Particulars of employees

The Particulars of the employees as required by the provisions of section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975 as amended, is annexed to this report.

Auditors' Report

Auditors' observations regarding Provision of Depreciation on Plant & Machinery as per rates applicable on 'Continuous Process Plant' and 'Non Provision of Doubtful Debts' have been explained in details in Notes No. 3 and 7 of Schedule 15(B), Accounting Policies & Notes on Accounts and also in the addendum to the directors report attached herewith are self explanatory and therefore do not require any further comments.

Corporate Governance

As required under clause 49 of the Listing Agreement with the Stock Exchange, the Report on Corporate Governance together with Auditor's Certificate regarding compliance of the SEBI Code of Corporate Governance is annexed to this report.

Director's Responsibility Statement

Pursuant to the requirements under section 217(2AA) of the Companies Act, 1956, it is hereby confirmed that:

- i) in the preparation of annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed and that there are no material departures.
- ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009, and of the profit/(loss) of the Company for the year ended on that date.
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the annual accounts have been prepared on a 'going concern' basis.

Acknowledgement

Your Directors place on record their appreciation of the assistance and support extended by Financial Institutions, Banks and Government of Himachal Pradesh.

Your Directors also take this opportunity to thank customers, suppliers and Shareholders for the cooperation, trust and confidence reposed in the Company.

Your Directors express their appreciation for the dedicated and sincere services rendered by the employees of the company.

By order of the Board

Place : Chandigarh
Dated : 30.06.2009

Satish Bagrodia
Chairman

INFORMATION AS PER SECTION 217(1)(E) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE PERIOD ENDED 31ST MARCH, 2009.

I. CONSERVATION OF ENERGY

a) Energy conservation measures taken :

The Company has been giving high priority to conservation of energy by close monitoring of energy consuming equipments. All efforts are made for installing energy saving devices wherever required.

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy :

New equipments, whenever required, are purchased from time to time.

c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

Though there is savings in power consumption but overall energy cost has not been reduced due to expansion and increase in unit rate of power.

d) Total energy consumption and energy consumption per unit of production as per Form-A of the annexure to the rules in respect of industries specified in the schedule thereto :

A) Power and Fuel consumption

	Current Year	Previous Year
1. Electricity		
a) Purchased Unit (KW)	47397720	41046100
Total amount (Rs in lacs)	1590.09	1275.01
Rate/Unit (Rs)	3.35	3.11
b) Own Generation through FO/Diesel Generator Unit(KW)	311333	1723459
Units/Ltr.of Diesel Oil/FO	3.63	3.66
Cost/Unit(Rs/KW)	8.43	7.56
2. Coal (Specify quality and where used) KG	428325	NIL
Pet Cake for Boiler		
3. HSD & Furnace Oil Qty.(MT)		
Total amount (Rs.in lacs)	NIL	NIL
Average rate(Rs.per M.T.)	NIL	NIL
4. Gas		
Total amount (Rs.in lacs)	NIL	NIL
Average rate (Rs.per Kg)	NIL	NIL
B) Consumption per Unit of Production		
Electricity (KW) - Own Generation	4.11	3.59
HSD & Furnace Oil (Lts)	NIL	NIL
Gas	NIL	NIL

II. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form-B of the Annexure to the Rules.

1) Research & Development (R&D)

a) Specific area in which R&D carried by the Company :

- Latest new technology has been adopted.
- Total Quality Management (TQM) projects undertaken based on Dr. Juran's Trilogy.

b) Benefits derived as a result of the above R&D

- Producing International quality products.

c) Future plan of Action :

- Developing new products.
- To undertake more TQM projects.

d) Expenditure on R&D (Rs. in lacs)

Capital		NIL
Recurring		45.76
Total		45.76
Total R&D Expenditure as a percentage of total Turnover		= 0.27%

2) Technology absorption, adaptation and innovation.

a) Efforts, in brief, made towards technology absorption, adaptation and innovation :

- Equipments of latest technology have been installed without any foreign technical know-how.

b) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

- There has been benefit in respect of quality and output of the product.

c) In case of imported technology(imported during the last 5 years reckoned from the beginning of the financial year). — Nil

III. FOREIGN EXCHANGE EARNING AND OUTGO

a) Activities relating to exports, initiatives taken to increase exports, development for new export market for products and services and export plans.

Sustained efforts have helped the company to achieve Exports (including Deemed Exports) of Rs 4519.88 lacs in 2008-09 against Rs. 6154.37 lacs in 2007-08. The company proposes to increase exports through the introduction of new products and markets.

b) Total foreign exchange used and earned.

	Current Year	Previous Year
Earning	4519.88	5827.00
Outgo:	560.72	1093.21

By order of the Board

Place : Chandigarh
Dated : 30.06.2009

Satish Bagrodia
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

STATEMENT OF PARTICULARS OF EMPLOYEES, PURSUANT TO THE PROVISIONS OF THE SECTION 217 2(A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDING 31ST MARCH, 2009

Sr. No.	Name of Employee	Designation/ Nature of duties	Qualification	Total Working Experience (Years)	Date of Commencement of Employment	Total Remuneration (Rs. in lacs)	Age (Years)	Previous Employment held
A. Persons employed throughout the year, who were in receipt of remuneration not less than 2400000/-								
1	Shri Satish Bagrodia	Chairman	B.Sc. Engg. (Mech.), FIE	43	1/1/1981	25.03	70	First Employment
2	Shri Ashish Bagrodia	Managing Director	B.E. (Mech.) Hons.	16	1/9/1993	30.98	39	First Employment

B. Persons employed for part of the year who was in receipt of remuneration for any part of the year at a rate which in aggregate was not less than Rs. 200000/- per month. — Nil

NOTES:

1. Remuneration as above includes Salary, House Rent Allowance or Housing Accommodation and reimbursement of Medical Expenses and other perks/ benefits provided by the Company.
2. Shri Satish Bagrodia, Chairman and Shri Ashish Bagrodia, Managing Director are related to Shri Manish Bagrodia, Director of the Company.

ADDENDUM TO THE DIRECTORS' REPORT

Pursuant to Section 217(3) of the Companies Act 1956 following explanation are given on remarks contained in the Auditors' Report:

Auditors' observations regarding provision of depreciation on plant and machinery as per rates applicable on "continuous process plant" and "non provision of doubtful debts" have been explained in details in Note No. 3 and 7 of Schedule 15(B) on Accounting Policies and Notes on accounts are self explanatory and therefore do not require any further comments. However, for the sake of convenience the same are being reproduced herein below:

1. Depreciation on certain Plant & Machinery is provided by considering it as continuous process plant based on technical assessment, which has been relied upon by the auditors.
2. The company has taken legal and other persuasive actions for recovery of certain overdue debtors aggregating to Rs. 102.86 Lacs (Rs. 108.78 Lacs), in the opinion of the management, these outstanding are good and recoverable.

CORPORATE GOVERNANCE

1. Company's philosophy on code of Governance.

The company is committed to good Corporate Governance. The Company fully realises the rights of its shareholders to information on the performance of the Company and considers itself a trustee of its shareholders. The Company provides detailed information on various issues concerning the Company's business and financial performance, to its shareholders. The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself for increasing long-term shareholder value, keeping in view the needs and interests of all its stakeholders. The Company is committed to transparency in all its dealing and places emphasis on business ethics.

2. Board of Directors.

The Board of Directors presently consists of six directors, out of which three are Promoter Directors (one Executive Chairman, one Executive Managing Director and one Non-Executive Director) and three are Non-Executive independent directors, out of which one is representing IDBI (the term lender institution's representative). None of the directors on the board is a member on more than 10 committees and chairman of more than 5 committees (as specified in clause 49 of the Listing Agreement with Stock Exchange), across all the companies in which they are directors. The necessary disclosures regarding committee memberships have been made by the directors.

During the financial year 2008-09, eight board meetings were held. The meetings were held on 2nd May, 2008, 30th June, 2008, 31st July, 2008, 29th August, 2008, 31st October, 2008, 10th November, 2008, 31st January, 2009 and 30th March, 2009 and the maximum time gap between any two meetings was not more than four months.

The names and categories of directors on the board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships/ Committee memberships/ chairmanship held by them in other companies are given below:

No. of Directorship and Committee Membership/Chairmanship

Name of the Director	Category	Attendance Particulars		No. of Directorship	No. of Membership/ Chairmanship in Committees		
		Board Meeting	Last AGM	Other Directorship	Membership	Chairmanship	Total
Shri Satish Bagrodia	Chairman*	8	Yes	3	—	—	—
Shri Chandra Mohan	INED	6	No	9	8	—	8
Shri Satish Girotra	INED	8	No	3	—	3	3
Shri Viney Kumar	INED (IDBI)	5	No	—	3	—	3
Shri Ashish Bagrodia	MD	8	Yes	6	2	—	2
Shri Manish Bagrodia	NED	7	Yes	7	1	—	1

INED : Independent Non Executive Director

NED : Non Executive Director

MD : Managing Director (Executive)

* Executive

3. Code of Conduct

In terms of the provisions of Clause 49 of the Listing Agreement and contemporary practices of good Corporate Governance, the Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. All the Board members and Senior Management Personnel have affirmed compliance with the Code.

4. CEO/ CFO Certification

The Managing Director (CEO) and the Financial Controller (CFO) of the Company have certified to the Board that the requirements of the Clause 49 (V) of the Listing Agreement, inter alia, dealing with the review of financial statements and cash flow statement for year ended on 31st March, 2009, transactions entered into by the company during the said period, their responsibility for establishing and maintaining internal control systems for financial reporting and evaluation of the effectiveness of the internal control system and making of necessary disclosures to the Auditors and the Audit Committee have been duly complied with.

