



# **WELSPUN SYNTEX LIMITED**

**28th  
Annual Report  
2010-11**

**WELSPUN SYNTEX LIMITED**

**COMPANY INFORMATION**

**BOARD OF DIRECTORS** MR. B.K.GOENKA CHAIRMAN  
MR. R.R.MANDAWEWALA  
MR. B.A. KALE EXECUTIVE DIRECTOR (with effect from 30.10.2010)  
MR. MURARILAL MITTAL (upto 14.02.2011)  
MR. ATUL DESAI  
MR. RAJ KUMAR JAIN  
MR. M.K.TANDON

**COMPANY SECRETARY** MR. NILESH JAVKER ASST.COMPANY SECRETARY

**AUDITORS** MGB & CO., CHARTERED ACCOUNTANTS

**BANKERS** BANK OF BARODA, STATE BANK OF BIKANER & JAIPUR

**REGISTERED OFFICE** SURVEY NO. 394 (P), VILLAGE SAILY, SILVASSA,  
UNION TERRITORY OF DADRA & NAGAR HAVELI

**CORPORATE OFFICE** 9TH FLOOR, TRADE WORLD, "B" WING,  
KAMALA MILLS COMPOUND, SENAPATI BAPAT MARG,  
LOWER PAREL, MUMBAI – 400 013.  
EMAIL: welspun@bom5.vsnl.net.in  
WEBSITE: www.welspunsyntex.com

**FACTORY** SURVEY NO. 394 (P), VILLAGE SAILY, SILVASSA,  
UNION TERRITORY OF DADRA & NAGAR HAVELI.  
PLOT NO. 14/15, DEWAN INDUSTRIAL ESTATE,  
PALGHAR, DISTRICT THANE, MAHARASHTRA.

**LISTING OF SHARES** THE BOMBAY STOCK EXCHANGE LIMITED, MUMBAI  
Phiroze Jee-jebhoy Tower,  
Dalal Street, Mumbai 400 001

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## NOTICE

**NOTICE** is hereby given that the 28th Annual General Meeting of the Members of Welspun Syntex Limited will be held at the Registered Office of the Company at Survey No. 394(P), Village Saily, Silvassa, Dadra & Nagar Haveli on Thursday, 22nd September, 2011 at 11 a.m to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 and the Audited Profit and Loss Account for the year ended on that date and the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. B.K.Goenka, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Atul Desai, who retires by rotation, and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS

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

**“RESOLVED THAT** pursuant to the provisions of section 224 A of the Companies Act, 1956, M/s. MGB & Co., Chartered Accountants be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting of the Company on a remuneration as may be agreed upon between the Board of Directors and M/s. MGB & Co.”

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

**“RESOLVED THAT** Mr. B.A. Kale who has been appointed as an additional director by the Board of Directors of the Company and hold office until the conclusion of the 28th Annual General Meeting, be and is hereby appointed as a 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 and other applicable provisions of and Schedule XIII to the Companies Act, 1956, and subject to the approval of Central Government, if required, Mr. B.A.Kale, be and is hereby appointed as an Executive director of the Company for a period of three years with effect from 30-10-2010 on a remuneration of Rs. 40,00,000/- per annum inclusive of all perquisites, allowances and gratuity plus Commission @ 2.5 % per annum of the net profits computed in the manner laid down under Section 349 and Section 350 of the Companies Act, 1956”.

**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to issue letter of appointment , a draft whereof is placed before this meeting and do all such acts, deeds, matters and things as may be

considered necessary, desirable or expedient for the purpose of giving effect to this Resolution.”

**“RESOLVED FURTHER THAT** where in any financial year closing after 31st March, 2010, the Company has no profits or its profits are inadequate, the Company do pay to Mr. B.A.Kale remuneration of Rs. 40, 00,000/- per annum inclusive of all perquisites, allowances and gratuity.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorised to alter and vary the terms and conditions to the said appointment to the extent the Board may consider appropriate and as may be agreed to between the Board and Mr. B.A.Kale.”

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

**“RESOLVED THAT** pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (The Act), the Articles of the Association of the Company be and is hereby altered as under:

The existing Article No. 95 of the Articles of Association of the Company be substituted by the following articles:

“95 – Every deed or other instrument to which the seal of the Company is required to be affixed shall unless the same is executed by a duly constituted attorney of the Company, be signed by any one of the directors, or company Secretary or any authorized person.”

BY ORDER OF THE BOARD OF DIRECTORS

**B.A. Kale**  
*Executive Director*  
Mumbai, 25 May 2011

### NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, should be duly stamped, completed, signed and deposited on any working day at the Registered Office of the Company not less than 48 hours before the meeting.
2. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the special business to be transacted at the meeting is appended hereto.
3. The Register of Members of the Company shall be closed from Friday, 9th September 2011 to Tuesday, 13th September, 2011 (both days inclusive).
4. All correspondence pertaining to Equity Shares should be forwarded to the Company's Registrar and Share Transfer Agent M/s. Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400 078.
5. Members are requested to immediately inform about their change of address or consolidation of folios, if any, to the Company's Share Transfer Agent.

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

**SPECIAL BUSINESS:-**

**ITEM NO. 4**

Since more than 25% of the Company's share capital is held by Institutions /Banks/Insurance companies as specified under section 224A of the Companies Act, 1956, the appointment/re-appointment of Auditors require members' approval by a Special Resolution. Hence, the resolution under this item is proposed for the approval of members by a Special Resolution.

None of the directors of the Company is any way concerned or interested in the said resolution.

**ITEM NO. 5 & 6**

Board of Directors at their meeting held on 30th October, 2010 appointed Mr. B. A. Kale as an Additional Director and he hold office upto the date of 28th Annual General Meeting. The Company has received a notice from the member under section 257 of the Companies act, 1956 proposing his appointment as a Director of the Company.

He has been also appointed as an executive director for three years with effect from 30th October, 2010

He monitors all units of the Company on a day to day basis and regularly visits plants and oversees production.

A copy of draft letter pertaining to his appointment is kept open for inspection of members at the registered office of the Company on any working day of the Company between 11.00 a.m. and 1.00 p.m. upto the date of this Annual General Meeting.

The above may also be treated as an abstract of the draft agreement proposed to be entered into between the Company and Shri Mr. B. A. Kale pursuant to Section 302 of the Companies Act, 1956.

None of the Directors of the Company except Mr. B. A. Kale himself is in any way concerned or interested in the said resolution.

**Information pursuant to Schedule XIII of the Companies Act, 1956.**

**GENERAL INFORMATION:**

- 1) Nature of industry – Textile
- 2) Financial performance –

(₹ In Lacs)  
2010-11    2009-2010

Gross Profit before Depreciation and Finance Expenses	3222.34	2711.86
Less: Finance Expenses	870.83	933.23
Depreciation	1139.47	1065.89
Profit/(Loss) before tax	1212.04	712.74
Provision for tax – Current Tax	241.57	121.13
MAT credit entitlement	(241.57)	(121.13)
Earlier Tax	69.64	Nil
Fringe Benefit Tax	0.34	Nil
Profit/ (Loss) after tax	1281.34	712.74
Profit/ (Loss) brought forward	(316.21)	(1028.95)
Balance carried to Balance Sheet	965.12	(316.21)

- 3) Export performance and net foreign exchange collaboration -  
FOB value of export: 2010-11 – ₹ 9773.10 Lacs    2009-10 – ₹ 6671.84 Lacs

**INFORMATION ABOUT THE APPOINTEE:**

**1) Background details:**

Mr. B. A. Kale is a Science graduate from Mumbai University and has done diploma in Textile Management & Marketing from SASMIRA College, Mumbai University. He is associated with the Company as a CEO w.e.f. 02.05.2007.

He worked with Garware Nylon Ltd for 14 years as All India Marketing Manager for Nylon Filament Yarn & Polyester

Filament Yarn and thereafter he was agent of reknown companies for text yarn. He has experienced of more than 30 years in Textile Industry.

He has In-depth market knowledge & excellent contacts in Textile Industry including PFY, Fabrics (Knitted & Woven), Garment Exporters, Home Textiles & Dyes, etc.

He is a B.SC. (HONS.), D.A.M and done diploma in Textiles Management & Marketing.

**2) Past remuneration:**

His remuneration as a CEO was Rs.40, 00,000 per annum with effect from 1-04-2010

**3) Job profile and his suitability:**

He has experienced of more than 30 years in Textile Industry and CEO of the Company with effect from 02-05-2007. Performance of the Company has improved for about last two years. In view of his experience in the field of textile marketing, your directors are of view that he should be appointed as an executive director of the Company.

**4) Remuneration proposed:**

Rs. 40,00,000 per annum inclusive of all perquisites, allowances and gratuity plus commission @2.5% p.a of the net profits computed in the manner laid down under Section 349 and Section 350 of the Companies Act,1956.

**5) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin ):**

Looking to his long experience and association with the Company, size of the company and the Company's constant efforts to revive and improve profitability, the proposed remuneration is justified to retain the managerial person.

**6) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:**

He is not related directly or indirectly with the managerial personnel. Further, he has no pecuniary relationship with the Company except as an Executive director of the Company

**OTHER INFORMATION:**

**i. Reason for loss or inadequate profits**

Profits before tax in accordance with sections198/349 of the companies act for the year ended 31-03-2010 was inadequate in view of excess expense over income of previous year. The Company incurred losses prior to the year 2009-10 and as such, brought forward expenses were higher over income of previous years. However, Profit in accordance with sections198/349 of the companies act as mentioned in Balance sheet as at 31-03-2011 is adequate.

**ii. Steps taken for improvement**

The Company took various steps to minimize cost of production, added texturised machinery, increased dyed yarn capacity during the year which has led to increase in production and profitability of the Company. Profit in accordance with sections198/349 of the companies act as mentioned in Balance sheet as at 31-03-2011 is now adequate.

**iii. Expected increase in productivity and profits in measurable terms**

In view of steps taken by the Company to improve performance of the company as mentioned earlier, the production and margin of profits has increased during the last two years.

**ITEM NO.7**

Present article require director to be present for affixation of Common Seal of the Company on any documents. It is therefore proposed to alter the articles in order to have flexibility in operation of the Company particularly in execution of documents.

None of the Directors of the Company are in any way concerned or interested in the said resolution.

BY ORDER OF THE BOARD OF DIRECTORS

**B.A. Kale**

*Executive Director*

Mumbai, 25 May 2011



## DIRECTORS' REPORT

To,  
The Members,  
**WELSPUN SYNTEX LIMITED**

Your Directors are pleased to present the Twenty-eighth Annual Report together with Audited Statement of Accounts of the Company for the year ended 31st March 2011.

### FINANCIAL RESULTS AND APPROPRIATIONS

(₹ in Lacs)

	2010-11	2009-2010
Gross Profit before Depreciation and Finance Expenses	3222.34	2711.86
Less: Finance Expenses	870.83	933.23
Depreciation	1139.47	1065.89
Profit/(Loss) before tax	1212.04	712.74
Provision for tax – Current Tax	241.57	121.13
MAT credit entitlement	(241.57)	(121.13)
Earlier Tax	(69.64)	Nil
Fringe Benefit Tax	0.34	Nil
Profit/ (Loss) after tax	1281.34	712.74
Profit/ (Loss) brought forward	(316.21)	(1028.95)
Balance carried to Balance Sheet	965.12	(316.21)

In order to conserve resources, no dividend is recommended.

### OPERATIONS

During the year under review, Net sales / services and Gross Profit before Interest and Depreciation were of ₹ 49633.26 Lacs and ₹ 3222.34 Lacs respectively as compared to ₹ 36112.19 Lacs and ₹ 2711.86 Lacs respectively for the previous year. Turnover of the Company and Gross Profits has thus increased by 37.44 % and 18.82% over the previous year.

