

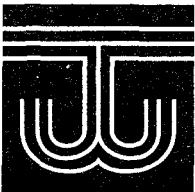


19th

ANNUAL REPORT

2008-2009

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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

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

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NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of the Members of Winsome Yarns Limited, will be held on Friday, the 28th August, 2009 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 2009, 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 Chandra Mohan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Ashish 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, 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, the following resolution as Special Resolution.

"RESOLVED THAT in supersession of earlier resolution passed at the Annual General Meeting of the Company held on 28.09.2006 and pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the company to mortgage and/or create charge on all immovable and movable properties of the company wheresoever situated, both present and future and the whole or substantially the whole of the undertaking or undertakings of the company to or in favour of the Public Financial Institutions/ Banks/ Financial Institutions, from time to time for their financial assistance provided to the Company, subject to a maximum limit as approved by shareholders under section 293(1)(d) of the companies Act, 1956 including mortgages and/ or charges already created.

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

RESOLVED FURTHER THAT Board of Directors be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to the resolution and to settle any questions or disputes that may arise in relation thereto."

6. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution.

"RESOLVED THAT in supersession of the earlier resolution passed at the Annual General Meeting held on 28.09.2006 and pursuant to Section 293(1)(d) of the Companies Act 1956 and other applicable provisions, if any, of the Companies Act, 1956, the Company accords its consent to the Board of Directors to borrow any sum or sums of money from time to time notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and any free reserves, that is to say, reserves not set apart for any specific purposes, provided however, the total amount upto which the money may be borrowed by the Board of Directors and outstandings at any time shall not exceed Rs. 750.00 Crores (Rupees Seven hundred fifty Crores only)."

7. 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 **72,00,000** Convertible Warrants ("Convertible Warrants"), and for the allotment of one Equity Share on exercise of each such Convertible Warrant at a price of Rs. 14/- each (including Premium) 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	Ankur Agencies (P) Ltd.	700000
2	Arpit Agencies (P) Ltd.	1400000
3	Daniel Vinimay (P) Ltd.	700000
4	Land Scene Traders (P) Ltd.	1400000
Total		4200000

PROMOTER GROUP

S.No.	Name of Proposed Allottees	No. of Convertible Warrants
1	Shell Business (P) Ltd.	3000000
Total		3000000

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:

- A sum of 25% 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 75% shall be payable by them.
- The Convertible Warrants shall be allotted within a period of 15 (Fifteen) days of the passing of the resolution at the general meeting being held on 28.08.2009 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.
- 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 of Convertible Warrants.
- 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.
- The price of convertible warrants to be allotted to the proposed allottees on Preferential basis shall be the price not lower than the price determined in accordance with the Chapter XIII of the SEBI (DIP) Guidelines which shall be the higher of the followings:
 - the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the six months preceding the relevant date; or
 - the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the two weeks preceding the relevant date.

The relevant date for the purpose of pricing shall be 29.07.2009 being the date which inter alia is 30 days prior to the date of General Meeting which is being held for this purpose.

- 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 30,00,000 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 42,00,000 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 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 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.
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."
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 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 approval of Central Government and such other approvals as may be necessary, the consent of the Company be and is hereby accorded to the reappointment of Shri Manish Bagrodia as Managing Director of the Company for a period of five years w.e.f. 01.07.2009 on the terms and conditions including remuneration and commission as set out in the explanatory statement with liberty to the Board of Directors to alter and vary, the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto"

9. **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 94(1)(d) and other applicable provisions of the Companies Act, 1956 (including any modification or re-enactment thereof); the SEBI (Disclosure and Investor Protection) Guidelines, 2000; the provisions of the Articles of Association of the Company and also subject to the regulations prescribed in this behalf by the Government of India and further subject to the guidelines, regulations and clarifications issued by the Securities & Exchange Board of India (SEBI) for the time being in force, and the listing agreements entered into by the Company with the stock exchanges, where the shares of the Company are listed and subject to such other statutory approvals, consents, permissions and sanctions, consent and approval of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called the "Board", which term shall include any duly constituted and authorized committee thereof), to split/sub-divide each and every equity share of the Company of nominal value of Rs. 10/- each into 10 equity shares of Re. 1/- each so that:

- a) The existing Authorized Share Capital of the Company of 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 be sub-divided into 43,00,00,000 (Forty Three Crores) equity shares of Re. 1/-each;
- b) Accordingly, the paid-up equity share capital consisting of equity shares of Rs. 10/- each be sub-divided into equity shares of Re.1/- each;
- c) All the proposed Convertible Warrants, if allotted, shall be converted into Equity Shares and are presently convertible to one Equity Share of Rs. 10/- each, will after such subdivision coming into effect be entitled to be converted into 10 Equity Shares of Re. 1/- each.