5. Audit Committee :

The Audit Committee functions in accordance with the terms of reference set out under Clause 49 of the Listing Agreement read together with Section 292A of the Companies Act, 1956, and additional responsibilities assigned to it by the Board of Directors. The Committee also reviews the reports of the internal auditors along with the comments of management. The functions of the Audit Committee among others, include approving and implementing the audit procedures, reviewing the financial reporting system, internal control and procedure and ensuring compliance with regulatory guidelines.

Winsome Textile Industries Ltd.

The composition, names of the members, chairperson, particulars of the meetings and attendance of the members during the financial year are as below:

During the financial year, five Audit Committee meetings were held on 2nd May, 2008, 30th June, 2008, 31st July, 2008, 31st October, 2008 and 31st January, 2009.

Name of Director	Category	No. of meetings attended during the year 2008-09
Sh. Satish Girotra, Chairman	Independent/Non Executive	5
Sh. Chandra Mohan	Independent/Non Executive	4
Sh. Viney Kumar	Independent/Non Executive	4

The Managing Director along with the Statutory Auditors, Cost Auditors and Internal Auditor were invitees to the meetings.

6. Remuneration Committee

During the year 2008-09 one meeting was held on 31.07.2008 of the committee. The remuneration of Whole Time Director had been approved by the Committee.

Name of Members	Category	No. of meetings attended during the year 2008-09
Sh. Satish Girotra, Chairman	Independent/Non Executive	1
Sh. Chandra Mohan	Independent/Non Executive	1
Sh. Viney Kumar	Independent/Non Executive	1

The details of remuneration paid to the Directors during the year 2008-09 are given below :

Non-Executive	(Amount in Rs.)	
Name of Directors	Sitting Fees	Total
Shri Chandra Mohan	30000	30000
Shri Satish Girotra	40000	40000
Shri Viney Kumar (IDBI Nominee)*	25000*	25000
Shri Manish Bagrodia	35000	35000

*The sitting fee has been paid to the nominating institutions.

Executive	(Rs. in lacs)		
Name of Directors	Salary	Perquisites*	Total
Shri Satish Bagrodia	21.00	4.03	25.03
Sh. Ashish Bagrodia	19.20	11.78	30.98

*Perquisites includes House Rent Allowance, Contribution to Provident Fund and other perks.

7. Shareholders'/Investors' Grievance Committee

The Shareholders/ Investors Grievance Committee functions with the following objectives:

Redressing of Shareholders and Investors complaints, regarding to share transfers, non-receipt of balance sheet / dividend by the shareholder etc. During the financial year 2008-09, four Shareholders/ Investors Grievance Committee meetings were held on 30th June, 2008, 31st July, 2008, 31st October, 2008 and 31st January, 2009. Complaints/ grievances, received during the year have been resolved in time.

The composition, names of the members, chairperson, particulars of the meetings and attendance of the members during the year are as below:

Sr. No.	Name of members	Category	No. of meetings attended during the year 2008-2009
1.	Shri Satish Girotra, Chairman	Independent/Non-Executive	4
2.	Shri Chandra Mohan	Independent/Non-Executive	3
3.	Shri Viney Kumar	Independent/Non-Executive	4
4.	Shri Ashish Bagrodia	Executive Director	4

During the financial year, the request for transfer/demat/remat of shares, change of address etc have been duly effected. During the year one complaint was received, resolved & replied and no grievance was pending at the end of the financial year.

Shri Ashish Bagrodia, Managing Director is the Compliance Officer of the company for SEBI/ Stock Exchange/ROC related issues etc..

8. General Body Meetings

The last three Annual General Meetings of the Company were held as under :

Year	Venue	Date	Time
2005-2006	1, Industrial Area, Baddi, Distt. Solan (H.P)	28, Sep. 2006	4.00 p.m.
2006-2007	1, Industrial Area, Baddi, Distt. Solan (H.P)	28, Sep. 2007	4.00 p.m.
2007-2008	1, Industrial Area, Baddi, Distt. Solan (H.P)	23, Sep. 2008	9.00 a.m.

During the last three years, two special resolutions on 23.09.2008 as set out in the respective notice were passed by the shareholders. No postal ballots were used for voting at these meetings. At the forthcoming AGM, there is no item on the Agenda that needs approval by postal ballot.

9. Disclosures :

- There are no materially significant related party transactions made by the company with its promoters, directors or management, their relatives etc. that may have potential conflict with the interest of the company at large. Transactions with related parties are disclosed in Note No. 21 of Schedule 15 of the Accounts in the Annual Report.
- During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any Statutory Authority for non-compliance of any matter related to the capital markets.

10. Means of Communications

The quarterly and half yearly results are published in widely circulating national & local dailies news papers such as Financial Express and Business Standard (in English) and Jansatta and Dainik Tribune (in Hindi). The same are also being posted on the website of BSE (www.bseindia.com) under the Scrip Code '514470'.

The management Discussion and Analysis report forms a part of this Annual Report.

11. GENERAL SHAREHOLDERS' INFORMATION

Annual General Meeting at 11.00 a.m. on 11th September, 2009 at 1, Industrial Area, Baddi, Distt. Solan (H.P)

Financial Calendar	: 1st April to 31st March
Date of Book Closure	: 27.09.2009 to 28.09.2009 (both days inclusive)
Listing on Stock Exchanges	: Bombay Stock Exchange Limited (BSE)
Demat ISIN Number in NSDL & CDSL	: INE 837B01015

Annual listing fees for the year 2008-2009 have been paid to BSE. Listing fee to Calcutta Stock Exchange has not been paid as the company has applied to this stock exchange on 11.12.2003 for voluntary delisting of shares as per the approval of shareholders and till date no objection has even been raised by the Calcutta Stock Exchange in this regard.

Market price data – high and low during each month on BSE in the financial year 2008-09. Stock code-514470 (www.bseindia.com).

Months	High	Low	Closed	Shares
April, 2008	28.20	21.05	25.20	71771
May, 2008	26.95	23.00	23.05	45929
June, 2008	27.20	21.35	21.50	73797
July, 2008	22.75	16.50	19.60	31773
August, 2008	32.90	19.40	29.90	301036
September, 2008	32.50	19.00	20.25	189886
October, 2008	23.60	10.65	13.40	258490
November, 2008	17.50	12.01	13.99	348582
December, 2008	21.32	11.20	21.02	756486
January, 2009	37.00	17.70	36.55	1347382
February, 2009	38.00	25.35	26.60	824170
March, 2009	34.60	23.65	32.35	1072855

Registrar and Share Transfer Agent	: Link Intime India (P) Ltd. A-40, 2nd Floor, Near Batra Banquet Hall, Naraina Industrial Area, Phase II, New Delhi-110028 Tel. : 011-41410592-94, Fax : 41410591 E-mail : delhi@linkintime.co.in
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Winsome Textile Industries Ltd.

Share Transfer System : Shares lodged in physical form with the STA directly or through company, are processed and returned, duly transferred, within 30 days normally, except in cases which are under objection.
In respect of shares held in dematerialised mode, the transfer takes place instantaneously between the transferor, transferee and the Depository Participant through electronic debit/credit of the accounts involved.

Compliance Officer : Shri Ashish Bagrodia
E-mail ID : cshare@winsomergroup.com

Distribution of shareholding as on 31st March, 2009.

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1 - 500	1253	81.43	208316	3.55
501 - 1000	125	8.12	105500	1.80
1001 - 2000	66	4.29	101521	1.73
2001 - 3000	15	0.97	38198	0.65
3001 - 4000	16	1.04	58664	1.00
4001 - 5000	9	0.58	42871	0.73
5001 - 10000	10	0.65	71422	1.22
10001 and above	45	2.92	5243508	89.32
Total	1539	100.00	5870000	100.00

Shareholding Pattern as on 31st March, 2009.

Category	No. of shares	Percentage
Promoters/Persons acting in concert	3421613	58.29
Financial Institutions/Banks/Mutual Funds	795433	13.55
NRIs	6841	0.12
Bodies Corporates	996226	16.97
Indian Public	649887	11.07
Total	5870000	100.00

Details of shareholding of Directors in the company as on 31.03.2009

Name of Director	No. of shares held
Shri Satish Bagrodia	44770
Shri Chandra Mohan	—
Shri Satish Girotra	250
Shri Viney Kumar	—
Shri Manish Bagrodia	46220
Shri Ashish Bagrodia	49220

Dematerialisation of shares and liquidity : 99.18% of the shares issued by the company have been dematerialised upto 31st March, 2009.

Outstanding GDRS/ADRS/Warrants or any convertible instruments, conversion date and likely impact on equity. : 75,00,000 nos. of Convertible Warrants will be converted within 18 months from the date of allotment of such warrants, i.e. 10.11.2009.

Plant Location : Plot No. 1, Industrial Area, Baddi
Distt. Solan (Himachal Pradesh)

Address for correspondence : The Company Secretary
Winsome Textile Industries Limited
SCO 191-192, Sector 34-A,
Chandigarh-160022

E-mail ID : cshare@winsomergroup.com

By order of the Board

Place : Chandigarh
Dated : 30.06.2009

Satish Bagrodia
Chairman

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES.

To the members of Winsome Textile Industries Limited

We have examined the compliance of conditions of Corporate Governance by Winsome Textile Industries Limited, for the year ended 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company to ensure compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Lodha & Co.
Chartered Accountants

Place : New Delhi
Date : 30.06.2009

N.K. Lodha
Partner
M.No. 85155

MANAGEMENT ANALYSIS AND DISCUSSION

INDUSTRY SCENARIO

The performance of the Indian textile industry during 2008-09 was grim as most of the developed markets were facing recession, leading to low textile demand.

Textile exports tumbled nearly 30% and the production contracted 20%-30% since April 2008. If one takes orders placed into account, then the export in the current year dropped even more. As per the available data, orders placed in the third quarter of 2008 by leading exporters slumped 15-20% on an average whereas the sales in domestic market slammed 10-15% on year-on-year basis.

