



# **Winsome Textile Industries Limited**

## **30th Annual Report 2010-11**



**BOARD OF DIRECTORS**

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

**AUDIT COMMITTEE**

Shri Chandra Mohan  
Shri Rajeev Kumar  
Shri Satish Girotra

**SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

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

**COMPANY SECRETARY**

Shri Sourabh Gupta

**AUDITORS**

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

**BANKERS**

UCO Bank  
Canara Bank  
Bank of India  
Andhra Bank

**FACTORY & REGISTERED OFFICE**

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

**CORPORATE OFFICE**

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

**SHARE TRANSFER AGENT**

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

**CONTENTS**

Notice	1-4
Directors' Report	5-8
Corporate Governance Report	9-16
Auditors' Report	17-19
Balance Sheet	20
Profit & Loss Account	21
Cash Flow Statement	22
Schedules	23-28
Notes on Accounts	29-35
Balance Sheet Abstract	36

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## NOTICE

NOTICE is hereby given that the 30th Annual General Meeting of the Members of Winsome Textile Industries Limited, will be held on Monday, the 4th of July, 2011 at 10.00 a.m. at its Registered Office at 1, Industrial Area, Baddi, Dist. 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 2011 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, 2011.
3. To appoint a Director in place of Shri Satish Girotra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Manish Bagrodia, 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, (Firm Registration No. 301051E), 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 a SPECIAL RESOLUTION:

#### **"RESOLVED THAT:-**

- a) That in accordance with the provisions of Section 13, 16 and 94 and other applicable provisions, if any, of the Companies Act, 1956 or any amendment or re-enactment thereof and the enabling provisions of the Articles of Association of the Company and subject to such other approvals, consents, permissions and sanctions, if any, required from any authority, the consent of the shareholders of the Company be and is hereby accorded to the Board of Directors for consolidation of existing equity shares of the face value of Re. 1/- (Rupee One) each fully paid up in the Authorized Share Capital of the Company into Rs. 10/- each fully paid up and that 10 (Ten) equity share of the face value of Re.1/- each (Rupee one) each fully paid up be consolidated into 1 (One) equity share of the face value of Rs. 10/- (Rupees Ten) each fully paid up with effect from the Record Date to be determined by the Board of Directors of the Company (the term "the Board" shall be deemed to include any "Committee" thereof) for the purpose.
- b) That the issued equity shares of the Company held by the members of the Company in the physical share certificate form be cancelled and in lieu thereof fresh share certificates be issued for the consolidated equity shares in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 and where members hold these equity shares in dematerialized form, the consolidated equity shares in lieu thereof be credited to the respective beneficiary accounts of the members with their respective depository participants.
- c) That in consolidation of 10 equity shares of Re. 1/- (Rupee One) each fully paid up into one equity share of Rs.10/-(Rupees Ten) each fully paid up, the Board shall not issue any fractional shares/certificates but the total number of the equity shares representing such fractions shall be transferred to a person or persons appointed by the Board as trustee/trustees for and on behalf of such fractional equity shareholders, who would, otherwise have been entitled to such fractional shares/certificates. The trustee shall be provided with details of the persons entitled for fractional shares/certificates so as to enable the trustees to distribute the sale proceeds to the persons entitled for the same and such sales be completed within stipulated period as may be prescribed, the shares vesting with the trust and after payment of all expenses of the sale, to distribute the net proceeds of such sale amongst the members/shareholders in proportion to their respective fractional entitlements thereto.
- d) That for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts/deeds, matters and things and give such directions as may be necessary or expedient including forming of trust and to authorise the trustee/trustees to take delivery of fractional shares and to sell such fractional shares transferred to him/them and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision and shall be final and binding".

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

"RESOLVED THAT pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act 1956, the existing Clause V of the Memorandum of Association of the Company, be and is hereby amended, to incorporate therein the effect of the consolidation of equity shares and be read as follows:

(V) The Authorised Share Capital of the Company is Rs. 25,00,00,000 (Rupees Twenty Five Crores) divided into 5,000 (Five Thousand) Redeemable Cumulative Preference Shares of Rs.100/-(Rupees Hundred) each and 2,49,50,000 (Two Crores Forty Nine Lacs Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each".

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

"RESOLVED THAT the consent of the Company be and is hereby accorded, under the provisions of Section 293(1)(d) of the Companies Act, 1956, to the Board of Directors of the Company, for borrowing money by way of loan(s), working capital facilities, secured promissory notes, securities (comprising fully/partly Convertible Debentures and/or Non Convertible Debentures with or without detachable or non detachable warrants) or any other debt instrument, from time to time, or such money as they deem fit, for the purpose of business of the Company, notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans, obtained from the Company's Bankers in the ordinary course of business), exceed the aggregate of the "paid up" Capital of the Company and its free reserves not set apart, for any specific purpose, provided that the total amount upto which the money can be borrowed by the Board of Directors, shall not exceed the sum of Rs. 1000 Crores (Rupees One Thousand Crores only)".

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

"RESOLVED THAT the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), to the Board of Directors (herein after referred to as "The Board") to mortgage and/or charge, in addition to the mortgage charges created/to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the movable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of Company, in favour of lender(s) for securing the borrowings of the Company availed/to be availed by the Company from time to time by way of loan(s), working capital facilities, secured promissory notes, securities (comprising fully/partly Convertible Debentures and/or Non-Convertible Debentures with or without detachable or non-detachable warrants) or any other debt instrument, subject to the limits approved under Section 293(1)(d) of the Companies Act, 1956, together with interests at the respective agreed rates, additional interest, compound interest, accumulated interest, liquidated damages, and all other costs and charges and all other moneys payable in respect of the said loan, agreements, debentures trust deed(s) or other documents entered into/to be entered into between the Company and the lenders in respect of the said loans/borrowings/working capital facilities/debentures and containing such specific terms, conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the lenders. RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to finalize, settle and execute such documents/papers/agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, doubt or difficulty that may arise with regard to creating mortgages/charges as aforesaid.

RESOLVED FURTHER THAT the mortgage/charge created/to be created or all agreements, documents executed/to be executed and all acts done/to be done in terms of the above resolution by and with the authority of Board of Directors, be and are hereby approved and confirmed."

By Order of the Board

Place : Chandigarh  
Dated : 16.05.2011

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 Books of the Company will remain closed from 15.06.2011 to 17.06.2011 (both days inclusive).
4. The dividend, as recommended by the Board of Directors, if approved at the Annual General Meeting, will be paid on or after 04.07.2011 to those persons:
  - a) whose names appear as Beneficial Owners as at the end of business hours on 14.06.2011 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 14.06.2011.
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 Girotra, Director, aged about 71 years, is a Post Graduate in Education and Management having overall experience of about 46 years. He is holding 2500 shares of the Company.

Presently, he is Director of Winsome Textile Industries Limited, S. Girotra Consultants (P) Ltd, Puru Sepricon Pvt Ltd, KBA Giori India (P) Ltd. , Newby Teas Overseas Pvt Ltd., Anamika Sugar Mills Pvt Ltd and OVD Kinegram India Pvt Ltd. He is also Chairman of Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee of Winsome Textile Industries Ltd.
7. Item No. 4 - Shri Manish Bagrodia, Director, aged 43 years is M. Com. and has also done Diploma in Computer Applications. He has around 24 years experience in the Textile Industry. He is holding 462200 shares of the Company.

Presently, he is the Managing Director of Winsome Yarns Limited and Director of Winsome Textile Industries Limited, IDS Infotech Limited, Voguestock Commodities Limited, Vogue Commercial Company Ltd., Winsome Yarns (Cyprus) Limited, S.C. Winsome Romania s.r.l., IMM Winsome Italia s.p.a and S.C. Textil s.r.l. He is also member of Shareholders/Investors Grievance and GDR Issue Committee in Winsome Yarns Limited.
8. Members/proxies should fill the attendance slip for attending the Meeting.
9. 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.
10. 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.
11. M/s Link Intime India Private Limited, A-40, 2nd Floor, Near Batra Banquet Hall, Phase-II, Naraina Industrial Area, New Delhi-110028 (Tele. 011-41410592-94, Fax No. 011-41410591) is acting as common agency for dematerialisation and physical transfer of shares of the Company. The members should send their physical shares and letter for change of address and issue of duplicate shares directly to the aforesaid share transfer agent.
12. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of the Notice.



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

### ITEM NO. 6

Presently the face value of Company's equity share is Re. 1/- (Rupee one) each. The present authorized share capital is Rs. 25,00,00,000 (Rupees Twenty Five Crore only) divided into 5,000 (Five Thousand) Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees Hundred) each and 24,95,00,000 (Twenty Four Crore Ninety Five Lacs) Equity Shares of Re. 1/- (Rupees One) each.

Having regard to the anticipated growth of the Company in future, it is proposed to reorganize the capital structure by consolidating the equity shares from Re.1/- (Rupee one) each to Rs. 10/- (Rupees Ten) each. The restructuring will help the Company to give a better picture of Earning Per Share (EPS) to the equity shareholders of the Company and also in better servicing to shareholders. The main aim is to bring all the potential shareholders together and to enable them to take effective decision in the development of the Company.

The authority is sought to be given to Board of Directors to fix the Record Date and to issue fresh equity share certificates of the denomination of Rs.10/-(Rupees Ten) each to the members in place of existing equity share Certificate of Re.1/- (Rupee one) each. In case of members having fractional shares not divisible by 10 will be transferred to a trust which will be formed by the Board for this purpose. All the fractional shares will be transferred as on the record date. The trust will consolidate the fractional shares transferred to it and will sell the total shares. The proceeds of the total shares will be paid to the respective shareholders after deducting the expenses incurred in this regard, if any. The said resolution, if passed, will have the effect of the allowing the Board to do all such matters and deeds as are necessary to effect the said matter.

The proposed resolution as set out in the notice is intended to give effect to the above proposal and seeks approval of the shareholders for Company for consolidation of share capital. The Directors of the Company are deemed to be interested in the said resolution to the extent of their shareholding in the Company.

### ITEM NO. 7

Subsequent to the alteration in the Authorized Share Capital, the necessary alterations have to be made in Clause V of Memorandum of Association of the Company. Hence the Board recommends this resolution and sought the approval of shareholders of the Company for effecting the proposal of consolidation. None of the Directors of the Company are concerned or interested in the proposed resolution.

### ITEM NO. 8 & 9

For implementation of new projects & diversification plans of the Company and to meet the increased working capital requirements, capital expenditures etc. the Company needs to borrow the funds from time to time. The borrowing powers of the Board of Directors of the Company as approved by the shareholders in their Extra Ordinary General Meeting held on 02.05.2008 is Rs. 500 Crores only. Accordingly, it is proposed to enable the Company to obtain further financial assistance from Financial Institutions/Banks/investing agencies by way of loan(s), working capital facilities, secured promissory notes, securities (comprising fully/partly Convertible Debentures and/or Non Convertible Debentures with or without detachable or non detachable warrants) or any other debt instrument, therefore the borrowing powers be increased to Rs.1000 Crores (Rupees One Thousand Crores only) at anytime.

Since this borrowing power exceeds the limit of aggregate of paid up capital and free reserves of the Company, the approval of shareholders of the Company is required, in compliance with the provisions of Section 293(1)(d) of the Companies Act 1956.

Further to secure such borrowings, from Financial Institutions/Banks/investing agencies etc. the Company would have to mortgage/charge/hypothecation the assets and properties of the Company, both present and future, as may be required by the Lenders etc. which requires the approval of shareholders of the Company under section 293(1)(a) of the Companies Act 1956.

Accordingly, the resolutions set out in item no. 8 & 9 accompanying the said notice are being proposed for your approval. None of the Directors of the Company are concerned or interested in the proposed resolutions.

By Order of the Board

Place : Chandigarh

Dated : 16.05.2011

SATISH BAGRODIA

CHAIRMAN

Dear Shareholders,

Your Directors have pleasure in presenting the 30th Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2011.

