



WELSPUN SYNTEX LIMITED

Report  Junction.com

22nd
ANNUAL REPORT
2004 – 2005

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

Mr. G.R.GOENKA
 Mr. B.K.GOENKA
 Mr. R.R.MANDAWEWALA
 Mr. MURARILAL MITTAL
 Mr. V.L.BHUTRA
 Dr. ANIL KANE
 Mr. G.J. PRASAD
 Mr. ATUL DESAI
 Mr. R.K.JAIN
 Mr. M.K. TANDON

CHAIRMAN**VICE CHAIRMAN****MANAGING DIRECTOR****DIRECTOR (OPERATIONS)****NOMINEE IDBI****NOMINEE IFCI****COMPANY SECRETARY**

Mr. 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, 1ST FLOOR, 542, JAGANNATH SHANKAR
 SHETH ROAD, CHIRA BAZAR, MUMBAI – 400 002.
 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 STOCK EXCHANGE, MUMBAI
 Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai 400 001

CONTENTS

	Page No.
Directors' Report	1
Corporate Governance	4
Auditors' Report	8
Balance Sheet	10
Profit & Loss Account	11
Schedules 1 to 19	12-26
Cash Flow Statement	27
Balance Sheet Abstract	28



DIRECTORS' REPORT

To,
The Members,
WELSPUN SYNTEX LIMITED

Your Directors have pleasure in presenting the Twenty-second Annual Report together with Audited Statement of Accounts of the Company for the year ended 31st March 2005.

FINANCIAL RESULTS AND APPROPRIATIONS:

(Rs. in lacs)

	2004-2005	2003-2004
Gross Profit before Depreciation & Finance Expenses	2437.96	2708.86
Less : Finance Expenses	776.47	939.86
Depreciation	1580.05	1639.77
Profit before tax	81.44	129.23
Provision for tax- Current Tax	0.00	0.00
Deferred Tax	57.19	24.72
Profit after tax	24.25	104.51
Profit brought forward	1317.45	1230.13
Transfer to Debenture Redemption Reserve	0.00	17.19
Profit carried to Balance Sheet	1341.70	1317.45

In view of inadequacy of profits during the year under review, no dividend is recommended.

PERFORMANCE

During the year under review, sales / services and Gross Profit before Interest and Depreciation were of Rs.26247.63 lacs and Rs.2437.96 lacs respectively as compared to Rs.25274.59 lacs and Rs.2708.86 lacs respectively for the previous year.

The Company has received encouraging response from its overseas customers which is evident from increase in exports during the year by 29% from Rs.3939.75 lacs of the previous year to Rs.5093.40 lacs during the year under review.

Though sales and services during the year under review increased marginally by 3.85%, margin on the profits have reduced since prices of raw materials have increased substantially due to increase in the prices of petroleum products. This increase was not compensated by corresponding increase in realisation of finished goods.

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, Shri Murarilal Mittal, Shri V.L.Bhuttra and Shri Raj Kumar Jain, retire by rotation at the 22nd Annual General Meeting and being eligible have offered themselves for reappointment.

Shri R.R.Mandawewala has been appointed an Additional Director and also been reappointed as a Managing Director with effect from 1st June, 2005. The Company has received a Notice under Section 257 of the Companies Act, 1956 from a member intending to appoint Shri R.R.Mandawewala as a director of the Company.

Board has recommended their appointments.

Shri G.J.Prasad has been nominated by IFCI Ltd. with effect from 30th June, 2005.

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

Please refer to Auditors' Observations relating to Note No.10 of Notes on Accounts and we state that the Company is in the process of executing documents to transfer land and building in the name of the Company. The Company is in possession of land and building without any interference. As regard Note No. 11 relating to deferred tax, we state that the Company has not provided for deferred tax for the financial year 2004-05 in view of inadequate profits during the year and the Company expects to generate sufficient profits in future to justify the carry forward of deferred tax assets of earlier years of Rs.886.07 lacs.

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

WELSPUN SYNTEX LIMITED

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, Employees, 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 : 30th June, 2005

MANAGEMENT DISCUSSION AND ANALYSIS**INDUSTRY SCENARIO AND DEVELOPMENT**

Companies in the manufacturing and services sectors, as per CII report have witnessed over 10 % growth in turnover and operating profits during the April-December 2004-05 period, compared to the corresponding period of the previous year.

