

# **Winsome Textile Industries Limited**

## **32nd Annual Report 2012-13**



## **BOARD OF DIRECTORS**

Shri Satish Bagrodia	<i>Chairman</i>
Shri Ashish Bagrodia	<i>Managing Director</i>
Shri Amrit Lal Batra	<i>Director</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 Amrit Lal Batra

## **SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

Shri Satish Girotra, Chairman  
Shri Chandra Mohan  
Shri Amrit Lal Batra  
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

## **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.  
44, Community Centre, 2nd Floor,  
Naraina Industrial Area, Phase-I,  
Near PVR Naraina,  
New Delhi-110 028

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## **NOTICE**

**NOTICE** is hereby given that the 32nd Annual General Meeting of the Members of Winsome Textile Industries Limited, will be held on Friday, the 27th of September, 2013 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 Statement of Profit & Loss Account for the year ended 31st March 2013, and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Satish Girotra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Manish Bagrodia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT M/s Lodha & Co., Chartered Accountants, (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 an Ordinary Resolution:**

"RESOLVED THAT Shri Amrit Lal Batra who was appointed as Additional Director w.e.f. 12.01.2013 and in respect of whom the Company has received notice under section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation".

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

"RESOLVED THAT pursuant to Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act 1956, read with Schedule XIII thereto as amended from time to time and subject to such other approvals as may be necessary, the consent of the Company be and is hereby accorded for re-appointment of Shri Satish Bagrodia as Chairman and Whole Time Director of the Company for a period of five years w.e.f. 01.08.2013 on the terms and conditions including remuneration and commission as set out in the explanatory statement annexed hereto with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary, the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments thereto.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things & to execute all such necessary documents, instruments and writings and to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By order of the Board

Place : Chandigarh  
Dated: 29.05.2013

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/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM DULY EXECUTED & STAMPED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company **will remain closed from 24.09.2013 to 27.09.2013 (both days inclusive).**
3. Item No. 2 : Shri Satish Girotra, Director, aged about 73 years, is a Post Graduate in Education and Management having overall experience of about 48 years. He is holding 250 shares of the Company. Presently, he is Director of Winsome Textile Ind. Ltd., S. Girotra Consultants (P) Ltd, Puru Sepricon Pvt. Ltd., Newby Teas Overseas Pvt Ltd, KBA Notasys India Pvt. Ltd., Anamika Sugar Mills Pvt Ltd, Hamara Financial Services Pvt. Ltd., Delhi Golf Club Ltd., OVD Kinegram India Pvt Ltd. and PHD Chamber of Commerce. He is also the Chairman of Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee of Winsome Textile Ind. Ltd..
4. Item No. 3 : Shri Manish Bagrodia, Director, aged about 45 years is M. Com. and has also done Diploma in Computer Applications. He has around 26 years of core experience in the Textile Industry. He is holding 46220 shares of the Company. Presently, he is Managing Director of Winsome Yarns Ltd. and Director of Winsome Textile Ind. Ltd., IDS Infotech Ltd., VogueStock Commodities Ltd., Vogue Commercial Company Ltd., IDS Engineering Ltd., IDS Argues Healthcare Services Pvt. Ltd., Winsome Yarn (Cyprus) Ltd. and IDS Infotech U.K. Ltd.. He is a member of Shareholders/Investors Grievance Committee of Winsome Yarns Ltd..
5. 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.
6. Members desiring any information, as regards Accounts, are requested to write to the Company at its Registered Office at least ten days before the date of Annual General Meeting so as to enable to keep the information ready.
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. In support of the green initiative of Ministry of Corporate Affairs by allowing paperless compliances through electronic mode, members are requested to register their email addresses & changes therein with Depository through their Depository Participant in case of electronic holdings under the intimation to Registrar & Share Transfer Agent. In case of shares in physical form, then members may register their email addresses & changes therein with Registrar & Share Transfer Agent.
10. Corporate Members intending to send their authorized representative(s) are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote at the Meeting.
11. M/s Link Intime India Private Limited, having its office located at 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase-I, Near PVR, New Delhi - 110028 (Tel. 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 etc. directly to the aforesaid Registrar & Share Transfer Agent.
12. 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: 29.05.2013

SATISH BAGRODIA  
Chairman

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

**ITEM NO. 5**

The Board of Directors have appointed Sh. Amrit Lal Batra as Additional Director of the Company w.e.f. 12th January 2013 in terms of Section 260 of the Companies Act 1956. Pursuant to the provisions of section 260 of the Companies Act and in terms of Article 91 of the Article of Association of the company, he shall hold office only upto the date of ensuing Annual General Meeting of the Company. Company has received a notice under section 257 of the Companies Act 1956 from a shareholder of the Company proposing his candidature as Director of the Company.

Sh. Amrit Lal Batra aged about 71 years, is a Chartered Accountant and has 44 years of rich experience in the areas of Banking, Finance, Audit, Operations & Strategic Management. He has served various prestigious organizations, companies, financial institutions as Chairman, Director, President & Member etc.. The Board is of the view that his in-depth knowledge and expertise will be of immense benefit & value to the Company and therefore, recommends his appointment.

Sh. Amrit Lal Batra does not hold any share in the Company. He is the member of Audit Committee, Shareholder's/Investors Grievance Committee and Remuneration Committee of Winsome Textile Industries Limited. None of the Directors except Shri Amrit Lal Batra is interested or concerned in the said resolution mentioned at item no. 5 in notice of Annual General Meeting for the approval of members of the Company.

**ITEM NO. 6**

Shri Satish Bagrodia was appointed as Chairman and Whole Time Director of the Company for a period of five years w.e.f. 01.08.2008 and now the current tenure of his appointment will expire on 31.07.2013. The Board of Directors, for smooth and efficient running of the administrative affairs of the Company, in their meeting held on 29.05.2013 re-appointed Shri Satish Bagrodia as Chairman and Whole Time Director of the Company for a period of five years w.e.f. 01.08.2013, subject to the approval of shareholders of the Company.

The terms of proposed remuneration of Shri Satish Bagrodia as Chairman and Whole Time Director have the approval and recommendation of Remuneration Committee in its meeting held on 29.05.2013. The Board of Directors recommends the re-appointment of Shri Satish Bagrodia as Chairman and Whole Time Director of the Company, keeping in view the valuable services rendered by him. Shri Satish Bagrodia holds 44770 equity shares of Rs. 10/- each in the Company. He is Chairman and Director of Winsome Yarns Limited, IDS Infotech Limited & Vogue Stock Commodities Limited. He is also Director in IDS Engineering Limited. He does not hold any membership in any Committee.

The Board of Directors of Company on the recommendations of Remuneration Committee proposed to pay the following remuneration to Shri Satish Bagrodia w.e.f. 01.08.2013 as per the terms & conditions given below:-

**I. REMUNERATION:**

- a) **Salary:** 2,75,000/- per month in the grade of 2,75,000-25,000-4,00,000.
- b) **Commission:**  
1% of Net Profit of the Company computed in the manner laid down in Section 198 & 309 of the Companies Act, 1956.
- c) **Perquisites:**
  - i) **Housing:**
    - (a) Fully furnished residential accommodation. In case, the fully furnished residential accommodation is not provided, H.R.A. as per Company's 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 Chairman and Whole Time 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:**

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

The said explanatory statement together with the accompanying notice may also be treated as an abstract under section 302 of the Companies Act 1956. 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 recommends this resolution mentioned at item no. 6 in notice of Annual General Meeting for your approval.

By order of the Board

Place : Chandigarh  
Dated: 29.05.2013

SATISH BAGRODIA  
Chairman

Dear Shareholders,

Your Directors have pleasure in presenting the 32nd Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2013.

Financial Highlights	Year ended 31.3.2013 (Rs.in lacs)	Year ended 31.3.2012 (Rs. in lacs)
Sales	<b>35179.98</b>	31624.47
Profit before Interest & Depreciation	<b>6651.80</b>	3019.01
Less : Interest	<b>3735.76</b>	2949.59
Profit/(Loss) before Depreciation	<b>2916.04</b>	69.42
Less : Depreciation	<b>1173.35</b>	1150.64
Profit/ (Loss) before Tax	<b>1742.69</b>	(1081.22)
Less : Provision for Taxation - Current Tax(MAT)	<b>378.59</b>	-
- MAT Credit	<b>(378.59)</b>	-
- Deferred Tax Liability/(Assets)	<b>207.51</b>	(159.41)
- Tax for earlier years	<b>23.74</b>	0.25
Net Profit/ (Loss) after Tax	<b>1511.44</b>	(922.06)
Add : Surplus brought from previous year	<b>1617.55</b>	2539.61
	<b>3128.99</b>	1617.55
<b>Appropriations:</b>		
Proposed Dividend	<b>NIL</b>	NIL
Corporate Dividend Tax	<b>NIL</b>	NIL
Surplus Carried to Balance Sheet	<b>3128.99</b>	1617.55
	<b>3128.99</b>	1617.55

## OPERATIONAL & PERFORMANCE REVIEW

During the year under review, your Company has achieved a sales turnover of Rs. 35179.98 lacs as against sales turnover of Rs. 31624.47 lacs during the previous year and a net profit (after tax) of Rs. 1511.44 lacs for the year as against net loss of Rs. 922.06 lacs during the previous year.

The profitability of your Company is impacted during the year because in the first half of the year i.e. April to September 2012, with piling up of inventory, the demand for yarn both domestically and internationally was comparatively lower coupled with high priced raw materials. It leads to decline in prices of cotton yarn. Subsequently, with slow down in demand and large finished goods inventory, the capacity utilization of the Company get affected, thereby further declining the operating profit margin.

There was no export demand in the initial months of the Cotton Season 2012-13 for Indian cotton, due to global over stocking by countries like China. Even then your Company has well performed in the export of value added yarn during the year under review. We are delighted to inform you that once again 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 2011-12.

## EXPANSION PROJECTS OF COMPANY

As a further progressive move towards expansion, the New Spinning Unit of the Company with the capacity of 41088 spindles has been implemented and has started its trial production w.e.f. 12th April 2013. The construction work of new Circular Knitting unit of the Company at existing unit Baddi, (H.P.) is going on rapidly and is expected to be completed in financial year 2013-2014. Although the expansion/modernization of Company's existing dyeing house is almost completed.

Further the construction of Company's upcoming Hydro Power Project at Dharamshala, Distt. Kangra, Manuni Khad (H.P.) is near to completion and the implementation of this Hydro Power Project is at an advanced stage. It is expected to be commissioned in the financial year 2013-2014.

By considering these several expansions & diversification's, your Company shall have the benefit of economies of scale with efficient quality control & to have more value added products in its supply chain. That positive initiative will efficaciously contribute to operational efficiency, reduction in cost and thereby augment overall growth of the Company in terms of customers satisfaction & wealth maximization.



**SUBSIDIARY COMPANY**

Your Company has a Wholly Owned Subsidiary in Hamriyah Free Zone in United Arab Emirates, 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.

Although, 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 and that of subsidiary company during business hours on working days.

**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 CERTIFICATIONS & TOTAL QUALITY MANAGEMENT (TQM)**

Your Directors are pleased to inform you that during the year under review, your Company has successfully achieved the new certification of IS 18001:2007 for Occupational, Health & Safety Management System (OHSMS). By this new certification of IS 18001:2007, your Company has become First Textile Industry in Himachal Pradesh to be granted the said certification. Your Company also continues to be holder of IS/ISO 9001:2008 Quality Management System Certificate and IS/ISO 14001:2004 Environmental Management System (EMS) Certificate, issued by Bureau of Indian Standards.

Furthermore, Total Quality management (TQM) projects are undertaken on Dr. Juran's TQM philosophy. We are pleased to inform you that your Company is the winner of Trident Quality Pioneer Trophy for the North West Qualtech Awards 2010 held at Mohali & won Second Prize (Runner up) of Trident Quality Pioneer Trophy for the North West Qualtech Awards 2012 held at Chandigarh .

**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 for the year under review.

**DIRECTORS**

During the year under review, IDBI Bank vide its letter no. SS-CB.53/191/Nom. 8 dated 19th July 2012 has withdrawn the nomination of Sh. Rajeev Kumar from Board of Directors of the Company w.e.f. 19th July 2012. Your Directors place on record their deep appreciation and wish to thank him for his immense and fruitful contribution during his tenure as Director on the Board.

In accordance with the Company's Articles of Association, Shri Satish Girotra and Shri Manish Bagrodia, Directors, retire by rotation and being eligible, offer themselves for re-appointment. Shri Amrit Lal Batra, who was appointed as Additional Director of the Company w.e.f. 12.01.2013 holds office upto the date of the ensuing Annual General Meeting of the Company in terms of Section 260 of the Companies Act 1956. The Company has received a notice under section 257 of the Companies Act 1956 from a member proposing his candidature for the office of the Director in the ensuing Annual General Meeting of the Company.

**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 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 Company for the financial year 2013-14.

The Cost Audit Report for the financial year 2011-12 was due to be filed with the Ministry of Corporate Affairs on 28.02.2013 or with in 180 days from the close of Company's financial year, whichever is later (as per General Circular no. 2/2013 dated 31.01.2013 issued by Ministry of Corporate Affairs) was filed on 10.01.2013.

#### **AUDITOR'S 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 Exchanges, the Report on Corporate Governance together with Auditor's Certificate regarding compliance of Corporate Governance is annexed to this report.

#### **DIRECTOR'S RESPONSIBILITY STATEMENT**

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

- I. in the preparation of annual accounts for the financial year ended 31st March, 2013, 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, 2013 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 valuable 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 endeavors.

The Board of Directors express its deep 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 continuous support and the confidence reposed in the Company.

By order of the Board

Place : Chandigarh  
Dated : 29.05.2013

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 DIRECTOR'S REPORT FOR THE PERIOD ENDED 31ST MARCH, 2013.

## 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. 3,31,872/- 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 :

<b>A) Power and Fuel consumption</b>	<b><u>Current Year</u></b>	<b><u>Previous Year</u></b>
<b>1. Electricity</b>		
a) Purchased Unit (KW)	<b>52713800</b>	51197600
Total amount (Rs. in lacs)	<b>2594.61</b>	2193.91
Rate/Unit (Rs.)	<b>4.92</b>	4.29
b) Own Generation through		
FO/Diesel Generator Unit(KW)	<b>1844941</b>	827963
Units/Ltr.of Diesel Oil/FO	<b>3.54</b>	3.51
Cost/Unit(Rs./KW)	<b>10.98</b>	9.95
<b>2. Coal (Specify quality and where used) KG</b>	<b>4288701</b>	3911876
<b>Pet Coke for Boiler</b>		
<b>3. HSD &amp; Furnace Oil Qty.(MT)</b>		
Total amount (Rs.in lacs)	<b>NIL</b>	NIL
Average rate(Rs.per M.T.)	<b>NIL</b>	NIL
<b>4. Gas</b>		
Total amount (Rs.in lacs)	<b>NIL</b>	NIL
Average rate( Rs.per Kg)	<b>NIL</b>	NIL
<b>B) Consumption per Unit of Production</b>		
Electricity - Own Generation (KW)	<b>3.83</b>	3.79
HSD & Furnace Oil (Lts)	<b>NIL</b>	NIL
Gas (Kgs)	<b>NIL</b>	NIL

## II. TECHNOLOGY ABSORPTION

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

### 1) Research & Development (R&D)

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

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

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

- Producing International quality products.

