



Winsome Yarns Limited



**IS/ISO
9002**



WINSOME YARNS LIMITED**BOARD OF DIRECTORS**

Shri Satish Bagrodia	Chairman
Shri Chandra Mohan	Director
Shri Brij Khanna	Director
Shri Ashish Bagrodia	Director
Shri S.K. Singla	Director (PSIDC Nominee)
Shri Manish Bagrodia	Managing Director

DGM (LEGAL) & COMPANY SECRETARY

Shri K.V. Singhal

AUDITORS

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

BANKERS

Canara Bank
State Bank of Patiala
Punjab National Bank

REGISTERED OFFICE

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

SHARE TRANSFER AGENT

Intime Spectrum Registry Ltd.
A-40, 2nd Floor, Near Batra Banquet Hall,
Naraina Industrial Area, Phase-II,
New Delhi-110 028

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WINSOME YARNS LIMITED**NOTICE**

NOTICE is hereby given that the 18th Annual General Meeting of the Members of Winsome Yarns Limited, will be held on Tuesday, the 23rd day of September, 2008 at 3.30 p.m. at PHD Chamber of Commerce and Industry, Regional Office, PHD House, Sector 31-A, Chandigarh to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March 2008, and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend on equity shares for the financial year ended 31st March, 2008.
3. To appoint a Director in place of Shri Satish Bagrodia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Brij Mohan Khanna, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
"RESOLVED THAT M/s Lodha & Co., Chartered Accountants, be and are hereby appointed as Statutory Auditors of the company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the company, at a remuneration to be decided by the Board of Directors."

SPECIAL BUSINESS:

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

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

"RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the rules/regulations/guidelines, notifications, circulars and clarifications issued thereon from time to time by Government of India (GOI), the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and/or prescribed by the Listing Agreements entered into by the Company with the Stock Exchanges on which the Company's shares are listed, or any other relevant authority from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as might be required and subject to such conditions as may be prescribed while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorized to accept, that the consent of the Company, be and is hereby accorded to the Board for offering, issuing, allotting on preferential basis, to the Financial Investors belonging to non promoter group and members of the Promoters' Group and / or their nominees ("the Allottees") up to 1,55,00,000 Convertible Warrants ("Convertible Warrants"), (and for the allotment of one Equity Share on exercise of each such Convertible Warrant) at a price of Rs. 18/- each i.e the exercise price, being a price not lower than the minimum price specified as per SEBI Guidelines for Preferential Issue (Chapter XIII of the SEBI (DIP) Guidelines 2000), on such further terms and conditions, as may be finalized by the Board of Directors, in accordance with guidelines/ applicable to preferential allotment of the Convertible Warrants, by Government of India, Securities & Exchange Board of India (SEBI), Stock Exchanges or any other authorities, as the case may be, and/or any modification thereof in preferential allotment to the Financial Investor and Promoter(s)/ promoter group, hereinafter referred as the "Promoter Group"; as detailed herein below:

NON PROMOTER GROUP

S.No.	Name of Proposed Allottees	No. of Convertible Warrants
1	Arpit Agencies (P) Ltd.	3000000
2	Land Scape Traders (P) Ltd.	3000000
3	Daniel Vinimay (P) Ltd.	1500000
4	Ankur Agencies (P) Ltd.	1500000
5	Shailesh Somabhai Patel	1000000
6	Nita Shailesh Patel	1000000
	Total	11000000

WINSOME YARNS LIMITED**PROMOTER GROUP**

S.No.	Name of Proposed Allottees	No. of Convertible Warrants
1	Roselab Commodities (P) Ltd.	750000
2	Kailash Pati Vinimay (P) Ltd.	750000
3	Satyam Combines (P) Ltd.	1500000
4	Shell Business (P) Ltd.	1500000
Total		4500000