In the next two years Industrial sector is expected to continue on its high growth track by posting the growth of 7.5% - 8%. Agriculture is predicted to grow on 2% to 4% while growth in service sector to 8%.

The fuel oil prices were on a very high level during the year 2004-05 and are expected to remain firm during the year 2005-06. The high fuel oil price has led to spurt in price of petroleum products. As a result, prices of feed materials for Polyester industry also shot up. Chips prices rose by 20% during the year. Further, there was good cotton crop. Cotton & cotton yarn were available at comparatively lower prices which has also resulted in shifting of looms to cotton yarn partially. The increase in prices of Finished products therefore, have not been at same pace as of raw materials. PFY prices rose only by 6.50%. This has led to pressure on margins.

In the Union budget of 2005-06, the excise duty on PFY was reduced from 24 per cent to 16 per cent; The peak rate of customs duty on POY,PSF, PTA, DMT, MEG was reduced from 20% to 15%. The Union budget also brought the independent texturisers under the optional CENVAT route and reduced their excise duty on yarn from 16% to 8%. With this independent texturising units can opt for Nil excise duty or pay only 8% as against 16% payable by composite units.

OPPORTUNITY AND THREATS

The high volatility in fuel oil prices has an impact on pricing of raw materials. Further, demand/supply tightness of the raw materials also influenced the pricing cycle. Though the supply of raw materials is tight, it is expected to ease out with additional chips capacity being established in India in couple of months.

Apart from this, additional capacities in the industry may create a situation of over supply and cause pressure on sales and margins.

Threats and challenges also provide challenges of growth. The Company's sound business strategies, concentration on speciality yarns, high quality and constant development of

new products will continue to strengthen its position in domestic as well as international market.

OUTLOOK

With expected growth in Industrial, Agriculture and Service sector, overall demand as well as per capita textiles consumption is likely to be improved. Further rationalisation in excise structure subsequent to budget for the financial year 2005-06 will improve the profitability of the Company.

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, sales and services were of Rs.26247.63 lacs as against Rs.25274.59 lacs in the previous year. The Company has earned net profit of Rs.24.25 lacs as against net profit of Rs.104.51 lacs during the previous year. Margins on profits were reduced due to increase in prices of raw materials by about 20% during the year and this increase was not compensated by the corresponding increase in realisation of finished products.

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.



FORM A (SEE RULE 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current Year 2004-2005	Previous Year 2003-2004
A. POWER AND FUEL CONSUMPTION		
1 ELECTRICITY		
(A) PURCHASED UNIT (IN '000S)	71941.36	70639.90
TOTAL AMOUNT (Rs IN LACS)	2001.07	1958.16
RATE/UNIT (Rs)	2.78	2.77
(B) OWN GENERATION		
(I) THROUGH DIESEL GENERATOR		
UNITS (IN '000S)	1080.05	723.05
UNITS PER Ltr. OF DIESEL OIL	3.60	3.45
COST/UNIT (Rs.)	5.63	5.30
(II) THROUGH STEAM TURBINE / GENERATOR	NIL	NIL
2 COAL (SPECIFY QUALITY AND WHERE USED)	NIL	NIL
3 FURNACE OIL		
QUANTITY (K. Ltrs.)	446.80	1284.38
TOTAL AMOUNT (Rs. IN LACS)	53.46	142.24
AVERAGE RATE (K. Ltrs.)	11964.02	11074.76
4 OTHERS/INTERNAL GENERATION	NIL	NIL

B. CONSUMPTION PER UNIT OF PRODUCTION

	Standards	Current Year	Previous Year
PRODUCTS (With Details)			
UNITS	—	Kg.	Kg.
ELECTRICITY	—	1.60	1.61
FURNACE OIL	—	—	—
COAL (Specify Quality)	—	—	—
OTHERS (Specify)	—	—	—

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 | - Development of new products |
| 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 | - Cooling water pumps fitted with inverter driven motor. |
| 02 Benefits derived as a result of the above efforts, etc. | - Minimized the wear and tear of the equipment and saving in power consumption. |
| Product improvement, cost reduction, product development, imports substitution | |
| 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: | - N.A. |
| (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

