



Winsome Textile Industries Limited

31st Annual Report 2011-12



BOARD OF DIRECTORS

| | |
|----------------------|--------------------------------|
| Shri Satish Bagrodia | <i>Chairman</i> |
| Shri Ashish Bagrodia | <i>Managing Director</i> |
| Shri Rajeev Kumar | <i>Director (IDBI Nominee)</i> |
| Shri Chandra Mohan | <i>Director</i> |
| Shri Satish Girotra | <i>Director</i> |
| Shri Manish Bagrodia | <i>Director</i> |

AUDIT COMMITTEE

Shri Satish Girotra, Chairman
Shri Chandra Mohan
Shri Rajeev Kumar

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 - 110001

BANKERS

UCO Bank
Canara Bank
Bank of India
Andhra Bank

FACTORY & REGISTERED OFFICE

1, Industrial Area, Baddi,
Distt. Solan (H.P.) - 173205

CORPORATE OFFICE

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

SHARE TRANSFER AGENT

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

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NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of the Members of Winsome Textile Industries Limited, will be held on Monday, the 24th of September, 2012 at 10.00 a.m. at its Registered Office at 1, Industrial Area, Baddi, Distt. Solan (H.P.) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March 2012 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Satish Bagrodia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Chandra Mohan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT M/s Lodha & Co., Chartered Accountants, (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:

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act 1956, read with Schedule XIII thereto as amended from time to time and subject to such other approvals as may be necessary, the Company hereby approves the re-appointment of Shri Ashish Bagrodia as Managing Director of the Company for a period of three years w.e.f. 01.02.2013 on such terms, conditions and at remuneration as detailed in Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT pursuant to the paragraph (B) of Section II (1) of Part II of Schedule XIII and other applicable provisions, if any of the Companies Act 1956 and subject to such approvals as may be necessary, the Company be and is hereby authorised to pay the minimum remuneration, as detailed in the Explanatory Statement, to Shri Ashish Bagrodia for that financial year, in which there is loss or inadequacy of profits, during the period of three years from the effective date of his appointment.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be considered necessary or expedient to give effect to this resolution".

By order of the Board

Place : Chandigarh
Dated: 10.08.2012

(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 and 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 21.09.2012 to 24.09.2012** (both days inclusive).
4. Item No. 2 : Shri Satish Bagrodia, Director, aged about 73 years is B.Sc. Engg. (Mech.) & FIE. He is a distinguished person having 46 years of core experience in the areas of projects developments, Corporate planning, leadership and Corporate advisory/management. Being a torch bearer person, his proficiency & competency in the said areas are the valuable assets of the Company. Besides the Chairman of your Company, he is also the Chairman of Winsome Yarns Limited, IDS Infotech Limited and Voguestock Commodities Limited. He is also the Director of IDS Engineering Limited. He is holding 44770 shares in the Company. He does not have any membership in any Committee.
5. Item No. 3 : Padamshree Shri Chandra Mohan, Director, aged about 79 years of the Company. is B.A. (Hons.) & B.Sc. Mech. Engg. (Hons.) has served Punjab Tractors Limited & Swaraj Mazda Limited as Vice Chairman and Managing Director for about 28 years. His experience would be of immense benefit for the Company and adds a valuable prospective in the Board of Directors. He is not holding any share of the Company.

Presently, he is the Chairman of Rico Auto Industries Limited & Engineering Innovations Limited. He is Director in Winsome Textile Industries Limited, Winsome Yarns Limited, Sandhar Technologies Limited, DCM Engineering Limited, KDDL Limited, IOL Chemicals & Pharmaceuticals Limited and Nextgen Telesolutions (Pvt) Limited.

He is the member in Audit Committee of Winsome Textile Industries Limited, Winsome Yarns Limited and DCM Engineering Limited. He is the member in Remuneration Committee of Winsome Textile Industries Limited, Winsome Yarns Limited, DCM Engineering Limited and KDDL Limited. He is also the member in Shareholder's/Investors Grievance Committee of Winsome Textile Industries Limited.
6. According to section 205(A)(5) of the Companies Act, 1956 the unclaimed dividend for the year 2006-07 is due to be transferred to Investor Education and Protection Fund, in the month of October/November, 2014. The shareholders who have not claimed their dividend for the year 2006-07 are requested to claim the same from the Company immediately.
7. Members/proxies should fill the attendance slip for attending the Meeting.
8. In case of joint holders attending the meeting only such joint holders who are higher in the order of names will be entitled to vote.
9. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote at the Meeting.
10. M/s Link Intime India Private Limited, having its office located at 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 (Registrar & Share Transfer Agent) for dematerialisation and physical transfers of shares of the Company. The members should send their physical shares for transfers, transmissions, communications for change of address, issue of duplicate shares, Bank details, ECS details, Bank Mandates (if any) etc. directly to the aforesaid Registrar & Share Transfer Agent.
11. An Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956 is annexed hereto and forms the part of this notice.

By order of the Board

Place : Chandigarh
Dated: 10.08.2012

SATISH BAGRODIA
Chairman

EXPLANATORY STATEMENTS PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

ITEM NO. 5

Shri Ashish Bagrodia was appointed as Managing Director of the Company for a period of five years w.e.f. 01.02.2008 and now the current tenure of his appointment will expire on 31.01.2013. The Board of Directors for smooth and efficient running of the administrative affairs of the Company, in their meeting held on 10.08.2012 re-appointed Shri Ashish Bagrodia as Managing Director of the Company for a period of three years w.e.f. 01.02.2013, subject to approval of shareholders of the Company. The terms of proposed remuneration of Shri Ashish Bagrodia have the approval and recommendation of Remuneration Committee in its meeting held on 30.05.2012. The Board of Directors recommends the re-appointment of Shri Ashish Bagrodia as Managing Director of the Company, keeping in view the valuable services rendered by him. The Board of Directors of the Company, on the recommendations of Remuneration Committee, proposed the following remuneration to Shri Ashish Bagrodia w.e.f. 01.02.2013 as per the terms & conditions given below:-

I. REMUNERATION:

- a) **Salary:** Rs.2,00,000/- per month with annual increment of Rs. 25,000/- which will fall due on 1st April of every year.
- b) **Commission:**
1% of Net Profit of the Company computed in the manner laid down in Section 198 & 309 of the Companies Act, 1956.
- c) **Perquisites:**
 - i) **Housing:**
 - (a) Fully furnished residential accommodation. In case, the fully furnished residential accommodation is not provided, H.R.A. as per Company's Rules will be paid.
 - (b) Expenses pertaining to gas, electricity, water and other utilities will be borne/reimbursed by the Company.
 - ii) **Medical Reimbursement:**
Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical charges for himself and family along with mediclaim policy premium paid by the Company.
 - iii) **Leave Travel Concession:**
For self and his family, as per rules of the Company.
 - iv) **Club Fees:**
Reimbursement of membership fee for clubs including admission and life membership fees.
 - v) **Telecom & Computer Facilities:**
As per requirements.
 - vi) **Insurance:**
As per Company's rules and requirements.
 - vii) **Car:**
Free use of Company's car(s) with driver.
 - viii) **Contribution to Provident Fund, Superannuation and Annuity Fund:**
The Company's contribution to Provident and Super annuation or Annuity Fund as per the rules of the Company applicable to Senior Executives.
 - ix) **Gratuity:**
As per rules of the Company applicable to the Senior Executives.
 - x) **Leave:**
Encashment of leave at the end of the tenure.

d) Other Perquisites:

Subject to an overall ceiling of remuneration stipulated in Section 198 and 309 of the Companies Act, 1956, other perquisites and/or allowances payable to the Managing Director shall be evaluated, wherever applicable, as per Income Tax Act, 1961 or any rules there under (including any statutory modification(s) or re-enactment thereof for the time being in force).

EXPLANATION:

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

II. OVERALL REMUNERATION:

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

III. MINIMUM REMUNERATION:

The Schedule XIII of the Companies Act 1956, provides that where in any financial year during the currency of tenure of the Managerial Person, a Company has no profits or its profits are inadequate, it may pay the remuneration upto the limits prescribed therein provided the minimum remuneration payable to such Managerial Person, should be approved by the Members by way of a special resolution and said resolution shall be valid for a period of three years from the effective date of his re-appointment.

Therefore in accordance with the Schedule XIII of the Companies Act 1956, in case of loss or inadequacy of profits in any financial year, during the tenure of service of Shri Ashish Bagrodia as Managing Director, the minimum remuneration payable to him shall be governed as per the limits prescribed under paragraph (B) of Section II (1) of Part II of Schedule XIII of the Companies Act, 1956, during the period of three years from the effective date of his re-appointment.

The terms of appointment and remuneration given herein above may be altered, varied and increased from time to time by the Board of Directors of the Company, at its discretion, if deem fit, after considering the overall performance of the

Winsome Textile Industries Ltd.

Company and the recommendation of the Remuneration Committee, so as not to exceed the limits specified in the Companies Act 1956 or any modification or re-enactment thereof for the time being in force or any amendments made thereto.

This explanatory statement together with the accompanying notice may also be treated as an abstract under section 302 of the Companies Act 1956.

The informations as required under Part II of Schedule XIII of Companies Act 1956 is given below:-

| I. GENERAL INFORMATIONS: | | | | | | | | | | | | | | | | | |
|---|--|------------------------|--------------------------------------|------------------|------------------|-----------|----------------------|----------------------|----------------------|-------------|----------|----------|----------|-----------------------------|----------|---------|-------|
| 1. Nature of Industry | Textile Industry | | | | | | | | | | | | | | | | |
| 2. Date of expected date of commencement of commercial production | June 1983 | | | | | | | | | | | | | | | | |
| 3. In case of new Companies, expected date of commencement of activities as per project approved by financial institution appearing in the prospectus | Not Applicable | | | | | | | | | | | | | | | | |
| 4. Financial performance based on given indicators | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Particulars</u></th> <th style="text-align: right;"><u>2011-2012</u></th> <th style="text-align: right;"><u>2010-2011</u></th> <th style="text-align: right;"><u>2009-2010</u></th> </tr> <tr> <td></td> <th style="text-align: right;"><u>(Rs. in Lacs)</u></th> <th style="text-align: right;"><u>(Rs. in Lacs)</u></th> <th style="text-align: right;"><u>(Rs. in Lacs)</u></th> </tr> </thead> <tbody> <tr> <td>Total Sales</td> <td style="text-align: right;">31624.47</td> <td style="text-align: right;">35050.21</td> <td style="text-align: right;">21964.05</td> </tr> <tr> <td>Net Profit/(Loss) after Tax</td> <td style="text-align: right;">(922.06)</td> <td style="text-align: right;">1355.32</td> <td style="text-align: right;">27.29</td> </tr> </tbody> </table> | <u>Particulars</u> | <u>2011-2012</u> | <u>2010-2011</u> | <u>2009-2010</u> | | <u>(Rs. in Lacs)</u> | <u>(Rs. in Lacs)</u> | <u>(Rs. in Lacs)</u> | Total Sales | 31624.47 | 35050.21 | 21964.05 | Net Profit/(Loss) after Tax | (922.06) | 1355.32 | 27.29 |
| <u>Particulars</u> | <u>2011-2012</u> | <u>2010-2011</u> | <u>2009-2010</u> | | | | | | | | | | | | | | |
| | <u>(Rs. in Lacs)</u> | <u>(Rs. in Lacs)</u> | <u>(Rs. in Lacs)</u> | | | | | | | | | | | | | | |
| Total Sales | 31624.47 | 35050.21 | 21964.05 | | | | | | | | | | | | | | |
| Net Profit/(Loss) after Tax | (922.06) | 1355.32 | 27.29 | | | | | | | | | | | | | | |
| 5. Export Performance and Net Foreign Exchange Collaborations, if any. | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Financial Years</u></th> <th style="text-align: right;"><u>Export Turnover (Rs. in Lacs)</u></th> </tr> </thead> <tbody> <tr> <td>2009-2010</td> <td style="text-align: right;">6731.24</td> </tr> <tr> <td>2010-2011</td> <td style="text-align: right;">17342.26</td> </tr> <tr> <td>2011-2012</td> <td style="text-align: right;">14108.09</td> </tr> </tbody> </table> | <u>Financial Years</u> | <u>Export Turnover (Rs. in Lacs)</u> | 2009-2010 | 6731.24 | 2010-2011 | 17342.26 | 2011-2012 | 14108.09 | | | | | | | | |
| <u>Financial Years</u> | <u>Export Turnover (Rs. in Lacs)</u> | | | | | | | | | | | | | | | | |
| 2009-2010 | 6731.24 | | | | | | | | | | | | | | | | |
| 2010-2011 | 17342.26 | | | | | | | | | | | | | | | | |
| 2011-2012 | 14108.09 | | | | | | | | | | | | | | | | |
| 6. Foreign investments or collaborators, if any. | The Company has incorporated a wholly owned subsidiary namely Winsome Textile Industries FZE at United Arab Emirates (U.A.E.), Dubai & has made direct investment in it. The Company does not have any foreign collaboration. | | | | | | | | | | | | | | | | |
| II. INFORMATION ABOUT THE APPOINTEE : SHRIASHISH BAGRODIA | | | | | | | | | | | | | | | | | |
| 1. Background Detail | <p>Shri Ashish Bagrodia was appointed as Managing Director of the Company for a period of five years w.e.f. 01st February 2008. He is B.E. (Mech.) Hons. He has over two decade vast experience in Textile Industry & in various operational matters.</p> <p>Shri Ashish Bagrodia has contributed in continuous improvement in the quality of value added products and in other products also. In his strategic leadership, the Company is making sustainable development in various areas and expanding its areas of operations. During his tenure of Managing Directorship, the Company has able to achieve the following awards/recognitions from TEXPROCIL for export of processed yarns which itself a benchmark of his dynamic leadership and entrepreneurial approach.</p> <ol style="list-style-type: none"> 1. Gold Trophy in 2010-2011 2. Bronze Trophy in 2009-2010 3. Bronze Trophy in 2008-2009 <p>Shri Ashish Bagrodia holds coveted position in industrial parlance. He has served various prestigious organizations, associations, bodies as the Chairman, President and member. He holds the membership in the various prestigious organizations and associations. Some of them are herein below:-</p> <ol style="list-style-type: none"> 1. N.I.T.M.A. Past President 2. C.I.T.I. Member (Executive Committee) | | | | | | | | | | | | | | | | |
| 2. Past Remuneration | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Financial Years</u></th> <th style="text-align: right;"><u>Rs. (in Lacs)</u></th> </tr> </thead> <tbody> <tr> <td>2009-2010</td> <td style="text-align: right;">25.92</td> </tr> <tr> <td>2010-2011</td> <td style="text-align: right;">30.83</td> </tr> <tr> <td>2011-2012</td> <td style="text-align: right;">30.83</td> </tr> </tbody> </table> | <u>Financial Years</u> | <u>Rs. (in Lacs)</u> | 2009-2010 | 25.92 | 2010-2011 | 30.83 | 2011-2012 | 30.83 | | | | | | | | |
| <u>Financial Years</u> | <u>Rs. (in Lacs)</u> | | | | | | | | | | | | | | | | |
| 2009-2010 | 25.92 | | | | | | | | | | | | | | | | |
| 2010-2011 | 30.83 | | | | | | | | | | | | | | | | |
| 2011-2012 | 30.83 | | | | | | | | | | | | | | | | |

Winsome Textile Industries Ltd.

| | |
|---|--|
| 3. Recognition or awards | Nil |
| 4. Job Profile and his suitability | Shri Ashish Bagrodia plays a pivotal role in providing thought leadership and strategic inputs to the Company in addition to strategic planning. He has also been instrumental in the project implementation and different operations of the Company. |
| 5. Remuneration Proposed | As per details herein above given in the Explanatory Statement. |
| 6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the Country of his origin) | The remuneration payable to Shri Ashish Bagrodia has been benchmarked with the remuneration being drawn by similar position in Textile Industry. The terms of remuneration of Shri Ashish Bagrodia has the approval of the Remuneration Committee at its meeting dated 30.05.2012. |
| 7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any. | Shri Ashish Bagrodia has no pecuniary relationship directly or indirectly with the Company except to the extent of his shareholding in the Company and being Managing Director he is drawing salary from the Company. Shri Satish Bagrodia, Chairman of the Company, is father of Shri Ashish Bagrodia and Shri Manish Bagrodia, Director, is elder brother of Shri Ashish Bagrodia. |
| III. OTHER INFORMATION: | |
| 1. Reason of loss or inadequate profits | In the Financial Year 2011-2012, the Company suffered losses mainly due to high volatility in prices of cotton. |
| 2. Steps taken or proposed to be taken for improvement | The Company has already taken progressive steps to increase its productivity with special emphasis on superior quality of value added products. The thrust is on reducing the wastage and optimum utilization of all available resources. Some of the projects of the Company are underway and after implementation of the same would generate more profits for the Company. |
| 3. Expected increase in productivity and profits in measurable terms | In the coming years, the Company is expecting to increase its turnover around 15%-20% per year. |
| IV. DISCLOSURES: | |
| 1. Information to shareholders | The requisite disclosures of remuneration package of all the Directors are already made in the Corporate Governance Report which forms part of the Annual Report. |

Shri Ashish Bagrodia holds 49220 equity shares of Rs. 10/- each in the Company. He is the member in Shareholders/Investors Grievance Committee of Winsome Textile Industries Limited and member in Audit Committee of Winsome Yarns Limited. He is Director in Winsome Yarns Limited, IDS Infotech Limited, Winsome Yarns (Cyprus) Limited, Engineering Innovations Limited, S.C.Winsome Romania S.R.L., Vogue Commercial Co. Limited, Ethos Limited and IDS Engineering Limited.