- d) The number of Equity Shares to be allotted upon conversion of all warrants allotted by the Board hereinafter but before the record date for such split/sub-division shall be adjusted such that where each Warrant is convertible into one Equity Share of Rs. 10/- each, such Warrant shall, after the subdivision coming into effect, be convertible into 10 Equity Shares of Re. 1/- each.
- e) The Board be and is hereby authorized to inform the Registrar & Transfer Agents of the Company and the depositories, to take the necessary action to give effect to this resolution, to file necessary corporate action forms with Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited, such that the split/sub-divided Equity Shares would be credited to the demat/electronic accounts of shareholders and also to issue, wherever applicable, new share certificates representing the sub-divided shares with new distinctive numbers, in the aforesaid proportion subject to the rules as laid down in the Companies (Issue of Share Certificates) Rules, 1960 with an option to either exchange the new share certificates in lieu of cancellation of the old share certificates or without physically exchanging the share certificates, by treating the old share certificates as deemed to be cancelled.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required in the said connection.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any committee of director(s) or any other officer or officers of the company and to do all such acts, matters, things and deeds and to take all such steps and do all such things and give all such directions as the Board may consider necessary, expedient or desirable and also to settle any questions or difficulties or doubts that may arise in regard to the offer/issue, allotment and further to do all such acts, deeds, matters and things and to finalize and execute all documents and writings as may be necessary, proper, desirable or expedient as the Board, in its absolute discretion may deem fit and take all such steps which are incidental and ancillary in this regard."

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 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 to incorporate therein the effect of the sub-division of equity shares from nominal value of Rs. 10/- per share to Re. 1/- per share 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 43,00,00,000 (Forty Three Crores) Equity Shares of Re. 1/- (One) each."

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT subject to provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 Shri Manish Bagrodia, Managing Director of the Company be paid Minimum Remuneration as permitted under Section II of Part II of Schedule XIII of Companies Act, 1956 for his tenure starting from 1st of April, 2008 upto 30th June, 2009 on account of losses incurred by the Company for the financial year ended on 31st March, 2009."

By order of the Board

Dated : 30.07.2009
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 Books of the Company have been closed from 29.07.2009 to 30.07.2009 (both days inclusive).
4. 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.
5. Item No. 2 Padamshree Shri Chandra Mohan aged about 76 years, B.A. (Hons) & B.sc. Mech. Engg. (Hons) has Served Punjab Tractors Limited & Swaraj Mazda Limited as Vice Chairman and Managing Director for about 28 years. He is also member of many Professional Institutions. He is not holding any shares of the company.

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Presently, he is the Chairman of RICO Auto Industries Limited & Engineering Innovations Limited and Director of Sandhar Technologies Limited, Winsome Yarns Limited, DCM Engineering Limited, KDDL Limited, IOL Chemicals & Pharmaceuticals Limited, Winsome Textile Industries Limited, Mobisoft Telesolutions Pvt. Limited and Meera Explorations Pvt. Limited.

He is member of Audit Committee in Winsome Yarns Limited, DCM Engineering Limited and Winsome Textile Industries Limited and member of Remuneration Committee in Winsome Yarns Limited, DCM Engineering Limited and KDDL Limited.

He is also member of Shareholders/ Investors Grievance Committee in Winsome Textile Industries Limited.

7. Item No. 3- Shri Ashish Bagrodia aged about 38 years, B.E. (Mech.) from Punjab Engineering College having around 16 years of experience in Textile Industry. He is holding 41400 shares of the company.

Presently, he is Managing Director of Winsome Textile Industries Limited and Director of Winsome Yarns Limited, IDS Infotech Limited, Winsome Yarns (Cyprus) Limited in Cyprus, Engineering Innovations Limited, S.C. Winsome Romania s.r.l. and Kamla Retail Limited.

