



**WELSPUN SYNTEX LIMITED**

Report  junction.com

**20<sup>TH</sup>**  
**ANNUAL REPORT**  
**2002-2003**

**WELSPUN SYNTEX LIMITED****COMPANY INFORMATION****BOARD OF DIRECTORS**

Shri. G.R.GOENKA  
Shri. B.K.GOENKA  
Shri. R.R.MANDAWEWALA  
Shri. S.K.GOENKA  
Shri. M.L.MITTAL  
Shri. N.K.RAMACHANDRAN  
Dr. ANIL KANE  
Shri. ATUL DESAI  
Shri. R.K.JAIN  
Shri. V.L.BHUTRA

CHAIRMAN  
VICE CHAIRMAN  
MANAGING DIRECTOR

NOMINEE IFCI  
NOMINEE IDBI

DIRECTOR (OPERATIONS)

**COMPANY SECRETARY**

Shri. K.N.KAPASI

**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**

KAMANI WADI, 1<sup>ST</sup> FLOOR,  
542, JAGANATH SHANKAR SHETH ROAD, CHIRA BAZAR,  
MUMBAI – 400 002. EMAIL: [welspun@vsnl.com](mailto:welspun@vsnl.com)  
WEBSITE : [www.welspunsyntex.com](http://www.welspunsyntex.com)

**FACTORY**

SURVEY NO.394 (p),  
VILLAGE SAILY, SILVASSA  
UNION TERRITORY OF DADRA & NAGAR HAVELI  
PLOT NO.145/15, DEWAN INDUSTRIAL ESTATE,  
PALGHAR, DISTRICT THANE, MAHARASHTRA

**LISTING OF SHARES****THE STOCK EXCHANGE, MUMBAI**

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001

**THE DELHI STOCK EXCHANGE ASSOCIATION LTD.**

DSE, House, 3/1 Asaf Ali Road, NEW DELHI – 110 002

**CONTENTS**

|                              | Page No. |
|------------------------------|----------|
| Directors' Report .....      | 2        |
| Corporate Governance .....   | 6        |
| Auditors' Report .....       | 10       |
| Balance Sheet .....          | 12       |
| Profit & Loss Account .....  | 13       |
| Schedules 1 to 18 .....      | 14       |
| Cash Flow Statement .....    | 29       |
| Balance Sheet Abstract ..... | 30       |

## DIRECTORS' REPORT

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

Your Directors have pleasure in presenting the Twentieth Annual Report together with Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2003.

### FINANCIAL RESULTS AND APPROPRIATIONS:

(Rs. in lacs)

|   | 2002-2003 | 2001-2002 |
|---|-----------|-----------|
| Gross Profit before Depreciation & Finance Expenses | 3013.99   | 2957.84   |
| Less: Finance Expenses                              | 1155.69   | 1180.26   |
| Depreciation  | 1545.74   | 1445.98   |
| Profit before tax                                   | 312.56    | 331.60    |
| Provision for tax                                   | 24.63     | 26.00     |
| Deferred Tax  | 145.90    | 84.64     |
| Profit after tax                                    | 142.03    | 220.96    |
| Profit/(Loss) brought forward                       | 1185.98   | (4914.05) |
| Excess provision of Income Tax written back         | 0         | (0.06)    |
| Prior year adjustments                              | (20.90)   | (19.77)   |
| Deferred Tax Assets                                 | 0         | 1198.53   |
| Transfer to Debenture Redemption Reserve            | 76.98     | 12.89     |
| Transfer from Capital Reserve                       | 0         | 452.51    |
| Transfer from Share Premium A/c                     | 0         | 755.41    |
| Reduction in Share Capital                          | 0         | 3505.34   |
| Profit carried to Balance Sheet                     | 1230.13   | 1185.98   |

In view of the inadequacy of profits, no dividend is recommended.

### PERFORMANCE

During the year under review, Sales and Gross Profit before Interest and Depreciation were Rs.30559.81 lacs and Rs.3013.99 respectively as compared to Rs. 27562.39 lacs and Rs. 2957.84 lacs respectively for the previous year registering a rise of 11 % and 2 % respectively. In the critical scenario trend by the industry, this performance shows inherent strength in the operations and resistance level.

