

MD	/				PKC	/	
CS	/				PPY	/	
RO	/				PN	/	
TRA	/				AC	/	
ACIA	/				SLH	/	
VE	/						

# WELSPUN

## SYNTEX LIMITED



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*14th*

*Annual Report*

*1996-97*

**WELSPUN SYNTEX LIMITED****BOARD OF DIRECTORS**

Shri G. R. Goenka  
 Shri B. K. Goenka  
 Shri R. R. Mandawewala *Executive Director*  
 Shri S. K. Goenka  
 Shri M. L. Mittal  
 Dr. Suresh Surana  
 Shri A. N. Desai  
 (Nominee SICOM)  
 Shri R. N. Singhal  
 (Nominee IDBI)

**COMPANY SECRETARY**

Shri D. K. Patil

**AUDITORS**

M/s. M. G. Bhandari & Co.  
 Chartered Accountants

**BANKERS**

State Bank of Bikaner & Jaipur  
 Bank of Baroda

**REGISTERED OFFICE**

Survey No. 394 (p),  
 Village Saily,  
 Silvassa,  
 Union Territory of Dadra & Nagar Haveli.

**CORPORATE OFFICE**

Rehem Mansion No. 1, 1st Floor,  
 36/42, Shahid Bhagat Singh Marg,  
 Colaba, Mumbai - 400 001.

**FACTORIES**

Survey No. 394 (p),  
 Village Saily,  
 Silvassa,  
 Union Territory of Dadra & Nagar Haveli.

Plot No. 14/15,  
 Dewan Industrial Estate,  
 Palghar,  
 Dist. Thane, Maharashtra.

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**DIRECTORS' REPORT**

To,

The Members,  
**WELSPUN SYNTEX LIMITED**

Your Directors have pleasure in presenting the Fourteenth Annual Report together with Audited Statement of Accounts of the Company for the period ended 31st March, 1997.

**FINANCIAL RESULTS AND APPROPRIATIONS :**

	(Rs. in Lacs)	
	9 MONTHS PERIOD ENDED 31/3/97	12 MONTHS PERIOD ENDED 30/6/96
Gross Profit before Depreciation & Finance Expenses	682.59	802.19
Less: Finance Expenses	384.78	356.55
Depreciation	166.57	206.45
Profit before tax	131.24	239.19
Provision for tax	11.38	-
Profit after tax	119.86	239.19
Profit brought forward	173.47	101.20
Prior year adjustments	(-) 10.09	(-) 15.71
Profit available for appropriation	283.24	324.68
<b>APPROPRIATIONS</b>		
General Reserve	25.00	50.00
Proposed Dividend on Equity Shares	75.90	101.20
Balance carried to Balance Sheet	182.34	173.48
	283.24	324.68

**DIVIDEND :**

For the 9 months period ended 31st March, 1997 your Directors recommend a Dividend @ Rs. 1.20 per Equity share, subject to deduction of tax on 63,24,920 Equity shares of Rs. 10/- each aggregating Rs. 75,89,904/- which will be payable to those members whose name shall appear on the Register of members of the company on 5th June, 1997.

**PERFORMANCE & OUTLOOK :**

During the period under report, the turnover and profit was lower at Rs.65.68 crores and Rs.1.31 crores respectively. This is attributable to overall depressed market conditions and high market cost prevailed during the period.

The Net Profit of the Company was also lower as compared to the projection made in the offer document dated 17th October, 1994 for Rights Issue for the aforesaid reasons.

Regarding outlook, your directors state that the Polyester Yarn is becoming cheaper over the years mainly on account of reduction in the excise/customs duties and this trend is again reflected in the recent budget. As a consequence, the demand for polyester fabrics is increasing which gives promising outlook for the future of this industry.

The Company has also increased its yarn processing capacity by adding texturising machines.

Since the Company has undertaken backward integration project of manufacturing Speciality Polyester Filament yarn (SPFY), the overall performance of the Company will be better in the years to follow considering the overall economies of scale as well as savings in certain overheads on account of having the SPFY project as well as major yarn processing activities at one place. Further the Company is also adding to its dyeing capacity which will overall result into better value addition.

**WELSPUN SYNTEX LIMITED****EXPANSION AND DIVERSIFICATION PROJECT - STATUS.**

In our last report, members were informed of Company's Expansion cum diversification project.

The 5 Texturising Machines have since become fully operational, part of SPFY Project has also been commissioned.

Consequent to the developments at machinery supplier's end as stated in our last report your Company will now be acquiring balance machines from other sources.

While considering the new source of supply for machinery, company has revised the capacity of SPFY from 14500 MTPA to 19300 MTPA to avail the benefits of economics of scale.

The restructured scheme has been approved by IFCI. The Scheme envisages financing through loans as well as raising of capital. Loans have been already tied up where as the modalities for raising the capital are being finalised.

Further, Company is also increasing its yarn dyeing capacity which commands better realisation and more demand.

**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.

**DIRECTORS :**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri. G. R. Goenka and Shri. B. K. Goenka retire by rotation. They are eligible for reappointment.