Financial Highlights	Year ended 31.3.2011 (Rs.in lacs)	Year ended 31.3.2010 (Rs.in lacs)
Sales	<b>34970.74</b>	21964.05
Profit before Interest & Depreciation	<b>5192.62</b>	3154.91
Less : Interest	<b>2019.88</b>	2005.86
Profit/(Loss) before Depreciation	<b>3172.74</b>	1149.05
Less : Depreciation	<b>1134.14</b>	1101.91
Profit/ (Loss) before Tax	<b>2038.60</b>	47.14
Less : Provision for Taxation		
– Current Tax(MAT)	<b>254.64</b>	7.85
– MAT Credit	<b>(254.64)</b>	(7.85)
– Deferred Tax Liability	<b>637.53</b>	15.76
– Tax for earlier years	<b>45.75</b>	4.09
Net Profit/ (Loss) after Tax	<b>1355.32</b>	27.29
Add : Surplus brought from previous year	<b>1415.18</b>	1387.89
	<b>2770.50</b>	1415.18
<b>Appropriations:</b>		
Proposed Dividend	<b>198.20</b>	–
Corporate Dividend Tax	<b>32.69</b>	–
Surplus Carried to Balance Sheet	<b>2539.61</b>	1415.18
	<b>2770.50</b>	1415.18

#### OPERATIONS AND PERFORMANCE

During the year under review, your Company has achieved a sales turnover of Rs. 34970.74 lacs as against sales turnover of Rs. 21964.05 lacs during the previous year and a net profit (after tax) of Rs.1355.32 lacs for the year as against net profit (after tax) of Rs. 27.29 lacs during the previous year. The Sales turnover has increased by approximately 37.19 % .

In the current financial year 2010-11, besides recovery in global economic environment, domestic demand for textile products has been very strong giving the much needed positive thrust to the textile industry. There is a revival in consumer demand for textile products in domestic as well as export markets. This helped your Company to steadily increase its capacity utilization and leading to improvement in financial performance as well. Your Company continues with its task to build businesses with long-term goals based on its intrinsic strengths in terms of its quality manufacturing prowess, wide distribution network and strong customer relationships. To accelerate further value creation, your Company continues to evaluate new areas of growth & expansion. The initiatives aimed at rationalising and streamlining operations, to bring about efficiencies and reducing costs, remain top priority.

#### NEW PROJECTS/ EXPANSION PLANS

The Company is in process of expanding its areas of operations. The Company is planning to setup another Spinning unit with the capacity of 40,800 spindles and Circular Knitting unit in Himachal Pradesh at an investment of approximately Rs. 200 Crores. The Company will be shortly submitting the project report to the banks for funding this expansion plan.

The construction of the Company's Hydro Power Project at Distt. Kangra, Manuni Khad (H.P.) is going on swiftly and your Company is making its consistent efforts to complete with in the current financial year.

#### IS/ISO 9001-2008 & 14001-2004

Your Directors are pleased to inform you that your Company continues to be holder of IS/ISO 9001-2008 Quality Management System Certificate and IS/ISO 14001-2004 Environmental Management System Certificate, issued by Bureau of Indian Standard.

#### GLOBAL DEPOSITORY RECEIPTS ISSUE (GDRs) OF COMPANY

During the year under review, your Company has raised an amount of US\$ 9997500 from Global Depository Receipts (GDRs) issue. The Board of Directors in their meeting held on 31.03.2011 have issued & allotted 6,45,00,000 equity

shares of Re.1/- each at a premium of Rs 5.94/- per share each fully paid up underlying the 12,90,000 Global Depository Receipts (GDRs) at a price of US\$ 7.75 per GDR. Each GDR represents 50 Equity shares of the Company. The fund raised through it will be utilised as stipulated. The Global Depository Receipts (GDRs) of the Company are listed in Luxembourg Stock Exchange. After the allotment of underlying equity shares, the paid up equity capital of the Company stands increased from Rs. 13,37,00,000/- to Rs. 19,82,00,000/- comprising of 19,82,00,000 equity shares of Re. 1/- each.

### **FIXED DEPOSITS**

During the year, your Company did not accept any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.

### **SUBSIDIARIES**

Your Company does not have any subsidiary company.

### **DIVIDEND**

In order to conserve the resources and future investment in expansion projects, your Directors are pleased to recommend a dividend of Re. 0.10/- per share i.e. @10 % on every equity share of Re. 1/- each, for approval of shareholders at the forthcoming Annual General Meeting.

### **DIRECTORS**

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

### **AUDITORS**

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

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

### **COST AUDIT**

As per the requirements of Central Government and pursuant to Section 233B of the Companies Act, 1956, your Company carries out an audit of cost records every year. Subject to the approval of Central Government, the Board has re-appointed M/s V. Kumar & Associates, Cost Accountants, as the Cost Auditor of Company, for the financial year 2011-12.

### **STATEMENT OF PARTICULARS OF EMPLOYEES**

Pursuant to the amendment in Companies (particulars of employees) Rules, 2011 vide notification No. GSR 289(E) dated 31.03.2011 issued by Ministry of Corporate Affairs, no employee of the Company was in the receipt of Rs. Sixty Lacs per annum or Rs. Five Lacs per Month during the year under review. Accordingly, no particulars of Employees are given pursuant to the provisions of Section 217(2A) of Companies Act, 1956.

### **CONSERVATION OF ENERGY**

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

### **AUDITOR'S REPORT**

Auditors' observations regarding non provision of doubtful debts have been explained in details in Note No. 7 of Schedule 14B, read with Accounting Policies & Notes on Accounts.

### **CORPORATE GOVERNANCE**

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



## **DIRECTOR'S RESPONSIBILITY STATEMENT**

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

- i) in the preparation of annual accounts for the financial year ended 31st March, 2011, 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, 2011, and of profit/(loss) of the Company for the year ended on that date.
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the annual accounts have been prepared on a going concern basis.

## **ACKNOWLEDGEMENT**

Your Directors acknowledge the support and assistance extended to us by the Government of Himachal Pradesh and various government departments, financial institutions, bankers, shareholders and investors at large and look forward to having the same support in our endeavours.

Your Directors would like to appreciate the efforts of the Company's employees for their continued co-operation and unstinted support extended to the Company.

By order of the Board

Place : Chandigarh  
Dated : 16.05.2011

SATISH BAGRODIA  
CHAIRMAN

## **ADDENDUM TO THE DIRECTORS' REPORT**

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

Auditor's observations have been explained in details in Note No. 7 of Schedule 14(B), read with Accounting Policies and Notes on accounts, the explanations of the directors are that the Company has initiated persuasive action for recovery of certain overdue debtors aggregating to Rs. 203.40 lacs (Previous Year Rs. 158.51 lacs) (including overdue overseas debtors of amounting to Rs. 39.79 lacs) (Previous year Rs. 35.96 lacs). In the opinion of the management, these are good and fully realizable hence no provision there against is considered necessary.

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 DIRECTOR'S REPORT FOR THE PERIOD ENDED 31ST MARCH, 2011.

**I. CONSERVATION OF ENERGY**

**a) Energy conservation measures taken :**

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

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

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

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

Though there is savings in power consumption of Rs. 18.52 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 :**

		<u>Current Year</u>	<u>Previous Year</u>
<b>A) Power and Fuel consumption</b>			
<b>1 Electricity</b>			
a)	Purchased Unit (KW)	<b>53648600</b>	52369060
	Total amount (Rs in lacs)	<b>2063.94</b>	1719.33
	Rate/Unit (Rs)	<b>3.85</b>	3.28
b)	Own Generation through FO/Diesel Generator Unit(KW)	<b>1985864</b>	1167629
	Units/Ltr. of Diesel Oil /FO	<b>3.49</b>	3.50
	Cost/Unit(Rs/KW)	<b>9.19</b>	8.23
<b>2 Coal(Specify quality and where used)(KG)</b>			
	Pet Coke for Boiler	<b>4135664</b>	4358223
<b>3 HSD &amp; Furnace Oil Qty.(MT)</b>			
	Total amount (Rs. in lacs)	<b>NIL</b>	NIL
	Average rate(Rs. per M.T )	<b>NIL</b>	NIL
<b>4 Gas</b>			
	Total amount (Rs. in lacs)	<b>NIL</b>	NIL
	Average rate( Rs. per Kg)	<b>NIL</b>	NIL
<b>B) Consumption per Unit of Production</b>			
	Electricity /Own generation (KW)	<b>3.48</b>	3.67
	HSD & Furnace Oil (Lts)	<b>Nil</b>	NIL
	Gas (Kgs)	<b>Nil</b>	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
Revenue	58.93
Total	<u>58.93</u>
Total R & D expenditure as a percentage of Total Turnover	=0.17%

**2) Technology absorption, adaptation and innovation**

- a) Efforts, in brief, made towards technology absorption, adaptation and innovation;
- Equipments of latest technology have been installed without any Foreign Technical Know-how.
- b) Benefits derived as a result of the above efforts e. g. product improvement, cost reduction, product development, import substitution etc;
- There has been benefit in respect of quality and output of the product.
- c) In case of imported technology (imported during the last 5 year reckoned from the beginning of the financial year) – Nil

**3) FOREIGN EXCHANGE EARNINGS AND OUTGO**

- a) Activities relating to export, initiatives taken to increase export, development of new export markets for products and services and export plans:
- Sustained efforts have helped the Company to achieve Exports (including Deemed Exports) of Rs 16647.35 lacs in 2010-11 against Rs. 6004.04 lacs in 2009-10. The Company proposes to increase exports through the introduction of new products in the markets.
- b) Total Foreign Exchange used and earned

	<u>Current year</u>	<u>(Rs. In Lacs)</u> <u>Previous year</u>
Earnings	<b>16647.35</b>	6004.04
Outgo	<b>868.76</b>	567.48

By order of the Board

Place : Chandigarh  
Dated : 16.05.2011

SATISH BAGRODIA  
CHAIRMAN

## CORPORATE GOVERNANCE

### 1. Company's philosophy on code of Governance

The Company's philosophy on Corporate Governance envisages greater accountability, transparency, responsibility, fairness and commitment to values in all spectrums of business through continual assessment of internal control mechanism vis-a-vis proactive risk management system for upholding ethos of corporate citizenship. The Company is committed to attend best in class higher levels disclosures to board and shareholders & society at large. The Company has a strong desire to enhance long-term shareholder value. A transparent, ethical and robust governance framework helps to enhance the efficiency, which is an important catalyst in driving business growth across parameters and boosts investors confidence.

### 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 2010-11, nine board meetings were held. The meetings were held on 9th May 2010, 18th May 2010, 27th May 2010, 31st July 2010, 11th November, 2010, 1st February, 2011, 19th March 2011, 25th March, 2011 and 31st March, 2011.

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

No. of Directorship and Committee Membership/ Chairmanship:-

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

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 General Manager (Finance) 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, 2011, transactions entered into by the Company during the said period, their responsibility for establishing and maintaining internal control systems for financial reporting and evaluation of the effectiveness of the internal control system and making of necessary disclosures to the Auditors and the Audit Committee have been duly complied with.

### 5. Audit Committee

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

## Winsome Textile Industries Limited

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 27th May 2010, 31st July 2010, 11th November 2010 and 01st February, 2011.

Sr.No.	Name of members	Category	No. of meetings attended during the year 2010-2011
1	Shri Satish Girotra, Chairman	Independent/Non-Executive	4
2	Shri Chandra Mohan	Independent/Non-Executive	3
3	Shri Rajeev Kumar	Independent/Non-Executive	2

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

### 6. Remuneration Committee :

None of the meeting was held of remuneration committee during the year 2010-11.

