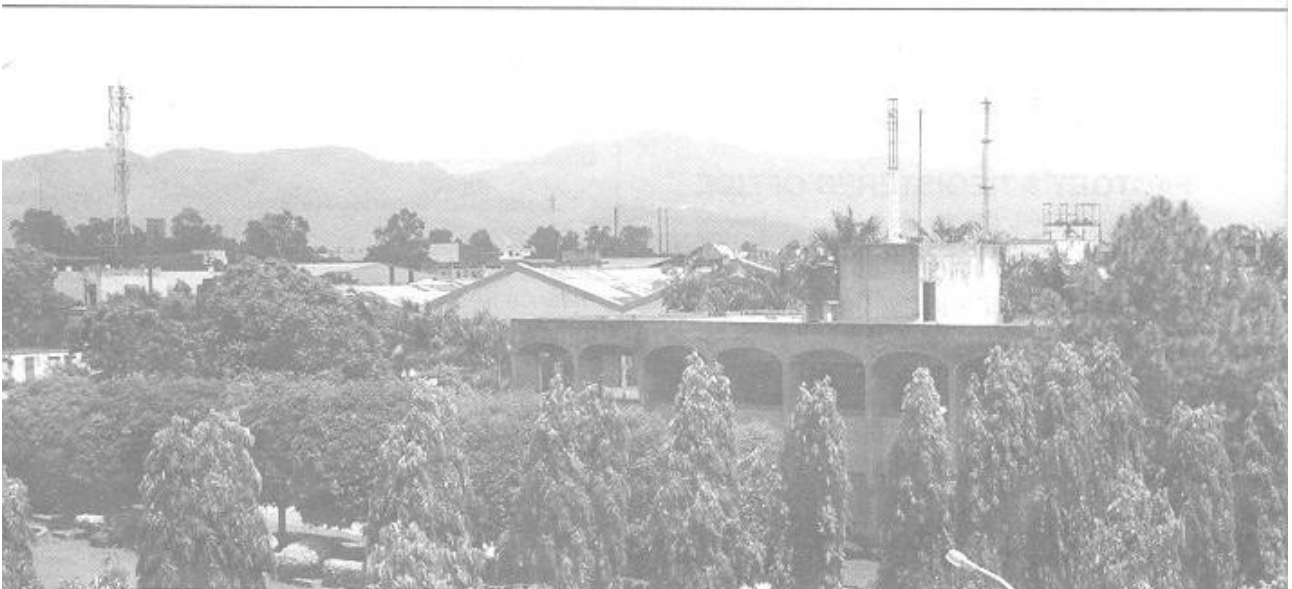




Winsome Textile Industries Limited
27th Annual Report 2007-08



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

Intime Spectrum Registry 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 27th Annual General Meeting of the Members of Winsome Textile Industries Limited, will be held on Tuesday the 23rd of September, 2008 at 09.00 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 2008, and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend on Equity shares for the financial year ended 31st March, 2008.
3. To appoint a Director in place of Shri Satish Bagrodia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Chandra Mohan, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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:

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 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereto as amended from time to time and subject to such other approvals as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Shri Satish Bagrodia as Chairman and Whole Time Director of the Company for a period of five years w.e.f. 01.08.2008 on the terms and conditions including remuneration and commission as set out hereunder with liberty to the Board of Directors to alter and vary, the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto."

I. REMUNERATION:

- a) Salary: Rs. 1,75,000/- per month in the grade of 1,75,000-20,000-2,75,000.
- b) **Commission:**
1% of Net Profit of the Company computed in the manner laid down in Section 198 & 309 of the Companies Act, 1956.
- c) **Perquisites:**
 - i) **Housing:**
 - (a) Fully furnished residential accommodation. In case, the fully furnished residential accommodation is not provided, H.R.A. as per Company's Rule will be paid.
 - (b) Expenses pertaining to gas, electricity, water and other utilities will be borne/reimbursed by the Company.
 - ii) **Medical Reimbursement:**
Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical charges for himself and family alongwith mediclaim policy premium paid by the company.
 - iii) **Leave Travel Concession:**
Reimbursement of actual traveling expenses incurred in India and/or Abroad once in a year in respect of himself and family.
 - iv) **Club Fees:**
Reimbursement of membership fee for clubs including admission and life membership fees.
 - v) **Personal Accident Insurance:**
Personal Accident Insurance Policy for an amount, the annual premium of which shall not exceed Rs. 10000/- p.a.
 - vi) **Contribution to Provident Fund, Superannuation and Annuity Fund:**
The Company's contribution to Provident and Superannuation or Annuity Fund as per the rules of the Company applicable to senior executives.
 - vii) **Gratuity:**
As per rules of the Company applicable to the senior executives.
 - viii) **Leave:**
Encashment of leave at the end of the tenure
- d) **Other Perquisites:**
Subject to an overall ceiling of remuneration stipulated in Section 198 and 309 of the Companies Act, 1956, other perquisites and/or allowances payable to the Whole Time Director shall be evaluated, wherever applicable, as per

Income Tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force).

EXPLANATION :

Perquisites shall be evaluated as per the Income Tax Rules, wherever applicable and in the absence of any such rules, perquisites shall be evaluated at actual cost.

II. OVERALL REMUNERATION:

The aggregate of salary, commission and perquisites in any one financial year shall not exceed the limits prescribed or to be prescribed from time to time under section 198, 309 and other applicable provisions of the Companies Act, 1956 read with schedule XIII to the said Act as may for the time being in force.

III. MINIMUM REMUNERATION:

In the event of loss or inadequacy of profits in any financial year during the tenure of service of the Whole Time Director, the payment of salary, commission perquisites and other allowances shall be governed by the limits prescribed under Section II of part II of Schedule XIII to the Companies Act, 1956.

IV. STATUS: Rotational Director

Your Directors recommend the passing of the resolution. Shri Satish Bagrodia, Chairman, Shri Ashish Bagrodia, Managing Director and Shri Manish Bagrodia, Director of the company are considered to be interested in the proposed resolution.

7. ISSUE OF CONVERTIBLE WARRANTS AND EQUITY SHARES ON CONVERSION OF SUCH CONVERTIBLE WARRANTS:

To consider and if thought fit, to pass, with or without modification as may be deemed fit, the following resolution as **SPECIAL RESOLUTION:**

***RESOLVED THAT** pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the rules/regulations/guidelines, notifications, circulars and clarifications issued thereon from time to time by Government of India (GOI), the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and/or prescribed by the Listing Agreements entered into by the Company with the Stock Exchanges on which the Company's shares are listed, or any other relevant authority from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as might be required and subject to such conditions as may be prescribed while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorized to accept, that the consent of the Company, be and is hereby accorded to the Board for offering, issuing, allotting on preferential basis, to the Financial Investors belonging to non promoter group and members of the Promoters' Group and / or their nominees ("the Allottees") up to 75,00,000 Convertible Warrants ("Convertible Warrants"), (and for the allotment of one Equity Share on exercise of each such Convertible Warrant) at a price of Rs. 24/- each i.e. the exercise price, being a price not lower than the minimum price specified as per SEBI Guidelines for Preferential Issue (Chapter XIII of the SEBI (DIP) Guidelines 2000), on such further terms and conditions, as may be finalized by the Board of Directors, in accordance with guidelines/ applicable to preferential allotment of the Convertible Warrants, by Government of India, Securities & Exchange Board of India (SEBI), Stock Exchanges or any other authorities, as the case may be, and/or any modification thereof in preferential allotment to the Financial Investor and Promoter(s)/ promoter group, hereinafter referred as the "Promoter Group";

NON PROMOTER GROUP

S.No.	Name of Proposed Allottees	No. of Convertible Warrants
1	Arpit Agencies (P) Ltd.	1000000
2	Land Scape Traders (P) Ltd.	1000000
3	Daniel Vinimay (P) Ltd.	500000
4	Ankur Agencies (P) Ltd.	500000
5	Shailesh Somabhai Patel	500000
6	Nita Shailesh Patel	500000
	Total	4000000

PROMOTER GROUP

S.No.	Name of Proposed Allottees	No. of Convertible Warrants
1	Roselab Commodities (P) Ltd.	580000
2	Kailash Pati Vinimay (P) Ltd.	580000
3	Satyam Combines (P) Ltd.	1170000
4	Shell Business (P) Ltd.	1170000
	Total	3500000

Winsome Textile Industries Ltd.

Whether or not such person (s) in the promoter Group are members of the company, in such manner and upon such conditions as are hereinafter contained;