FOB value of Exports during the financial year 2010-11 were of ₹ 9773.10 Lacs as compared to ₹ 6671.84 Lacs during the previous year, registering increase by 46.48%.

Performance has improved due to cost effective steps taken by the management, change in product mix, increase in production and increase in demand of polyester texturised yarn due to increase in prices of cotton.

### Expansion

The Company is under minor expansion at total capital outlay of ₹ 33.10 Crores. The company added texturised machine, dyeing machine, twisting machine and is in the process of installing POY line/FDY line.

The project is partly financed by way of term loan of ₹ 21.91 Crores and balance by way of internal accruals. The said expansion is likely to be completed by June, 2011.

### DIRECTORS' RESPONSIBILITY STATEMENT

- In the preparation of the annual accounts, applicable accounting standards have been followed, with proper disclosure of any departures.
- The accounting policies are consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2011 and of the profit or loss of the Company for that period.
- That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the directors have prepared the accounts on a going concern basis.

### DIRECTORS

Shri R.R.Mandawewala, has resigned from office of Managing Director, however he continues to be a Director of the Company. Shri M. L. Mittal has resigned from the office of directorship with effect from 14-02-2011. The Board appreciated services rendered by them during tenure of their office.

Shri B.A. Kale has been appointed as an additional director as well as an Executive Director of the Company w.e.f. 30.10.2010. He holds office as a director upto the date of ensuing Annual General Meeting and is eligible for reappointment.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri B.K.Goenka and Shri Atul Desai, the directors of the Company retire by rotation at the 28th Annual General Meeting and being eligible have offered themselves for reappointment.

Board has recommended appointments/re-appointments of the aforesaid directors.

### AUDIT COMMITTEE

Constitution of Audit Committee is mentioned in Corporate Governance Report as enclosed.

### PUBLIC DEPOSITS

The Company has not accepted deposits during the year within the meaning of Section 58A of the Companies Act, 1956 read with The Companies (Acceptance of Deposit) Rules, 1975.

**AUDITORS**

Your Company's Auditors, M/s. MGB & Co, Chartered Accountants retire at the ensuing Annual General Meeting and being eligible, have given their consent to act as an Auditors of the Company. Members are requested to consider their reappointment as the Auditors of the Company for the current year and to fix their remuneration.

**CORPORATE GOVERNANCE**

A separate report on Corporate Governance is annexed hereto as a part of this Report. Management Discussion and Analysis Statement is separately given in the Annual Report. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as prescribed under Clause 49 of the Listing Agreement is attached to this report.

**AUDITORS' REPORT**

Please refer to Auditors' Observations/ qualifications and in relation thereto the Board of directors' state as under:

- i) Para 4(f) referring to Note no. 9 of notes of accounts and state that the Company is in the process of executing document to transfer Land to the name of the Company. The Company is in possession of Land without any interference for more than 12 years in respect of Rakholi land.
- ii) Para (i) (a) of the Annexure and state that we have given sufficient description of all individual assets in fixed Assets Register and based thereon the assets are easily identifiable.

References drawn by the auditors in their report other than mentioned above are self-explanatory.

**THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988**

In terms of the above Rules, your Directors are pleased to give the particulars as prescribed therein in the Annexure, which forms a part of the Directors' Report. Form B relating to research and technology, absorption being nil is not attached.

Foreign exchange used and earning is mentioned below:

Used: ₹ 6052.67 Lacs (₹ 3684.84 Lacs)  
Earning: ₹ 9773.10 Lacs (₹ 6671.84 Lacs)

**PARTICULARS OF EMPLOYEES**

There were no employees covered under the purview of the Section 217 (2A) of the Companies Act, 1956 and the Rule framed thereunder.

**APPRECIATION**

Your Directors take this opportunity to express gratitude for valuable assistance and co-operation extended to the Company by Financial Institutions, Employees, Commercial Banks and other authorities.

For and on behalf of the Board of Directors

**B. A. Kale**                      **R.R.Mandawewala**  
*Executive Director*              *Director*

Mumbai, 25 May 2011

**FORM - A**

**(SEE RULE 2)**

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

	Current Year 2010-2011	Previous Year 2009-2010	
<b>A Power and fuel consumption</b>			
1 Electricity			
(a) Purchased			
Units (In '000S)	80443.32	72339.99	
Total Amount (₹ in Lacs)	2974.63	2956.27	
Rate / Unit (₹)	3.70	4.09	
(b) Own Generation			
(i) Through Diesel / Gas Generator			
Units (In '000S)	880.91	1720.66	
Units per Ltr. Of Diesel Oil	3.43	3.54	
Cost / Unit (₹)	9.41	7.90	
(ii) Through Steam Turbine / Generator	Nil	Nil	
2 Coal (used in Boiler)			
Units (In '000S)	3678.75	2803.53	
Total Amount (₹ in Lacs)	178.74	99.64	
Rate / Unit (₹)	4.86	3.55	
3 Furnace Oil			
Quantity (K.Ltrs.)	Nil	Nil	
Total Amount (₹ in Lacs)	Nil	Nil	
Average Rate (K.Ltrs.)	Nil	Nil	
4 Others / Internal Generation	Nil	Nil	
<b>B CONSUMPTION PER UNIT OF PRODUCTION</b>			
	<b>STANDARDS</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
Products (With Details)			
Unit	-	Kg.	Kg.
Electricity	-	5.27	5.68
Furnace Oil	-	Nil	Nil
Coal (Specify Quality)		0.32	0.19
Others (Specify)		Nil	Nil



## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE, SCENARIO & DEVELOPMENT

India is the second largest producer of man-made fibers (MMF) in the world (World Fiber Report 2008) with presence of large plants having state-of-the art technology. MMF textiles constitute almost two-third of the domestic textile market.

The domestic fiber consumption ratio in India at present is 41:59 (FY09) between man-made fibers and cotton, while it is almost 60:40 globally. The global fiber consumption trend in future is likely to further tilt in favour of man-made fibers as there is a limitation to growth of cotton on account of limited availability of land for cotton cultivation. Moreover, the land available for cotton is gradually declining on account of rise in cultivation of food crops. Future demand is, therefore, expected to be largely in favour of man-made fiber based textiles.

Even in India, the demand for man-made fibers has grown substantially over the last decade, as it has emerged as a major substitute for cotton. The demand for synthetic textiles has been growing due to its lower cost coupled with convenience and maintenance benefits associated with the usage of synthetic garments. The share of man-made fibers in total fiber consumption (cotton and MMF) has risen from 25% in early nineties to 41% at present. Polyester filament yarn (PFY) constitutes over 53% of total MMF production.

The textile industry in India is facing four major problems in cotton front – shortfall in and uncertainty about cotton production, very low cotton yields per hectare, quality of cotton, and cultivation of large number of Bt cotton including varieties.

Skewed demand for synthetic yarn by textile producers, following a dramatic escalation in cotton prices, has opened opportunities for man-made fiber producers.

Prices of POY rose on account of a rise in the cotton yarn prices during the year. The demand for polyester has been healthy due to rising cotton prices.

In an attempt to boost country's textiles sector, India announced the restructuring of the popular Technology Upgradation Fund Schemes (TUFS). As per the scheme, Indian government will provide a maximum subsidy of Rupees 1,972 Crores (\$438 million) to attract an investment of about \$10.42 billion across the textiles value-chain. All segments within the textiles industry are expected to benefit from the scheme.

In the overall textile sector, India's share in the world market is 16.8 per cent and the country ranks only after China among the developing nations.

### OPPORTUNITY AND THREATS

With the increase in capacity of polyester filament yarn, competition shall increase.

Increasing trends in Crude and PTA continues to be a cause of worry.

The volatility in the Crude oil prices affects prices of PTA and hence, Polyester chips, the raw materials for Polyester filament yarns.

The Company's sound business strategy is to concentrate on specialty & high quality yarns especially conventionally dyed & dope-dyed yarns, constant development of new products to strengthen its position in domestic as well as International markets, stepping up production of high contributing Nylon grey & dyed yarns, etc.

### PRODUCT WISE PERFORMANCE

The Company manufactures Partially Oriented Yarn (POY), Texturised yarn/ Dyed yarn.

Gross annual turnover of POY were of ₹ 8310.80 Lacs as compared to ₹ 7012.71 Lacs of previous year and of Texturised Yarn/Dyed yarn were of ₹ 44190.48 Lacs as compared to ₹ 30605.50 Lacs to previous year.

### OUTLOOK

Global production of Cotton is continuously decreasing and as a result prices of cotton yarn are continuously rising. Increase in cotton yarn prices has pushed demand for polyester yarn.

In view of the above scenario, performance of the Company is expected to improve.

### RISKS & CONCERNS

Additional capacities are being generated for production of PTY, FDY and Dyed yarn in India.

However, the Company expects to mitigate the impact of risks and concerns since the Company concentrates on Specialty yarns, High quality and development of new products constantly.

### ADEQUACY OF INTERNAL CONTROL SYSTEM

Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transaction are authorised, recorded and reported correctly.

The Company has internal audit system, which covers cost saving aspects, system and procedure improvement. Such reports are regularly reviewed by the management and corrective measures are timely taken for improving efficiency.

### DISCUSSION ON FINANCIAL PERFORMANCE

#### SALES AND PROFIT

During the year, net sales and services were of ₹ 49633.26 Lacs as against ₹ 36112.19 Lacs in the previous year. The Company has earned net profits of ₹ 1281.34 Lacs as against net profits of ₹ 712.74 Lacs during the previous year. Discussion on Financial Performance is inserted in Directors' Report.

#### HUMAN RESOURCES

During the year under review, your Company continued its concern for development of its personnel through various training programmes. Besides, Management has laid special emphasis on strengthening HR activities for all levels in the Organization with an introduction of PMS module.

Industrial relations during the year were cordial.

#### FUTURISTIC STATEMENT

Company's performance as expressed or implied could differ materially due to economic conditions affecting demand/supply and price condition in the domestic & overseas markets, changes in the government regulations, tax laws & other incidental factors.

For and on behalf of the Board of Directors

**B. A. Kale**  
Executive Director

**R.R.Mandawewala**  
Director

Mumbai, 25 May 2011

**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2011**

**Annexure to the Directors' Report**

**A. COMPANY'S PHILOSOPHY**

Welspun Syntex Limited believes that for a company to succeed on a sustained basis, it must maintain global standards of corporate conduct towards its employees, shareholders, consumers and society.

The primary objective is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness.

**B. BOARD OF DIRECTORS**

**(i) Composition**

Present strength of the Board of Directors is 6. Details of composition of the existing Board of Directors are given below:

Sr. No	Name of the Director	Category	No. of Other Directorship in Public Limited Companies	Membership in Committee of Other Companies	No. of Board Meetings Attended (01/04/10 to 31/03/11)	Attendance at last AGM
1.	Mr. B. K. Goenka	P,S,NE,C	12	4M/1C	1	No
2.	Mr. R. R. Mandawewala (Resigned from the office of Managing Director w.e.f. 10 October 2011 but continue as a director)	P, NE	12	3M/1C	3	No
3.	Mr. Raj Kumar Jain	I	2	2C	4	Yes
4.	Mr. Atul Desai	I, S	5	3M/4C	4	No
5.	Mr. M. K. Tandon	I	2	4C	4	No
6.	Mr. B.A.Kale	E	Nil	Nil	2	No
7.	Mr. Murarilal Mittal (resigned w.e.f. 14 February 2011)	NE	11	4M	4	No

**NOTE:** For the purpose of counting Membership in Board Committee of other Companies, Chairmanship/ Membership of the Audit Committee and the Share Transfer and Investor Grievance Committee alone are considered.