Sr. No.	Name of members	Category
1	Shri Satish Girotra, Chairman	Independent/Non-Executive
2	Shri Chandra Mohan	Independent/Non-Executive
3	Shri Rajeev Kumar	Independent/Non-Executive

The details of remuneration paid to the Directors during the year 2010-11 are given below:

Non-Executive		(Amount in Rs.)	
Name of Directors	Sitting Fees	Total	
Shri Chandra Mohan	40000	40000	
Shri Satish Girotra	30000	30000	
Shri Rajeev Kumar (IDBI Nominee)#	10000	10000	
Shri Manish Bagrodia	35000	35000	

# The sitting fees has been paid to the nominating institution.

Executive		(Rs. in lacs)	
Name of Directors	Salary	Perquisites*	Total
Shri Satish Bagrodia	21.00	4.03	25.03
Shri Ashish Bagrodia	19.20	11.63	30.83

\* Perquisites includes contribution to provident & other funds, House Rent Allowance or Housing Accommodation, reimbursement of Medical Expenses and other perks/ benefits provided by the Company.

### 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 shareholders etc. During the financial year 2010-11, four Shareholders/ Investors Grievance Committee meetings were held on 27th May, 2010, 31st July 2010, 11th November, 2010 and 01st February, 2011. 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 2010-2011
1	Shri Satish Girotra, Chairman	Independent/Non-Executive	4
2	Shri Chandra Mohan	Independent/Non-Executive	3
3	Shri Rajeev Kumar	Independent/Non-Executive	2
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, no complaint was received and no grievance was pending at the end of the financial year.

Shri Sourabh Gupta, Company Secretary 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
2007-2008	1, Industrial Area, Baddi, Distt- Solan (H.P.)	23/09/08	9.00 A.M.
2008-2009	1, Industrial Area, Baddi, Distt- Solan (H.P.)	11/09/09	11.00 A.M.
2009-2010	1, Industrial Area, Baddi, Distt- Solan (H.P.)	27/09/10	10.00 A.M.

### Extra Ordinary General Meeting

Year	Venue	Date	Time
2010-2011	1, Industrial Area, Baddi, Distt- Solan (H.P.)	16/06/2010	10.00 A.M.

During the last three years, two special resolutions on 23.09.2008 and two special resolutions on 11.09.2009 as set out in the respective notices were passed by the shareholders. However in the Extra Ordinary General Meeting of the Company which was held on 16.06.2010 for the purpose of getting the approval of shareholders of Company for Global Depository Receipts (GDRs)/ American Depository Receipts (ADRs) etc. issue of the Company for an aggregate amount not exceeding Rs. Fifty Crores, two special resolutions were passed in it. No Postal ballots were used for voting in these meetings. At the forthcoming AGM, there is no item on the agenda that needs approval by Postal ballots.

## 9. Disclosures

There are no materially significant related party transactions made by the Company with its promoters, directors or management, their relatives etc. that may have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in Note No. 21 of Schedule 14(B) of the Accounts in the Annual Report.

During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any Statutory Authority for non-compliance of any matter related to the capital markets.

## 10. Means of Communications

The quarterly, half yearly & annual results are published in widely circulating national & local dailies newspapers such as Financial Express (in English), Jansatta (in Hindi) and Business Standard (in English & in Hindi). The same are also being posted on the website of BSE (www.bseindia.com) under the Scrip Code '514470'. The Management Discussion and Analysis report forms a part of this Annual Report.

## 11. General Shareholder information:

Annual General Meeting at 10.00 a.m. on 4th July, 2011 at the Registered Office of the Company at 1, Industrial Area, Baddi, Distt. Solan, Himachal Pradesh.

Financial Calendar	:	1st April to 31st March
Date of Book Closure	:	15.06.2011 to 17.06.2011 (both days inclusive)
Listing on Stock Exchanges	:	Bombay Stock Exchange Limited (BSE)
Global Depository Receipts (GDRs) listed on	:	Luxembourg Stock Exchange/ LuxSE Société de la Bourse de Luxembourg S.A. B.P. 165, L-2011 Luxembourg Siège social, 11, avenue de la Porte-Neuve, Telephone: + 352 47 79 36-272 , Telefax : + 352 47 32 98-204
Demat ISIN Number in NSDL & CDSL	:	INE 837B01023

Annual listing fees for the year 2010-2011 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 2010-11. Stock code-514470 (www.bseindia.com).

Months	High	Low	Closed	Shares
April, 2010	5.39	3.30	5.31	3265830
May, 2010	5.36	4.70	4.85	1215352
June, 2010	5.25	4.71	5.19	1186808
July, 2010	6.49	5.06	6.12	3852701

## Winsome Textile Industries Limited

August, 2010	6.25	5.06	5.61	5439314
September, 2010	6.20	4.25	5.27	8378077
October, 2010	6.90	5.00	5.59	3370093
November, 2010	6.69	4.80	5.04	1554778
December, 2010	5.55	3.80	4.91	568382
January, 2011	6.33	4.14	5.70	1328835
February, 2011	7.00	5.13	6.00	1280896
March, 2011	6.30	5.44	6.13	867235

Registrar and Share Transfer Agent	:	Link Intime India Pvt Ltd. A-40, 2nd Floor, Near Batra Banquet Hall Phase-II, Naraina Industrial Area New Delhi - 110028 Tele. No. 011-41410592-94, Fax No. 011-41410591 E-mail : delhi@intime.co.in
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 Sourabh Gupta
E-mail ID	:	cswtil@winsomegroup.com
Distribution of shareholding as on 31st March, 2011		

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1 - 5000	1588	85.43	1959172	0.99
5001 - 10000	101	5.43	823561	0.42
10001 - 20000	53	2.85	833352	0.42
20001 - 30000	16	0.86	407870	0.21
30001 - 40000	14	0.75	497051	0.25
40001 - 50000	15	0.81	706044	0.36
50001 - 100000	17	0.91	1162284	0.59
100001 and above	55	2.96	191810666	96.76
<b>Total</b>	<b>1859</b>	<b>100</b>	<b>198200000</b>	<b>100</b>

Shareholding Pattern as on 31st March, 2011.

Category	No. of shares	Percentage
Promoters/Persons acting in concert	65244180	32.92
Financial Institutions/ Banks/ Mutual Funds	6958330	3.51
NRIs	249552	0.13
Bodies Corporates	43045131	21.72
Indian Public	18202807	9.18
Shares held by Custodian and against which Depository Receipts have been issued	64500000	32.54
<b>Total</b>	<b>* 198200000</b>	<b>100</b>

\* Paid up capital as on 31.03.2011 was consisting of 19,82,00,000 Equity Shares of Rs. 1/- each.

Details of shareholding of Directors in the Company as on 31.03.2011.

Name of Director	No. of shares held
Shri Satish Bagrodia	447700
Shri Chandra Mohan	--
Shri Satish Girotra	2500
Shri Rajeev Kumar	--
Shri Manish Bagrodia	462200
Shri Ashish Bagrodia	492200

Dematerialisation of shares and liquidity : 62.20% of the shares issued by the Company have been dematerialized upto 31st March, 2011.



## Winsome Textile Industries Limited

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Outstanding GDRS/ ADRS/ Warrants or any convertible instruments, conversion date and likely impact on equity : The Board of Directors in their meeting held on 31.03.2011 have allotted 6,45,00,000 equity shares of Re.1/- at a premium of Rs 5.94/- per share each fully paid up underlying the 12,90,000 Global Depository Receipts (GDRs) at a price of US\$ 7.75 per GDR. Each GDR represents 50 Equity shares of the Company.

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 : cswtil@winsomergroup.com,

By order of the Board

Place : Chandigarh  
Dated : 16.05.2011

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, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

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

For Lodha & Co.  
Chartered Accountants  
Firm Regn. No. 301051E

Place: New Delhi  
Date : 16.05.2011

N.K. Lodha  
Partner  
M. No. 85155

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **OVERVIEW OF ECONOMY & INDIAN TEXTILE INDUSTRY**

The Indian textile industry is one of the largest and oldest in the country and among the most important in the economy in terms of output, employment generation and export earnings. This sector employs nearly 35 million people and it is the second highest employer after agriculture. It has its huge role in the economic development of the Country. Apart from providing one of the necessities of life i.e. clothing, the textile industry accounts for around nearly 4 per cent of GDP, 14 percent of the country's industrial output and about 17 percent of export income.

The India's share in the global textile market is projected to grow from 4 percent to 7 percent by 2011-12 and the share of apparel exports alone is expected to increase from 48 percent to 60 percent of India's total Textiles & Clothing exports. India has a large natural fibre base and ranks as the world's second leading producer of cotton, accounting for 21 percent of the world's total cotton production. In the man-made fibre sector, India is the world second largest producer of polyester fibres & filament yarns and one of the largest producer of cellulosic fibres and filament yarns. India is diversified and is capable of producing a wide variety of textiles. The spinning segment is moderately modernized and competitive, accounting for about 24 percent of the world cotton yarn exports. The Indian textile industry is one of the largest in the world with a massive raw materials and textile-manufacturing base and currently India has attained the position of having second highest spindle age in the world after China.

Notwithstanding signs of recovery from the previous financial crisis, the textile and apparel industry went through a tough year struggling with the surging and fluctuating prices of raw materials. However, the Government is making efforts in boosting the textile industry through various initiatives and investments are increasing steadily. The Ministry of Textiles has further extended the Technology Upgradation Fund Scheme (TUFS) till March 2012. The industry is expected to continue to grow at a significant rate in the future, as it is fuelled by a strong domestic consumption.

### **COTTON SCENARIO**

The Cotton Advisory Board has estimated the cotton crop for the season 2010-11 at 312 lakh bales. In this cotton season, the per hectare yield has dropped to 475 kgs. as against 486 kgs. achieved in the season 2009-10. The decline in productivity and production has come about mainly on account of unfavorable weather conditions in the beginning of the season. Cotton, an agricultural product is the key raw material for manufacture of cotton yarn and cotton crop largely depends on monsoon.

With the prediction of normal monsoon for the coming season and other favourable factors like higher cotton prices in the current season, farmers will find it attractive to increase area under cotton cultivation due to growing awareness among farmers for adoption of better technology and augmented supply of a good quality seed hopefully, cotton production in the coming season will increase. Even globally also cotton production in the coming year is projected to be higher than the current year.

### **OPPORTUNITIES AND THREATS**

The health of textile units is primarily dependent on adequate availability of quality cottons at competitive prices. The Indian textile industry has laid considerable emphasis on exports. At a macro level, the recession affecting the Western economies has shrunk overall demand for textile products. At a micro level, however, the pattern is different. Large international buyers are examining ways and means to reduce the procurement cost of their textiles and this has resulted in them buying from a few large suppliers rather than many small ones. The Company has expanded its export base from the European markets to other middle east countries also and expects that these countries will provide us more ample opportunities in coming years.

Major problem for the textile industry is the continued appreciation in Indian rupee against US dollar, which has serious implication on textile exports/textile market. Being highly competitive industry, fiscal tightening, prospect of higher domestic inflation, increase in the external value of rupee would cripple the competitiveness of the industry. Another important issue is availability of quality power. The availability of good quality power at reasonable prices is critical for sustainability of the industry. The cost of power has been continuously increasing, adding to the input cost pressure in the industry. The polyester fibre prices also had an increasing trend during the year under review.

Your Company is making its consistent efforts for facing these kinds of challenges. We have utilized the opportunity offered by the global recession earlier for introspection to identify the areas of improvement i.e. efficient supply chain management and optimum utilization of resources to strengthen our competitiveness by offering more value to

customers in terms of high value added products. These initiatives have paid us well and proved fruitful for us in enhanced our learning, strengthen and increase in our capabilities to overcome such events in future. We have a firm faith in the bright future of textile industry in India.

### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has adequate system of internal control. There is system of continuous Internal Audit which aims at ensuring effectiveness and efficiency of systems and operations. Your Company believes in formulating adequate and effective internal control systems and implementing the same strictly to ensure that assets and interests of the Company are safeguarded and reliability of accounting data and accuracy are ensured with proper checks and balances. The Internal control system is improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements.

### **RISK MANAGEMENT**

The Company is exposed to fluctuations in foreign exchange, interest rates risks, business risk, commodity prices, cut-throat competition etc. Some of them are mentioned below:-

(a) Foreign Exchange Risk

The Company has made its efficient strategy for actively managing its long term foreign exchange risk .

(b) Interest Rate Risk

Given the interest rate fluctuations, the Company has adopted a prudent and conservative risk mitigating strategy to minimize the interest costs in a better way.

(c) Commodity Price Risk

The Company is exposed to the risk of price fluctuation on raw materials as well as finished goods in all its products. The Company proactively manages these risks in inputs through forward booking, inventory management, proactive management of vendor development and relationships. The Company's strong reputation for quality, product differentiation and service, the existence of a powerful brand image and a robust marketing network mitigates the impact of price risk on finished goods

We are making all efforts to cope with the challenges through continuous cost reduction, low wastage, process improvements and improved customer services/relations to mitigate the growing cost pressure.

### **HUMAN RELATIONS AND INDUSTRIAL DEVELOPMENT**

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. Various HR initiatives are taken to align the HR Policies to the growing requirements of the business. The Company has a structured induction process at all locations and management development programmes to upgrade skills of managers. Objective appraisal systems based on Key Result Areas (KRAs) are in place for senior management staff.

Technical and safety training programmes are given periodically to workers. Industrial relations remained cordial.

### **CAUTIONARY STATEMENT**

Statements made in this report describing the Company's projections, estimates, expectations or predictions may be 'forward looking predictions' within the meaning of applicable securities laws and regulations. Actual result may differ from such estimates, projections, etc. whether expressed or implied. Factors which would make a significant difference to the Company's operations include availability of quality raw cotton, market prices in the domestic and overseas markets, changes in Government regulations and tax laws, economic conditions affecting demand/ supplies and other environmental factors over which the company does not have any control .

By order of the Board

Place : Chandigarh  
Dated : 16.05.2011

SATISH BAGRODIA  
Chairman

**To the Members of Winsome Textile Industries Limited**

We have (audited the attached Balance Sheet of Winsome Textile Industries Limited as at 31st March 2011, the Profit and loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003 ('The Order') as amended by the Companies (Auditor's Report) Order, 2004 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 ('The Act'), we enclose in the Annexure a statement on the matters specified in the paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
  - e) On the basis of written representation received from the directors of the Company and taken on the Record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31.03.2011 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 note no. 7 of schedule 14B regarding non provision for shortfall in recovery (amount unascertainable) against overdue debt of Rs. 203.40 lacs as stated in the said note for which legal and other persuasive action for recovery has been initiated, as in the opinion of the management these debts are good and recoverable as stated in the said note and our inability to comment thereon.*

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

*Subject to para (f) above, In our opinion and to the best of our information and according to the explanations given to us, the said account subject to and read with note no. 17 of & 5 schedule 14B, and read together with other notes on accounts give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*

- (i) in the case of Balance Sheet, of the State of Affairs of the Company as at 31st March, 2011;
- (ii) in the case of 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  
Firm Regn. No. 301051E

Place: New Delhi  
Date : 16.05.2011

N.K. Lodha  
Partner  
M. No. 85155

(Referred to in paragraph 1 of our Report of even date on Winsome Textile Industries Limited for the year ended 31st March, 2011)

- i. (a) The Company has maintained records in respect of fixed assets showing full particulars including quantitative details and situation of fixed assets except in respect of certain fixed assets, where the same are in process of compilation/update.
- (b) As per information & explanations given to us, physical verification of the certain fixed assets have been taken up which is in process, according to the regular programme of physical verification once in every three years, in phased manner, which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets.
- (c) As per the records and information and explanation given to us, fixed assets disposed off during the year were not substantial.
- ii. (a) As explained to us, the inventories of the Company (except stock lying with the third parties and in transit) have been physically verified by the management during the year.
- (b) In our opinion and according to information & explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) According to the information and explanation given to us, we are of the opinion that the company is maintaining proper records of inventories (In case of process stock, records are updated on monthly physical verification of stock). As per records and information made available the discrepancies noticed on verification between the physical stock and the book records were not material in relation to the operation of the company.
- iii. As per the information and explanations given to us the Company has neither granted nor taken during the year any loans, secured or unsecured to and from companies, firms or other parties listed in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4 (iii) (b) to (d) and (f) & (g) of the Order are not applicable to the Company.
- 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 special nature and suitable alternative sources do not exist for obtaining comparable quotation or where user department has shown specific preference, *where, as explained, rates were determined considering the quality, volume, nature of the items and market conditions prevailing at that time, there are internal control system commensurate with size of the company and nature of its business with regard to the purchase of inventory, fixed assets, services and for the sale of goods and services which needs to be further strengthened (read with note no. 12 & 17 of schedule 14B)*. Based on the audit procedure performed and information & explanation provided by the management, during the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system nor been identified by the management.
- v. (a) According to the information and explanations provided by the management and based on the audit procedure performed, we are of the opinion that the particulars of the contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section; and
- (b) In our opinion and according to the information and explanation given to us, having regard to para iv above, the transactions made in pursuance of such contracts or arrangements (exceeding the value of Rs. 5 Lacs in respect of each party during the financial year) have been made at prices which are generally reasonable having regard to the prevailing market prices at the relevant time.
- vi. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA Act and the rules framed there under and directives issued by the Reserve bank of India and other relevant provisions of the Act. We have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- vii. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business *which needs to be further strengthened*.
- 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 in generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed statutory dues payable for a period more than six months from the date they became payable as at 31.03.2011.



- (b) According to the records and information and explanations given to us, there are no dues in respect of Custom Duty, 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 Sales Tax, Excise duty, Entry Tax, Service Tax and Income Tax 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 the Statute#	Nature of Dues	Amount (Rs. in lacs)	Period to which amount relates	Forum where dispute is pending
Central Excise Act	Cenvat Credit	0.95	1995-96	Commissioner (A)
	Cenvat Credit	1.44	1995-96	Asst. Commissioner
	Cenvat Credit	68.04	2003-04, 2004-05 2005-06	CESTAT
	Excise Duty	20.37	2002-03,2003-04 2006-07	CESTAT
	Excise Duty	0.63	2006-07	Commissioner (A)
	Excise Duty	33.87	2008-2009	High Court
	Excise Duty	91.26	2008-09	Additional Commissioner
Finance Act 1994 The Himachal Pradesh Tax on Entry of Goods into Local Area Act, 2010	Service Tax	4.62	2005-06	CESTAT
	Entry Tax	52.08	2010-2011	High Court

# (excluding excise show cause notices)

This para is to be read with note no.1 (B) of schedule 14B in respect of Income Tax matters for the Assessment Year 2006-07 to 2009-10 where appeal is pending before Appellate authorities.

- x. The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses during the current and immediately preceding previous year.
- xi. In our opinion, based on the audit procedures and according to information & explanation given to us, the Company has generally not defaulted in repayment of dues to banks and financial institution.
- xii. Based on our examination of the records and the information and explanation given to us, the Company has not granted any loans and / or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. Clause (xiii) of the order is not applicable to the company as the company is not a Chit Fund Company or nidhi/ mutual benefit fund / society.
- xiv. In our opinion and according to the informations and explanations provided to us, the company is not dealing in or trading in shares, securities, debentures and other investment.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institution.
- xvi. According to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.
- xvii. On the basis of information and explanations given to us and on overall examination of the balance sheet of the Company, we are of the opinion that prima facie no fund raised on short-term basis, which have been used for long term investment.
- xviii. According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act. (read with note no, 4 (ii) of Schedule 14B).
- 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. According to the information and explanations given to us, during the year the Company has raised money through a GDR issue, pending compliance the money is parked in a separate bank Escrow account. (refer note no. 5 of schedule 14 B).
- xxi. To the best of our knowledge and belief, based on the audit procedure performed and on the basis of information and explanations provided by the management, no material fraud on or by the Company has been noticed or reported during the course of the audit.

For Lodha & Co.  
Chartered Accountants  
Firm Regn. No. 301051E

Place: New Delhi  
Date : 16.05.2011

N.K. Lodha  
Partner  
M. No. 85155

**BALANCE SHEET**  
AS AT 31ST MARCH, 2011

**Winsome Textile Industries Limited**

PARTICULARS	SCHEDULE	AS AT	
		31.03.2011 (Rs.in lacs)	31.03.2010 (Rs.in lacs)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	1982.00	731.00
Convertible Warrants	1A	—	644.88
Reserves & Surplus	2	8087.72	2435.41
<b>Loan Funds</b>			
Secured Loans	3	23000.95	20165.41
Deferred Tax Liability		1758.85	1121.32
	<b>Total</b>	<b>34829.52</b>	<b>25098.02</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	4	23699.13	23467.48
Less: Depreciation		8383.15	7329.10
Net Block		15315.98	16138.38
Capital Work-in-Progress		835.56	352.46
		16151.54	16490.84
<b>Investments</b>	5	3.10	0.01
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	6	12481.60	7091.89
Sundry Debtors		4292.93	2738.52
Cash & Bank Balances		4970.55	475.34
Loans & Advances		4246.02	2526.75
		25991.10	12832.50
Less: Current Liabilities & Provisions	7		
Liabilities		6648.65	4020.45
Provisions		667.57	204.88
		7316.22	4225.33
Net Current Assets		18674.88	8607.17
	<b>Total</b>	<b>34829.52</b>	<b>25098.02</b>
Accounting Policies & Notes on Accounts	14		

As per our report of even date.

For LODHA & CO.

Chartered Accountants

FRN 301051E

N.K.Lodha  
Partner  
M. No. 85155

Sourabh Gupta  
Company Secretary

Ashish Bagrodia  
Managing Director

Satish Bagrodia  
Chairman

Directors: Chandra Mohan  
Manish Bagrodia  
Rajeev Kumar  
Satish Girotra

Place : Chandigarh  
Dated : 16.05.2011

**PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST MARCH, 2011**

**Winsome Textile Industries Limited**

PARTICULARS	SCHEDULE	AS AT	AS AT
		31.03.2011 (Rs.in lacs)	31.03.2010 (Rs.in lacs)
<b>INCOME FROM OPERATIONS</b>			
Sales	8	34970.74	21964.05
Increase/(Decrease) in Stocks	9	1934.11	785.97
Other Income	13	191.44	93.39
		<u>37096.29</u>	<u>22843.41</u>
<b>COST OF OPERATIONS</b>			
Raw Materials consumed	10	22859.90	12219.19
Manufacturing & Operational Expenses	11	9043.77	7469.31
		<u>31903.67</u>	<u>19688.50</u>
<b>PROFIT BEFORE INTEREST &amp; DEPRECIATION</b>		5192.62	3154.91
Less: Financial Expenses	12	2019.88	2005.86
		<u>3172.74</u>	<u>1149.05</u>
Less : Depreciation		1134.14	1101.91
Net Profit / ( Loss) before Tax		2038.60	47.14
Less : Provision for Taxation			
— Current Tax (MAT)		254.64	7.85
— MAT Credit		(254.64)	(7.85)
— Deferred Tax Liability		637.53	15.76
— Tax for earlier Year		45.75	4.09
Net Profit / ( Loss) after Tax		1355.32	27.29
Balance brought forward from previous year		1415.18	1387.89
Balance available for appropriation		<u>2770.50</u>	<u>1415.18</u>
<b>APPROPRIATIONS</b>			
Proposed Dividend		198.20	0.00
Corporate Dividend Tax		32.69	0.00
Balance carried to Balance Sheet		2539.61	1415.18
		<u>2770.50</u>	<u>1415.18</u>
Earning Per Share – Basic (Rs.)		1.06	0.05
– Diluted (Rs.)		1.01	0.03
Accounting Policies & Notes on Accounts	14		