Considering the need to widen the product range and improve overall realisations, your Company installed Air Texturising Machines, Mono Filament Yarn Compatible Plant & Equipments, Dyeing Vessel and Conning Machines. Further in line with the shift in demand, your Company has developed variety of yarns i.e. Air Texturised Yarn, Mono Filament Yarn, Slub Yarn, Bishrinkage Yarn and other fancy yarns which have good demand and better realisation. At operation level, production of POY increased from 22341 Metric Tons to 24888 Metric Tons and texturised yarn from 18555 Metric Tons to 18627 Metric Tons signifying buoyancy for Company's speciality yarn. Your Company achieved efficiency in capacity utilisation at 95% in case of POY and 85% of Texturised yarn which is much higher than the capacity utilisation attained by the industry in India.

The Company has further installed Nylon Dyeing Yarn facilities in June'2003 to manufacture Nylon Dyed yarn.

The prices of raw material in domestic markets are based on

price trends in international market. During the year under review, price of PTA, MEG and CHIPS, the basic raw material for Polyester Filament yarn increased substantially in the international market leading to steep increase in raw material prices in domestic market, due to market constraints this increase could not be fully compensated by increase in the prices of final product.

A large section of the industry has come under the cenvat chain and consequently has reduced unhealthy competition. This will benefit organised sector.

European Union has imposed Anti-dumping duty in August 2002 ranging from 6% to 17% on import of PTY from India. This has resulted into drop in PTY exports to European countries. However, your Company has developed its export market in East Europe, Middle East and neighbouring countries. We are also trying to improve market shares in USA and other Latin American countries.

Realising the need to improve efficiency and have better system driven management control, your Company has installed integrated SAP/ R3 Financial and Business Management System for system based checks and controls.

### 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 judgement 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 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

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr.M.L.Mittal, Mr. V. L. Bhutra and Mr. R. K.Jain, retire by rotation at the 20<sup>th</sup> Annual General Meeting and being eligible have offered themselves for reappointment. Board has recommended the reappointment.

Terms of office of Mr.V.L.Bhutra, Director-Operations expired on 30<sup>th</sup> June 2003 and the Board has recommended his re-appointment for further five years.

Nomination of Mr.M.V.Badrinath was withdrawn by Industrial Development Bank of India with effect from 6<sup>th</sup> May 2003 and Mr.P.B.Nimbalkar was appointed in his place.



Nomination of Mr.P.B.Nimbalkar was withdrawn with effect from 17<sup>th</sup> June 2003 and Dr.Anil Kane was appointed in his place. Mr. M.K. Tandon has resigned from the office of directorship with effect from 30th Sept. 2003 due to his preoccupation.

#### 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 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

References drawn by the Auditors in their Report 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.

#### PARTICULARS OF EMPLOYEES

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

#### 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 of Directors

**R.R.Mandawewala**  
Managing Director

**V. L. Bhutra**  
Director (Operations)

Place : Mumbai

Date : 30-09-2003

#### MANAGEMENT DISCUSSION AND ANALYSIS

##### Industry Scenario And Development

The textile industry in India has faced an onslaught of trade barriers from many developed countries. These include antidumping measures, antisubsidy and countervailing measures and others.

Also, India has to compete with major Asian players like China, which has set-up ultramodern textile plants and have benchmarked their activities to the best in the world not only in terms of cost structure but also the best practices as well as quality standards. However, India too has advantages like availability of ample and cheap skilled labour, adequate domestic capacities of intermediaries, government's vigorous support observed lately and impetus for technological upgradation. India, being major market and has certain competitiveness, the industry should position itself with comfort.

Further, India will be benefited by the shift of production capacities from developed countries like U.S. & European countries as well as opening of trade barriers Post WTO. In 2005, Quota system will go and there will be open market for all the countries. India stands to benefit a lot from this opening of markets.

Manmade fiber has been the most important fiber in terms of volume and account for 60% share of the processed fibers. Manmade fiber accounted for 6% rise translating into a 55% market share of the global volume of fiber production. Lower cotton production should boost polyester consumption.

Budget for the financial year 2003-2004 had indicated the Central Government's intention to introduce Cenvat. Powerlooms in unorganised sectors at Bhiwandi, Surat, Varanasi and other places were either closed/reduced their operation for about three months from March'2003 to middle of May'2003 to protest against introduction of CENVAT.