Moreover, the impact of the global financial crisis was inevitable to fall on the Indian economy, resulting in drying up of investments in the country.

The Indian textile industry rallied under declining domestic demand and high input costs in the current year. Drop in demand from external markets (like the US and Europe, both absorb nearly 50% of the total production) created panic among manufacturers who have started trimming production in a phased manner.

However, rapid economic transformation and government efforts have made India a dominant player in the global textile and apparel trade. Indian textile and apparel products now constitute an important segment of apparel and textile markets of various developed and developing economies. The country has gained a competitive edge on account of its favorable economic environment, government support, SEZ culture and low labor cost. Further, emergence of middle class, growing young population and rapid globalization of culture is fueling the demand for branded apparel in the country. It is expected that the textile industry will regain its glory in times to come.

EMPLOYMENT

The Indian Textile industry adds 14% to the industrial production and 8% to the GDP of India. It provides employment to 38 million people and thus, is the second largest employment provider after agriculture. The Indian Apparel & Textile Industry is one of the largest sources of foreign exchange flow into the country with the apparel exports accounting for almost 21% of the total exports of the country.

SWOT ANALYSIS

A systematic SWOT analysis of the textile and apparel industry indicates the following:-

1. STRENGTH

- I. Raw material base
India has high self sufficiency for raw material particularly natural fibres. India's cotton crop is the third largest in the world. Indian textile Industry produces and handles all types of fibres.
- II. Labour
Low cost labour and strong entrepreneurial skills have always been the backbone of the Indian Apparel and textile Industry.
- III. Flexibility
The small size of manufacturing which is predominant in the apparel industry allows for greater flexibility to service smaller and specialized orders.
- IV. Rich Heritage
The cultural diversity and rich heritage of the country offers good inspiration base for designers.
- V. Domestic market
Natural demand drivers including rising income levels, increasing urbanisation and growth of the purchasing population drive domestic demand.

2. WEAKNESS

- I. More dependence on cotton
Due to over specialization in cotton, the bulk of the international market is missed out, synthetic products in India are expensive and fabric required for items like swimsuit, sky-wear and industrial apparel is relatively unavailable.
- II. Weaving Sector
India has relatively less number of shuttle-less loom.
- III. Fabric Processing
Processing is the weakest link in the Indian textile value chain, adversely affecting its ability to compete in exports.
- IV. Poor Infrastructure
High power costs and long export lead times are eroding India's export competitiveness across the textile chain.
- V. Low Labour Productivity
Productivity levels for manufacturing various apparel items are far lower in India in comparison with its competitors.

OTHER WEAKNESSES

- VII. Less attention on man power training
- VIII. Poor quality standards
- IX. Distance of the potential market
- X. Lower average consumption in domestic market
- XI. Lack of professionalism and integration of supply chain
- XII. Dependence on quota system
- XIII. Very low investment on R&D
- XIV. Limited exploitation of economies of scale

3. OPPORTUNITIES

- I. Growing Industry
World textile trade would continue to grow at a rate of 3-4% to reach \$200-210 billion by 2010.
- II. Market access through bilateral negotiation
The trade is growing between regional trade blocs due to bilateral agreements between participating countries.

- III. Integration of Information technology
'Supply Chain Management' and 'Information Technology' has a crucial role in apparel manufacturing. Availability of EDI (Electronic Data Interchange), makes communication fast, easy, transparent and reduces duplication.
- IV. Opportunity in High Value Items
India has the opportunity to increase its UVR's (Unit Value Realization) through moving up the value chain by producing value added products and by producing more and more technologically superior products.

4. THREATS

- I. Adverse movement in the exchange rates.
- II. Competition from other low cost manufacturing countries like China, Bangladesh, Sri-Lanka, Pakistan, vietnam, Indonesia etc.

COTTON

An increased number of farmers is likely to opt for cotton production, after benefiting from high prices last year. The industry players see an increase in the cotton acreage on expectation of better monsoon and sowing process, which has already started in some states.

"Cotton sowing has started in some north Indian states Punjab, Haryana and Rajasthan. The trend this year looks better and cotton acreage and yield should rise," said PD Patodia, former president, Cotton Association of India (CAI).

"The area under cotton cultivation will naturally increase in 2009-10 as the farmers received handsome returns last season and this year the monsoon is expected on time," said DK Nair, secretary general, Confederation of Indian Textile Industries (CITI).

The sowing has taken place in areas where water for irrigation is available.

"In Gujarat, areas such as Bharuch and central Gujarat as well as Saurashtra, have seen sowing of cotton. The acreage is estimated to increase by around 300,000 hectares in 2009-10," said Arun Dalal, owner of Arun Dalal & Co, an Ahmedabad-based leading cotton trading firm.

Around 9.2 million hectares of land was brought under cotton cultivation in 2008-09. "Steep hike in minimum support price (MSP) of cotton resulted in better returns for farmers. In the wake of firm prices last financial year, there are possibilities that the cotton acreage in the country may jump to 9.5 million hectares in FY10," said Kishor Shah of Central Gujarat Cotton Dealers Association (CGCDA).

It may be mentioned here that cotton production in FY09 is estimated to be lower at 290,000 bales as compared to 315,000 bales in FY08. However, industry players estimate a crop of 340,000 bales in FY10.

INTERNAL CONTROL SYSTEMS

The Company has in place effective systems of internal control ensuring accurate, reliable and speedy compilation of financial information, safeguarding the assets and interests of the Company and ensuring compliance with laws and regulations.

The internal control is supplemented by an extension programme of internal audits, review by the management and documented policies, guidelines and procedures.

HUMAN RESOURCE DEVELOPMENT

The company recognizes the importance and contribution of its human resources for its growth and development and is committed to the development of its people. The company has been adopting methods and practices for Human Resource Development. With utmost respect to human values, the Company served its human resources with integrity, through a variety of services by using appropriate training, motivation techniques and employee welfare activities.

CAUTIONARY STATEMENT:

Certain Statements in the "Management Discussion and Analysis" section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Director's envisage in terms of future performance and outlook.

By order of the Board

Place : Chandigarh
Dated : 30.06.2009

Satish Bagrodia
Chairman

TO THE MEMBERS OF WINSOME TEXTILE INDUSTRIES LTD.

We have audited the attached Balance Sheet of Winsome Textile Industries Limited as at 31st March 2009, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 ('The Order') as amended by the Companies (Auditor's Report) Order, 2004 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 ('The Act'), we enclose in the Annexure a statement on the matters specified in the paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of written representation received from the directors of the Company and taken on the Record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31.03.2009 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Attention is invited to:
 - (i) Note no. 3 of schedule 15B regarding provision for depreciation has been made on certain Plant & Machinery as per the rates applicable to the continuous process plant as stated in the said note, which is a technical matter (Impact unascertained).
 - (ii) Note no.7 of schedule 15B regarding non provision for shortfall in recovery (amount unascertained) against overdue debt aggregating Rs. 102.86 lacs for which legal and other persuasive action for recovery has been initiated, as in the opinion of the management these debts are good and recoverable as stated in the said note.
 - (iii) Note no. 19 (b) of schedule 15B regarding remuneration paid to directors as stated in the said note is subject to the approval of the Central Government.

We further report that the loss for the year, the balance in reserve and surplus, debtors and fixed assets are without considering items mentioned above, the effect of which could not be determined.

Subject to foregoing, In our opinion and to the best of our information and according to the explanations given to us, the said account read with note no. 6 & 17 of schedule 15B, Significant Accounting Policies and read together with other notes on accounts give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of Balance Sheet, of the State of Affairs of the Company as at 31st March, 2009;
- (ii) in the case of Profit and Loss Account, of the loss of the Company for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Lodha & Co.
Chartered Accountants

N.K. LODHA
Partner
Membership No.: 85155

Place : New Delhi
Date : 30.06.2009

(Referred to in Paragraph (1) of our report of even date on Winsome Textile Industries Limited for the year ended 31st March 2009)

- i. (a) The Company has maintained records in respect of fixed assets showing full particulars including quantitative details and situation of fixed assets except in respect of certain fixed assets, where the same are in process of updation.
- (b) As per information & explanations given to us, physical verification of the certain fixed assets are in process, according to the regular programme of physical verification once in every three years, in phased manner, which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets.
- (c) As per the records and information and explanation given to us, fixed assets disposed off during the year were not substantial.
- ii. (a) As explained to us, the inventories of the Company (except stock lying with the third parties, job workers and in transit) have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable having regard to the nature & size of business and particulars circumstances.
- (b) In our opinion and according to information & explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) According to the information and explanation given to us, we are of the opinion that the company is maintaining proper records of inventories (In case of process stock, records are updated on monthly physical verification of stock). As per records and information made available the discrepancies noticed on verification between the physical stock and the book records were not material in relation to the operation of the company.
- iii. During the year Company has neither granted nor taken any secured or unsecured loans to and from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the clauses 4 (iii) (b) to (g) of the Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of specialised nature, for which as explained, user department has preferred specific nature items/brands and /or for which alternative source /quotations are not available, there are internal control procedure commensurate with size of the company and nature of its business with regard to the purchase of inventory, fixed assets, services and for the sale of goods and services which needs to be further strengthened (read with note no. 12 & 17 of schedule 15B). Based on the audit procedure performed and information & explanation provided by the management, during the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system nor been identified by the management.
- v. (a) According to the information and explanations provided by the management and based on the audit procedure performed, we are of the opinion that the particulars of the contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section; and
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contracts or arrangements (exceeding the value of Rs. 5 Lacs in respect of each party during the financial year) have been made at prices which are generally reasonable having regard to the prevailing market prices at the relevant time.
- vi. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58 AA Act and the rules framed there under and directives issued by the Reserve bank of India and other relevant provisions of the Act. We have been informed that no order has been passed by the company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- vii. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the company as prescribed by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed records have been made and maintained. We have, however, not made a detailed examination of the said records with view to determine whether they are accurate and complete.
- ix. (a) According to the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed statutory dues payable for a period more than six months from the date they became payable as at 31.03.2009.