**AUDITORS :**

Your Company's Auditors M/s. M. G. Bhandari & Company, Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, have given their consent to act as 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.

**AUDITORS' REPORT :**

The notes on account referred to in the Auditors' Report are self-explanatory and therefore, do not call for any further comments.

**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 part of the Directors' Report.

**PARTICULARS OF EMPLOYEES :**

Information as per section 217(2-A) of the Companies Act, 1956, read with The companies (Particulars of Employees) Rules, 1975 forms a part of this report. However, as per section 219(1)(b)(iv) of the Companies Act, 1956, report and accounts is being sent to all shareholders of the Company excluding the statement of particulars of employees under section 217(2-A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at Corporate office.

**PERSONNEL**

Industrial relations at your Company's plants remained cordial during the period under review. Your Directors wish to place on record their sincere appreciation of the valued contribution, unstinted efforts and spirit of dedication shown by the employees at all levels.

**APPRECIATION:**

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

For and on behalf of the Board

**G. R. GOENKA**  
DIRECTOR

**B. K. GOENKA**  
DIRECTOR

Place : Mumbai  
Date : 3rd May, 1997



## ANNEXURE - "A"

FORM - A  
(SEE RULE 2)

## FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.

	CURRENT YEAR 1996-97	PREVIOUS YEAR 1995-96
<b>A. POWER AND FUEL CONSUMPTION:</b>		
1. ELECTRICITY		
(a) PURCHASED UNITS (000's)	6216.00	7032.00
TOTAL AMOUNT (RS. IN LACS)	189.00	177.97
RATE/UNIT (RS.)	3.04	2.53
(b) OWN GENERATION		
(i) THROUGH DIESEL GENERATOR		
UNIT (IN 000's)	3632.00	1843.00
UNIT PER LTR. OF DIESEL OIL	3.09	3.20
COST/UNIT (RS.)	2.57	2.34
(ii) THROUGH STEAM TURBINE/GENERATOR	NIL	NIL
2. COAL (SPECIFY QUALITY AND WHERE USED)	NIL	NIL
3. FURNACE OIL (LTRS. 000'S)	NIL	NIL
4. OTHERS/INTERNAL GENERATION	NIL	NIL
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		

	STANDARDS	CURRENT YEAR	PREVIOUS YEAR
PRODUCT (WITH DETAILS)			
UNIT	-	kg.	kg.
ELECTRICITY	-	2.45	2.92

## WELSPUN SYNTEX LIMITED

FORM B  
(See Rule 2)

## Technology Absorption

Form for disclosure of particulars with respect to absorption. Research and development (R&amp;D)

1. Specific areas in which R&D carried out by the Company.
2. Benefits derived as a result of the above R&D.
3. Future plan of action.
4. Expenditure on R&D.
 

(a) Capital	Nil
(b) Recurring	Nil
(c) Total	Nil
(d) Total R&D expenditure as a percentage of total turnover.	Nil

Technology absorption, adaption and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.
2. Benefits derived as a result of the above efforts, eg. product improvement, cost reduction, product development, import substitution, etc.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:
  - (a) Technology imported.
  - (b) Year of import.
  - (c) has technology been fully absorbed
  - (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.

Foreign exchange earnings and outgo :

- (1) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans;  
The Company has applied for export House status. The Company is trying to have constant upgradation in quality and design of terry towels and exploring possibilities of exporting more of its products to different markets.
- (2) Total foreign exchange used and earned.
 

Used	:	Rs. 274.76 lacs.
Earned	:	Rs. 97.18 lacs.



## AUDITORS' REPORT

To The Members of

### WELSPUN SYNTEX LIMITED

We have audited the attached Balance Sheet of Welspun Syntex Limited as at 31st March 1997 and also the Profit and Loss Account of the Company for the period ended on that date, annexed thereto, and report that:-

1. As required by the Manufacturing and other companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph (1) above.
  - 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 the books.
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - d) In our opinion and to the best of our information and according to the explanations given to us and read together with notes and significant Accounting Policies as per Schedule 18 & 19, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
    - 1) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 1997 and
    - 2) in the case of the Profit and Loss Account, of the profit for the period ended on that date

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for M. G. BHANDARI & CO.  
Chartered Accountants

Place: Mumbai  
Dated: 3rd May, 1997

M.G. BHANDARI  
PARTNER

### ANNEXURE REFERRED TO IN PARAGRAPH (1) OF AUDITORS' REPORT TO THE MEMBERS OF WELSPUN SYNTEX LIMITED ON THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 1997.

1. The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. The fixed assets of the company are physically verified by the management during the year. No discrepancies were noticed on such verification, except metal cops which are not physically verified or reconciled.
2. None of the fixed assets has been revalued during the year.
3. Physical verification of Stocks of Raw material, goods-in-process, finished goods, stores, spares has been conducted by the management at reasonable intervals during the year.
4. In our opinion procedure of physical verification of stocks followed by the management are found to be reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on physical verification of stocks as compared to book records, have been properly dealt