Transporter's strike in Maharashtra and subsequently throughout India paralysed Industrial activity for about twenty days in April 2003.

Finance minister has given relief to powerlooms by amending finance bill.

Its effect has been seen positively. Powerlooms have been restarted at various places.

##### OPPORTUNITIES AND THREAT

It is expected that the economy is likely to grow at 6% this year in spite of external uncertainties like SARS and Iraq. This coupled with good monsoon should boost demand for the products.

Number of small players are coming with POY Spinning in near future, which can adversely impact the demand supply position of POY.

The Company is in Speciality Yarn and concentrates on high value added products. The development of new products is an ongoing process in your Company. Apart from general threats faced by the Industry and Global as well as Indian economy, the Company does not foresee any specific threats.

Indian Government has represented to USA and European countries for increase in quota for import of Garments from India. If this is accepted, India can increase export substantially leading to a healthy bottom line for yarn suppliers to these garment manufacturers.

Your directors strongly appreciated the entire workforce for driving the Company to the level of performance it achieved in the grim scenario.

The Company faces the challenge of normal market competition from domestic as well as international companies in its existing business. It is expected that the company's sound business strategies, high quality of products and constant development of new products will continue to strengthen the position in domestic as well as international market.

#### **OUTLOOK**

Global prices of raw material have stabilized. Government has taken various initiatives for up-gradation of textile machinery.

With introduction of new products like MONO YARN, NYLON DYED YARN and optimisation of costs, the directors are confident of better performance in the years to come.

#### **ADEQUACY OF INTERNAL CONTROL SYSTEM**

Welspun has a proper and adequate system of internal controls to ensure that all assets are safeguarded, and

protected against loss from unauthorised use or disposition, and that transactions 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**

During the year, your Company achieved turnover of Rs.30559.81 lacs as against Rs.27562.39 lacs in the previous year. The Company has made net profit of Rs.142.04 lacs as against net profit of Rs.220.96 lacs during the previous year. Profit during the year was reduced due to increase in prices of raw materials substantially as compared to previous year.

#### **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 Organisation.

Industrial relations during the year were cordial.

#### **INSURANCE:**

Welspun has insured its assets and operations against a wide range of risks as part of its overall risk management strategies.

Report  junction.com

**FORM A**

(See Rule 2)

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

|   | For the year ended<br>31-03-2003 | Previous year ended<br>31-03-2002 |
|---|----------------------------------|-----------------------------------|
| <b>A. POWER AND FUEL CONSUMPTION</b>    |                                  |                                   |
| 1 ELECTRICITY                           |                                  |                                   |
| (A) PURCHASED UNIT (IN '000S)           | 66,910.04                        | 55,773.06                         |
| TOTAL AMOUNT (Rs IN LACS)               | 1,864.59                         | 1,559.74                          |
| RATE/UNIT (Rs)                          | 2.79                             | 2.80                              |
| (B) OWN GENERATION                      |                                  |                                   |
| (I) THROUGH DIESEL GAS GENERATOR        |                                  |                                   |
| UNIT (IN '000S)                         | 842.98                           | 834.40                            |
| UNIT PER Ltr. OF DIESEL OIL             | 3.44                             | 3.46                              |
| COST/UNIT (Rs)                          | 5.08                             | 5.47                              |
| (II) THROUGH STEAM TURBINE / GENERATOR  | NIL                              | NIL                               |
| 2 COAL (SPECIFY QUALITY AND WHERE USED) | NIL                              | NIL                               |
| 3 FURNACE OIL                           |                                  |                                   |
| QUANTITY (K. Ltrs.)                     | 1,221.54                         | 1,057.85                          |
| TOTAL AMOUNT (Rs IN LACS)               | 161.35                           | 105.48                            |
| AVERAGE RATE (K. Ltrs.)                 | 13,208.56                        | 9,971.28                          |
| 4 OTHERS/INTERNALGENERATION             | NIL                              | NIL                               |

**B. CONSUMPTION PER UNIT OF PRODUCTION**

|                         | Standard | Current Year | Previous Year |
|-------------------------|----------|--------------|---------------|
| PRODUCTS (WITH DETAILS) |          |              |               |
| UNITS                   | —        | Kg.          | Kg.           |
| ELECTRICITY             | —        | 1.54         | 1.36          |
| FURNACE OIL             | —        | —            | —             |
| COAL                    | —        | —            | —             |
| OTHERS                  | —        | —            | —             |