**Abbreviations:**

P = Promoter, E = Executive Director, NE = Non Executive Director, I = Independent Non Executive, N =Nominee Director, S = Shareholders, C = Chairman, M = Member, MD = Managing Director.

**(ii) Details of Date of Board Meeting:**

Four meetings of the Board of Directors were held during the financial year 2010-11 i.e. 11 May 2010, 4 August 2010, 30 October 2010 and 14 February 2011.

**C. COMMITTEES OF THE BOARD**

The Committees constituted by the Board as on date are mentioned below

**1. AUDIT COMMITTEE**

The Audit Committee consists of the following 3 Independent Non-Executive Directors as on 31 March 2011

- a. Raj Kumar Jain - Chairman
- b. Atul Desai - Member
- c. M.K.Tandon - Member

The Secretary of the Company also acts as a Secretary to the Committee.

**Terms of Reference:**

The terms of reference stipulated by the Board of Directors to the Audit Committee are as contained under clause 49 of the Listing Agreement.

Four meetings of Audit Committee of Board of Directors were held on 11 May 2010, 4 August 2010, 30 October 2010 and 14 February 2011. The details of Attendance of Members of audit committee are as follows:

Sr. No.	Name of the Member	Designation	Number of Meetings Attended (01/04/2010 to 31/03/2011)
1.	Raj Kumar Jain	Chairman	4
2.	Atul Desai	Member	4
3.	M.K.Tandon`	Member	4

**2. SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE**

- a. Atul Desai - Chairman
- b. B. K. Goenka - Member
- c. R. R. Mandawewala- Member
- d. Murarilal Mittal - Member (upto 14 February 2011)

**Terms of Reference:**

Approval of Share Transfer deeds, transmission, transposition and issue of share certificates including duplicate, split, sub divide or consolidated and all related matters, to look into redressing of share holders and investors complaints.

Name and designation of Compliance Officer: Nilesh Javker – Assistant Company Secretary

99.86% of the shares of the Company are in Dematerialized form.

Six meetings of share transfer and Investors' Grievance Committees were held on 10 April 2010, 20 May 2010, 25 May 2010, 30 July 2010, 30 October 2010 and 25 January 2011.





During the year under review total, 5 Investor complaints were received. Break-up of number of complaints received under different category is given hereunder.

Sr. No.	Nature of Complaint	Received	Processed	Pending
1	Non Receipt of Share Certificates	3	3	0
2	Non-receipt of Rejected Demat Request Form	1	1	0
3	Others (BSE)	1	1	0
	Total	5	5	0

All the complaints received during the year under review were solved within the time limit to the satisfaction of the investors/shareholders and no complaint is pending as at 31 March 2011.

The dematerialized shares are directly transferred to the beneficiaries by the depositories.

### 3. REMUNERATION COMMITTEE

Remuneration Committee of the Board of Directors of the Company consists of the following members.

1. Mr. Raj Kumar Jain - Chairman
2. Mr. Atul Desai - Member
3. Mr. B. K. Goenka - Member
4. Mr. R. R. Mandawewala - Member
5. Mr. M. K. Tandon - Member (with effect from 14 February 2011)

Two meetings of Remuneration Committee were held on 11 May 2010 and 30 October 2010. The details of attendance of members is mentioned below

Sr No.	Name of Member	Designation	No. of Meetings attended 01-04-2010 to 31-03-2011
1.	Rajkumar Jain	Chairman	2
2.	Atul Desai	Member	2

#### Terms of Reference

To recommend payment of Remuneration to Managing Director/Directors/Executive Director.

The details of Remuneration paid/payable during the year under review are mentioned below:

(Amount in ₹)

	Mr. R. R. Mandawewala (Managing Director upto 10 October 2010)	Mr. B.A. Kale Executive Director – w.e.f 30 October 2010
BASIC	640323	5,49,523
HRA	1,50,000	2,74,761
CAR ALLOWANCE	Nil	1,21,377
BONUS/EXGRATIA	Nil	45,774
LTA	Nil	--
TELEPHONE	Nil	10,060
MEDICAL	Nil	6,288
SPECIAL ALLOWANCE	Nil	82,428
PETROL ALLOWANCE	Nil	16,599
COMMISSION	3,50,000	Nil
LEAVE SALARY	Nil	--
PERFORMANCE INCENTIVE	Nil	4,19,176
CONTRIBUTION TO PF	Nil	66,396
TOTAL	11,40,323	15,92,382
NOTICE PERIOD	3 Months	3 Months
SERVICE CONTRACT	Upto 10 October 2010	Upto 30 October 2013
STOCK OPTION	Nil	Nil
SEVERANCE FEES	Nil	Nil

The details of sitting fees paid to Non Executive Directors of the Company are given below:

Name of Director	Sitting Fees Paid for attending meeting of Board of Directors / Audit Committee/Remuneration Committee/ Finance Committee/ Share Transfer and Investor Grievance Committee
Mr. Raj Kumar Jain	₹ 100,000
Mr. Atul Desai	₹ 90,000
Mr. M.K. Tandon	₹ 52,000

#### Remuneration Policy

All fees/compensation if any, paid to non executive directors, including independent directors shall be fixed by the Board of Directors and shall require previous approval of shareholders in general meeting, if required pursuant to provisions of Companies Act, 1956 and provision of Listing Agreement of Bombay Stock Exchange Limited.

#### D. GENERAL BODY MEETING

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
2007-08	30/09/2008	11.00 a.m.	Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli)
2008-09	30/09/2009	11.00 a.m.	Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli)
2009-10	30/09/2010	11.00 a.m.	Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli)

Special Resolution passed in the previous three Annual General Meetings:

Financial Year	Date	Special Resolution passed
2007-08	30/09/2008	Re-Appointment of Statutory Auditors under section 224A of the Companies Act, 1956
2008-09	30/09/2009	Re-Appointment of Statutory Auditors under section 224A of the Companies Act, 1956
2009-10	30/09/2010	Re-Appointment of Statutory Auditors under section 224A of the Companies Act, 1956

There was no occasion to pass Special Resolution through postal ballot on any of the matters specified under Clause 49 of the Listing Agreement.

Further no such proposal is proposed to be placed for the shareholders approval in the forthcoming Annual General Meeting.

**E DISCLOSURES**

Disclosures on materially significant related party transom actions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the company at large.

- a. Related party transactions: Please refer Note No. 14 of schedule 18(b) of the Annual Report.
- b. Details of non compliance by the Company, penalties, strictures imposed on the company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital market during the last 3 years: Nil

**Details of Compliance of the mandatory and non-mandatory clauses of this clause**

- i) **Basis of Related Party transactions** - Complied in Audit Committee meetings and Board Meetings held during the financial year.
- ii) **Disclosure of Accounting Treatment** - Accounting standards have been followed
- iii) **Board Disclosures – Risk Management** - The Board of directors at their meeting held on 14 February 2011 reviewed risk assessment and minimization procedure followed by the Company.
- iv) **Code of Conduct** – Code of Conduct as approved by the Board of Directors is posted on website of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the Code on an annual basis.
- v) Proceeds from public issues, right issues, preferential issues etc. – No money is raised through public issue, rights issue or preferential issues.
- vi) Remuneration to Directors-
  - a) There are no pecuniary relationships or transactions with the non-executive directors vis-a-vis the company.
  - b) Disclosure relating to the Remuneration paid to Managing Director and Whole-time Director is made under the head Remuneration committee above.
  - c) The Company pays sitting fees to non-executive directors for attending meetings of the Board of Directors, Audit Committee, Remuneration Committee, Finance committee and Share Transfer and Investors Grievance Committee. Details of the same are mentioned in the report under Remuneration committee above.
- d) No. of Shares held by Non – Executive Directors:

	Non-Executive Directors	No. of Equity shares held
1.	Mr. B.K.Goenka	3405
2.	Mr. M.L.Mittal	Nil
3.	Mr. Atul Desai	30
4.	Mr. M.K. Tandon	Nil
5.	Mr. Raj Kumar Jain	Nil

**F MEANS OF COMMUNICATION**

The quarterly Un-audited financial results and yearly Audited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors in their Board meetings.

Audited financial results for the year ended 31 March 2010 and Un-audited financial results for the quarter ended 30 June 2010, 30 September 2010 and 31 December 2010 were published in The Economic Times (E), Ahmedabad, The Economic Times (G), Ahmedabad, The Free Press Journal, Mumbai and Navshakti (M), Mumbai.

Management Discussion and Analysis is a part of Annual Report.

**G APPOINTMENT / REAPPOINTMENT OF DIRECTORS**

A. Shri B.K. Goenka is Chief promoter of the company. He has contributed in sourcing plant and machinery, technology as well as upgrading the plant on continuous basis. He has considerable experience in the field of Textile, Saw Pipes and related business activities. He has been associated with the company as a director on the board since 1991.

B. Shri B.A. Kale worked with M/s. Garware Nylon Limited as All India Marketing Manager for NFY and PFY for 13 years.

He founded a professionally managed Textile Marketing Company in 1988 and achieved sustained growth for over 17 years. He is 52 years of age. He has handled Agency Business of various renowned companies. He has in depth market knowledge and excellent contacts in Textile Industry including PFY, Fabric (Knitted and Woven), Garment Exporters, Home Textiles and Dyes.

C. Shri. Atul Desai is a partner of M/s. Kanga & Co., leading Law firm. Mr. Atul Desai has attended large number of matters relating to mergers, amalgamations, litigations, arbitration involving commercial disputes etc.

**H. GENERAL SHAREHOLDERS INFORMATION**

- a. 28th Annual General Meeting Venue - Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli)
  - Time - 11.00 a.m.
  - Day and Date - Thursday, 22nd September, 2011
  - Financial year - 31 March 2011
- b. Date of Book Closure - Friday 9th September, 2011 to Tuesday 13th September, 2011 (both days inclusive)
- c. Dividend payment date - No dividend has been declared for the Financial year 2010-11
- d. Listing on Stock Exchanges and Stock Codes

The Company's securities are listed on Bombay Stock Exchange Limited, Mumbai, P. J. Tower, Dalal Street, Fort, Mumbai and Stock Code No. is 508933.



e. Market Price Data- High-Low Quotations on Bombay Stock Exchange Limited, Mumbai during each month for the year 1 April 2010 to 31 March 2011

Month	Bombay Stock Exchange (₹)		Sensex	
	High	Low	High	Low
April, 2010	16.50	12.21	18047.86	17276.8
May, 2010	18.40	14.50	17536.86	15960.15
June, 2010	17.90	14.05	17919.62	16318.39
July, 2010	15.70	14.00	18237.56	17395.58
August, 2010	19.78	14.33	18475.27	17819.99
September, 2010	21.65	16.60	20267.98	18027.12
October, 2010	26.50	19.30	20854.55	19768.96
November, 2010	27.00	19.10	21108.64	18954.82
December, 2010	23.00	15.35	20552.03	19074.57
January, 2011	21.30	16.00	20664.8	18038.48
February, 2011	17.95	12.85	18690.97	17295.62
March, 2011	17.50	13.00	19575.16	17792.17

#### I. REGISTRAR AND SHARE TRANSFER AGENT:

Link Intime India Private Limited (Formerly known as Intime Spectrum Registry Limited)

Address: C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (w), Mumbai- 400 078.

Tel. No.: 022 - 25946970,

Fax No.: 022 - 25926969,

E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

#### SHARE TRANSFER SYSTEM

Shares sent for transfer in physical form are registered by the Company's Registrars and Share Transfer Agents within 30 days from the date of receipt of documents, if the same are found in order. Shares under objection are returned within two weeks.