None of the Directors except Shri Satish Bagrodia, Chairman, Shri Ashish Bagrodia, Managing Director and Shri Manish Bagrodia, Director of the Company is in any way concerned or interested in the proposed resolution. Your Directors recommend the resolution mentioned at item no. 5 in notice of Annual General Meeting for your approval.

By order of the Board

Place : Chandigarh
Dated: 10.08.2012

SATISH BAGRODIA
Chairman

Dear Shareholders,

Your Directors have pleasure in presenting the 31st Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2012.

| Financial Highlights | Year ended 31.3.2012 (Rs.in lacs) | Year ended 31.3.2011 (Rs. in lacs) |
|--|--------------------------------------|---------------------------------------|
| Sales | 31624.47 | 35050.21 |
| Profit before Interest & Depreciation | 3019.01 | 5084.66 |
| Less : Interest | 2949.59 | 1911.92 |
| Profit/(Loss) before Depreciation | 69.42 | 3172.74 |
| Less : Depreciation | 1150.64 | 1134.14 |
| Profit/ (Loss) before Tax | (1081.22) | 2038.60 |
| Less : Provision for Taxation | | |
| - Current Tax(MAT) | - | 254.64 |
| - MAT Credit | - | (254.64) |
| - Deferred Tax Liability/(Assets) | (159.41) | 637.53 |
| -Tax for earlier years | 0.25 | 45.75 |
| Net Profit/ (Loss) after Tax | (922.06) | 1355.32 |
| Add : Surplus brought from previous year | 2539.61 | 1415.18 |
| | 1617.55 | 2770.50 |
| Appropriations: | | |
| Proposed Dividend | NIL | 198.20 |
| Corporate Dividend Tax | NIL | 32.69 |
| Surplus Carried to Balance Sheet | 1617.55 | 2539.61 |
| | 1617.55 | 2770.50 |

OPERATIONAL & PERFORMANCE REVIEW

During the year under review, your Company has achieved a sales turnover of Rs. 31624.47 lacs as against sales turnover of Rs. 35050.21 lacs during the previous year and a net loss of Rs. 922.06 lacs for the year as against net profit (after tax) of Rs. 1355.32 lacs during the previous year. The Company was however able to achieve a marginal cash profit of Rs. 69.42 lacs. This was due to the multifarious business challenges faced by the Company during 2011-12 especially on the cotton front. In the close of the year 2010 & in beginning of the year 2011, the purchase prices of the Cotton & Cotton yarn were considerably high. But the same crashed unexpectedly after April/May 2011. Cotton prices which peaked at around Rs. 65,000/- per candy in March 2011 came down to approx Rs. 33,000/- per candy in June/July 2011. This unexpected crash led to losses for the Company. However the Company has well performed in the export of value added yarn during the year under review. We are pleased to inform you that your Company has been presented with the GOLD TROPHY by 'The Cotton Export Promotion Council of India' for the highest exports of processed yarns for the year 2010-11.

In the current financial year, there are the signs of some stability in cotton prices and it is encouraging to see that both domestic as well as export segments are registering an increase in demand across all our products in the current financial year. Your Company has taken many initiatives to enhance its market leadership, product innovation, appropriate product-price mix and operating efficiencies with a special focus on sales of value added products and superior client relationships.

EXPANSION PROJECTS/PLANS OF COMPANY

Your Company has undertaken expansion and diversification of its areas of operations. It has planned to setup a new spinning unit with the capacity of 40,800 spindles, a new Circular Knitting unit in Himachal Pradesh and expansion of its existing dyeing facility at an investment of approximately Rs. 230 Crores. The Company has purchased the requisite land and has also entered with multiple banks/financial institutions for financial arrangements/ funding its expansion plans. The Company shall have the benefit of economies of scale with the total installed capacity of unit increasing for cotton spun yarns, including in-house dyeing division for complete & efficient quality control after implementation of the expansions projects. On completion, these initiatives will significantly contribute to our operational efficiency, reduction in cost and thereby increasing our profits.

The construction of the Company's Hydro Power Project at Distt. Kangra, Manuni Khad (H.P.) is going on rapidly. The implementation of this Hydro Power Project is at an advanced stage and is expected to be commissioned within current financial year 2012-2013.

CONSOLIDATION OF SHARES

During the year under review, the Company has made 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 new ISIN No. is INE837B01031 for the equity shares of the Company having face value of Rs. 10/- each.

SUBSIDIARY COMPANY

To aid its areas of operations globally, your Company has set up a Wholly Owned Subsidiary in Hamriyah Free Zone in United Arab Emirates (U.A.E.), Dubai under the name & style of Winsome Textile Industries FZE.

According to the provisions of section 212 of Companies Act 1956, the holding Company is required to attach the balance sheet & profit & loss account etc. of its subsidiary Company along with its balance sheet. However, the Ministry of Corporate Affairs vide its general circular no. 2/2011 dated 08.02.2011 has provided general exemption from complying with the provisions of section 212 of Companies Act 1956. Accordingly, the annual accounts of Winsome Textile Industries FZE are not being attached with the balance sheet of the Company but the same will be made available to the shareholders for inspection at the head office of the Company.

CONSOLIDATED ACCOUNTS

In accordance with the Accounting Standard AS -21 on Consolidated Financial Statements, your Directors provide the Audited Consolidated Financial Statements of Winsome Textile Industries Limited and Winsome Textile Industries FZE in this Annual Report.

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 Standards.

FIXED DEPOSITS

The Company has not accepted or renewed any deposit from the public during the year under review pursuant to the provisions of Section 58A of the Companies Act, 1956 and rules made thereunder.

DIVIDEND

Keeping in view to conserve the resources, your Directors do not recommend any dividend on Equity Shares for the year under review.

DIRECTORS

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

AUDITORS

M/s Lodha & Co, Chartered Accountants, Statutory Auditors of the Company, hold office upto the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has obtained the written confirmation 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 the provisions of Section 233B of the Companies Act, 1956, your Company carries out an audit of cost records every year. The Company has obtained the written confirmations from M/s Aggarwal Vimal & Associates, Cost Accountants, to the effect that their appointment, if made, would be within the prescribed limits under section 224 (1-B) read with sub-section (2) of Section 233B 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 read with provisions of Section 233B & Section 224 of Companies Act 1956. Therefore, subject to the approval of Central Government, the Board has appointed M/s Aggarwal Vimal & Associates, Cost Accountants, as Cost Auditor of the Company for the financial year 2012-13.

The Cost Audit Report for the financial year 2010-11 which was due to be filed with the Ministry of Corporate Affairs on 30.09.2011 was filed on 20.09.2011.

AUDITORS' REPORT

Observations made in the Auditor's Report are self explanatory and therefore do not call any further explanation.

PARTICULARS OF EMPLOYEES

None of the employees is covered under section 217(2A) of the Companies Act,1956 read with Companies (Particulars of Employees) Rules,1975 as amended.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

Energy conservation continues to be an area of major emphasis in your Company. Efforts are made to optimize the energy cost while carrying out manufacturing operations. 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.

STATUTORY DISCLOSURES

None of the Directors of the Company are disqualified under the provisions of Section 274(1)(g) of the Companies Act 1956. The Directors have made the requisite disclosures, as required under the Companies Act, 1956 and Clause 49 of the Listing Agreement.

CORPORATE GOVERNANCE

The Company is committed to maintain the good standards of Corporate Governance. The Company has complied with the Corporate Governance requirements as stipulated under Clause 49 of the Listing Agreement. Pursuant to clause 49 of the Listing Agreement with the Stock Exchange, the Report on Corporate Governance together with Auditor's Certificate regarding compliance of Corporate Governance is annexed to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of annual accounts for the financial year ended 31st March 2012, 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 31st March 2012 and of the profit or 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 other Central & State Government departments, financial institutions, bankers, customers & vendors at large and look forward to having the same support in our endeavours.

The Board of Directors express its gratitude and record its sincere appreciation of the dedicated efforts and commitment of all the employees. The Directors are also thankful to the esteemed shareholders for their support and the confidence reposed in the Company.

By order of the Board

Place : Chandigarh
Dated : 30.05.2012

SATISH BAGRODIA
Chairman

INFORMATION AS PER SECTION 217(1)(e) READ WITH Companies (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE PERIOD ENDED 31ST MARCH, 2012.

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. 42,382/- but overall energy cost has not been reduced due to expansion and increase in unit rate of power.

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

| A) Power and Fuel consumption | <u>Current Year</u> | <u>Previous Year</u> |
|--|---------------------|----------------------|
| 1. Electricity | | |
| a) Purchased Unit (KW) | 51197600 | 53648600 |
| Total amount (Rs. in lacs) | 2193.91 | 2063.94 |
| Rate/Unit (Rs.) | 4.29 | 3.85 |
| b) Own Generation through | | |
| FO/Diesel Generator Unit(KW) | 827963 | 1985864 |
| Units/Ltr.of Diesel Oil/FO | 3.51 | 3.49 |
| Cost/Unit(Rs./KW) | 9.95 | 9.19 |
| 2. Coal (Specify quality and where used) KG | 3911876 | 4135664 |
| Pet Coke for Boiler | | |
| 3. HSD & Furnace Oil Qty.(MT) | | |
| Total amount (Rs.in lacs) | NIL | NIL |
| Average rate(Rs.per M.T.) | NIL | NIL |
| 4. Gas | | |
| Total amount (Rs.in lacs) | NIL | NIL |
| Average rate(Rs.per Kg) | NIL | NIL |
| B) Consumption per Unit of Production | | |
| Electricity - Own Generation (KW) | 3.79 | 3.48 |
| HSD & Furnace Oil (Lts) | NIL | NIL |
| Gas (Kgs) | NIL | NIL |

II. TECHNOLOGY ABSORPTION

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

1) Research & Development (R&D)

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

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

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

- Producing International quality products.

| | |
|---|---------------|
| c) Future plan of Action : | |
| — Developing new products. | |
| — To undertake more TQM projects. | |
| d) Expenditure on R&D | (Rs. in lacs) |
| Capital | NIL |
| Revenue | 48.05 |
| Total | <u>48.05</u> |
| Total R&D Expenditure as a percentage of total Turnover | = 0.16% |

2) Technology absorption, adaptation and innovation.

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

3. FOREIGN EXCHANGE EARNING AND OUTGO

- a) Activities relating to exports, initiatives taken to increase exports, 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. 14108.09 lacs in 2011-12 against Rs. 16647.35 lacs in 2010-11. The Company proposes to increase exports through the introduction of new products in the markets.

| | |
|--|--|
| b) Total foreign exchange used and earned. | (Rs. in lacs) |
| | <u>Current Year</u> <u>Previous Year</u> |
| Earnings | 12679.55 16647.35 |
| Outgo | 602.06 969.90 |

By order of the Board

Place : Chandigarh

SATISH BAGRODIA

Dated : 30.05.2012

Chairman

ADDENDUM TO THE DIRECTORS' REPORT

Pursuant to Section 217(3) of the Companies Act 1956, following explanation is given on remarks contained in the Auditor's Report :

Auditor's observation has been explained in detail in Note No. 2.5(i) of Explanatory Notes read with Accounting Policies & 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. 185.74 Lacs (previous year Rs. 203.40 Lacs) {(including overdue overseas debtors of amounting to Rs. 47.13 Lacs) (previous year Rs. 39.79 Lacs)}. In the opinion of the management, these debts are good for recovery and fully realizable hence no provision there against is considered necessary.

CORPORATE GOVERNANCE REPORT

1. Company's philosophy on code of Governance

In the present global business scenario, good Corporate Governance helps in achieving long term Corporate Goals for enhancing stakeholders value. Corporate Governance basically focusses on commitment to values, adhering to ethical business practices and business principles. This includes corporate structures, culture, policies, corporate strategies and the manner in which the Corporate entity deals with various stakeholders with full transparency in retaining their trust and confidence. Therefore timely, adequate and proper disclosure of information on the performance and ownership forms the cornerstone of Corporate Governance.

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 2011-12, nine board meetings were held. The meetings were held on 16th May 2011, 7th June 2011, 4th July 2011, 12th August, 2011, 22nd August 2011, 14th November 2011, 8th December 2011, 14th February 2012 and 23rd March 2012.

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 | 4 | - | - | - |
| Shri Chandra Mohan | INED | 5 | No | 8# | 8 | - | 8 |
| Shri Satish Girotra | INED | 8 | No | 6# | - | 3 | 3 |
| Shri Rajeev Kumar | INED (IDBI) | 2 | No | - | 3 | - | 3 |
| Shri Ashish Bagrodia | MD | 9 | Yes | 8 ^ | 2 | - | 2 |
| Shri Manish Bagrodia | NED | 7 | Yes | 9 ^ | 1 | - | 1 |

INED : Independent Non Executive Director

NED : Non Executive Director

MD : Managing Director (Executive)

* Executive

Directorship includes Private Limited Companies.

^ Directorship includes Foreign Companies.

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. Subsidiary Company

To aid its areas of operations globally, your Company has set up a Wholly Owned Subsidiary in Hamriyah Free Zone in United Arab Emirates (U.A.E), Dubai under the name & style of "Winsome Textile Industries FZE". The Audited Consolidated Financial Statement of Winsome Textile Industries Limited and Winsome Textile Industries FZE is provided in this Annual Report.

5. 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 2012, 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.

6. Audit Committee

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

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

During the financial year, Four Audit Committee meetings were held on 16th May 2011, 12th August 2011, 14th November 2011 and 13th February 2012.

| S. No. | Name of Members | Category | No. of meetings attended during the year 2011-2012 |
|--------|------------------------------|---------------------------|--|
| 1. | Sh. Satish Girotra, Chairman | Independent/Non Executive | 4 |
| 2. | Sh. Chandra Mohan | Independent/Non Executive | 3 |
| 3. | Sh. Rajeev Kumar | Independent/Non Executive | 2 |

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

7. Remuneration Committee

None of the meeting was held of remuneration committee during the year 2011-12.

| S. No. | Name of Members | Category |
|--------|------------------------------|---------------------------|
| 1. | Sh. Satish Girotra, Chairman | Independent/Non Executive |
| 2. | Sh. Chandra Mohan | Independent/Non Executive |
| 3. | Sh. Rajeev Kumar | Independent/Non Executive |

The details of remuneration paid to the Directors during the year 2011-12 are given below :

Remuneration Policy

i) For Non-Executive Directors

The Non-Executive Directors are paid remuneration by way of Sitting Fees. The Non-Executive Directors are entitled to Sitting fees of Rs. 5,000/- for each Board Meeting attended. The aforesaid sitting fees is within the limits prescribed under the Companies Act, 1956.

The details of remuneration paid to the Non-Executive Directors during the year 2011-12 are given below:

| Name of Directors | Non-Executive | |
|-----------------------------------|---------------|-------|
| | Sitting Fees | Total |
| Shri Chandra Mohan | 25000 | 25000 |
| Shri Satish Girotra | 40000 | 40000 |
| Shri Rajeev Kumar (IDBI Nominee)# | 10000 | 10000 |
| Shri Manish Bagrodia | 35000 | 35000 |

The sitting fee has been paid to the nominating institution/bank.

ii) For the Executive Directors

The details of remuneration paid to the Executive Directors during the year 2011-12 are given below:

(Rs. in lacs)

| Name of Directors | Salary | Perquisites* | Total |
|----------------------|--------|--------------|-------|
| Shri Satish Bagrodia | 21.00 | 4.03 | 25.03 |
| Sh. Ashish Bagrodia | 19.20 | 11.63 | 30.83 |

* Perquisites includes contribution to Provident & other funds, House Rent Allowance or Housing Accommodation and other perks/ benefits provided by the Company.

8. 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 2011-12, four Shareholders/ Investors Grievance Committee meetings were held on 16th May, 2011, 12th August 2011, 14th November 2011 and 13th February 2012. All 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:

| S. No. | Name of members | Category | No. of meetings attended during the year 2011-2012 |
|--------|-------------------------------|---------------------------|--|
| 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, three complaints were received, replied and resolved 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.

9. General Body Meetings

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

| Year | Venue | Date | Time |
|-----------|--|----------|------------|
| 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. |
| 2010-2011 | 1, Industrial Area, Baddi, Distt. Solan (H.P.) | 04/07/11 | 10.00 a.m. |

Extra Ordinary General Meeting

No Extra-ordinary General Meeting was held during the year 2011-2012.