(b) According to the records and information and explanations given to us, there are no dues in respect of Income Tax, Custom Duty, Wealth Tax, Service Tax and Cess that have not been deposited on account of any dispute. In our opinion and according to the information and explanations given to us, the dues in respect of Sales Tax and Excise duty that have not been deposited with the appropriate authorities on account of dispute and the forum where the disputes are pending are given below:

Name of Statute#	Nature of Dues	Amount (Rs. in Lacs)	Period to which amount relates	Forum where dispute is pending
Central Excise Act	Cenvat Credit	0.95	1995-96	Commissioner (A)
	Cenvat Credit	1.44	1995-96	Asstt. Commissioner
	Cenvat Credit	79.84	2003-04, 2004-05, 2005-06	CESTAT
	Excise Duty	3.39	1995-96	High Court
	Excise Duty	95.58	2002-03, 2003-04, 2004-06, 2006-07	CESTAT
	Excise Duty	104.01	2006-07, 2008-09	Commissioner (A)
Finance Act 1994	Service Tax	3.69	2005-06	CESTAT

#(excluding excise show cause notices)

This is to be read with note no. 1 of Schedule 15B.

- x. The Company has no accumulated losses at the end of the financial year and it has incurred cash losses during the current financial year. However company did not incurred cash losses in the immediately preceding financial year.
- xi. There was no default in repayment of dues to debenture holders during the year. In our opinion and according to information & explanation given to us, in case of term loan from Financial Institution and Bank there were default for maximum amount of Principal and Interest of Rs.188.88 lacs and Rs. 131.46 lacs respectively for a maximum period of 88 days and 89 days respectively except this there was no default in repayment of Financial Institution & Bank. However, considering Debt Restructuring Proposal (DRP) as stated in note no.5, there is no such delay/default.
- xii. Based on our examination of the records and the information and explanation given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. Clause (xiii) of the order is not applicable to the company as the company is not a Chit Fund Company or nidhi/mutual benefit fund/society.
- xiv. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investment.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institution.
- xvi. According to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.
- xvii. On the basis of information and explanations given to us and on overall examination of the balance sheet of the Company, we are of the opinion that prima facie no fund raised on short-term basis (read with note no. 5 of schedule 15B), which have been used for long term investment.
- xviii. According to the information and explanations given to us, the year Company has made preferential allotment of shares to any parties / companies covered in the register maintained under Section 301 of the Act (read with note no. 6 of Schedule 15B).
- xix. No debenture has been issued /outstanding during the year hence the provision of clause 4 (xix) of the said order are not applicable.
- xx. The Company has not raised any money through a public issue during the year.
- xxi. To the best of our knowledge and belief, based on the audit procedure performed and on the basis of information and explanations provided by the management, no material fraud on or by the Company has been noticed or reported during the course of the audit.

For Lodha & Co.
Chartered Accountants

Place : New Delhi
Date : 30.06.2009

N.K. LODHA
Partner
Membership No.: 85155

BALANCE SHEET
AS AT 31ST MARCH, 2009

Winsome Textile Industries Ltd.

PARTICULARS	SCHEDULE	AS AT 31.03.2009 (Rs. in lacs)	AS AT 31.03.2008 (Rs. in lacs)
SOURCES OF FUNDS			
Share Holders' Funds			
Share Capital	1	587.00	587.00
Convertible Warrants (Refer Note No. 6 of Schedule 15B)		180.00	-
Reserves & Surplus	2	2211.65	3565.97
Loan Funds			
Secured Loans	3A	15516.90	14435.47
Unsecured Loans	3B	-	169.39
Deferred Tax Liability		1105.56	1638.31
Total		19601.11	20396.14
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	22774.20	21917.17
Less : Depreciation		6330.43	5453.58
Net Block		16443.77	16463.59
Capital work-in-progress		471.35	420.97
		16915.12	16884.56
Investments	5	0.01	0.01
Current Assets, Loans & Advances			
Inventories	6	3024.07	3593.07
Sundry Debtors		2090.61	1750.47
Cash and Bank Balances		389.60	339.68
Loans & Advances		2102.64	1936.99
		7606.92	7620.21
Less : Current Liabilities and Provisions	7		
Liabilities		4636.70	3839.40
Provisions		310.83	304.69
		4947.53	4144.09
Net Current Assets		2659.39	3476.12
Miscellaneous Expenditure (to the extent not Written Off/Adjusted)	8	26.59	35.45
Total		19601.11	20396.14
Accounting Policies & Notes on Accounts	15		

As per our report of even date.

For LODHA & CO.

Chartered Accountants

N.K. Lodha
Partner

S.K. Periwal
Company Secretary

Ashish Bagrodia
Managing Director,

Satish Bagrodia
Chairman

Directors : Chandra Mohan
Viney Kumar

PLACE : Chandigarh

DATED : 30.06.2009

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2009

Winsome Textile Industries Ltd.

PARTICULARS	SCHEDULE	2008-2009 (Rs. in lacs)	2007-2008 (Rs. in lacs)
INCOME FROM OPERATIONS			
Sales	9	17098.71	15666.54
Increase/(Decrease) in Stocks	10	(552.82)	768.05
Other Income	14	282.97	464.61
		<u>16828.86</u>	<u>16899.20</u>
COST OF OPERATIONS			
Raw Materials consumed	11	9294.25	8631.93
Expenses	12	6349.82	5760.98
		<u>15644.07</u>	<u>14392.91</u>
PROFIT/(LOSS) BEFORE INTEREST & DEPRECIATION		1184.79	2506.29
Less: Financial Expenses	13	2005.27	1217.79
PROFIT/(LOSS) BEFORE DEPRECIATION		(820.48)	1288.50
Less : Depreciation		1053.03	801.01
Net Profit/(Loss) before Tax		(1873.51)	487.49
Less : Provision for Taxation			
— Current Tax		-	54.32
— Fringe Benefit Tax		8.43	8.11
— MAT Credit		-	(54.32)
— Deferred Tax Liability/(Asset)		(532.75)	166.34
Net Profit/(Loss) after Tax		(1349.19)	313.04
Balance brought forward from previous year		2737.08	2437.78
BALANCE AVAILABLE FOR APPROPRIATION		<u>1387.89</u>	<u>2750.82</u>
APPROPRIATIONS			
Proposed Dividend		-	11.74
Corporate Dividend Tax		-	2.00
Balance carried to Balance Sheet		1387.89	2737.08
		<u>1387.89</u>	<u>2750.82</u>
Earning Per Share-Basic and Diluted (Rs)		(22.98)	5.33
Accounting Policies & Notes on Accounts	15		

As per our report of even date.
For LODHA & CO.
Chartered Accountants

N.K. Lodha
Partner

S.K. Periwal
Company Secretary

Ashish Bagrodia
Managing Director

Satish Bagrodia
Chairman

Directors: Chandra Mohan
Viney Kumar

PLACE : Chandigarh
DATED : 30.06.2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008-2009		2007-2008	
	(Rs. in Lacs)	(Rs. in Lacs)	(Rs. in Lacs)	(Rs. in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS		(1873.51)		487.49
Adjustment for :				
Depreciation	1053.03		801.01	
Miscellaneous Expenditure Written off	8.86		8.86	
Provision for Doubtful Debts	47.19		—	
Provision for Doubtful Advances	8.88		—	
Profit on sale of fixed assets (Net)	(43.34)		(83.03)	
Leasehold land Written off	0.08		0.17	
Interest Expense	1870.27		1138.39	
Interest income	(24.09)	2920.88	(26.66)	1838.74
		1047.37		2326.23
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES				
Adjustment for :				
Trade & other receivable	(838.36)		(157.07)	
Inventories	569.00		(1059.06)	
Trade & other Payables	817.71	548.35	442.81	(773.32)
CASH GENERATED FROM OPERATIONS		1595.72		1552.91
Direct Taxes Paid		(39.67)		(90.54)
NET CASH FLOW FROM OPERATING ACTIVITIES		1556.05		1462.37
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(931.12)		(4046.70)	
Capital Subsidy Received	84.53		—	
Sale of fixed assets	117.29		318.77	
Sale of Investments	—		—	
Interest Received	24.09	(705.21)	26.66	(3701.27)
NET CASH USED IN INVESTING ACTIVITIES		(705.21)		(3701.27)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Share Capital/Convertible Warrants	180.00		—	
Interest Paid	(1845.86)		(994.20)	
Dividend including Dividend Tax	(13.74)		(48.07)	
Unclaimed Dividend	0.62		—	
Proceeds from borrowings	1196.86		3944.25	
Repayment of borrowings	(318.80)	(800.92)	(572.39)	2329.59
NET CASH USED IN FINANCING ACTIVITIES		(800.92)		2329.59
Net Increase/(decrease) in cash and cash equivalents		49.92		90.69
Cash & Cash equivalents being cash & bank balances as at 31.03.2008 (opening balance)		339.68		248.99
Cash & Cash equivalents being cash & bank balances as at 31.03.2009 (closing balance)		389.60		339.68

As per our report of even date.
For LODHA & CO.
Chartered Accountants

N.K. Lodha
Partner

S.K. Periwai
Company Secretary

Ashish Bagrodia
Managing Director

Satish Bagrodia
Chairman

Directors: Chandra Mohan
Viney Kumar

PLACE : Chandigarh
DATED : 30.06.2009

SCHEDULES**Winsome Textile Industries Ltd.**

PARTICULARS	AS AT	AS AT
	31.03.2009 (Rs. in lacs)	31.03.2008 (Rs. in lacs)

SCHEDULE - 1 : SHARE CAPITAL**AUTHORISED**

1,99,50,000 Equity Shares of Rs. 10/- each (Previous Year 74,50,000 Equity Shares of Rs. 10/- each)	1995.00	745.00
5,000 Preference Shares of Rs. 100/- each	5.00	5.00