#### J. DISTRIBUTION OF SHAREHOLDING

The distribution of shareholding as on 31 March 2011 was as follows:

Share holding of nominal value ₹	Share holders		Amount	
	Number	% to Total	In ₹	% to Total
(1)	(2)	(3)	(4)	(5)
Upto -5,000	6167	82.91	9,240,260	3.91
5,001 - 10,000	511	6.87	4,209,460	1.78
10,001 - 20,000	354	4.76	5,277,440	2.23
20,001 - 30,000	137	1.84	3,522,520	1.49
30,001 - 40,000	51	0.69	1,855,820	0.79
40,001 - 50,000	53	0.71	2,544,690	1.07
50,001 - 1,00,000	75	1.01	5,697,200	2.41
1,00,001 and above	90	1.21	204,102,880	86.32
<b>TOTAL</b>	<b>7438</b>	<b>100</b>	<b>236,450,270</b>	<b>100</b>

#### K. DEMATERIALISATION OF SHARES AND LIQUIDITY

The Shares of the Company are fully dematerialized under the category of compulsory delivery in dematerialized mode by all categories of investors.

The Company has signed agreements with both the depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. As on 31 March 2011, 99.86% of the shares of the Company are dematerialized.

The Company has not issued any GDRs/ ADRs and there are no warrants or any convertible instruments.

#### L. LOCATION OF PLANT

(i) Rakholi Plant and Registered Office: Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli);

(ii) Palghar Plant: 14 & 15, Dewan Industrial Estate, Palghar, Maharashtra;

(iii) Address for correspondence : 9th Floor, Trade world, "B" Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

Telephone No. : 022 - 66136000

Fax No. : 022 - 24908020

(iv) E-mail id : [nilesh\\_javker@welspun.com](mailto:nilesh_javker@welspun.com)

(v) Website : [www.welspunsyntex.com](http://www.welspunsyntex.com)

#### Auditors' Certificate on compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement

#### TO THE MEMBERS OF WELSPUN SYNTAX LIMITED

We have examined the compliance of conditions of Corporate Governance by Welspun Syntex Limited, for the year ended on 31 March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 as 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 the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **MGB & CO.**

*Chartered Accountants*

Registration no. 101169W

**Sanjay Kothari**

*Partner*

Membership No. 48215

Mumbai, 25 May 2011

## Auditors' Report

To the Members of **Welspun Syntex Limited**

1. We have audited the attached Balance Sheet of **Welspun Syntex Limited** as at 31 March 2011 and also the Profit and Loss account and the Cash Flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section 4(A) of section 227 of the Companies Act, 1956 ("the Act"), we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to Paragraph (3) above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
  - c) The Balance Sheet, the Profit and Loss account and the Cash Flow statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, the Profit and Loss account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
  - e) On the basis of written representations received from the directors, and taken on record by the board of directors, we report that none of the directors is disqualified as on 31 March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to, *Note 9 of Notes to Accounts regarding Freehold Land of Rs. 150.72 lacs for which the Company holds no title* and read with the significant accounting policies and other notes thereon as per schedule 18, 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:
    - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2011;

- ii) In the case of the Profit and Loss account, of the Profit for the year ended on that date; and
- iii) In the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For **MGB & Co**  
*Chartered Accountants*  
Registration no. 101169W

**Sanjay Kothari**  
*Partner*  
Membership No: 48215

Mumbai, 25 May 2011

### Annexure referred to in paragraph 3 of Auditors' Report to the members of Welspun Syntex Limited on the accounts for the year ended 31 March 2011

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets *except asset identification numbers*.
- (b) The fixed assets are physically verified by the management during the year pursuant to a phased program designed to cover substantial part of fixed assets, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) During the year, there was no disposal of substantial part of fixed assets.
- (ii) (a) As explained to us, the inventories have been physically verified by the management during the year except stock lying with third parties in respect of whom confirmations have been obtained. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) As explained to us, the Company has maintained proper records of inventories and no material discrepancies were noticed on physical verification of inventories as compared to the book records.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. We have not observed any continuing failure to correct major weaknesses in the internal controls systems in respect of the aforesaid areas.
- (v) a. In our opinion and according to the information and explanations given to us, the particulars of all contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act have been so entered.



- b. According to the information and explanations given to us, in our opinion transactions made in pursuance of contracts or arrangements entered in the register maintain under section 301 of the Act, in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing prices at the relevant time where such market prices are available.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) On the basis of records produced before us, we are of the opinion that prima facie cost accounting records prescribed by the Central Government under section 209 (1) (d) of the Act, in respect of activities carried on by the Company covered under the rules under that section, have been maintained. However, we are neither required to carry out nor have carried out any detailed examination of such accounting records.
- (ix) According to the records of the Company examined by us and information and explanations given to us:
- (a) Undisputed statutory dues, including provident fund, investor education and protection fund, employee state insurance, income tax, value added tax, wealth tax, service tax, custom duty, excise duty, cess and any other material statutory dues to the extent applicable have been deposited regularly with the appropriate authorities except for delays in few cases. There are no undisputed amounts payable in respect of the aforesaid dues outstanding as at 31 March 2011 for a period of more than six months from the date they became payable.
- (b) The disputed dues of Custom Duty, Excise Duty and Service Tax which have not been deposited are as under:

Name of the statute (Nature of Dues)	Period to which the amount relates	Amount (₹ in lacs)	Forum where dispute is pending
The Customs Act, 1962			
Custom Duty	1996-97 and 1997-1998	72.55	Commissioner of Customs, Mumbai
	2006-2007	168.36	Commissioner of Customs (Imports), Navi Mumbai
	2006-07 and 2007-2008	3.78	Deputy Commissioner of Central Excise and Customs, Vapi
The Central Excise Act, 1944			
Excise Duty	1997-1998 and 2005-06	685.53	The Supreme Court of India
	2005-06 and 2006-07	138.34	Commissioner of Central Excise and Customs, Vapi
	2003-04	0.50	Commissioner of Central Excise (Appeals), Mumbai
	2007-08	41.42	Joint Commissioner of Central Excise and Customs, Vapi
Service Tax	1997-98, 1998-99 and 2005-06 to 2007-08	1.95	Deputy Commissioner of Central Excise and Customs, Vapi

- (x) The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses in the current financial year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given, the company has not defaulted in repayment of dues to banks and debenture holders during the year considering reshedulement in few cases.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society.
- (xiv) The Company is not dealing or trading in securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks and financial institutions.
- (xvi) According to the information and explanations given to us and records of the Company examined by us, the Company has prima facie applied the term loans taken during the year for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and examination of the Balance Sheet of the Company and related information as made available to us, we report that short term funds of Rs. 1,325.14 lacs have been used for long term investments.
- (xviii) During the year, the Company has not made any preferential allotment of shares to companies or parties covered in the register maintained under section 301 of the Act.
- (xix) The Company has created adequate security in respect of the debentures outstanding at the year-end.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based on our audit procedures performed and according to the information and explanations given by the management, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **MGB & Co**  
Chartered Accountants  
Registration no. 101169W

**Sanjay Kothari**  
Partner  
Membership No: 48215

Mumbai, 25 May 2011

**Balance Sheet as at 31 March 2011** (₹ in lacs)

Particulars	Schedules	As at 31-Mar-11	As at 31-Mar-10
<b>Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	3,391.47	3,391.47
Reserves and Surplus	2	4,030.48	3,065.36
		<u>7,421.95</u>	<u>6,456.82</u>
<b>Loan Funds</b>			
Secured Loans	3	7,801.28	6,688.50
Unsecured Loans	4	900.00	1,500.00
		<u>8,701.28</u>	<u>8,188.50</u>
	<b>Total</b>	<b><u>16,123.23</u></b>	<b><u>14,645.32</u></b>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	5	31,096.61	29,134.50
Less: Depreciation / Amortisation / Impairment		20,745.80	20,035.67
Net Block		<u>10,350.81</u>	<u>9,098.83</u>
Capital Work-In-Progress	6	908.40	448.49
		<u>11,259.21</u>	<u>9,547.32</u>
<b>Investments</b>	7	2,233.60	2,233.60
<b>Current Assets, Loans and Advances</b>			
Inventories	8	5,678.51	3,975.86
Sundry Debtors	9	3,702.50	2,860.80
Cash and Bank Balances	10	628.86	473.16
Loans and Advances	11	1,799.10	1,650.36
		<u>11,808.97</u>	<u>8,960.18</u>
<b>Less: Current Liabilities and Provisions</b>	12		
Current Liabilities		8,858.78	6,103.03
Provisions		319.77	308.95
		<u>9,178.55</u>	<u>6,411.98</u>
<b>Net Current Assets</b>		2,630.42	2,548.19
<b>Profit and Loss Account</b>		-	316.21
	<b>Total</b>	<b><u>16,123.23</u></b>	<b><u>14,645.32</u></b>

**Significant Accounting Policies and Notes to Accounts** 18

As per our attached report of even date  
for **MGB & Co**  
Chartered Accountants

**Sanjay Kothari**  
Partner  
Mumbai, 25 May 2011

For and on behalf of the Board

**R.R.Mandawewala**      **B.A.Kale**  
Director                      Executive Director

**Nilesh Javker**  
Asst. Company Secretary

**Profit and Loss Account for the year ended 31 March 2011**

(₹ in lacs)

Particulars	Schedules	Year Ended 31-Mar-11	Year Ended 31-Mar-10
<b>Income</b>			
Sales and Services (Gross)	13	52,630.70	37,800.26
Less: Excise Duty		2,997.44	1,688.08
Sales and Services (net)		49,633.26	36,112.18
Other Income	14	752.04	482.80
	<b>Total</b>	<b>50,385.30</b>	<b>36,594.98</b>
<b>Expenditure</b>			
Cost of Goods	15	32,664.33	22,627.26
Manufacturing and Other Expenses	16	14,498.63	11,255.86
Financial Expenses (net)	17	870.83	933.23
Depreciation / Amortisation		1,139.47	1,065.89
	<b>Total</b>	<b>49,173.26</b>	<b>35,882.24</b>
<b>Profit before Tax</b>		<b>1,212.04</b>	<b>712.74</b>
Provision for Taxation			
Current Tax - Current year		241.57	121.13
- Earlier years		(69.64)	-
Less : MAT Credit Entitlement		(241.57)	(121.13)
Fringe Benefit Tax - Earlier years		0.34	-
<b>Profit after Tax</b>		<b>1,281.34</b>	<b>712.74</b>
Balance brought forward		(316.21)	(1,028.95)
<b>Balance carried to Balance Sheet</b>		<b>965.13</b>	<b>(316.21)</b>
<b>Earnings per share</b> (Equity shares of face value of ₹ 10 each)			
Basic and diluted EPS (Refer Note 17)		4.99	2.59
No. of shares used in computing earnings per share		23,645,027	23,645,027

**Significant Accounting Policies and Notes to Accounts** 18

As per our attached report of even date  
for **MGB & Co**

*Chartered Accountants*

**Sanjay Kothari**

*Partner*

Mumbai, 25 May 2011

For and on behalf of the Board

**R.R.Mandawewala**

*Director*

**B.A.Kale**

*Executive Director*

**Nilesh Javker**

*Asst. Company Secretary*

**Schedules forming part of Accounts**

(₹ in lacs)