1. A sum of 10% of the exercise price (such amount being referred to hereinafter as "the strike price") shall be payable by the Allottees at the time of allotment of the Convertible Warrants. If the Allottees do not exercise the Convertible Warrants during the conversion period, the strike price shall be forfeited by the Company. In case the Allottees exercise the Convertible Warrants, the strike price shall be adjusted against the share application monies payable by the Allottees and only the balance 90% shall be payable by them.
2. The Convertible Warrants shall be allotted within a period of 15 (Fifteen) days of the passing of the resolution at the general meeting held to consider and approved the issue of Convertible Warrants. Provided that where the allotment in one or more lots on preferential basis is pending on account of pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 (Fifteen) days from the date of such approval.
3. The Convertible Warrants shall be exercisable at the option of the holder, in such number of options exercised by the holder, in one or more lots at the option of the holder of such Convertible Warrants at any time within the exercise period. The exercise period shall not exceed 18 months from the date of allotment.
4. The terms relating to such Convertible Warrants including the exercise period and relating to the Equity Shares being allotted on their exercise may be decided in accordance with SEBI guidelines and other provisions of law as may be applicable to the transaction, by the Board of Directors.
5. The Equity Shares so allotted on exercise and conversion of the Convertible Warrants shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the then existing Equity Shares of the Company.
6. The option attached to the Warrants shall not be transferred or otherwise disposed off to any other person/ third party.
7. The Convertible Warrants and the Equity Shares allotted on the conversion of such Convertible Warrants shall be locked in the manner specified, during the lock-in period so specified, in the SEBI (DIP) Guidelines except to the extent and in the manner permitted there under (or out of the above Equity Shares so issued and allotted, 35,00,000 convertible warrants/ Equity Shares on conversion issued to Promoter Group, shall be subject to lock-in of a total period of three years from the date of allotment of the Equity Shares. The remaining 40,00,000 convertible warrants/ Equity Shares on conversion shall be subject to lock-in for a total period of one year from the date of allotment of the Equity Shares or such other period as may be applicable under the applicable SEBI Preferential Issue Guidelines as amended from time to time).
8. The entire pre-preferential allotment shareholding of the above allottees shall be under lock-in from the relevant date up to a period of six months from the date of preferential allotment or such other period as may be applicable under the applicable SEBI Preferential Issue Guidelines as amended from time to time
9. The said Convertible Warrants and the Equity Shares allotted on conversion of such Convertible Warrants shall be subject to such further terms and conditions, if any, as may be agreed to by and between, the Board of Directors, and the Regulatory Authorities, and Subscriber(s) of Convertible Warrants / Shares.
10. For the purpose of giving effect to this resolution, the Board of Directors of the Company, be and is hereby authorized to offer, issue & allot such number of the Convertible Warrants (and Equity Shares arising on conversion of the Convertible Warrants) as may be necessary and to do all deeds, things and take action on matters, give such directions, including without limitation, the entering into arrangements for appointment of agencies for managing, underwriting, marketing, listing, trading of Securities issued, such as depository, custodian, registrar, stabilizing agent, paying and conversion agent, trustee and to issue any offer document(s), including but not limited to prospectus, and sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power to settle any questions doubt or difficulties which may arise with regard to the offer, issue or allotment of the said Convertible Warrants and / or shares and to take appropriate actions to bring into effect the decision of above as an enabling resolution.
8. **To consider and if thought fit, to pass, with or without modification as may be deemed fit, the following resolution as ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to section 94 and all other applicable provisions of the companies Act, 1956, the Authorized Share Capital of the Company is hereby increased from Rs. 7,50,00,000 (Rs. Seven crores fifty lacs only) divided into 5,000 Redeemable Cumulative Preference Shares of Rs. 100/- each and 74,50,000 Equity Shares of Rs. 10/- each to Rs. 20,00,00,000 (Rupees Twenty Crores only) by creation of further 1,25,00,000 equity shares of Rs 10/- each.

"RESOLVED FURTHER 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 accordingly to incorporate therein the effect of the increase in Authorized Share Capital and be read as follows:

"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 1,99,50,000 (One Crore Ninety Nine Lacs Fifty Thousand Only) Equity Shares of Rs. 10/- each."
9. **To consider and if thought fit, to pass, with or without modification as may be deemed fit, the following resolution as 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 accordingly to incorporate therein the effect of the increase in Authorized Share Capital and be read as follows:

"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 1,99,50,000 (One Crore Ninety Nine Lacs Fifty Thousand Only) Equity Shares of Rs. 10/- each."

By order of the Board

Place : Chandigarh
Dated: 29.08.2008

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 will remain closed from 19.09.2008 to 23.09.2008 (both days inclusive).
4. The dividend, as recommended by the Board of Directors, if approved at the Annual General Meeting, will be paid to those persons;
 - (a) whose names appear as Beneficial Owners as at the end of business hours on 18.09.2008 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form, and
 - (b) whose names appear as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/its Registrar & Share Transfer Agents on or before 18.09.2008.
5. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for easy identification for attendance at the meeting.
6. Item No. 3 Shri Satish Bagrodia aged about 69 years, B.Sc. Engg. (Mech.) & FIE has around 42 years experience of setting up and implementing Industrial Projects. He is the Chairman of your Company and Winsome Yarns Limited. He is also Sr. Vice President of all India PHD Chamber of Commerce and Industry. He is holding 44770 shares of the company. Presently, he is Chairman of Winsome Textile Industries Limited and Winsome Yarns Limited. He is also director of IDS Infotech Limited and Winsome Capital Services Limited.
7. Item No. 4 Padamshree Shri Chandra Mohan aged about 75 years, B.A. (Hons) & B.sc. Mech. Engg. (Hons) has Served Punjab Tractors Limited & Swaraj Mazda Limited as Vice Chairman and Managing Director for about 28 years. He is also member of many Professional Institutions. He is not holding any shares of the company. Presently, he is the Chairman of RICO Auto Industries Limited & Engineering Innovations Limited and Director of Sandhar Technologies Limited, Winsome Yarns Limited, DCM Engineering Limited, Kamla Dials & Devices Limited, IOL Chemicals & Pharmaceuticals Limited, Winsome Textile Industries Limited, Punjab Tractors Limited, ITIDA CAD Services (P) Limited and Meera Explorations (P) Limited. He is also the member of Audit Committee in Winsome Yarns Limited, DCM Engineering Limited, Winsome Textile Industries Limited, Punjab Tractors Limited and member of Remuneration Committee in DCM Engineering Limited, Kamla Dials & Devices Limited & Punjab Tractors Limited and member of Shareholders/ Investors Grievance Committee in Winsome Textile Industries Limited.
8. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of the Notice.
9. Copies of the Memorandum and Articles of Association of the Company, the certificate of the Statutory Auditors of the Company, certifying that the preferential issue of Equity Shares proposed pursuant to the special resolution at Item No. 7 is in accordance with the requirements contained in the SEBI (Disclosure and Investor Protection) Guidelines, 2000 shall be opened for inspection of the members of the Company at the Registered Office of the Company between 11:00 A.M. to 2:00 P.M. on any working day prior to the date of the Meeting and also at the Meeting.
10. Members / proxies should fill the attendance slip for attending the Meeting.
11. 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.
12. 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.
13. M/s Intime Spectrum Registry 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. 6

The Board of Directors in its meeting held on 31.07.2008 have re-appointed Shri Satish Bagrodia as Chairman and Whole Time Director of the Company for a period of five (5) years w.e.f. 01.08.2008 on a remuneration and perquisites as given in the proposed resolution above. The Board of Directors of the company recommends this resolution for your approval.

Item No. 7

The Company is in the process of expanding its spinning and dyeing capacity as well as implementing a mini hydel project and now to meet the enhanced working capital requirements and capital expenditure the company intends to raise funds through preferential allotments in one or two tranches. The proceeds of the preferential issue of warrants is intended to be utilised to meet long term working capital requirement, capital expenditure and to augment the net worth of the Company.

The Company intends to strengthen its financial requirements by issue of Convertible Warrants and the Promoters have agreed to provide the necessary funds by subscribing to 3500000 Convertible Warrants out of the total issue of 7500000 convertible warrants.

Winsome Textile Industries Ltd.

The price of the Convertible Warrants to be allotted to proposed allottees on preferential basis shall be Rs. 24/- each which shall not be lower than the price determined in accordance with the Chapter XIII of SEBI DIP Guidelines. Currently SEBI DIP Guidelines, provide that the issue of shares on a preferential basis can be made at a price not less than the higher of the following:

1. The average of the weekly high and low of the closing prices of the shares quoted on the stock exchange during the six months preceding the relevant date; or
 2. The average of the weekly high and low of the closing prices of the shares quoted on a stock exchange during the two weeks preceding the relevant date.
- The Relevant Date for the purpose of pricing of the Convertible Warrants shall be 24.08.2008 being the date which is 30 days prior to the date of Annual General Meeting.

In terms of the SEBI (DIP) Guidelines 2000 as amended to date the following disclosures is being made:

- a) **Object of the issue:** The Company is in the process of expanding its spinning and dyeing capacity as well as implementing a mini hydel project and now to meet the enhanced working capital requirements and capital expenditure the company intends to raise funds through preferential allotments in one or two tranches. The proceeds of the preferential issue of warrants is intended to be utilised to meet long term working capital requirement, capital expenditure and to augment the net worth of the Company.
- b) **Intention of the Promoters, Directors, and management personnel to subscribe to the offer:** The select Promoters (Corporate Entities) of the Company named below intend to subscribe to the convertible warrants mentioned against their name respectively. However, none of the other Directors and other Promoters or management personnel intends to subscribe to any shares in the preferential offer of Convertible Warrants.
- c) **The shareholding pattern and the identity of the proposed allottees before and after the preferential issue considering full allotment of Equity Shares arising out of the issue of Convertible Warrants is given below:**

S.No.	Shareholders	Existing Shareholding (as on 30.06.2008)		Post Issue Shareholding (Upon conversion of proposed warrants)	
		No. of shares	%	No. of Shares	%
A	Promoters & Promoter Group shareholding				
1. a)	Indian Promoters	3421613	58.29	6921613	51.77
b)	Foreign Promoters	NIL	NIL	NIL	NIL
	Sub-Total (A)	3421613	58.29	6921613	51.77
B	Public Shareholding				
1.	Institutional Investors				
a)	Mutual Funds & UTI	NIL	NIL	NIL	NIL
b)	Financial Institutions/ Banks	795433	13.55	795433	5.95
c)	Central Govt./ State Govt.	NIL	NIL	NIL	NIL
d)	Venture Capital Funds	NIL	NIL	NIL	NIL
e)	FIs	NIL	NIL	NIL	NIL
	Sub-Total (B)(1)	795433	13.55	795433	5.95
2.	Non-Institutional				
a)	Bodies Corporate	610949	10.41	3610949	27.01
b)	(i) Individuals-shareholders holding nominal share capital up to Rs. 1 lakh.	851304	14.50	851304	6.37
	(ii) Individuals-shareholders holding nominal share capital in excess of Rs. 1 lakh.	183888	3.13	1183888	8.85
c)	Any Other (Specify) NRIs	6813	0.12	6813	0.05
	Sub-Total (B)(2)	1652954	28.16	5652954	42.28
	Total Public Shareholding (B1 + B2)	2448387	41.71	6448387	48.23
	Grand-Total	5870000	100.00	13370000	100.00

- g) **Proposed time within which allotment of the Convertible Warrants will be completed:** The Convertible Warrants shall be allotted within a period of 15 (fifteen) days of the passing of the resolution at the ensuing general meeting. Provided that where the allotment in one or more lots on preferential basis is pending on account of pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 (fifteen) days from the date of such approval.