2000.00**750.00****ISSUED, SUBSCRIBED & PAID-UP**

58,70,000 Equity Shares of Rs. 10/- each (out of above 70,000 equity shares have been allotted pursuant to scheme of amalgamation without payment being received in cash)	587.00	587.00
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SCHEDULE - 2 : RESERVES & SURPLUS**CAPITAL RESERVE**

As per last Balance Sheet	46.68	46.68
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INVESTMENT ALLOWANCE (UTILISED) RESERVE

As per last Balance Sheet	184.00	184.00
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SHARE PREMIUM

As per last Balance Sheet	435.00	435.00
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CAPITAL SUBSIDY UNDER TUFF

As per last Balance Sheet	94.66	—
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Add : Additions during the year — 97.23

Less : Transferred to Profit and Loss Account 5.13 89.53 2.57 94.66

GENERAL RESERVE

As per last Balance Sheet	68.55	68.55
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SURPLUS

As per annexed Profit & Loss Account	1387.89	2737.08
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2211.65**3565.97****SCHEDULE - 3A : SECURED LOANS*****FROM BANKS**

Term Loans	11341.61	11137.78
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Working Capital Term Loan	2000.00	—
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Cash Credit/Packing Credit/Working Capital Demand Loan	2015.33	3176.81
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Equipment Finance	5.67	5.53
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Vehicle Finance	26.32	21.36
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Interest accrued and due	127.97	93.99
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15516.90**14435.47**

*Refer Note No. 5 of Schedule 15(B)

NOTES :

- Term Loans and Working Capital Term Loans from Banks of Rs 12622.84 lacs (Previous Year Rs 10216.78 lacs) are secured by a Joint Equitable Mortgage by deposit of Title Deeds over the Company's Immovable Assets and a charge by way of Hypothecation of all Movable fixed assets subject to the prior charge of specified equipments to Banks for Term Loans or of specified movables hypothecated to the Company's Bankers for Working Capital requirements. The Mortgage and Charges created shall rank pari-passu Inter-se between Financial Institutions.
- Term Loans of Rs 846.74 lacs from Banks (PY Rs 1014.99 lacs) are secured against exclusive charge on the fixed assets purchased there under.
- Cash Credit, Packing Credit and Working Capital Demand Loans from Banks are secured by hypothecation of raw material, stock in process, finished goods, consumable stores & spares, goods in transit, book debts; Second charge on Fixed Assets.
- All the aforesaid credit facilities mentioned at point no. 1 to 3 here in above are also guaranteed by Chairman and Managing Director.
- Equipment Finance Loan is secured against the respective equipment financed. Amount repayable within one year Rs 3.63 lacs (PY Rs 3.98 lacs).
- Vehicle Finance is secured by hypothecation of specific assets purchased under such arrangements. Amount repayable within one year Rs 15.27 lacs (PY Rs 13.72 lacs).

SCHEDULE - 3B : UNSECURED LOANS

Buyer's Import Credit	—	169.39
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—**169.39**

SCHEDULE - 4 : FIXED ASSETS

(Rs. in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2008	Additions during year	Sales/ adjustment	As at 31.03.2009	Upto 31.03.2008	For the year	Sale/ Adjustment	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
Leasehold Land	6.23	—	0.08	6.15	—	—	—	—	6.15	6.23
Freehold Land	13.89	—	—	13.89	—	—	—	—	13.89	13.89
Building	2108.66	400.18	—	2508.84	562.06	63.54	—	625.60	1883.24	1546.60
Plant & Machinery	19446.72	668.46	235.01	19880.17	4707.37	964.56	171.23	5500.70	14379.47	14739.35
Furniture & Fixtures	86.98	15.21	—	102.19	56.13	9.40	—	65.53	36.66	30.85
Office Equipments	154.82	2.31	0.98	156.15	90.98	6.24	0.86	96.36	59.79	63.84
Vehicle	99.87	21.07	14.13	106.81	37.04	9.29	4.09	42.24	64.57	62.83
Total	21917.17	1107.23	250.20	22774.20	5453.58	1053.03	176.18	6330.43	16443.77	16463.59
Capital Work in Progress									471.35	420.97
Previous Year	12660.00	9887.48	630.31	21917.17	5046.97	801.01	394.00	5453.58	16463.59	7613.02

Note : Vehicles includes Assets of Rs. 64.55 Lacs (Previous Year Rs. 51.04 Lacs) acquired under Hire Purchase Finance.

SCHEDULES**Winsome Textile Industries Ltd.**

PARTICULARS	AS AT	AS AT
	31.03.2009 (Rs. in lacs)	31.03.2008 (Rs. in lacs)

SCHEDULE - 5 : INVESTMENTS**(At cost Less Diminution other than temporary)****Long Term Investments - Fully Paid up**

Quoted

a) 200 Equity Shares of Rs. 10/- each in The IFCI Ltd.

0.01**0.01****0.01****0.01**

Aggregate Market Value of Quoted Investments

0.04**0.09****SCHEDULE - 6 : CURRENT ASSETS, LOANS & ADVANCES****CURRENT ASSETS****Inventories****As taken, valued and certified by the management****(At lower of Cost and Net Realisable Value)**

Raw Materials

743.10**938.31**

Stock in Process

1038.35**915.05**

Stores & Spares

363.94**184.49**

Finished Goods

825.15**1495.59**

Waste (At net realisable value)

53.53**59.63**

(including scrap of Rs. 0.74 Lacs; Previous Year Rs. 1.16 Lacs)

3024.07**3593.07****Sundry Debtors (Unsecured, considered Good, unless otherwise stated)**

Debts over six months:

Good

388.93**311.80**

Doubtful

49.80**2.61**

Less : Provided

49.80**2.61**

Other Debts

1701.68**1438.67****2090.61****1750.47****Cash & Bank Balances**

Cash in hand

—**0.79****Bank Balances (as certified by management)****with scheduled Banks**

In Current Accounts

140.06**56.43**

In Margin Account

248.92**282.46**

In Unclaimed Dividend Account

0.62**—****389.60****339.68****Loans & Advances****(Unsecured, considered good)**

Advance recoverable in cash or in kind or for value to be received

- Considered Good

1097.88**977.53**

- Doubtful

8.88

Less : Provided

8.88

Interest Subsidy on Term Loans

497.31**476.70**

Deposits with Government & others

96.91**100.83**

Credit against MAT

206.32**206.32**

Advance payment of tax

204.22**175.61****2102.64****1936.99**

SCHEDULES**Winsome Textile Industries Ltd.**

PARTICULARS	AS AT 31.03.2009 (Rs. in lacs)	AS AT 31.03.2008 (Rs. in lacs)
SCHEDULE - 7 : CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	—	—
- Due to Micro, Small & Medium Enterprises*	—	—
- Others	3676.69	3088.36
Interest Accrued but not due on Loans	45.50	55.08
Other Liabilities	910.83	692.90
Unclaimed Dividend**	0.62	—
Deferred Payments for Land Purchase	3.06	3.06
	<u>4636.70</u>	<u>3839.40</u>
PROVISIONS		
Provision for Taxation	180.32	180.32
Proposed Dividend	—	11.74
Corporate Dividend Tax	—	2.00
Provision for Retirement Benefits	130.51	110.63
	<u>310.83</u>	<u>304.69</u>
	<u>4947.53</u>	<u>4144.09</u>
*To the extent information available. Refer Note No. 12 of Sch. 15B		
**Shall be credited to Investor's Education and Protection Fund when due.		
SCHEDULE - 8 : MISCELLANEOUS EXPENDITURE		
(To the extent not Written Off / Adjusted)		
Opening Balance	35.45	44.31
Less : written off / adjusted during the year	<u>8.86</u>	<u>8.86</u>
	26.59	35.45
	<u>26.59</u>	<u>35.45</u>
	2008-09	2007-08
	(Rs. in lacs)	(Rs. in lacs)
SCHEDULE - 9 : SALES AND SERVICES		
Yarn**	16095.46	14759.74
Waste	833.55	693.72
Processing Income (Tax deducted at source Rs. 3.17 lacs Previous Year Rs. 3.82 lacs)	169.70	213.08
	<u>17098.71</u>	<u>15666.54</u>
** Including Export Incentives of Rs. 246.40 Lacs (P.Y. 368.62 Lacs)		
SCHEDULE - 10 : INCREASE/(DECREASE) IN STOCKS		
Closing Stock		
Finished Goods (Yarn)	825.15	1495.59
Stock in Process	1038.35	915.05
Waste	<u>52.79</u>	<u>58.47</u>
	1916.29	2469.11
Less : Opening Stock		
Finished Goods (Yarn)	1495.59	1063.62
Stock in Process	915.05	630.26
Waste	<u>58.47</u>	<u>7.18</u>
	2469.11	1701.06
	<u>(552.82)</u>	<u>768.05</u>
SCHEDULE - 11 : RAW MATERIALS CONSUMED		
Opening Stock	938.31	640.13
Purchases	9099.04	8930.11
	10037.35	9570.24
Closing Stocks	<u>743.10</u>	<u>938.31</u>
Raw Materials Consumed	<u>9294.25</u>	<u>8631.93</u>

SCHEDULES

Winsome Textile Industries Ltd.