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

1. A sum of 10% of the exercise price (such amount being referred to hereinafter as "the strike price") shall be payable by the Allottees at the time of allotment of the Convertible Warrants. If the Allottees do not exercise the Convertible Warrants during the conversion period, the strike price shall be forfeited by the Company. In case the Allottees exercise the Convertible Warrants, the strike price shall be adjusted against the share application monies payable by the Allottees and only the balance 90% shall be payable by them.
2. The Convertible Warrants shall be allotted within a period of 15 (Fifteen) days of the passing of the resolution at the general meeting held to consider and approved the issue of Convertible Warrants. Provided that where the allotment in one or more lots on preferential basis is pending on account of pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 (Fifteen) days from the date of such approval.
3. The Convertible Warrants shall be exercisable at the option of the holder, in such number of options exercised by the holder, in one or more lots at the option of the holder of such Convertible Warrants at any time within the exercise period. The exercise period shall not exceed 18 months from the date of allotment.
4. The terms relating to such Convertible Warrants including the exercise period and relating to the Equity Shares being allotted on their exercise may be decided in accordance with SEBI guidelines and other provisions of law as may be applicable to the transaction, by the Board of Directors.
5. The price of convertible warrants to be allotted to the proposed allottees on preferential basis shall be Rs. 18/- each, being a price not lower than the price determine in accordance with the chapter XIII of the SEBI (DIP) guidelines and the relevant date for the purpose of pricing shall be 24.08.2008 being the date which is 30 days prior to the date of Annual General Meeting which enter alia is being held for this purpose.
6. The Equity Shares so allotted on exercise and conversion of the Convertible Warrants shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the then existing Equity Shares of the Company.
7. The option attached to the Warrants shall not be transferred or otherwise disposed off to any other person/ third party.
8. The Convertible Warrants and the Equity Shares allotted on the conversion of such Convertible Warrants shall be locked in the manner specified, during the lock-in period so specified, in the SEBI (DIP) Guidelines except to the extent and in the manner permitted there under (or out of the above Equity Shares so issued and allotted, 45,00,000 convertible warrants/ Equity Shares on conversion issued to Promoter Group, shall be subject to lock-in of a total period of three years from the date of allotment of the Equity Shares. The remaining 1,10,00,000 convertible warrants/ Equity Shares on conversion shall be subject to lock-in for a total period of one year from the date of allotment of the Equity Shares or such other period as may be applicable under the applicable SEBI Preferential Issue Guidelines as amended from time to time).
9. The entire pre-preferential allotment shareholding of the above allottees shall be under lock-in from the relevant date up to a period of six months from the date of preferential allotment or such other period as may be applicable under the applicable SEBI Preferential Issue Guidelines as amended from time to time.
10. The said Convertible Warrants and the Equity Shares allotted on conversion of such Convertible Warrants shall be subject to such further terms and conditions, if any, as may be agreed to by and between, the Board of Directors, and the Regulatory Authorities, and Subscriber(s) of Convertible Warrants / Shares.

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11. For the purpose of giving effect to this resolution, the Board of Directors of the Company, be and is hereby authorized to offer, issue & allot such number of the Convertible Warrants (and Equity Shares arising on conversion of the Convertible Warrants) as may be necessary and to do all deeds, things and take action on matters, give such directions, including without limitation, the entering into arrangements for appointment of agencies for managing, underwriting, marketing, listing, trading of Securities issued, such as depository, custodian, registrar, stabilizing agent, paying and conversion agent, trustee and to issue any offer document(s), including but not limited to prospectus, and sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power to settle any questions doubt or difficulties which may arise with regard to the offer, issue or allotment of the said Convertible Warrants and / or shares and to take appropriate actions to bring into effect the decision of above as an enabling resolution."

7. To consider and if thought fit, to pass, with or without modification as may be deemed fit, the following resolution as ORDINARY RESOLUTION

"RESOLVED THAT pursuant to section 94 and all other applicable provisions of the Companies Act, 1956, the Authorized Share Capital of the Company is hereby increased from Rs. 27,50,00,000 (Rs. Twenty seven crores fifty lacs only) divided into 2,75,00,000 equity shares of Rs.10/- each to Rs. 43,00,00,000 (Rupees Forty Three Crores only) by creation of further 1,55,00,000 equity shares of Rs 10/- each.