- | | |
|--|--|
| 01 Activities relating to exports, initiatives taken to increase exports; development of new export markets for products and services and export plans | - We have been successful in developing and establishing new customers in market like USA, Venezuela, Algeria, Iran, Canada etc. |
| 02 Total foreign exchange used and earned | |
| Used | : Rs. 2586.84 lacs |
| Earned (FOB Value) | : Rs. 4624.92 lacs |

WELSPUN SYNTEX LIMITED**CORPORATE GOVERNANCE REPORT FOR THE YEAR FROM APRIL 1, 2004 TO MARCH 31, 2005****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, 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 10. 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 (01/04/04 to 31/03/05)	Attendance at last AGM
1.	Mr. B. K. Goenka	P, S, NE	8	1C/6M	3	No
2.	Mr. R. R. Mandawewala	P, E	7	1C/6M	2	No
3.	Mr. Murarilal Mittal	N, E	3	4M	5	No
4.	Mr. V. L. Bhutra	E, S	1	NH	5	Yes
5.	Mr. G. R. Goenka	P, NE, S, C	2	NH	NH	No
6.	Dr. Anil Kane (Nominee of IDBI)	NE, I, L	4	NH	4	No
7.	Mr. R. K. Jain	NE, I	1	2C	5	Yes
8.	Mr. Atul Desai	NE, I, S	3	1C/4M	5	No
9.	Mr. N. K. Ramchandran (Nominee of IFCI) upto 08.06.2004	NE, I, L	4	3M	NH	No
10.	Mr. M. K. Tandon	NE, I	4	1C/1M	2	No
11.	Mr. G. J. Prasad (Nominee of IFCI) w.e.f. 30.06.2005	NE, I, L	1	1M	N.A.	N.A.

NOTE: For the purpose of counting Membership in Board Committee of 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, 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 2004-05 i.e. 22/05/2004, 29/06/2004, 30/07/2004, 30/10/2004, 28/01/2005

C. COMMITTEES OF THE BOARD

The Committee constituted by the Board as on date are

1. AUDIT COMMITTEE

The Audit Committee consists of the following 4 Non-Executive Independent Directors as on 30-06-2005.

- | | |
|---------------|------------|
| a. R. K. Jain | - Chairman |
| b. Atul Desai | - Member |

- | | |
|--|----------|
| c. N. K. Ramchandran (upto 08.06.2004) | - Member |
| d. M. K. Tandon (w.e.f. 29.06.2004) | - Member |
| e. G. J. Prasad (w.e.f. 30.06.2005) | - 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 29/06/2004, 30/07/2004, 30/10/2004 and 28/01/2005. The details of Attendance of Members of audit committee are as follows:

Sr. No.	Name of the Member	Designation	Number of Meetings Attended (01/04/2004 to 31/03/2005)
1.	R. K. Jain	Chairman	4
2.	Atul Desai	Member	4
3.	M. K. Tandon	Member	1
4.	N. K. Ramchandran	Member	-

2. SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE

- | | | |
|----|-------------------|------------|
| 1. | Atul Desai | - Chairman |
| 2. | B. K. Goenka | - Member |
| 3. | R. R. Mandawewala | - Member |
| 4. | Murarilal 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 ten times during the period under review and the meetings were held on 31/05/2004, 15/06/2004, 31/07/2004, 31/08/2004, 30/09/2004, 30/10/2004, 30/11/2004, 31/12/2004, 15/02/2005, 31/03/2005

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	Chairman	9
2.	Mr. B. K. Goenka	Member	7
3.	Mr. R. R. Mandawewala	Member	9
4.	Mr. Murarilal Mittal	Member	10

Number of Shareholders complaints received during the year: During the Year under review total 7 investor complaints were received. Break-up of number of complaints received under different category is given hereunder.

- | | | |
|----|--|----|
| 1. | Non Receipt of Shares
Certificates after transfer | 04 |
| 2. | Demat Queries | 02 |
| 3. | Non-receipt of Duplicate Certificates | 01 |



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 31st March, 2005 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 |
| | (upto 08.06.2004) | | |
| 4. | Mr. B. K. Goenka | - | Member |
| 5. | Mr. R. R. Mandawewala | - | Member |

No meeting of Remuneration Committee was held during the Financial Year 2004-2005.