**FORM B**

(See Rule 2)

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION****Research and Development (R&D)**

- |  |  |
|--|--|
| 01 Specific areas in which R&D is Carried out by the Company | - Development of Special types of Yarn |
| 02 Benefit derived as a result of the above R&D              | - New qualities were introduced.       |
| 03 Future plan of action                                     | - NIL                                  |
| 04 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, adaptation and Innovation.**

- |  |   |
|--|---|
| 01 Efforts, in brief made towards technology absorption, adaptation and innovation   | - Technology for production of Mother Yarn, the Raw Material for manufacturing Splitting/Mono Yarn has been absorbed. |
| 02 Benefits derived as a result of the above efforts, etc. Product improvement, cost reduction, product development, imports substitution                      | - Cost saving by manufacturing mother yarn, the Raw Material.   |
| 03 In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished | - Not Applicable  |
| (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 | - Exports initiative to develop new markets (like U.S.A, BULGARIA etc.). Focus on developing new customer base in existing markets & developing new end application. |
| (2) Total foreign exchange used and earned  |  |
| Used  | : Rs.2545.92 Lacs  |
| Earned  | : Rs.3734.49 Lacs  |



**CORPORATE GOVERNANCE REPORT FOR THE YEAR FROM APRIL 1, 2002 TO MARCH 31, 2003**  
**Annexure to the Directors' Report**

**A. COMPANY'S PHILOSOPHY**

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

Corporate Governance to us is not simply a matter of creating checks and balances; it is about creating an outperforming organisation, which leads to increasing employee and customer satisfaction and shareholder value. 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 11. Details of composition of the existing Board of Directors is given below:

| Sr. No | Name of the Director  | Category | No. of Other Directorship in Public Limited Companies | Membership in Board Committee of Companies | No. of Board Meetings Attended (01/04/02 to 31/03/03) | Attendance at last AGM |
|--------|---|----------|---|--|---|------------------------|
| 1.     | Mr. B. K. Goenka  | P.S      | 9   | 1C/7M                                      | 3   | No                     |
| 2.     | Mr. R. R. Mandawewala                                       | P.E      | 10  | 1C/7M                                      | 3   | No                     |
| 3.     | Mr. M. L. Mittal  | E.S      | 4   | 4M   | 5   | No                     |
| 4.     | Mr. V. L. Bhutra  | E.S      | 1   | -  | 4   | No                     |
| 5.     | Mr. G. R. Goenka  | P.N.E.S  | 2   | -  | NI  | No                     |
| 6.     | Mr. S. K. Goenka  | P.NE     | NI  | -  | NI  | No                     |
| 7.     | Mr. M. V. Badnath<br>(Nominee of IOBI)<br>(upto 06.05.2003) | NE.I.L   | 2   | 2M   | 1   | No                     |
| 8.     | Dr. Anil Kane<br>(Nominee of IOBI)<br>(w.e.f 17.06.2003)    | NE.I.L   | 4   | -  | N.A, since appointed w.e.f 17.06.2003                 | NA                     |
| 9.     | Mr. R. K. Jain  | NE.I     | 1   | 2C/1M                                      | 5   | Yes                    |
| 10.    | Mr. Atul Desai  | NE.I     | 6   | 5C/3M                                      | 4   | Yes                    |
| 11.    | Mr. N. K. Ramachandran<br>(Nominee of IFCI)                 | NE.I.L   | 4   | 3M   | 4   | No                     |
| 12.    | Mr. M. K. Tandon<br>(Upto 30/09/2003)                       | NE.I     | 4   | -  | 1   | No                     |

**Abbreviations:**

P = Promoter, E = Executive Director, NE = Non Executive Director, I = Independent, L = Lenders, S = Shareholders, C = Chairman, M = Member

(ii) Details of Date of Board Meeting - Meeting of the Board of Directors were held during the financial year 2002-03 i.e. 14/05/2002, 29/06/2002, 29/07/2002, 29/10/2002, 28/01/2003