PARTICULARS	2008-2009 (Rs. in lacs)	2007-2008 (Rs. in lacs)
SCHEDULE - 12 : EXPENSES		
PAYMENT & PROVISIONS OF EMPLOYEES		
Salaries, Wages, Bonus, Gratuity and other Allowance	1116.77	899.54
Contribution to Provident & Other Funds	104.95	78.52
Employees Welfare Expenses	7.97	5.38
	1229.69	983.44
MANUFACTURING EXPENSES		
Stores & Spares consumed	1791.96	1584.16
Power & Fuel	1898.02	1717.71
Raw Material Handling Charges	87.03	111.63
Repairs to Buildings	10.80	7.37
Repairs to Plant & Machinery	27.08	35.40
Processing Charges	6.05	43.00
Other Manufacturing Expenses	52.33	48.96
	3873.27	3548.23
ADMINISTRATIVE AND OTHER EXPENSES		
Vehicles Expenses	17.86	17.64
Rent	24.01	23.79
Lease Premium	0.08	0.17
Printing & Stationery	9.40	7.70
Rates & Taxes	0.21	0.22
Directors Sitting Fee	1.30	0.97
Insurance	33.13	39.87
Provision for Doubtful Debts and Advances	56.07	—
Travelling & Conveyance	85.75	81.04
Charity & Donation	—	1.21
Postage, Telegrams and Telephones	24.98	26.86
Fees & Subscription	13.25	18.44
Prior Period Expenses (Net)	8.57	7.99
Miscellaneous Expenses	83.32	76.87
AUDITORS REMUNERATION		
Audit Fees	2.65	0.25
Tax Audit Fees	0.39	0.28
Certification Fee	0.91	0.62
Re-imburement of expenses	0.66	0.62
Cost Audit Fees	4.61	0.26
	0.28	0.26
	362.82	306.80
SELLING EXPENSES		
Commission on sales	282.91	286.00
Brokerage & Discount	79.63	64.94
Freight & Handling Charges	468.56	528.47
Advertisement & Other Selling Expenses	52.94	43.10
	884.04	922.51
	6349.82	5760.98
SCHEDULE - 13 : FINANCIAL EXPENSES		
<i>Interest on Term Loans</i>		
[Net of subsidy Rs. 502.31 Lacs (PY Rs. 326.82 Lacs)]	824.22	534.48
Interest on Working Capital	924.32	676.17
Bank Charges	135.00	79.40
	1883.54	1290.05
Add : Exchange Fluctuations Loss/(Gain) on Loans	121.73	(72.26)
	2005.27	1217.79
SCHEDULE - 14 : OTHER INCOME		
Interest Received on Deposits & Others	24.09	26.66
[TDS Rs. 2.15 lacs (Previous Year Rs. 2.16 lacs)]		
Miscellaneous Income	74.38	88.37
Liabilities written back	17.87	—
Insurance Claims	—	19.63
Profit on Sale of Fixed Assets (Net)	43.34	83.03
Exchange Rate variation gain (Net)	104.74	114.71
Rent Received	13.42	12.18
Export Incentives	—	117.46
Pro-rata Capital Subsidy	5.13	2.57
(Read with significant accounting Policies Note No. 8(iii) of Schedule 15-A)	282.97	464.61

SCHEDULE - 15**ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009 AND THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.

A) Significant Accounting Policies**1. General**

- i) These accounts are prepared on the historical cost basis and on the accounting principles of a going concern.
- ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles and mandatory Accounting Standards.

2. Revenue Recognition

Expenses and income considered payable and receivable respectively are accounted for on accrual basis.

3. Valuation of Inventories

Inventories are valued at lower of Cost and Net Realisable Value, except stock of waste which is valued at Net Realisable Value. The cost for the purpose of valuation is computed as under :

- (i) Raw Materials - Actual Cost of purchase including freight & taxes.
- (ii) Stores and Spare Parts - Weighted Average Method.
- (iii) Finished Goods and Stock in Process is determined by taking material, labour and other related overheads.

4. Investments

Long Term Investments are stated at cost. Where there is a decline other than temporary in their value, the carrying amount is reduced on individual investment basis and is charged to Profit and Loss Account.

5. Fixed Assets

Fixed assets are stated at cost of acquisition (net of central credit) & is inclusive of freight, duties, taxes and installation expenses.

6. Depreciation / Amortisation / Impairment Loss

- (a) Depreciation on fixed assets is provided on Straight Line Methods by applying rates given in Schedule XIV of the companies Act, 1956. (except leasehold land which is amortization over the period of lease).
- (b) Depreciation on addition/sale is provided Pro-rata with reference to the month of addition/sale.
- (c) In case, the recoverable amount of the fixed assets is lower than its carrying amount a provision for the impairment loss, depreciation on impaired assets is provided based on the reassessed life of the assets.

7. Borrowing Cost

Interest and other costs in connection with the borrowing of the funds to the extent related/attribution for acquisition/construction of qualifying fixed assets are capitalised till the date of intended commercial use of the assets and other borrowing costs are charged to the Profit & Loss Account.

8. Government Grants

- (i) Grants other than capital subsidy under TUFS relating to fixed assets are shown as deduction from the gross value of fixed assets and those of the nature of project subsidy are credited to Capital Reserves.
- (ii) Other Government Grants including incentive are credited to Profit & Loss Account or deducted from the related expenses.
- (iii) Capital subsidy under TUFS from the Ministry of Textiles on specified processing machinery has been treated as deferred income which is recognised on systematic and rational basis in proportion of the applicable depreciation over the useful life of the respective assets and is adjusted against the depreciation/credited to the profit and loss account.

9. Foreign Currency Transactions

Foreign Currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate prevailing at the time of transaction. Monetary items denominated in foreign currencies and outstanding at the year end are translated at year end rates. Exchange difference arising on settlement of monetary items at rates different from those at which they were initially recorded are recognised as income or as expenses in the year in which they arise. In case of forward contracts, the exchange difference are dealt within the Profit & Loss account over the period of the contracts.

10. Expenditure during Construction Period

Expenditure during construction period are included under capital work in progress and the same are allocated to the respective fixed assets on the completion of the construction period.

11. Employees Benefits

- (I) **Defined Contribution Plan** : Employee benefits in the form of Provident Fund are considered as defined contribution plan and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due.
- (II) **Defined Benefit Plan** : Retirement benefits in the form of Gratuity is funded every year under Group Policy of life Insurance Corporation of India. Long Term compensated leaves are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.
- (III) Other short term absences are provided based on past experience of leave availed. Actuarial gain/losses, if any, are immediately recognised in the Profit and Loss Account.

12. Taxes on Income

Provision for Income Tax for the period comprises of Current Tax and Deferred Tax. Provision for current tax has been made on the basis of estimated taxable income in accordance with the provisions of Income Tax Act, 1961. Deferred Tax is recognised, subject to consideration of prudence, at the prevailing tax rates on timing differences between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent periods.

13. Contingent Liabilities, Contingent Assets & Provisions

Contingent liabilities, if material, are disclosed by way of notes, contingent assets are not recognised or disclosed in the financial statements. Provision is recognised when an enterprise has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation(s), in respect of which a reliable estimate can be made for the amount of obligation.

B) NOTES ON ACCOUNTS

	31st March, 2009 (Rs. in lacs)	31st March, 2008 (Rs. in lacs)
1. (A) Contingent Liabilities not provided for in respect of:		
(i) Bills discounted with banks	887.56	1047.83
(ii) Outstanding Letter of Credit	1969.72	1669.44
(iii) Excise/Service Tax Matters	289.26	195.91
(iv) Surety Bond executed on behalf of others	80.80	80.80
(B) (i) Export obligation against Import of Plant & Machinery under concessional duty (EPCG scheme)	15726.67	15426.38
	(US\$341.39 lacs)	(US\$334.13 lacs)
(ii) Duty saved on above	1965.83	1928.30

Considering the past experience, management is of the view that there will not be any material impact on accounts on settlement/finalisation of above.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for {net of advances Rs. 304.07 Lacs (Previous Year Rs. 530.56 lacs)} Rs. 386.12 Lacs (Previous year Rs. 906.21 Lacs).
3. Depreciation on certain Plant & Machinery is provided by considering it as continuous process plant based on technical assessment, which has been relied upon by the auditors.
4. Capital subsidy received under TUFs has been treated as deferred income which is recognized on systematic/rational basis in proportion of the applicable depreciation over the useful life of the respective assets and is adjusted against the depreciation / credited to the Profit and Loss account.
5. Debt Restructuring Proposal (DRP) submitted by the company before member banks which is subsequently been approved /sanctioned inter-alia includes re-schedulement of existing term loans, relaxation in margin for working capital loan, carving out of working capital irregularities and additional finance. The DRP which is effective from 1st January, 2009 is in process of implementation.
The effect of Debt Restructuring has been accounted for based on the sanctions so far received from lenders. Further, the above arrangement also stipulated that promoters shall arrange to bring an additional fund by way of equity to the tune of Rs. 1800 lacs.
6. In the Annual General Meeting held on 23rd Sept 2008, the Company had passed a Resolution(The Resolution) for issue of 75,00,000 nos. Convertible Warrants on preferential basis to Non-Promoter Group & Promoter Group. In terms of the Resolution, the company had allotted 75,00,000 nos. Convertible Warrants having face value of Rs.10 each at Rs. 24 per warrant (including premium of Rs.14 per Convertible warrant and total amount payable Rs.1800 lacs within 18 months) on 10th November 2008 after getting in-principle-approval from stock exchange and on receipt of an amount of Rs. 180 Lacs (being the applicable 10% application money i.e. Rs. 2.40 per warrant).
7. The company has taken legal and other persuasive actions for recovery of certain overdue debtors aggregating to Rs. 102.86 Lacs (Previous Year Rs. 108.78 Lacs), in the opinion of the management, these outstanding are good and recoverable.
8. Since it is not possible to ascertain with reasonable certainty/ accuracy the amount of accrual in respect of certain insurance and other claims, the same are continued to be accounted for on settlement/ acceptance basis.
9. Advances recoverable in cash or in kind or for value to be received includes advances against capital orders amounting to Rs. 304.07 lacs (Previous Year Rs. 530.56 Lacs).
10. In accordance with the Accounting Standards (AS-28) on "Impairment of Assets" issued by the Institute of Chartered Accountants of India, during the year the company has reassessed its fixed assets and its value in use and is of the view that no impairment is considered to be necessary in view of its expected realisable value.
11. Addition to Fixed Assets/Capital work in progress including civil work under construction, electric installation and fittings, machinery under installation/erection and pre-operative expenses pending allocation/appropriation:

	2008-09	2007-08
Pre-operative expenditure as follows		
Opening Balance	27.90	178.69
Stores & Spares	109.97	—
Power & Fuel	20.48	29.12
Salary, Wages & Allowances	72.60	74.79
	230.95	282.60
Less : Allocated/Appropriated	157.11	254.70
Closing Balance	73.84	27.90

Above amount is excluding interest on term loan Rs. 66.25 lacs (Previous Year Rs. 152.45 lacs) net of subsidy Rs. 45.08 lacs (Previous Year Rs. 112.57 lacs), Interest (others) Rs. 27.77 lacs (Previous Year Rs. 1.41 lacs).