During the last three years, two special resolutions on 11.09.2009, two special resolutions on 16.06.2010 (in E.O.G.M.) and three special resolutions on 04.07.2011, as set out in the respective notices, were passed by the shareholders. 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.

10. 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 Explanatory Note No. 2.18 read with Accounting Policies &

Notes on 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.

11. Details for Unclaimed Suspense Account for Unclaimed Shares

As per Clause 5A of the Listing Agreement inserted by SEBI vide its circular CIR/CFD/DIL/10/2010 dated December 16, 2010, the Company has opened an Unclaimed Suspense Account in the name of "Winsome Textile Industries Limited - Unclaimed Suspense Account" for the purpose of transferring the unclaimed shares in that account. The Company has transferred the unclaimed shares in the unclaimed suspense account after sending the three reminders to the concerned shareholders. The details of which are as under:-

| Outstanding at the beginning of the year | | No. of shareholders claimed during the year | No. of shareholders claim transferred during the year | Outstanding at the end of the year | |
|--|---------------|---|---|------------------------------------|---------------|
| No. of Shareholders | No. of Shares | | | No. of Shareholders | No. of Shares |
| 13 | 1210 | NIL | NIL | 13 | 1210 |

12. Means of Communications

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

13. General Shareholders' Information

Annual General Meeting at 10.00 a.m on 24th September 2012 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 : 21.09.2012 to 24.09.2012 (both days inclusive)
- Listing on Stock Exchanges : Bombay Stock Exchange Limited (BSE)
- Scrip Code : 514470
- 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, Luxembourg
Telephone: + 352 47 79 36-1 , Fax : + 352 47 32 98
- ISIN & Trading Code of GDRs : US97550T1060
- Demat ISIN Number in NSDL & CDSL : INE837B01031

Annual listing fee for the year 2012-2013 has duly 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. The Company has also paid the Annual Custodial Fee to NSDL & CDSL for the year 2012-2013. However, the annual listing fee for the year 2011-12 to BSE has already been paid.

Winsome Textile Industries Ltd.

Market price data - High and Low during each month on BSE in the financial year 2011-12. Stock code-514470
(Source: www.bseindia.com).

| Months | High | Low | Closed | Shares |
|-----------------|--------|-------|--------|---------|
| April, 2011 | 8.10 | 5.72 | 8.08 | 2104466 |
| May, 2011 | 9.90 | 8.25 | 8.84 | 4727506 |
| June, 2011 | 9.39 | 6.42 | 6.75 | 3120345 |
| * July, 2011 | 93.00 | 6.65 | 91.26 | 2094942 |
| August, 2011 | 93.00 | 75.00 | 78.95 | 226955 |
| September, 2011 | 80.00 | 62.00 | 68.30 | 334245 |
| October, 2011 | 73.35 | 62.00 | 66.25 | 216724 |
| November, 2011 | 100.95 | 65.05 | 85.00 | 3115161 |
| December, 2011 | 87.00 | 72.40 | 74.80 | 668267 |
| January, 2012 | 78.50 | 65.00 | 72.90 | 464903 |
| February, 2012 | 79.20 | 62.05 | 70.20 | 147814 |
| March, 2012 | 79.80 | 60.15 | 68.35 | 181923 |

* The face value of equity shares of the Company was consolidated from Re. 1/- each to Rs. 10/- each on 19th July, 2011.

Registrar and Share Transfer Agent : Link Intime India (P) Ltd.
A-40, 2nd Floor, Near Batra Banquet Hall,
Naraina Industrial Area, Phase II,
New Delhi-110028
Tele. No. 011-41410592-94, Fax No. 011-41410591
E-mail : delhi@linkintime.co.in
sunil.mishra@linkintime.co.in

Share Transfer System : Shares lodged in physical form with the RTA 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, 2012.

| Range of Shares | No. of Shareholders | % of Shareholders | No. of Shares | % of Shareholding |
|-----------------|---------------------|-------------------|-----------------|-------------------|
| 001 - 500 | 1160 | 86.05 | 134831 | 0.68 |
| 501 - 1000 | 72 | 5.34 | 60386 | 0.31 |
| 1001 - 2000 | 37 | 2.74 | 57644 | 0.29 |
| 2001 - 3000 | 14 | 1.04 | 36181 | 0.18 |
| 3001 - 4000 | 11 | 0.82 | 38504 | 0.19 |
| 4001 - 5000 | 6 | 0.45 | 27102 | 0.14 |
| 5001 - 10000 | 9 | 0.67 | 59096 | 0.30 |
| 10001 and above | 39 | 2.89 | 19406256 | 97.91 |
| Total | 1348 | 100.00 | 19820000 | 100.00 |

Winsome Textile Industries Ltd.

Shareholding Pattern as on 31st March, 2012.

| Category | No. of shares | Percentage |
|---|------------------|---------------|
| Promoters/Persons acting in concert | 6578706 | 33.19 |
| Financial Institutions/ Banks/ Mutual Funds | 419649 | 2.12 |
| NRIs | 126017 | 0.64 |
| Bodies Corporates | 5629416 | 28.40 |
| Indian Public | 616212 | 3.11 |
| Shares held by Custodian and against which Depository Receipts have been issued | 6450000 | 32.54 |
| Total | *19820000 | 100.00 |

*Paidup capital as on 31.03.2012 is consisting of 1,98,20,000 Equity Shares of Rs. 10/- each.

Details of shareholding of Directors in the Company as on 31.03.2012

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

Dematerialisation of shares and liquidity : 97.29% of the shares issued by the Company have been dematerialised upto 31st March, 2012.

Outstanding GDRS/ ADRS/ Warrants or any convertible instruments, conversion date and likely impact on equity shares. : During the year under review, the Company has not issued any GDRS/ ADRS/ Warrants or any convertible instruments.

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@winsomegroup.com

Place : Chandigarh
Dated : 30.05.2012

By order of the Board

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, 2012, 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 : 30.05.2012

N.K. Lodha
Partner
M.No. 85155

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERVIEW OF INDIAN TEXTILE INDUSTRY

The Indian Textiles Industry has an overwhelming presence in the economic life of the Country. Apart from providing one of the basic necessities of life, the textiles industry also plays a pivotal role through its contribution to industrial output, employment generation and the export earnings of the Country. Currently, it contributes about 14% to industrial production, 4% to the GDP and 17% to the Country's export earnings. It provides direct employment to over 35 million peoples. The textile sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

COTTON SCENARIO

Cotton is one of the major crops cultivated in India. It accounts for more than 75% of the total fibre consumption in the spinning mills and more than 54% of the total fibre consumption in the textile sector. India's textiles industry faced a slowdown in the year 2011-12. Cotton yarn production is down by 15% and Fabric production is down by 19% in the April 2011 to December 2011 period over the previous year. Textiles mills faced with high priced cotton inventories could not pass through the prices into yarn and fabrics as the price decline came suddenly in the month of April 2011. This led to a slowdown in production and reduced utilization capacity. Cotton prices at the commencement of the cotton season 2011-12 stood at Rs.39,000/ candy and as the season progressed moderated to Rs.35,000/ candy in January 2012 and further moderated to Rs. 33,000/ candy in March 2012.

TECHNOLOGY UPGRADATION FUND SCHEME (TUFS)

The Technology Upgradation Fund Scheme (TUFS) provides for interest reimbursement/capital subsidy/Margin Money subsidy and has been devised to bridge the gap between the cost of interest and the capital component to ease up the working capital requirement and to reduce the transaction cost etc. The Scheme is an important tool to infuse financial support to the textiles industry and help it capitalize on the vibrant and expanding global and domestic markets, through technology upgradation, cost effectiveness, quality production, efficiency and global competitiveness.

The TUF Scheme was suspended on June 29, 2010 by the Cabinet Committee on Economic Affairs (CCEA) and the banks/financial institutions disbursing the subsidy amount were asked to freeze the payments and stop accepting fresh applications from the entrepreneurs.

Restructured TUF scheme has been launched w.e.f. 28.04.2011. Under the scheme, there is an overall subsidy cap of Rs. 1972 crores from the date of the Resolution i.e., 28.04.2011 to 31.03.2012, which is expected to leverage an investment of Rs. 46,900 crores, with sectoral investment shares of 26% for spinning, 13% for weaving, 21% for processing, 8% for garmenting and 32% for others.

In the restructured TUF scheme for the year 2011-12, the Government TUF will disburse an amount of Rs. 7,404 crores. Out of the Rs. 7,404 crores allocations, committed liabilities is of Rs 5,432 crores and new sanctions are projected at Rs 1,972 crores. The basic objective of the new restructured TUF Scheme are to channelize investments in hitherto low investment segments to facilitate a balanced growth across the value chain and to ensure the subsidy out go is not open ended and has a definite cap.

PROGRESSIVE STEPS OF GOVERNMENT

The Central Government has taken several initiatives & has launched different progressive schemes to accelerate growth, development, diversification of textile & clothing industry and also to boost the confidence of textile industries in the present cut throat competition. Major initiatives & schemes are mentioned as hereunder:-

● MEGA CLUSTER

The schemes for mega cluster support weavers/artisans, both in and outside the cooperative fold, including those in Self Help Groups (SHGs), Non- Governmental Organisations (NGOs) etc. The schemes provide for development of all the facets of selected clusters like raw material support, design inputs, up-gradation of technology, infrastructure development, marketing support, welfare of weavers etc..The schemes also raise living standards of the weavers/artisans by improving the infrastructure facilities, with better storage facilities, technology up-gradation in pre-loom/on-loom/post-loom operations, weaving shed, skill up-gradation, design inputs, health facilities etc.

● SCHEME FOR INTEGRATED TEXTILE PARKS (SITP)

Scheme for Integrated Textiles Parks was approved in the 10th Five Year Plan to provide the industry with world-class infrastructure facilities for setting up their textile units by merging the erstwhile 'Apparel Parks for Exports Scheme (APES)' and 'Textile Centre Infrastructure Development Scheme (TCIDS)'.

The Scheme for Integrated Textiles Parks seeks green field investments in the textiles Sector on a public private partnership basis with the objective of setting up world class infrastructure for Textile industry.

As per the target, forty Textile Park projects have been sanctioned. Taking into consideration the response to the scheme and the opportunities for the growth of textile industry in the quota free regime, the Government of India have decided to continue the SITP in the 12th Five Year Plan. This will facilitate additional investment, employment generation and increase in textiles production.

● INTEGRATED SKILL DEVELOPMENT SCHEME (ISDS)

The Government to address the trained manpower needs of textiles and related segments is developing a cohesive and integrated framework of training. Addressing this need is critical for enhancing the competitiveness and to increase the employability of residents of the target areas through imparting of skills in the above segments.

SWOT ANALYSIS

STRENGTHS & OPPORTUNITIES

The Industry efforts coupled with the Government policies has enabled the Industry to become a sourcing hub for the reputed International brands. Presently big international brands such as Walmart, JC Penny, Gap, Marks and spencers and others are sourcing more and more textile products from India. It appears that the golden era of Chinese textile and apparel exports is going to be over soon. Good demand of exports in European countries & in other international markets is also a major opportunity for textile Companies.

In view of rising income levels and resultant higher demand, the industry has an opportunity for growth which has to be fully exploited in both domestic and export markets. The Company's integrated operations have created efficiencies in terms of cost and quality along with to attract large global buyers as its major customers. The Company's value added product's strength and operations provides it an opportunity to become a significant player in both domestic and export markets which itself is a major strength for the Company.

WEAKNESS AND THREATS

Uncertainty in global markets due to various economic crisis, especially in the Euro zone, is the major area of threat. The relative competitiveness of the Indian textile industry is dependent on rupee exchange rate fluctuations and raw cotton prices which is an area of weakness. The raw cotton which is a natural fibre continues to depend on the nature i.e. monsoon. A good monsoon results in bumper crop but any shortfall can play a havoc for the textile industry as 65% of the cost of the end products of the industry is cotton. The textile industry shall always be prone to such type of risks/threats. Any significant change in the above said factors can affect the performance of the Industry.

Besides this, increased cost of labour, input materials, shortage of power, increase in power cost, lack of availability of skilled labour force, levy of different taxes, increased interest cost etc. are the major areas of concern which affects the realisations. However in spite of the current stressful situation outlined above, the demand for cotton textiles in the long run should remain strong in India and abroad. Unclear and wavering Government policies with respect to export restrictions on cotton and cotton yarn in the past has added to more volatility in our business.

Our organization has benefited handsomely by continued efforts to maintain quality, improved productivity, minimum wastage, modern technology and by discovering the new and better markets for our products. We hope to achieve a better performance in the near future.

OUTLOOK

The Company is well positioned in the emerging business scenario with a clear objective to enhance its market share in the domestic and international markets.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate & flexible system of internal control, to safeguard its assets against loss from unauthorised use or disposition. This also ensures that all transactions are authorised, recorded and reported correctly. Regular internal audit and checks are carried out to check the existence of adequate system. Efforts are made by the management to maintain a sound financial and commercial practice capable of improving the operational efficiency and sustainability of the business. Management also reviews the internal control systems and procedures to ensure its proper application. The emphasis on internal control prevails across functions and processes, covering the entire gamut of various activities. An effective and comprehensive reviews by the Audit Committee of the Board have strengthened the internal controls within the organization.

RISK MANAGEMENT

The Company is exposed to fluctuations in foreign exchange, interest rates risks, business risk, commodity price risk, human capital risk, inflation, stiff competition etc. Some of them are mentioned below:-

a) Foreign Exchange Risk

The Company has laid down its efficient framework & strategy for actively managing its long term foreign exchange risk.

b) Interest Rate Risk

For the interest rate fluctuations, the Company has adopted a prudent and conservative risk mitigating strategy to minimize the interest costs in an efficient manner.

c) Commodity Price Risk

The Company is exposed to the risk of price fluctuations on raw materials as well as finished goods in its different 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 services, the existence of a powerful brand image, superior client relationships and a robust marketing network mitigates the impact of commodity price risk on finished goods.

d) Human Capital Risk

To retain and attract the best talent in the industry is also an major area of risk & concern. The Company has taken several progressive steps such as regular management/professional development programmes, integration of learning activities/skills sharpening/ trainings etc. to mitigate this risk.

HEALTH AND SAFETY MEASURES

We firmly believe that safe and healthy working conditions at factories and other premises are as necessary and as important as production, productivity and quality. Your Company complies with all applicable statutory provisions pertaining to health and safety and takes all possible measures to prevent accidents and occupational hazards. The Company provides the necessary informations, promotes awareness and provides training to all employees to carry out their tasks in a safe and responsive manner. Periodic reviews and risk analysis for hazardous operations are done and corrective actions taken.

In view of the above, the Company has been successful in achieving certification for IS/ISO 9001-2008 Quality Management System Certificate and IS/ISO 14001-2004 Environmental Management System Certificate, issued by Bureau of Indian Standards. The Company has also applied for IS18001-2007 for OHS Management System.

HUMAN RELATIONS AND INDUSTRIAL DEVELOPMENT

The permanent employee strength of the Company as on 31st March 2012 was 1260. The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. The Company has a structured induction process and management development programmes to upgrade the skills of managers and to create a harmonious working environment. The Company regularly trains its employees, both in-house & through external faculty, for enhancing their skills, mental ability and also for motivating them so as to focus on achieving organizational goals and objectives. Industrial relations remained cordial during the year.

CAUTIONARY STATEMENT

Statements in this report on Management Discussion and Analysis, describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking, considering the applicable laws and regulations. These statements are based on certain assumptions and expectation of future events.

Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw materials costs and availability, fluctuations in exchange rates, changes in Government rules/regulations and tax structures, economic developments within India and the Countries with which the Company has business relations.

Place : Chandigarh
Dated : 30.05.2012

By order of the Board

SATISH BAGRODIA
Chairman

TO THE MEMBERS OF WINSOME TEXTILE INDUSTRIES LTD.

We have audited the attached Balance Sheet of **Winsome Textile Industries Limited** as at 31st March 2012, the statement of Profit and loss 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 31.03.2012 from being appointed as Director in terms of clause (g) sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Attention is invited to note no. 2.5(i) regarding non provision for shortfall in recovery (amount unascertainable) against overdue debt of Rs. 185.74 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. 2.3 and 2.5 (ii) 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, 2012;
- (ii) in the case of the statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

Place : New Delhi
Date : 30.05.2012

N.K. LODHA
Partner
Membership No.: 85155

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our Report of even date on Winsome Textile Industries Limited for the year ended 31st March, 2012)

- 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 (and also at new project location), where the same are in process of compilation / updation.
(b) As per information & explanations given to us, physical verification of the certain fixed assets are in process, according to the regular programme of physical verification once in every three years, in phased manner, which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets.
(c) As per the records and information and explanation given to us, fixed assets disposed off during the year were not substantial.
- ii. (a) As explained to us, the inventories of the Company (except stock lying with the third parties; 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 (read with note no. 2.5, 2.09 & 2.14). 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.(Read with Para iv above)
- 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.
- viii. We have broadly reviewed the books of account maintained by the company as prescribed by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed records have been made and maintained. We have, however, not made a detailed examination of the said records with view to determine whether they are accurate and complete.
- ix. (a) According to the records of the Company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund,

Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed statutory dues payable for a period more than six months from the date they became payable as at 31.03.2012.