- c) Future plan of Action :  
 — Developing new products.  
 — To undertake more TQM projects.

d) Expenditure on R&D	(Rs. in lacs)
Capital	NIL
Revenue	48.54
<b>Total</b>	<b>48.54</b>
Total R&D Expenditure as a percentage of Total Turnover	= 0.14%

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

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

**III. FOREIGN EXCHANGE EARNING AND OUTGO**

- a) Activities relating to exports, initiatives taken to increase exports, development 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. 11137.83 lacs in 2012-13 against Rs. 14108.09 lacs in 2011-12. The Company proposes to increase exports through the introduction of new products in the markets.

- b) Total foreign exchange used and earned.

	<u>Current Year</u>	<u>Previous Year</u>
Earnings	<b>10175.98</b>	12679.55
Outgo	<b>1110.75</b>	602.06

By order of the Board

Place : Chandigarh

SATISH BAGRODIA

Dated : 29.05.2013

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 and Notes on Accounts, the explanations of the Directors are that the Company has taken legal and other persuasive actions for recovery of certain overdue debtors aggregating to Rs. 232.70 Lacs (previous year Rs.185.74 Lacs) {(including overdue overseas debtors of amounting to Rs. 94.09 Lacs) (previous year Rs. 47.13 Lacs)}. In the opinion of the management, these debts are good and fully recoverable hence no provision there against is considered necessary.

## **CORPORATE GOVERNANCE REPORT**

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

The basic fundamental philosophy of Corporate Governance in the Company is to achieve business excellence and dedication towards increasing long term shareholder value while considering the needs & interests of all its stakeholders. Good governance encompasses conduct of the Company's business in an ethical, transparent, fair and equitable manner with due regard to the interests of various stakeholders, exercising proper control over the Company's assets and transactions.

### **2. Board of Directors**

The Board of Directors of your Company has an optimum combination of Executive and Non-Executive Directors so as to have a balanced structure. 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. 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 all the Directors.

During the financial year 2012-13, five board meetings were held. The meetings were held on 30th May 2012, 10th August 2012, 09th November 2012, 13rd February 2013 and 15th March 2013.

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		Membership	Chairmanship	Total
Shri Satish Bagrodia	Chairman*	5	Yes	4	-	-	-
Shri Chandra Mohan	INED	4	No	7#	9	-	9
Shri Satish Girotra	INED	4	Yes	9#	-	3	3
Shri Amrit Lal Batra (%)	INED	1	No	-	3	-	3
Shri Ashish Bagrodia	MD	5	Yes	9^	2	-	2
Shri Manish Bagrodia	NED	5	No	8 ^	1	-	1
Shri Rajeev Kumar (\$)	INED (IDBI)	1	No	-	3	-	3

INED : Independent Non Executive Director

NED : Non Executive Director

MD : Managing Director (Executive)

\* Executive

# Directorship includes Private Limited Companies.

^ Directorship includes Foreign Companies.

% Sh. Amrit Lal Batra was appointed as an Additional Director of the Company w.e.f. 12.01.2013.

\$ IDBI Bank vide its letter no. SS-CB.53/191/Nom. 8 dated 19th July 2012 has withdrawn the nomination of Sh. Rajeev Kumar from board of the Company w.e.f. 19.07.2012.

### **3. Code of Conduct**

In terms of 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. A declaration signed by the Managing Director of the Company to this effect is enclosed at the end of this report.

#### **4. Subsidiary Company**

The Company has 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" which was setup to expand its business globally. The Consolidated Financial Statement of Winsome Textile Industries Limited and Winsome Textile Industries FZE is provided in the Annual Report.

#### **5. CEO/ CFO Certification**

The Managing Director and the General Manager (Finance & Accounts) of the Company have certified to the Board that the requirements of the Clause 49 (V) of the Listing Agreement, inter-alia, dealing with the review of financial statements and cash flow statement for the year ended on 31st March 2013, 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**

Audit Committee functions in accordance with the terms of reference set out under the provisions of Clause 49 of Listing Agreement read together with Section 292A of the Companies Act, 1956 and additional responsibilities assigned to it by Board of Directors of the Company. 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 procedures and ensuring compliances with regulatory guidelines.

The composition, names of 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 30th May 2012, 10th August 2012, 09th November 2012 and 13th February 2013.

<b>S. No.</b>	<b>Name of Members</b>	<b>Category</b>	<b>No. of meetings attended during the year 2012-2013</b>
1.	Shri Satish Girotra, Chairman	Independent/Non Executive	4
2.	Shri Chandra Mohan	Independent/Non Executive	3
3.	* Shri Amrit Lal Batra	Independent/Non Executive	1
4.	** Shri Rajeev Kumar	Independent/Non Executive	1

\* Inducted as member w.e.f. 12.01.2013.

\*\* Nomination withdrawn by IDBI Bank from Board of the Company w.e.f. 19.07.2012.

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

#### **7. Remuneration Committee**

During the financial year 2012-2013, one meeting of remuneration committee was held on 30th May 2012.

<b>S. No.</b>	<b>Name of Members</b>	<b>Category</b>	<b>No. of meetings attended during the year 2012-2013</b>
1.	Shri Satish Girotra, Chairman	Independent/Non Executive	1
2.	Shri Chandra Mohan	Independent/Non Executive	1
3.	* Shri Amrit Lal Batra	Independent/Non Executive	0
4.	** Shri Rajeev Kumar	Independent/Non Executive	1

\* Inducted as member w.e.f. 12.01.2013.

\*\* Nomination withdrawn by IDBI Bank from Board of the Company w.e.f. 19.07.2012.

The details of remuneration paid to the Directors during the year 2012-13 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 2012-13 are given below:

<b>Non-Executive</b> (Amount in Rs.)		
<b>Name of Directors</b>	<b>Sitting Fees</b>	<b>Total</b>
Shri Chandra Mohan	20000	20000
Shri Satish Girotra	20000	20000
Shri Rajeev Kumar (IDBI Nominee)#	5000	5000
Shri Manish Bagrodia	25000	25000
* Shri Amrit Lal Batra	5000	5000

# The sitting fees has been paid to the nominating institution/bank. Nomination withdrawn by IDBI Bank from Board of the Company w.e.f. 19.07.2012.

\* Appointed as an Additional Director of the Company w.e.f. 12.01.2013.

#### **ii) For the Executive Directors**

The details of remuneration paid to the Executive Directors during the year 2012-13 are given below:

(Rs. in lacs)			
<b>Name of Directors</b>	<b>Salary</b>	<b>Perquisites*</b>	<b>Total</b>
Shri Satish Bagrodia	21.00	4.03	25.03
Shri Ashish Bagrodia	20.00	12.05	32.05

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

#### **8. Shareholder's/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 2012-13, four Shareholder's/ Investors Grievance Committee meetings were held on 30th May, 2012, 10th August 2012, 09th November 2012 and 13th February 2013. The composition, names of the members, chairperson, particulars of the meetings and attendance of the members during the year are as below:

<b>S. No.</b>	<b>Name of members</b>	<b>Category</b>	<b>No. of meetings attended during the year 2012-2013</b>
1	Shri Satish Girotra, Chairman	Independent/Non-Executive	4
2	Shri Chandra Mohan	Independent/Non-Executive	3
3	* Shri Amrit Lal Batra	Independent/Non-Executive	1
4	** Shri Rajeev Kumar	Independent/Non-Executive	1
5	Shri Ashish Bagrodia	Executive Director	4

\* Inducted as member w.e.f. 12.01.2013.

\*\* Nomination withdrawn by IDBI Bank from the Board of the Company w.e.f. 19.07.2012.

During the financial year, the request for transfer/demat/remat of shares, change of address etc have been duly effected. During the year, one complaint was received, 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
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.
2011-2012	1, Industrial Area, Baddi, Distt. Solan (H.P.)	24/09/12	10.00 a.m.

## Extra Ordinary General Meeting

No Extra-ordinary General Meeting was held during the year 2012-2013.

During the last three years, two special resolutions on 16.06.2010 (in E.O.G.M.), three special resolutions on 04.07.2011 and one special resolution on 24.09.2012, 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 and 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 the company for the purpose of transferring the unclaimed shares in that account. The details of "Winsome Textile Industries Limited - Unclaimed Suspense Account" are as under:-

Outstanding at the beginning of the year i.e. April 1, 2012		No. of shareholders claimed during the year	No. of shareholders claim transferred during the year	Outstanding at the end of the year i.e. March 31, 2013	
No. of Shareholders	No. of Shares			No. of Shareholders	No. of Shares
13	1210	NIL	NIL	13	1210

The voting rights in respect of above shares shall remain frozen till the rightful owner of such shares claims the shares.

## 12. Means of Communications

The quarterly, half yearly & annual results etc. are published in widely circulating national & local dailies newspapers such as Business Standard, Jansatta, Financial Express (in English and Hindi) editions. The same are also being posted on the website of BSE ([www.bseindia.com](http://www.bseindia.com)) under the Scrip Code '514470'. The same are also available on Company's website i.e. [www.winsomegroup.com](http://www.winsomegroup.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 Friday on 27th September 2013 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	: 24.09.2013 to 27.09.2013 (both days inclusive)
Dividend Payment Date	: Not applicable
Listing on Stock Exchanges	: Bombay Stock Exchange Limited (BSE)
Scrip Code	: 514470
Global Depository Receipts (GDRs) listed on	: Luxembourg Stock Exchange/ LuxSE

ISIN & Trading Code of GDRs : US97550T1060

Demat ISIN Number in NSDL & CDSL : INE837B01031

Annual listing fee for the year 2013-2014 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 2013-2014.

Market price data : High and Low during each month on BSE in the financial year 2012-13. Stock code - 514470 (Source: www.bseindia.com).

Months	High	Low	Closed	Shares
April, 2012	78.90	57.05	66.80	129831
May, 2012	72.90	55.00	66.00	156652
June, 2012	72.40	56.05	65.55	94633
July, 2012	69.75	50.05	60.95	152651
August, 2012	64.95	47.00	55.15	386389
September, 2012	63.95	45.00	54.00	221156
October, 2012	58.00	50.05	55.00	102529
November, 2012	63.25	53.00	63.10	130539
December, 2012	71.00	54.00	59.20	122018
January, 2013	61.00	50.00	56.65	100988
February, 2013	60.20	33.00	34.10	244582
March, 2013	63.00	34.95	59.70	74154

Registrar and Share Transfer Agent : Link Intime India Pvt. Ltd.  
44, Community Centre, 2nd Floor  
Naraina Industrial Area, Phase-I  
Near PVR, 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 15 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, 2013.

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
001 - 500	1088	88.38	124320	0.63
501 - 1000	55	4.47	45551	0.23
1001 - 2000	32	2.60	50044	0.26
2001 - 3000	10	0.82	25881	0.13
3001 - 4000	9	0.73	30806	0.16
4001 - 5000	4	0.32	18072	0.09
5001 - 10000	6	0.49	40311	0.20
10001 and above	27	2.19	19485015	98.30
<b>Total</b>	<b>1231</b>	<b>100.00</b>	<b>19820000</b>	<b>100.00</b>

# Winsome Textile Industries Ltd.

Shareholding Pattern as on 31st March, 2013.

Category	No. of shares	Percentage
Promoters/Promoter Group	6610036	33.35
Financial Institutions/ Banks/ Mutual Funds	522303	2.64
NRIs	12880	0.06
Bodies Corporates	5753503	29.02
Indian Public	471278	2.39
Shares held by Custodian & against which Depository Receipts have been issued	6450000	32.54
<b>Total</b>	<b>19820000</b>	<b>100.00</b>

Details of shareholding of Directors in the Company as on 31.03.2013

Name of Director	No. of shares held
Shri Satish Bagrodia	44770
Shri Chandra Mohan	--
Shri Satish Girotra	250
Shri Manish Bagrodia	46220
Shri Ashish Bagrodia	49220
Shri Amrit Lal Batra	--

Dematerialisation of shares and liquidity	:	99.82% of the shares issued by the Company have been dematerialised upto 31st March, 2013.
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 Village Kaundi, 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@winsomengroup.com

Place : Chandigarh

By order of the Board

Dated : 29.05.2013

SATISH BAGRODIA  
Chairman

## Declaration

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, it is hereby declared that all the Board Members and Senior Management have affirmed compliance with the Code of Conduct for the year ended 31st March 2013.

ASHISH BAGRODIA  
Managing Director

Place: Chandigarh

Date: 29.05.2013

## 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, 2013, 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 : 29.05.2013

N.K. Lodha  
Partner  
M.No. 85155

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **OVERVIEW OF INDIAN TEXTILE INDUSTRY**

The Textile Industry is one of the oldest industry and has strong presence in the national economy. Cotton is one of the principal crops of the country and major raw material for domestic textile industry. It provides sustenance to millions of farmers as also the workers involved in cotton industry, right from processing to trading of cotton. The Indian textile industry consumes a diverse range of fibres and yarn, but is predominantly cotton based. The fundamental strength of textile industry flows from its strong production base of wide range of fibres / yarns from natural fibres like cotton, jute, silk and wool to synthetic /man-made fibres like polyester, viscose, nylon and acrylic.

Indian Textile Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textile industry also plays a pivotal role through its contribution to industrial output, employment generation and the export earnings of the country. It contributes about 14% to the industrial production, 4% to the GDP and 11% to the country's export earnings. The textile sector is the second largest provider of employment after agriculture. Hence, growth and all around development of cotton and cotton industry has a vital bearing on the overall development of the Indian economy.

### **COTTON SCENARIO DURING THE YEAR**

Cotton is produced in India in three zones viz., Northern zone comprising the States of Punjab, Haryana and Rajasthan, Central zone comprising the States of Maharashtra, Madhya Pradesh, Gujarat and Southern zone comprising the States of Andhra Pradesh, Karnataka and Tamil Nadu. The cotton yield during the year 2012-13 is estimated at 489 kgs per hectare as against 493 kgs per hectare in previous year. The Cotton Advisory Board has placed the cotton crop for the season 2012-13 at 351 lakh bales as against 373.25 lakh bales in 2011-12. The Cotton Advisory Board has projected the cotton supply at 405 lakh bales for the year 2012-13, against which the domestic consumption is estimated at 287 lakh bales, thereby leaving an available surplus of 118 lakh bales. Even though acreage under cotton in India has reduced marginally. The cotton acreage in 2012-13 has been projected at 117.73 lakh hectares as against 121.78 lakh hectares in previous year.