12. The Company has not received full information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid as at year end together with interest paid /payable have been given based on the information so far available with the company/identified by the company management.
13. In view of the Company (Accounting Standard) Rules, issued by the Ministry of Corporate Affairs in 2006 for treatment of gain/(loss) on account of exchange fluctuation on loan/liability for capital assets, the company continued its policy to charge all exchange difference to the profit & loss account.
14. In the opinion of the Board, the Current Assets, Loans and Advances appearing in the Company's Balance Sheet as at year end would have a value on realization in the normal course of business at least equal to the respective amounts at which they are stated in the Balance Sheet.
15. **Employees Benefits:**

Defined Benefit Plan :

The employee' gratuity fund is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

Particulars	Gratuity		Leave Encashment (Unfunded)	
	2009	2008	2009	2008
I. Amount to be recognised in the balance sheet.				
Present Value of Obligation as at 31st March 2009	126.89	108.57	39.11	18.84
Fair value of plan assets as at 31st March 2009	35.49	16.77	-	-
Funded Status [Surplus/(Deficit)]	(91.40)	(91.79)	(39.11)	(18.84)
Net Assets/(Liability) Recognized in Balance Sheet	(91.40)	(91.79)	(39.11)	(18.84)
II. Expenses recognized during the period				
Current Service Cost	26.09	14.20	35.65	15.91
Interest Cost	8.14	5.15	1.41	1.06
Expected Return on Plan Assets	(1.87)	(0.69)	-	-
Actuarial (gain)/loss	(1.24)	41.21	(10.94)	(3.05)
Net Expenses Recognized	31.13	59.87	26.12	20.02
III. Reconciliation of opening and closing balance of Defined Benefit Obligation				
Present Value of Obligation at the beginning of the period	108.57	64.33	18.84	13.30
Current Service Cost	26.09	14.20	35.65	15.91
Interest Cost	8.14	5.15	1.41	1.06
Actuarial (gain)/loss on obligations	(0.90)	41.35	(10.94)	3.04
Benefit Paid	(15.00)	16.46	(5.84)	14.49
Present Value of Obligation as at the end of the period.	126.89	108.57	39.11	18.84
IV. Reconciliation of opening and closing balance of fair value of plan assets				
Fair value of plan assets at the beginning of the period	16.77	1.47	-	-
Expected Return on Plan Assets	1.87	0.68	-	-
Contributions	31.52	30.93	-	-
Actuarial gain/(loss) on obligations	0.33	41.35	-	-
Benefit Paid	(15.00)	16.46	-	-
Fair value of plan assets at the end of the period	35.49	16.77	-	-
V. Reconciliation of opening and closing balance of fair value of plan assets				
Fair value of plan assets at the beginning of the period	16.77	1.47	-	-
Actual Return on Plan Assets	2.20	0.82	-	-
Contributions	31.52	30.93	-	-
Benefit Paid	(15.00)	16.46	-	-
Fair value of plan assets at the end of the period	35.49	16.77	-	-
Funded Status	(91.40)	(91.79)	(39.11)	-
VI. Investment Detail				
All Investments are made with through LIC.				
VII. Actuarial/Demographic assumptions				
Indian Assure Lives Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
Discount rate (Per annum)	7.5%	8.00%	7.5%	8.00%
Expected Return on Plan Assets (Per annum)	7.5%	8.00%	7.5%	8.00%
Estimated rate of increase in compensation level	5.00%	5.00%	5.00%	5.00%
Retirement Age	58 Years	58 Years	58 Years	58 Years
Withdrawal Rate (All ages)	10%	10%	10%	10%
Disability	No explicit allowance	No explicit allowance	No explicit allowance	No explicit allowance
Average accumulated leave per employee (in days)	13	8	13	8

- (a) Contribution to defined contribution plan, recognized as expenses during the year is Rs. 83.93 lacs (Previous Year Rs. 64.83 lacs)
- (b) The estimate of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.
- (c) The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.
- (d) Amounts recognised as an expense/(income) and included in the Schedule 12 are as under:

Particulars	Amount
Salary, wages and Bonus	1050.26
Gratuity	39.62
Leave Encashment	26.89

- (e) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of assets management, historical results of return on plan assets and the policy for plan assets management.
- (f) Miscellaneous Expenditure to the extent not written off comprises Rs. 26.59 Lacs (Previous Year Rs. 35.45 Lacs) relating to transitional liability of retirement benefits in accordance with AS-15 (Employees Benefits Revise 2005) to be fully written off over a period of 5 years.
16. Research and development expenditure amounting to Rs. 45.76 lacs (Previous year Rs. 44.58 lacs) included in respective revenue accounts.
17. Balance of certain debtors, loans and advances (including capital advance), dividend bank accounts, creditors (including inter company), Stock with job worker and other liabilities are in the process of confirmation / reconciliation.
18. (a) Profit or loss on sale of stores/raw materials remains adjusted in their respective consumption accounts.
 (b) Prior period adjustments (net) include, Processing & Dyeing Charges Rs. Nil (Previous Year Rs. 7.99 Lacs), Legal & Professional Charges Rs.5.87 Lacs (Previous Year Rs. Nil), Advertisement and Sales Promotion Rs. 2.09 Lacs (Previous Year Rs. Nil), Postage and Telegram Rs. 0.61 Lacs (Previous Year Rs. Nil)

19. Managerial Remuneration

(a) Remuneration to Executive Directors	2008-09	(Rs. in Lacs) 2007-08
(i) Salary	48.03	48.03
(ii) Contribution to Provident Fund & Family Pension Funds	4.82	4.82
(iii) Perquisites & Other Benefits	3.16	3.16
(iv) Commission	Nil	9.00
Total	56.01	65.01

Note : Gratuity not included since funded with LIC alongwith other employees of the Company. Leave encashment not included, payable at the end of the tenure.

- (b) The above remuneration paid / payable to the director's is subject to the approval of Central Government. The company is in process of filing the necessary application for the same with the Central Government.

20. Segment Reporting

- (i) The Company is only in one line of business namely Yarn and allied activities.
- (ii) The segment revenue in geographical segments considered for disclosure is as follow :
- (a) Revenue inside India includes sales to customers located within India.
- (b) Revenue outside India includes sales to customers located outside India.

Information about geographical segments (by location of customers) (Rs. in lacs)

Particulars	India	Outside India	Total
i) External Revenue-Sales	12181.95	4916.76*	17098.71
	(9254.85)	(6411.69)*	(15666.54)
ii) Carrying amount of segment assets	24374.44	174.20	24548.64
by location of assets	(24098.11)	(442.12)	(24540.23)
iii) Capital Expenditure	1157.61	Nil	1157.61
	(3214.80)	(796.43)	(4011.23)

* Includes Export incentives of Rs. 246.41 Lacs (Previous Year 368.62 Lacs).

21. Related party disclosures.

A. List of "Related party & Relationship disclosures" are given below : (as identified by the management)

1. Associate Company

Winsome Yarns Limited

2. Key Management Personnel and their relatives

- Shri Satish Bagrodia Chairman cum Whole time Director
- Shri Ashish Bagrodia Managing Director
- Shri Manish Bagrodia Son of Chairman cum WTD & Brother of MD
- Smt. Sudha Bagrodia Wife of Chairman cum WTD
- Smt. Shilpa Bagrodia Wife of MD
- Smt. Vandya Bagrodia Wife of Mr. Manish Bagrodia

3. Organisations where Key Management Personnel & their relative have significant influence

- Starpoint Financial Services Pvt. Ltd.
- Shell Business Private Limited
- Energetics Investment and Consultants Pvt. Ltd.
- Roselab Commodities Pvt. Ltd.
- Satyam Combines Private Limited
- Kailashpati Vinimay Private Limited

B. Aggregated Related Party disclosures for the year ended 2008-2009

(Rs. in Lacs)

Particulars	Associate Company	Key Management personnel and their relatives	Organisations where Key Management Personnel & their relative have significant influences	Total
Sale of material & goods and services	286.99 (432.11)	—	—	286.99 (432.11)
Purchase of material goods and services	67.42 (569.29)	—	—	67.42 (569.29)
Rent Paid	—	—	17.90 (17.90)	17.90 (17.90)
Interest Paid	—	—	12.89	12.89
Expenses reimbursed to others	9.94 (4.79)	—	—	9.94 (4.79)
Expenses paid on behalf of others	94.90 (5.45)	—	—	94.90 (5.45)
Remuneration	—	58.98 (67.87)	—	58.98 (67.87)
Director Sitting fee	—	0.35 (0.97)	—	0.35 (0.97)
Advances Taken	—	—	385.00	385.00
Advances refunded	—	—	385.00	385.00
Loans taken	—	—	— (230.00)	— (230.00)
Loans repaid	—	—	— (230.00)	— (230.00)
Balance outstanding as at 31.03.2009	238.26 (Dr.) (46.93)	3.19 (Cr.) (24.78)	—	234.35 (Dr.) (71.72)

Note : Chairman and Managing Director have given guarantees to secured lenders against loans taken by the Company (Refer notes of Schedule-3).

