

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

**Subject: Limited Review Report for the Quarter ended 30<sup>th</sup> June, 2010**

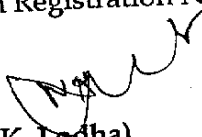
1. We have reviewed the accompanying statement of unaudited financial results of Winsome Yarns Limited for the quarter ended 30<sup>th</sup> June 2010, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, *Engagements to Review Financial Statements* issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provided less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Without qualifying attention is drawn that;
  - i. Depreciation on certain Plant & Machinery is provided as per the rates applicable to the continuous process plant based on the technical evaluation.
  - ii. As stated in note no. 5 of accompanying financial statement compliance of certain conditions of existing CDR package and impact, if any, of revised package under CDR, pending for approval, will be accounted for on receipt of approval (impact unascertained).
4. Further Attention is invited to:
  - i. Non provision for short fall in recovery (amount unascertainable) against overdue overseas debt aggregating to Rs.1,940.93 lacs (as at 31<sup>st</sup> March 2010 Rs.1903.39) for which other persuasive action for recovery has been initiated; as in the opinion of the management these debt are good and recoverable and our inability to comment thereon.
  - ii. Remuneration paid to the managing director amounting to Rs.25.09 lacs (including Rs.17.79 lacs till 31<sup>st</sup> March 2010) is pending for approval of the Central Government.



Kolkata Mumbai New Delhi Chennai Hyderabad Jaipur

- iii. Non provision for diminution in the value of investment (Book value Rs. 1,516.71 lacs) in a subsidiary company (impact unascertainable) and our inability to comment thereon [note no.4 (b) of accompanying financial results and note no.10 B of schedule 15B of audited accounts for the year ended 31.03.2010].
- iv. Note no.6 of the accompanying financial results regarding non provision of Tax expenses.
- v. Pending confirmation /reconciliation of balances of certain debtors, creditors (including Associate Company), Loans & Advances (including capital advances) and other liabilities (impact unascertainable).
5. Based on our review conducted of unaudited financial results for the quarter and subject to the our comments in para 4 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

  
(N. K. Lodha)  
Partner  
M. No. -85155



Place: New Delhi  
Dated: 7 AUG 2010

**WINSOME YARNS LIMITED**  
 Regd. Office: SCO # 191-192, Sector 34-A, Chandigarh - 160022  
**STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30<sup>th</sup> JUNE 2010**

Sr. No.	Particulars	Rs in Lacs		
		Quarter Ended 30.06.2010 (Unaudited)	30.06.2009	Year Ended 31.03.2010 (Audited)
1	(a) Net Sales/Income from operations			
	Gross Sales	7,147	4,219	22,226
	Less: Excise Duty			
	Net Sales	7,147	4,219	22,226
	(b) Other Operating Income		15	
	Total Income (a + b)	7,147	4,234	22,226
2	Total Expenditure :			
	(a) (Increase)/Decrease in Stock in Trade & Work in Progress	(738)	(368)	(1,928)
	(b) Consumption of Raw Materials	4,465	2,546	13,223
	(c) Purchase of Cotton Yarn	39	0	200
	(d) Employee Cost	365	285	1,304
	(e) Power & Fuel	882	507	2,802
	(f) Depreciation	536	534	2,014
	(g) Other expenditure	988	640	3,353
	Total Expenditure (a+b+c+d+e+f+g)	6,539	4,144	20,968
3	Profit/(Loss) from Operations before other Income, Interest & Exceptional Items(1-2)	608	90	1,258
4	Other Income	13		123
5	Profit/(Loss) before Interest & Exceptional Items (3+4)	621	90	1,381
6	Interest	874	734	3,174
7	Profit/(Loss) before Exceptional Items & Tax (5-6)	(253)	(644)	(1,793)
8	Exceptional Items - Gain/(Loss)			
9	Profit/(Loss) from Ordinary Activities before Tax (7-8)	(253)	(644)	(1,793)
10	Provision for Taxation			
	- Current Tax			
	- Fringe Benefit Tax			(588)
	- Deferred Tax Liability/(Asset)			(1,207)
11	Net Profit/(Loss) for the period (9-10)	(253)	(644)	2,587
12	Paid - up Equity Capital (Face Value - Re. 1/- each)	2,567	2,567	
13	Reserves excluding Revaluation Reserve as per Balance Sheet of previous accounting year			1689
14	Basic & Diluted EPS - (Rs.)	(0.10)	(0.25)	(0.47)
15	Aggregate of public shareholding			
	- No. of Shares	102,263,700	77,013,700	83,013,700
	- Percentage of Shareholding	39.84%	30.01%	32.34%
16	Promoters and promoter group Shareholding			
	a) Pledged/Encumbered			
	- Number of Shares	130896500	50,000,000	130,896,500
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	84.78%	27.83%	75.38%
	- Percentage of Shares (as a % of the total share capital of the Company)	51.00%	19.48%	51.00%
	b) Non-encumbered			
	- Number of Shares	23,499,590	129,646,090	42,749,590
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	15.22%	72.17%	24.82%
	- Percentage of Shares (as a % of the total share capital of the Company)	9.16%	50.51%	16.88%

**Notes:**

- The above results have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on 7<sup>th</sup> August, 2010 and also been reviewed by the Statutory Auditors.
- The company's operations during the year predominantly comprises of only one segment- Textiles (Yarn & Knitwear).
- The company has commenced generation of power in one of its hydro power unit for captive consumption.
- Auditors remarks on the accounts for the year ended 31<sup>st</sup> March 2010: (a) Non provision against overdue debts of Rs.1903 lacs since in the opinion of the management, these debts are good for recovery; Management Response : There is no significant change in status of these debts. (b) Non provision for diminution in the value of investment in subsidiary; Management Response : Investments being long term in nature, hence diminution in value, being temporary, is not considered. (c) Managerial remuneration paid to the Managing Director is pending for approval of the Central Government. Management Response : Company's application is pending for approval with the Central Government
- During the quarter, the company has applied for rework of existing CDR package before the CDR EG, which is pending for approval. Impact of the same, if any, will be accounted for as and when approval is received.
- Provision for Current Tax and Deferred Tax will be made at the year end.
- The proceeds of preferential issue of convertible warrants is being utilized for the purposes as stipulated.
- Previous period figures have been regrouped and/or re-arranged wherever necessary to make their classification comparable with current period.
- The company has received eight grievances from the shareholders and the same have been resolved and replied during the quarter, hence no grievance was pending at the start and end of the quarter.

Place : Chandigarh  
 Date : 07.08.2010

(Manish Bagrodia)  
 Managing Director