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

| Name of Statute# | Nature of Dues | Amount (Rs. in Lacs) | Period to which amount relates | Forum where dispute is pending |
|-------------------------|-----------------------|-----------------------------|---------------------------------------|---------------------------------------|
| Central Excise Act | Cenvat Credit | 1.44 | 1995-96 | Asst Commissioner |
| Cenvat Credit | Cenvat Credit | 62.92 | 2003-04 and 2005-06 | CESTAT |
| | Excise Duty | 3.57 | 2002-03,2003-04 2006-07 | CESTAT |

(Excluding excise show cause notices)

This para is to be read with note no. 2.1 (a) 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 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 at balance sheet date fund temporary has not been deployed for long term purpose, as explained by the management of the company.
- xviii. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under Section 301 of the Act in the current year.
- 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 not raised fund through public issue. (read with note no. 2.3)
- 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 : 30.05.2012

N.K. LODHA
Partner
Membership No.: 85155

BALANCE SHEET
AS AT 31ST MARCH, 2012

Winsome Textile Industries Ltd.

| PARTICULARS | NOTE NO. | AS AT 31.03.2012 (Rs. in lacs) | AS AT 31.03.2011 (Rs. in lacs) |
|------------------------------------|-------------|--------------------------------------|--------------------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholder's Funds | | | |
| (a) Share Capital | 3 | 1982.00 | 1982.00 |
| (b) Reserves and Surplus | 4 | <u>7157.27</u> | <u>8087.72</u> |
| | | <u>9139.27</u> | <u>10069.72</u> |
| (2) Non-Current Liabilities | | | |
| (a) Long-term borrowings | 5 | 10371.57 | 11162.02 |
| (b) Deferred tax liabilities (Net) | 6 | 1599.44 | 1758.85 |
| (c) Other Long term liabilities | 7 | 25.05 | 19.45 |
| (d) Long term provisions | 8 | <u>21.77</u> | <u>21.91</u> |
| | | <u>12017.83</u> | <u>12962.23</u> |
| (3) Current Liabilities | | | |
| (a) Short-term borrowings | 9 | 11557.86 | 10045.97 |
| (b) Trade payables | 10 | 8435.35 | 5424.98 |
| (c) Other current liabilities | 11 | 3254.49 | 3117.65 |
| (d) Short-term provisions | 12 | <u>168.82</u> | <u>548.56</u> |
| | | <u>23416.52</u> | <u>19137.16</u> |
| Total | | <u><u>44573.62</u></u> | <u><u>42169.11</u></u> |
| II.Assets | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | 13 | | |
| (i) Tangible assets | | 15759.19 | 15315.98 |
| (ii) Intangible assets | | - | - |
| (iii) Capital work-in-progress | | 1774.42 | 835.56 |
| (b) Non-current investments | 14 | 7.39 | 3.10 |
| (c) Long term loans and advances | 15 | <u>1045.21</u> | <u>233.43</u> |
| | | <u>18586.21</u> | <u>16388.07</u> |
| (2) Current assets | | | |
| (a) Inventories | 16 | 10614.96 | 12481.60 |
| (b) Trade receivables | 17 | 3662.04 | 4380.28 |
| (c) Cash & Bank Balances | 18 | 5949.55 | 4970.55 |
| (d) Short-term loans and advances | 19 | <u>5760.86</u> | <u>3948.61</u> |
| | | <u>25987.41</u> | <u>25781.04</u> |
| Total | | <u><u>44573.62</u></u> | <u><u>42169.11</u></u> |

Significant Accounting Policies & explanatory notes are an integral part of the Financial Statement **1 & 2**

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 : 30.05.2012

STATEMENT OF PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2012

Winsome Textile Industries Ltd.

| PARTICULARS | NOTE NO. | 2011-2012 (Rs. in lacs) | 2010-2011 (Rs. in lacs) |
|--|-----------------|------------------------------------|------------------------------------|
| Net Revenue from operations | 20 | 31624.47 | 35050.21 |
| Other income | 21 | 504.93 | 111.97 |
| Total Revenue | | 32129.40 | 35162.18 |
| Expenses: | | | |
| Cost of materials consumed | 22 | 19238.68 | 19533.62 |
| Purchase of Stock in Trade | | 1286.15 | 3763.56 |
| Change in inventories of finished goods, work-in-progress and Stock-in-trade | 23 | (341.84) | (1,909.65) |
| Employee benefit expense | 24 | 1823.40 | 1594.89 |
| Finance Cost | 25 | 2949.59 | 1911.92 |
| Depreciation and amortization expense | 13 | 1150.64 | 1134.14 |
| Other expenses | 26 | 7104.00 | 7095.10 |
| Total Expenses | | 33210.62 | 33123.58 |
| Profit before tax | | (1,081.22) | 2038.60 |
| Tax expense: | | | |
| - Current Tax | | - | 254.64 |
| - MAT Credit | | - | (254.64) |
| - Deferred Tax | | (159.41) | 637.53 |
| - Tax for earlier Year | | 0.25 | 45.75 |
| Profit(Loss) from the period from continuing operations | | (922.06) | 1355.32 |
| Profit/(Loss) from discontinuing operations | | - | - |
| Tax expense of discounting operations | | - | - |
| Profit/(Loss) from Discontinuing operations | | - | - |
| Profit/(Loss) for the period | | (922.06) | 1355.32 |
| Earning per equity share:(Refer Note No. 2.19) | | | |
| - Basic | | (4.65) | 10.62 |
| - Diluted | | (4.65) | 10.12 |

Significant Accounting Policies & explanatory notes are an integral part of the Financial Statement **1 & 2**

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 : 30.05.2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

| PARTICULARS | 2011-2012 | | 2010-2011 | |
|---|---------------|------------------|---------------|------------------|
| | (Rs. in Lacs) | (Rs. in Lacs) | (Rs. in Lacs) | (Rs. in Lacs) |
| (A) CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| NET PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS | | | | |
| | | | | |
| Adjustment for: | | | | |
| Depreciation | 1150.64 | | 1134.14 | |
| Liability Written Back | (3.06) | | 0.00 | |
| Exchange Fluctuation | (364.66) | | (23.80) | |
| Bad Debts | 0.39 | | 16.13 | |
| Profit on sale of fixed assets (Net) | (4.30) | | (4.82) | |
| Profit on sale or Investment | 0.00 | | (0.12) | |
| Leasehold land Written off | 0.08 | | 0.08 | |
| Interest paid | 2834.86 | | 1911.92 | |
| Interest income | (78.13) | | (34.44) | |
| Capital Subsidy charged to P & L (Pro-rata Capital subsidy) | (8.39) | | (8.39) | |
| | | 3527.43 | | 2990.70 |
| | | 2446.21 | | 5029.30 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | | | | |
| Adjustment for: | | | | |
| Trade & other receivable | (1177.58) | | (3014.79) | |
| Inventories | 1866.64 | | (5389.71) | |
| Trade & other Payables | 3120.90 | | 2646.28 | |
| | | 3809.96 | | (5758.22) |
| CASH GENERATED FROM OPERATIONS | | 6256.17 | | (728.92) |
| C.D.T Paid | | (32.69) | | 0.00 |
| Direct Taxes Paid | | (179.76) | | (81.28) |
| NET CASH FLOW FROM OPERATING ACTIVITIES | | 6043.72 | | (810.20) |
| (B) CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of fixed assets | (3409.64) | | (830.86) | |
| Capital Subsidy Received | 30.00 | | 41.41 | |
| Sale of fixed assets | 48.79 | | 10.76 | |
| Cost Sharing in Fixed Assets | 32.82 | | 0.00 | |
| Purchase of Investments | (4.29) | | 0.00 | |
| Sale of Investments | 0.00 | | 0.13 | |
| Interest Received | 78.13 | | 34.44 | |
| | | (3224.19) | | (744.12) |
| NET CASH USED IN INVESTING ACTIVITIES | | (3224.19) | | (744.12) |
| (C) CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Proceeds from issue of Share Capital / Convertible Warrants-Received Towards Conversion | 0.00 | | 809.52 | |
| Issue of Equity Share Capital-GDR Issue (Net of expenses) * | 561.92 | | 4291.46 | |
| Interest paid | (2855.68) | | (1887.00) | |
| Dividend Paid | (197.76) | | 0.00 | |
| Repayment of Borrowings | (4732.62) | | 3829.05 | |
| Proceeds from Borrowings | 5383.61 | | (993.50) | |
| | | (1840.53) | | 6049.53 |
| NET CASH USED IN FINANCING ACTIVITIES | | (1840.53) | | 6049.53 |
| Net Increase/(decrease) in cash and cash equivalents | | 979.00 | | 4495.21 |
| Balances as at 01.04.11 (Opening Balance) | | | | |
| Cash & Cash Equivalents | 59.19 | | 184.56 | |
| Others | 4911.36 | | 290.78 | |
| | | 4970.55 | | 475.34 |
| Balances as at 31.03.12 (Closing Balance) | | | | |
| Cash & Cash Equivalents | 650.53 | | 59.19 | |
| Others | 5299.02 | | 4911.36 | |
| | | 5949.55 | | 4970.55 |

* Current year figure represents Exchange Fluctuation. Difference of balance parked in "Escrow Account".

As per our report of even date.
For LODHA & CO.
Chartered Accountants
FRN : 301051E

For & On Behalf of Board of Directors

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 : 30.05.2012

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2012 AND THE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON THAT DATE.

Note 1

SIGNIFICANT ACCOUNTING POLICIES:-

1.1 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, 2006.

1.2 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.

1.3 VALUATION OF INVENTORIES

- (i) Inventories are valued at lower of Cost and Net Realizable 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.

1.4 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.

1.5 FIXED ASSETS

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

1.5 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.

1.6 BORROWING COST

Interest and other costs in connection with the borrowing of the funds to the extent related/attributed 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.

1.7 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.

1.8 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.

1.9 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.

1.10 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.

1.11 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.

1.12 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.

2. EXPLANATORY NOTES

- 2.1 (A) Contingent Liabilities, not provided for in respect of (as certified by the management):

| No. | Particulars | 2011-12 | 2010-11 |
|------------|---|----------------|----------------------|
| | | | (Rs. in lacs) |
| (i) | Bills discounted with banks | 1374.86 | 2494.77 |
| (ii) | Excise / Service Tax Matters | 81.67 | 258.92 |
| (iii) | Surety Bond Executed on behalf of others (Including Entry Tax) | 225.17 | 80.80 |
| (iv) | Custom duty saved of Rs. 2287.91 Lacs (Previous year Rs. 1657.28 Lacs) for import of capital good made against EPCG license against which export obligations amounting to Rs. 18209.67 Lacs (Rs. 13258.29 Lacs) is pending. | | |

- (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.

- 2.2 Estimated amount of contracts remaining to be executed on capital account and not provided for {(net of advances Rs.1000.36 Lacs)(Previous year 194.43 Lacs)}Rs. 2598.79 Lacs (Previous year Rs. 1583.54 Lacs).
- 2.3 Out of the total issue proceeds of the GDRs in the previous year of Rs.4475.88 Lacs, pending certain compliances Rs.4586.69 Lacs (including foreign exchange gain) is parked in the Bank "Escrow" Account outside India as on year end and accordingly the balance issue proceeds are pending to be utilized. From Escrow Account, Rs. 561.60 Lacs has been received (Company is in process of getting the FIRC) during the year in a seperate account in India out of which Rs. 222.91 lacs has been utilized as per details below:

(Rs. in lacs)

| Particulars | Amount |
|---|---------------|
| Loan Processing Charges for New Expansion Project | 210.67 |
| Advance for Project Expansion | 12.24 |
| Total | 222.91 |

- 2.4 In earlier year Company's, Debt Restructuring Proposal (DRP) had been sanctioned by the respective lenders and is effective from 1st January 2009 . DRP interalia includes reschedulement of existing term loans, relaxation in margin for working capital loan etc.
- 2.5 (i) The company has taken legal and other persuasive actions for recovery of certain overdue debtors aggregating to Rs 185.74 Lacs (Previous Year Rs. 203.40 Lacs) {(including overdue overseas debtors of amounting to Rs.47.13 Lacs)(Previous Year 39.79 Lacs)}, in the opinion of the management, these outstanding are good and fully recoverable.
- (ii) Balance of certain debtors (including associate company Rs.1086.96 Lacs), loans and advances (including capital advance), creditors and other liabilities are in the process of confirmation / reconciliation.
- 2.6. 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.
- 2.7. In accordance with the Accounting Standards (AS-28) on "Impairment of Assets" as notified under Company (Accounting Standard) Rules, 2006, 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.
- 2.8. (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. The details of Preoperative expenditure pending allocation/appropriation are as follows:

(Rs.in lacs)

| Particulars | 2011-12 | 2010-11 |
|--|---------------|----------|
| Pre-operative expenditure as follows: | | |
| Opening Balance | 297.28 | 205.94 |
| Salary, Wages & Allowances | 18.10 | 17.26 |
| Traveling and Conveyance | 12.23 | 1.39 |
| Professional fee & Taxes | 43.80 | 40.93 |
| Other Borrowing Costs (Include Loan processing fees, etc.) | 210.96 | - |
| Interest(Net of subsidy) | 65.18 | 26.76 |
| Others | 19.11 | 5.00 |
| Total | 666.66 | 297.28 |
| Less: Allocated/Appropriated | - | - |
| Closing balance | 666.66 | 297.28 |

(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, 2012 have been included in the CWIP.

- 2.9. 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 for 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 | 2011-12 | 2010-11 |
|---------|---|---------|---------|
| 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 along with 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. | - | - |

2.10. As per the past practice exchange fluctuation on loan/liability for acquisition of capital assets continued to charge to the profit & loss account.

2.11. (i) 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.

(ii) Considering prudence and as estimated by the management, Deferred Tax Assets of Rs. 159.41 Lacs have been created which management feel realizable in near future.

2.12. Employees Benefits:

Defined Benefit Plan:

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

I. Amount to be recognized in the balance sheet.

(Rs in Lacs)

| Particulars | | Gratuity (Funded) | | Leave Encashment (Unfunded) | |
|---|--|----------------------|----------|-----------------------------------|---------|
| | | 2012 | 2011 | 2012 | 2011 |
| I. Amount to be recognised in the balance sheet. | | | | | |
| | Present Value of Obligation as at 31st March 2012 | 206.50 | 171.83 | 28.95 | 29.91 |
| | Fair value of plan assets as at 31st March 2012 | 44.86 | 32.07 | - | - |
| | Funded Status [Surplus/(Deficit)] | (161.64) | (139.76) | (28.95) | (29.91) |
| | Net Assets/(Liability) Recognized in Balance Sheet | (161.64) | (139.76) | (28.95) | (29.91) |
| II. Expenses recognized during the period | | | | | |
| | Current Service Cost | 28.61 | 25.22 | 17.98 | 16.74 |
| | Interest Cost | 14.61 | 10.42 | 2.54 | 2.20 |
| | Expected Return on Plan Assets | (2.63) | (2.34) | - | - |
| | Actuarial (gain)/loss | (7.71) | 30.90 | 13.38 | 9.03 |
| | Net Expenses Recognized | 32.88 | 64.20 | 33.90 | 27.97 |
| III. Reconciliation of opening and closing balance of Defined Benefit Obligation | | | | | |
| | Present Value of Obligation at the beginning of the period | 171.83 | 130.20 | 29.91 | 27.55 |
| | Current Service Cost | 28.61 | 25.22 | 17.98 | 16.74 |
| | Interest Cost | 14.61 | 10.42 | 2.54 | 2.20 |
| | Actuarial (gain)/loss on obligations | 4.87 | 31.07 | 13.38 | 9.02 |
| | Benefit Paid | (13.41) | (25.08) | (34.86) | (25.60) |
| | Present Value of Obligation as at the end of the period | 206.50 | 171.83 | 28.95 | 29.91 |

| | | | | |
|---|-----------------------|----------|----------------|---------|
| IV. Reconciliation of opening and closing balance of fair value of plan assets | | | | |
| Fair value of plan assets at the beginning of the period | 32.07 | 28.90 | - | - |
| Expected Return on Plan Assets | 2.63 | 2.34 | - | - |
| Contributions | 11.00 | 25.74 | - | - |
| Actuarial gain/(loss) on obligations | 12.58 | 0.17 | - | - |
| Benefit Paid | (13.41) | (25.08) | - | - |
| Fair value of plan assets at the end of the period | 44.86 | 32.07 | - | - |
| V. Reconciliation of opening and closing balance of fair value of plan assets | | | | |
| Fair value of plan assets at the beginning of the period | 32.07 | 28.90 | - | - |
| Actual Return on Plan Assets | 15.20 | 2.51 | - | - |
| Contributions | 11.00 | 25.74 | - | - |
| Benefit Paid | (13.41) | (25.08) | - | - |
| Fair value of plan assets at the end of the period | 44.86 | 32.07 | - | - |
| Funded Status | (161.64) | (139.76) | (28.95) | (29.91) |
| VI. Investment Detail | | | | |
| All Investments are made with through LIC. | | | | |
| VII. Actuarial/Demographic assumptions | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| Indian Assure Lives Mortality Table (LIC) | 1994-96 | 1994-96 | 1994-96 | 1994-96 |
| Discount rate (Per annum) | 8.50% | 8.00% | 8.50% | 8.00% |
| Expected Return on Plan Assets (Per annum) | 8.50% | 8.00% | 8.50% | 8.00% |
| Estimated rate of increase in compensation level | 6.00% | 5.00% | 6.00% | 5.00% |
| Retirement Age | 58 Years | | | |
| Withdrawal Rate (All ages) | 10% | | | |
| Disability | No explicit allowance | | | |
| Average accumulated leave per employee (in days) | 5 | 7 | 5 | 7 |

- (i) Contribution to defined contribution plan, recognized as expenses during the year is Rs. 102.28 Lacs (P.Y. 92.17 Lacs).
- (ii) The estimate of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.
- (iii) The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.
- (iv) 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.