Winsome Textile Industries Ltd.

e) The identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them:

NON PROMOTER GROUP

S.No.	Name of Proposed Allottees	Existing Shareholding as on 29.08.2008	No. of Warrants/ Shares to be Issued	Post issue Shareholding	% of Post issue Shareholding
1	Arpit Agencies (P) Ltd. 50, Western St., Room No. 106, Kolkata-700012	0	1000000	1000000	7.48
2	Land Scape Traders (P) Ltd. 63, Radha Bazar St., 3rd Flr. Kolkata-700001	0	1000000	1000000	7.48
3	Daniel Vinimay (P) Ltd. 55/2, Kankurgachi, 2nd Lane, 1st Flr., Kolkata-700054	0	500000	500000	3.74
4	Ankur Agencies (P) Ltd. 55/2, Kankurgachi, 2nd Lane, 1st Flr., Kolkata-700054	0	500000	500000	3.74
5	Shailesh Somabhai Patel A/14, Snehadri, Shryas Tekra, AmbaVadi, Ahmedabad-3800015	0	500000	500000	3.74
6	Nita Shailesh Patel A/14, Snehadri, Shryas Tekra, AmbaVadi, Ahmedabad-3800015	0	500000	500000	3.74

PROMOTER GROUP

S.No.	Name of Proposed Allottees	Existing Shareholding as on 29.08.2008	%	No. of Warrants/ Shares to be Issued	Post issue Shareholding	% of Post issue Shareholding
1	Roselab Commodities (P) Ltd. (earstwhile known as Jutex International Ltd. and Agarsar commerce Ltd., since merged with)	523706	8.92	580000	1103706	8.26
2	Kailash Pati Vinimay (P) Ltd. (earstwhile known as Soil Products (India) Ltd., since merged with)	524456	8.93	580000	1104456	8.26
3	Satyam Combines (P) Ltd.	1089312	18.56	1170000	2259312	16.90
4	Shell Business (P) Ltd.	1089512	18.56	1170000	2259512	16.90

- f) Auditors' certificate:** A certificate from the Statutory Auditors of the Company has been obtained to the effect that the proposed issues of Convertible Warrants to the proposed Allottees is in accordance with the SEBI (DIP) Guidelines 2000 relating to preferential issues & such certificate shall be laid before the general meeting for inspection by the shareholders. The Auditors' certificate as required under paragraph 13.5 of SEBI (DIP) Guidelines will be available for inspection at the Registered office of the Company during 10 am to 2 pm on any working day.
- Pursuant to the provisions of Section 81(1A) of Companies Act, 1956, any offer or issue of shares in a company to persons other than the holders of the equity shares of a company requires prior approval of the shareholders in general meeting by a Special Resolution. The Listing Agreements executed by the Company with the Stock Exchanges also provide that the Company shall, in the first instance, offer all Securities for subscription pro rata to the Shareholders unless the Shareholders in a general meeting decide otherwise. Additionally, the SEBI (DIP) Guidelines require matters to be stated in the resolution which is required to be passed under Section 81 (1A) of the Companies Act, 1956 and in the explanatory statement in respect of such resolution. Hence, the consent of the shareholders by way of special resolution is being sought for issue of the convertible warrants/shares on preferential basis.
- The Directors recommend the resolution for your approval.
- None of the Directors are interested in the proposed resolution, save and except Sh. Satish Bagrodia, Sh. Manish Bagrodia and Shri Ashish Bagrodia who may be deemed to be interested indirectly being the shareholders and directors of the corporate entities seeking to subscribe the preferential allotment under promoter group. No other Directors of the Company are in any way concerned or interested in the proposed resolution.

Item No. 8 & 9

The existing Authorized Share Capital of the Company is Rs. 7,50,00,000. In order to put the proposal of issue of convertible warrants/shares into effect, the Authorized Share Capital of the Company is required to be increased to accommodate the allotment/ issue of equity shares to the warrant holders pursuant to exercise of the option of aforesaid warrants. It is proposed to increase the Authorized Share Capital to Rs. 20,00,00,000 (Rupees twenty crores only)

The Board of Directors recommends the passing of the Ordinary Resolution and Special Resolution as set out under Item No. 8 & 9 of the accompanying Notice.

None of the Directors of the Company is personally interested in the aforesaid resolution.

By order of the Board

Place : Chandigarh
Dated: 29.08.2008

SATISH BAGRODIA
Chairman

Dear Shareholders,

Your Directors have pleasure in presenting the 27th Annual Report and the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2008.

Financial Highlights	Year ended 31.3.2008 (Rs.in lacs)	Year ended 31.3.2007 (Rs. in lacs)
Sales	15666.54	14303.17
Profit before Interest, Depreciation	2506.29	2550.24
Less: Interest	1217.79	849.98
Profit before Depreciation	1288.50	1700.26
Less: Depreciation	801.01	576.31
Profit before Tax	487.49	1123.95
Less : Provision for Taxation		
- Current Tax	54.32	126.00
- Fringe Benefit Tax	8.11	6.00
- Credit against MAT	(54.32)	(126.00)
- Deferred Tax	166.34	437.49
Profit/(Loss) after Tax	313.04	680.46
Add : Surplus brought forward from previous year	2437.78	1805.39
	2750.82	2485.85
Appropriation:		
Dividend @ 2% (Previous year 7%)	11.74	41.09
Corporate Dividend Tax	2.00	6.98
Surplus carried to Balance Sheet	2737.08	2437.78
	2750.82	2485.85

Operations & Performance

During the year under review, your Company has achieved a sales turnover of Rs. 15666.54 lacs against Rs. 14303.17 lacs in 2006-07 and Exports (including deemed exports) of Rs. 6154.37 lacs against Rs. 7419.35 lacs in 2006-07. The sales value of Production has increased by approximately 11.08% from Rs. 14793.93 lacs to Rs. 16434.54 lacs. In spite of increase in turnover there is decrease in cash profit on account of increase in raw material prices from 15% to 20%. Further the rupee appreciation against the US dollar has adversely affected the export realisation for the year.

New Projects/ Expansion Plans

Your Directors are pleased to inform you that the Company's Expansion Project to add 13000 Spindles, alongwith replacement of existing old Ring Frame and 2.50 MW Power Project are under implementation as per schedule and it will be completed in current year except for Power Project, which will be completed in 2009-10. The enhancement of dyeing capacity by 10 Tons/day had been completed.

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

In order to conserve the resources and future investment in expansion projects, your Directors are pleased to recommend a dividend @ 2% on the equity shares of the company for approval of shareholders at the forthcoming Annual General Meeting.

Directors

In accordance with the Company's Articles of Association Shri Satish Bagrodia and Shri Chandra Mohan, 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 I 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 5 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 Exchanges, the Report on Corporate Governance together with Auditor's Certificate regarding compliance of the SEBI Code of Corporate Governance is annexed to this report.

Directors 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, 2008, 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, 2008, and of the profit 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 IFCI, IDBI, UCO Bank, Canara Bank, Bank of India, Andhra Bank, Punjab National Bank, Dena Bank, UTI Bank and Government of Himachal Pradesh.

Your Directors also take this opportunity to thank customers, suppliers and shareholders for the co-operation, 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 : 30.06.2008

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, 2008.

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 of about Rs 50.65 lacs, 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)	41046100	36843256
Total amount (Rs in lacs)	1275.01	1129.94
Rate/Unit (Rs)	3.11	3.07
b) Own Generation through Diesel Generator Unit(KW)	1723459	3136088
Units/Ltr.of Diesel Oil	3.66	3.60
Cost/Unit(Rs/KW)	7.56	7.99
2. Coal(Specify quality and where used)	NIL	NIL
3. Furnace Oil Qty.(MT)		
Total amount (Rs.in lacs)	NIL	NIL
Average rate(Rs.per M.T.)	NIL	NIL
4. Other/Internal Generation (Qty. in MT)		
Total amount (Rs.in lacs)	NIL	NIL
Average rate(Rs.per Kg)	NIL	NIL
B) Consumption per Unit of Production		
Product - Yarn		
Electricity (KW)	3.59	3.44
Furnace Oil (Lts)	NIL	NIL
Coal	NIL	NIL
Others	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	44.58
Total	44.58
Total R&D Expenditure as a percentage of total Turnover	= 0.26%

2) Technology absorption, adoption 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 6154.37 lacs in 2007-08 against Rs. 7419 lacs in 2006-07. 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
(Rs. in lacs)		
Earning	6154.37	7218.51
Outgo:	1149.89	4471.57

By order of the Board

Place : Chandigarh
Dated : 30.06.2008

Satish Bagrodia
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

STATEMENT OF PARTICULARS OF EMPLOYEES, PURSUANT TO THE PROVISIONS OF THE SECTION 217 (2/A) OF 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, 2008

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	42	1/1/1981	29.53	69	First Employment
2	Shri Ashish Bagrodia	Managing Director	B.E. (Mech.) Hons.	15	1/9/1993	35.48	37	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' observation 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 5 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. 108.78 Lacs (Rs. 104.41 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 2007-08, eight board meetings were held. The meetings were held on 10th April, 2007, 29th June, 2007, 30th July, 2007, 31st October, 2007, 13th November, 2007, 30th November, 2007, 31st January, 2008 and 26th March, 2008 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 Other Directorship	No. of Membership/ Chairmanship in Committees		
		Board Meeting	Last AGM		Membership	Chairmanship	Total
Shri Satish Bagrodia	Chairman*	8	Yes	3	—	—	—
Shri Chandra Mohan	INED	6	No	10	8	—	8
Shri Satish Girotra	INED	7	No	—	—	—	—
Shri Viney Kumar	INED (IDBI)	4	No	1	2	—	2
Shri Ashish Bagrodia	MD	8	Yes	4	2	—	2
Shri Manish Bagrodia	NED	6	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 SGM (Finance & Accounts) 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, 2008, 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.

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, four Audit Committee meetings were held on 29th June, 2007, 30th July, 2007, 31st October, 2007 and 31st January, 2008.

Name of Director	Category	No. of meetings attended during the year 2007-08
Sh. Satish Girotra, Chairman	Independent/Non Executive	4
Sh. Chandra Mohan	Independent/Non Executive	3
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 of Directors

During the year 2007-08 no meeting was held of the committee. The remuneration of Directors has been approved by the Board of Directors.