### **PROGRESSIVE MOVE MADE BY GOVERNMENT IN UNION BUDGET 2013-2014**

The Union Budget 2013-2014 have cheered the textile & garment industry immensely. Central Government has made a positive move through various schemes and assistance in the Union Budget 2013-14 to regain the global competitiveness of textile industry which faced the worst ever crisis in the history during 2010-11 owing to an unprecedented volatility in the cotton prices and external factors.

There have been signs of recovery in the past few months and further improvement is expected with the support of the positive features of the Budget. Main highlights of the budget of 2013-14 for the Textile Industry are :

- ✧ Restoring the optional excise regime for branded garments and made ups which has been a long standing demand of the industry.
- ✧ Continuation of Technology Upgradation Fund Scheme (TUFS) during the 12th Five Year Plan with an investment target of Rs. 151,000 Crores.
- ✧ Reduction of custom duty from 7.5% to 5% for textile machinery which would also help to augment investments in the sector.
- ✧ A further allocation of Rs. 50 Crores for Apparel Parks and launching an Integrated Processing Development Scheme (IPDS) for 21 parks would also be an important growth factor where 42 parks are already developed. The IPDS scheme will be implemented in the 12th Plan to address the environmental concerns of the textile industry.
- ✧ Also, reduction in the interest burden for working capital and term loans to a concessional rate of 6 per cent for the handloom sector will work as a major boon for the handloom sector.
- ✧ Scheme of Fund for Regeneration of Traditional Industries (SFURTI) extended to 800 clusters during the 12th Plan.
- ✧ Companies investing Rs. 100 Crores or more in plant and machinery during the period 01.04.2013 to 31.03.2015 will be entitled to deduct an investment allowance of 15% of the investment.

The above progressive move made by the Government will provide a positive impact for accelerating overall growth of textile sector in terms of expansion & modernization. Besides generation of more employment, it is also focused on environmental issues & will certainly help the companies to reduce their carbon footprints.

**SWOT ANALYSIS****STRENGTHS & OPPORTUNITIES**

The health of textile units is primarily dependent on adequate availability of quality cottons at competitive prices. With the augmented supply of quality seed and larger production of hybrids cottons, the overall production of cotton in the season 2012-13 remained encouraging. Good demand of exports in international markets is a major opportunity for textile companies.

The domestic market for our priority categories i.e. melange & dyed yarn continue to witness healthy growth. Increased disposable income, especially among the middle class, will fuel this. Your Company enjoys a high degree of respect and trust among its customers. The Company is tapping its extensive network to reach out to increasing number of consumers. The growing market and opportunities to leverage our brand as well as distribution network represents opportunity for the Company in the domestic market as well as in international market.

**WEAKNESS AND THREATS**

Uncertainty in global markets due to various political & economic crisis, especially in the Euro zone, is the major area of threat. Overall growth in exports during 2012-2013 is near about nine percent over the previous year against the backdrop of adverse market conditions in the European Union and the US. Although the textile industry seems to have fully recovered from the losses it has incurred in the previous years, when there was a severe volatility in the cotton prices in national and international markets. Even though the domestic cotton prices are ruling three-five per cent higher than international prices in spite of India having surplus cotton overall.

The relative dependency on raw cotton which itself 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. Volatility in foreign currency exchange rates vis-a-vis indian rupee is another area of concern since a sizeable production of cotton yarn is exported by your Company.

Non-availability of manpower coupled with high labour cost prevailing in the Country. To add this, increased cost of input materials, shortage of power, increase in power cost, levy of different taxes/duties, increased interest cost etc. are the major areas of concern. Any disruption in the supply and/or violent changes in the cost structure would affect the profitability of the Company. This poses challenge for the textile Industry as well as for your Company.

We are making all positive efforts to cope up with the challenges through continuous cost reduction, process improvements, imparting training to the workforce on a continued basis, process improvements and improved customer services to mitigate the growing cost pressure.

**FUTURE OUTLOOK**

Company is well positioned in the emerging business scenario with a clear objective to enhance its market share in the domestic and international markets. Even otherwise, the Company would be benefited through its expansion projects at Baddi, Distt. Solan, Himachal Pradesh. Company look forward with all these favourable initiatives and hope for bright and positive future for its business & stakeholders.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has well defined internal control system conterminous to its nature of activities & business operations so as to safeguard its assets against loss from unauthorized use or disposition. This also ensures that all transactions are authorized, recorded and reported correctly. Efforts are made by the management to maintain a sound financial and commercial practice capable of improving the overall operational efficiency and sustainability of the business. Internal control systems and its procedures are reviewed time to time so as to ensure its proper application & to implement necessitated changes therein. 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 foreign exchange risk. In the international market, cost competitiveness is crucial. Any adverse policy measures could impact the Company's exports performance. A stronger Rupee could also erode our realization as well as margins.

b) Interest Rate Risk

For the interest rate fluctuations, the Company has adopted a potent and conservative risk mitigating strategy to minimize the interest costs efficaciously.

c) **Commodity Price Risk**

Company is exposed to the risk of price fluctuations in the domestic market as well as in international market on account of raw materials as well as finished goods. The Company smoothly manages these risks in inputs through forward booking, inventory management, proactive management of vendor development and relationships.

d) **Human Capital Risk**

To retain and attract the best talent in the textile industry is also an major area of risk & concern. The Company has taken several initiatives to mitigate this risk by providing regular management workshops & professional development programmes in the areas of integration of learning activities/skills sharpening/ team building & by creating congruent environment.

### **HEALTH AND SAFETY MEASURES**

The Company strives for continuous improvement in safety and health by practicing better work procedures, continuously improving the working conditions, monitoring and controlling work place hazards, creating awareness through active involvement and participation. Safety training and enhancement of technical competence are the two most significant areas that are addressed through the training programs in the Company.

Adhering to same, the Company has been successful in achieving new certification of IS 18001:2007 for Occupational, Health & Safety Management System (OHSMS). The Company also continues with other certifications of IS/ISO 9001:2008 Quality Management System Certificate and IS/ISO 14001:2004 Environmental Management System (EMS) Certificate, issued by Bureau of Indian Standards.

### **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The permanent employee strength of Company as on 31st March 2013 was 1219. The Company believes that its employees are at the core of its corporate purpose. They are the key to achieve its vision and are the primary source of competitive advantage. Company continues to invest in the development of its leadership, managerial & technical capabilities. Leadership Development programs are directed at developing people in consonance with the succession plan for Senior Management. Industrial relations remained cordial during the year.

### **CAUTIONARY STATEMENT**

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

Place : Chandigarh  
Dated : 29.05.2013

By order of the Board

SATISH BAGRODIA  
Chairman



**Independent Auditors' Report to the members of WINSOME TEXTILE INDUSTRIES LIMITED****Report on the financial statements**

We have audited the accompanying financial statements of **Winsome Textile Industries Limited**, which comprise the balance sheet as at 31<sup>st</sup> March 2013, and the statement of the profit and loss and the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's responsibility for the financial statements**

Management is responsible for the preparation of these financial statements that give a true and the fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountant of India. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain the reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

**Emphasis of Matter**

- 1) During the year 2010-11, the Company had issued and allotted 12,90,000 nos. GDR's entitling 6,45,00,000 (now 64,50,000 equity shares of Rs.10/- each) nos. equity shares of Re.1/- each at price of Rs.6.94 per share (including premium of Rs.5.94, now premium is Rs.59.40 on Rs. 10/- per share).

As on 31.03.2012, Rs.4,586.69 lacs (including exchange gain) was pending to be received in India against above issue made, during the year Rs.777.14 lacs, as explained, have been received/credited to account of the company in India. As stated in the note no. 2.3 balance amount of Rs. 4147.07 lacs as on 31<sup>st</sup> March 2013 (excluding amount lying in bank outside India of Rs. 13.35 lacs) is invested outside India with a money market fund.

- 2) Balances of receivable, loans and advances, trade payable and other liabilities (read with note no. 2.4) are subject to confirmation and reconciliation (note no 2.5(ii))

Our report is not qualified in respect of above matters.

**Basis for Qualified Opinion:-**

- i. *Attention is drawn to Note no. 2.5 (i) regarding non provision for shortfall in recovery (amount unascertainable) against overdue debt of Rs. 232.70 lacs as stated in the said note for which legal and other persuasive action for recovery has been initiated, 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 & surplus, receivable and profit for the year are without considering items mentioned in (i) above, the effect of which could not be determined.*

**Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described under the head "Basis for Qualified Opinion" paragraph*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the balance sheet, of the state of the affairs of the company as at 31<sup>st</sup> March 2013,
- b. In case of the statement of the profit and loss, of the profit for the year ended on that date, and
- c. In case of the cash flow statement, of the cash flows for the year ended on that date.

**Report on other legal and the regulatory requirements:**

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give the Annexure a statement on the, manners specified in the paragraphs 4 and 5 of the order.
2. As required by section 227(3) of the Act, 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, Statement of Profit & Loss and Cash Flow Statement referred to in this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement referred to in this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of Companies Act, 1956;
  - e. On the basis of the written representations received from the Directors and taken on records by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31<sup>st</sup> March 2013 from being appointed as a Director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Place : New Delhi  
Date : 29.05.2013

**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, 2013)

- 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 /update.
- (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. 2.2, 2.5, 2.9 & 2.18). Based on the audit procedure performed and information & explanation provided by the management, during the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system nor been identified by the management.
- v. a) According to the information and explanations provided by the management and based on the audit procedure performed, we are of the opinion that the particulars of the contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section; and
- b) In our opinion and according to the information and explanation given to us, having regard to para iv above, the transactions made in pursuance of such contracts or arrangements (exceeding the value of Rs. 5 Lacs in respect of each party during the financial year) have been made at prices which are generally reasonable having regard to the prevailing market prices at the relevant time.
- vi. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA Act and the rules framed there under and directives issued by the Reserve bank of India and other relevant provisions of the Act. We have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- vii. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- 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 31.03.2013.

- (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, Sales Tax and Cess that have not been deposited on account of any dispute. In our opinion and according to the information and explanations given to us, the dues in respect of 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	Excise Duty	1.44	1995-96	Asst Commissioner CESTAT
	Excise Duty	62.92	2003-04 and 2005-06	
	Excise Duty	3.57	2002-03, 2003-04 2006-07	CESTAT

# (Excluding excise show cause notices)

- 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 and banks.
- 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. According to the information and explanations given to us and on an overall examination of the financial statements, we are of the opinion that no funds raised on short term basis have been used for long term investment.
- xviii. According to the information and explanations given to us, the Company has not made any preferential allotment of shares 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.
- 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.**  
Firm Regn. No. 301051E  
Chartered Accountants

Place : New Delhi  
Date : 29.05.2013

**N.K. LODHA**  
(Partner)  
Membership No.: 85155

**BALANCE SHEET**  
AS AT 31ST MARCH, 2013

**Winsome Textile Industries Ltd.**

PARTICULARS	NOTE NO.	AS AT 31.03.2013 (Rs. in lacs)	AS AT 31.03.2012 (Rs. in lacs)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	3	1982.00	1982.00
(b) Reserves and Surplus	4	8660.32	7157.27
		<b>10642.32</b>	<b>9139.27</b>
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	5	23095.46	10371.57
(b) Deferred tax liabilities (Net)	6	1806.95	1599.44
(c) Other Long term liabilities	7	387.33	31.36
(d) Long term provisions	8	36.05	21.77
		<b>25325.79</b>	<b>12024.14</b>
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	9	10916.93	11557.86
(b) Trade payables	10	10863.23	8435.35
(c) Other current liabilities	11	4290.76	3248.18
(d) Short-term provisions	12	559.11	168.82
		<b>26630.03</b>	<b>23410.21</b>
<b>Total</b>		<b>62598.14</b>	<b>44573.62</b>
<b>II.Assets</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	13		
(i) Tangible assets		16464.09	15759.19
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		15454.25	1774.42
(b) Non-current investments	14	7.39	7.39
(c) Long term loans and advances	15	3097.92	1045.21
		<b>35023.65</b>	<b>18586.21</b>
<b>(2) Current assets</b>			
(a) Current investments	16	4147.07	-
(b) Inventories	17	11595.82	10614.96
(c) Trade receivables	18	4013.45	3662.04
(d) Cash and Bank Balances	19	979.01	5949.55
(e) Short-term loans and advances	20	6839.14	5760.86
		<b>27574.49</b>	<b>25987.41</b>
<b>Total</b>		<b>62598.14</b>	<b>44573.62</b>

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

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  
Amrit Lal Batra  
Satish Girotra

PLACE : Chandigarh  
DATED : 29.05.2013

**STATEMENT OF PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 2013**

**Winsome Textile Industries Ltd.**

<b>PARTICULARS</b>	<b>NOTE NO.</b>	<b>2012-13 (Rs. in lacs)</b>	<b>2011-12 (Rs. in lacs)</b>
Net Revenue from operations	21	35179.98	31624.47
Other income	22	400.56	504.93
<b>Total Revenue</b>		<b>35580.54</b>	<b>32129.40</b>
<b>Expenses:</b>			
Cost of materials consumed	23	16359.76	19238.68
Purchase of Stock in Trade		1670.11	1286.15
Change in inventories of finished goods, work-in-progress and Stock-in-trade	24	435.23	(341.84)
Employee benefit expense	25	2229.31	1823.40
Finance Cost	26	3735.76	2949.59
Depreciation and amortization expense	13	1173.35	1150.64
Other expenses	27	8234.33	7104.00
<b>Total Expenses</b>		<b>33837.85</b>	<b>33210.62</b>
Profit before tax		<b>1742.69</b>	<b>(1081.22)</b>
Tax expense:			
- Current Tax		378.59	-
- MAT Credit		(378.59)	-
- Deferred Tax		207.51	(159.41)
- Tax for earlier Year		23.74	0.25
<b>Profit(Loss) from the period from continuing operations</b>		<b>1511.44</b>	<b>(922.06)</b>
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discounting operations		-	-
Profit/(Loss) from Discontinuing operations		-	-
Profit/(Loss) for the period		<b>1511.44</b>	<b>(922.06)</b>
Earning per equity share:(Refer Note No. 2.19)			
- Basic		7.63	(4.65)
- Diluted		7.63	(4.65)