**As per our report of even date.**

**For LODHA & CO.**

**Chartered Accountants**

**FRN 301051E**

N.K.Lodha  
Partner  
M. No. 85155

Sourabh Gupta  
Company Secretary

Ashish Bagrodia  
Managing Director

Satish Bagrodia  
Chairman

Directors: Chandra Mohan  
Manish Bagrodia  
Rajeev Kumar  
Satish Girotra

Place : Chandigarh  
Dated : 16.05.2011

# Winsome Textile Industries Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	2010-11 (Rs.in lacs)	2009-10 (Rs.in lacs)
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS</b>	<b>2038.60</b>	<b>47.14</b>
<b>Adjustment for:</b>		
Depreciation	1134.14	1101.91
Miscellaneous Expenditure Written off	0.00	26.59
Exchange Fluctuation	(23.80)	
Bad Debts	16.13	0.00
Profit on sale of fixed assets ( Net)	(4.82)	(1.30)
Profit on sale or Investment	(0.12)	
Leasehold land Written off	0.08	0.08
Interest paid	1911.92	1883.71
Interest income	(34.44)	(28.85)
Capital Subsidy charged to p&l	(8.39)	
Pro-rata Capital subsidy	<u>2990.70</u>	<u>3029.28</u>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>5029.30</b>	
<b>Adjustment for:</b>		
Trade & other receivable	(3014.79)	(1413.83)
Inventories	(5389.71)	(4067.82)
Trade & other Payables	<u>2646.28</u>	<u>(560.13)</u>
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(728.92)</b>	<b>(3012.50)</b>
Direct Taxes Paid	<u>(81.28)</u>	<u>(13.55)</u>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(810.20)</b>	<b>(3026.05)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(830.86)	(497.40)
Capital Subsidy Received	41.41	—
Sale of fixed assets	10.76	48.98
Sale of Investments	0.13	—
Interest Received	<u>34.44</u>	<u>28.85</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(744.12)</b>	<b>(419.57)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital / Convertible Warrants-Received Towards Conversion	<b>809.52</b>	810.48
Issue of Equity Share Capital-GDR Issue (Net of expenses)	<b>4291.46</b>	
Interest paid	(1887.00)	(2055.60)
Proceeds from borrowings	<b>3829.05</b>	5516.12
Repayment of borrowings	<u>(993.50)</u>	<u>(739.64)</u>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>6049.53</b>	<b>3531.36</b>
Net Increase/(decrease) in cash and cash equivalents	<u>4495.21</u>	<u>85.74</u>
Cash & Cash Equivalents being cash & bank balances as at 31.03.10 ( opening balance)	<b>475.34</b>	<b>389.60</b>
Cash & Cash Equivalents being cash & bank balances as at 31.03.11 ( Closing balance)	<b>4970.55</b>	<b>475.34</b>

**As per our report of even date.**

**For LODHA & CO.**

**Chartered Accountants**

**FRN 301051E**

N.K.Lodha  
Partner  
M. No. 85155

Sourabh Gupta  
Company Secretary

Ashish Bagrodia  
Managing Director

Satish Bagrodia  
Chairman

Directors: Chandra Mohan  
Manish Bagrodia  
Rajeev Kumar  
Satish Girotra

Place : Chandigarh

Dated : 16.05.2011

PARTICULARS	AS AT	
	31.03.2011 (Rs.in lacs)	31.03.2010 (Rs.in lacs)
<b>SCHEDULE-1 : SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
24,95,00,000 ( P.Y.: 19,95,00,000 Equity Shares of Rs.1/- each) Equity Shares of Rs.1/- each	2495.00	1995.00
5,000 (P.Y.: 5000) Preference Shares of Rs.100/- each	5.00	5.00
	<u>2500.00</u>	<u>2000.00</u>
<b>ISSUED,SUBSCRIBED &amp; PAID UP</b>		
19,82,00,000 ( P.Y.: 7,31,00,000) Equity Shares of Rs.1/- each (Out of above 7,00,000 (Previous Year 7,00,000 shares of Rs. 1 each) equity shares had been allotted pursuant to scheme amalgamation without payment being received in cash.)	1982.00	731.00
	<u>1982.00</u>	<u>731.00</u>
Note:		
1) During the year company issued & allotted 12,90,000 Global Depository Receipts (GDRs) representing 6,45,00,000 equity shares of Re 1/- each at a premium of Rs. 5.94 per share (Refer note no. 5 of schedule 14(B))		
2) During the year company allotted 6,06,00,000 equity shares of Re. 1/- each at a premium of Rs 1.40 each upon conversion of equal number of warrants allotted on preferential basis (Refer note no. 4(ii) of Schedule 14(B))		
<b>SCHEDULE 1A</b>		
Convertible Warrants (Money received on 6,06,00,000 warrants)	—	644.88
	<u>—</u>	<u>644.88</u>
* Refer Note No. 4(ii) of Schedule 14 (B)		
<b>SCHEDULE-2 : RESERVES &amp; SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
As per last Balance Sheet	46.68	46.68
<b>INVESTMENT ALLOWANCE (UTILISED) RESERVE</b>		
As per last Balance Sheet	184.00	184.00
<b>SHARE PREMIUM</b>		
As per last Balance Sheet	636.60	435.00
Add : On Convertible warrants & GDR*	4679.28	201.60
Less: Expenses on GDR	<u>184.42</u>	<u>—</u>
	5131.46	636.60
* Refer Note No. 4(ii) & 5 of Schedule 14(B)		
<b>CAPITAL SUBSIDY UNDER TUFS*</b>		
As per last Balance Sheet	84.40	89.53
Add : Addition during the year*	41.41	—
Less : Transfer from P & L	<u>8.39</u>	<u>5.13</u>
	117.42	84.40
* Refer Note No. 3 of Schedule 14(B)		
<b>GENERAL RESERVE</b>		
As per last Balance Sheet	68.55	68.55
<b>SURPLUS</b>		
As per annexed Profit & Loss account	2539.61	1415.18
	<u>8087.72</u>	<u>2435.41</u>

PARTICULARS	AS AT	AS AT
	31.03.2011 (Rs.in lacs)	31.03.2010 (Rs.in lacs)
<b>SCHEDULE-3 : SECURED LOANS</b>		
<b>FROM BANKS</b>		
Term Loans	11074.60	11962.62
Working Capital Term Loan	1763.37	2000.00
Cash Credit / Packing Credit /Working Capital Demand Loan	7045.97	6162.99
Short Term Loan	3000.00	—
Equipment Finance	—	2.06
Vehicle Finance	117.01	37.74
	<u>23000.95</u>	<u>20165.41</u>

**NOTES:-**

1. Term Loans and Working Capital Term Loans from Banks of Rs. 12837.97 Lacs (P.Y. Rs. 13962.62) are secured by Joint Equitable Mortgage by deposit of title deeds on company's immovable properties(present and future) which shall be on first charge basis, shall rank pari-passu with all banks and a charge by way of hypothecation of all movable fixed assets subject to prior charge on specified equipments to banks for term loan. Above Term loans are further secured by pari-passu second charge on entire current(present and future) assets of the company.
2. Cash Credit, Packing Credit and Working Capital Demand Loan and Short Term Loan from Banks are secured by First Charge by Hypothecation of Raw Material, Stock in Process, Finished Goods, Consumable Store and Spares, Goods in Transit, Book Debts and by Second Charge on entire Fixed Assets of the Company on Pari-passu basis with Working Capital lenders.
3. All the aforesaid credit facilities mentioned at point no. 1 to 2 here in above are also guaranteed by Chairman & Whole Time Director and Managing Director.
4. Vehicle Finance is secured by hypothecation of specific assets purchased under such arrangements. Amount repayable within one year Rs 27.85 lacs ( PY Rs 13.39 lacs)
5. Equipment Finance Loan is secured against the respective equipment finance. Amount repayable within one year Nil (Previous year Rs. 2.06 Lacs.)



**SCHEDULE - 4 : FIXED ASSETS**

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.2010	Additions during year	Sales/ adjustment	As at 31.03.2011	Upto 31.03.2010	For the year	Sale/ Adjustment	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Leasehold Land	6.07	0.00	0.08	5.99	0.00	0.00	0.00	0.00	5.99	6.07
Freehold Land	13.89	0.00	0.00	13.89	0.00	0.00	0.00	0.00	13.89	13.89
Building **	2547.22	26.84	0.00	2574.06	700.78	77.64	0.00	778.42	1795.64	1846.44
Plant & Machiner***	20485.83	183.59	72.13	20597.29	6406.13	1030.40	40.40	7396.13	13201.16	14079.70
Furniture & Fixtures	109.68	1.16	6.29	104.55	70.39	4.31	6.29	68.41	36.14	39.29
Office Equipments	162.07	10.92	5.75	167.24	102.71	7.65	5.46	104.90	62.34	59.36
Vehicle*	142.72	125.17	31.78	236.11	49.09	14.14	27.94	35.29	200.82	93.63
Total	23467.48	347.68	116.03	23699.13	7329.10	1134.14	80.09	8383.15	15315.98	16138.38
Capital Work in Progress									835.56	352.46
Previous Year	22774.20	844.28	151.00	23467.48	6330.43	1101.91	103.24	7329.10	16138.38	16443.77

Note :

\*Vehicle includes assets of Rs. 183.51 Lacs ( Previous Year Rs.78.31 Lacs) acquired under Hire Purchase Finance.

\*\* Building includes capital expenditure incurred on assets not owned by the company Rs.8.90 lacs ( Previous Year Rs. 8.90) and net Rs. 7.78 Lacs ( Previous Year Rs. 8.68).

\*\*\* During the year Government of Himachal Pradesh has sanctioned a capital subsidy of Rs. 30 lacs under Central capital investment subsidy scheme 2003 on certain Plant, Machinery and Equipments which is adjusted from the cost of the respective Plant, Machinery and Equipments. Hypothecation/Charge against the said Plant, Machinery and Equipments with the State Government is to be created.