Particulars	As at 31-Mar-11	As at 31-Mar-10
<b>Schedule - 1 Share Capital</b>		
<b>Authorised</b>		
10,67,00,000 (10,67,00,000) Equity Shares of ₹ 10 each	10,670.00	10,670.00
33,00,000 (33,00,000) Optionally Convertible Cumulative Preference Shares of ₹ 10 each	330.00	330.00
1,00,00,000 (1,00,00,000) Redeemable Cumulative Preference Shares of ₹ 10 each	1,000.00	1,000.00
<b>Total</b>	<b>12,000.00</b>	<b>12,000.00</b>
<b>Issued, Subscribed and Paid Up (Refer Note 1 )</b>		
2,36,45,027 (2,36,45,027) Equity Shares of ₹10 each fully paid up	2,364.50	2,364.50
32,03,300 (32,03,300) 10% Optionally Convertible Cumulative Preference Shares of ₹10 each fully paid up	193.64	193.64
1,00,00,000 (1,00,00,000) 8% Redeemable Cumulative Preference Shares of ₹ 10 each fully paid up	833.33	833.33
<b>Total</b>	<b>3,391.47</b>	<b>3,391.47</b>
<b>Schedule - 2 Reserves and Surplus</b>		
Capital Reserve - As per last Balance Sheet	2,664.93	2,664.93
Capital Redemption Reserve - As per last Balance Sheet	293.36	293.36
Debenture Redemption Reserve - As per last Balance Sheet	107.06	107.06
Profit and Loss Account	965.13	-
<b>Total</b>	<b>4,030.48</b>	<b>3,065.35</b>
<b>Schedule - 3 Secured Loans (Refer Note 2 )</b>		
<b>Debentures</b>		
Redeemable Non-Convertible Debentures	85.45	134.65
<b>Term Loans from Banks</b>		
- Foreign Currency Loans	1,766.97	2,131.98
- Rupee Loans	2,630.46	2,255.72
Vehicle Loans	-	1.35
<b>Working Capital Loans from Banks</b>		
- Foreign Currency Loans	382.63	1,392.89
- Rupee Loans	2,935.77	759.33
Interest accrued and due	-	12.58
<b>Total</b>	<b>7,801.28</b>	<b>6,688.50</b>
<b>Schedule - 4 Unsecured Loans</b>		
Inter Corporate Deposits	900.00	1,500.00
<b>Total</b>	<b>900.00</b>	<b>1,500.00</b>



**Schedule forming part of Accounts**

**Schedule - 5 Fixed Assets (At cost)**

(₹ in lacs)

Description of Assets	Gross Block				Depreciation / Amortisation				Impairment loss as at 31 March'11	Net Block	
	As at 01 April'10	Additions	Deductions	Upto 31 March'11	As at 01 April'10	For the year	Deductions	Upto 31 March'11		As at 31 March'11	As at 31 March'10
<b>Tangible Assets</b>											
Freehold Land [Refer Note 10]	456.74	355.19	-	811.93	-	-	-	-	191.04	620.89	265.70
Buildings	3145.52	370.56	-	3516.08	1192.36	104.13	-	1296.49	-	2219.59	1953.15
Plant and Machinery	24970.87	1637.54	465.27	26143.14	12827.80	1010.37	420.39	13417.79	5384.31	7341.04	6755.37
Vehicles	59.98	25.76	3.66	82.08	28.14	5.49	1.74	31.89	5.40	44.79	25.85
Furniture and Fixtures	84.78	22.98	-	107.77	59.47	4.38	-	63.85	10.14	33.78	15.17
Equipments	84.20	16.75	2.02	98.93	33.48	4.54	0.66	37.37	17.24	44.32	33.28
Computers	242.28	6.68	2.41	246.54	157.14	9.90	2.30	164.74	37.53	44.27	47.50
<b>Intangible Assets</b>											
Software	90.14	-	-	90.14	84.26	0.66	0.00	84.92	3.08	2.15	2.80
<b>Total</b>	<b>29134.50</b>	<b>2435.47</b>	<b>473.36</b>	<b>31096.61</b>	<b>14382.66</b>	<b>1139.47</b>	<b>425.09</b>	<b>15097.05</b>	<b>5648.75</b>	<b>10350.82</b>	<b>9098.83</b>
Previous Year	29793.85	380.68	1040.03	29134.50	14127.15	1065.89	810.38	14382.66	5653.01	9098.83	

Note :

For reversal of impairment loss - Refer Note 3.



**Schedules forming part of Accounts**

(₹ in lacs)

Particulars	As at 31-Mar-11	As at 31-Mar-10
<b>Schedule - 6 Capital Work In Progress</b>		
Capital Expenditure on Projects	747.40	362.38
Advances for Capital Expenditure	161.00	86.11
<b>Total</b>	<b>908.40</b>	<b>448.49</b>
<b>Schedule - 7 Investments</b>		
Long Term (at cost) - Non Trade		
<b>Quoted</b>		
1,350 (1,350) Equity Shares of ₹10 each of Welspun India Limited	0.14	0.14
67 (67) Equity Shares of ₹ 10 each of Welspun Investments and Commercials Limited	0.01	0.01
100 (100) Equity Shares of ₹ 5 each of Welspun Corp Limited (Market Value of Quoted Investments ₹ 0.83 Lacs (₹ 1.51 Lacs))	0.09	0.09
<b>Unquoted</b>		
135 (135) Equity Shares of ₹ 10 each of Welspun Global Brands Limited	0.01	0.01
1,21,685 (1,21,685) 6% Redeemable Preference Shares of ₹ 10 each fully paid up of Cresent Trading Private Limited	1,216.85	1,216.85
1,01,650 (1,01,650) 600% Redeemable Preference Shares of ₹ 10 each fully paid up of Cresent Trading Private Limited	1,016.50	1,016.50
100 (100) Equity Shares of ₹ 10 each fully paid up of Welspun Steel Limited	0.01	0.01
<b>Total</b>	<b>2,233.60</b>	<b>2,233.60</b>
<b>Schedule - 8 Inventories</b> (As taken, valued and certified by management)		
Raw Materials	1,792.78	849.11
Finished Goods	2,513.02	1,941.59
Goods in Process	346.45	288.51
Stores / Spares and Packing Materials	907.31	765.99
Goods in Transit	118.95	130.67
<b>Total</b>	<b>5,678.51</b>	<b>3,975.86</b>
<b>Schedule - 9 Sundry Debtors</b> (Unsecured and considered good, unless otherwise stated)		
More than six months - considered good	34.90	49.50
- considered doubtful	169.66	169.66
Others - considered good	3,667.60	2,811.30
	3,872.16	3,030.46
Less: Provision for doubtful debts	(169.66)	(169.66)
<b>Total</b>	<b>3,702.50</b>	<b>2,860.80</b>
<b>Schedule - 10 Cash and Bank Balances</b>		
Cash in Hand	45.67	22.12
Balances with Scheduled Banks		
- In Current Account	98.62	58.14
- In Foreign Currency Account	0.05	0.05
- In Margin Money Accounts	484.51	392.85
<b>Total</b>	<b>628.86</b>	<b>473.16</b>


**Schedules forming part of Accounts**

(₹ in lacs)

Particulars	As at 31-Mar-11	As at 31-Mar-10
<b>Schedule - 11 Loans and Advances</b>		
(Unsecured and considered good, unless otherwise stated)		
Advances (Recoverable in cash or in kind or for value to be received)		
Balance with Government Authorities	1,039.80	802.90
Direct Tax Advances (net of provisions)	266.59	-
Other Advances	460.90	781.75
Deposits	31.81	65.71
<b>Total</b>	<b>1,799.10</b>	<b>1,650.36</b>
<b>Schedule - 12 Current Liabilities and Provisions</b> (Refer Note 7 and 8)		
Acceptances	3,893.52	2,504.45
Sundry Creditors		
- Due to Micro, Small and Medium Enterprises	285.28	106.87
- Due to Others	4,651.40	3,487.30
	4,936.68	3,594.17
Interest accrued but not due	28.58	4.40
	8,858.78	6,103.03
Provisions		
- For Taxation (net of advances)	-	25.00
- For Retirement Benefits	319.77	283.96
	319.77	308.95
<b>Total</b>	<b>9,178.55</b>	<b>6,411.98</b>

Particulars	Year ended 31-Mar-11	Year ended 31-Mar-10
<b>Schedule - 13 Sales and Services</b> (Gross)		
Gross Sales	52,501.28	37,618.21
Job Work Charges [Tax deducted at source ₹ 2.73 Lacs (₹ 4.23 Lacs)]	129.42	182.05
<b>Total</b>	<b>52,630.70</b>	<b>37,800.26</b>
<b>Schedule - 14 Other Income</b>		
Export Benefits	547.75	347.17
Dividend received	0.02	0.00
Profit on sale of fixed assets (net)	-	3.46
Miscellaneous Income	204.27	132.16
<b>Total</b>	<b>752.04</b>	<b>482.80</b>
<b>Schedule - 15 Cost of Goods</b>		
(A) Raw Materials Consumed		
Opening Stock	849.11	867.65
Add: Purchases	34,211.51	23,126.49
Less: Closing Stock	1,792.78	849.11
<b>Total (A)</b>	<b>33,267.84</b>	<b>23,145.03</b>
(B) Increase / (Decrease) In Stock		
Closing Stock		
Goods in Process	346.45	288.51
Finished Goods	2,513.02	1,941.59
	2,859.47	2,230.10
Less : Opening Stock		
Goods in Process	288.51	167.80
Finished Goods	1,941.59	1,444.80
	2,230.10	1,612.61
Less : Increase / (Decrease) in Excise Duty on Finished Goods	25.86	99.72
<b>Total (B)</b>	<b>603.51</b>	<b>517.77</b>
<b>Total (A-B)</b>	<b>32,664.33</b>	<b>22,627.26</b>

<b>Schedules forming part of Accounts</b>			(₹ in lacs)
<b>Particulars</b>	<b>Year ended 31-Mar-11</b>	<b>Year ended 31-Mar-10</b>	
<b>Schedule - 16 Manufacturing and Other Expenses</b>			
<b>Manufacturing Expenses</b>			
Stores and Spares consumed	1,451.36	1,382.11	
Power, Fuel and Water charges	3,250.27	3,218.65	
Packing Materials consumed	1,817.75	1,377.76	
Dyes and Chemicals consumed	2,036.23	1,367.23	
Repairs and Maintenance			
- Plant and Machinery	127.77	78.92	
- Factory Building	59.09	63.94	
	<u>8,742.47</u>	<u>7,488.61</u>	
<b>Personnel Expenses</b>			
Managerial Remuneration	27.33	15.00	
Salaries, Wages and Allowances	2,125.34	1,631.92	
Contribution to Provident and other Funds	109.27	91.94	
Staff welfare expenses	138.25	87.19	
	<u>2,400.19</u>	<u>1,826.05</u>	
<b>Administrative and other Expenses</b>			
Rent	118.75	47.59	
Rates and Taxes	367.33	15.44	
Freight and Forwarding	1,073.34	734.56	
Discounts and Rebates	222.87	137.64	
Brokerage and Commission	669.81	458.77	
Repairs and Maintenance - others	75.69	50.62	
Printing and Stationary	14.71	12.24	
Travelling and Conveyance	130.20	110.55	
Vehicle expenses	68.54	61.38	
Legal and Professional fees	114.51	97.99	
Insurance	45.71	35.09	
Directors sitting fees	2.42	1.36	
Communication expenses	46.59	38.88	
Miscellaneous expenses	167.32	135.30	
Foreign exchange difference (net)	212.49	(0.36)	
Donations	5.88	4.13	
Loss on sale of fixed assets (net)	19.81	-	
	<u>3,355.97</u>	<u>1,941.20</u>	
<b>Total</b>	<b><u>14,498.63</u></b>	<b><u>11,255.86</u></b>	
<b>Schedule - 17 Financial Expenses (net)</b>			
Interest on			
- Debentures	11.63	17.61	
- Fixed Loans	253.99	381.36	
- Working Capital Loans	267.18	267.36	
- Others	23.42	5.45	
	<u>556.22</u>	<u>671.79</u>	
Discounting and Bank Charges	447.39	353.82	
	<u>1,003.61</u>	<u>1,025.61</u>	
Less: Interest Income [Tax deducted at source ₹ 4.41 Lacs (₹ 4.72 Lacs)]	132.78	92.38	
<b>Total</b>	<b><u>870.83</u></b>	<b><u>933.23</u></b>	



## **Schedule: 18 Significant Accounting Policies and Notes to Accounts**

### **A. Significant Accounting Policies**

#### **a) Basis of Accounting**

The financial statements have been prepared under the Historical Cost Convention on accrual basis and in accordance with the generally accepted accounting principles (GAAP) and Accounting Standards as specified in Companies (Accounting Standards) Rules, 2006 as prescribed by the Central Government.