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**

**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  
Amrit Lal Batra  
Satish Girotra

PLACE : Chandigarh  
DATED : 29.05.2013



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

PARTICULARS	2012-2013		2011-2012	
	(Rs. in Lacs)	(Rs. in Lacs)	(Rs. in Lacs)	(Rs. in Lacs)
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>NET PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS</b>		<b>1742.69</b>		<b>(1081.22)</b>
<b>Adjustment for:</b>				
Depreciation	1173.35		1150.64	
Liability Written Back	(0.49)		(3.06)	
Effect of Exchange Fluctuation	(176.72)		197.26	
Effect of Exchange Fluctuation on translation of foreign currency cash & Cash equivalents	(0.85)		(561.92)	
Bad Debts	0.00		0.39	
Profit on sale of fixed assets ( Net)	(26.99)		(4.30)	
Leasehold land Written off	0.08		0.08	
Interest paid	3497.16		2834.86	
Interest income	(107.41)		(78.13)	
Capital Subsidy charged to p&l	(8.39)		(8.39)	
		<b>4349.74</b>		<b>3527.43</b>
		<b>6092.43</b>		<b>2446.21</b>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>				
<b>Adjustment for:</b>				
Trade & other receivable	(1154.43)		(1177.58)	
Inventories	(980.86)		1866.64	
Trade & other Payables	3055.31		3120.90	
		<b>920.02</b>		<b>3809.96</b>
<b>CASH GENERATED FROM OPERATIONS</b>		<b>7012.45</b>		<b>6256.17</b>
CDT Paid		0.00		(32.69)
Direct Taxes Paid		(6.94)		(179.76)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>7005.51</b>		<b>6043.72</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	(17253.87)		(3409.64)	
Capital Subsidy Received	0.00		30.00	
Sale of fixed assets	55.66		48.79	
Cost Sharing in Fixed Assets	0.00		32.82	
Purchase of Investments	(3887.25)		(4.29)	
Interest Received	107.41		78.13	
		<b>(20978.05)</b>		<b>(3224.19)</b>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(20978.05)</b>		<b>(3224.19)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>				
Interest paid	(3500.03)		(2855.68)	
Dividend Paid	(0.02)		(197.76)	
Repayment of Long Term Borrowings	(1892.45)		(1732.62)	
Proceeds from Long Term Borrowings	15006.67		967.66	
Net proceeds from Short term Borrowings	(613.02)		1415.95	
		<b>9001.15</b>		<b>(2402.45)</b>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>9001.15</b>		<b>(2402.45)</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>		<b>(4971.39)</b>		<b>417.08</b>
<b>Balances as at 01.04.12 ( opening balance)</b>				
Cash & Cash Equivalents	650.53		59.19	
Others	5299.02		4911.36	
		<b>5949.55</b>		<b>4970.55</b>
Effect of Exchange Fluctuation on translation of foreign currency cash & Cash equivalents		<b>0.85</b>		<b>561.92</b>
<b>Balances as at 31.03.2013 ( Closing Balance)</b>				
Cash & Cash Equivalents	121.16		650.53	
Others	857.85		5299.02	
		<b>979.01</b>		<b>5949.55</b>

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  
Amrit Lal Batra  
Satish Girotra

PLACE : Chandigarh  
DATED : 29.05.2013

**ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2013 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 assets (goods) sold are transferred to the customer and the commodity has been delivered to the shipping agent.
- (ii) Revenue from sale by-products (goods) is included in revenue from operations.

**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 generally 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 amortized 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 balance 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/attributioned 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 Statement of Profit & Loss.

**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 statement of Profit & Loss 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 recognized 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 Statement of Profit and Loss.

## **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):**

**(Rs. in lacs)**

<b>No.</b>	<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
(i)	Bills discounted with banks	2503.58	1374.86
(ii)	Excise / Service Tax Matters	81.67	81.67
(iii)	Surety Bond Executed on behalf of others (Including Entry Tax)	170.17	225.17

- (iv) Custom duty saved of Rs. 5460.96 Lacs (Previous year Rs. 2287.91 Lacs) for import of capital good made against EPCG license against which export obligations amounting to Rs. 25710.83 Lacs (Previous year 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 tax assessment.

- 2.2** Estimated amount of contracts remaining to be executed on capital account and not provided for {(net of advances Rs.3027.52 Lacs)(Previous year 1000.36 Lacs)}Rs.5405.43 Lacs (Previous year Rs. 2598.79 Lacs).
- 2.3** During the year 2010-11, the Company had issued and allotted 12,90,000 nos. GDR's entitling 6,45,00,000 (now 64,50,000 equity shares of Rs. 10/- each) nos. equity shares of Re.1/- each at a price of Rs. 6.94/- per share (including premium of Rs. 5.94/-, now premium is Rs. 59.40/- on Rs. 10/- per share).
- As on 31.03.2012, Rs. 4,586.69/- lacs (including exchange gain) was pending to be received in India against above issue made. During the year Rs. 777.14/- lacs {balance pending to be received on 31.03.2013 Rs. 4160.43 lacs (including balance in bank Rs. 13.35 lacs)}, as explained, have been received (credited to the account of the company) in India.
- Balance amount out of above (lying outside India as on 31st March 2013), pending for utilization for the purpose for which the issue was made by the company in 2010-11, have directly been transferred/invested from EURAM Bank to a money market fund.
- 2.4** Capital Payables amounting to Rs. 366.35 Lacs as assessed by the company (Previous year 6.31 Lacs) have been reflected under Other Long Term Liabilities in the balance sheet as the same is payable out of the proceeds of long-term loans.
- 2.5** (i) The company has taken legal and other persuasive actions for recovery of certain overdue debtors aggregating to Rs 232.70 Lacs (Previous Year Rs. 185.74 Lacs) {(including overdue overseas debtors of amounting to Rs.94.09 Lacs) (Previous Year 47.13 Lacs)}. In the opinion of the management, these outstanding are good and fully recoverable.
- (ii) Balance of certain receivables (including associate company Rs. 1093.07 Lacs), loans and advances (including capital advance), trade payables and other liabilities are in the process of confirmation / reconciliation.
- 2.6.** 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 useful life of fixed assets and is of the view that no impairment/reversal is considered to be necessary in view of its expected realisable value.
- 2.7** (i) 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.
- (ii) In the current year a fire occurred on 9th March, 2013 in the company's rented warehouse at Ludhiana where Inventory amounting Rs. 94.91 Lacs was destroyed and the company has filed an Insurance Claim of Rs. 87.29 lacs for the same. The management is confident about full realisability considering the fact that the goods were secured by the risk covered under the policy and assessment made by the management.
- 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	2012-13	2011-12
Pre-operative expenditure as follows:		
Opening Balance	666.66	297.28
Salary, Wages & Allowances	154.95	18.10
Traveling and Conveyance	8.56	12.23
Professional fee & Taxes	24.57	43.80
Other Borrowing Costs (Include Loan processing fees, etc.)	2.15	210.96
Interest(Net of subsidy )	511.29	65.18
Others	104.25	19.11
<b>Total</b>	<b>1472.43</b>	<b>666.66</b>
<b>Less: Allocated/Appropriated</b>	<b>37.47</b>	<b>-</b>
<b>Closing balance</b>	<b>1434.96</b>	<b>666.66</b>

- (B) The company is in process of implementation of 3.5 MW hydro power project & a new expansion project comprising a new spinning plant, a new knitting plant and modernization of existing spinning plant and expansion of existing dye house in the state of Himachal Pradesh and expenses incurred for the same till 31st March, 2013 have been included under 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 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	2012-13	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.	-	-

- 2.10.** 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) As estimated and assessed by the management certain tax deductions, Net Deferred Tax Liability of Rs. 207.51 Lacs (Previous year Rs. 159.41 lacs Net Deferred Tax Assets) have been accounted.

**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)	
		2013	2012	2013	2012
<b>I.</b>	<b>Amount to be recognised in the balance sheet.</b>				
	Present Value of Obligation as at 31st March 2013	254.16	206.50	47.50	28.95
	Fair value of plan assets as at 31st March 2013	43.37	44.86	-	-
	Funded Status [Surplus/(Deficit)]	(210.79)	(161.64)	(47.50)	(28.95)
	Net Assets/(Liability) Recognized in Balance Sheet	(210.79)	(161.64)	(47.50)	(28.95)
<b>II.</b>	<b>Expenses recognized during the period</b>				
	Current Service Cost	35.31	28.61	25.97	17.98
	Interest Cost	16.52	14.61	2.31	2.54
	Expected Return on Plan Assets	(3.38)	(2.63)	-	-
	Actuarial (gain)/loss	19.56	(7.71)	21.47	13.38
	Net Expenses Recognized	68.00	32.88	49.75	33.90
<b>III.</b>	<b>Reconciliation of opening and closing balance of Defined Benefit Obligation</b>				
	Present Value of Obligation at the beginning of the period	206.50	171.83	28.95	29.91
	Current Service Cost	35.31	28.61	25.97	17.98

Interest Cost	16.52	14.61	2.32	2.54
Actuarial (gain)/loss on obligations	20.02	4.87	21.47	13.38
Benefit Paid	(24.19)	(13.41)	(31.20)	(34.86)
Present Value of Obligation as at the end of the period	254.16	206.50	47.50	28.95
<b>IV. Reconciliation of opening and closing balance of fair value of plan assets</b>				
Fair value of plan assets at the beginning of the period	44.86	32.07	-	-
Expected Return on Plan Assets	3.37	2.63	-	-
Contributions	18.86	11.00	-	-
Actuarial gain/(loss) on obligations	0.46	12.58	-	-
Benefit Paid	(24.19)	(13.41)	-	-
Fair value of plan assets at the end of the period	43.37	44.86	-	-
<b>V. Reconciliation of opening and closing balance of fair value of plan assets</b>				
Fair value of plan assets at the beginning of the period	44.86	32.07	-	-
Actual Return on Plan Assets	3.84	15.20	-	-
Contributions	18.86	11.00	-	-
Benefit Paid	(24.19)	(13.41)	-	-
Fair value of plan assets at the end of the period	43.37	44.86	-	-
Funded Status	(210.79)	(161.64)	(47.50)	(47.50)
<b>VI. Investment Detail</b>				
All Investments are made with through LIC.				
<b>VII. Actuarial/Demographic assumptions</b>				
Indian Assure Lives Mortality Table (LIC)	2012-13	2011-12	2012-13	2011-12
Discount rate (Per annum)	1994-96	1994-96	1994-96	1994-96
Expected Return on Plan Assets (Per annum)	8.00%	8.50%	8.00%	8.50%
Estimated rate of increase in compensation level	8.00%	8.50%	8.00%	8.50%
	5.00%	6.00%	5.00%	6.00%
Retirement Age	58 Years			
Withdrawal Rate (All ages)	10.00%			
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. 121.25 Lacs (P.Y. 102.28 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** Research and Development expenditure amounting to Rs. 48.55 Lacs (Previous year Rs. 48.05 Lacs) have been debited to Statement of Profit and Loss in respective head of the accounts (As certified by the management).

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

(Rs. In Lacs)		
Particulars	2012-13	2011-12
Audit Fee	2.65	2.65
Tax Audit Fee	0.39	0.39
Certification Fees	1.25	1.25
Reimbursement of expenses	1.13	0.74
<b>Total</b>	<b>5.42</b>	<b>5.03</b>



(b)	<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
	Cost Audit Fee	<b>0.50</b>	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. 18.20 Lacs (Previous year Rs.1.58 Lacs) include Quality Claims Rs. 9.11 Lacs (Previous year Nil), legal & professional Rs.5.06 Lacs (Previous year Rs. 0.61 Lacs) and Rent Rs. 4.03 Lacs (Previous year Nil)

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

**(Rs. In Lacs)**

<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
(i) Salary & HRA	49.00	47.88
(ii) Contribution to Provident Fund & Family Pension Funds	4.92	4.82
(iii) Perquisites & Other Benefits	3.16	3.16
<b>Total</b>	<b>57.08</b>	<b>55.86</b>

Note: 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, Fabric 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)**

<b>Particulars</b>	<b>India</b>	<b>Outside India</b>	<b>Total</b>
(i) External Revenue-Sales	23945.49	11137.83	35083.32
Less: Excise duty	0.33	0.00	0.33
External Revenue-Sales (Net)	23945.16 (17490.79)	11137.83 (14108.09)	35082.99 (31598.88)
(ii) Carrying amount of segment assets by location of assets	54938.08 (38299.56)	6871.10 (5805.37)	61809.18 (44104.93)
(iii) Capital Expenditure	15586.75 (3409.64)	(Nil) (Nil)	15586.75 (3409.64)

**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

**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 from/to enterprises under the same management:**
**(Rs. In lacs)**

	<b>2012-13</b>		<b>2011-12</b>	
	Maximum Amount Due at any time during the year	Balance as at 31.03.2013	Maximum Amount Due at any time during the year	Balance as at 31.03.2012
Winsome Yarns Limited (Receivable)	<b>1093.07</b>	<b>1093.07</b>	1086.96	1086.96
Winsome Textile Industries FZE, UAE (Payable, Receivable in Previous Year)	484.31	484.31	3.57	3.57

**Transactions with the Related Parties during the year ended 2012-13**
**(Rs. In lacs)**

<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
<b>Winsome Yarns Ltd.</b>		
Sale of material & goods and services	<b>6.37</b>	246.27
Expenses reimbursed to others	<b>8.26</b>	7.18
Expenses reimbursed by others	<b>7.99</b>	6.12
Balance outstanding at year end (Refer note no 2.5 (ii))	<b>1093.07</b>	1086.96
<b>Sh. Satish Bagrodia</b>		
Remuneration	<b>25.03</b>	25.03
Balance Outstanding	<b>1.20</b>	1.54
<b>Sh. Ashish Bagrodia</b>		
Remuneration	<b>32.05</b>	30.83
Balance Outstanding	<b>2.18</b>	2.05
<b>Sh. Manish Bagrodia</b>		
Director Sitting Fees	<b>0.25</b>	0.35
<b>Starpoint Financial Services (P) Ltd</b>		
-Rent Paid	<b>27.19</b>	21.31
<b>Winsome Textile Industries FZE, UAE</b>		
Investment made during the year	-	4.29
Advances made during the year	<b>0.82</b>	3.57
Advances taken during the year	<b>488.70</b>	NIL
Balance outstanding at year end	<b>(484.31)</b>	3.57

Note: Chairman and Managing Director have given personal guarantees to secured lenders against loans taken by the company (Refer notes of Note - 5 & 9)

**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)**

<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
Net Profit/(Loss) attributable to Equity Shareholders (Rs. in lacs)	1511.44	(922.06)
Weighted average number of equity shares	1,98,20,000	19820000
Nominal Value per equity share (Rs.)	10.00	10.00
Basic EPS (Rs.)	7.63	(4.65)
Diluted EPS (Rs.)	7.63	(4.65)

**2.20.** Based upon Future plans, management expects to generate taxable income in the near future (in next twelve months) which will enable it to utilise MAT credit entitlement of Rs. 788.97 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	2012-13	2011-12
Cotton	13379.00	15187.30
Packing Material	489.27	478.80
Others	2491.49	3572.58
<b>Total</b>	<b>16359.76</b>	<b>19238.68</b>