**SCHEDULES**
**Winsome Textile Industries Limited**

PARTICULARS	AS AT 31.03.2011 (Rs.in lacs)	AS AT 31.03.2010 (Rs.in lacs)
<b>SCHEDULE-5 : INVESTMENTS</b>		
<b>(At cost Less diminution other than temporary)</b>		
<b>Long Term Investments - Fully paid up</b>		
<b>Quoted</b>		
200 Equity Shares of Rs. 10/- each in the IFCI Ltd.	—	0.01
<b>Unquoted</b>		
31000 Equity Shares of Rs. 100/- each in Shivalik Solid Waste Management Ltd.	3.10	—
	<u>3.10</u>	<u>0.01</u>
Aggregate market value of quoted investment	—	0.10
<b>SCHEDULE-6 : CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>CURRENT ASSETS</b>		
<b>Inventories</b>		
<b>As taken, valued and certified by the management</b>		
<b>(At lower of Cost and Net Realisable Value)</b>		
Raw Materials	7509.53	4003.09
Stock in Process	1481.29	1196.58
Stores & Spares	334.04	384.87
Finished Goods( Including GIT amounting Rs.1089.76 Lacs(Previous Year Nil))	3052.59	1427.65
Waste (At net realisable value) (including scrap of Rs 1.66 lacs (Previous Year Rs 1.67 lacs))	104.15	79.70
	<u>12481.60</u>	<u>7091.89</u>
<b>Sundry Debtors (Unsecured, considered good, unless otherwise stated)</b>		
<b>(Refer Note No. 17 of Schedule 14B)</b>		
Debts over six months :		
Good	282.97	379.42
Doubtful	16.13	—
Less: Bad Debts	<u>16.13</u>	—
Other Debts	4009.96	2359.10
	<u>4292.93</u>	<u>2738.52</u>
<b>Cash &amp; Bank Balances</b>		
Cash in hand ( As Certified by management)		
	—	—
<b>Bank Balances with scheduled Banks</b>		
In Current accounts	59.19	184.56
In Escrow Account #	4462.67	—
In Fixed Deposit *	448.07	290.16
In Unclaimed Dividend Account	0.62	0.62
	<u>4970.55</u>	<u>475.34</u>
# Balance with European American Investment Bank, AG (Non-Scheduled Bank) (Max.Balance during the year Rs. 4475.88 Lacs (99,97,500 USD))		
* Margin Money against L/C's and Bank Guarantee		
<b>Loans &amp; Advances</b>		
<b>(Unsecured, considered good unless otherwise stated)</b>		
<b>(Refer Note No. 17 of Schedule 14B)</b>		
Advance recoverable in cash or in kind or for value to be received		
— Considered Good	2443.27	848.23
— Doubtful	—	—
Interest Subsidy on Term Loans	461.22	366.79
Refund/ Claim Receivable	353.04	339.62
Balances with Excise authorities	82.57	51.42
Export Incentives Receivables	310.98	528.40
Deposits with Government & others	39.00	42.67
MAT Credit Entitlement	458.84	214.17
Advance Tax / Tax Deducted by Source	<u>97.10</u>	<u>135.45</u>
	<u>4246.02</u>	<u>2526.75</u>

**SCHEDULES**
**Winsome Textile Industries Limited**

PARTICULARS	AS AT 31.03.2011 (Rs.in lacs)	AS AT 31.03.2010 (Rs.in lacs)
<b>SCHEDULE-7 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Acceptances	3707.94	1779.08
Sundry Creditors		
– Due to Micro, Small & Medium Enterprises *	—	—
– Others	1717.04	1276.02
Interest Accrued but not due on Loans	26.50	1.58
Other Liabilities	1193.49	960.09
Unclaimed Dividend**	0.62	0.62
Deferred Payments for Land Purchase	3.06	3.06
	<u>6648.65</u>	<u>4020.45</u>
<b>PROVISIONS</b>		
Provision for Taxation	267.01	62.17
Provision for Fringe Benefit Tax	—	16.04
Proposed Dividend	198.20	—
Corporate Dividend Tax	32.69	—
Provision For Retirement Benefits	169.67	126.67
	<u>667.57</u>	<u>204.88</u>
	<u>7316.22</u>	<u>4225.33</u>
*To the extent information available. Refer Note No. 12 of Sch. 14B		
**Shall be credited to Investor's Education and Protection Fund when due.		
<b>SCHEDULE-8 : SALES AND SERVICES</b>		
Yarn #	33565.61	20769.49
Waste	1039.45	996.39
Processing Income (Tax deducted at source Rs 3.82 Lacs ( P.Y. Rs Nil)	<u>365.68</u>	<u>198.17</u>
# including Export Incentives of Rs. 142.01 Lacs ( P.Y. 491.69 Lacs)	<u>34970.74</u>	<u>21964.05</u>
<b>SCHEDULE-9 : INCREASE/(DECREASE) IN STOCKS</b>		
<b>Closing Stock</b>		
Finished Goods (Yarn)	3052.59	1427.65
Stock in Process	1481.29	1196.58
Waste	102.49	—
		<u>78.03</u>
	4636.37	2702.26
<b>Less : Opening Stock</b>		
Finished Goods (Yarn)	1427.65	825.15
Stock in Process	1196.58	1038.35
Waste	78.03	52.79
	<u>2702.26</u>	1916.29
	<u>1934.11</u>	<u>785.97</u>
<b>SCHEDULE-10 : RAW MATERIALS CONSUMED &amp; PURCHASES</b>		
<b>(i) Raw Material Consumed</b>		
Opening Stock	4003.09	743.10
Purchases	22602.78	14872.47
	<u>26605.87</u>	15615.57
Closing Stock	7509.53	4003.09
Raw Materials consumed	<u>19096.34</u>	<u>11612.48</u>
<b>( ii ) Finished Goods Purchased</b>		
	3763.56	606.71
	<u>22859.90</u>	<u>12219.19</u>

**SCHEDULES**
**Winsome Textile Industries Limited**

PARTICULARS	AS AT 31.03.2011 (Rs.in lacs)	AS AT 31.03.2010 (Rs.in lacs)
<b>SCHEDULE-11 : MANUFACTURING &amp; OPERATIONAL EXPENSES</b>		
<b>PAYMENT &amp; PROVISIONS OF EMPLOYEES</b>		
Salaries, Wages, Bonus, Gratuity and Other Allowance	1461.13	1306.36
Contribution to Provident & Other Funds	118.49	111.05
Employees Welfare Expenses	<u>15.27</u>	<u>7.04</u>
	<b>1594.89</b>	<b>1424.45</b>
<b>MANUFACTURING EXPENSES</b>		
Stores & Spares consumed	2844.18	2495.82
Power & Fuel	2602.33	2077.41
Raw Material Handling Charges	79.86	74.06
Repairs to Building	19.82	23.75
Repairs to Plant & Machinery	54.59	60.60
Processing Charges	1.14	—
Other Manufacturing Expenses	<u>25.66</u>	<u>38.83</u>
	<b>5627.58</b>	<b>4770.47</b>
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
Vehicles Running Expenses	19.97	19.04
Rent	31.19	25.66
Lease Premium	0.08	0.08
Printing & Stationery	15.05	10.38
Rates & Taxes	0.08	0.12
Directors sitting Fees	1.17	0.95
Insurance	32.89	27.21
Bad Debts / Advances Written Off	16.13	58.68
Less: Provision for doubtful debts & Advances	<u>—</u>	<u>58.68</u>
Travelling & Conveyance	160.82	124.44
Postage, Telegrams and Telephones	23.36	36.25
Fees & Subscription	18.22	16.36
Prior Period Expenses (Net)	—	0.17
Exchange Rate variation Loss (Net)	—	32.98
Legal & Professional Charges	11.94	25.36
Miscellaneous Expenses	54.58	57.58
<b>AUDITORS REMUNERATION</b>		
Audit Fees	2.81	2.65
Tax Audit Fees	0.39	0.39
Certification Fees	1.87	0.01
Reimbursement of expenses	<u>0.79</u>	<u>0.48</u>
Cost Audit Fees	<u>0.28</u>	<u>0.28</u>
	<b>391.62</b>	<b>380.39</b>
<b>SELLING EXPENSES</b>		
Commission on Sales	415.22	289.59
Brokerage & Discount	133.07	68.30
Freight & Handling Charges	816.75	474.81
Advertisement & Other Selling Expenses	<u>64.64</u>	<u>61.30</u>
	<b>1429.68</b>	<b>894.00</b>
	<b>9043.77</b>	<b>7469.31</b>
<b>SCHEDULE-12 : FINANCIAL EXPENSES</b>		
Interest on Term Loans (Net of reimbursement under TUFF Rs. 603.36 Lacs (Previous Year 557.62 lacs))	944.80	994.94
Interest on Working Capital	982.45	901.79
Interest (Others)	12.37	—
Bank Charges	<u>107.96</u>	<u>122.15</u>
	<b>2047.58</b>	<b>2018.88</b>
Add: Exchange Fluctuations Loss/ (Gain) on Loans	<u>(27.70)</u>	<u>(13.02)</u>
	<b>2019.88</b>	<b>2005.86</b>
<b>SCHEDULE-13 : OTHER INCOME</b>		
Interest Received on deposits & Others (TDS Rs 2.46 lacs( P.Y. Rs 2.97 lacs))	34.44	28.85
Exchange Rate variation gain (Net)	23.80	—
Miscellaneous Income	118.91	56.49
Profit on sale of Fixed Assets (Net)	4.82	1.30
Rent Received	1.08	1.62
Pro-rata Capital Subsidy	8.39	5.13
( Read with significant accounting Policies in Schedule 14A (8) (iii)	<u>191.44</u>	<u>93.39</u>

**SCHEDULE-14**

**ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011 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 as per Company (Accounting Standard) rules 2011.

**2. REVENUE RECOGNITION**

- (i) Revenue represents the net invoice value of goods and services provided to third parties after deducting discounts, volume rebates, outgoing sales taxes and duties, and are recognized usually when all significant risks and rewards of ownership of the asset sold are transferred to the customer and the commodity has been delivered to the shipping agent.
- (ii) Revenues from sale of material by-products are included in revenue.
- (iii) Interest income is recognized on an accrual basis in the income statement.

**3. VALUATION OF INVENTORIES**

- (i) Inventories are valued at lower of Cost and Net Realisable Value except for scrap and by-products which are valued at net realizable value.
- (ii) Cost of inventories of finished goods and work-in-process includes material cost, cost of conversion and other related overhead costs.
- (iii) Cost of inventories of raw material, work-in-process and stores & spares is determined on weighted average cost method.

**4. INVESTMENTS**

Long Term Investments are stated at cost. Provision for diminution in long term investments is made only if such decline is other than temporary. Current investments are carried at lower of cost or market price.

**5. FIXED ASSETS**

Fixed assets are stated at cost of acquisition (net of cenvat credit) & is inclusive of freight, duties, taxes and installation expenses less accumulated depreciation and impairment loss, if any.

**6. DEPRECIATION/ AMORTISATION/ IMPAIRMENT LOSS**

- (a) Depreciation on fixed assets is provided on Straight Line Method by applying rates given in Schedule XIV of the companies Act, 1956. (except leasehold land which is amortization over the period of lease).
- (b) Depreciation on certain plant & machinery is provided as per the rates applicable to the continuous process plant on the basis of technical evaluation.
- (c) Depreciation on addition/sale is provided Pro-rata with reference to the month of addition/sale.
- (d) 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.
- (e) Capital Expenditure on assets not owned are written off over the duration of contract or ten years, whichever is lower.
- (f) Fixed assets costing Rs.5000 or less has been depreciated fully in the year of purchase.

**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 capitalized 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 recognized 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**

All pre-operative project expenditure (net of income accrued) incurred upto the date of commercial production is capitalized and the same are allocated to the respective fixed assets on the completion of the construction period.

**11. EMPLOYEE BENEFITS:-**

- (i) **Defined Contribution Plan** : Employee benefits in the form of Provident Fund are considered as defined contribution plan and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due.

(II) **Defined Benefit Plan**

A retirement benefit in the form of Gratuity is funded every year under group policy of Life Insurance Corporation of India. Long Term compensated leaves are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

(III) Other short term absences are provided based on past experience of leave availed. Actuarial gain/losses, if any, are immediately recognised in the Profit and Loss Account.