The details of remuneration paid to the Directors during the year 2007-08 are given below :

Name of Directors	Non-Executive (Amount in Rs.)	
	Sitting Fees	Total
Shri Chandra Mohan	30000	30000
Shri Satish Girotra	35000	35000
Shri Viney Kumar (IDBI Nominee)*	20000	20000
Shri Manish Bagrodia	30000	30000

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

Name of Directors	Executive (Rs. in lacs)		
	Salary	Perquisites*	Total
Shri Satish Bagrodia	28.02	1.51	29.53
Sh. Ashish Bagrodia	33.83	1.65	35.48

*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 2007-08, four Shareholders/ Investors Grievance Committee meetings were held on 29- June, 2007, 30- July, 2007, 31- October, 2007 and 31- January, 2008. 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 2007-2008
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 3 nos. of complaints were 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
2004-2005	1, Industrial Area, Baddi, Distt. Solan (H.P.)	19, Sep. 2005	4.00 p.m.
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.

All the resolutions including four special resolutions on 28.09.2006 as set out in the respective notices were passed by the shareholders. No postal ballot 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. 19 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 Communication

- The quarterly and half yearly results are published in widely circulating national & local dailies news papers such as Economic Times & Business Standard (in English) and Dainik Tribune (in Hindi). The same are also being posted on SEBI website under EDIFAR.
- The management Discussion and Analysis report forms a part of this Annual Report.

11. GENERAL SHAREHOLDERS' INFORMATION

Annual General Meeting at 09.00 a.m. on 23rd September, 2008 at 1, Industrial Area, Baddi, Distt. Solan (H.P.)

Financial Calendar : 1st April to 31st March
 Date of Book Closure : 19.09.2008 to 23.09.2008 (both days inclusive)
 Dividend payment date : On or after 23rd September, 2008
 Listing on Stock Exchanges : 1, Bombay Stock Exchange Limited (BSE)
 Demat ISIN Number in NSDL & CDSL : INE 837B01015

Annual listing fees for the year 2007-2008 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 2007-08. Stock code-514470 (www.bseindia.com).

Months	High	Low	Closed	Shares
April, 2007	50.85	46.00	50.50	66274
May, 2007	59.00	45.65	48.10	157594
June, 2007	51.55	45.15	47.35	116376
July, 2007	45.00	28.00	29.50	77438
August, 2007	37.00	28.15	30.00	77438
September, 2007	36.00	30.00	32.30	90172
October, 2007	34.65	25.50	29.10	80384
November, 2007	37.00	28.10	30.65	116778
December, 2007	54.90	30.00	49.85	556180
January, 2008	54.95	26.50	33.00	341403
February, 2008	34.95	23.10	27.85	115901
March, 2008	28.20	18.30	22.30	197441

Registrar and Share Transfer Agent : Intime Spectrum Registry 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@intimespectrum.com

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 IDs : cshare@winsomegroup.com

Distribution of shareholding as on 31st March, 2008.

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1 - 500	1486	77.97	271466	4.62
501 - 1000	198	10.39	165584	2.82
1001 - 2000	95	4.98	143882	2.45
2001 - 3000	32	1.68	82636	1.41
3001 - 4000	26	1.36	96077	1.64
4001 - 5000	13	0.68	60521	1.03
5001 - 10000	24	1.26	174545	2.97
10001 and above	32	1.68	4875289	83.06
Total	1906	100.00	5870000	100.00

Shareholding Pattern as on 31st March, 2008.

Category	No. of shares	Percentage
Promoters/Persons acting in concert	3421613	58.29
Financial Institutions/Banks/Mutual Funds	795433	13.55
NRIs	7613	0.13
Bodies Corporates	601832	10.25
Indian Public	1043509	17.78
Total	5870000	100.00

Details of shareholding of Directors in the company as on 31.03.2008

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 : 99.04% of the shares issued by the company have been dematerialised upto 31st March, 2008.

Outstanding GDRS/ ADRS/ Warrants or any convertible instruments, conversion date and likely impact on equity. : The company has not issued any GDRS/ ADRS/Warrants or any convertible instruments, the conversion of which will have an impact on equity shares.

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@winsomegroup.com

By order of the Board

Place : Chandigarh
Dated : 30.06.2008

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, 2008, 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 state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investor Grievance Committee.

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 : 30.06.2008

N.K. Lodha
Partner
M.No. 85155

MANAGEMENT ANALYSIS AND DISCUSSION

INDUSTRY SCENARIO:

The last four years have proved to be a defining period for the Indian textiles industry. In the face of testing global conditions, the Ministry of Textiles, has stayed the course by introducing timely policy changes and innovative programmes, aimed at spurring growth and development across the organised and unorganised sectors of the industry.

Driven by the vision for providing all possible support that the textile industry needs like modernization or create more jobs, the Ministry's catalytic role in increasing investment, introducing modern technologies and providing marketing support have borne rich fruit.

INFRASTRUCTURE DEVELOPMENT:

The Government is committed to develop world-class infrastructural and production facilities at handicrafts, handlooms, and decentralised powerlooms clusters with a minimum of 5,000 looms (handlooms and powerlooms) through adoption of a Comprehensive Cluster Development approach.

The Scheme for Integrated Textile Parks (SITP) was launched by the Government in July 2005 to strengthen infrastructural facilities in potential growth areas. Till March 31, 2008, 30 Integrated Textile Parks had been sanctioned.

Indian textiles to attract Rs 1, 50,000 crore investment by 2010

These Parks will attract an investment of Rs. 16,953 crore and when operationalised, will create employment (direct and indirect) for 5.75 lakh workers, and produce goods worth Rs. 27,386 crore annually.

The Scheme will continue during the XIth Five Year Plan. The Government have earmarked Rs 450 crore for the Scheme during 2008-09. There is a proposal to develop ten additional parks during the XIth Five Year Plan.

The Palladam Hi-Tech Weaving Park, Tamil Nadu set-up under the SITP Scheme was inaugurated on April 19, 2008. The Park will provide employment to about 5,000 people. The remaining 29 parks will be completed by 2008-09.

Technology Upgradation:

The Government recognised technological obsolescence as the main impediment to the growth of the textiles industry. The Government gave a new impetus to the Technology Upgradation Fund Scheme (TUFS), which ensures the availability of bank finance, at rates comparable to global rates, to modernise the production facilities. All the segments of the textiles industry are getting benefits under the Scheme. The efforts of the Government have brought

results, the Scheme had attracted 11,279 applications till March 31, 2007, involving an investment of Rs 93, 447 crore. The Government have provided Rs.1,140 crore for the Scheme during 2008-09. The Scheme will continue till 2012.

Increased Plan Allocation:

The Government recognises textiles sector as the main engine of growth and provider of employment opportunities. In 2007-08, the Plan allocation textiles was Rs 2,243 crore which was 66.21% higher than that of the previous year – second only to the Department of Secondary Education & Higher Education, Ministry of Human Resource Development. In 2008-09, Plan Allocation has shot up by over 11.45% (Rs 2,500 crore) over a much larger base. This shows the commitment of the Government to develop the sector in a sustainable manner.

Investments:

The policy measures initiated by the Government are showing striking results. Investment has increased significantly in the textiles sector, and is expected to touch Rs.1,50,600 crore by 2012. This enhanced investment will generate 17.37 million jobs (comprising 12.02 million direct and 5.35 million indirect jobs) by 2012. Investment in the textiles and clothing sector in the past three years increased from Rs. 7,349 crore in 2004-05 to Rs. 15,032 crore in 2005-06, and Rs. 48,145 crore in 2006-07. The total investment between 2004-07 was Rs. 70,526 crore.

COTTON:

Cotton plays an important role in the textiles economy. It provides sustenance to millions and contributes significantly to the countrys export earnings. Due to focused support provided by the Government to cotton growers, cotton production has shown a consistent growth and it was 244 lakh bales (170 kg. each) in the cotton season (October- September) of 2005-06, 270 lakh bales in the cotton season of 2006-07, and is expected to reach 310 lakh bales in the cotton season of 2007-08, a record.

The productivity jumped from 399 Kg./hectare in the cotton season of 2003-04 to 553 kg./hectare in the cotton season of 2007-08. In 2006-07, 58 lakh bales of cotton were exported against 47 lakh bales in 2005-06, and 0.84 lakh bales in 2002-03. In 2007-08, exports are expected to touch 65 lakh bales. Consequently, cotton imports have declined from around 17 lakh bales in 2002-03 to 5 lakh bales in 2006-07. Imports are expected to be around 6.50 lakh bales in 2007-08. Since 2005-06, the country has become a net exporter of cotton.

The Technology Mission on Cotton (TMC) was launched on February 21, 2000, to improve the quality and productivity of cotton, and reduced post – harvest contamination. TMC comprises four mini missions of which mini missions III and IV are being implemented by Ministry of Textiles.

The mini mission III and IV have been extended to March 31, 2009 from March 31, 2007. Under mini mission III of the 250 market yard which were to be setup / revived 127 market yards have been completed at an estimated cost of Rs.255 crore. Under mini mission IV of the 1000 ginning and pressing factory 679 had been completed.

During the current year high cotton prices and the inability of mills to procure at current price levels have put the textile players on the backfoot. Following a surge in global prices, there is a cascading effect in the Indian market as well. Domestic prices have soared by 15-20% since last year.

Confederation of Indian Textile Industry (CITI) Chairman Mr. P.D. Patodia said the domestic prices are ruling higher despite bumper production. Interestingly, there is significant increase in exports of cotton this year. Exports have already clocked a growth of 46%, crossing 85 lakh bales as against 58 lakh bales last year. Textile commissioner JN Singh pointed out that in India, the prices are still low compared to global markets even though they have risen. That is why exports are good he said. Mr. Singh further added that in the next cotton year -starting October 1, 2008 – the production is expected around 325 lakh bales. Despite good domestic production globally, availability is less and local buyers should buy at the right time, he said.

TEXTILES EXPORT:

The sharp appreciation in the value of the rupee vis-a-vis the dollar and the euro has affected garments and home textile exports to the US and EU. In 2007-08, the Textiles exports were US\$ 20.5 billion, against the target of US\$ 25 billion, registering a growth of 9.4% in dollar terms against exports in 2006-07. The exports grew only by 1.49% between April-October 2007, but the situation improved radically in the later half of the fiscal, registering a total growth of 9.4%.