"RESOLVED FURTHER THAT pursuant to Section 16 and other applicable provisions of the Companies Act, 1956, the existing Clause V of the Memorandum of Association of the Company be and is hereby amended accordingly to incorporate therein the effect of the increase in Authorized Share Capital and be read as follows:

"The Authorised Share Capital of the Company is Rs. 43,00,00,000 (Rupees Forty Three crores only) divided into 4,30,00,000 (Four Crore Thirty lacs) Equity Shares of Rs. 10/- each."

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, the existing Clause 4 of the Articles of Association of the Company be and is hereby amended accordingly to incorporate therein the effect of the increase in Authorized Share Capital and be read as follows:

"The Authorised Share Capital of the Company shall be such sum as mentioned in Clause V of the memorandum of association of the company."

By order of the Board

Dated 29.08.2008
Place : Chandigarh

SATISH BAGRODIA
Chairman

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. The proxy form duly executed and stamped should be deposited with the company at its Registered Office not less than forty-eight hours before the meeting.
3. The Register of Members and Share Transfer Book of the Company will remain closed from 19.09.2008 to 23.09.2008 (both days inclusive).
4. The dividend, as recommended by the Board of Directors, if approved at the Annual General Meeting, will be paid to those persons;
 - (a) whose names appear as Beneficial Owners as at the end of business hours on 18.09.2008 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form and
 - (b) whose names appear as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/its Registrar & Share Transfer Agents on or before 18.09.2008.
5. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for easy identification for attendance at the meeting.
6. Item No. 3 Shri Satish Bagrodia aged about 69 years, B.Sc. Engg. (Mech.) & FIE has around 42 years experience of setting up and implementing Industrial Projects. He is Sr. Vice President of all India PHD

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- Chamber of Commerce and Industry. He is holding 42900 shares of the company. Presently, he is Chairman of Winsome Textile Industries Limited and Winsome Yarns Limited. He is also director of IDS Infotech Limited and Winsome Capital Services Limited.
7. Item No. 4- Shri Brij Mohan Khanna aged about 76 years, B.A., L.L.B. is the leading Income Tax practitioner, having experience about 50 years. He is holding 1000 shares of the company. Presently, he is director of Winsome Yarns Limited, Engineering Innovations Limited and Stanlay Engineering (P) Limited. He is also Chairman of Audit Committee and Shareholders/ Investors Grievance Committee of Winsome Yarns Limited.
 8. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of the Notice.
 9. Copies of the Memorandum and Articles of Association of the Company, the certificate of the Statutory Auditors of the Company, certifying that the preferential issue of Equity Shares proposed pursuant to the special resolution at Item No. 6 is in accordance with the requirements contained in the SEBI (Disclosure and Investor Protection) Guidelines, 2000 shall be opened for inspection of the members of the Company at the Registered Office of the Company between 11:00 A.M. to 2:00 P.M. on any working day prior to the date of the Meeting and also at the Meeting.
 10. Members / proxies should fill the attendance slip for attending the Meeting.
 11. In case of joint holders attending the meeting only such joint holders who are higher in the order of names will be entitled to vote.
 12. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote at the Meeting.
 13. M/s Intime Spectrum Registry Limited, A-40, 2nd Floor, Near Batra Banquet Hall, Phase-II, Naraina Industrial Area, New Delhi-110028 (Tele. 011-41410592-94, Fax No. 011-41410591) is acting as common agency for dematerialisation and physical transfer of shares of the company. The members should send their physical shares and letter for change of address and issue of duplicate shares directly to the aforesaid share transfer agent.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 6**

To strengthen the ongoing expansion and long term working capital requirements, your company proposed to raise funds through issue of convertible warrants to Promoters and Financial Investors.

Promoters have agreed to provide the necessary funds by subscribing to 4500000 Convertible Warrants out of total issue of 15500000 convertible warrants.