**(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			
	2012-13	%	2011-12	%	2012-13	%	2011-12	%
Imported	186.39	1.15	217.67	1.13	125.52	5.03	81.64	4.75
Indigenous	16173.37	98.85	19021.01	98.87	2372.31	94.97	1636.28	95.25
<b>Total</b>	<b>16359.76</b>	<b>100.00</b>	<b>19238.68</b>	<b>100.00</b>	<b>2497.83</b>	<b>100.00</b>	<b>1717.92</b>	<b>100.00</b>

**(c) Detail of Work in Progress : (as certified by the management)**

**(Rs. in Lacs)**

Particulars	2012-13	2011-12
	Amount	Amount
Fleece	1338.47	936.96
Roving	216.97	156.83
Yarn	910.54	822.63
<b>Total</b>	<b>2465.98</b>	<b>1916.42</b>

**(d) Detail of Traded Goods \***

**(Rs. in Lacs)**

Particulars	2012-13		2011-12	
	Purchases	Sales	Purchases	Sales
Yarn	1670.11	1746.80	532.88	796.41
Cotton	NIL	NIL	753.27	681.42
<b>Total</b>	<b>1670.11</b>	<b>1746.80</b>	<b>1286.15</b>	<b>1477.83</b>

\*Opening stock and closing stock Nil (Previous Year Nil)

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

**(Rs. in Lacs)**

Particulars	2012-13	2011-12
Raw Material	80.15	193.28
Capital goods	531.86	12.75
Spare Parts & Components	125.51	78.05
<b>Total</b>	<b>737.52</b>	<b>284.08</b>
<b>Earnings in Foreign Exchange</b>		
Exports of goods on FOB basis (excluding export through export houses & EOU)	10175.98	12679.55

(Rs. in lacs)

<b>(f) Expenditure in Foreign currency:</b>	<b>2012-13</b>	<b>2011-12</b>
Foreign Traveling	<b>32.69</b>	31.26
Commission and other expenses	<b>94.77</b>	90.52
Expenses on GDR	<b>0.00</b>	0.15
Bank Charges	<b>0.58</b>	0.00
Interest paid	<b>245.19</b>	196.05

**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)	
		2012-13	2011-12	2012-13	2011-12
Sundry Debtors	USD	<b>2020240.80</b>	1323453.34	<b>1087.39</b>	672.15
	Euro	<b>111945.42</b>	64148.52	<b>69.94</b>	36.68
Advances from Customers	USD	<b>970646.09</b>	300871.32	<b>512.63</b>	140.70
Sundry Creditors	USD	<b>72080.80</b>	63690.56	<b>35.12</b>	30.17
	CHF	<b>NIL</b>	6906.87	<b>NIL</b>	2.28
	Euro	<b>10927.08</b>	13275.34	<b>6.45</b>	7.64
	GBP	<b>NIL</b>	NIL	<b>NIL</b>	Nil
Advances to Suppliers	USD	<b>250789.79</b>	22928.90	<b>136.09</b>	11.01
	CHF	<b>247047.68</b>	52492.50	<b>144.59</b>	25.27
	Euro	<b>1648034.19</b>	32623.10	<b>1150.56</b>	21.72
	GBP	<b>244.00</b>	NIL	<b>0.22</b>	NIL
Investment in Money Market	USD	<b>7637303.50</b>	NIL	<b>4147.07</b>	Nil
Foreign Currency Loan	USD	<b>5521493.32</b>	5795963.00	<b>2930.92</b>	2874.06
Loans PCFC	USD	<b>23361.67</b>	4367953.44	<b>12.51</b>	2291.98
Balance with Banks					
- Escrow Account	USD	<b>NIL</b>	9014500.00	<b>NIL</b>	4586.68
- Other	USD	<b>24610.61</b>	NIL	<b>13.35</b>	NIL
Foreign Commission Payable	USD	<b>87849.96</b>	108117.02	<b>47.71</b>	55.01

**(B)** Forward Contracts of Rs. 1936.52 Lacs US \$35.58 Lacs (Previous Year Rs. 506.00 Lacs-US \$ 10.00 Lacs) taken for the purpose of hedging of debtors are outstanding as at 31.03.13.

**(C)** Above to be read with note no. 2.3.

**2.24.** Figures for the previous year have been re-grouped/recast where ever necessary to make them comparable with those of current year.

As per our report of even date.  
For LODHA & CO.  
Chartered Accountants  
Firm Registration No. 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  
Amrit Lal Batra  
Satish Girotra

PLACE : Chandigarh  
DATED : 29.05.2013

**NOTES****Winsome Textile Industries Ltd.**

PARTICULARS	AS AT	AS AT
	31.03.2013 (Rs. in lacs)	31.03.2012 (Rs. in lacs)
<b>NOTE 3</b>		
<b>SHARE CAPITAL</b>		
<b>1. AUTHORISED</b>		
2,49,50,000 (P.Y.: 2,49,50,000 Equity Shares of Re.10/- each)	2495.00	2495.00
Equity Shares of Rs.10/- each		
5,000 (P.Y.: 5000) Preference Share of Rs. 100/- each	5.00	5.00
	<u>2500.00</u>	<u>2500.00</u>
<b>ISSUED,SUBSCRIBED &amp; FULLY PAID UP</b>		
1,98,20,000 (P.Y.: 1,98,20,000 Equity Shares of Rs.10/- each)	1982.00	1982.00
Equity Shares of Rs.10/- each	<u>1982.00</u>	<u>1982.00</u>

**3.1 Rights & Restrictions of Shareholders:**

3.1.1 The Company has only one class of Equity Shares having face value of Rs. 10/- each (Previous Year Re. 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. 3.1.2 below). Each shareholder have the right in profit/surplus in proportion to amount paid up with respect to share holder. This is to be read with note no. 2.3.

3.1.2 The GDR shareholding (12,90,000 nos. of GDRs. representing Equity shares of Rs. 10 each are 64,50,000) which is standing in the name of Bank of New York Mellon, as Depositary, has right to dividend, do not have any right to vote.

3.1.3 In the event of winding up, the equity shareholders (including GDR holders) 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.

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

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)	6450000	6450000
Roselab Commodities Pvt. Ltd.	3410498	3393168
Kailashpati Vinimay Pvt. Ltd.	3005031	2991031
Landscape Traders Pvt. Ltd.	1332092	1332092
Arpit Agencies Pvt Ltd.	1290799	1290799

**3.3 Reconciliation of Equity Share Capital**

	As on 31.03.2013	As on 31.03.2012
	No. of Shares	No. of Shares
Shares Outstanding at the beginning of the year	19820000	19820000
Issued during the year	—	—
Buy Back during the year	—	—
Shares Outstanding at the end of the year	19820000	19820000

3.4 No bonus/Buy back/Issue of shares otherwise then receipt of cash during the preceeding five years.

**NOTES****Winsome Textile Industries Ltd.**

PARTICULARS	AS AT 31.03.2013 (Rs. in lacs)		AS AT 31.03.2012 (Rs. in lacs)	
<b>NOTE 4</b>				
<b>RESERVES &amp; SURPLUS</b>				
<b>Capital Reserve</b>				
As per last Balance Sheet	46.68		46.68	
Add: Addition during the year	—		—	
Less: Adjustments	<u>—</u>	46.68	<u>—</u>	46.68
<b>Investment Allowance (Utilized) Reserve</b>				
As per last Balance Sheet	184.00		184.00	
Add: Addition during the year	—		—	
Less: Adjustments	<u>—</u>	184.00	<u>—</u>	184.00
<b>Securities Premium Reserve</b>				
As per last Balance Sheet	5131.46		5131.46	
Add: Addition during the year	—		—	
Less: Adjustments	<u>—</u>	5131.46	<u>—</u>	5131.46
<b>General Reserve</b>				
As per last Balance Sheet	68.55		68.55	
Add: Addition during the year	—		—	
Less: Adjustments	<u>—</u>	68.55	<u>—</u>	68.55
<b>Capital Subsidy Under Tuffs</b>				
As per last Balance Sheet	109.03		117.42	
Add: Addition during the year	—		—	
Less: Transfer to Statement of Profit and Loss	<u>8.39</u>	100.64	<u>8.39</u>	109.03
<b>Surplus in Statement of Profit and Loss from Previous Year</b>	1617.55		2539.61	
Profit /(Loss) for the year	<u>1511.44</u>		<u>(922.06)</u>	
Surplus in Profit and Loss Statement carried to Balance Sheet		3128.99		1617.55
		8660.32		7157.27

	Non Current		Current	
	31.03.2013 (Rs. in Lacs)	31.03.2012 (Rs. in Lacs)	31.03.2013 (Rs. in Lacs)	31.03.2012 (Rs. in Lacs)

**NOTE-5****LONG TERM BORROWINGS****SECURED LOANS**

Term Loan				
- From Banks	22556.60	9302.22	1674.64	1285.11
Working Capital Term Loan	495.50	995.75	500.25	500.24
Vehicle Loans	43.36	73.60	33.93	33.14
	<b>23095.46</b>	10371.57	<b>2208.82</b>	1818.49

Less : Current maturities of long term, borrowings

(Disclosed under Other Current Liabilities under

Note No. 11)

	–	–	2208.82	1818.49
	<b>23095.46</b>	10371.57	–	–

**Notes:**

- Term Loans and Working Capital Term Loans from Banks of Rs. 25226.99 Lacs (P.Y. Rs. 12083.32 lacs) are secured by Joint Equitable Mortgage by deposit of title deeds on company's immovable properties (present and future) and expansion project of the company 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	0 – 1 years	1-2 years	2-3 years	after 3 years
(in lacs)	2174.89	4108.51	3816.28	15127.31

- Vehicle Finance carrying interest of Rs. 77.29 Lacs (P.Y. 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	0 – 1 years	1-2 years	2-3 years	after 3 years
(in lacs)	33.93	26.14	13.11	4.11

- 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**

	Rs. in Lacs As at 31.03.2013	Rs. in Lacs As at 31.03.2012
<b>Deferred Tax Liability</b>		
Depreciation	2726.06	2539.55
<b>Deferred Tax Assets</b>		
Unabsorbed Depreciation	766.76	895.93
Other items	152.35	44.18
	<b>919.11</b>	<b>940.11</b>
Deferred Tax Liability (Net)	<b>1806.95</b>	<b>1599.44</b>



# NOTES

# Winsome Textile Industries Ltd.

PARTICULARS	AS AT 31.03.2013 (Rs. in lacs)	AS AT 31.03.2012 (Rs. in lacs)
<b>NOTE 7</b>		
<b>OTHER LONG TERM LIABILITIES</b>		
Employees Advance	20.98	25.05
Capital Payable (Refer Note no. 2.4 & 2.9)	366.35	6.31
	<u>387.33</u>	<u>31.36</u>
<b>NOTE 8</b>		
<b>LONG TERM PROVISIONS</b>		
Provision for Employees Benefits	36.05	21.77
	<u>36.05</u>	<u>21.77</u>
<b>NOTE 9</b>		
<b>SHORT TERM BORROWINGS</b>		
<b>SECURED LOANS</b>		
Working Capital Demand loan from Banks	2992.80	2951.44
Cash Credit	2131.58	2881.24
Packing Credit	5792.55	5725.18
	<u>10916.93</u>	<u>11557.86</u>
<p>1. Working Capital Demand loans from bank includes Cash Credit, Packing Credit are secured by First Charge by Hypothecation of inventory receivables Bills, and other chargeable current assets both present and future and by Second Charge on entire Fixed Assets of the Company on Pari-passu basis with Working Capital lenders.</p> <p>2. The aforesaid credit facilities mentioned above is also secured by personal guarantee of Chairman &amp; Whole Time Director and Managing Director.</p>		
<b>NOTE 10</b>		
<b>TRADE PAYABLES</b>		
Acceptances	6880.34	6412.72
Others (Refer Note no 2.9)	3982.89	2022.63
	<u>10863.23</u>	<u>8435.35</u>
<b>NOTE 11</b>		
<b>OTHER CURRENT LIABILITES</b>		
Current Maturities of long term borrowings	2208.82	1818.49
Interest accrued but not due on borrowings	2.80	5.68
Advance from customers	80.88	173.59
Advances from Subsidiary	488.70	0.00
Unclaimed dividends*	1.05	1.07
Others Payable		
- Statutory Dues	247.80	130.16
- Other Liability (Refer Note no 2.9)	1260.71	1119.19
	<u>4290.76</u>	<u>3248.18</u>
<p>* Shall be credited to Investor's Education &amp; Protection Fund when due</p>		
<b>NOTE 12</b>		
<b>SHORT TERM PROVISIONS</b>		
Employees Benefits	222.24	168.82
Others		
- Provision for Taxation (Net of Advance payment of Taxes)	336.87	—
	<u>559.11</u>	<u>168.82</u>

**NOTE-13 : FIXED ASSETS**

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION				NET CARRYING AMOUNT		(Rs. in Lacs)
	As at 31.03.2012	Additions/ Adjustments	Sales/ Adjustments	As at 31.3.2013	Upto 31.03.2012	For the year	Sale/ Adjustments	Upto 31.3.2013	As at 31.3.2013	As at 31.3.2012	
<b>(i) Tangible Asset</b>											
Land -Freehold	1540.19	150.09	-	1690.28	-	-	-	-	1690.28	1540.19	
- Leasehold	5.91	-	0.08	5.83	-	-	-	-	5.83	5.91	
Buildings *	2574.06	64.09	-	2638.15	855.99	77.73	-	933.72	1704.43	1718.07	
Plant & Equipments	20587.62	1669.84	197.39	22060.07	8405.17	1055.65	174.71	9286.11	12773.96	12182.45	
Furniture and Fixtures	123.94	7.06	-	131.00	72.99	5.01	-	78.00	53.00	50.95	
Vehicles**	257.51	6.29	9.84	253.96	57.72	24.23	3.93	78.02	175.94	199.79	
Office Equipments	178.67	9.55	-	188.22	116.84	10.73	-	127.57	60.65	61.83	
	<b>25267.90</b>	<b>1906.92</b>	<b>207.31</b>	<b>26967.51</b>	<b>9508.71</b>	<b>1173.35</b>	<b>178.64</b>	<b>10503.42</b>	<b>16464.09</b>	<b>15759.19</b>	
<b>Previous Year</b>	<b>23699.13</b>	<b>1638.34</b>	<b>69.57</b>	<b>25267.90</b>	<b>8383.15</b>	<b>1150.64</b>	<b>25.08</b>	<b>9508.71</b>			

**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.6.01 Lacs ( Previous Year Rs.6.90 lacs).

\*\* Vehicle includes assets of Rs.197.30 lacs ( Previous Year Rs.191.07 lacs) acquired under Hire Purchase Finance.