The Government has taken steps in the short, medium, and long terms to provide relief to exporters. As part of a short term strategy, the Government has enhanced the Duty Entitlement Pass Book (DEPB) and Duty Drawback Rates,

exempted Service tax on 12 services, reduced interest rates on pre-and post shipment credit, and facilitated faster clearance of arrears of terminal excise duties and Central Sales Tax. As a part of the medium term strategy, the Government has decided to continue with the Technology Upgradation Fund Scheme, Scheme for Integrated Textiles Parks and the Technology Mission on Cotton in the XIth Five Year Plan. In the long run, there is a need for improvement in the infrastructure, labour law reforms, and create a new business orientation by the industry in line with the global trends.

In spite of a difficult global scenario, the Government is confident of achieving the exports targets set out in the National Textiles Policy, 2000, and the Working Group on Textiles and Jute Industry for the XIth Five Year Plan.

OPPORTUNITY AND THREATS

The health of textile units is primarily dependant on adequate availability of quality cottons at competitive prices. With the augmented supply of quality seeds and larger production of hybrids and Bt.cottons, the production and productivity of cotton in India have been increasing. Therefore, the supply of quality cotton is expected to be comfortable. This augurs well for the future growth of the textile industry.

The growth and development of textile industry in the past was stunted because of distorted fiscal structure, which favoured fragmentation and tax evasion. This lacuna has been removed and the level playing field has been provided. Government is carrying this policy forward, especially for cotton products. Besides, continuation of Technology Upgradation fund Scheme during the Eleventh Plan announced in this years budget would go a long way in improving competitiveness of textile industry. This will also boost the demand for quality yarns from downstream sectors.

OUTLOOK

Indians have well understood the importance of staying one step ahead of developments in the world economic environment. Industry operators are increasingly moving towards modernization and expansion as encouraged by the so-designated Textile Upgradation Fund Scheme implemented by Government.

China's impressive production capacity and its growing strength compelled Europe and USA markets to some serious reflections. With traders realizing the threat of relying on a single manufacturing source such as China, India could do well in proposing a valuable alternative to buyers on the international scene, but this is only possible through an adequate and appropriate development strategy and macro-economic policy.

In that view, many manufacturing companies in India are rushing towards expansion and modernization options. Manufacturers are having recourse to fund raising programmes pushing EPS to higher growth, dissolving equity on its way. Business collaborations with foreign players, creation of buying offices and Government's effort to enhance quality production and export are many visible signs of Indians coming into force on the global market.

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.

Main Source of information: www.fibre2fashion.com

TO THE MEMBERS OF WINSOME TEXTILE INDUSTRIES LTD.

We have audited the attached Balance Sheet of Winsome Textile Industries Limited as at 31st March 2008 and also the Profit and Loss Account and the Cash Flow Statement 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 misstatement. 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 Company's (Auditors' Report) Order 2004 issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956 (The Act), we enclose in the annexure a statement on the matters specified in paragraphs 4 and 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 it appears from our examination of those books;
 - c) The Balance Sheet and 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 and 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 to the extent applicable;
 - e) On the basis of written representations received from the directors of the Company and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31.03.2008 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 continuous process plant as stated in the said note, which is a technical matter (impact unascertained).
 - (ii) Note No. 5 of Schedule 15B regarding non provision for shortfall in recovery (amount unascertained) against overdue debt aggregating Rs. 108.78 lacs as stated in the note for which legal and other persuasive action for recovery has been initiated, since in the opinion of the management these debts are good and recoverable.

We further report that the profit 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 accounts read with note no. 15 of , Schedule 15B and 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 the Balance Sheet, of the state of affairs of the company as at 31st March, 2008;
 - (ii) in the case of the Profit and Loss account, of the profit 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 : 30.06.2008

(Referred to in Paragraph (1) of our report of even date to the members of Winsome Textile Industries Limited for the year ended 31st March 2008)

- (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 which are in the process of updation.
- (b) As per information and explanations physical verification are in process of completion according to 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. As explained, in view of the necessary security arrangements there will not be any material discrepancies on completion of such physical verification.
- (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 inventory of the company (except stock lying with the third parties, job worker 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 of business and particular circumstances.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable in relation to the size of the company and the 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 inventory (In respect of process stock, records are updated on monthly physical verification). As per records and information made available the discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the operations of the company.
- (iii) (a) During the year Company has not granted any loans, secured or unsecured to companies, firms or other parties as covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (iii) (b) to (d) of the Order are not applicable.
- (b) The Company has taken unsecured demand loans from three Companies covered in the register maintained under section 301 of the Act. The maximum amount involved during the year and year end balance of such loans aggregate to Rs. 237.06 lacs and Rs. Nil respectively.
- (c) In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions of such loans taken by the Company are not prima facie prejudicial to the interest of the Company.
- (d) In respect of aforesaid loans taken, the Company is generally regular in repayment of principal and Interest amount.
- (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 items/brands and/or for which alternative source/quotations are not available, there are internal control system commensurate with the size of the company and the nature of its business with regard to purchase of Inventory, fixed assets, services and for the sale of goods and services which needs to be further strengthened (read with note No. 10 & 15 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.
- (v) (a) According to the information and explanations provided by the management and based upon audit procedures performed, we are of the opinion that the particulars of 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 explanations 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 the prices which are generally reasonable having regard to 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 public within the meaning of Sections 58A, 58AA and rules framed thereunder and the directives issued by 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,

Winsome Textile Industries Ltd.

Employees' State Insurance, Income Tax (except in case of Fringe Benefit Tax, TDS and Advance 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 31.03.2008.

- (b) According to the records and information and explanations given to us, there are no dues in respect of Income Tax, Custom Duty, Sales Tax, Wealth 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 Service 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 (In Lacs)	Period to which amount relates	Forum where dispute is pending
Central Excise Act	Cenvat Credit	27.63	1995-96/1999-2000 2003-04, 2004-06	CESTAT
	Excise Duty	134.03	2003-04/2002-03	CESTAT
	Cenvat Credit	6.48	1996-97/2005-06	Commissioner (Appeal)
	Excise Duty	2.06	2003-04	Commissioner (Appeal)
	Excise Duty	1.82	2005-06/2006-07	Asstt. Commissioner
	Cenvat Credit	3.71	1996-97/2005-06	Asstt. Commissioner
	Interest on	1.37	2002-03/2006-07	Asstt. Commissioner
	Delayed Payment			
Service Tax	Service Tax	10.24	2004-05/2005-06	Asstt. Commissioner

(excluding excise show cause notices)

This is to be read with note no. 22 of Schedule 15B.

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses during the current financial year and 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, except in case of term loan from Financial Institution and Bank, there were default (for maximum amount of Principal and Interest of Rs. 140 lacs and Rs. 93.99 lacs respectively for a maximum period of 106 days and 31 days respectively).
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and /or advances on the basis of security by way of pledge of shares, debenture 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, debenture 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) In our opinion, on the basis of information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information explanations given to us and on overall examination of the balance sheet of the Company, we are of the opinion that no fund raised on short-term basis, which have been used for long term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to any parties or companies covered in the register maintained under Section 301 of the Act, 1956.
- (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 money through a public issues during the year.
- (xxi) To the best of our knowledge and belief, based on the audit procedures performed and on the basis of information and explanation provided by the management, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For Lodha & Co.
Chartered Accountants

Place : New Delhi
Date : 30.06.2008

N.K. LODHA
Partner
Membership No.: 85155

BALANCE SHEET
AS AT 31ST MARCH, 2008

Winsome Textile Industries Ltd.

PARTICULARS	SCHEDULE	AS AT	
		31.03.2008 (Rs. in lacs)	31.03.2007 (Rs. in lacs)
SOURCES OF FUNDS			
Share Holders' Funds			
Share Capital	1	587.00	587.00
Reserves & Surplus	2	3565.97	3172.01
Loan Funds			
Secured Loans	3A	14435.47	8632.22
Unsecured Loans	3B	169.39	2506.80
Deferred Tax Liability		1638.31	1471.97
Total		20396.14	16370.00
APPLICATION OF FUNDS			
Fixed Assets			
a) Gross Block	4	21917.17	12660.00
b) Less : Depreciation		5453.58	5046.97
c) Net Block		16463.59	7613.03
d) Capital work-in-progress		420.97	6297.22
		16884.56	13910.25
Investments	5	0.01	0.01
Current Assets, Loans & Advances			
Inventories	6	3593.07	2534.01
Cash and Bank Balances		339.68	248.99
Sundry Debtors		1750.47	1584.34
Loans & Advances		1936.99	1671.08
		7620.21	6038.42
Less : Current Liabilities and Provisions	7	4144.09	3578.68
Net Current Assets		3476.12	2459.74
Miscellaneous Expenditure (to the extent not Written Off/Adjusted)	8	35.45	—
Total		20396.14	16370.00
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
Manish Bagrodia
Viney Kumar
Satish Girotra

PLACE : Chandigarh
DATED : 30.06.2008

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2008

Winsome Textile Industries Ltd.