- 2.13** (i) Research and Development expenditure amounting to Rs. 48.05 Lacs (Previous year Rs. 58.93 Lacs) have been debited to Profit and Loss account. (As certified by the management)
- (ii) During the year company has invested amounting to Rs 4.29 lacs in a new subsidiary company created/incorporated by name Winsome Textile Industries FZE, Sharjah (UAE).

- 2.14** (a) Auditors Remuneration (including Service Tax)

(Rs. in Lacs)

| Particulars | 2011-12 | 2010-11 |
|---------------------------|-------------|-------------|
| Audit Fee | 2.65 | 2.65 |
| Tax Audit Fee | 0.39 | 0.39 |
| Certification Fees | 1.25 | 1.87 |
| Reimbursement of expenses | 0.74 | 0.79 |
| Total | 5.03 | 5.70 |

(b)

| Particulars | 2011-12 | 2010-11 |
|----------------|---------|---------|
| Cost Audit Fee | 0.28 | 0.28 |

- 2.15. (a) Profit or loss on sale of stores/raw materials remains adjusted in their respective consumption accounts.
 (b) Prior period adjustment (net) Rs. 1.58 Lacs (P.Y. Nil) include fees & subscription Rs. 0.48 Lacs (P.Y. Nil), legal & professional Rs. 0.61 Lacs (P.Y. Nil) and repair & maintenance Rs. 0.49 (P.Y. Nil)

2.16 Managerial Remuneration to Chairman & Whole time Director and Managing Director

(Rs. in Lacs)

| Particulars | 2011-12 | 2010-11 |
|--|--------------|--------------|
| (i) Salary | 47.88 | 47.88 |
| (ii) Contribution to Provident Fund & Family Pension Funds | 4.82 | 4.82 |
| (iii) Perquisites & Other Benefits | 3.16 | 3.16 |
| Total | 55.86 | 55.86 |

Note: In view 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.

2.17. Segment Reporting

- (i) The company is only in one line of business namely Textile (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 | 17490.79 (17699.57) | 14108.09 (17342.25) | 31598.88 (35041.82) |
| (ii) Carrying amount of segment assets by location of assets | 38299.56 (35422.30) | 5805.37 (6287.97) | 44104.93 (41710.27) |
| (iii) Capital Expenditure | 3409.64 (830.78) | NIL (Nil) | 3409.64 (830.78) |

2.18. Related party disclosures

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

1. (a) Associate Company:-

- Winsome Yarns Limited

(b) Wholly owned Subsidiary Company:-

- Winsome Textile Industries FZE w.e.f. 22nd June,2011

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

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

4. Amounts due by enterprises under the same management:

(Rs. in lacs)

| | 2011-12 | | 2010-11 | |
|-----------------------|--|--------------------------|--|--------------------------|
| | Maximum Amount Due at any time during the year | Balance as at 31.03.2012 | Maximum Amount Due at any time during the year | Balance as at 31.03.2011 |
| Winsome Yarns Limited | 1086.96 | 1086.96 | 846.76 | 846.76 |

Transactions with the Related Parties during the year ended 2011-12

(Rs. in lacs)

| Particulars | 2011-12 | 2010-11 |
|---|----------------|---------|
| Winsome Yarns Ltd. | | |
| Sale of material & goods and services | 246.27 | 366.36 |
| Purchase of material & goods and services | 0.00 | 1.31 |
| Expenses reimbursed to others | 7.18 | 5.95 |
| Expenses reimbursed by others | 6.12 | 3.30 |
| Balance outstanding at year end (Refer note no 2.5 (ii)) | 1086.96 | 846.76 |
| Sh. Satish Bagrodia | | |
| Remuneration | 25.03 | 25.03 |
| Balance Outstanding | 1.54 | 1.54 |
| Sh. Ashish Bagrodia | | |
| Remuneration | 30.83 | 30.83 |
| Balance Outstanding | 2.05 | 2.05 |
| Sh. Manish Bagrodia | | |
| Director Sitting Fees | 0.35 | 0.35 |
| Starpoint Financial Services (P) Ltd | | |
| -Rent Paid | 21.31 | 21.31 |
| Kailashpati Vinimay Pvt. Limited | | |
| -Amount recd. against Convertible Warrants | 0.00 | 270.80 |
| Roselab Commodities Pvt. Limited | | |
| -Amount recd. against Convertible Warrants | 0.00 | 252.72 |
| Winsome Textile Industries FZE, UAE | | |
| Investment made during the year | 4.29 | 0.00 |
| Advances made during the year | 3.57 | 0.00 |

Note: Chairman and Managing Director have given guarantees to secured lenders against loans taken by the company (Refer notes of Note - 5)

2.19. Earning per share

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

(a) BASIC EARNING PER SHARE

(Rs. in lacs)

| Particulars | 2011-12 | 2010-11* |
|--|----------|----------|
| Net Profit/(Loss) attributable to Equity Shareholders (Rs. in lacs) | (922.07) | 1355.32 |
| Weighted average number of equity shares | 19820000 | 12756767 |
| Nominal Value per equity share (Rs.) | 10.00 | 10.00 |
| Basic EPS (Rs.) | -4.65 | 10.62 |

(b) DILUTED EARNING PER SHARE

(Rs. in lacs)

| Particulars | 2011-12 | 2010-11* |
|---|-----------------|----------|
| Net Profit/(Loss) attributable to Equity Shareholders (Rs. in lacs) | (922.07) | 1355.32 |
| Weighted average number of equity shares | 19820000 | 12756767 |
| Add : Dilutive Potential Equity Shares | Nil | 630904 |
| | 19820000 | 13387671 |
| Nominal Value per equity share (Rs.) | 10.00 | 10.00 |
| Diluted EPS (Rs.) | (4.65) | 10.12 |

*The face value of equity share has been consolidated on 19.07.2011 from Re 1/- to Rs 10/- each. Accordingly the no. of equity shares has been decreased and also EPS for the preceding period(s) have been revised/ reinstated.

2.20. Based upon Future plans, management expects to generate taxable income in the next financial year which will enable it to utilise MAT credit entitlement of Rs. 458.84 Lacs and accordingly the same is shown under "Short Term Loans & Advances".

2.21. 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.

2.22. (a) Raw Material & Packing Material Consumed (Rs. in lacs)

| Particulars | 2011-12 | 2010-11 |
|------------------|-----------------|-----------------|
| Cotton | 15187.30 | 16163.50 |
| Packing Material | 478.80 | 461.74 |
| Others | 3572.58 | 2908.38 |
| Total | 19238.68 | 19533.62 |

(b) Total Value of Raw Materials (includes packing material) and Stores & Spares consumed (as certified by the management):

(Rs. in Lacs)

| Particulars | Raw Material | | | | Stores & Spares | | | |
|--------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|----------------|---------------|
| | 2011-12 | % | 2010-11 | % | 2011-12 | % | 2010-11 | % |
| Imported | 217.67 | 1.13 | 147.82 | 0.76 | 81.64 | 4.75 | 149.82 | 6.29 |
| Indigenous | 19021.01 | 98.87 | 19385.80 | 99.24 | 1636.28 | 95.25 | 2232.62 | 93.71 |
| Total | 19238.68 | 100.00 | 19533.62 | 100.00 | 1717.92 | 100.00 | 2382.44 | 100.00 |

Profit or loss on sale of stores/raw materials remains adjusted in their respective consumption accounts.

(c) Detail of Work in Progress :

(Rs. in Lacs)

| Particulars | 2011-12 | 2010-11 |
|--------------|----------------|----------------|
| | Amount | Amount |
| Fleece | 936.96 | 741.78 |
| Roving | 156.83 | 187.21 |
| Yarn | 822.63 | 552.30 |
| Total | 1916.42 | 1481.29 |

(d) Detail of Traded Goods *

(Rs. in Lacs)

| Particulars | 2011-12 | | 2010-11 | |
|--------------|----------------|----------------|----------------|----------------|
| | Purchases | Sales | Purchases | Sales |
| Yarn | 532.88 | 796.41 | 3763.56 | 3950.01 |
| Cotton | 753.27 | 681.42 | - | - |
| Total | 1286.15 | 1477.83 | 3763.56 | 3950.01 |

*Opening Stock & Closing Stock Nil (P.Y Nil)

(e) Imports at CIF Value(as certified by the management) :

(Rs. in Lacs)

| Particulars | 31st March 2012 | 31st March 2011 |
|--|-----------------|-----------------|
| Raw Material | 193.28 | 278.45 |
| Capital goods | 12.75 | 51.24 |
| Spare Parts & Components | 78.05 | 146.96 |
| Total | 284.08 | 476.65 |
| Earnings in Foreign Exchange | | |
| Exports of goods on FOB basis (excluding export through export houses & EOU) | 12679.55 | 16647.35 |

Winsome Textile Industries Ltd.

(Rs. in lacs)

| (f) Expenditure in Foreign currency: | 31st March 2012 | 31st March 2011 |
|--------------------------------------|-----------------|-----------------|
| Foreign Traveling | 31.26 | 22.95 |
| Commission and other expenses | 90.52 | 135.17 |
| Expenses on GDR | 0.15 | 184.42 |
| Interest paid | 196.05 | 150.71 |

2.23 (A) 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) | |
|--|-------------------|-----------------------------|------------|----------------------|---------|
| | | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| Sundry Debtors | USD | 1323453.34 | 1555445.16 | 672.15 | 681.75 |
| | Euro | 64148.52 | 64148.52 | 36.68 | 36.68 |
| Advances from Customers | USD | 300871.32 | 131161.93 | 140.70 | 58.52 |
| Sundry Creditors | USD | 63690.56 | 69201.18 | 30.17 | 31.66 |
| | CHF | 6906.87 | 7764.92 | 2.28 | 2.61 |
| | Euro | 13275.34 | 25459.44 | 7.64 | 15.64 |
| | GBP | Nil | 800.00 | Nil | 0.51 |
| Advances to Suppliers | USD | 22928.90 | 31114.58 | 11.01 | 14.71 |
| | CHF | 52492.50 | 51150.00 | 25.27 | 24.50 |
| | Euro | 32623.10 | 12962.44 | 21.72 | 8.09 |
| Investment in Equity Share | AED | 35000 | Nil | 4.29 | Nil |
| Foreign Currency Loan | USD | 5795963.00 | 4949676.32 | 2874.06 | 2274.51 |
| Loans PCFC | USD | 4367953.44 | 4318047.42 | 2291.98 | 1980.11 |
| Balance with Banks (Escrow Account) | USD | 9014500.00 | 4586.68 | 9997500 | 4475.88 |
| Foreign Commission Payable | USD | 108117.02 | 226764.73 | 55.01 | 101.14 |

(B) Forward Contracts of Rs. 506.00 Lacs US \$10.00 Lacs (Previous Year Rs. 1237.20 Lacs-US \$ 26.80 Lacs) taken for the purpose of hedging of debtors are outstanding as at 31.03.12.

2.24. During the year ended 31st March 2012, the revised schedule VI has become applicable to the company. Thus previous year figures have been reclassified/ recasted suitably. The adoption of revised schedule VI does not impact recognition & measurement principle followed for preparation of financial statements except for presentation & disclosures wherever required.

As per our report of even date.
For LODHA & CO.
Chartered Accountants
FRN : 301051E

For & On Behalf of Board of Directors

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 : 30.05.2012

NOTES**Winsome Textile Industries Ltd.**

| PARTICULARS | AS AT | AS AT |
|-------------|-----------------------------|-----------------------------|
| | 31.03.2012 (Rs. in lacs) | 31.03.2011 (Rs. in lacs) |

NOTE 3**SHARE CAPITAL****1. AUTHORISED***

| | | |
|--|----------------|---------|
| 2,49,50,000 (P.Y.: 24,95,00,000 Equity Shares of Re.1/- each) Equity Shares of Rs.10/- each | 2495.00 | 2495.00 |
| 5,000 (P.Y.: 5000) Preference Share of Rs. 100/- each | 5.00 | 5.00 |

| | |
|----------------|----------------|
| 2500.00 | 2500.00 |
|----------------|----------------|

ISSUED, SUBSCRIBED & FULLY PAID UP *

| | | |
|--|----------------|---------|
| 1,98,20,000 (P.Y.: 19,82,00,000 Equity Shares of Re.1/- each) Equity Shares of Rs.10/- each | 1982.00 | 1982.00 |
| | 1982.00 | 1982.00 |

*The face value of equity share has been consolidated on 19.07.2011 from Re 1/- to Rs 10/- each.

2. Rights & Restrictions of Shareholders:

2.1 The Company has only one class of Equity Shares having face value of Rs. 10/- each (Previous Year Rs. 1/- each) in its issued, subscribed and paid up Equity share capital. Each shareholder is entitled to one vote per share (except GDR shareholding mentioned at point no. 2.2 below). Each shareholder have the right in profit/surplus in proportion to amount paid up with respect to share holders.

2.2 The GDR shareholding which is standing in the name of Bank of New York Mellon, as Depository, has right to dividend, do not have any right to vote

2.3 In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets, if any, in proportionate to their individual shareholding in the paid up equity capital of the company.

3. Details of Shareholders holding more than 5%

| Name of Shareholder | No. of Shares held | No. of Shares held @ |
|--|---------------------------|-----------------------------|
| Bank of New York Mellon, DR (Shares held by Custodians and against which Depository Receipts have been issued) | 6,450,000 | 6,450,000 |
| Roselab Commodities Pvt Ltd | 3,393,168 | 3,363,218 |
| Kailashpati Vinimay Pvt Ltd. | 2,991,031 | 2,966,693 |
| Landscape Traders Pvt Ltd | 1,332,092 | 1,332,092 |
| Arpit Agencies Pvt Ltd | 1,290,799 | 1,040,799 |

4. Reconciliation of Share capital

| | As on 31.03.2012 No. of Shares | As on 31.03.2011 No. of Shares @ |
|---|---|---|
| Shares Outstanding at the beginning of the year | 1,98,20,000 | 7,310,000 |
| Issued during the year | - | 1,25,10,000 (a)&(b) |
| Buy Back during the year | - | - |
| Shares Outstanding at the end of the year | 1,98,20,000 | 1,98,20,000 |

(a) During the year the company allotted NIL equity shares (P.Y. 6,06,00,000 Equity shares of Re. 1/- each at a premium of Rs. 1.40/- each) upon conversion of equal no of warrants allotted on preferential basis.

(b) During the year company has issued and allotted NIL Global Depository Receipt (P.Y. 12,90,000 GDR's representing 6,45,00,000 Equity Shares of Rs. 1/- each at a premium of Rs. 5.94/- per shares) (Refer Note No. 2.3)

@ Consolidated Re. 1/-fully paid up equity share to fully paid share of Rs. 10/- each during the year. Accordingly figures of the previous year have been revised.