**C. COMMITTEES OF THE BOARD**

The Committee constituted by the Board as on date are

**1. AUDIT COMMITTEE**

- R. K. Jain - Chairman
- Atul Desai - Member
- N. K. Ramachandran - 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 29/06/2002, 29/07/2002, 29/10/2002 and 28/01/2003. The details of Attendance of Members of audit committee are as follows:

| Sr. No. | Name of the Member | Designation | Number of Meetings Attended (01/04/2002 to 31/03/2003) |
|---------|--------------------|-------------|--|
| 1.      | R. K. Jain         | Chairman    | 4  |
| 2.      | Atul Desai         | Member      | 4  |
| 3.      | N. K. Ramachandran | Member      | 3  |

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

- Atul Desai - Chairman
- B. K. Goenka - Member
- R. R. Mandawewala - Member
- M. L. Mittal - Member

**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.

Share Transfer and Investor Grievance Committee was held seven times during the period under review and the meetings were held on 15/04/2002, 30/04/2002, 15/05/2002, 30/07/2002, 21/09/2002, 16/10/2002, 16/12/2002,

The details of attendance of the members of the meeting of the said committee are as follows:

| Sr. No. | Name of the Member    | Designation | No. of Meetings Attended |
|---------|-----------------------|-------------|--------------------------|
| 1.      | Mr. Atul Desai        | Member      | 7                        |
| 2.      | Mr. B. K. Goenka      | Member      | 5                        |
| 3.      | Mr. R. R. Mandawewala | Member      | 7                        |
| 4.      | Mr. M. L. Mittal      | Member      | 7                        |

Number of Shareholders complaints received during the year: During the Year under review total 14 Investor complaints were received. Break-up of number of complaints received under different category is given hereunder.

- Non Receipt of Shares 04
- Demat Queries 02
- Miscellaneous 06
- Exchange of queries 02

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<sup>st</sup> March, 2003 for a period over 30 days.

The dematerialized of 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. R. K. Jain         | - | Chairman |
| 2. | Mr. Atul Desai         | - | Member   |
| 3. | Mr. N. K. Ramachandran | - | Member   |
| 4. | Mr. B. K. Goenka       | - | Member   |
| 5. | Mr. R. R. Mandawewala  | - | Member   |
| 6. | Mr. M. K. Tandon       | - | Member   |

The details of attendance of the members of the meeting of Remuneration Committee held two times in the year are as follows: -

| Sr. No. | Name of the Member     | Designation | No. of meetings attended |
|---------|------------------------|-------------|--------------------------|
| 1.      | Mr. R. K. Jain         | Chairman    | 2                        |
| 2.      | Mr. Atul Desai         | Member      | 2                        |
| 3.      | Mr. N. K. Ramachandran | Member      | 1                        |
| 4.      | Mr. B. K. Goenka       | Member      | 1                        |
| 5.      | Mr. R. R. Mandawewala  | Member      | 2                        |
| 6.      | Mr. M. K. Tandon       | Member      | Nil                      |

**Terms of Reference**

To recommend payment of Remuneration to Executive Directors and Managing Directors from time to time.

The details of Remuneration paid during the period under review is mentioned below:

|                    | Mr. R. R. Mandawewala<br>(Managing Director) | Mr. M. L. Mittal<br>(Director- Finance) | Mr. V. L. Bhutra<br>(Director- Operations)                             |
|--------------------|--|---|--|
|                    | AMOUNT                                       | AMOUNT                                  | AMOUNT   |
| BASIC              | 1200000                                      | 450000                                  | 648000   |
| HRA                | 300000                                       | NIL                                     | 259200   |
| SPL ALLOWANCE      | NIL  | NIL                                     | 111444   |
| BONUS/EXGRATIA     | NIL  | NIL                                     | 53978  |
| SUPER ANNUATION    | NIL  | NIL                                     | 63515  |
| TELEPHONE          | NIL  | NIL                                     | NIL  |
| MEDICAL            | NIL  | NIL                                     | NIL  |
| INCENTIVE          | NIL  | NIL                                     | NIL  |
| LEAVE SALARY       | NIL  | NIL                                     | 64489  |
| COMMISSION         | 362790                                       | NIL                                     | NIL  |
| TOTAL              | 1862790                                      | 450000                                  | 1200626  |
| <b>OTHER TERMS</b> |  |   |  |
| NOTICE PERIOD      | 3 MONTHS                                     | 3 MONTHS                                | 3 MONTHS   |
| SERVICE CONTRACT   | UPTO 30.05.2005                              | UPTO 30.06.2003                         | 30.06.2003 and extended upto 30.06.2008 subject to necessary approvals |
| STOCK OPTION       | NIL  | NIL                                     | NIL  |
| SEVERANCE FEES     | NIL  | 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 |
|-----------------------|--|
| Mr. R. K. Jain        | Rs.15000   |
| Mr. M. V. Badrinath   | Rs. 2000   |
| Mr. N.K. Ramachandran | Rs.13000   |
| Mr. Atul Desai        | Rs.14000   |
| Mr. G. R. Goenka      | NIL  |
| Mr. S. K. Goenka      | NIL  |
| Mr. M.K. Tandon       | Rs. 2000   |