**12. TAXES ON INCOME**

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

**13. CONTINGENT LIABILITIES, CONTINGENT ASSETS & PROVISIONS**

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

**B. NOTES ON ACCOUNTS**

	<u>31st March, 2011</u>	<u>31st March, 2010</u>
	<b>(Rs. in Lacs)</b>	<b>(Rs. in Lacs)</b>
1. (A) Contingent Liabilities, not provided for in respect of :		
(i) Bills discounted with banks	2494.77	1781.42
(ii) Excise / Service Tax Matters	258.92	334.78
(iii) Surety Bond Executed on behalf of others	80.80	80.80
(iv) Export obligation against import of Plant & Machinery Under concessional duty (EPCG scheme)	13258.29	13258.29
	<b>(USD \$288.14 Lacs)</b>	<b>(USD \$288.14 Lacs)</b>
(v) Duty saved on above	1657.28	1657.28
(B) In respect of certain disallowances and additions made by Income Tax Authorities, appeals are pending before the Appellate authorities and adjustment if any, will be made after the same are finally determined. Considering the past experience, management is of the view that there will not be any material impact on accounts on settlement/finalization of above.		
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances Rs. 194.43 Lacs)(Previous year 76.08 Lacs) Rs. 1583.54 Lacs (Previous year Rs. 1038.86 Lacs ).		
3. Capital subsidy received under TUFS has been treated as deferred income which is recognised on systematic/rational basis in proportion of the applicable depreciation over the useful life of the respective assets and is adjusted against the credit to the Profit and Loss Account. During the year based on company's revised application, the TUFS Capital Subsidy has increased to Rs. 138.64 Lacs and accordingly balance amount of Rs. 41.11 Lacs (net) received during the current year.		
4. (i) In terms of the Resolution passed u/s 81(1A) of the Companies Act, 1956, the Board of Directors of the Company have issued 75,00,000 Nos. Convertible Warrants of Rs. 10/- each at Rs. 24/- each (including premium of Rs. 14/- per warrant) at their meeting held on 10th November, 2008 on receipt of 10% application money (aggregating to Rs. 180 Lacs) out of total amount of Rs. 1800 lacs, pending receipt of balance 90% amount (Total Rs. 1620 Lacs and Rs. 21.60 per Warrant). During the previous year 1,44,00,000 Nos. fully paid Equity Shares of Rs. 1/- each were allotted on 24th March, 2010 on receipt of Rs. 3,45,60,000/- (including Rs. 2,01,60,000/- on account of premium i.e. Rs. 1.40 per warrant).		
(ii) During the year, 6,06,00,000 Nos. fully paid Equity Shares of Rs. 1/- each were allotted on 9th May, 2010 on receipt full amounting to Rs. 14,54,40,000/- (including premium of Rs. 8,48,40,000/- i.e. Rs. 1.40 per warrant).		
5. In terms of resolution passed in the EGM held on 16th June,2010, company has issued Global Depository Receipts(GDR) during the year. Pursuing to this, 12,90,000 nos. GDRs @ USD 7.75 each (each GDR comprises of 50 equity shares at a price of 6.94 per share (including premium of Rs.5.94 per share)) has been issued and allotted on 31st March,2011 and listed on the Luxembourg Stock Exchange. Pending certain compliance, the issue proceeds of the GDRs of Rs. 4475.88 Lacs including securities premium of Rs. 3830.88 Lacs is parked in the Bank " Escrow Account" outside India and accordingly this issue proceeds is pending to be utilized for the purpose.		
6. (i) Debt Restructuring Proposal which have been sanctioned by the respective lenders and is effective from 1st January 2009 interalia includes reschedulement of existing term loans, relaxation in margin for working capital loan, carving out of working capital irregularities and additional finance is in process of implementation. The effect of Debt Restructuring have been accounted for based on sanctions received. As per the Debt Restructuring, additional funding of Rs 1800/- lacs (including premium) have been brought into as Equity Share Capital.		
(ii) Issue proceed utilized for the purpose as stipulated and balance amount have been parked into Working Capital.		
7. The company has taken legal and other persuasive actions for recovery of certain overdue debtors aggregating to Rs 203.40 Lacs(Previous Year Rs. 158.51 Lacs) (including overdue overseas debtors of amounting to Rs. 39.79 Lacs)(Previous Year 35.96 Lacs), in the opinion of the management, these outstanding are good and fully recoverable.		
8. Since it is not possible to ascertain with reasonable certainty/ accuracy the amount of accrual in respect of certain insurance and other claims, the same are continued to be accounted for on settlement/ acceptance basis.		

## Winsome Textile Industries Limited

9. Advances recoverable in cash or in kind or for value to be received includes capital advances amounting to Rs. 484.43 Lacs (Previous Year Rs. 326.08 Lacs).
10. In accordance with the Accounting Standards (AS-28) on "Impairment of Assets" issued by the Institute of Chartered Accountants of India, during the year the company has reassessed its fixed assets and is of the view that no further impairment/reversal is considered to be necessary in view of its expected realisable value.

11. (A) 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: (Rs. in lacs)

	2010-11	2009-10
Pre-operative expenditure as follows:		
Opening Balance	85.50	73.84
Stores & Spares	-	41.11
Salary, Wages & Allowances Interest	17.26	12.77
	<b>102.76</b>	127.72
Less: Allocated/Appropriated	-	42.22
Closing balance	<b>102.76</b>	85.50

Above amount is excluding interest on term loan Rs. 46.66 Lacs (P.Y. Rs.48.24 Lacs ) net of subsidy Rs. 26.76 Lacs (P.Y. Rs. 27.02 lacs).

- (B) The company is in process of implementation of 3.5 MW hydro power project in the state of Himachal Pradesh and expenses incurred till 31st march 2011 have been included in the CWIP.
12. The Company has not received full information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid as at year end together with interest paid /payable have been given based on the information so far available with the company/ identified by the company management. As required by section 22 of the above said Act the following information is disclosed

Sr. No.	Particulars	2010-11	2009-10
a)	(i) Principal amount remaining unpaid at the end of the accounting year	-	-
	(ii) Interest due on above	-	-
b)	The amount of interest paid by the buyer alongwith amount of payment made to the supplier beyond the appointed date.	-	-
c)	The amount of interest accrued and remaining unpaid at the end of financial year	-	-
d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding interest specified under this act.	-	-
e)	The amount of further interest due and payable in succeeding year, until such interest is fully paid.	-	-

13. In view of the Company (Accounting Standard) Rules, issued by the Ministry of Corporate Affairs for treatment of gain/(loss) on account of exchange fluctuation on loan/liability for capital assets, the company continued its policy to charge exchange difference to the profit & loss account.
14. In the opinion of the Board, the Current Assets, Loans and Advances appearing in the Company's Balance Sheet as at year end would have a value on realization in the normal course of business at least equal to the respective amounts at which they are stated in the Balance Sheet.

**15. Employees Benefits:  
Defined Benefit Plan:**

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

Particulars	Gratuity		Leave Encashment (Unfunded)	
	2011	2010	2011	2010
<b>I. Amount to be recognized in the balance sheet.</b>				
Present Value of Obligation as at 31st March 2011	171.83	130.20	29.91	27.55
Fair value of plan assets as at 31st March 2011	32.07	28.90	-	-
Funded Status [surplus/(Deficit)]	(139.76)	(101.30)	'(29.91)	'(27.55)
Net Assets/(Liability) Recognized in Balance Sheet	(139.76)	(101.30)	'(29.91)	'(27.55)
<b>II. Expenses recognized during the period</b>				
Current Service Cost	25.22	22.98	16.74	16.17
Interest Cost	10.42	10.15	2.20	3.13
Expected Return on Plan Assets	(2.34)	(2.47)	-	-
Actuarial (gain)/ loss	30.90	(3.25)	9.03	0.51
Net Expenses Recognized	64.20	27.41	27.97	19.81



## Winsome Textile Industries Limited

<b>III. Reconciliation of opening and closing balance of Defined Benefit Obligation</b>				
Present Value of Obligation at the beginning of the period	<b>130.20</b>	126.89	<b>27.55</b>	39.11
Current Service Cost	<b>25.22</b>	22.98	<b>16.74</b>	16.17
Interest Cost	<b>10.42</b>	10.15	<b>2.20</b>	3.13
Actuarial (gain)/ loss on obligations	<b>31.07</b>	(3.01)	<b>9.02</b>	0.51
Benefit Paid	<b>(25.08)</b>	(26.81)	<b>'(25.60)</b>	(31.37)
Present Value of Obligation as at the end of the period	<b>171.83</b>	130.20	<b>29.91</b>	27.55
<b>IV. Reconciliation of opening and closing balance of fair value of plan asset</b>				
Fair value of plan assets at the beginning of the period	<b>28.90</b>	35.49	-	-
Expected Return on Plan Assets	<b>2.34</b>	2.47	-	-
Contributions	<b>25.74</b>	17.50	-	-
Actuarial gain/ (loss) on obligations	<b>0.17</b>	0.25	-	-
Benefit Paid	<b>(25.08)</b>	(26.81)	-	-
Fair value of plan assets at the end of the period	<b>32.07</b>	28.90	-	-
<b>V. Reconciliation of opening and closing balance of fair value of plan assets</b>				
Fair value of plan assets at the beginning of the period	<b>28.90</b>	35.49	-	-
Actual Return on Plan Assets	<b>2.51</b>	2.72	-	-
Contributions	<b>25.74</b>	17.50	-	-
Benefit Paid	<b>(25.08)</b>	(26.81)	-	-
Fair value of plan assets at the end of the period	<b>32.07</b>	28.90	-	-
Funded Status	<b>(139.76)</b>	(101.30)	<b>'(29.90)</b>	'(27.55)
<b>VI. Investment Detail</b>				
All Investments are made with through LIC.				
<b>VII. Actuarial / Demographic assumptions: -</b>				
	<b>2010-11</b>	2009-10	<b>2010-11</b>	2009-10
Indian Assure Lives Mortality Table (LIC)	<b>1994-96</b>	1994-96	<b>1994-96</b>	1994-96
Discount rate (Per annum)	<b>8.00%</b>	8.00%	<b>8.00%</b>	8.00%
Expected Return on Plan Assets (Per annum)	<b>8.00%</b>	8.00%	<b>8.00%</b>	8.00%
Estimated rate of increase in compensation level	<b>5.00%</b>	5.00%	<b>5.00%</b>	5.00%
Retirement Age	<b>58 Years</b>			
Withdrawal Rate (All Ages)	<b>10%</b>			
Disability No explicit allowance				
Avg. accumulated leave per employee(in days)	<b>7</b>	8	<b>7</b>	8
(i) Contribution to defined contribution plan, recognized as expenses during the year is Rs. 92.17 Lacs (P.Y. 88.82Lacs).				
(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 11 are as under:				
<u>Particulars</u>	<u>Amount ( In Lacs)</u>			
Salary, wages and Bonus	1364.54			
Gratuity	68.62			
Leave Encashment	27.97			
(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.				
16. Research and Development expenditure amounting to Rs. 58.93 Lacs (Previous year Rs.43.14 Lacs) have been debited to Profit and Loss account.				
17. Balance of certain debtors (including associate company), loans and advances (including capital advance), creditors other liabilities are in the process of confirmation / reconciliation.				
18. (a) Profit or loss on sale of stores/raw materials remains adjusted in their respective consumption accounts.				
(b) Prior period adjustments (net) Rs. Nil (P.Y. 0.17 Lacs ) include Processing and Dyeing Charges Rs. Nil (P.Y. Rs. 0.12 Lacs) and Repairs to Plant & Machinery Rs. Nil (P.Y. Rs. 0.05 Lacs),				
<b>19. Managerial Remuneration to Chairman &amp; Whole time Director and Managing Director</b>			<b>(Rs. in Lacs)</b>	
(a) Particulars			<b>2010-11</b>	<b>2009-10</b>
(i) Salary			<b>47.88</b>	43.63
(ii) Contribution to Provident Fund & Family Pension Funds			<b>4.82</b>	4.45
(iii) Perquisites & Other Benefits			<b>3.16</b>	3.02
<b>Total</b>			<b>55.86</b>	<b>51.1</b>
Note : In view of inadequacy of profit during the current year, minimum remuneration has been paid. Gratuity not included since funded with LIC along with other employees of the Company. Leave encashment not been included, payable at the end of the tenure.				
(b) During the year, Central Government approval has been received in respect of remuneration paid to Chairman and Whole Time Director.				