NOTES**Winsome Textile Industries Ltd.**

| PARTICULARS | AS AT 31.03.2012 (Rs. in lacs) | AS AT 31.03.2011 (Rs. in lacs) |
|--|--------------------------------------|--------------------------------------|
| NOTE 4 | | |
| RESERVES & SURPLUS | | |
| -Capital Reserve | | |
| As per last Balance Sheet | 46.68 | 46.68 |
| Add: Addition during the year | - | - |
| Less: Adjustments | <u>-</u> | <u>-</u> |
| | 46.68 | 46.68 |
| Investment Allowance (Utilized) Reserve | | |
| As per last Balance Sheet | 184.00 | 184.00 |
| Add: Addition during the year | - | - |
| Less: Adjustments | <u>-</u> | <u>-</u> |
| | 184.00 | 184.00 |
| Securities Premium Reserve | | |
| As per last Balance Sheet | 5,131.46 | 636.60 |
| Add: On Convertible warrants & GDR (Refer Note no 2.3) | - | 4,679.28 |
| Less: Expenses on GDR | <u>-</u> | <u>184.42</u> |
| | 5,131.46 | 5,131.46 |
| General Reserve | | |
| As per last Balance Sheet | 68.55 | 68.55 |
| Add: Addition during the year | - | - |
| Less: Adjustments | <u>-</u> | <u>-</u> |
| | 68.55 | 68.55 |
| Capital Subsidy Under Tuffs | | |
| As per last Balance Sheet | 117.42 | 84.40 |
| Add: Addition during the year | - | 41.41 |
| Less: Transfer from P & L | <u>8.39</u> | <u>8.39</u> |
| | 109.03 | 117.42 |
| Surplus in Profit and Loss Statement from Previous Year | 2539.61 | 1415.18 |
| Profit /(Loss) for the year | (922.06) | 1355.32 |
| Proposed Dividend | - | (198.20) |
| Corporate Dividend Tax | <u>-</u> | <u>(32.69)</u> |
| Surplus in Profit and Loss Statement carried to Balance Sheet | <u>1617.55</u> | <u>2,539.61</u> |
| | 7157.27 | 8,087.72 |

| | Non Current | | Current | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31.03.2012 (Rs. in Lacs) | 31.03.2011 (Rs. in Lacs) | 31.03.2012 (Rs. in Lacs) | 31.03.2011 (Rs. in Lacs) |
| NOTE-5 | | | | |
| LONG TERM BORROWINGS | | | | |
| SECURED LOANS (Refer Note No. 2.4) | | | | |
| Term Loans | | | | |
| - From Banks | 9302.22 | 9567.66 | 1285.11 | 1506.94 |
| Working Capital Term Loan | 995.75 | 1506.53 | 500.24 | 256.84 |
| Vehicle Loans | 73.60 | 87.83 | 33.14 | 29.18 |
| | 10371.57 | 11162.02 | 1818.49 | 1792.96 |
| Less : Current maturities of long term, borrowings (Disclosed under Other Current Liabilities under Note No. 11) | - | - | 1818.49 | 1792.96 |
| | 10371.57 | 11162.02 | - | - |

Notes:

- Term Loans and Working Capital Term Loans from Banks of Rs. 12083.32 Lacs (P.Y. Rs. 12837.97 Lacs) 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. The loan is repayable in quarterly installments and maturity profile is as follows:

| Repayment | 1-2 years | 2-3 years | after 3 years |
|---------------|-----------|-----------|---------------|
| (Rs. in lacs) | 2236.86 | 4081.14 | 3979.97 |

- Vehicle Finance carrying interest of Rs. 106.74 Lacs (P.Y. Rs. 117.01 Lacs) which is secured by hypothecation of specific assets purchased under such arrangements and is repayable in equated monthly installments and maturity profile is as follows:

| Repayment | 1-2 years | 2-3 years | after 3 years |
|---------------|-----------|-----------|---------------|
| (Rs. in lacs) | 33.71 | 26.79 | 13.10 |

- The aforesaid credit facilities mentioned above in point no. 1 are also guaranteed by Chairman & Whole Time Director and Managing Director.

NOTE-6**DEFERRED TAX**

| | As at 31.03.2012 | As at 31.03.2011 |
|-------------------------------|---------------------|---------------------|
| Deferred Tax Liability | | |
| Depreciation | 2,539.55 | 2699.75 |
| Deferred Tax Assets | | |
| Unabsorbed Depreciation | 895.93 | 908.21 |
| Other items | 44.18 | 32.69 |
| | 940.11 | 940.90 |
| Deferred Tax Liability (Net) | 1,599.44 | 1758.85 |

NOTES**Winsome Textile Industries Ltd.**

| PARTICULARS | AS AT 31.03.2012 (Rs. in lacs) | AS AT 31.03.2011 (Rs. in lacs) |
|--|---|---|
| NOTE 7 | | |
| LONG TERM LIABILITIES | | |
| Employees Advance | <u>25.05</u> | <u>19.45</u> |
| | <u>25.05</u> | <u>19.45</u> |
| NOTE 8 | | |
| LONG TERM PROVISIONS | | |
| Provision for Employees Benefits | <u>21.77</u> | <u>21.91</u> |
| | <u>21.77</u> | <u>21.91</u> |
| NOTE 9 | | |
| SHORT TERM BORROWINGS | | |
| SECURED LOANS | | |
| Working capital demand loan from Banks | 11557.86 | 7045.97 |
| Short Term Loans from Banks | - | 3000.00 |
| | <u>11557.86</u> | <u>10045.97</u> |
| 1. Working Capital Demand loans from bank includes Cash Credit, Packing Credit and short term loans 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. | | |
| 2. The aforesaid credit facilities mentioned above is also guaranteed by Chairman & Whole Time Director and Managing Director. | | |
| NOTE 10 | | |
| TRADE PAYABLES | | |
| Acceptances | 6412.72 | 3707.94 |
| Others (Refer Note no 2.9) | <u>2022.63</u> | <u>1717.04</u> |
| | <u>8435.35</u> | <u>5424.98</u> |
| NOTE 11 | | |
| OTHER CURRENT LIABILITES | | |
| Current Maturities of long term borrowings | 1818.49 | 1792.96 |
| Interest accrued but not due on borrowings | 5.68 | 26.50 |
| Advance from customers | 173.59 | 87.35 |
| Unclaimed dividends* | 1.07 | 0.62 |
| Others Payable | | |
| - Capital Payable (Refer Note no 2.9) | 6.31 | - |
| - Statutory Dues | 130.16 | 85.15 |
| - Other Liability (Refer Note no 2.9) | <u>1119.19</u> | <u>1125.07</u> |
| | <u>3254.49</u> | <u>3117.65</u> |
| * shall be credited to investor's education & protection fund when due | | |
| NOTE | | |
| 12 SHORT TERM PROVISIONS | | |
| Employees Benefits | 168.82 | 147.76 |
| Others | | |
| - Provision for Taxation (Net of Advance payment of Taxes) | - | 169.91 |
| - Proposed Dividend | - | 198.20 |
| - Corporate Dividend Tax | - | <u>32.69</u> |
| | <u>168.82</u> | <u>548.56</u> |

NOTE-13 : FIXED ASSETS

| PARTICULARS | GROSS CARRYING AMOUNT | | | | DEPRECIATION | | | NET CARRYING AMOUNT | | |
|-----------------------|-----------------------|---------------------------|-----------------------|--------------------|--------------------|-----------------|-----------------------|---------------------|--------------------|--------------------|
| | As at 31.03.2011 | Additions/ Adjustments | Sales/ Adjustments | As at 31.3.2012 | Upto 31.03.2011 | For the year | Sales/ Adjustments | Upto 31.3.2012 | As at 31.3.2012 | As at 31.3.2011 |
| | (Rs. in Lacs) | | | | | | | | | |
| <u>Tangible Asset</u> | | | | | | | | | | |
| Land -Freehold | 13.89 | 1526.30 | - | 1540.19 | - | - | - | - | 1540.19 | 13.89 |
| -Leasehold | 5.99 | - | 0.08 | 5.91 | - | - | - | - | 5.91 | 5.99 |
| Buildings* | 2574.06 | - | - | 2574.06 | 778.42 | 77.57 | - | 855.99 | 1718.07 | 1795.64 |
| Plant & Machinery** | 20597.29 | 54.92 | 64.59 | 20587.62 | 7396.13 | 1033.27 | 24.23 | 8405.17 | 12182.45 | 13201.16 |
| Furniture & Fixture | 104.55 | 19.39 | - | 123.94 | 68.41 | 4.58 | - | 72.99 | 50.95 | 36.14 |
| Vehicles*** | 236.11 | 26.30 | 4.90 | 257.51 | 35.29 | 23.28 | 0.85 | 57.72 | 199.79 | 200.82 |
| Office Equipments | 167.24 | 11.43 | - | 178.67 | 104.90 | 11.94 | - | 116.84 | 61.83 | 62.34 |
| Total | 23699.13 | 1638.34 | 69.57 | 25267.90 | 8383.15 | 1150.64 | 25.08 | 9508.71 | 15759.19 | 15315.98 |
| Previous Year | 23467.48 | 347.68 | 116.03 | 23699.13 | 7329.10 | 1134.14 | 80.09 | 8383.15 | 15315.98 | 16138.38 |

Notes:

* Building includes capital expenditure incurred on assets not owned by the company Rs.8.90 lacs (Previous Year Rs. 8.90 lacs) and net Rs.6.90 Lacs (Previous Year Rs.7.78 lacs).

** During the previous 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 has been adjusted from the cost of the respective Plant, Machinery and Equipments in previous year. Hypothecation/Charge against the said Plant, Machinery and Equipments with the State Government is to be created.

** During the year an amount of Rs.32.82 lacs has been received from Himachal Pradesh Electricity Board toward cost sharing of 66 KV transmission line which is adjusted from the cost of respective Plant and Machinery.

*** Vehicle includes assets of Rs. 191.07 lacs (Previous Year Rs.183.51 lacs) acquired under Hire Purchase Finance.

Winsome Textile Industries Ltd.

| PARTICULARS | AS AT 31.03.2012 (Rs. in lacs) | AS AT 31.03.2011 (Rs. in lacs) |
|-------------|--------------------------------------|--------------------------------------|
|-------------|--------------------------------------|--------------------------------------|

NOTE 14

NON CURRENT INVESTMENTS

Trade Investments

Unquoted

| | | |
|----------------------------------|------|----|
| Investment in Subsidiary company | 4.29 | -- |
|----------------------------------|------|----|

1 Equity Share of 35000 UAE Dirhams in Winsome Textile Industries FZE
(Previous Year Nil)

Other Investment

Unquoted

| | | |
|--|------|------|
| 31000 Equity Shares of Rs. 10/- each in Shivalik solid waste management Ltd. | 3.10 | 3.10 |
|--|------|------|

(Previous year 31000 Equity Shares of Rs. 10/- each)

| | | |
|--|-------------|-------------|
| | 7.39 | 3.10 |
| (Aggregate amount of unquoted investment) | 7.39 | 3.10 |

NOTE 15

LONG TERM LOANS & ADVANCES (Refer Note No. 2.11(i))

Unsecured considered Good:

| | | |
|------------------|---------|--------|
| Capital Advances | 1000.36 | 194.43 |
|------------------|---------|--------|

| | | |
|---|-------|-------|
| Deposits with Government Authorities & others | 44.85 | 39.00 |
|---|-------|-------|

| | | |
|--|---------|--------|
| | 1045.21 | 233.43 |
|--|---------|--------|

NOTE 16

INVENTORIES

As taken, valued and certified by the management

(At lower of Cost and Net Realisable value)

| | | |
|---------------|---------|---------|
| Raw Materials | 5248.64 | 7549.29 |
|---------------|---------|---------|

| | | |
|------------------|---------|---------|
| Stock in Process | 1916.42 | 1481.29 |
|------------------|---------|---------|

| | | |
|-----------------|--------|--------|
| Stores & Spares | 392.81 | 294.28 |
|-----------------|--------|--------|

| | | |
|---|---------|---------|
| Finished Goods (Including GIT amounting Rs 476.04 (PY:1089.76 Lacs) | 2959.30 | 3052.59 |
|---|---------|---------|

| | | |
|---------------------------------|-------|--------|
| Waste (At net realizable value) | 97.79 | 104.15 |
|---------------------------------|-------|--------|

{including scrap of Rs 2.19 lacs (Previous Year Rs 1.66 lacs)}

| | | |
|--|----------|----------|
| | 10614.96 | 12481.60 |
|--|----------|----------|

NOTE 17

TRADE RECEIVABLES (Refer Note no. 2.11(ii))

(Unsecured, considered good, unless otherwise stated)

Exceeding six months from due date

| | | |
|--------|--------|--------|
| - Good | 280.67 | 307.98 |
|--------|--------|--------|

| | | |
|------------|------|-------|
| - Doubtful | 0.39 | 16.13 |
|------------|------|-------|

| | | |
|--|------|-------|
| Less : Allowances for Bad & Doubtful debts | 0.39 | 16.13 |
|--|------|-------|

| | | |
|-------------|---------|---------|
| Other Debts | 3381.37 | 4072.30 |
|-------------|---------|---------|

| | | |
|--|---------|---------|
| | 3662.04 | 4380.28 |
|--|---------|---------|

Winsome Textile Industries Ltd.

| PARTICULARS | AS AT 31.03.2012 (Rs. in lacs) | AS AT 31.03.2011 (Rs. in lacs) |
|---|--------------------------------------|--------------------------------------|
| NOTE 18 | | |
| CASH & BANK BALANCES | | |
| Cash & Cash Equivalents | | |
| - Cash on hand (As certified by management) | - | - |
| - Balance in Travel card | <u>0.06</u> | <u>-</u> |
| Balances with Bank | | |
| - on Current Accounts | 650.47 | 59.19 |
| Earmarked balances | | |
| - on Escrow Accounts | 4586.69 | 4462.67 |
| - on Fixed Deposit* | 88.08 | 27.36 |
| - on Unclaimed Dividend Account | <u>1.06</u> | <u>0.62</u> |
| Other Bank Balances | | |
| - on Fixed Deposit*\$ | 623.19 | 420.71 |
| | <u>5949.55</u> | <u>4970.55</u> |

* Margin Money against L/C's and Bank Guarantee

\$ Includes FDR's of maturity of more than 12 months Rs. 248.94 Lacs (Previous Year Rs. 77.02 Lacs)

NOTE 19

SHORT TERM LOANS & ADVANCES (Considered Good) (Refer Note no. 2.11)

(Unsecured, unless otherwise stated)

| | | |
|--|-----------------------|----------------|
| Advances to suppliers | 3373.98 | 1984.92 |
| Advances to subsidiary Companies | 3.57 | - |
| Interest Subsidy on Term Loans Receivable | 362.74 | 461.22 |
| Refund/ Claim Receivable | 414.76 | 353.04 |
| Balance with Excise and Sales tax Authorities | 46.54 | 82.57 |
| Export Incentives Receivables | 793.16 | 310.98 |
| MAT Credit Entitlements (Refer Note no. 2.20) | 458.84 | 458.84 |
| Income Tax Advance Payments (Net of Provision of Income Tax) | 9.85 | 0.00 |
| Others | <u>297.42</u> | <u>297.04</u> |
| | <u>5760.86</u> | <u>3948.61</u> |

NOTE 20

REVENUE FROM OPERATION

| | | |
|--|------------------------|-----------------|
| Sale of Products | | |
| - Yarn# | 28387.35 | 29615.60 |
| - Others | 505.20 | - |
| - Trading Sale | <u>1477.83</u> | <u>3950.01</u> |
| Sale of Services | | |
| - Processing Income | 175.57 | 365.68 |
| Other operating revenues: | | |
| - Waste & Scrap Sales | 1052.93 | 1110.53 |
| - Insurance Claim | 17.20 | - |
| - Pro-rata Capital Subsidy | <u>8.39</u> | <u>8.39</u> |
| (Read with Significant Accounting Policies in Note no. 1.7(iii)) | | 1118.92 |
| | <u>31624.47</u> | <u>35050.21</u> |

including Export Incentives of Rs. 882.23 Lacs (P.Y. 142.01Lacs)

Winsome Textile Industries Ltd.

| PARTICULARS | AS AT 31.03.2012 (Rs. in lacs) | AS AT 31.03.2011 (Rs. in lacs) |
|---|--------------------------------------|--------------------------------------|
| NOTE 21 | | |
| OTHER INCOME | | |
| Interest Income | 78.13 | 34.44 |
| Liabilities Written back | 3.06 | - |
| Exchange Rate Variation Gain | 414.58 | 23.80 |
| Miscellaneous Income | 3.78 | 47.83 |
| Profit/(Loss) on sale of Assets (Net) | 4.30 | 4.82 |
| Rent Received | 1.08 | 1.08 |
| | <u>504.93</u> | <u>111.97</u> |
| NOTE 22 | | |
| COST OF MATERIAL CONSUMED | | |
| Raw Material | 18759.88 | 19071.88 |
| Packing Material | 478.80 | 461.74 |
| | <u>19238.68</u> | <u>19533.62</u> |
| NOTE 23 | | |
| CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE | | |
| Closing Stock | | |
| Finished Goods | 2959.30 | 3052.59 |
| Work in progress | 1916.42 | 1481.29 |
| | (A) <u>4875.72</u> | <u>4533.88</u> |
| Opening Stock | | |
| Finished Goods | 3052.59 | 1427.65 |
| Work in progress | 1481.29 | 1196.58 |
| | (B) <u>4533.88</u> | <u>2624.23</u> |
| (Increase)/Decrease in Stocks (A-B) | <u>(341.84)</u> | <u>(1,909.65)</u> |
| NOTE 24 | | |
| EMPLOYEE BENEFIT EXPENSES | | |
| Salaries, Wages & Other allowances | 1640.09 | 1392.50 |
| Contribution to Provident and other Funds | 139.05 | 163.28 |
| Employees' Welfare and other Benefits | 44.26 | 39.11 |
| | <u>1823.40</u> | <u>1594.89</u> |
| NOTE 25 | | |
| FINANCE COST | | |
| Interest Expenses | 2834.86 | 1939.62 |
| (Net of reimbursement under TUFF Rs.593.91 lacs (Previous year Rs. 603.36 lacs)) | | |
| Exchange difference on borrowings (Net)- (gain)/loss | 114.73 | (27.70) |
| | <u>2949.59</u> | <u>1911.92</u> |
| NOTE 26 | | |
| OTHER EXPENSES | | |
| Conversion Charges | 92.82 | 1.14 |
| Consumption of Stores and spares | 1717.92 | 2382.44 |
| Power and Fuel | 2652.24 | 2602.33 |
| Rent | 40.80 | 31.19 |
| Repairs to Buildings | 27.29 | 19.82 |
| Repairs to Machinery | 39.35 | 54.59 |
| Insurance | 52.79 | 32.89 |
| Rates & Taxes | 0.00 | 0.08 |
| Freight and Transportation | 664.33 | 816.75 |
| Advertisement and sales promotion | 3.57 | 64.64 |
| Directors Fee | 1.10 | 1.17 |
| Commission | 511.29 | 415.22 |
| Bad Debts | 0.39 | 16.13 |
| Bank Charges | 130.20 | 107.96 |
| Exchange Loss/(Gain) | 525.93 | - |
| Printing & Stationery, Telephone, Travelling, and other Misc. Expenses | 643.98 | 548.75 |
| | <u>7104.00</u> | <u>7095.10</u> |

SECTION 212

Statement Pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary company

| S. No. | Name of the Subsidiary Company | Number of Shares in the Subsidiary Company held by Winsome Textile Industries Limited at the financial year ending date | | The net aggregate of profit/(losses) of the Subsidiary Companies so far as they concern the members of Winsome Textile Industries Limited | |
|--------|--------------------------------|---|---------------------------|---|--|
| | | Equity (Nos.) | Extent of holding (% age) | For Current Financial Year | For Previous Financial Year |
| | | | | Dealt with in the accounts of Winsome Textile Industries Limited for the year ended 31st March, 2012 | Not dealt with in the accounts of Winsome Textile Industries Limited for the year ended 31st March, 2012 |
| | | | | Rupees in Lacs | Rupees in Lacs |
| 1. | Winsome Textile Industries FZE | 1 | 100% | -- | 7.75 |

Note:

The financial year of Winsome Textile Industries FZE is 22nd June, 2011 to 31st March, 2012.