The price of the Convertible Warrants to be allotted to proposed allottees on preferential basis shall be Rs. 18/- each being a price not lower than the price determined in accordance with the Chapter XIII of SEBI DIP Guidelines. Currently SEBI DIP Guidelines, provide that the issue of shares on a preferential basis can be made at a price not less than the higher of the following:

1. The average of the weekly high and low of the closing prices of the shares quoted on the stock exchange during the six months preceding the relevant date; or
2. The average of the weekly high and low of the closing prices of the shares quoted on a stock exchange during the two weeks preceding the relevant date.

The Relevant Date for the purpose of pricing of the Convertible Warrants shall be 24.08.2008 being the date which is 30 days prior to the date of Annual General Meeting.

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

- a) **Object of the issue:** The Company is looking forward to foray into retail business of its knitwear products and at the same time also needs to strengthen its spinning and garment business. There is requirement of funds for the growth of the business and to fund the capacity enhancement. The proceeds of the preferential issue are intended to finance the expansion in terms of capital investments including investments in overseas venture, retail business and to meet long term working capital requirement.
- b) **Intention of the Promoters, Directors, and management personnel to subscribe to the offer:** The select Promoters (Corporate Entities) of the Company named below intend to subscribe to the convertible warrants mentioned against their name respectively. However, none of the other Directors and other Promoters or management personnel intends to subscribe to any shares in the preferential offer of Convertible Warrants.
- c) **The shareholding pattern and the identity of the proposed allottees before and after the preferential issue considering full allotment of Equity Shares arising out of the issue of Convertible Warrants is given below:**

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S.No.	Shareholders	Existing Shareholding (as on 30-06-2008)		Post Issue Shareholding (Upon conversion of proposed warrants)	
		No. of shares	%	No. of Shares	%
A	Promoters & Promoter Group shareholding				
1. a)	Indian Promoters	17964609	69.99	22464609	54.57
b)	Foreign Promoters	NIL	NIL	NIL	NIL
	Sub-Total (A)	17964609	69.99	22464609	54.57
B	Public Shareholding				
1.	Institutional Investors				
a)	Mutual Funds & UTI	12500	0.05	12500	0.03
b)	Financial Institutions/ Banks	489394	1.91	489394	1.19
c)	Central Govt./ State Govt.	NIL	NIL	NIL	NIL
d)	Venture Capital Funds	NIL	NIL	NIL	NIL
e)	FII's	NIL	NIL	NIL	NIL
	Sub-Total (B)(1)	501894	1.96	501894	1.22
2.	Non-Institutional				
a)	Bodies Corporate	1983639	7.73	10983639	26.68
b)	(i) Individuals-shareholders holding nominal share capital up to Rs. 1 lakh.	4560707	17.77	4560707	11.08
	(ii) Individuals-shareholders holding nominal share capital in excess of Rs. 1 lakh.	543483	2.12	2543483	6.18
c)	Any Other (Specify) NRIs	111647	0.43	111647	0.27
	Sub-Total (B)(2)	7199476	28.05	18199476	44.21
	Total Public Shareholding (B1+B2)	7701370	30.01	18701370	45.43
	Grand-Total	25665979	100.00	41165979	100.00

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

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

NON PROMOTER GROUP

S.No.	Name of Proposed Allottees	Existing Shareholding as on 29.08.2008	No. of Warrants/ Shares to be Issued	Post issue Shareholding	% of Post issue Shareholding
1	Arpit Agencies (P) Ltd. 50, Western St., Room No. 106, Kolkata-700012	0	3000000	3000000	7.29
2	Land Scape Traders (P) Ltd. 63, Radha Bazar St., 3rd Flr. Kolkata-700001	0	3000000	3000000	7.29
3	Daniel Vinimay (P) Ltd. 55/2, Kankurgachi, 2nd Lane, 1st Flr., Kolkata-700054	0	1500000	1500000	3.64
4	Ankur Agencies (P) Ltd. 55/2, Kankurgachi, 2nd Lane, 1st Flr., Kolkata-700054	0	1500000	1500000	3.64
5	Shailesh Somabhai Patel A/14, Snehadri, Shryas Tekra, AmbaVadi, Ahmedabad-3800015	0	1000000	1000000	2.43
6	Nita Shailesh Patel A/14, Snehadri, Shryas Tekra, AmbaVadi, Ahmedabad-3800015	0	1000000	1000000	2.43