	2008-09	2007-08
22. Earning per share		
Basis for calculation of basic and diluted Earning/(Loss) per Share is as under :		
(a) Basic Earning per share		
Net Profit/(Loss) attributable to Equity Shareholders (Rs. in lacs)	(1349.19)	313.04
Weighted average number of equity shares	5870000	5870000
Nominal Value per equity share (Rs.)	10.00	10.00
Basic EPS (Rs.)	(22.98)	5.33
(b) Diluted Earning per Share		
Net Profit/(Loss) attributable to Equity Shareholders (Rs. in lacs)	(1349.19)	—
Weighted average number of equity shares	5870000	—
Add : Dilutive Potential Equity Shares	6923077	—
Nominal Value per equity share (Rs.)	10.00	—
Diluted EPS (Rs.)	(22.98)	—

23. During the year, deferred tax in respect of timing differences has been re-assessed/re-computed and assets (net) amounting to Rs. 532.75 lacs for the year has been credited to Profit & Loss Account. (Rs. in lacs)

	2008-09	2007-08
Deferred Tax Liability		
Depreciation	2497.41	2576.33
Deferred Tax Assets		
Unabsorbed Depreciation	1318.94	903.70
Other Items	72.91	34.32
	1391.85	938.02
Deferred Tax Liability (Net)	(1105.56)	(1638.31)

Deferred Tax Assets in respect of carried forward losses/unabsorbed depreciation have been recognised by the management in view of virtual certainty of future taxable income. The tax effect of significant timing differences that has resulted in Differed Tax Assets/ Liabilities are based on tax returns filed by the company.

24. The company has given interest free loan/ advances in the nature of loan, to employees, in the ordinary course of its business. No loan/ advances in the nature of loans have been given to employees/ others for the purpose of investment in securities of the company.

25. Additional information pursuant to the provisions of Paragraphs 3 and 4 of Schedule VI to the Companies Act, 1956.

	2008-09	2007-08
(a) Licensed & Installed Capacity		
Licenced/Registered Capacity	70,000 Spindles	70,000 Spindles
Installed Capacity (As Certified by the Management)	64,032 Spindles	62,730 Spindles

(b) Production, Turnover & Stocks :										
(Rs. in lacs)										
Particulars	Opening Stock		Production		Purchase		Turnover		Closing Stock	
	Qty. MT	Value	Qty. MT	Qty. MT	Value	Qty. MT	Value	Qty. MT	Value	
Yarn	1051.926	1495.59	9681.810	—	—	10171.696	16095.46*	562.040	825.15	
	(853.613)	(1063.62)	(9985.328)			(9787.015)	(14759.74)	(1051.926)	(1495.59)	
Waste	—	58.47	—	—	—	—	833.55	—	52.79	
		(7.18)					(693.72)		(58.47)	

*Including Export Incentives of Rs. 246.41 Lacs (Previous Year : 368.62 Lacs)

	2008-09		2007-08	
	Qty. (MT)	Value	Qty. (MT)	Value
(c) Raw Material Consumed				
Fibre	13067.749	9294.25	13440.100	8631.93
(Includes semi-finished yarn)	181.899	235.38	253.560	277.32

(d) Total Value of Raw Materials and Stores & Spares Consumed									
(Rs. in lacs)									
	Raw Material				Stores & Spares				
	2008-09 (Value)	%	2007-08 (Value)	%	2008-09 (Value)	%	2007-08 (Value)	%	
Imported	206.26	2.22	44.98	0.52	69.49	3.88	132.23	7.70	
Indigenous	9087.99	97.78	8586.95	99.48	1766.00	96.12	1451.93	92.30	
Total	9294.25	100.00	8631.93	100.00	1791.96	100.00	1584.16	100.00	

(e) Consumption value of Raw Material and Spare parts is derived as net of opening stock plus purchases less closing stock.

	31st March 2009 (Rs. in lacs)	31st March 2008 (Rs. in lacs)
(f) Imports at CIF Value :		
Raw Material	237.89	54.69
Capital Goods	192.74	796.43
Spare Parts & Components	69.49	123.05
Total	500.12	974.17
(g) Earnings in Foreign Exchange :		
Export of goods on FOB basis	4519.88	5826.10
(Excluding Export through Export Houses & EOU)	Nil	0.90
(h) Expenditure in Foreign currency : (Cash basis)		
Foreign Travelling	18.04	34.19
Commission and other expenses	42.56	84.85

26(A) The Foreign Currency Exposure that are not hedged by derivative instruments or otherwise are as follows (as certified by the Management) :

Particulars	Document Currency	Amount in Document Currency		Amount in Rupees (in lacs)	
		2008-2009	2007-2008	2008-2009	2007-2008
Sundry Debtors	USD	1409035.14	3294463.29	679.83	1295.03
Sundry Creditors	CHF	Nil	299800.00	Nil	109.73
	EURO	Nil	77500.00	Nil	44.18
Loan PCFC	USD	Nil	178812.00	Nil	72.33
Foreign Commission Payable	USD	87045.41	133468.71	44.18	54.36

(B) Forward contracts Rs. 156.41 lacs - US\$ 3.00 Lacs (Previous Year Rs. Nil) taken for the purpose of hedging of debtors are outstanding as at 31.03.2009.

27. Figures for the previous year have been re-grouped/recast wherever necessary to make them comparable with those of current year.

28. Schedule 1 to 15 form an integral part of the Balance Sheet and Profit & Loss Account.

As per our report of even date.

For LODHA & CO.

Chartered Accountants

N.K. Lodha
Partner

S.K. Perival
Company Secretary

Ashish Bagrodia
Managing Director

Satish Bagrodia
Chairman

Directors : Chandra Mohan
Viney Kumar

PLACE : Chandigarh

DATED : 30.06.2009

Balance Sheet abstract and Company's General Business profile information pursuant to Part IV of Schedule VI, of the Companies Act, 1956.

(i). Registration Details

Registration No. (CIN)	L17115HP1980PLC005647	State Code	
Balance Sheet Date	31-03-2009		06

(ii). Capital Raised during the year (Amount Rs. in thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	18000

(iii). Position of Mobilization and Deployment of Funds (Amount Rs. in thousands)

Total Liabilities	2454864	Total Assets	2454864
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Sources of Funds

Paid-up Capital	58700	Reserve & Surplus	221165
Secured Loans	1551690	Unsecured Loans	—
		Deferred Tax Liability	110556

Application of Funds

Net Fixed Assets	1691512	Investments	1
Net Current Assets	265939	Misc. Expenditure	2659
Accumulated Losses	—		

(iv). Performance of Company (Amount Rs. in thousands)

Turnover including other income	1738168	Total Expenditure	1925519
Profit/(Loss) Before Tax	(187351)	Profit/(Loss) After Tax	(134919)
Earning per share (Rs.)	(22.98)	Dividend Rate (%)	Nil

(v). Generic Names of Three Principal Products of Company (as per monetary terms)

Item Code No.	Product Description
520500	Cotton Yarn Containing 85% or more of cotton
520600	Cotton Yarn Containing less than 85% of cotton
550931	Yarn of Synthetic Staple Fibre Containing 85% or more of Acrylic

PLACE : Chandigarh
DATED : 30.06.2009

WINSOME TEXTILE INDUSTRIES LIMITED

Regd. Office : 1, Industrial Area, Baddi, Distt. Solan (H.P.)-174 101

Please complete the Attendance Slip and hand it over to the authorised person(s) of the company at the time of Annual General Meeting. Please also bring your copy of the Annual Report.

ATTENDANCE SLIP

(To be filled by the shareholder/s)

I hereby record by presence at the **28th ANNUAL GENERAL MEETING** of the Company being held on Friday, the 11th September, 2009 at 11.00 a.m. at the Regd. Office of the Company at 1, Industrial Area, Baddi, Distt.Solan, Himachal Pradesh.

REGD. FOLIO NO.	DP. id*
No. of Shares	Client id*
NAME OF SHAREHOLDER (IN BLOCK LETTERS)	
SIGNATURE OF THE SHAREHOLDER OR PROXY	

*If shares are dematerialised.

NOTE : NO GIFTS OR COUPONS WOULD BE GIVEN TO THE SHAREHOLDERS / PROXY FOR ATTENDING THE ANNUAL GENERAL MEETING.

..... Tear Here

WINSOME TEXTILE INDUSTRIES LIMITED

Regd. Office : 1, Industrial Area, Baddi, Distt. Solan (H.P.)-174 101

PROXY FORM

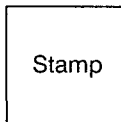
(To be filled by the shareholder/s)

REGD. FOLIO NO.	DP. id*	
No. of Shares	Client id*	

*If shares are dematerialised.

I/We of being a Member/Members of WINSOME TEXTILE INDUSTRIES LIMITED hereby appoint Mr. / Ms..... resident of or failing him/her Mr./Ms. resident of as my/our Proxy to attend and vote for me/us on my/our behalf at the 28th ANNUAL GENERAL MEETING of the Company to be held on Friday, the 11th September, 2009 at 11.00 a.m. at the Regd. Office of the Company at 1, Industrial Area, Baddi, Distt. Solan, Himachal Pradesh, and at any adjournment thereof.

AS WITNESS my/our hand this day of 2009.



.....
Signature of the Proxy

.....
Signature of the first / sole Shareholder
(As per the specimen signature registered with the company)

- NOTE :**
1. The proxy form duly signed across the revenue stamp must be deposited at the Registered Office of the company not less than 48 hours before the time for holding the meeting.
 2. Incomplete Proxy Form will not be considered.

BOOK-POST



RADHA MADHAV MANDIR

If undelivered, please return to:
Winsome Textile Industries Limited
Corp. Office: SCO 191-92, Sector-34A,
Chandigarh- 160 022 (India)

Japnika - 98155 59966