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Winsome Textile Industries Limited on the Consolidated Financial Statements of Winsome Textile Industries Limited and its subsidiary.

1. We have examined the attached consolidated Balance Sheet of Winsome Textile Industries Limited and its subsidiary as at 31st March 2012, and the consolidated Statement of Profit and Loss and also the consolidated Cash Flow Statement for the year then ended.
2. These financial statements are the responsibility of Winsome Textile Industries Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and 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 management as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the foreign subsidiary namely Winsome Textile Industries FZE whose financial statement reflects total assets of Rs.51.95 lacs as at 31st March 2012 and total revenues of Rs. 1045.01 lacs for the year then ended. The separate financial statements of above said subsidiary have been audited by other auditors, as per applicable GAAP in their country, whose report has been furnished to us by the management and our opinion, insofar as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditors.
4. *Attention is invited to note no. 2.5(i) regarding non provision for shortfall in recovery (amount unascertainable) against overdue debt of Rs. 185.74 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;*

The consolidated financial statements subject to and read with our comments in para 4, we report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements as notified under Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of Winsome Textile Industries Limited and audited financial statement of its subsidiary included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of the Company and audited financial statements of its Subsidiary included in the Consolidated Financial Statements, we are of the opinion that the said consolidated financial statements *subject to and read with note no. 2.3 and 2.5 (ii)* and read together with other notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) In the case of Consolidated Balance Sheet, of the Consolidated state of affairs of the Company and its subsidiary as at 31st March, 2012;
- (b) In the case of Consolidated Statement of Profit and Loss Account, of the consolidated result of operations of the company and its Subsidiary for the year then ended; and
- (c) In the case of Consolidate Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiary for the year then ended.

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

Place : Chandigarh
Date : 30.05.2012

N.K. LODHA
Partner
Membership No.: 85155

CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH, 2012

Winsome Textile Industries Ltd.

| PARTICULARS | NOTE NO. | AS AT 31 March 2012 (Rs. in lacs) |
|------------------------------------|-------------|---|
| I. EQUITY AND LIABILITIES | | |
| (1) Shareholder's Funds | | |
| (a) Share Capital | 3 | 1,982.00 |
| (b) Reserves and Surplus | 4 | <u>7,166.13</u> |
| | | <u>9148.13</u> |
| (2) Non-Current Liabilities | | |
| (a) Long-term borrowings | 5 | 10,371.57 |
| (b) Deferred tax liabilities (Net) | 6 | 1,599.44 |
| (c) Other Long term liabilities | 7 | 25.05 |
| (d) Long term provisions | 8 | 21.77 |
| | | <u>12,017.83</u> |
| (3) Current Liabilities | | |
| (a) Short-term borrowings | 9 | 11,557.86 |
| (b) Trade payables | 10 | 8,468.89 |
| (c) Other current liabilities | 11 | 3,256.16 |
| (d) Short-term provisions | 12 | 168.82 |
| | | <u>23,451.73</u> |
| Total | | <u><u>44,617.69</u></u> |
| II.Assets | | |
| (1) Non-current assets | | |
| (a) Fixed assets | 13 | |
| (i) Tangible assets | | 15,759.19 |
| (ii) Intangible assets | | - |
| (iii) Capital work-in-progress | | 1,774.42 |
| (b) Non-current investments | 14 | 3.10 |
| (c) Long term loans and advances | 15 | 1,045.21 |
| | | <u>18,581.92</u> |
| (2) Current assets | | |
| (a) Inventories | 16 | 10,614.96 |
| (b) Trade receivables | 17 | 3,711.28 |
| (c) Cash & Bank Balances | 18 | 5,952.24 |
| (d) Short-term loans and advances | 19 | 5,757.29 |
| | | <u>26,035.77</u> |
| Total | | <u><u>44,617.69</u></u> |

Principles of Consolidation & explanatory notes are an integral part of the Financial Statement 1 & 2

As per our report of even date.
For LODHA & CO.
Chartered Accountants
FRN : 301051E

For and on behalf of the Board

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 : 30.05.2012

CONSOLIDATED STATEMENT OF PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2012

Winsome Textile Industries Ltd.

| PARTICULARS | NOTE NO. | 31 Mar 2012 (Rs. in lacs) |
|--|-----------------|--------------------------------------|
| Net Revenue from operations | 20 | 32669.49 |
| Other income | 21 | 504.93 |
| Total Revenue | | 33174.42 |
| Expenses: | | |
| Cost of materials consumed | 22 | 19238.68 |
| Purchase of Stock in Trade | | 2308.94 |
| Change in inventories of finished goods, work-in-progress and Stock-in-trade | 23 | (341.84) |
| Employee benefit expense | 24 | 1826.32 |
| Finance cost | 25 | 2949.59 |
| Depreciation and amortization expense | 13 | 1150.64 |
| Other expenses | 26 | 7115.79 |
| Total Expenses | | 34248.12 |
| Profit before tax | | (1,073.70) |
| Tax expense: | | |
| - Current Tax | | - |
| - MAT Credit | | - |
| - Deferred Tax | | (159.41) |
| - Tax for earlier Year | | 0.25 |
| Profit(Loss) from the period from continuing operations | | (914.54) |
| Profit/(Loss) from discontinuing operations | | - |
| Tax expense of discounting operations | | - |
| Profit/(Loss) from discontinuing operations | | - |
| Profit/(Loss) for the period | | (914.54) |
| Earning per equity share:(Refer Note No. 2.12) | | |
| - Basic | | (4.61) |
| - Diluted | | (4.61) |

Principles of Consolidation & explanatory notes are an integral part of the Financial Statement

1 & 2

As per our report of even date.
For LODHA & CO.
Chartered Accountants
FRN : 301051E

For and on behalf of the Board

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 : 30.05.2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

| PARTICULARS | 2011-2012 | |
|---|---------------|---------------|
| | (Rs. in Lacs) | (Rs. in Lacs) |
| (A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| NET PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS | | (1073.70) |
| Adjustment for: | | |
| Depreciation | 1150.64 | |
| Liability Written Back | (3.06) | |
| Exchange Fluctuation | (364.66) | |
| Bad Debts | 0.39 | |
| Profit on sale of fixed assets (Net) | (4.30) | |
| Leasehold land Written off | 0.08 | |
| Interest paid | 2834.86 | |
| Interest income | (78.13) | |
| Capital Subsidy charged to P&L (Pro-rata Capital subsidy) | (8.39) | |
| | | 3527.43 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | | 2453.73 |
| Adjustment for: | | |
| Trade & other receivable | (1223.24) | |
| Inventories | 1866.64 | |
| Trade & other Payables | 3156.10 | |
| CASH GENERATED FROM OPERATIONS | | 3799.50 |
| CDT Paid | | 6253.23 |
| Direct Taxes Paid | | (32.69) |
| NET CASH FLOW FROM OPERATING ACTIVITIES | | (179.76) |
| | | 6040.78 |
| (B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (3409.64) | |
| Capital Subsidy Received | 30.00 | |
| Sale of fixed assets | 48.79 | |
| Cost Sharing in FA | 32.82 | |
| Interest Received | 78.13 | |
| | | (3219.90) |
| NET CASH USED IN INVESTING ACTIVITIES | | (3219.90) |
| (C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Issue of Equity Share Capital-GDR Issue (Net of expenses) * | 561.92 | |
| Interest paid | (2855.68) | |
| Dividend Paid | (197.76) | |
| Repayment of Borrowings | (4732.62) | |
| Proceeds from Borrowings | 5383.61 | |
| | | (1840.53) |
| NET CASH USED IN FINANCING ACTIVITIES | | (1840.53) |
| (D) CHANGES IN CURRENCY FLUCTUATION RESERVE ARISING ON CONSOLIDATION | | 1.34 |
| Net Increase/(decrease) in cash and cash equivalents | | 981.69 |
| Balances as at 01.04.11 (Opening Balance) | | |
| Cash & Cash Equivalents | 59.19 | |
| Others | 4911.36 | |
| | | 4970.55 |
| Balances as at 31.03.12 (Closing Balance) | | |
| Cash & Cash Equivalents | 653.22 | |
| Others | 5299.02 | |
| | | 5952.24 |

* Current year figure represents Exchange Fluctuation Difference of balance parked in "Escrow Account".

**As per our report of even date.
For LODHA & CO.
Chartered Accountants
FRN : 301051E**

For and on behalf of Board of Directors

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 : 30.05.2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2012

1 PRINCIPLES OF CONSOLIDATION

- (i) The accounts have been prepared to comply with the requirements of Accounting Standard 21 to include all material items.
- (ii) During the year the Company has formed a 100% subsidiary in the name of M/s Winsome Textile Industries FZE in U.A.E w.e.f. 22nd June, 2011 and hence there are no comparable figures in consolidated financial statements for the preceding period.
- (iii) Consolidated financial statements (CFS) comprised the financial statements of Winsome Textile Industries Limited and its 100% subsidiary namely Winsome Textile Industries FZE.
- (iv) The Consolidated Financial Statements have been prepared based on a line-by-line consolidation using uniform accounting policies for like transactions and other events in similar circumstances. The effects of intra group transactions and balances are eliminated in consolidation.
- (v) Operations of foreign subsidiary has been considered by management non-integral; thus items of the assets and liabilities, both monetary and non-monetary, have been translated at the exchange rates prevailing at the end of the year and items of income and expenses have been translated at the average rate prevailing during the year. Resulting exchange differences arising on translations of said items have been transferred to Foreign Currency Translation Reserve Account.

2. Explanatory Notes:-

2.1 (A) Contingent Liabilities, not provided for in respect of (as certified by the management):

(Rs. in Lacs)

| | | 31st March, 2012 |
|-------|--|-------------------------|
| (i) | Bills discounted with banks | 1374.86 |
| (ii) | Excise / Service Tax Matters | 81.67 |
| (iii) | Surety Bond Executed on behalf of others (Including Entry Tax) | 225.17 |

(iv) Custom duty saved of Rs. 2287.91 Lacs for import of capital good made against EPCG license against which export obligations amounting to Rs. 18209.67 Lacs is pending.

(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.

2.2 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances Rs. 1000.36 Lacs) Rs. 2598.79 Lacs.

2.3 Out of the total issue proceeds of the GDRs in the previous year of Rs.4475.88 Lacs, pending certain compliances Rs.4586.69 Lacs (including foreign exchange gain) is parked in the Bank "Escrow" Account outside India as on year end and accordingly the balance issue proceeds are pending to be utilized. From Escrow Account, Rs. 561.60 Lacs has been received (Company is in process of getting the FIRC) during the year in a separate account in India out of which Rs. 222.91 lacs has been utilized as per details below:

(Rs.in Lacs)

| Particulars | Amount |
|---|---------------|
| Loan Processing Charges for New Expansion Project | 210.67 |
| Advance for Project Expansion | 12.24 |
| Total | 222.91 |

2.4 In earlier year Company's, Debt Restructuring Proposal (DRP) had been sanctioned by the respective lenders and is effective from 1st January 2009. DRP interalia includes reschedulement of existing term loans, relaxation in margin for working capital loan etc.

2.5 (i) The company has taken legal and other persuasive actions for recovery of certain overdue debtors aggregating to Rs 185.74 Lacs (including overdue overseas debtors of amounting to Rs.47.13 Lacs), in the opinion of the management, these outstanding are good and fully recoverable.

(ii) Balance of certain debtors (including associate company Rs.1086.96 Lacs), loans and advances (including capital advance), creditors and other liabilities are in the process of confirmation / reconciliation.

- 2.6. 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.
- 2.7. In accordance with the Accounting Standards (AS-28) on "Impairment of Assets" as notified under Company (Accounting Standard) Rules, 2006, 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.
- 2.8. Based upon Future plans, management expects to generate taxable income in the next financial year which will enable it to utilise MAT credit entitlement of Rs. 458.84 Lacs and accordingly the same is shown under "Short Term Loans & Advances".
- 2.9. (i) 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.
- (ii) Considering prudence and as estimated by the management, Deferred Tax Assets of Rs. 159.41 Lacs have been created which management feel realizable in near future.

2.10. Segment Reporting

1. The Company is only in one line of business namely Textile (Yarn and allied activities).
2. 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)

| | India | Outside India | Total |
|--|----------|---------------|----------|
| (i) External Revenue-Sales | 17490.79 | 15153.11 | 32643.90 |
| (ii) Carrying amount of segment assets by location of assets | 38299.55 | 5849.45 | 44149.00 |
| (iii) Capital Expenditure | 3409.64 | Nil | 3409.64 |

2.11. Related party disclosures

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

(a) Associate Company:-

- Winsome Yarns Limited

(b) 1. 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
- Shri. Mariquel Luna Manager
- Shri. Rajesh Mallayya Kommu Manager

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

- Star point Financial Services (Pvt.) Ltd.
- Roselab Commodities Pvt. Limited.
- Kailashpati Vinimay Private Limited

3. Amounts due by enterprises under the same management:

(Rs. in lacs)

| | 2011-12 | |
|-----------------------|--|--------------------------|
| | Maximum Amount Due at any time during the year | Balance as at 31.03.2012 |
| Winsome Yarns Limited | 1086.96 | 1086.96 |

Transactions with the Related Parties during the year ended 2011-12

(Rs. in lacs)

| Particulars | 2011-12 |
|--|---------|
| Winsome Yarns Ltd. | |
| Sale of material & goods and services | 246.27 |
| Purchase of material & goods and services | '0.00 |
| Expenses reimbursed to others | 7.18 |
| Expenses reimbursed by others | 6.12 |
| Balance outstanding at year end (refer note no. 2.5(ii)) | 1086.96 |
| Sh. Satish Bagrodia | |
| Remuneration | 25.03 |
| Balance Outstanding | 1.54 |
| Sh. Ashish Bagrodia | |
| Remuneration | 30.83 |
| Balance Outstanding | 2.05 |
| Sh. Manish Bagrodia | |
| Director Sitting Fees | 0.35 |
| Sh. Mariquel Lana & Sh. Rajesh Mallayya Kommu | |
| Management Fee | 2.35 |
| Starpoint Financial Services (P) Ltd | |
| -Rent Paid | 21.31 |

Note: Chairman and Managing Director have given guarantees to secured lenders against loans taken by the company (Refer notes of Note - 5)

2.12. Earning per share

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

(A) BASIC EARNING PER SHARE

| Particulars | 2011-12 |
|--|----------|
| Net Profit/(Loss) attributable to Equity Shareholders (Rs. in lacs) | (914.51) |
| Weighted average number of equity shares | 19820000 |
| Nominal Value per equity share (Rs.) | 10.00 |
| Basic EPS (Rs.) | (4.61) |

(B) DILUTED EARNING PER SHARE

| Particulars | 2011-12 |
|--|----------|
| Net Profit/(Loss) attributable to Equity Shareholders (Rs. in lacs) | (914.51) |
| Weighted average number of Equity Shares | 19820000 |
| Add : Dilutive Potential Equity Shares | Nil |
| | 19820000 |
| Nominal Value per equity share (Rs.) | 10.00 |
| Diluted EPS (Rs.) | (4.61) |

2.13 Accounting Policies and other notes on accounts are set out in the financial statements of the Company.

2.14. 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 | 2011-12 |
|---------|---|---------|
| 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 along with 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. | - |

2.15. Opening balances represents balances as on 31st march 2011 of Holding company i.e. Winsome Textile Industries Ltd.

**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 : 30.05.2012

| PARTICULARS | AS AT 31.03.2012 (Rs. in lacs) |
|-------------|--------------------------------------|
|-------------|--------------------------------------|

NOTE 3

SHARE CAPITAL

1. AUTHORISED *

| | |
|---|-----------------|
| 2,49,50,000 Equity Shares of Rs.10/- each | 2,495.00 |
| 5,000 Preference Share of Rs. 100/- each | 5.00 |
| | 2,500.00 |

ISSUED, SUBSCRIBED & FULLY PAID UP *

| | |
|---|-----------------|
| 1,98,20,000 Equity Shares of Rs.10/- each | 1,982.00 |
| | 1,982.00 |

*The face value of equity share has been consolidated on 19.07.2011 from Re. 1/- to Rs. 10/- each.