**D. GENERAL BODY MEETING**

The last three Annual General Meeting were held as under:

| Financial Year | Date       | Time       | Place  |
|----------------|------------|------------|--|
| 1999-2000      | 16/09/2000 | 11.00 a.m. | Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli) |
| 2000-2001      | 20/09/2001 | 11.00 a.m. | Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli) |
| 2001-2002      | 25/09/2002 | 3.00 p.m.  | Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli) |

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 transactions 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 company at large.

- Related party transactions : Please refer to the Note no. 13 of schedule -18 the Annual Report.
- Details of non compliance by the Company, penalties, stricture imposed on the company by the Stock Exchange or SEBI or any authority on any matter related to capital market during last 3 years: Nil

**F. MEANS OF COMMUNICATION**

The quarterly/half-yearly/annual unaudited/audited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors.

The results were published in Free Press Journal and Navshakti.

The unaudited results for the quarter/half-year ended June, 2002, September, 2002 and December, 2002 were posted on the Company's website at [www.welspunsyntex.com](http://www.welspunsyntex.com)

**G. APPOINTMENT / REAPPOINTMENT OF DIRECTORS**  
Reappointment of Directors

- Mr. M.L.Mittal was Finance Director of the Company with effect from 1<sup>st</sup> July, 1998 to 30<sup>th</sup> June, 2003. He managed funds for the requirement of working capital as well as term loans for the projects at economical rate of interest. He is a Director Finance of Welspun Gujarat Stahl Rohren Ltd. He has more than 20 years of experience in the field of management of Finance. He is 44 years of age. His experience is of immense value to the Company.



Name of other Companies in which Mr. M. L. Mittal is a Director

- | Sr. No. | Name of the Company                  |
|---------|--------------------------------------|
| 1.      | Welspun India Limited                |
| 2.      | Welspun Gujarat Stahl Rohren Limited |
| 3.      | Welspun Finance Limited              |
| 4.      | Glofame Cotspin Industries Limited   |
- 2) Mr. V.L.Bhutra is a Director Operations with effect from 1<sup>st</sup> July, 1998. He is 52 years of age. He has over 30 years of experience in Polyester Yarn Industries including 14 years with Welspun Syntex Ltd. He was promoted as a Director-Operations on the Board of Directors of the Company on 1<sup>st</sup> July, 1998. He is Chief Executive Officer of the Company and is responsible for overall activities of the Company covering Production Planning, Strategic Planning, Marketing, Commercial etc. He is a director of Association of Synthetic Fibre Industry. His experience is of immense value to the Company.
- 3) Mr. R.K.Jain, is Chartered Accountant and he is 46 years of age. He retires by rotation at 20<sup>th</sup> Annual General Meeting. He is Auditor of many companies and his experience is of immense value to the Company. He is a Director of Welspun Gujarat Stahl Rohren Ltd.

#### H. GENERAL SHAREHOLDERS INFORMATION

- a. 20<sup>th</sup> Annual General Meeting  
 Venue - Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli)  
 Time - 10.30 a.m.  
 Date - Monday, 15<sup>th</sup> Dec, 2003
- b. Financial year - 31/03/2003
- c. Date of Book Closure - 12.09.2003 to 24.09.2003
- d. Listing on Stock Exchanges and Stock Codes

The Company's securities are listed in the following Stock Exchanges

| SR. NO. | NAMES AND ADDRESSES OF STOCK EXCHANGES  | STOCK CODE |
|---------|---|------------|
| 1)      | The Stock Exchange, Mumbai, P. J. Towers, Dalal Street, Fort, Mumbai-400 001                  | 508933     |
| 2)      | The Delhi Stock Exchange Association Limited, DSE House, 3/1 Asaf Ali Road, New Delhi-110 002 | 23032      |