# Winsome Textile Industries Ltd.

PARTICULARS	AS AT 31.03.2013 (Rs. in lacs)	AS AT 31.03.2012 (Rs. in lacs)
<b>NOTE 14</b>		
<b>NON CURRENT INVESTMENTS</b>		
<b>Trade Investments</b>		
Unquoted		
Investment in Subsidiary company	4.29	4.29
1 Equity Share of 35000 UAE Dirhams in Winsome Textile Industries FZE (Previous year 1 Equity Share of 35000 UAE Dirhams)		
<b>Other Investment</b>		
Unquoted		
31000 Equity Shares of Rs. 10/- each in Shivalik solid waste management Ltd. (Previous year 31000 Equity Shares of Rs. 10/- each)	3.10	3.10
	<u>7.39</u>	<u>7.39</u>
<b>(Aggregate amount of unquoted investment)</b>	<b>7.39</b>	<b>7.39</b>
<b>NOTE 15</b>		
<b>LONG TERM LOANS &amp; ADVANCES (Refer Note No. 2.11(i))</b>		
Unsecured considered Good:		
Capital Advances	3027.52	1000.36
Deposits with Government Authorities & others	70.40	44.85
	<u>3097.92</u>	<u>1045.21</u>
<b>NOTE 16</b>		
<b>CURRENT INVESTMENTS (Refer Note No. 2.3)</b>		
Unquoted		
Investment in Money Market	4147.07	—
7,568 non-voting redeemable participating shares of USD 1000/- each in Aries Money Market Fund Ltd. (Previous year nil)		
	<u>4147.07</u>	<u>—</u>
<b>NOTE 17</b>		
<b>INVENTORIES</b>		
<b>As taken, valued and certified by the management</b>		
<b>(At lower of Cost and Net Realisable value)</b>		
Raw Materials	6583.98	5248.64
Stock in Process	2465.98	1916.42
Stores & Spares	509.11	392.81
Finished Goods {(Including GIT amounting Rs. 262.85 Lacs (PY: 476.04 Lacs))}	1974.51	2959.30
Waste (At net realizable value)	62.24	97.79
{including scrap of Rs. 1.74 Lacs (Previous Year Rs 2.19 lacs)}	<u>11595.82</u>	<u>10614.96</u>
<b>NOTE 18</b>		
<b>TRADE RECEIVABLES (Refer Note no. 2.11(i))</b>		
(Unsecured, considered good, unless otherwise stated)		
Exceeding six months from due date		
- Good	239.49	280.67
- Doubtful	—	0.39
Less : Allowances for Bad & Doubtful debts	<u>—</u>	<u>0.39</u>
Other Debts	3773.96	3381.37
	<u>4013.45</u>	<u>3662.04</u>

# Winsome Textile Industries Ltd.

PARTICULARS	AS AT 31.03.2013 (Rs. in lacs)	AS AT 31.03.2012 (Rs. in lacs)
<b>NOTE 19</b>		
<b>CASH &amp; BANK BALANCES</b>		
<b>Cash &amp; Cash Equivalents</b>		
- Cash on hand (As certified by management)	—	—
- Balance in Travel card	—	0.06
<b>Balances with Bank</b>		
- on Current Accounts	121.16	650.47
<b>Earmarked balances (As certified by management)</b>		
- on Escrow Accounts	—	4586.69
- In United Arab Bank@	13.35	
- on Fixed Deposit*	105.57	88.08
- on Unclaimed Dividend Account	1.05	1.06
<b>Other Bank Balances</b>		
- on Fixed Deposit\$	737.88	623.19
	<u>979.01</u>	<u>5949.55</u>

@ To be read with note no. 2.3

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

\$ Includes FDR's of maturity of more than 12 months Rs. 121.94 Lacs (Previous Year Rs. 248.94 Lacs)

## NOTE 20

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

(Unsecured, unless otherwise stated)

Advances to suppliers	4581.92	3373.98
Advances to subsidiary Companies	4.39	3.57
Interest Subsidy on Term Loans Receivable	315.22	362.74
Refund/ Claim Receivable	263.33	414.76
Balance with Excise and Sales tax Authorities	87.70	46.54
Export Incentives Receivables	525.44	793.16
MAT Credit Entitlements (Refer Note no. 2.20)	788.97	458.84
Income Tax Advance Payments (Net of Provision of Income Tax)	—	9.85
Others	272.17	297.42
	<u>6839.14</u>	<u>5760.86</u>

## NOTE 21

### REVENUE FROM OPERATION

Sale of Products			
- Yarn#	31588.67	28387.35	
- Others	725.95	505.20	
- Trading Sale	1746.80	1477.83	30370.38
Sale of Services			
- Processing Income	0.52		175.57
Other operating revenues:			
- Waste & Scrap Sales	1021.05	1052.93	
- Insurance Claim (Refer Note No. 2.7(ii))	88.60	17.20	
- Pro-rata Capital Subsidy	8.39	8.39	1078.52
(Read with Significant Accounting Policies in Note no. 1.7(iii))			
	<u>35179.98</u>		<u>31624.47</u>

# including Export Incentives of Rs. 543.54 Lacs (P.Y. 882.23 lacs)

# Winsome Textile Industries Ltd.

PARTICULARS	AS AT 31.03.2013 (Rs. in lacs)	AS AT 31.03.2012 (Rs. in lacs)
<b>NOTE 22</b>		
<b>OTHER INCOME</b>		
Interest Income	107.41	78.13
Liabilities Written back	0.49	3.06
Exchange Rate Variation Gain	262.82	414.58
Miscellaneous Income	1.77	3.78
Profit/(Loss) on sale of Assets (Net)	26.99	4.30
Rent Received	1.08	1.08
	<u>400.56</u>	<u>504.93</u>
<b>NOTE 23</b>		
<b>COST OF MATERIAL CONSUMED</b>		
Raw Material	15870.49	18759.88
Packing Material	489.27	478.80
	<u>16359.76</u>	<u>19238.68</u>
<b>NOTE 24</b>		
<b>CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Closing Stock</b>		
Finished Goods	1974.51	2959.30
Work in progress	2465.98	1916.42
	(A) <u>4440.49</u>	<u>4875.72</u>
<b>Opening Stock</b>		
Finished Goods	2959.30	3052.59
Work in progress	1916.42	1481.29
	(B) <u>4875.72</u>	<u>4533.88</u>
(Increase)/Decrease in Stocks (B-A)	<u>435.23</u>	<u>(341.84)</u>
<b>NOTE 25</b>		
<b>EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages & Other allowances	1981.82	1640.09
Contribution to Provident and other Funds	223.04	139.05
Employees' Welfare and other Benefits	24.45	44.26
	<u>2229.31</u>	<u>1823.40</u>
<b>NOTE 26</b>		
<b>FINANCE COST</b>		
Interest Expenses	3497.16	2834.86
(Net of reimbursement under TUFF Rs. 665.35 Lacs (Previous year Rs. 593.91lacs))		
Exchange difference on borrowings (Net)- (gain)/loss	238.60	114.73
	<u>3735.76</u>	<u>2949.59</u>
<b>NOTE 27</b>		
<b>OTHER EXPENSES</b>		
Conversion Charges	69.89	92.82
Consumption of Stores and spares	2497.83	1717.92
Power and Fuel	3275.83	2652.24
Rent	54.44	40.80
Repairs to Buildings	22.76	27.29
Repairs to Machinery	50.90	39.35
Insurance	73.43	52.79
Freight & Handling Charges	581.92	664.32
Advertisement and sales promotion	2.41	3.57
Directors Fee	0.75	1.10
Commission	484.12	511.29
Bad Debts	-	0.39
Bank Charges	70.56	130.21
Exchange Loss	229.19	525.93
Printing & Stationery, Postage, Telephone, Traveling, and other Miscellaneous Expenses	820.30	643.98
	<u>8234.33</u>	<u>7104.00</u>

**SECTION 212**

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

Name of 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			
			For Current Financial Year		For Previous Financial Year	
	Equity (Nos.)	Extent of holding (% age)	Dealt with in the accounts of Winsome Textile Industries Limited for the year ended 31st March, 2013	Not dealt with in the accounts of Winsome Textile Industries Limited for the year ended 31st March, 2013	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
Winsome Textile Industries FZE	1	100%	Rupees in Lacs	Rupees in Lacs	Rupees in Lacs	Rupees in Lacs
			—	8.33	—	7.52

**Note:**

**The financial year of Winsome Textile Industries FZE is 1st April, 2012 to 31st March, 2013**

**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS****TO THE BOARD OF DIRECTORS OF WINSOME TEXTILE INDUSTRIES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENT OF WINSOME TEXTILE INDUSTRIES LIMITED, IT'S SUBSIDIARIES AND ASSOCIATE**

We have audited the accompanying consolidated financial statements of Winsome Textile Industry Limited and its subsidiary (collectively referred to as "the Group"), which comprises the Consolidated Balance Sheet as at 31st March 2013, and the statement of the Consolidated Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Emphasis of Matter**

- 1) During the year 2010-11, the Company had issued and allotted 12,90,000 nos. GDR's entitling 6,45,00,000 (now 64,50,000 equity shares of Rs.10/- each) nos. equity shares of Re.1/- each at price of Rs.6.94 per share (including premium of Rs.5.94, now premium is Rs.59.40 on Rs.10/- per share).

As on 31.03.2012, Rs.4,586.69 lacs (including exchange gain) was pending to be received in India against above issue made, during the year Rs.777.14 lacs, as explained, have been received / credited to the account of the company in India. As stated in the note no. 2.3 balance amount of Rs. 4147.07 lacs as on 31st March 2013 (excluding amount lying in bank outside India of Rs. 13.35 lacs) is invested outside India with a money market fund.

- 2) Balances of receivable, loans and advances, trade payable and other liabilities (read with note no. 2.4) are subject to confirmation and reconciliation (note no 2.5(ii)).

Our report is not qualified in respect of above matters.

**Basis for Qualified Opinion:-**

*Attention is drawn to Note no. 2.5 (i) regarding non provision for shortfall in recovery (amount unascertainable) against overdue debt of Rs. 232.70 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, receivable and profit for the year are without considering items mentioned in 2(i) above, the effect of which could not be determined.*



**Qualified Opinion:-**

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described under the head "Basis for Qualified Opinion" paragraph*, the consolidated financial statements 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 state of affairs of the Group as at 31st March, 2013;
- (b) In the case of consolidated Statement of Profit & Loss, of the Profit for the year ended on that date; and
- (c) In the case of consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**Other Matters**

We did not audit the financial statements of a subsidiary. Its financial statements reflect total assets of Rs. 549.18 lacs as at 31st March 2013, total revenue of Rs. 1,303.83 lacs and total cash flow of Rs. 2.87 lacs for the year then ended. These financial statements have been audited by other auditor whose reports have been furnished to us by the management and our opinion is solely based on the report of the other auditor.

**For Lodha & Co.**

Chartered Accountants

FRN:- 301051E

Place : New Delhi

Date : 29.05.2013

N.K. LODHA

Partner

M. No.: 85155

**CONSOLIDATED BALANCE SHEET**  
AS AT 31ST MARCH, 2013

**Winsome Textile Industries Ltd.**

PARTICULARS	NOTE NO.	AS AT 31.03.2013 (Rs. in lacs)	AS AT 31.03.2012 (Rs. in lacs)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	3	1982.00	1982.00
(b) Reserves and Surplus	4	8679.00	7166.13
		<u>10661.00</u>	<u>9148.13</u>
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	5	23095.46	10371.57
(b) Deferred tax liabilities (Net)	6	1806.95	1599.44
(c) Other Long term liabilities	7	387.33	31.36
(d) Long term provisions	8	36.05	21.77
		<u>25325.79</u>	<u>12024.14</u>
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	9	10916.93	11557.86
(b) Trade payables	10	11388.16	8468.89
(c) Other current liabilities	11	3803.90	3249.85
(d) Short-term provisions	12	559.11	168.82
		<u>26668.10</u>	<u>23445.42</u>
<b>Total</b>		<u><u>62654.89</u></u>	<u><u>44617.69</u></u>
<b>II.Assets</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	13		
(i) Tangible assets		16464.09	15759.19
(ii) Intangible assets		—	—
(iii) Capital work-in-progress		15454.25	1774.42
(b) Non-current investments	14	3.10	3.10
(c) Long term loans and advances	15	3097.92	1045.21
		<u>35019.36</u>	<u>18581.92</u>
<b>(2) Current assets</b>			
(a) Current investments	16	4147.07	—
(b) Inventories	17	11595.82	10614.96
(c) Trade receivables	18	4074.42	3711.28
(d) Cash and Bank Balances	19	983.47	5952.24
(e) Short-term loans and advances	20	6834.75	5757.29
		<u>27635.53</u>	<u>26035.77</u>
<b>Total</b>		<u><u>62654.89</u></u>	<u><u>44617.69</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

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  
Amrit Lal Batra  
Satish Girotra

PLACE : Chandigarh  
DATED : 29.05.2013

**CONSOLIDATED STATEMENT OF PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST MARCH, 2013**

**Winsome Textile Industries Ltd.**

<b>PARTICULARS</b>	<b>NOTE NO.</b>	<b>2012-2013 (Rs. in lacs)</b>	<b>2011-2012 (Rs. in lacs)</b>
Net Revenue from operations	21	36442.07	32669.49
Other income	22	400.56	504.93
<b>Total Revenue</b>		<b>36842.63</b>	<b>33174.42</b>
<b>Expenses:</b>			
Cost of materials consumed	23	16359.76	19238.68
Purchase of Stock in Trade		2905.37	2308.94
Change in inventories of finished goods, work-in-progress and Stock-in-trade	24	435.23	(341.84)
Employee benefit expense	25	2232.74	1826.32
Finance Cost	26	3735.76	2949.59
Depreciation and amortization expense	13	1173.35	1150.64
Other expenses	27	8249.40	7115.79
<b>Total Expenses</b>		<b>35091.61</b>	<b>34248.12</b>
Profit before tax		<b>1751.02</b>	<b>(1073.70)</b>
Tax expense:			
- Current Tax		378.59	—
- MAT Credit		(378.59)	—
- Deferred Tax		207.51	(159.41)
- Tax for earlier Year		23.74	0.25
<b>Profit(Loss) from the period from continuing operations</b>		<b>1519.77</b>	<b>(914.54)</b>
Profit/(Loss) from discontinuing operations		—	—
Tax expense of discounting operations		—	—
Profit/(Loss) from Discontinuing operations		—	—
<b>Profit/(Loss) for the period</b>		<b>1519.77</b>	<b>(914.54)</b>
Earning per equity share:(Refer Note No. 2.12)			
- Basic		7.67	(4.61)
- Diluted		7.67	(4.61)
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**