#### **b) Use of Estimates**

The preparation of the financial statements in accordance with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amount of revenue and expenses of the year. Actual results could differ from those estimates. Any revision of such accounting estimate is recognized prospectively in current and future periods.

#### **c) Fixed Assets**

(i) Fixed assets are stated at original cost of acquisition / installation (net of cenvat credit availed) net of accumulated depreciation, amortization and impairment losses except freehold land which is carried at cost. The cost of fixed assets includes cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses related to the acquisition, trial run expenses (net of revenue) and borrowing cost incurred during pre-operational period.

(ii) Cost of Software includes license fees, cost of implementation and system integration and capitalized as intangible assets in the year in which the relevant software is put to use.

#### **d) Depreciation**

(i) Depreciation on fixed assets is provided on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on POY Plant and Machinery is charged as continuous process plant based on expert's opinion.

(ii) Depreciation on the addition on account of increase/decrease in rupee liability on realignment of foreign currency Loan is provided prospectively.

(iii) Software is amortized over a period of five years from the date of its use based on management's estimate of useful life.

#### **e) Impairment of Assets**

If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and value in use determined by the present value of estimated future cash flows. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired.

#### **f) Borrowing Costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue.

#### **g) Revenue Recognition**

(i) Revenue from sale of goods is recognized on transfer of significant risks and rewards of ownership to the customers, which is generally on dispatch of goods. Export Sales are accounted for on the basis of date of bill of lading. Gross Sales include excise duty, exchange rate variations related to exports and is net of value added tax. Consignment sales are recognized on confirmation from consignee.

(ii) Export benefits are accounted on accrual basis.

(iii) Dividend income is recognized when the right to receive the dividend is unconditional.

**h) Operating Lease**

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor have been classified as operating leases. Lease payments under operating leases are recognized as an expense on accrual basis in accordance with the respective lease agreement.

**i) Investments**

Investments intended to be held for more than a year, from the date of acquisition, are classified as long-term investments and are carried at cost. However, provision for diminution in value of long-term investments is made to recognize a decline other than temporary. Current investments are stated at cost or fair value whichever is lower.

**j) Inventories**

(i) Inventories are valued at lower of cost and Net Realizable value.

(ii) The basis for determining cost for various categories of inventories is as follows:

Work / Goods in Process : Cost of Direct Material, Labour and  
and Finished Goods other Manufacturing Overheads

Raw materials, Stores and Spares and : Moving weighted average basis  
Colour and Chemicals, Packing materials

(iii) Excise duty is added in the Closing Inventory of Finished Goods

**k) Accounting for Taxes on Income**

(i) Current tax is determined as the amount of tax payable in respect of taxable income of the year computed as per Income Tax Act, 1961.

(ii) Deferred tax is recognized subject to consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods and measured using prevailing enacted or substantively enacted tax rates.

**l) Employee Benefits**

(i) Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.

(ii) Post employment and other long term benefits are recognized as an expense in the profit and loss account of the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the Profit and Loss account.

(iii) Payments to defined contribution retirement benefit schemes are charged as expenses as and when they fall due.

**m) Foreign Currency Transaction**

(i) Foreign exchange transactions are converted into Indian Rupees at the prevailing rate on the date of transactions. Current monetary assets and liabilities are translated at the exchange rate prevailing on the last day of the year. Non monetary items are carried at cost.

(ii) In respect of forward contracts assigned to the foreign currency assets and liabilities as at balance sheet date, the proportionate premium / discount for the period up to the date of balance sheet is recognized in the profit and loss account. The exchange difference measured by the change rate between the inception of forward contract and date of balance sheet is applied on foreign currency amount of the forward contract and is recognized in the profit and loss account.

(iii) Gains and losses on account of difference in foreign exchange rate on settlement / translation attributable to fixed assets (acquired prior to 1 April 2004) are adjusted to the carrying amount of the respective assets. In case of fixed assets acquired in foreign currency after 1 April 2004, the gains and losses on account of difference in foreign exchange rate on settlement / translation are recognized in the profit and loss account, except treatment as per amendment to AS-11 effective till 31 March 2012 (Refer note 17(b)).



## B. Notes to Accounts

### 1. Preference Share Capital (Schedule 1)

The terms of redemption of Preference Shares outstanding are as under:

- a) 32,03,300 (32,03,300) 10% Optionally Convertible Cumulative Preference Shares (OCCPS) of ₹ 10 each fully paid up (option to convert was lapsed on 18.05.2003) are redeemable at par in three equal annual installments commencing from 18 June 2004. Out of the above, 30,00,000 OCCPS were rescheduled in 2005-06 and are redeemable in five equal annual installments.

The total amount of ₹ 1,93,63,667 (₹ 1,93,63,667) due for redemption as at 31 March 2011 is yet to be paid.

- b) 1,00,00,000 (1,00,00,000) 8% Redeemable Cumulative Preference Shares of ₹ 10 each fully paid up are redeemable at par in six equal installments commencing from 31 March 2006.

The total amount of ₹ 8,33,33,333 (₹ 6,66,66,667) due for redemption as at 31 March 2011 is yet to be paid.

### 2. Secured Loans (Schedule 3)

#### (a) Debentures

- i. 9% Secured Non-Convertible Redeemable Debentures (NCD) of ₹ 46.80 lacs (₹ 73.60 lacs) are redeemable at par in 28 equal quarterly installments commencing from 1 April 2006 and ending on 1 January 2013.
- ii. 9% Secured Non-Convertible Redeemable Debentures (NCD) of ₹ 38.65 lacs (₹ 61.05 lacs) are redeemable at par in 28 equal quarterly installments commencing from 1 April 2006 and ending on 1 January 2013.
- iii. The above debentures including interest there on are secured by way of first charge on movable and immovable assets of the Company, both present and future, ranking pari passu subject to prior charge on specific assets for certain term loans and on current assets as per (b) (iii) below for borrowing from banks for working capital loans.
- iv. The Company has adequate Debenture Redemption Reserve (DRR) as at 31 March 2011. In view of this, the Company is not required to create additional Debenture Redemption Reserve during the year.

#### (b) Term Loans / Working Capital Loans

- i. Term Loan from Banks except b (ii) below, are secured by way of first charge on immovable and movable assets of the Company, both present and future, ranking pari-passu subject to the prior charge on specific assets for certain term loans and on current assets as per b (iii) below for working capital loans from banks
- ii. Term Loan of ₹ 22.92 lacs (₹ 36.04 lacs) from a bank is secured by way of a charge on all machinery purchased out of the equipment finance scheme.
- iii. Working Capital loans from Banks are secured by way of hypothecation of raw materials, finished goods, goods in process, stores and spares and book debts and second charge by way of mortgage on entire fixed assets of the Company.
- iv. Out of the total term loans/working capital loans, ₹ 1,298.21 lacs (₹ 6,553.85 lacs) have been personally guaranteed by the promoter directors.

3. During the year, impairment loss aggregating ₹ 4.26 lacs (₹ 52.15 lacs) has been reversed consequent to the relevant fixed assets being sold.

### 4. Contingent liabilities not provided for

- a) Guarantees given by banks ₹ 320.00 lacs (₹ 252.00 lacs)
- b) Disputed demands of Excise Duty, Custom Duty, Service Tax and Income Tax- ₹ 978.09 lacs (₹ 1295.39 lacs)
- c) Unexpired Letters of Credit ₹ 4848.19 lacs (₹ 3094.23 lacs).
- d) Custom Duty on pending Export obligation for import under Advance License ₹ 142.79 lacs (₹ 6.57 lacs).
- e) The accumulated dividend of ₹ 1385.55 lacs (₹ 1299.51 lacs) payable on Redeemable Cumulative / Optionally Convertible Cumulative preference shares.
- f) Claims against the Company not acknowledged as debt ₹ 139.85 lacs (₹ 146.76 lacs)
- g) Bills receivable discounted ₹ 1128.67 lacs (₹ 982.75 lacs)
- h) The lenders right to recompense for the concessions granted to the Company pursuant to the scheme of arrangement approved by the High Court of Bombay and financial restructuring approved by lenders, amount unascertained.

5. Capital commitment not provided for ₹ 1078.91 lacs (₹ 96.25 lacs) net of advances.

**6. Segment Reporting**

- (I) The Company operates in a single primary business segment i.e. manufacture of Synthetic Yarn and hence, there are no reportable segments as per Accounting Standard (AS) - 17 "Segment Reporting".
- (II) Information about Secondary-Geographical segment.

	31 March 2011			31 March 2010		
	India	Outside India	Total	India	Outside India	Total
External Sales	39,203.79	10,429.47	49,633.26	29,077.62	7,034.57	36,112.19
Carrying Amount of Segment Assets	25,059.64	242.16	25,301.80	19,395.66	1,345.44	20,741.10
Capital Expenditure	2,895.38	-	2,895.38	752.07	-	752.07

Note: The Segment revenue in the geographical segments considered for disclosure is as follows:

- Revenue within India includes sales to customers located within India and earnings in India.
- Revenue outside India includes sales to customers located outside India, earnings outside India.

7. Current Liabilities include cheques overdrawn to the tune of ₹ 281.69 lacs (₹ 202.66 lacs).

**8. Micro, Small and Medium Enterprises**

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31.03.11. The disclosure pursuant to the said Act is as under:

(₹ in lacs)

Particulars		31 March 2011	31 March 2010
i.	Principal amount due to suppliers under MSMED Act, 2006	285.28	106.87
ii.	Interest accrued and due to suppliers under MSMED Act, on the above amount	1.29	1.04
iii.	Payment made to suppliers (Other than interest) beyond the appointed day, during the year	-	-
iv.	Interest paid to suppliers under MSMED Act, (Other than Section 16)	-	-
v.	Interest paid to suppliers under MSMED Act, (Section 16)	-	-
vi.	Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
vii.	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act.	7.28	5.99

The above information and that given in Schedule -12 "Current Liabilities" regarding Micro, Small and Medium Enterprises has been determined to the extent such parties are identified on the basis of the information available with the Company.

9. Freehold Land includes ₹ 27.85 lacs (₹ 27.85 lacs) and development expenses of ₹ 122.87 lacs (₹ 122.87 lacs) incurred on such land capitalized in the year 2002-2003 for which the Company holds no title.

**10. Taxation**

- a) Provision for current tax for the year has been made under Minimum Alternate Tax (MAT) as per the provisions of Section 115JB of the Income-Tax Act, 1961. In accordance with the Guidance Note on Accounting for Credit Available in respect of MAT under the Income-Tax Act, 1961 issued by the Institute of Chartered Accountants of India (ICAI), the Company has recognized the MAT credit entitlement of ₹ 241.57 lacs (₹ 121.13 lacs) as an asset under the head "Loans and advances" and has credited the same to the Profit and loss account under "Provision for taxation".
- b) In accordance with the Accounting Standard - 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, deferred tax assets and liabilities should be recognized for all timing differences in accordance with the said standard. However, considering the present financial position of the Company and requirement of the Accounting Standard regarding certainty / virtual certainty, the same has not been provided. The same will be reassessed at a subsequent balance sheet date and will be accounted for in the year of certainty / virtual certainty in accordance with the aforesaid accounting standard.