**20. Segment Reporting**

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

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

Particulars	India	Outside India	Total
(i) External Revenue-Sales	17628.48	17342.26	34970.74
	(15232.81)	(6731.24)	(21964.05)
(ii) Carrying amount of segment assets by location of assets	35857.77	6287.97	42145.74
	(28666.30)	(657.05)	(29323.35)
(iii) Capital Expenditure	830.78	(Nil)	830.78
	'(725.39)	(Nil)	'(725.39)

**21. Related party disclosures**

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

**1. (a) Associate Company:-**

- Winsome Yarns Limited

**2. Key management personnel and their relatives.**

- Shri Satish Bagrodia Chairman Cum Whole time director
- Shri Ashish Bagrodia Managing Director
- Shri Manish Bagrodia Son of Chairman & WTD & Brother of MD
- Smt. Shilpa Bagrodia Wife of MD

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

- Star point Financial Services (Pvt.) Ltd.
- Roselab Commodities Pvt. Limited.
- Kailashpati Vinimay Private Limited
- Amounts due by enterprises under the same management:

(Rs. In lacs)

	2010-11		2009-10	
	Maximum amount due at any time during the year	Balance as at 31st March, 2011	Maximum amount due at any time during the year	Balance as at 31st March, 2010
Winsome Yarns Limited	846.76	846.76	487.19	487.19

**Transactions with the Related Parties during the year ended 2010-11**

(Rs. In lacs)

Particulars	2010-11	2009-10
<b>Winsome Yarns Ltd.</b>		
Sale of material & goods and services	366.36	285.29
Purchase of material & goods and services	1.31	11.33
Expenses reimbursed to others	5.95	0.26
Expenses reimbursed by others	3.30	6.57
Balance outstanding at year end (refer note no. 17 of schedule 14(B))	846.76	487.19
<b>Sh. Satish Bagrodia</b>		
Remuneration	25.03	25.18
Balance Outstanding	1.54	1.54
<b>Sh. Ashish Bagrodia</b>		
Remuneration	30.83	25.92
Balance Outstanding	2.05	Nil
<b>Sh. Manish Bagrodia</b>		
Director Sitting Fees	0.35	0.25
<b>Smt. Shilpa Bagrodia</b>		
- Salary	-	0.25
<b>Starpoint Financial Services (P) Ltd.</b>		
- Rent	21.31	19.32
<b>Kailashpati Vinimay Pvt. Limited</b>		
- Amount recd. against Convertible Warrants	270.80	107.20
<b>Roselab Commodities Pvt. Limited</b>		
- Amount recd. against Convertible Warrants	252.72	125.28

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

## Winsome Textile Industries Limited

<b>22. Earning per share</b>	<u>2010-11</u>	<u>2009-10</u>
Basis for calculation of basic and diluted Earning Per Share is as under :		
(A) <b>Basic Earning per share</b>		
Net Profit/(Loss) attributable to Equity Shareholders (Rs. in lacs)	1355.32	27.29
Weighted average number of equity shares	127567671	59015616
Nominal Value per equity share (Rs.)	1.00	1.00
Basic EPS (Rs.)	1.06	0.05
(B) <b>Diluted Earning per share</b>	2010-11	2010-11
Net Profit/(Loss) attributable to Equity Shareholders (Rs. in lacs)	1355.32	27.29
Weighted average number of Equity Shares	127567671	59015616
Add : Dilutive Potential Equity Shares	<u>6309041</u>	<u>32276819</u>
Nominal Value per equity share (Rs.)	1.00	1.00
Diluted EPS (Rs.)	1.01	0.03
23. During the year, deferred tax in respect of timing differences has been re-assessed/ re-computed and Liability (net) amounting to Rs. 637.53 Lacs (previous year Rs 15.76 lacs) for the year has been created/ debited to Profit & Loss Account. (Rs. in lacs)		
	<u>2010-11</u>	<u>2009-10</u>
<b>Deferred Tax Liability</b>		
Depreciation	2699.75	2752.40
<b>Deferred Tax Assets</b>		
Unabsorbed Depreciation	908.21	1571.92
Other items	<u>32.69</u>	<u>59.16</u>
	<u>940.90</u>	<u>1631.08</u>
Deffered Tax Liability (Net)	<u>1758.85</u>	<u>1121.32</u>
24. The company has given interest free loan/ advances in the nature of loan, to employees, in the ordinary course of its business. No loan/ advances in the nature of loans have been given to employees/ others for the purpose of investment in securities of the company.		

**25. Additional information pursuant to the provision of paragraph 3 and 4 of Schedule VI to the Companies Act, 1956.**

<b>(a) Licensed &amp; Installed Capacity</b>	<u>2010-11</u>	<u>2009-10</u>
Licensed / Registered Capacity	70,000 Spindles	70,000 Spindles
Installed Capacity: (As Certified by the Management)	64,896 Spindles	64,896 Spindles

**(b) Production, Turnover & Stocks (in MT)** (Rs. in Lacs)

Particulars	Opening Stock		Production Qty.	Purchase		Turnover		Closing Stock	
	Qty. (MT)	Value		Qty.	Qty.	Value	Qty.	Value	Qty.
Yarn	887.902	1427.65	13147.530	2074.25	3763.56	14813.745	33565.61*	1295.939	3052.59
	'(562.040)	'(825.15)	'(12010.575)	'(600.779)	'(606.71)	'(12285.492)	'(20769.49)*	'(887.902)	'(1427.65)
Waste		78.01					1039.45		102.46
		'(52.79)					'(996.39)		'(78.01)

\*Including Export Incentives of Rs. 142.01 Lacs (Previous Year Rs. 491.69 Lacs)

<b>(c) Raw Material Consumed</b>	(Rs. In Lacs)			
	<u>2010-11</u>		<u>2009-10</u>	
	<u>Qty(MT)</u>	<u>Value</u>	<u>Qty(MT)</u>	<u>Value</u>
Fibre	18967.18	19096.34	16532.701	11612.48
(Includes semi-finished yarn)	758.576	1417.84	1052.881	1188.45

**(d) Total Value of Raw Materials and Stores & Spares consumed** (Rs. in lacs)

	Raw Material				Stores & Spares			
	2010-11 (Value)	%	2009-10 (Value)	%	2010-11 (Value)	%	2009-10 (Value)	%
Imported	147.82	0.77%	85.49	0.74%	149.82	5.27%	130.00	5.21%
Indigenous	18948.52	99.23%	11526.99	99.26%	2694.36	94.73%	2365.82	94.79%
<b>Total</b>	<b>19096.34</b>	<b>100.00%</b>	<b>11612.48</b>	<b>100.00%</b>	<b>2844.18</b>	<b>100.00%</b>	<b>2495.82</b>	<b>100.00%</b>

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

## Winsome Textile Industries Limited

<b>(f) Imports at CIF Value:</b>	<b>31stMarch 2011</b>	<b>31stMarch 2010</b>	
	<b>(Rs. in lacs)</b>	<b>(Rs. in lacs)</b>	
Raw Material	<b>278.45</b>	83.01	
Capital goods	<b>51.24</b>	275.43	
Spare Parts & Components	<b>146.96</b>	130.00	
Total	<b>476.65</b>	488.44	
<b>(g) Earnings in Foreign Exchange</b>			
Exports of goods on FOB basis (excluding export through export houses & EOU)	<b>16647.35</b>	6004.04	
<b>(h) Expenditure in Foreign currency:(Cash basis)</b>			
Foreign Travelling	<b>22.95</b>	34.21	
Commission and other expenses	<b>34.03</b>	32.73	
Expenses on GDR	<b>184.42</b>	Nil	
Interest paid	<b>150.71</b>	12.10	
<b>26. Remittance in foreign currency on Dividend Account</b>			
Number on non-resident shareholders	<b>N.A.</b>	N.A.	
Number of shares held by non-resident shareholders	<b>N.A.</b>	N.A.	
Net Amount of Dividend remitted (Amount in Rs.)	<b>Nil</b>	Nil	
Year to which dividend relates	<b>N.A.</b>	N.A.	
<b>27 (A)</b> The Foreign Currency exposure that are not hedged by derivative instruments or otherwise are as follow (As certified by Management).			
Particulars	Document Currency	Amount in Document Currency	Amount (Rs. In Lacs)
		2010-11      2009-10	2010-11      2009-10
Sundry Debtors	USD	1424283.25      3490697.70	623.23      1628.90
	EURO	64148.52      49862.50	36.68      30.31
Foreign Commission Payable	USD	226764.73      72902.52	101.14      32.73
<b>27 (B)</b> Forward Contracts of Rs. 1237.20 Lacs US \$26.80 Lacs (Previous Year Rs.797.72 Lacs-US \$17.05 Lacs) taken for the purpose of hedging of debtors are outstanding as at 31.03.11.			
<b>28.</b> Figures for the previous year have been re-grouped/recast wherever necessary to make them comparable with those of current year.			
<b>29.</b> Schedule 1 to 14 form an integral part of the Balance Sheet and Profit & Loss Account.			

**As per our report of even date  
For LODHA & CO.  
Chartered Accountants  
Firm Registration No. 301051E**

N.K.Lodha  
Partner  
M. No. 85155

Sourabh Gupta  
Company Secretary

Ashish Bagrodia  
Managing Director

Satish Bagrodia  
Chairman

Directors: Chandra Mohan  
Manish Bagrodia  
Rajeev Kumar  
Satish Girotra

Place : Chandigarh  
Dated : 16.05.2011

## Winsome Textile Industries Limited

**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 :	06
Balance Sheet Date :	31.03.2011		

**(ii) Capital raised during the year (Amount in Rs. Thousand)**

Public Issue	64500	Right Issue	Nil
Bonus Issue	Nil	Private Placement	60600

**(iii) Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)**

Total Liabilities	4214574	Total Assets	4214574
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**Sources of Funds**

Paid-up Capital	198200	Reserves & Surplus	808772
Secured Loans	2300095	Unsecured Loans	Nil
		Deferred Tax Liability	175885

**Application of Funds**

Net Fixed Assets	1615154	Investments	310
Net Current Assets	1867488	Miscellaneous Expenditure	-
Accumulated Losses	-		-

**(iv) Performance of Company (Amount in Rs. Thousand)**

Turnover including other income	3516218	Total Expenditure	3312358
Profit /(Loss) before tax	203860	Profit /(Loss) after tax	135532
Earning per share in Rs.	1.06	Dividend Rate %	10%

**(v) Generic Names of Three Principal products of the 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% cotton
550931	Yarn of Synthetic Staple Fibre Containing 85% or more of Acrylic

Sourabh Gupta Company Secretary	Ashish Bagrodia Managing Director	Satish Bagrodia Chairman	Directors: Chandra Mohan Manish Bagrodia Rajeev Kumar Satish Girotra
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Place : Chandigarh  
Dated : 16.05.2011

## WINSOME TEXTILE INDUSTRIES LIMITED

**Regd. Office : 1, Industrial Area, Baddi, Distt. Solan (H.P.)-173 205**

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

### ATTENDANCE SLIP

(To be filled by the shareholder/s)

I hereby record by presence at the **30th ANNUAL GENERAL MEETING** of the Company being held on Monday, the 4th July, 2011 at 10.00 a.m. at the Regd. Office of the Company at 1, Industrial Area, Baddi, Distt.Solan, Himachal Pradesh.

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

\*If shares are dematerialised.

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

..... Tear Here .....

## WINSOME TEXTILE INDUSTRIES LIMITED

**Regd. Office : 1, Industrial Area, Baddi, Distt. Solan (H.P.)-173 205**

### PROXY FORM

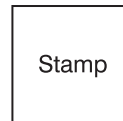
(To be filled by the shareholder/s)

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

\*If shares are dematerialised.

I/We ..... of ..... being a Member/Members of WINSOME TEXTILE INDUSTRIES LIMITED hereby appoint Mr. / Ms..... resident of ..... or failing him/her Mr./Ms. .... resident of ..... as my/our Proxy to attend and vote for me/us on my/our behalf at the 30th ANNUAL GENERAL MEETING of the Company to be held on Monday, the 4th July, 2011 at 10.00 a.m. at the Regd. Office of the Company at 1, Industrial Area, Baddi, Distt. Solan, Himachal Pradesh and at any adjournment thereof.

AS WITNESS my/our hand this ..... day of ..... 2011.



.....  
Signature of the Proxy

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

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

# BOOK-POST



RADHA MADHAV MANDIR

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

Japnika - 98155 59966