PARTICULARS	SCHEDULE	2007-2008 (Rs. in lacs)	2006-2007 (Rs. in lacs)
INCOME FROM OPERATIONS			
Sales	9	15666.54	14303.17
Increase/(Decrease) in Stocks	10	768.05	490.76
Other Income	14	464.61	131.16
		<u>16899.20</u>	<u>14925.09</u>
COST OF OPERATIONS			
Raw Materials consumed	11	8631.93	7521.87
Expenses	12	5760.98	4852.98
		<u>14392.91</u>	<u>12374.85</u>
PROFIT BEFORE INTEREST & DEPRECIATION			
Less: Financial Expenses	13	2506.29	2550.24
		<u>1217.79</u>	<u>849.98</u>
Depreciation		1288.50	1700.26
		<u>801.01</u>	<u>576.31</u>
Net Profit before Tax		487.49	1123.95
Less : Provision for Taxation			
— Current Tax		54.32	126.00
— Fringe Benefit Tax		8.11	6.00
— Credit against MAT		(54.32)	(126.00)
— Deferred Tax Liability		166.34	437.49
Net Profit/(Loss) after Tax		313.04	680.46
Balance brought forward from previous year		2437.78	1805.39
Balance available for appropriation		<u>2750.82</u>	<u>2485.85</u>
APPROPRIATIONS			
Proposed Dividend		11.74	41.09
Corporate Dividend Tax		2.00	6.98
Balance carried to Balance Sheet		2737.08	2437.78
		<u>2750.82</u>	<u>2485.85</u>
Earning Per Share-Basic and Diluted (Rs)		5.33	11.59
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
Manish Bagrodia
Viney Kumar
Satish Girotra

PLACE : Chandigarh
DATED : 30.06.2008

Winsome Textile Industries Ltd.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	2007-2008		2006-2007	
	(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		487.49		1123.95
Adjustment for :				
Depreciation	801.01		576.31	
Profit on sale of fixed assets	(83.03)		(39.99)	
Leasehold land Written off	0.17		—	
Interest paid	1138.39		734.63	
Interest income	(26.66)	1829.88	(26.66)	1244.29
		<u>2317.37</u>		<u>2368.24</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES				
Adjustment for :				
Trade & other receivable	(247.61)		(417.63)	
Inventories	(1059.06)		(275.56)	
Trade & other Payables	514.10	(792.57)	1051.07	357.88
CASH GENERATED FROM OPERATIONS		1524.80		2726.12
Direct Taxes Paid		(62.43)		(132.00)
NET CASH FLOW FROM OPERATING ACTIVITIES		<u>1462.37</u>		<u>2594.12</u>
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(4046.70)		(6564.74)	
Sale of fixed assets	318.77		50.01	
Sale of Investments	—		—	
Interest Received	26.66	(3701.27)	26.66	(6488.07)
NET CASH USED IN INVESTING ACTIVITIES		<u>(3701.27)</u>		<u>(6488.07)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Share Capital	—		—	
Interest Paid	(1088.19)		(737.20)	
Dividend including Dividend Tax	(48.07)		(33.47)	
Proceeds from borrowings	4038.24		5354.26	
Repayment of borrowings	(572.39)	2329.59	(703.54)	3880.05
NET CASH USED IN FINANCING ACTIVITIES		2329.59		3880.05
Net Increase/decrease in cash and cash equivalents		90.69		(13.90)
Cash & Cash equivalent being cash & bank balances as at 31.03.2007 (opening balance)		248.99		262.89
Cash & Cash equivalent being cash & bank balances as at 31.03.2008 (closing balance)		339.68		248.99

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
Manish Bagrodia
Viney Kumar
Satish Girotra

PLACE : Chandigarh
DATED : 30.06.2008

SCHEDULES**Winsome Textile Industries Ltd.**

PARTICULARS	AS AT	AS AT
	31.03.2008 (Rs. in lacs)	31.03.2007 (Rs. in lacs)
SCHEDULE - 1 : SHARE CAPITAL		
AUTHORISED		
74,50,000 Equity Shares of Rs. 10/- each	745.00	745.00
5,000 Preference Shares of Rs. 100/- each	5.00	5.00
	<u>750.00</u>	<u>750.00</u>
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)	<u>587.00</u>	<u>587.00</u>
SCHEDULE - 2 : RESERVES & SURPLUS		
CAPITAL RESERVE		
As per last Balance Sheet	46.68	46.68
INVESTMENT ALLOWANCE (UTILISED) RESERVE		
As per last Balance Sheet	184.00	184.00
SHARE PREMIUM		
As per last Balance Sheet	435.00	435.00
CAPITAL SUBSIDY UNDER TUFF		
As per last Balance Sheet	—	—
Add : Additions during the year	97.23	—
Less : Transferred to Profit and Loss Account	2.57	—
GENERAL RESERVE	<u>94.66</u>	—
As per last Balance Sheet	68.55	68.55
SURPLUS		
As per annexed Profit & Loss Account	<u>2737.08</u>	<u>2437.78</u>
	<u>3565.97</u>	<u>3172.01</u>
SCHEDULE - 3A : SECURED LOANS		
TERM LOANS — Rupee Loan		
The IDBI Ltd.		
FROM BANKS	1873.38	2303.38
Term Loans		
Cash Credit/Packing Credit	9264.40	3504.53
Working Capital Demand Loan	2016.44	1425.18
Equipment Finance	1160.37	1374.55
Vehicle Finance	5.53	3.92
Interest Accrued and due	21.36	20.66
	<u>93.99</u>	—
	<u>14435.47</u>	<u>8632.22</u>
NOTES:		
1. Term Loans from IDBI Ltd. and Banks of Rs 10216.76 lacs(Previous Year Rs 4656.11 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 assets (except book debts) 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 and Term Loans are also guaranteed by the Chairman and Managing Director. The Mortgage and charges created shall rank pari-passu Inter-se between financial institutions.		
2. Term Loans of Rs 1014.99 lacs from Banks (PY Rs 1151.80 lacs) are secured against exclusive charge on the fixed assets purchased there under.		
3. Cash Credit, Packing Credit and Working Capital Demand Loan 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 and also guaranteed by Chairman and Managing Director.		
4. Equipment Finance Loan is secured against the respective equipment financed. Amount repayable within one year Rs 3.98 lacs (PY Rs 2.08 lacs)		
5. Vehicle Finance is secured by hypothecation of specific assets purchased under such arrangements. Amount repayable within one year Rs 13.72 lacs (PY Rs 7.55 lacs).		
SCHEDULE - 3B : UNSECURED LOANS		
Buyer's Import Credit	169.39	2506.80
	<u>169.39</u>	<u>2506.80</u>

SCHEDULE - 4 : FIXED ASSETS
(Rs. in Lacs)

Nature of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.2007	Additions during year	Sales/ adjustments	As at 31.03.2008	Upto 31.03.2007	For the year	Sale/ Adjustments	Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
Leasehold Land	6.40	—	0.17	6.23	—	—	—	—	6.23	6.40
Freehold Land	13.89	—	—	13.89	—	—	—	—	13.89	13.89
Buildings	1433.40	675.26	—	2108.66	509.76	52.30	—	562.06	1546.60	923.64
Plant & Machinery	10941.01	9132.95	627.24	19446.72	4368.83	730.21	391.67	4707.37	14739.35	6572.17
Furniture & Fixure	68.25	19.11	0.39	86.98	52.32	4.15	0.34	56.13	30.85	15.94
Office Equipments	124.23	32.82	2.23	154.82	85.68	7.42	2.12	90.98	63.84	38.55
Vehicles	72.81	27.34	0.28	99.87	30.38	6.93	0.27	37.04	62.83	42.43
Total	12660.00	9887.48	630.31	21917.17	5046.97	801.01	394.40	5453.58	16463.59	7613.02
Capital Work in Progress										
Previous Year	12637.66	94.24	71.89	12660.00	4532.53	576.31	61.87	5046.97	7613.02	8105.12

Note : Vehicles includes Assets of Rs. 51.04 Lacs (Previous Year Rs. 25.25 Lacs) acquired under Hire Purchase Finance.

SCHEDULES**Winsome Textile Industries Ltd.**

PARTICULARS	AS AT 31.03.2008 (Rs. in lacs)	AS AT 31.03.2007 (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
	<u>0.01</u>	<u>0.01</u>
Aggregate Market Value of Quoted Investments	0.09	0.01
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	938.31	640.13
Stock in Process	915.05	630.26
Stores & Spares	184.49	191.17
Finished Goods	1495.59	1063.62
Waste (At net realisable value)	59.63	8.83
(including scrap of Rs. 1.16 Lacs; Previous Year Rs. 1.65 Lacs)		
	<u>3593.07</u>	<u>2534.01</u>
Sundry Debtors (Unsecured, considered Good, unless otherwise stated)		
Debts over six months:		
Good	311.80	281.17
Doubtful	2.61	2.61
Less : Provided	<u>2.61</u>	<u>2.61</u>
Other Debts	1438.67	1303.17
	<u>1750.47</u>	<u>1584.34</u>
Cash & Bank Balances		
Cash in hand	0.79	3.98
Bank Balances (as certified by management)		
with scheduled Banks		
On Current Accounts	56.43	37.32
On Margin Account	282.46	207.69
	<u>339.68</u>	<u>248.99</u>
Loans & Advances		
(Unsecured, considered good)		
Advance recoverable in cash or in kind or for value to be received	1454.23	1275.70
Deposits with Government & others	100.83	153.81
Credit against MAT	206.32	152.00
Advance payment of tax	175.61	89.57
	<u>1936.99</u>	<u>1671.08</u>

SCHEDULES**Winsome Textile Industries Ltd.**

PARTICULARS	2007-2008 (Rs. in lacs)	2006-2007 (Rs. in lacs)
SCHEDULE - 7 : CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors for Trade due to micro and small enterprises*	—	—
Others	3088.36	3075.88
Interest Accrued but not due on Loans	55.08	4.88
Other Liabilities	692.90	288.95
Deferred Payments for Land Purchase	3.06	3.06
	<u>3839.40</u>	<u>3372.77</u>
PROVISIONS		
Provision for Taxation	180.32	126.00
Proposed Dividend	11.74	41.09
Corporate Dividend Tax	2.00	6.98
Provision for Retirement Benefits	110.63	31.84
	<u>304.69</u>	<u>205.91</u>
	<u>4144.09</u>	<u>3578.68</u>
*To the extent information available. Refer Note No. 10 of Sch. 15B		
SCHEDULE - 8 : MISCELLANEOUS EXPENDITURE		
(To the extent not Written Off / Adjusted)		
Transitional Retirement Benefits (Gross)	44.31	—
Less : Written off / Adjusted during the year	<u>8.86</u>	<u>—</u>
	<u>35.45</u>	<u>—</u>
	<u>35.45</u>	<u>—</u>
SCHEDULE - 9 : SALES AND SERVICES		
Yarn**	14759.74	13517.61
Waste	693.72	536.00
Processing Income (Tax deducted at source Rs. 3.82 lacs Previous Year Rs. 5.33 lacs)	<u>213.08</u>	<u>249.56</u>
	<u>15666.54</u>	<u>14303.17</u>
SCHEDULE - 10 : INCREASE/(DECREASE) IN STOCKS		
CLOSING STOCK		
Finished Goods (Yarn)	1495.59	1063.62
Stock in Process	915.05	630.26
Waste	58.47	7.18
	<u>2469.11</u>	<u>1701.06</u>
Less : Opening Stock		
Finished Goods (Yarn)	1063.62	557.17
Stock in Process	630.26	648.54
Waste	<u>7.18</u>	<u>4.59</u>
	<u>1701.06</u>	<u>1210.30</u>
	<u>768.05</u>	<u>490.76</u>
SCHEDULE - 11 : RAW MATERIALS CONSUMED		
Opening Stock	640.13	839.46
Purchases	8930.11	7322.54
	<u>9570.24</u>	<u>8162.00</u>
Closing Stocks	938.31	640.13
Raw Materials Consumed	<u>8631.93</u>	<u>7521.87</u>

** Including Export Incentives of Rs. 368.62 Lacs (P.Y. 307.69 Lacs)

SCHEDULES
Winsome Textile Industries Ltd.