**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  
Amrit Lal Batra  
Satish Girotra

PLACE : Chandigarh  
DATED : 29.05.2013

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

PARTICULARS	2012-2013		2011-2012	
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>NET PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS</b>		<b>1751.02</b>		<b>(1073.70)</b>
<b>Adjustment for:</b>				
Depreciation	1173.35		1150.64	
Liability Written Back	(0.49)		(3.06)	
Exchange Fluctuation	(176.72)		197.26	
Effect of Exchange Fluctuation on translation of foreign currency cash & Cash equivalents	(0.85)		(561.92)	
Bad Debts	0.00		0.39	
Profit on sale of fixed assets ( Net)	(26.99)		(4.30)	
Leasehold land Written off	0.08		0.08	
Interest paid	3497.16		2834.86	
Interest income	(107.41)		(78.13)	
Capital Subsidy charged to p&l	(8.39)	<b>4349.74</b>	(8.39)	<b>3527.43</b>
		<b>6100.76</b>		<b>2453.73</b>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>				
<b>Adjustment for:</b>				
Trade & other receivable	(1165.35)		(1223.24)	
Inventories	(980.86)		1866.64	
Trade & other Payables	3058.18	<b>911.97</b>	3156.10	<b>3799.50</b>
<b>CASH GENERATED FROM OPERATIONS</b>		<b>7012.73</b>		<b>6253.23</b>
CDT Paid		0.00		(32.69)
Direct Taxes Paid		(6.94)		(179.76)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>7005.79</b>		<b>6040.78</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	(17253.87)		(3409.64)	
Capital Subsidy Received	0.00		30.00	
Sale of fixed assets	55.66		48.79	
Cost Sharing in Fixed Assets	0.00		32.82	
Purchase of Investments	(3887.25)		-	
Interest Received	107.41	<b>(20978.05)</b>	78.13	<b>(3219.90)</b>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(20978.05)</b>		<b>(3219.90)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>				
Interest paid	(3500.03)		(2855.68)	
Dividend Paid	(0.02)		(197.76)	
Repayment of Long Term Borrowings	(1892.45)		(1732.62)	
Proceeds from Long Term Borrowings	15006.67		967.66	
Net proceeds from Short term Borrowings	(613.02)	<b>9001.15</b>	1415.95	<b>(2402.45)</b>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>9001.15</b>		<b>(2402.45)</b>
<b>(D) CHANGES IN CURRENCY FLUCTUATION RESERVE ARISING ON CONSOLIDATION</b>		<b>1.49</b>		<b>1.34</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>		<b>(4969.62)</b>		<b>419.77</b>
<b>Balances as at 01.04.12 ( opening balance)</b>				
Cash & Cash Equivalents	653.22		59.19	
Others	5299.02	<b>5952.24</b>	4911.36	<b>4970.55</b>
Effect of Exchange Fluctuation on translation of foreign currency cash & Cash equivalents		<b>0.85</b>		<b>561.92</b>
<b>Balances as at 31.03.2013 ( Closing Balance)</b>				
Cash & Cash Equivalents	125.62		653.22	
Others	857.85	<b>983.47</b>	5299.02	<b>5952.24</b>

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  
Amrit Lal Batra  
Satish Girotra

PLACE : Chandigarh  
DATED : 29.05.2013

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2013**

**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) Consolidated financial statements (CFS) comprised the financial statements of Winsome Textile Industries Limited and its 100% subsidiary namely Winsome Textile Industries Limited FZE.
- (iii) 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.
- (iv) Operations of foreign subsidiary have 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)

S.No.	Particulars	2012-13	2011-12
2(i)	Bills discounted with banks	2503.58	1374.86
(ii)	Excise / Service Tax Matters	81.67	81.67
(iii)	Surety Bond Executed on behalf of others	170.17	225.17

- (iv) Custom duty saved of Rs. 5460.96 Lacs ( Previous year Rs. 2287.91 Lacs) for import of capital good made against EPCG license against which export obligations amounting to Rs. 25710.83 Lacs ( Previous year 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.3027.52 Lacs)(Previous year 1000.36 Lacs)}Rs.5405.43 Lacs (Previous year Rs. 2598.79 Lacs).

- 2.3** During the year 2010-11, the Company had issued and allotted 12,90,000 nos. GDR's entitling 6,45,00,000( now 64,50,000 equity shares of Rs. 10/- each) nos. equity shares of Re.1/- each at a price of Rs. 6.94/- per share (including premium of Rs. 5.94/-, now premium is Rs. 59.40/- on Rs. 10/- per share).

As on 31.03.2012, Rs. 4,586.69/- lacs (including exchange gain) was pending to be received in India against above issue made. During the year Rs. 777.14/- lacs {(balance pending to be received on 31.03.2013 Rs. 4160.43 lacs (including amount lying in bank outside India of Rs. 13.35 lacs)}, as explained, as explained, have been received (credited to the account of the company) in India. Balance amount out of above (lying outside India as on 31st March 2013), pending for utilization for the purpose for which the issue was made by the company in 2010-11, have directly been transferred/invested from EURAM Bank to a money market fund.

- 2.4** Capital Payables amounting to Rs. 366.35 (previous year Rs. 6.31 lacs) as assessed by the company have been reflected under Other Long Term Liabilities in the balance sheet as the same is payable out of the proceeds of long-term loans.

- 2.5 (i)** The company has taken legal and other persuasive actions for recovery of certain overdue debtors aggregating to Rs 232.70 Lacs (Previous Year Rs. 185.74 Lacs) {(including overdue overseas debtors of amounting to Rs.94.09 Lacs) (Previous Year 47.13 Lacs)}, in the opinion of the management, these outstanding are good and fully recoverable.

- (ii)** Balance of certain receivables (including associate company Rs.1093.07 Lacs), loans and advances (including capital advance), payables and other liabilities are in the process of confirmation / reconciliation.

- 2.6. 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 useful life of fixed assets and is of the view that no impairment/reversal is considered to be necessary in view of its expected realisable value.
- 2.7. (i) 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.
- (ii) In the current year a fire occurred on 9th March, 2013 in the company's rented warehouse at Ludhiana where Inventory amounting Rs. 94.91 Lacs was destroyed and the company has filed an Insurance Claim of amounting to Rs. 87.29 lacs for the same as certified by the management. The same is fully recoverable.
- 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. 788.97 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 Net Liability of Rs. 207.51 Lacs have been created after considering certain allowances and benefits which management feel realizable in near future.

## 2.10. Segment Reporting

1. The Company is only in one line of business namely Textile (Yarn, Fabric 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)

Particulars	India	Outside India	Total
(i) External Revenue-Sales	23945.49 0.33 23945.16 (17490.79)	12399.92 NIL 12399.92 (15153.11)	36345.41 0.33 36345.08 (32643.90)
(ii) Carrying amount of segment assets by location of assets	54938.08 (38299.55)	6927.86 (5849.45)	61865.94 (44149.00)
(iii) Capital Expenditure	15586.75 (3409.64)	(Nil) (Nil)	15586.75 (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 |
| - Ms. Sonal Ghanshaym Wadhwa | 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 from enterprises under the same management:**

(Rs. In lacs)

	2012-13		2011-12	
	Maximum Amount Due at any time during the year	Balance as at 31.03.2013	Maximum Amount Due at any time during the year	Balance as at 31.03.2012
Winsome Yarns Limited (Receivable)	1093.07	1093.07	1086.96	1086.96

**Transactions with the Related Parties during the year ended 2012-13**

(Rs. In lacs)

Particulars	2012-13	2011-12
<b>Winsome Yarns Ltd.</b>		
Sale of material & goods and services	6.37	246.27
Expenses reimbursed to others	8.26	7.18
Expenses reimbursed by others	7.99	6.12
Balance outstanding at year end (Refer note no 2.5 (ii))	1093.07	1086.96
<b>Sh. Satish Bagrodia</b>		
Remuneration	25.03	25.03
Balance Outstanding	1.20	1.54
<b>Sh. Ashish Bagrodia</b>		
Remuneration	32.05	30.83
Balance Outstanding	2.18	2.05
<b>Sh. Manish Bagrodia</b>		
Director Sitting Fees	0.25	0.35
<b>Ms. Sonal Ghanshyam Wadhwa</b>		
Management Fee	2.58	2.35
<b>Starpoint Financial Services (P) Ltd</b>		
Rent Paid	27.19	21.31

Note: Chairman and Managing Director have given guarantees to secured lenders against loans taken by the company (Refer notes of Note 5 & 9)

**2.12 Earning per share**

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

**(a) BASIC EARNING PER SHARE**

Particulars	2012-13	2011-12
Net Profit/(Loss) attributable to Equity Shareholders (Rs. in lacs)	1519.77	(914.54)
Weighted average number of equity shares	19820000	19820000
Nominal Value per equity share (Rs.)	10.00	10.00
Basic EPS (Rs.)	7.67	(4.61)
Diluted EPS (Rs.)	7.67	(4.61)



- 2.13** Accounting Policies and other notes on accounts are set out in the financial statements of the Company.
- 2.14** Figures for the previous year have been re-grouped/recast where ever necessary to make them comparable with those of current year.

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

**For & on behalf of Board of Dierctors**

N.K.Lodha  
Partner  
M. No. 85155

Sourabh Gupta  
Company Secretary

Ashish Bagrodia  
Managing Director

Satish Bagrodia  
Chairman

Directors Chandra Mohan  
Manish Bagrodia  
Amrit Lal Batra  
Satish Girotra

Place: Chandigarh  
Dated : 29.05.2013

**NOTES****Winsome Textile Industries Ltd.**

PARTICULARS	AS AT	AS AT
	31.03.2013 (Rs. in lacs)	31.03.2012 (Rs. in lacs)
<b>NOTE 3</b>		
<b>SHARE CAPITAL</b>		
<b>1. AUTHORISED</b>		
2,49,50,000 (P.Y.: 2,49,50,000 Equity Shares of Re.10/- each)	2495.00	2495.00
Equity Shares of Rs.10/- each		
5,000 (P.Y.: 5000) Preference Share of Rs. 100/- each	5.00	5.00
	<u>2500.00</u>	<u>2500.00</u>
<b>ISSUED,SUBSCRIBED &amp; FULLY PAID UP</b>		
1,98,20,000 (P.Y.: 1,98,20,000 Equity Shares of Rs.10/- each)	1982.00	1982.00
Equity Shares of Rs.10/- each	<u>1982.00</u>	<u>1982.00</u>

**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. 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	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)	6450000	6450000
Roselab Commodities Pvt. Ltd.	3410498	3393168
Kailashpati Vinimay Pvt. Ltd.	3005031	2991031
Landscape Traders Pvt. Ltd.	1332092	1332092
Arpit Agencies Pvt. Ltd.	1290799	1290799

**4. Reconciliation of Equity Share Capital**

	As on 31.03.2013	As on 31.03.2012
	No. of Shares	No. of Shares
Shares Outstanding at the beginning of the year	19820000	19820000
Issued during the year	-	-
Buy Back during the year	-	-
Shares Outstanding at the end of the year	19820000	19820000

**NOTES****Winsome Textile Industries Ltd.**

PARTICULARS	AS AT 31.03.2013 (Rs. in lacs)		AS AT 31.03.2012 (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>	46.68	<u>—</u>	46.68
Investment Allowance (Utilized) Reserve				
As per last Balance Sheet	184.00		184.00	
Add: Addition during the year	—		—	
Less: Adjustments	<u>—</u>	184.00	<u>—</u>	184.00
Securities Premium Reserve				
As per last Balance Sheet	5131.46		5131.46	
Add: Addition during the year	—		—	
Less: Adjustments	<u>—</u>	5131.46	<u>—</u>	5131.46
General Reserve				
As per last Balance Sheet	68.55		68.55	
Add: Addition during the year	—		—	
Less: Adjustments	<u>—</u>	68.55	<u>—</u>	68.55
Capital Subsidy Under Tuffs				
As per last Balance Sheet	109.03		117.42	
Add: Addition during the year	—		—	
Less: Transfer from P&L	<u>8.39</u>	100.64	<u>8.39</u>	109.03
Foreign Currency Translation Reserve				
As per last Balance Sheet	1.34		—	
Add: Addition during the year	1.49		1.34	
Less: Transfer to P&L	<u>—</u>	2.83	<u>—</u>	1.34
Surplus in Profit and Loss from Previous Year				
Profit /(Loss) for the year	<u>1519.77</u>		<u>(914.54)</u>	
Surplus in Profit and Loss Statement carried to Balance Sheet		3144.84		1625.07
		<u>8679.00</u>		<u>7166.13</u>

	Non Current		Current	
	31.03.2013 (Rs. in Lacs)	31.03.2012 (Rs. in Lacs)	31.03.2013 (Rs. in Lacs)	31.03.2012 (Rs. in Lacs)

**NOTE-5****LONG TERM BORROWINGS****SECURED LOANS**

Term Loans				
- From Banks	22556.60	9302.22	1674.64	1285.11
Working Capital Term Loan	495.50	995.75	500.25	500.24
Vehicle Loans	43.36	73.60	33.93	33.14
	<b>23095.46</b>	10371.57	<b>2208.82</b>	1818.49

Less : Current maturities of long term, borrowings

(Disclosed under Other Current Liabilities under

Note No. 11)

	–	–	2208.82	1818.49
	<b>23095.46</b>	10371.57	–	–

**Notes:**

- Term Loans and Working Capital Term Loans from Banks of Rs. 25226.99 Lacs (P.Y. Rs. 12083.32 Lacs) are secured by Joint Equitable Mortgage by deposit of title deeds on company's immovable properties (present and future) and expansion project of the company 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	0 – 1 years	1-2 years	2-3 years	after 3 years
(in lacs)	2174.89	4108.51	3816.28	15127.31

- Vehicle Finance carrying interest of Rs. 77.29 Lacs (P.Y. 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	0 – 1 years	1-2 years	2-3 years	after 3 years
(in lacs)	33.93	26.14	13.11	4.11

- 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 31.03.2013	As at 31.03.2012
<b>Deferred Tax Liability</b>		
Depreciation	2726.06	2539.55
<b>Deferred Tax Assets</b>		
Unabsorbed Depreciation	766.76	895.93
Other items	152.35	44.18
	<b>919.11</b>	<b>940.11</b>
<b>Deferred Tax Liability (Net)</b>	<b>1806.95</b>	<b>1599.44</b>