#### e. Market Price Data- High-Low Quotations on The Stock Exchange, Mumbai during each month for the year April 1, 2002 to March 31, 2003

| Month          | Bombay Stock Exchange (Rs) |      | Sensex   |          |
|----------------|----------------------------|------|----------|----------|
|                | High                       | Low  | High     | Low      |
| April, 2002    | 7.50                       | 2.45 | 3,538.49 | 3,296.88 |
| May, 2002      | 3.90                       | 2.50 | 3,478.02 | 3,097.73 |
| December, 2002 | 4.45                       | 2.80 | 3,413.83 | 3,186.62 |
| January, 2003  | 4.75                       | 3.10 | 3,416.92 | 3,250.38 |
| February, 2003 | 4.15                       | 2.85 | 3341.61  | 3218.37  |
| March, 2003    | 3.60                       | 2.25 | 3311.57  | 3039.83  |

Trading was under suspension from June, 2002 to November, 2002 in order to give effect to reduction of share capital pursuant to Scheme of Compromise and/or Arrangement.

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

##### MCS Limited

Sri Venakatesh Bhavan, Plot No. 27, Road No. 11, MIDC, Andheri (East), MUMBAI - 400 093

#### 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, for the same are found in order. Shares under objection are returned within two weeks

#### g. COMPLIANCE OFFICER - K. N. KAPASI

##### COMPANY SECRETARY

#### h. DISTRIBUTION OF SHAREHOLDINGS

The distribution of shareholding as on 31.03.2003 was as follows:

| Share holding of nominal value of Rs. | Share holders |               | Amount           |               |
|---------------------------------------|---------------|---------------|------------------|---------------|
|                                       | Number        | % to Total    | In Rs.           | % to Total    |
| (1)                                   | (2)           | (3)           | (4)              | (5)           |
| Upto - 5,000                          | 1179          | 82.91         | 1469650          | 0.16          |
| 5,001 - 10,000                        | 94            | 6.61          | 606990           | 0.06          |
| 10,001 - 20,000                       | 48            | 3.38          | 677840           | 0.07          |
| 20,001 - 30,000                       | 22            | 1.55          | 612280           | 0.06          |
| 30,001 - 40,000                       | 5             | 0.35          | 179290           | 0.02          |
| 40,001 - 50,000                       | 5             | 0.35          | 223970           | 0.02          |
| 50,001 - 1,00,000                     | 12            | 0.84          | 796530           | 0.09          |
| 1,00,001 and above                    | 57            | 4.01          | 941234540        | 99.52         |
| <b>TOTAL</b>                          | <b>1422</b>   | <b>100.00</b> | <b>945801090</b> | <b>100.00</b> |

#### i. DEMATERIALISATION OF SHARES AND LIQUIDITY

The Shares of the Company are fully 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 31.03.2003, 67.13% 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.

#### j. LOCATION OF PLANT

- Welspun Syntex Limited, 14 & 15, Dewan Industrial Estate, Palghar, Maharashtra
- Welspun Syntex Limited, Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli) Registered Office is located at Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli)

k. Address for correspondence : 1<sup>st</sup> Floor, Kamaniwadi, 542, Jaganath Shankar Sheth Road, Near Princess Street Junction, Chirabazar, Mumbai - 400 002

l. Telephone No : 22085362/22085242

m. Fax No : 22085305

n. email id : welspun@bom5.vsnl.net.in

o. Website : welspunsyntex.com



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

### **TO THE MEMBERS OF WELSPUN SYNTEX LIMITED**

We have examined the compliance of conditions of Corporate Governance by Welspun Syntex Limited, for the year ended on 31<sup>st</sup> March, 2003, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures 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 explanation given to us, we report that the Company has implemented the non mandatory requirements of the Corporate Governance Code. We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor's grievance received during the year ended 31<sup>st</sup> March, 2003, the Registrars and Transfer Agents of the Company have certified that as at 31<sup>st</sup> March, 2003, there were no investor grievance remaining unattended/ pending for more than 30 days.

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



**Mohan Bhandari**  
Partner

Mumbai

Date : 30<sup>th</sup> September, 2003