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S.No.	Name of Proposed Allottees	Existing Shareholding as on 29.08.2008	%	No. of Warrants/ Shares to be Issued	Post issue Shareholding	% of Post issue Shareholding
1	Roselab Commodities (P) Ltd. (erstwhile known as Jutex International Ltd. and Agarsar Commerce Ltd., since merged with)	2740415	10.68	750000	3490415	8.48
2	Kailash Pati Vinimay (P) Ltd. (earstwhile known as Soil Products (India) Ltd., since merged with)	2740414	10.68	750000	3490414	8.48
3	Satyam Combines (P) Ltd.	5480829	21.35	1500000	6980829	16.96
4	Shell Business (P) Ltd.	5480829	21.35	1500000	6980829	16.96

- i) **Auditors' certificate:** A certificate from the Statutory Auditors of the Company has been obtained to the effect that the proposed issues of Convertible Warrants to the proposed Allottees is in accordance with the SEBI (DIP) Guidelines 2000 relating to preferential issues & such certificate shall be laid before the general meeting for inspection by the shareholders. The Auditors' certificate as required under paragraph 13.5 of SEBI (DIP) Guidelines will be available for inspection at the Registered office of the Company during 10 a.m. to 2 p.m. on any working day.

Pursuant to the provisions of Section 81(1A) of Companies Act, 1956, any offer or issue of shares in a company to persons other than the holders of the equity shares of a company requires prior approval of the shareholders in general meeting by a Special Resolution. The Listing Agreements executed by the Company with the Stock Exchanges also provide that the Company shall, in the first instance, offer all Securities for subscription pro rata to the Shareholders unless the Shareholders in a general meeting decide otherwise. Additionally, the SEBI (DIP) Guidelines require matters to be stated in the resolution which is required to be passed under Section 81 (1A) of the Companies Act, 1956 and in the explanatory statement in respect of such resolution. Hence, the consent of the shareholders by way of special resolution is being sought for issue of the convertible warrants/shares on preferential basis.

The Directors recommend the resolution for your approval.

None of the Directors are interested in the proposed resolution, save and except Sh. Satish Bagrodia, Sh. Manish Bagrodia and Sh. Ashish Bagrodia who may be deemed to be interested indirectly being the shareholders of the corporate entities seeking to subscribe the preferential allotment under Promoter Group. No other Directors of the Company are in any way concerned or interested in the proposed resolution.

Item No. 7 & 8

The existing Authorized Share Capital of the Company is Rs. 27,50,00,000 divided into 2,75,00,000 equity shares of Rs. 10/- each. In order to put the proposal of issue of convertible warrants/shares into effect, the Authorized Share Capital of the Company is required to be increased to accommodate the allotment/ issue of equity shares to the warrant holders pursuant to exercise of the option of aforesaid warrants. It is proposed to increase the Authorized Share Capital to Rs. 43,00,00,000 (Rupees Forty Three crores only)

The Board of Directors recommends the passing of the Ordinary Resolution and Special Resolution as set out under Item No. 7 & 8 of the accompanying Notice.

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

By order of the Board

Dated 29.08.2008
Place : Chandigarh

SATISH BAGRODIA
Chairman

DIRECTORS' REPORT**WINSOME YARNS LIMITED**

Your Directors have pleasure in presenting the 18th Annual Report together with the audited statement of Accounts of the Company for the financial year ended 31st March, 2008.