# NOTES

# Winsome Textile Industries Ltd.

PARTICULARS	AS AT 31.03.2013 (Rs. in lacs)	AS AT 31.03.2012 (Rs. in lacs)
<b>NOTE 7</b>		
<b>OTHER LONG TERM LIABILITIES</b>		
Employees Advances	20.98	25.05
Capital Payable (Refer Note no. 2.4 & 2.14)	366.35	6.31
	<u>387.33</u>	<u>31.36</u>
<b>NOTE 8</b>		
<b>LONG TERM PROVISIONS</b>		
Provision for Employee Benefits	36.05	21.77
	<u>36.05</u>	<u>21.77</u>
<b>NOTE 9</b>		
<b>SHORT TERM BORROWINGS</b>		
<b>SECURED LOANS</b>		
Working capital demand loan from Banks	2992.80	2951.44
Cash Credit	2131.58	2881.24
Packing Credit	5792.55	5725.18
	<u>10916.93</u>	<u>11557.86</u>
1. Working Capital Demand loans from bank includes Cash Credit, Packing Credit are secured by First Charge by Hypothecation of inventory receivables Bills, and other chargeable current assets both present and future 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.		
<b>NOTE 10</b>		
<b>TRADE PAYABLES</b>		
Acceptances	6880.34	6412.72
Others	4507.82	2056.17
	<u>11388.16</u>	<u>8468.89</u>
<b>NOTE 11</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Current Maturities of long term borrowings	2208.82	1818.49
Interest accrued but not due on borrowings	2.80	5.68
Advance from customers	81.01	173.59
Unclaimed dividends*	1.05	1.07
Others Payable		
- Statutory Dues	247.80	130.16
- Other Liability	1262.42	1120.86
	<u>3803.90</u>	<u>1251.02</u>
		<u>3249.85</u>
* Shall be credited to Investor's Education & Protection Fund when due		
<b>NOTE 12</b>		
<b>SHORT TERM PROVISIONS</b>		
Employees Benefits	222.24	168.82
Others		
- Provision for Taxation (Net of Advance payment of Taxes)	336.87	—
	<u>559.11</u>	<u>168.82</u>

**NOTE-13 : FIXED ASSETS**

(Rs. in Lacs)

PARTICULARS	GROSS CARRYING AMOUNT			DEPRECIATION				NET CARRYING AMOUNT		
	As at 31.03.2012	Additions/ Adjustments	Sales/ Adjustments	As at 31.3.2013	Upto 31.03.2012	For the year	Sale/ Adjustments	Upto 31.3.2013	As at 31.3.2013	As at 31.3.2012
(i) <u>Tangible Asset</u>										
Land -Freehold	1540.19	150.09	-	1690.28	-	-	-	-	1690.28	1540.19
- Leasehold	5.91	-	0.08	5.83	-	-	-	-	5.83	5.91
Buildings *	2574.06	64.09	-	2638.15	855.99	77.73	-	933.72	1704.43	1718.07
Plant & Equipments	20587.62	1669.84	197.39	22060.07	8405.17	1055.65	174.71	9286.11	12773.96	12182.45
Furniture and Fixtures	123.94	7.06	-	131.00	72.99	5.01	-	78.00	53.00	50.95
Vehicles**	257.51	6.29	9.84	253.96	57.72	24.23	3.93	78.02	175.94	199.79
Office Equipments	178.67	9.55	-	188.22	116.84	10.73	-	127.57	60.65	61.83
	25267.90	1906.92	207.31	26967.51	9508.71	1173.35	178.64	10503.42	16464.09	15759.19
Previous Year	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 ( Previous Year Rs. 8.90 lacs) and net Rs.6.01 Lacs ( Previous Year Rs.6.90 lacs).

\*\* Vehicle includes assets of Rs.197.30 lacs ( Previous Year Rs.191.07 lacs) acquired under Hire Purchase Finance.

# Winsome Textile Industries Ltd.

PARTICULARS	AS AT	AS AT
	31.03.2013	31.03.2012
	(Rs. in lacs)	(Rs. in lacs)
<b>NOTE 14</b>		
<b>NON CURRENT INVESTMENTS</b>		
<b>Other Investment</b>		
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)		
	3.10	3.10
<b>Aggregate amount of unquoted investment</b>	<b>3.10</b>	<b>3.10</b>
<b>NOTE 15</b>		
<b>LONG TERM LOANS &amp; ADVANCES (Refer Note No. 2.9(i))</b>		
Unsecured considered Good:		
Capital Advances	3027.52	1000.36
Deposits with Government Authorities & others	70.40	44.85
	<b>3097.92</b>	<b>1045.21</b>
<b>NOTE 16</b>		
<b>CURRENT INVESTMENTS</b>		
Unquoted		
Investment in Money Market (Refer Note No. 2.3)	4147.07	—
7,568 non-voting redeemable participating shares of USD 1000/- each in Aries Money Market Fund Ltd.		
(Previous year nil)		
	<b>4147.07</b>	<b>—</b>
<b>NOTE 17</b>		
<b>INVENTORIES</b>		
<b>As taken, valued and certified by the management</b>		
<b>(At lower of Cost and Net Realisable value)</b>		
Raw Materials	6583.98	5248.64
Stock in Process	2465.98	1916.42
Stores & Spares	509.11	392.81
Finished Goods (Including GIT amounting Rs. 262.85 Lacs (PY: Rs. 476.04 Lacs)	1974.51	2959.30
Waste (At net realizable value)	62.24	97.79
{Including scrap of Rs 1.74 lacs (Previous Year Rs 2.19 lacs)}	<b>11595.82</b>	<b>10614.96</b>
<b>NOTE 18</b>		
<b>TRADE RECEIVABLES (Refer Note no. 2.9(i))</b>		
(Unsecured, considered good, unless otherwise stated)		
Exceeding six months from due date		
- Good	239.49	280.67
- Doubtful	—	0.39
Less : Allowances for Bad & Doubtful debts	—	280.67
Other Debts	3834.93	3430.61
	<b>4074.42</b>	<b>3711.28</b>



## Winsome Textile Industries Ltd.

PARTICULARS	AS AT 31.03.2013 (Rs. in lacs)	AS AT 31.03.2012 (Rs. in lacs)
<b>NOTE 19</b>		
<b>CASH &amp; BANK BALANCES</b>		
<b>Cash &amp; Cash Equivalents</b>		
- Cash on hand (As certified by management)	1.32	2.21
- Balance in Travel card	<u>—</u>	<u>0.06</u>
	1.32	2.27
<b>Balances with Bank</b>		
- on Current Accounts	124.30	650.95
<b>Earmarked balances</b>		
- on Escrow Accounts	—	4586.69
- In United Arab Bank	13.35	
- on Fixed Deposit	105.57	88.08
- on Unclaimed Dividend Account	<u>1.05</u>	<u>1.06</u>
	119.97	4675.83
<b>Other Bank Balances</b>		
- on Fixed Deposit \$	737.88	623.19
	<u>983.47</u>	<u>5952.24</u>

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

\$ Includes FDR's of maturity of more than 12 months Rs. 121.94 Lacs (Previous Year Rs. 248.94 Lacs)

### NOTE 20

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

(Unsecured, unless otherwise stated)

Advances to suppliers	4581.92	3373.98
Advances to subsidiary Companies	—	—
Interest Subsidy on Term Loans Receivable	315.22	362.74
Refund/ Claim Receivable	263.33	414.76
Balance with Excise and Sales tax Authorities	87.70	46.54
Export Incentives Receivables	525.44	793.16
MAT Credit Entitlements (Refer Note no. 2.8)	788.97	458.84
Income Tax Advance Payments (Net of Provision of Income Tax)	0.00	9.85
Others	272.17	297.42
	<u>6834.75</u>	<u>5757.29</u>

### NOTE 21

#### REVENUE FROM OPERATION

Sale of Products			
- Yarn#	31588.67	28387.35	
- Others	725.95	505.20	
- Trading Sale	<u>3008.89</u>	<u>2522.85</u>	31415.40
Sale of Services			
- Processing Income	0.52		175.57
Other operating revenues:			
- Waste & Scrap Sales	1021.05	1052.93	
- Insurance Claim (Refer Note No. 2.7(ii))	88.60	17.20	
- Pro-rata Capital Subsidy	<u>8.39</u>	<u>8.39</u>	1078.52
	<u>36442.07</u>		<u>32669.49</u>

# including Export Incentives of Rs. 543.54 Lacs (P.Y. 882.23 lacs)

## Winsome Textile Industries Ltd.

PARTICULARS	AS AT 31.03.2013 (Rs. in lacs)	AS AT 31.03.2012 (Rs. in lacs)
<b>NOTE 22</b>		
<b>OTHER INCOME</b>		
Interest Income	107.41	78.13
Liabilities Written back	0.49	3.06
Exchange Rate Variation Gain	262.82	414.58
Miscellaneous Income	1.77	3.78
Profit/(Loss) on sale of Assets (Net)	26.99	4.30
Rent Received	1.08	1.08
	<u>400.56</u>	<u>504.93</u>
<b>NOTE 23</b>		
<b>COST OF MATERIAL CONSUMED</b>		
Raw Material	15870.49	18759.88
Packing Material	489.27	478.80
	<u>16359.76</u>	<u>19238.68</u>
<b>NOTE 24</b>		
<b>CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Closing Stock</b>		
Finished Goods	1974.51	2959.30
Work in progress	2465.98	1916.42
	(A) <u>4440.49</u>	<u>4875.72</u>
<b>Opening Stock</b>		
Finished Goods	2959.30	3052.59
Work in progress	1916.42	1481.29
	(B) <u>4875.72</u>	<u>4533.88</u>
(Increase)/Decrease in Stocks (A-B)	<u>435.23</u>	<u>(341.84)</u>
<b>NOTE 25</b>		
<b>EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages & Other allowances	1985.25	1643.01
Contribution to Provident and other Funds	223.04	139.05
Employees' Welfare and other Benefits	24.45	44.26
	<u>2232.74</u>	<u>1826.32</u>
<b>NOTE 26</b>		
<b>FINANCE COST</b>		
Interest Expenses	3497.16	2834.86
(Net of reimbursement under TUFF Rs. 665.35 Lacs (Previous year Rs. 593.91 lacs))		
Exchange difference on borrowings (Net)- (gain)/loss	238.60	114.73
	<u>3735.76</u>	<u>2949.59</u>
<b>NOTE 27</b>		
<b>OTHER EXPENSES</b>		
Conversion Charges	69.89	92.82
Consumption of Stores and spares	2497.83	1717.92
Power and Fuel	3275.83	2652.24
Rent	55.50	41.68
Repairs to Buildings	22.76	27.29
Repairs to Machinery	50.90	39.35
Insurance	73.43	52.79
Freight & Handling Charges	581.92	664.32
Advertisement and sales promotion	2.41	3.57
Directors Fee	0.75	1.10
Commission	484.12	511.29
Bad Debts	-	0.39
Bank Charges	70.58	130.21
Exchange Loss	229.19	525.93
Printing & Stationery, Postage, Telephone, Traveling, and other Miscellaneous Expenses	834.29	654.89
	<u>8249.40</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 **32nd ANNUAL GENERAL MEETING** of the Company being held on Friday, the 27th September, 2013 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 32nd ANNUAL GENERAL MEETING of the Company to be held on Friday, the 27th September, 2013 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 ..... 2013.

Stamp

.....  
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

**FORM B**

**Format of covering letter of the annual audit report to be filed with the stock exchanges**

1.	Name of the Company	Winsome Textile Industries Ltd.
2.	Annual Financial Statements for the year ended	31 <sup>st</sup> March 2013 (For Standalone Financial Statements)
3.	Type of Audit Qualification	<p>Qualification in the Annexure referred to in '<b>Basis for Qualified Opinion</b>' paragraph of the Independent Auditors' Report dated 29.05.2013 to the members of Winsome Textile Industries Ltd. on the accounts for the year ended 31<sup>st</sup> March 2013:</p> <p><i>Note no. 2.5 (i) regarding non provision for shortfall in recovery (amount unascertainable) against overdue debt of Rs. 232.70 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.</i></p> <p><i>Auditors further report that the profit for the year, the balance in reserve &amp; surplus, receivable and profit for the year are without considering items mentioned in above, the effect of which could not be determined.</i></p>
4.	Frequency of Qualification	Since 2000-2001, however the amount for doubtful debts changed year on year basis.
5.	Draw attention to relevant notes in the Annual Financial Statements and management response to the qualification in the Directors' Report	<p>As per page No. 9 of Director's Report of Annual Report 2012-2013 under Addendum to the Director's Report.</p> <p>With regard to the Auditor's observation mentioned at Note No. 2.5 (i) of Explanatory Notes read with Accounting Policies and Notes on Accounts, the explanations of the Directors are that the Company has taken legal and other persuasive actions for recovery of certain overdue debtors aggregating to Rs. 232.70 Lacs (previous year Rs.185.74 Lacs) {(including overdue overseas debtors of amounting to Rs. 94.09 Lacs) (previous year Rs. 47.13 Lacs)}.</p> <p>In the opinion of the management, these debts are good and fully recoverable hence no provision there against is considered necessary.</p>
6.	Additional Comments from the Board/ Audit Committee Chair	Nil.



*Contd. 2*

— 2 —

Under the 'Emphasis of Matters' paragraph, Independent Auditors have drawn attention to the following:-


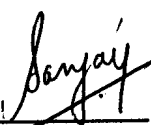


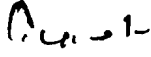
1. Note No. 2.3 of Notes to Accounts:-

During the year 2010-11, the Company had issued and allotted 12,90,000 nos. GDR's entitling 6,45,00,000 (now 64,50,000 equity shares of Rs.10/- each) nos. equity shares of Re.1/- each at price of Rs.6.94 per share (including premium of Rs.5.94, now premium is Rs.59.40 on Rs.10/- per share). As on 31.03.2012, Rs.4,586.69 lacs (including exchange gain) was pending to be received in India against above issue made, during the year Rs.777.14 lacs, as explained, have been received/credited to account of the company in India. As stated in the said note balance amount of Rs. 4147.07 lacs as on 31st March 2013 (excluding amount lying in bank outside India of Rs. 13.35 lacs) is invested outside India with a money market fund.

2. Note No. 2.5(ii) of Notes to Accounts:-

Balance of certain receivables (including associate company Rs. 1093.07 Lacs), loans and advances (including capital advance), trade payables and other liabilities are in the process of confirmation / reconciliation. [Read with note no.2.4 regarding Capital Payables amounting to Rs. 366.35 Lacs as assessed by the company (Previous year Rs. 6.31 Lacs) have been reflected under Other Long Term Liabilities in the balance sheet as the same is payable out of the proceeds of long-term loans.]

Auditor's report is not qualified in respect of above matters.

Signed by:		
1	CEO/Managing Director	 Ashish Bagrodia Managing Director
2	CFO	 Sanjay Kedia General Manager (Finance & Accounts)
3	Auditor of the Company	 N. K. Lodha M. No. 85155 M/s Lodha & Co. Chartered Accountants FRN:- 301051E 
4	Audit Committee Chairman	 Satish Girotra Audit Committee Chairman