2. Rights & Restrictions of Shareholders:

- 2.1. The Company has only one class of Equity Shares having face value of Rs. 10/- each in its issued, subscribed and paid up Equity share capital. Each shareholder is entitled to one vote per share (except GDR shareholding mentioned at point no. 2.2 below). Each shareholder have the right in profit/surplus in proportion to amount paid up with respect to share holder.
- 2.2. The GDR shareholding which is standing in the name of Bank of New York Mellon, as Depository, has right to dividend, do not have any right to vote.
- 2.3. In the event of winding up, the equity shareholders will be entitled to receive the remaining balance of assets, if any, in proportionate to their individual shareholding in the paid up equity capital of the company.

3 Details of each shareholder holding more than 5% shares:-

| Name of Shareholder | As at 31.03.12 <u>No. of Shares Held</u> |
|--|--|
| Bank of New York Mellon, DR (Shares held by Custodians and against which Depository Receipts have been issued) | 6,450,000 |
| Roselab Commodities Pvt Ltd | 3,393,168 |
| Kailashpati Vinimay Pvt Ltd. | 2,991,031 |
| Landscape Traders Pvt Ltd | 1,332,092 |
| Arpit Agencies Pvt Ltd | 1,290,799 |

4. Reconciliation of Equity Share Capital

| | <u>No. of Shares</u> |
|---|----------------------|
| Shares Outstanding at the beginning of the year | 19,820,000 |
| Issued during the year | - |
| Buy Back during the year | - |
| Shares Outstanding at the end of the year | 19,820,000 |

Winsome Textile Industries Ltd.

| PARTICULARS | AS AT 31.03.2012 (Rs. in lacs) | |
|---|--------------------------------------|---------|
| NOTE 4 | | |
| RESERVES AND SURPLUS | | |
| Capital Reserve | | |
| Opening Balance | 46.68 | |
| Add: Addition during the year | - | |
| Less: Adjustments | - | 46.68 |
| | - | |
| Investment Allowance (Utilized) Reserve | | |
| Opening Balance | 184.00 | |
| Add: Addition during the year | - | |
| Less: Adjustments | - | 184.00 |
| | - | |
| Securities Premium Reserve | | |
| Opening Balance | 5131.46 | |
| Add: On Convertible warrants & GDR (Refer Note no 2.3) | - | |
| Less: Expenses on GDR | - | 5131.46 |
| | - | |
| General Reserve | | |
| Opening Balance | 68.55 | |
| Add: Addition during the year | - | |
| Less: Adjustments | - | 68.55 |
| | - | |
| Capital Subsidy Under Tufts | | |
| Opening Balance | 117.42 | |
| Add: Addition during the year | - | |
| Less: Transfer from P & L | 8.39 | 109.03 |
| | 8.39 | |
| Foreign Currency Translation Reserve | | |
| Opening Balance | - | |
| Add: Addition during the year | 1.34 | |
| Less: Transfer from P & L | - | 1.34 |
| | - | |
| Statement of Profit and Loss Statement | | |
| Surplus in Profit and Loss Statement from Previous Year | 2539.61 | |
| Profit /(Loss) for the year | (914.54) | |
| Surplus in Profit and Loss Statement carried to Balance Sheet | - | 1625.07 |
| | | 7166.13 |

Winsome Textile Industries Ltd.

PARTICULARS

AS AT
31.03.2012
(Rs. in lacs)

NOTE 5

LONG TERM BORROWINGS

SECURED LOANS (Refer Note no. 2.4)

| | <u>Non Current</u> | <u>Current</u> |
|--|--------------------|----------------|
| Term Loan | | |
| - From Banks | 9302.22 | 1285.11 |
| Working Capital Term Loan | 995.75 | 500.24 |
| Vehicle Loans | 73.60 | 33.14 |
| | 10371.57 | 1818.49 |
| Less : Current maturities of long term, borrowings (Disclosed under Other Current Liabilities under Note No. 11) | - | 1818.49 |
| | 10371.57 | - |

Notes:

1. Term Loans and Working Capital Term Loans from Banks of Rs. 12083.32 Lacs 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. The loan is repayable in quarterly installments and maturity profile is as follows:

| Repayment | 1 - 2 years | 2 - 3 years | After 3 years |
|---------------|-------------|-------------|---------------|
| (Rs. In lacs) | 2,236.86 | 4,081.14 | 3,979.97 |

2. Vehicle Finance carrying interest of Rs. 106.74 Lacs which is secured by hypothecation of specific assets purchased under such arrangements and is repayable in equated monthly installments and maturity profile is as follows:

| Repayment | 1 - 2 years | 2 - 3 years | After 3 years |
|---------------|-------------|-------------|---------------|
| (Rs. In lacs) | 33.71 | 26.79 | 13.10 |

3. The aforesaid credit facilities mentioned above in point no. 1 are also guaranteed by Chairman & Whole Time Director and Managing Director.

NOTE 6

DEFERRED TAX

Deferred Tax Liability

| | |
|-------------------------------------|----------------|
| Depreciation | 2539.55 |
| Deferred Tax Assets | |
| Unabsorbed Depreciation | 895.93 |
| Other items | 44.18 |
| | 940.11 |
| Deferred Tax Liability (Net) | 1599.44 |

NOTE 7

OTHER LONG TERM LIABILITIES

| | |
|--------------------|--------------|
| Employees Advances | 25.05 |
| | 25.05 |

Winsome Textile Industries Ltd.

| PARTICULARS | AS AT 31.03.2012 (Rs. in lacs) |
|-------------|--------------------------------------|
|-------------|--------------------------------------|

NOTE 8

LONG TERM PROVISIONS

| | |
|---------------------------------|-------|
| Provision for Employee Benefits | 21.77 |
| | 21.77 |

NOTE 9

SHORT TERM BORROWINGS

SECURED LOANS

| | |
|---------------------------------------|----------|
| Working Capital Demand loan from bank | 11557.86 |
| Short Term Loans from Banks | 0.00 |
| | 11557.86 |

1. Working Capital Demand loans from bank includes Cash Credit, Packing Credit and short term loans 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.
2. The aforesaid credit facilities mentioned above is also guaranteed by Chairman & Whole Time Director and Managing Director.

NOTE 10

TRADE PAYABLES

| | |
|-------------------------------|---------|
| Acceptances | 6412.72 |
| Others (Refer Note No. 2.14) | 2056.17 |
| | 8468.89 |

NOTE 11

OTHER CURRENT LIABILITIES

| | |
|--|---------|
| Current Maturities of long term borrowings | 1818.49 |
| Interest accrued but not due on borrowings | 5.68 |
| Advance from customers | 173.59 |
| Unclaimed dividends* | 1.07 |
| Others Payable | |
| - Capital Payable(Refer Note No. 2.14) | 6.31 |
| - Statutory Dues | 130.16 |
| - Other Liability (Refer Note No. 2.14) | 1120.86 |
| | 1257.33 |
| | 3256.16 |

*Shall be credited to Investor's Education and Protection Fund when due.

NOTE 12

SHORT TERM PROVISIONS

| | |
|--------------------|--------|
| Employees Benefits | 168.82 |
| | 168.82 |

NOTE-13 : FIXED ASSETS

(Rs. in Lacs)

| PARTICULARS | GROSS CARRYING AMOUNT | | | DEPRECIATION | | | NET CARRYING AMOUNT | | | |
|------------------------|-----------------------|---------------------------|-----------------------|--------------------|--------------------|-----------------|-----------------------|-------------------|--------------------|--------------------|
| | As at 31.03.2011 | Additions/ Adjustments | Sales/ Adjustments | As at 31.3.2012 | Upto 31.03.2011 | For the Year | Sales/ Adjustments | Upto 31.3.2012 | As at 31.3.2011 | As at 31.3.2012 |
| Tangible Assets | | | | | | | | | | |
| Land - Freehold | 13.89 | 1526.30 | - | 1540.19 | - | - | - | - | - | 13.89 |
| - Leasehold | 5.99 | - | 0.08 | 5.91 | - | - | - | - | - | 5.99 |
| Buildings * | 2574.06 | - | - | 2574.06 | 778.42 | 77.57 | - | 855.99 | 1718.07 | 1795.64 |
| Plant & Equipments** | 20597.29 | 54.92 | 64.59 | 20587.62 | 7396.13 | 1033.27 | 24.23 | 8405.17 | 12182.45 | 13201.16 |
| Furniture and Fixtures | 104.55 | 19.39 | - | 123.94 | 68.41 | 4.58 | - | 72.99 | 50.95 | 36.14 |
| Vehicles*** | 236.11 | 26.30 | 4.90 | 257.51 | 35.29 | 23.28 | 0.85 | 57.72 | 199.79 | 200.82 |
| Office Equipments | 167.24 | 11.43 | - | 178.67 | 104.90 | 11.94 | - | 116.84 | 61.83 | 62.34 |
| Total | 23699.13 | 1638.34 | 69.57 | 25267.90 | 8383.15 | 1150.64 | 25.08 | 9508.71 | 15759.19 | 15315.98 |

Notes:

* Building includes capital expenditure incurred on assets not owned by the Company Rs. 8.90 lacs and net Rs. 6.90 Lacs.

** During the year an amount of Rs. 32.82 lacs has been received from Himachal Pradesh Electricity Board toward cost sharing of 66 KV transmission line which is adjusted from the cost of respective Plant and Machinery.

*** Vehicle includes assets of Rs. 191.07 lacs acquired under Hire Purchase Finance.

Winsome Textile Industries Ltd.

| PARTICULARS | AS AT 31.03.2012 (Rs. in lacs) |
|-------------|--------------------------------------|
|-------------|--------------------------------------|

NOTE-14

NON CURRENT INVESTMENTS

Other Investment

Unquoted

31000 Equity Shares of Rs. 10/- each in Shivalik solid waste management Ltd.

3.10

3.10

Aggregate amount of unquoted investment

3.10

NOTE-15

LONG TERM LOANS & ADVANCES (Refer Note No. 2.9(i))

Unsecured considered Good:

Capital Advances

1,000.36

Deposits with Government Authorities & others

44.85

1,045.21

NOTE 16

INVENTORIES

As taken, valued and certified by the management

(At lower of Cost and Net Realisable value)

Raw Materials

5,248.64

Stock in Process

1,916.42

Stores & Spares

392.81

Finished Goods (Including GIT amounting Rs 476.04 Lacs)

2,959.30

Waste (At net realizable value)

97.79

(including scrap of Rs. 2.19 lacs)

10,614.96

NOTE 17

TRADE RECEIVABLES (Refer Note no. 2.9(i))

(Unsecured, considered good, unless otherwise stated)

Exceeding six months from due date

- Good

280.67

- Doubtful

0.39

Less : Allowances for Bad & Doubtful debts

0.39

280.65

Other Debts

3,430.63

3,711.28

NOTE 18

CASH & BANK BALANCES

Cash & Cash Equivalents

- Cash on hand (As certified by management)

2.21

- Balance in Travel card

0.06

2.27

Balances with Bank

- on Current Accounts

650.95

Earmarked balances

- on Escrow Accounts

4586.69

- on Fixed Deposit*

88.08

- on Unclaimed Dividend Account

1.06

4675.83

Other Bank Balances

- on Fixed Deposit*\$

623.19

5,952.24

* Margin Money against L/C's and Bank Guarantee

\$ Includes FDR's of maturity of more than 12 months Rs. 248.94 Lacs

| PARTICULARS | AS AT 31.03.2012 (Rs. in lacs) |
|-------------|--------------------------------------|
|-------------|--------------------------------------|

NOTE 19

SHORT TERM LOANS & ADVANCES (Considered Good) (Refer Note no. 2.9)

(Unsecured, unless otherwise stated)

| | | |
|--|--|---------|
| Advances to suppliers | | 3373.98 |
| Interest Subsidy on Term Loans Receivable | | 362.74 |
| Refund/ Claim Receivable | | 414.76 |
| Balance with Excise and Sales tax Authorities | | 46.54 |
| Export Incentives Receivables | | 793.16 |
| MAT Credit Entitlements (Refer Note no. 2.12(ii)) | | 458.84 |
| Income Tax Advance Payments (Net of Provision of Income Tax) | | 9.85 |
| Others | | 297.42 |
| | | 5757.29 |

NOTE 20

REVENUE FROM OPERATION

| | | | |
|----------------------------|----------|--|----------|
| Sale of Products | | | |
| - Yarn# | 28387.35 | | |
| - Others | 505.20 | | |
| - Trading Sale | 2522.85 | | 31415.40 |
| Sale of Services | | | |
| - Processing Income | | | 175.57 |
| Other operating revenues: | | | |
| - Waste & Scrap Sales | 1052.93 | | |
| - Insurance Claim | 17.20 | | |
| - Pro-rata Capital Subsidy | 8.39 | | 1078.52 |
| | | | 32669.49 |

including Export Incentives of Rs. 882.23 Lacs

NOTE 21

OTHER INCOME

| | | |
|---------------------------------------|--|--------|
| Interest Income | | 78.13 |
| Liabilities Written back | | 3.06 |
| Exchange Rate variation gain | | 414.58 |
| Miscellaneous Income | | 3.78 |
| Profit/(Loss) on sale of Assets (Net) | | 4.30 |
| Rent Received | | 1.08 |
| | | 504.93 |

NOTE 22

Cost of Material Consumed

| | | |
|------------------|--|----------|
| Raw Material | | 18759.88 |
| Packing Material | | 478.80 |
| | | 19238.68 |

| PARTICULARS | AS AT 31.03.2012 (Rs. in lacs) |
|-------------|--------------------------------------|
|-------------|--------------------------------------|

NOTE 23

**CHANGE IN INVENTORIES OF FINISHED GOODS,
WORK-IN-PROGRESS AND STOCK-IN-TRADE**

Closing Stock

| | |
|------------------|----------------|
| Finished Goods | 2959.30 |
| Work in progress | <u>1916.42</u> |
| (A) | <u>4875.72</u> |

Opening Stock

| | |
|------------------|----------------|
| Finished Goods | 3052.59 |
| Work in progress | <u>1481.29</u> |
| (B) | <u>4533.88</u> |

| | |
|-------------------------------------|-----------------|
| (Increase)/Decrease in Stocks (A-B) | <u>(341.84)</u> |
|-------------------------------------|-----------------|

NOTE 24

EMPLOYEE BENEFIT EXPENSES

| | |
|---|----------------|
| Salaries, Wages & Other allowances | 1643.01 |
| Contribution to Provident and other Funds | 139.05 |
| Employees' Welfare and other Benefits | <u>44.26</u> |
| | <u>1826.32</u> |

NOTE 25

FINANCE COST

| | |
|--|----------------|
| Interest Expenses | 2834.86 |
| (Net of reimbursement under TUFF Rs.593.91 lacs) | |
| Exchange difference on borrowings (Net)- (gain)/loss | <u>114.73</u> |
| | <u>2949.59</u> |

NOTE 26

OTHER EXPENSES

| | |
|--|----------------|
| Conversion Charges | 92.82 |
| Consumption of Stores and spares | 1717.92 |
| Power and Fuel | 2652.24 |
| Rent | 41.68 |
| Repairs to Buildings | 27.29 |
| Repairs to Machinery | 39.35 |
| Insurance | 52.79 |
| Rates & Taxes (Rs. 210/-) | 0.00 |
| Freight and Transportation | 664.32 |
| Advertisement and sales promotion | 3.57 |
| Directors Fees | 1.10 |
| Commission | 511.29 |
| Bad Debts | 0.39 |
| Bank Charges | 130.21 |
| Exchange Loss/(Gain) | 525.93 |
| Printing & Stationery, Telephone, Travelling, and other Misc. Expenses | <u>654.89</u> |
| | <u>7115.79</u> |

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 **31st ANNUAL GENERAL MEETING** of the Company being held on Monday, the 24th September, 2012 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 31st ANNUAL GENERAL MEETING of the Company to be held on Monday, the 24th September, 2012 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.....2012.



.....
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