He also member of Audit Committee in Winsome Yarns Limited and member of Shareholders/Investors Grievance Committee in Winsome Textile Industries Limited.

8. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of the Notice.
9. Copies of the Memorandum and Articles of Association of the Company, the certificate of the Statutory Auditors of the Company, certifying that the preferential issue of Equity Shares proposed pursuant to the special resolution at Item No. 7 is in accordance with the requirements contained in the SEBI (Disclosure and Investor Protection) Guidelines, 2000 shall be opened for inspection of the members of the Company at the Registered Office of the Company between 11:00 A.M. to 2:00 P.M. on any working day prior to the date of the Meeting and also at the Meeting.
10. Members / proxies should fill the attendance slip for attending the Meeting.
11. In case of joint holders attending the meeting only such joint holders who are higher in the order of names will be entitled to vote.
12. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote at the Meeting.
13. M/s Link Intime India Pvt. 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. 5 & 6**

Shareholders in its meeting held on 28.09.2006 had approved limit of Rs. 500 crores under section 293(1)(a) and section 293(1)(d).

The company has taken up expansion/ modernization of spinning and knitting projects and setting up hydel power projects. Thus there is a need to increase the limit from Rs. 500 crores to Rs. 750 crores under section 293(1)(a) and section 293(1)(d) to borrow the loans from financial institutions/ banks and necessary security can be created in favour of the Lenders for future requirements.

The Directors recommend the resolution for your approval.

None of the Directors of the company is personally interested in the aforesaid resolutions.

Item No. 7

To strength the ongoing expansion and long term working capital requirement, your company proposes to raise funds through issue of convertible warrants to promoters and financial investors. Promoters have agreed to provide the necessary funds by subscribing to 30,00,000 Convertible Warrants out of total issue of 72,00,000 convertible warrants.

The price of the Convertible Warrants to be allotted to proposed allottees on preferential basis shall be Rs. 14/- each which is 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:

- 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

- 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 29.07.2009 being the date which is 30 days prior to the date of Annual General Meeting.

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

- a) Object of the issue:** 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. 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.
- 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 as follows:**

S.No.	Shareholders	Existing Shareholding (as on 30.06.2009)		Post Issue Shareholding (Upon conversion of proposed warrants)	
		No. of Shares	%	No. of Shares	%
A.	Promoters & Promoter Group shareholding				
a)	Indian Promoters	17964609	69.99	20964609	63.79
b)	Foreign Promoters	NIL	NIL	NIL	NIL
	Sub-Total (A)	17964609	69.99	20964609	63.79
B.	Public Shareholding				
1.	Institutional Investors				
a)	Mutual Funds & UTI	12500	0.05	12500	0.04
b)	Financial Institutions/ Banks	NIL	NIL	NIL	NIL
c)	Central Govt./ State Govt.	NIL	NIL	NIL	NIL
d)	Venture Capital Funds	NIL	NIL	NIL	NIL
e)	FIs	NIL	NIL	NIL	NIL
	Sub-Total (B)(1)	12500	0.05	12500	0.04
2.	Non-Institutional				
a)	Bodies Corporate	2465132	9.60	6665132	20.28
b)	(i) Individuals-shareholders holding nominal share capital up to Rs. 1 lakh.	4250641	16.56	4250641	12.93
	(ii) Individuals-shareholders holding nominal share capital in excess of Rs. 1 lakh.	874816	3.41	874816	2.66
c)	Any Other (Specify) NRIs	98281	0.38	98281	0.30
	Sub-Total (B)(2)	7688870	29.95	11888870	36.17
	Total Public Shareholding (B1+B2)	7701370	30.01	11901370	36.21
	Grand-Total	25665979	100.00	32865979	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.