PARTICULARS	2007-2008 (Rs. in lacs)	2006-2007 (Rs. in lacs)
SCHEDULE - 12 : EXPENSES		
PAYMENT & PROVISIONS OF EMPLOYEES		
Salaries, Wages, Bonus, Gratuity and other Allowance	899.54	698.61
Contribution to Provident & Other Funds	78.52	68.63
Employees Welfare	5.38	11.39
	<u>983.44</u>	<u>778.63</u>
MANUFACTURING EXPENSES		
Stores & Spares consumed	1584.16	1163.70
Power & Fuel	1717.71	1468.76
Raw Material Handling Charges	111.63	72.23
Repairs to Buildings	7.37	7.34
Repairs to Plant & Machinery	35.40	18.69
Processing Charges	43.00	59.85
Other Manufacturing Expenses	48.96	28.50
	<u>3548.23</u>	<u>2819.07</u>
ADMINISTRATIVE AND OTHER EXPENSES		
Vehicles Expenses	17.64	9.97
Rent	23.79	23.91
Lease Premium	0.17	—
Printing & Stationery	7.70	18.60
Rates & Taxes	0.22	2.44
Director Sitting Fee	0.97	0.70
Insurance	39.87	54.90
Travelling & Conveyance	81.04	80.89
Miscellaneous Expenses	76.87	74.50
Charity & Donation	1.21	5.00
Postage, Telegrams and Telephones	26.86	27.73
Fees Subscription	18.44	9.86
Prior Period Express (Net)	7.99	27.30
Foreign Exchange Variation Loss (Net)	—	9.74
AUDITORS' REMUNERATION		
Audit Fees	2.25	1.68
Tax Audit Fees	0.28	0.27
Certification Fee	0.62	0.67
Re-imbusement of expenses	0.62	0.54
Cost Audit Fees	0.26	0.20
	<u>306.80</u>	<u>348.90</u>
SELLING EXPENSES		
Commission on sales	286.00	278.67
Brokerage & Discount	64.94	58.06
Freight & Handling Charges	528.47	542.16
Advertisement & Other Selling Expenses	43.10	27.49
	<u>922.51</u>	<u>906.38</u>
	<u>5760.98</u>	<u>4852.98</u>
SCHEDULE - 13 : FINANCIAL EXPENSES		
Interest on Term Loans		
(Net of subsidy Rs. 326.82 Lacs (PY Rs. 144.84 Lacs)	534.48	308.19
Interest on Working Capital	676.17	458.91
Bank Charges	79.40	115.35
	<u>1290.05</u>	<u>882.45</u>
Less : Exchange Fluctuations Gain/(Loss) on Loans	72.26	32.47
	<u>1217.79</u>	<u>849.98</u>
SCHEDULE - 14 : OTHER INCOME		
Interest Received on Deposits & Others	26.66	26.66
(TDS Rs. 2.16 lacs Previous Year Rs. 1.90 lacs)		
Miscellaneous Income	88.37	50.32
Insurance Claims	19.63	3.42
Profit on Sale of Fixed Assets (Net)	83.03	39.99
Exchange rate variation gain (Net)	114.71	—
Rent Received	12.18	10.77
Export Incentives	117.46	—
Prorata Capital Subsidy	2.57	—
(Read with significant accounting Policies in Schedule 15A8 (iii))		
	<u>464.61</u>	<u>131.16</u>

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, 2008 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 cenvat credit) and 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 amortisation 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 (with Government Authorities) 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. A 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, 2008 (Rs. in lacs)	31st March, 2007 (Rs. in lacs)
1. (B) Contingent Liabilities not provided for :		
(i) Bills discounted with banks	1047.83	829.83
(ii) Outstanding Letter of Credit	1669.44	1302.50
(iii) Sales Tax Liability in respect of matter in appeal	Nil	0.70
(iv) Excise/Service Tax	195.91	202.82
(v) Income Tax	Nil	48.61
(vi) Surety Bond executed on behalf of others	80.80	80.80
(vii) Claims against the company not acknowledged	Nil	177.19
(viii) Export obligation against Import of Plant & Machinery under concessional duty (EPCG scheme)	15426.38	9393.78
	(US\$334.13 lacs)	(US\$204.72 lacs)
(ix) Duty saved on above	1928.30	1489.28

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

- Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances 530.56) Rs. 906.21 Lacs (Previous Year Rs. 1489.28 Lacs).
- 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.
- Hitherto capital subsidy received under TUFS shown as deduction from gross value of fixed assets. During the year the company has changed its accounting policy with respect to capital subsidy received under TUFS and the same 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. However this has no material impact on the Profit and Loss account for the period.
- The company has taken legal and other persuasive actions for recovery of certain overdue debtors aggregating to Rs. 108.78 Lacs (Rs. 104.41 Lacs), in the opinion of the management, these outstanding are good and recoverable.
- 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.
- Advances recoverable in cash or in kind or for value to be received includes advances against capital orders amounting to Rs. 530.56 lacs (Previous Year Rs. 495.09 Lacs).
- 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 is of the view that no further impairment/reversal is considered to be necessary in view of its expected realisable value.
- 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:

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	2007-08	2006-07
Pre-operative expenditure as follows		
Opening Balance	178.69	—
Stores & Spares	—	70.24
Power & Fuel	29.12	101.26
Salary, Wages & Allowances	74.79	77.43
	282.60	248.93
Less : Allocated/Appropriated	254.70*	70.24
Closing Balance	27.90	178.69

*Above amount is excluding interest on term loan Rs. 152.45 lacs (Previous Year Rs. 21.59 lacs) net of subsidy Rs. 112.57 lacs (PY Rs. 18.43 lacs), Interest (others) Rs. 1.41 lacs (PY Rs. 23.66 lacs).

10. The Company has not received 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 the year end together with interest paid / payable under this Act have not been given.
11. a) Addition to Fixed Assets/Capital Work-in-progress is net of gain of Rs. Nil (P.Y. Rs. 103.98 lacs) on account of exchange rate fluctuation of foreign currency loan.
b) In view of Company (Accounting Standard) Rules, issued by the Ministry of Corporate Affairs for treatment of (Exchange Fluctuation) gain/loss on account of exchange fluctuation on loan/ liability for capital assets has been charged to profit & Loss account which was hitherto charged to cost of the assets. Had this policy not been followed Profit before Tax would have been lower by Rs 123.50 lacs.
12. 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.

13. 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.

I. Amount to be recognised in the balance sheet.

Particulars	Gratuity	Leave Encashment (Unfunded)
Present Value of Obligation as at 31st March 2008	1,08,56,714	18,83,747
Fair value of plan assets as at 31st March 2008	16,77,290	—
Funded Status [surplus/(Deficit)]	91,79,424	(18,83,747)
Net Assets/(Liability) Recognized in Balance Sheet	(91,79,424)	(18,83,747)
II. Expenses recognized during the period		
Current Service Cost	14,19,899	15,91,026
Interest Cost	5,14,646	1,06,418
Expected Return on Plan Assets	(68,576)	—
Actuarial (gain)/loss	41,20,705	3,04,632
Net Expenses Recognized	59,86,674	20,02,076
III. Reconciliation of opening and closing balance of Defined Benefit Obligation		
Present Value of Obligation at the beginning of the period	64,33,069	13,30,227
Current Service Cost	14,19,899	15,91,026
Interest Cost	5,14,646	1,06,418
Actuarial (gain)/loss on obligations	41,34,655	3,04,632
Benefit Paid	16,45,555	14,48,556
Present Value of Obligation as at the end of the period	1,08,56,714	18,83,747
IV. Reconciliation of opening and closing balance of fair value of plan asset		
Fair value of plan assets at the beginning of the period	1,47,477	—
Expected Return on Plan Assets	68,576	—
Contributions	30,92,842	—
Actuarial gain/(loss) on obligations	41,34,655	—
Benefit Paid	16,45,555	—
Fair value of plan assets at the end of the period	16,77,290	—

Winsome Textile Industries Ltd.

Particulars	Gratuity	Leave Encashment (Unfunded)
V. Reconciliation of opening and closing balance of fair value of plan asset		
Fair value of plan assets at the beginning of the period	1,47,477	—
Actual Return on Plan Assets	82,526	—
Contributions	30,92,842	—
Benefit Paid	16,45,555	—
Fair value of plan assets at the end of the period	16,77,290	—
Funded Status	(91,79,424)	—
VI. Investment Detail		
All Investments are made with through LIC.		
VII. Actuarial/Demographic assumptions		
Indian Assure Lives Mortality Table (LIC)	1994-96	1994-96
Discount rate (Per annum)	8.00%	8.00%
Expected Return on Plan Assets (Per annum)	8.00%	8.00%
Estimated rate of increase in compensation level	5.00%	5.00%
Retirement Age	58 Years	58 Years
Withdrawal Rate (All ages)	10%	10%
Disability	No explicit allowance	No explicit allowance
Average accumulated leave per employee (in days)	8	8

- (i) Contribution to defined contribution plan, recognized as expenses during the year is Rs. 64.83 lacs.
- (ii) 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.
- (iii) 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.