## 11. Operating Leases

The Company has taken on lease offices and residential facilities under operating lease agreements that are renewable on periodic basis at the option of both the lessor and the lessee. The initial tenure of lease is generally for eleven months.

Minimum rental payments are required to be made under the operating leases that have initially or remaining non-cancelable lease term in excess of one year as at 31 March 2011 as per the contracts are as under:

- Not later than one-year ₹ 4.47 lacs (₹ 45.63 lacs)
- Later than one year but not later than five years ₹ 2.31 lacs (₹ 151.93 lacs)
- Later than five years ₹ Nil (₹ 63.00 lacs)

The aggregate rental expenses of all the leases for the year are ₹118.75 lacs (₹ 55.05 lacs).

## 12. Disclosures pursuant to adoption of Accounting Standard 15 (Revised 2005) Employee Benefits

The Employees Gratuity and Leave Encashment schemes are defined benefit plans. The present value of obligation is based on actuarial valuation using the projected unit credit method.

### Defined Benefit Plan

Details of defined benefit plan for contribution to Gratuity (Non-Funded) and contribution to Leave Encashment (Non-Funded) are as follows:

#### I. Actuarial Assumptions

##### Economic Assumptions

Major Assumptions	(% p.a.)
Discount Rate (p.a.)	8.2
Salary Escalation Rate	6.0

##### Demographic Assumptions

Major Assumptions	
Mortality	Latest Compiled Table of LIC (1994-96)
Retirement Age	60 Years for staff and 62 years for Presidents and above. Worker category 58 years.
Attrition Rate	2% up to age 44 and 1% thereafter

#### II. Expenses Recognized in the Profit and Loss Account

(₹ in lacs)

Particulars	Gratuity		Leave Encashment	
	2010-11	2009-10	2010-11	2009-10
Current Service Cost	28.23	26.41	20.28	13.73
Interest Cost	17.66	14.21	6.48	4.57
Net Actuarial (Gain) / Loss recognized in the period	4.50	8.12	8.24	13.82
Expenses recognized in the Profit and Loss Account *	50.39	48.74	35.00	32.12

\* Included in the Personnel Expenses (Refer Schedule-16).

#### III. Present Value of Defined Benefit Obligation and the Fair Value of Assets

(₹ in lacs)

Particulars	Gratuity		Leave Encashment	
	2010-11	2009-10	2010-11	2009-10
Present Value of Obligation as at 31 March 2011	223.87	204.98	95.89	78.98
Fair Value of Plan Assets as at 31 March 2011	-	-	-	-
Liability Recognized in the Balance Sheet and disclosed under Current Liabilities and Provisions (Refer Schedule-12)	223.87	204.98	95.89	78.98

**IV. Change in the Present Value of Obligation**

(₹ in lacs)

Particulars	Gratuity		Leave Encashment	
	2010-11	2009-10	2010-11	2009-10
Present Value of Obligation as at 1 April 2010	204.98	173.26	78.98	55.73
Current Service Cost	28.23	26.41	20.28	13.73
Interest Cost	17.66	14.21	6.48	4.57
Benefits Paid	(31.50)	(17.02)	(18.08)	(8.88)
Actuarial (Gain) / Loss on Obligation	4.50	8.12	8.24	13.82
Present Value of Obligation as at 31 March 2011	223.87	204.98	95.90	78.98

**Note :**

Amount recognized as an expense and included in Schedule 16- Personnel Cost is ; Gratuity ₹ 50.39 Lacs (₹ 48.74 Lacs) and Leave Encashment Expense of ₹ 35.00Lacs (₹ 32.27 Lacs)

**13. Miscellaneous expenses include Auditors' Remuneration as under :**

(₹ in lacs)

Particulars	31 March 2011	31 March 2010
Statutory Audit Fees	8.00	7.00
Tax Audit Fees	2.00	1.00
Fees for Certification and others	0.72	0.35

**14. Related party disclosures**

As per Accounting Standard - 18, the disclosure of transactions with related parties as defined in the Accounting Standard are given below :

**Other Related parties with whom transactions have taken place during the year and balances outstanding as on the last day of the year.**

Welspun Corp Limited, Welspun India Limited, Welspun Retail Limited, Welspun Steel Limited, Welspun Wintex Limited, Krishiraj Trading Limited, Mertz Securities Limited, Welspun Global Brands Limited, Welspun USA Inc., Welspun Investments and Commercials Limited, Welspun Realty Private Limited, Goodvalue Polyplast Limited.

**Directors /Key Management Personnel**

Name of the Related Party	Nature of Relationship
B. K. Goenka	Chairman
R. R. Mandawewala	Managing Director *
B.A. Kale	Executive Director **
M.L. Mittal	Director #

\* Resigned from the office of Managing Director w.e.f. 10 October 2010

\*\* Appointed as Executive Director w.e.f. 30 October 2010

# Ceased to be Director w.e.f.14 February 2011

**Transactions with Related Parties**

(₹ in lacs)

Nature of Transaction	31 March 2011	31 March 2010
<b>Sales (net) to and recoveries from</b>	<b>584.27</b>	<b>279.40</b>
Welspun India Limited	584.27	214.18
Welspun Corp Limited	-	24.16
Welspun USA Inc.	-	20.22
Welspun Retail Limited	-	7.69
Welspun Global Brands Limited	-	13.15



Nature of Transaction	(₹ in lacs)	
	31 March 2011	31 March 2010
<b>Purchase of Goods and Services</b>	<b>1281.89</b>	<b>471.37</b>
Welspun India Limited	8.67	9.45
Welspun Retail Limited	38.54	6.14
Welspun Corp Limited	8.33	23.88
Welspun Steel Limited	110.37	128.96
Welspun Wintex Limited	1051.43	276.47
Mertz Securities Limited	35.74	26.47
Welspun Realty Private Limited	17.87	-
Goodvalue Polyplast Limited	10.94	-
<b>Purchase of Fixed Assets</b>	<b>282.49</b>	<b>153.33</b>
Welspun India Limited	-	21.27
Welspun Wintex Limited	282.49	132.06
<b>Sale of Fixed Assets</b>	<b>-</b>	<b>282.49</b>
Welspun Wintex Limited	-	282.49
<b>Loans/Advances/Deposits received</b>	<b>-</b>	<b>2575.60</b>
Welspun Trading Limited	-	1075.60
Krishiraj Trading Limited	-	1500.00
<b>Repayment of Loans/Advance/Deposits received</b>	<b>600.00</b>	<b>1075.60</b>
Welspun Trading Limited	-	1075.60
Krishiraj Trading Limited	600.00	-
<b>Reimbursement of Expenses</b>	<b>55.46</b>	<b>-</b>
Welspun India Limited	0.54	-
Welspun Retail Limited	14.06	-
Welspun Global Brands Limited	39.81	-
Welspun Corp Limited	1.05	-
<b>Closing Balances as at 31 March 2011</b>		
<b>Sundry Debtors</b>	<b>11.38</b>	<b>39.78</b>
Welspun India Limited	11.38	39.78
<b>Loans/Advances/Deposits received</b>		
Krishiraj Trading Limited	900.00	1500.00
<b>Sundry Creditors</b>	<b>146.67</b>	<b>212.02</b>
Welspun Corp Limited	0.02	0.02
Welspun Retail Limited	0.03	4.71
Welspun India Limited	-	14.55
Welspun USA Inc.	-	5.36
Welspun Wintex Limited	137.69	187.38
Mertz Securities Limited	8.93	-
<b>Investments outstanding</b>		
Welspun India Limited	0.14	0.16
Welspun Global Brands Limited	0.01	-
Welspun Investments and Commercials Limited	0.01	-
Welspun Steel Limited	0.01	0.01
Welspun Corp Limited	0.09	0.09

Note: Details of remuneration to directors are disclosed in Note 15 below

d. Disclosure required by clause 32 of the listing agreement is either Nil or not applicable.

15. Managing Director and Whole time Director are in receipt of remuneration as agreed between them and the Company, as approved by the Central Government u/s 269 of the Companies Act 1956, break up of which is as under

(₹ in lacs)

	Managing Director		Executive Director	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Salaries and Allowances	7.90	15.00	14.11	-
Contribution to Provident Fund	-	-	0.67	-
Commission	3.50	-	-	-
Perquisites	-	-	1.15	-
<b>Total</b>	<b>11.40</b>	15.00	<b>15.93</b>	-

Note: Provision for post retirement benefits which are based on actuarial valuation done on an overall company basis are excluded from above.

**Computation of Net Profit in accordance with section 349 of the Companies Act, 1956 and the commission payable to Managing Director is as under:**

(₹ in lacs)

Particulars	31 March 2011	31 March 2010
Profit before Tax as per Profit and Loss account	1,212.04	712.74
Add: Managerial Remuneration	27.33	15.00
Directors' Sitting fees	2.42	1.36
Depreciation as per profit and loss account	1,139.47	1,065.89
Loss/ (Profit) on sale/discard of fixed assets	19.81	(3.46)
<b>Total</b>	<b>2,401.07</b>	<b>1,791.53</b>
Less: Depreciation u/s 350	1,139.47	1,065.89
Excess of expenses over income for previous year as per section 349(4)(l)	598.30	1323.94
Net Profit for Section 198	<b>663.30</b>	<b>(598.30)</b>
Commission to Managing Director @1% (for the period 1 April 2010 to 10 October 2010)	3.50	-
Maximum permissible managerial remuneration to Managing Directors and Whole Time Directors under Section 198 of the Companies Act, 1956 @ 5% of the profits computed above	33.17	-
Restricted as per service agreements, Central Government approval	27.33	15.00

**16. Foreign Exchange Differences**

- The foreign exchange loss (net) including on forward contracts of ₹ 170.07 lacs (gain of ₹ 56.59 lacs) is adjusted under respective heads of income or expense in the profit and loss account to which it relates and exchange difference loss of ₹ 68.20 lacs (gain of ₹ 41.11 lacs), has been adjusted to the carrying cost of fixed assets other than (b) below.
- The Companies (Accounting Standards) Amendment Rules 2009 has amended the provision of AS-11 related to "Effects of the changes in Foreign Exchange Rate" vide notification dated 31 March 2009 (further amended on 11 May 2011) issued by the Ministry of Corporate Affairs. Accordingly, the Company has capitalised exchange difference loss of ₹ Nil (₹ 0.06 lacs) to the cost of fixed assets.
- The Company is exposed to various financial risks, most of which relate to changes in exchange rates, interest rate etc. The Company hedges risks of the aforesaid nature using combination of forward contracts, options and swaps etc. The outstanding foreign currency derivative contracts as at 31 March 2011 are as follows:



### Forward Contracts

- i) For Payments to be paid against imports and other payables.

(₹ in lacs)

Derivative Contracts	31 March 2011		31 March 2010	
	Foreign Currency	Equivalent Indian Rupee	Foreign Currency	Equivalent Indian Rupee
USD/ INR	37.50	1672.31	60.41	2712.35

- ii) As at Balance Sheet date, the Company has foreign currency payable (Net) that is not hedged by a derivative instrument or otherwise is amounting to ₹ 1470.84 lacs (₹ 202.33 lacs)

### 17. Earnings Per Share (EPS)

Particulars	31 March 2011	31 March 2010
Profit after Tax (₹ in lacs)	1281.34	712.74
Less: Dividend on Cumulative Preference Shares (₹ in lacs)	(100.32)	(100.65)
Profit available for appropriation to Equity Share Holders (₹ in lacs)	<b>1181.02</b>	<b>612.09</b>
Weighted average number of equity shares for computation of EPS (Nos.)	23,645,027	23,645,027
Basic and Diluted Earnings Per Share (₹)	4.99	2.59

18. Previous year figures have been regrouped/rearranged/recast wherever considered necessary. Figures in brackets in this schedule are for previous year.