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- 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 30.06.2009	No. of Warrants/ Shares to be issued	Post issue Shareholding	% of Post issue Shareholding
1	Ankur Agencies (P) Ltd. 55/2, Kankurgachi 2nd Lane, 1st Floor, Kolkata-700054	--	700000	700000	2.13
2	Arpit Agencies (P) Ltd. 50, Western Street, Room No. 106, Kolkata-700012	--	1400000	1400000	4.26
3	Daniel Vinimay (P) Ltd. 55/2, Kankurgachi 2nd Lane, 1st Floor, Kolkata-700054	--	700000	700000	2.13
4	Land Scape Traders (P) Ltd. 63, Radha Bazaar Street, 3rd Floor, Kolkata-700001	--	1400000	1400000	4.26
Total		--	4200000	4200000	12.78

PROMOTER GROUP

S.No.	Name of Proposed Allottees	Existing Shareholding as on 30.06.2009	Post issue Shareholding	% of Post issue Shareholding
		No. of Shares	%age	
1.	Shell Business (P) Ltd.	5480829	21.35	25.80
Total		5480829	21.35	25.80

- f) **Auditors' certificate:** A certificate from the Statutory Auditors of the Company to the effect that the proposed issue of Convertible Warrants to the proposed Allottees is in accordance with the SEBI (DIP) Guidelines 2000 relating to preferential issues & such certificate shall be laid before the general meeting for inspection by the shareholders. The Auditors' certificate as required under paragraph 13.5 of SEBI (DIP) Guidelines will be available for inspection at the Registered office of the Company during 10 am to 4 pm on any working day).

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

The Directors recommend the resolution for your approval.

None of the Director is interested in the proposed resolution, save and except Shri Satish Bagrodia, Shri Manish Bagrodia and Shri Ashish Bagrodia who may be deemed to be interested indirectly being the shareholders of the corporate entity belonging to promoter group seeking to subscribe the preferential allotment. No other Directors of the Company are in any way concerned or interested in the proposed resolution.

Item No. 8

Shri Manish Bagrodia was appointed Managing Director of the Company for a period of five years w.e.f. 01.07.2004. Now, the period of his office is due to expire on 30th June, 2009.

He has versatile experience and knowledge of textile and knitting industry. During his tenure, the company has made good progress. The Board in its meeting held on 15.06.2009 has approved his re-appointment for a further period of five years w.e.f. 01.07.2009 subject to the approval of shareholders of the company and other authorities, if required, on the following terms and conditions as set out hereunder:

I. REMUNERATION:

- a) Salary: Rs.1,60,000/- per month in the grade of 1,60,000-20,000-2,60,000.

b) Commission:

1% of Net Profit of the Company computed in the manner laid down in Section 198 & 309 of the Companies Act, 1956.

c) Perquisites:

i) Housing:

(a) Fully furnished residential accommodation. In case, the fully furnished residential accommodation is not provided, H.R.A. as per Company's Rule will be paid.

(b) Expenses pertaining to gas, electricity, water and other utilities will be borne/reimbursed by the Company.

ii) Medical Reimbursement: Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical charges for himself and family alongwith mediclaim policy premium paid by the company.

iii) Leave Travel Concession: Reimbursement of actual traveling expenses incurred in India and/or abroad once in a year in respect of himself and family.

iv) Club Fees : Reimbursement of membership fee for clubs including admission and life membership fees.

v) Personal Accident Insurance: Personal Accident Insurance Policy for an amount, the annual premium of which shall not exceed Rs. 10000/- p.a.

vi) Contribution to Provident Fund, Superannuation and Annuity Fund : The Company's contribution to Provident and Superannuation or Annuity Fund as per the rules of the Company applicable to senior executives.

vii) Gratuity : As per rules of the Company applicable to the senior executives.

viii) Leave : Encashment of leave at the end of the tenure

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

EXPLANATION

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

II. OVERALL REMUNERATION:

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

III. MINIMUM REMUNERATION:

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

The Board recommends adoption of this resolution.

None of the Directors except Shri Satish Bagrodia, Shri Manish Bagrodia and Shri Ashish Bagrodia is interested in this resolution.

Item No. 9

The Board of your Company is of the view that sub-division of equity shares will increase the liquidity of the Equity Shares in the stock market. Towards this end, it is proposed to reduce the nominal value of the Equity Shares of the Company from Rs. 10/- each to Re. 1/- each. This will enable the small investors to enter the market, increase the number of shareholders base of the Company and will also improve the liquidity of the Company's Equity Shares in the stock market, thereby benefitting the shareholders.

With this objective in mind, it is proposed that the denomination of the face value of each Equity Share of the Company be changed from Rs 10/- per Equity Share to Re. 1/- per Equity Share.

The existing 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. After sub-division the authorised capital of the Company will