Financial Highlights	Year ended 31.3.2008 (Rs.in lacs)	Year ended 31.3.2007 (Rs. in lacs)
Sales	17692.50	12676.76
Profit before Interest, Depreciation & Tax	3539.29	2656.79
Less: Interest	1778.16	796.50
Profit before Depreciation	1761.13	1860.29
Less: Depreciation	1307.64	748.74
Profit before Taxes	453.49	1111.55
Provision for Taxation — Current Tax	50.67	58.81
— Credit against MAT	(50.67)	(48.46)
Provision for fringe benefit tax	9.87	6.10
Provision for fringe benefit tax for earlier years	0.95	—
Provision for deferred tax liability/ (asset)	238.04	10.04
Profit after Taxes	204.63	1085.06
Add : Surplus brought forward from previous year	5127.12	4217.62
	5331.75	5302.68
Appropriation:		
Dividend @ 1% (Previous year 6%)	25.67	153.97
Corporate Dividend Tax	8.94	21.59
Surplus carried to Balance Sheet	5297.14	5127.12
	5331.75	5302.68

Operations & Performance

During the year under review, your Company has achieved a turnover of Rs. 17692.50 lacs against the previous year's turnover of Rs. 12676.76 lacs. In spite of increase in turnover there is marginal decrease in cash profit on account of increase in raw material prices from 15% to 20%. Being 100% EOU the rupee appreciation has adversely affected the cash profits. Further, due to substantial capital investment there is a large increase in depreciation which has significantly reduced the net profits for the year.

New Project/ Expansion Plans

Your company has undertaken expansion and modernisation initiatives to reinforce the existing competitive advantage. The Company has completed various expansion and modernisation projects to upgrade technology and enhance the operational scale across its various units through the following initiatives:

1. During the year out of 60,000 spindles, 30,000 spindles were installed and commercial production started on 1st of July, 2007. The balance 30,000 spindles are under installation and expected to be completed soon.
2. The expansion of knitwear unit by addition of 180 knitting machines is undergoing well. 146 machines have already been purchased and installed. The commercial production on 56 of the above is commenced w.e.f July 2007 and on the balance 90 machines the commercial production has started w.e.f May 2008. The purchase and installation of the balance 34 machines is scheduled to be completed by September 2008. The implementation of this project is ahead of schedule.

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3. The implementation of five mini hydel power projects to produce 3.9 MW of electricity is underway. Two of them are at advanced stage and are expected to be commissioned by end of September, 2008.

Subsidiary Companies & Overseas Operations

With a view to expand its knitwear business in European countries, the Company had promoted and acquired companies in Cyprus, Romania and Italy, The Statement and Accounts required pursuant to provisions of section 212 of the Companies Act, 1956 is provided in the Annual Report. Two step down subsidiaries namely IMM Winsome Italia S.p.a., Italy and S C Textile S.r.l., Romania were formed & acquired during the year, the Company intends to divest the shareholding in the near future and accordingly investments in these companies have been considered temporary in nature, hence there financial figures have not been considered in these consolidated accounts. The reorganization and integration of overseas operations with Indian operations is under process. The benefit of this investment should be reflected in coming years.

IS/ISO 9002/ 14001

Your directors are pleased to inform you that your company continues to be holder of IS/ISO 9002/ 14001 certificates.

Dividend

Your Directors are pleased to recommend a dividend @ 1 % on equity shares of the company for the year ended 31st March, 2008, subject to approval at the forthcoming Annual General Meeting. Shareholders whose names stand registered on the register of members at the close of the market hours on 18.09.2008, would be entitled for the dividend.

Directors

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

Consolidated Accounts

In accordance with Accounting Standards AS-21 on Consolidated Financial Statements, your directors provide the Audited Consolidated Financial Statement in the Annual Report

Insurance

All the properties of your Company have been adequately insured against fire, flood, earthquake and explosive risks.

Public Deposit

The Company did not accept any Fixed Deposit during the year.

Directors Responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibilities Statement, it is hereby confirmed :

- i. that in the preparation of the annual accounts for the financial year ended 31st March, 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. that the accounting policies are applied consistently and reasonable prudent judgment and