### 19. Additional information pursuant to part II of Schedule VI of the Companies Act, 1956.

- (i) Licensed Capacity Not applicable
- (ii) Installed Capacity (as certified by the management)
- |  |                          |                    |
|--|--------------------------|--------------------|
| Polyester Yarns                        | a) POY/FDY               | 32500 (31400) M.T. |
| (Texturised, Twisted and Dyed) and POY | b) Dyeing Plant          | 13200 (9000) M.T.  |
|  | c) Texturising Machines  | 29 (27) Nos.       |
|  | d) Air Tex               | 6 (7) Nos.         |
|  | e) Draw Twisting Machine | 1 (1) Nos.         |
|  | f) TFO Twisting Machine  | 33 (26) Nos.       |

- (iii) Raw Materials consumed

	Quantity (M.T.)	Amount (₹ In lacs)
POY/TEX	17349.48* (11770.38)*	16055.75 (9353.13)
CHIPS	23171.49 (23235.07)	17212.09 (13791.89)

\* Does not include POY 14386.27 M.T. (14975.63 M.T.) and TEX 448.69 M.T.(417.01 M.T.) consumed out of own production.

- iv) Value of imported and indigenous Raw Material and Stores, Spares. Dyes and Chemicals Consumed and percentage thereof to total consumption.

		Amount (₹ In lacs)	Percentage (%)
1. Raw Materials	- Indigenous	27261.31 (20018.87)	81.94 (86.49)
	- Imported	6006.53 (3126.16)	18.06 (13.51)
2. Stores, Spares Dyes and Chemicals	- Indigenous	3233.01 (2498.66)	92.77 (90.88)
	- Imported	254.58 (250.68)	7.23 (9.12)

(v) Turnover and Finished Goods

Particulars	Unit	Opening Stock		Production**	Sales(Net)		Closing Stock	
		Quantity	Value	Quantity	Quantity	Value	Quantity	Value
Dyed / Text and Twisted Polyester Yarn	MT	1106.99 (1034.67)	1114.45 (923.88)	31811.91* (27977.69)	31707.87 (27488.36)	44190.48 (30605.50)	1211.07 (1106.99)	1783.96 (1114.45)
POY***	MT	856.19 (510.41)	827.14 (520.93)	23444.02 (23436.70)	9301.31 (8115.29)	8310.80 (7012.71)	612.63 (856.19)	729.06 (827.14)

\* Includes 448.69 M.T. (417.01 M.T.) issued for internal consumption

\*\* Production does not include 397.95 M.T. (575.33 M.T.) job work done for others

\*\*\* Includes 14386.27 M.T. (14975.63 M.T.) issued for internal consumption.

(vii) Value of Import on CIF basis

Raw Material	:	₹ 4740.70 lacs	(₹ 3062.02 lacs)
Stores and Spares	:	₹ 601.68 lacs	(₹ 468.20 lacs)
Capital Goods	:	₹ 432.89 lacs	(₹ Nil )

(viii) FOB value exports  
(Excluding deemed export) : ₹ 9773.10 lacs (₹ 6671.84 lacs)

(ix) Expenditure in Foreign Currency  
(Including Travelling, Commission on Sales, Testing Fees, Quality Claim, Membership & Suscription, and Interest etc.) : ₹ 277.40 lacs (₹ 154.62 lacs)

**SIGNATURE TO SCHEDULE "1 TO 18"**

As per our attached report of even date  
for **MGB & CO**  
*Chartered Accountants*

Sanjay Kothari  
*Partner*

Mumbai, 25 May 2011

**For and on behalf of the Board**

**R.R.Mandawewala**  
*Director*

**B. A. Kale**  
*Executive Director*

**Nilesh Javker**  
*Asst. Company Secretary*



## Cash Flow Statement for the year ended 31 March 2011

Particulars	Year ended 31-Mar-11	Year ended 31-Mar-10
<b>Cash Flow from Operating Activities</b>		
Profit before Tax	1212.04	712.74
<b>Adjustments for</b>		
Depreciation/Amortisation	1139.47	1,065.89
(Profit)/Loss on sale/discard of fixed assets (net)	19.81	(3.46)
Interest income	(132.78)	(92.38)
Interest expense	556.22	671.79
Dividend income	(0.02)	-
Exchange adjustments (Net)	44.10	(81.12)
<b>Operating Profit before working capital changes</b>	2838.84	2,273.46
Increase in Inventories	(1,702.65)	(678.42)
Increase in Trade and other receivables	(705.89)	(1,306.19)
Increase in Trade and other payables	2,720.55	235.17
<b>Cash generated from Operations</b>	3150.85	524.02
Taxes paid (net of refunds)	(222.29)	(14.80)
<b>Net Cash generated from Operating Activities</b>	2928.56	509.22
<b>Cash Flow from Investing Activities</b>		
Purchase of fixed assets ( including Capital-Work-in-Progress)	(2,963.58)	(811.41)
Sale of fixed assets	24.20	180.96
Interest received	116.05	119.16
Dividend received	0.02	-
<b>Net Cash used in Investing Activities</b>	(2,823.31)	(511.29)
<b>Cash Flow from Financing Activities</b>		
Redemption of Debentures	(49.20)	(61.50)
Proceeds from long term borrowings	803.02	-
Repayment of long term borrowings	(727.56)	(516.93)
Increase / (decrease) in other borrowings	1,168.81	(173.22)
Proceeds from Inter Corporate deposits	-	2,575.60
Repayment of Inter Corporate deposits	(600.00)	(1,075.60)
Interest paid	(544.62)	(728.76)
<b>Net Cash from Financing Activities</b>	50.45	19.59
Net Increase/ (Decrease) in Cash and Cash Equivalents	155.70	17.52
Cash and Cash Equivalents -Opening Balance	473.16	455.64
Cash and Cash Equivalents - Closing Balance	628.86	473.16

**Notes**

- 1) Previous year figures are regrouped/reconsidered wherever necessary.  
2) Cash and Cash equivalents at end of the year include unrealised loss of Rs. 0.00 lacs (Rs. 0.01 lacs) on account of Current account in foreign currency.

3) Cash and Cash Equivalents include the following	<b>As at 31-Mar-11 (₹ in lacs)</b>	<b>As at 31-Mar-10 (₹ in lacs)</b>
Cash in Hand	45.67	22.12
Balances with Scheduled Banks		
- In Current Account	98.62	58.14
- In Foreign Currency Account	0.05	0.05
- In Margin Money Accounts	484.51	392.85
	<b>628.86</b>	<b>473.16</b>

**As per our attached report of even date**  
for **MGB & Co**  
*Chartered Accountants*

**Sanjay Kothari**  
*Partner*

Mumbai, 25 May 2011

**For and on behalf of the Board**

**R.R.Mandawewala**  
*Director*

**B.A.Kale**  
*Executive Director*

**Nilesh Javker**  
*Asst. Company Secretary*



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**

Registration No. 

-	-	5	4	0	0	0	4	5
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 State Code 

5	4
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Balance Sheet 

3	1	-	0	3	-	2	0	1	1
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Day                      Month                      Year

**II. Capital Raised during the year (Amount in ₹ Thousands)**

Public Issue	Rights Issue																		
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-	-	-	-	-	-	-	-	-											
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Bonus Issue	Advance Share Application Money																		
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-	-	-	-	-	-	-	-	-											

**III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)**

Total Liabilities	Total Assets																		
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-	-	1	6	1	2	3	2	3											
-	-	1	6	1	2	3	2	3											
<b>Sources of Funds</b>	<b>Application of Funds</b>																		
Paid up Capital (including share suspense account)	Net Fixed Assets (including Capital Work in Progress)																		
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-	-	-	3	3	9	1	4	7											
-	-	1	1	2	5	9	2	1											
Reserves and Surplus	Investments																		
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-	-	-	2	2	3	3	6	0											
Secured Loans	Net Current Assets																		
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-	-	-	2	6	3	0	4	2											
Unsecured Loans	Misc. Expenditure																		
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Profit and Loss Account																			
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**IV. Performance of Company (Amount in ₹ Thousands)**

Turnover and Other Income	Total Expenditure																						
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-	-	5	0	3	8	5	3	0															
-	-	4	9	1	7	3	2	6															
+ - Profit (Loss) Before Tax	+ - Profit (Loss) After Tax																						
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-	-	-	1	2	1	2	0	4															
□	□																						
-	-	-	1	2	8	1	3	4															
Earning Per Share in ₹	Dividend Rate %																						
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-	-	-	-	-	4	.	9	9															
-	-	-	-	-	-	-	-	-															

**V. Generic Names of Three Principal Products/Services of Company (As per Monetary terms)**

Item Code No. (IRC Code) 

-	-	-	-	-	5	4	0	2
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Product Description 

S	Y	N	T	H	E	T	I	C	Y	A	R	N	S
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for and on behalf of the Board

**Nilesh Javker**  
Assistant Company Secretary

**R.R.Mandawewala**  
Director

**B.A.Kale**  
Executive Director

Mumbai, 25 May 2011

# WELSPUN SYNTEX LIMITED

**Regd. Office:** Survey No.394 (P), Village Silvassa, Union Territory of Dadra & Nagar Haveli

DP.id*	
Client Id*	

## PROXY FORM

Master Folio	
No.of Shares	

I/We \_\_\_\_\_ resident/s  
of \_\_\_\_\_ in the district of \_\_\_\_\_ being a member/s of the above  
named Company hereby appoint Shri/Smt. \_\_\_\_\_ resident of  
\_\_\_\_\_ in the district of \_\_\_\_\_  
\_\_\_\_\_ or failing him, Shri/ Smt \_\_\_\_\_ resident of in the district  
of \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the

TWENTYEIGHTH ANNUAL GENERAL MEETING of the Company to be held on Thursday, 22nd September, 2011, at the Registered office of the Company at Survey No.394 (P), Village Saily, Silvassa, U.T of Dadra & Nagar Haveli at 11.00 a.m.

Signed this.....day of.....2011

Affix  
Revenue  
Stamp  
Re. 1/-

**Note:** The Proxy form duly signed across the stamp should reach the Company's Registered office at least 48 hours before the Meeting. Proxy need not be a member of the Company.

\* Applicable for investors holding shares in electronic form only.

(TEAR HERE)

# WELSPUN SYNTEX LIMITED

**Regd. Office:** survey No.394 (P), Village Silvassa, Union Territory of Dadra & Nagar Haveli

DP.id*	
Client Id*	

## ATTENDANCE SLIP

Master Folio	
No.of Shares	

I/We hereby record my/our presence at the TWENTYEIGHTH ANNUAL GENERAL MEETING of the Company to be held on Thursday, 22nd September, 2011, at the Registered office of the Company at Survey No.394 (P), Village Saily, Silvassa, U.T of Dadra & Nagar Haveli at 11.00 a.m.

Signature of the Shareholder or Proxy \_\_\_\_\_

Shareholders/ Proxy holders are requested to bring the attendance slip with them, when they come to the Meeting and hand it over at the entrance after signing the same.

Shareholders who come to attend the meeting are requested to bring their copies of Annual Report with them.

Shareholders intending to obtain additional information regarding accounts to be presented at the meeting are requested to inform the Company about the details thereof atleast 7 days in advance.

\* Applicable for Investors Holding shares in electronic form only.

## Book-Post

*If undelivered, please return to:*

**Link Intime India Private Limited**  
**(Unit Welspun Syntex Limited)**  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai 400 078