(iv) Amounts recognised as an expense/(income) and included in the Schedule 12 are as under:

Particulars	Amount
Salary, wages and Bonus	806.13
Gratuity	73.02
Leave Encashment	20.39

- (v) 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.
- (vi) During the year the company has made provision of retirement benefits in accordance with AS-15 (Employee Benefits- revised 2005). Transitional provision of Rs. 44.31 Lacs has been treated as deferred expense to be expensed off over a period of 5 years.
14. Research and development expenditure amounting to Rs. 44.58 lacs (Previous year Rs. 47.50 lacs) have been debited to Profit and Loss account.
15. Balance of certain debtors, loans and advances, creditors, Stock with job worker and other liabilities are in the process of confirmation / reconciliation.
16. (a) Profit or loss on sale of stores/raw materials remains adjusted in their respective consumption accounts.
 (b) Prior period adjustments (net) include Sales returned Rs Nil (Previous Year Rs. 9.46 Lacs), Brokerage & Commission Rs. Nil (Previous Year Rs. 7.08 Lacs), Processing & Dyeing Charges Rs. 7.99 lacs (PY Rs. 6.92 Lacs), Handling Charges Rs. Nil (Previous Year Rs. 3.62 Lacs), & Others Rs. Nil (Previous Year Rs. 0.22 Lacs)

17. Managerial Remuneration

A. Remuneration to Executive Directors	2007-08	2006-07
(i) Salary	48.03	32.40
(ii) Contribution to Provident Fund & Family Pension Funds	4.82	3.89
(iii) Perquisites & Other Benefits	3.16	8.56
(iv) Commission	9.00	22.00
Total	65.01	66.85

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.

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B. Computation of net profit in accordance with section 349 of the Companies Act, 1956

Profit before taxation	487.49
Add: Director's remuneration	56.01
Directors Sitting Fees	0.97
Commission	9.00
Less: Profit on sale of Fixed Assets	83.03
Net Profit for the year	470.44
Chairman & Whole time director's Commission @ 1%	4.5
Managing Director's Commission @ 1%	4.5

18. Segment Reporting

- (i) The Company is only in one line of business namely Yarn and allied activities.
(ii) The segment revenue is 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	9254.85	6411.69*	15666.54
	(6596.95)	(7706.22)	(14303.17)
ii) Carrying amount of segment assets	24098.11	442.12	24540.23
by location of assets	(19455.71)	(420.82)	(19876.53)
iii) Capital Expenditure	3214.80	796.43	4011.23
	(6134.51)	—	(6134.51)

* Includes Export incentives of Rs. 368.62 Lacs (Previous Year 307.69 Lacs).

19. Related party disclosures.

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

1. (a) Associate

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 & WTD & Brother of MD
- Smt. Shiipa Bagrodia Wife of MD

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

- Starpoint Financial Services (Pvt.) Ltd.
- Agarsar Commerce Ltd.
- Energetics Investment and Consultants Pvt. Ltd.
- Roselab Commodities Pvt. Ltd.

Aggregated Related Party disclosures for the year ended 2007-2008

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	432.11	—	—	432.11
	(251.51)	—	—	(251.51)
Purchase of material goods and services	569.29	—	—	569.29
	(189.63)	—	—	(189.63)
Rent Paid	17.90	—	—	17.90
	(17.90)	—	—	(17.90)
Expenses reimbursed to others	4.79	—	—	4.79
	(8.36)	—	—	(8.36)
Expenses paid on behalf of others	5.45	—	—	5.45
	(33.69)	—	—	(33.69)
Remuneration	—	67.87	—	67.87
	—	(69.71)	—	(69.71)
Director Sitting fee	—	0.97	—	0.97
	—	(0.20)	—	(0.20)
Loans taken	—	—	230.00	230.00
	—	—	(0.00)	(0.00)
Loans repaid	—	—	230.00	230.00
	—	—	(0.00)	(0.00)
Balance outstanding as at 31.03.2008	46.93	24.78	—	71.72
	(151.17)	(0.18)	(—)	(151.35)

Winsome Textile Industries Ltd.

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

20. Earning per share

Basis for calculation of basic and diluted Earning Per Share as under :

	2007-08	2006-07
Net Profit attributable to Equity Shareholders (Rs. in lacs)	313.04	680.46
Weighted average number of equity shares	5870000	5870000
Nominal Value per equity share (Rs.)	10.00	10.00
Basic and Diluted EPS (Rs.)	5.33	11.59

21. During the year, deferred tax in respect of timing differences has been re-assessed/re-computed and liability (net) amounting to Rs. 1638.31 lacs for the year has been reversed/credited to Profit & Loss Account.

	2007-08	2006-07
Deferred Tax Liability		
Depreciation	2576.33	1629.90
Deferred Tax Assets		
Unabsorbed Depreciation	903.70	134.53
Other Items	34.32	23.40
	938.02	157.93
Deferred Tax Liability (Net)	(1638.31)	(1471.97)

22. 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.

23A. Additional information pursuant to the provisions of Paragraphs 3 and 4 of Schedule-VI to the Companies Act, 1956.

(a) Licensed & Installed Capacity

	2007-08	2006-07
Licensed/Registered Capacity	70,000 Spindles	61,104 Spindles
Installed Capacity (As Certified by the Management)	62,730 Spindles	49,730 Spindles

(b) (i) Production, Turnover & Stocks :

(Rs. in lacs)

Particulars	Opening Stock		Production Qty. MT	Purchase		Turnover		Closing Stock	
	Qty. MT	Value		Qty. MT	Value	Qty. MT	Value	Qty. MT	Value
Yarn	853.613	1063.62	9985.328	—	—	9787.015	14759.74*	1051.926	1495.59
	(451.063)	(557.17)	(9809.44)			(9406.89)	(13517.61)	(853.613)	(1063.62)
Waste	—	7.18	—	—	—	—	693.72	—	58.47
		(4.59)					(536.00)		(7.18)

*Including Export Incentives of Rs. 368.62 Lacs (Previous Year : 307.69 Lacs)

(ii) Raw Material Consumed

	Qty. (MT)	Value	Qty. (MT)	Value
Fibre	13440.100	8631.93	13945.628	7521.87
(Includes semi-finished yarn)	253.560	277.32	374.784	415.36

(iii) Total Value of Raw Materials and Stores & Spares Consumed

	Raw Material				Stores & Spares			
	2007-08	%	2006-07 (Value)	%	2007-08	%	2006-07 (Value)	%
Imported	44.98	0.52	12.84	0.17	132.23	7.70	111.05	9.54
Indigenous	8586.95	99.48	7509.03	99.83	1451.93	92.30	1052.65	90.46
Total	8631.93	100%	7521.87	100%	1584.16	100%	1163.70	100%

Winsome Textile Industries Ltd.

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

	31st March 2008 (Rs. in lacs)	31st March 2007 (Rs. in lacs)
c) Imports at CIF Value :		
Raw Material	54.69	42.17
Capital Goods	796.43	1621.14
Spare Parts & Components	123.05	104.33
Total	974.17	1767.64
d) Earning in Foreign Exchange :		
Export of goods on FOB basis (Excluding Export through Export Houses & EOU)	5826.10	7218.01
Interest realisation	0.90	0.50
	NIL	1.74
e) Expenditure in Foreign currency : (Cash basis)		
Foreign Travelling	34.19	24.82
Commission and other expenses	84.85	62.48
f) Remittance in foreign currency on Dividend Account		
Number of non-resident shareholders	—	1
Number of shares held by non-resident shareholders	—	600
Net Amount of Dividend remitted (Amount in Rs.)	—	120
Year to which dividend relates	—	2005-06

23B. The Foreign Currency Exposure that are not hedged by a derivative instrument or otherwise are as follows (as certified by the management) :

Particulars	Document Currency	Amount in Document Currency	Amount in Rupees (in lacs)
Sundry Debtors	USD	3294463.29	1295.03
Sundry Creditors	CHF	299800.00	109.73
	EURO	77500.00	44.18
Loan PCFC	USD	178812.00	72.33
Foreign Commission Payable	USD	133468.71	54.36

Note : Dividend warrants sent to their bankers in India.

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

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
Manish Bagrodia
Viney Kumar
Satish Girotra

PLACE : Chandigarh
DATED : 30.06.2008

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	31-03-2008		06

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

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

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

Total Liabilities	2454023	Total Assets	2454023
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Sources of Funds

Paid-up Capital	58700	Reserve & Surplus	356597
Secured Loans	1443547	Unsecured Loans	16939
		Deferred Tax Liability	163831

Application of Funds

Net Fixed Assets	1688456	Investments	1
Net Current Assets	347612	Misc. Expenditure	3545
Accumulated Losses	—		

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

Turnover including other income	1613115	Total Expenditure	1564366
Profit/(Loss) Before Tax	48749	Profit/(Loss) After Tax	31304
Earning per share (Rs.)	5.33	Dividend Rate (%)	2%

(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

S.K. Periwal
Company Secretary

Ashish Bagrodia
Managing Director

Satish Bagrodia
Chairman

Directors :

Chandra Mohan
Manish Bagrodia
Viney Kumar
Satish Girotra

PLACE : Chandigarh
DATED : 30.06.2008

WINSOME TEXTILE INDUSTRIES LIMITED

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

Please complete the Attendance Slip and hand it over at the time of Annual General Meeting.
Please also bring your copy of the Annual Report.

ATTENDANCE SLIP

I hereby record by presence at the **27th ANNUAL GENERAL MEETING** of the Company being held on Tuesday, the 23rd September, 2008 at 09.00 A.M. at 1, Industrial Area, Baddi, Distt. Solan (H.P)

REGD. FOLIO NO.	DP. id*
	Client id*
NAME OF SHAREHOLDER (IN BLOCK LETTERS)	
SIGNATURE OF THE SHAREHOLDER OR PROXY	
NOTE : NO GIFTS OR COUPONS WOULD BE GIVEN TO THE SHAREHOLDERS FOR ATTENDING THE ANNUAL GENERAL MEETING.	

Tear Here

WINSOME TEXTILE INDUSTRIES LIMITED

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

PROXY FORM

REGD. FOLIO NO.	DP. id*	
	Client id*	

I/Weof.....being a Member/Members of WINSOME TEXTILE INDUSTRIES LIMITED hereby appoint.....of.....or failing him/her.....of.....as my/our Proxy to attend and vote for me/us on my/our behalf at the 27th ANNUAL GENERAL MEETING of the Company to be held on Tuesday, the 23rd September, 2008 at 09.00 A.M. at 1, Industrial Area, Baddi, Distt. Solan (H.P) and at any adjournment thereof.

AS WITNESS my/our hand thisday of.....2008.

Stamp

Signed by the said

*Applicable for investors holding shares in electronic form.

NOTE : The Proxy form duly signed across the revenue stamp of Rupee One must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.