Terms of Reference

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

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

	Mr. R. R. Mandawewala (Managing Director)	Mr. V. L. Bhutra (Director- Operations)
	AMOUNT (Rs.)	AMOUNT (Rs.)
BASIC	1200000	759839
HRA	300000	303936
SPL.ALLOWANCE	NIL	205164
BONUS/EXGRATIA	NIL	62518
TELEPHONE	NIL	18000
MEDICAL	NIL	15000
COMMISSION	NIL	NIL
TOTAL	1500000	1364457
OTHER TERMS		
NOTICE PERIOD	3 MONTHS	3 MONTHS
SERVICE CONTRACT	*UPTO 31.05.2005	UPTO 30.06.2008
STOCK OPTION	NIL	NIL
SEVERANCE FEES	NIL	NIL

*Reappointed for a further period of Five Years w.e.f. 01/06/2005 on the existing Remuneration as mentioned above.

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
Mr. R. K. Jain	Rs.14000
Dr. Anil Kane	Rs. 8000
Mr. Atul Desai	Rs.14000
Mr. M.K. Tandon	Rs. 5000

D. GENERAL BODY MEETING

The last three Annual General Meeting were held as under:

Financial Year	Date	Time	Place
2001-2002	25/09/2002	3 00 p.m.	Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli)
2002-2003	15/12/2003	10 30 a.m.	Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli)
2003-2004	29/09/2004	11.00 a.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. 14 of schedule -19 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/year ended 31st March 2004, 30th June 2004, 30th September 2004 and 31st December 2004 were posted on the Company's website at www.welspunsyntex.com

G. APPOINTMENT / REAPPOINTMENT OF DIRECTORS

Reappointment of Directors

- Shri Muralilal Mittal was Finance Director of the Company with effect from 1st July,1998 to 30th June,2003. He is a Director Finance of Welspun Gujarat Stahl Rohren Ltd and Welspun India Ltd. He has more than 22 years of experience in the field of management of Finance. He is 46 years of age. His experience is of immense value to the Company. He retires by rotation at 22nd Annual General Meeting.
- Shri. V.L. Bhutra is a Director Operations with effect form 1st July,1998. He is 54 years of age. He has over 30 years of experience in Polyester Yarn Industries including 16 years with Welspun Syntex Ltd. He was promoted as a Director-Operations on the Board of Directors of the Company on 1st July, 1998. He is Chief Executive officer

WELSPUN SYNTEX LIMITED

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. He retires by rotation at 22nd Annual General Meeting.

3. Shri R. K. Jain, is Practising Chartered Accountant and he is 49 years of age. He retires by rotation at 22nd 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.
4. Shri R. R. Mandawewala is a Chartered Accountant and he is 43 years of age. He was Executive Director of the Company with effect from 01/06/2000 and was elevated as a Managing Director of the Company with effect from 01/07/2002.

He monitors all units of the Company on day to day basis and regularly visits plants and other units of production. He is a director of reputed Companies.

H. GENERAL SHAREHOLDERS INFORMATION

- a. 22nd Annual General Meeting
Venue - Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli)
Time - 3.00 p.m.
Day and Date - Saturday, 24/09/2005
- b. Financial year - 31/03/2005
- c. Date of Book Closure - 16/09/2005 to 24/09/2005
- d. Listing on Stock Exchanges and Stock Codes

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

- e. **Market Price Data- High-Low Quotations on The Stock Exchange, Mumbai during each month for the year April 1, 2004 to March 31, 2005**

Month	Bombay Stock Exchange (Rs)		Sensex	
	High	Low	High	Low
April, 2004	9.75	5.00	5,979.25	5,599.12
May, 2004	8.65	5.85	5,772.64	4,227.50
June, 2004	7.10	4.15	5,012.52	4,613.94
July, 2004	6.90	4.40	5,200.85	4,723.04
August, 2004	6.50	5.10	5,269.22	5,022.29
September, 2004	7.90	5.85	5,638.79	5,178.57
October, 2004	8.40	6.60	5,803.82	5,558.14
November, 2004	10.05	7.05	6,248.43	5,649.03
December, 2004	13.25	8.25	6,617.15	6,176.09
January, 2005	14.50	9.50	6,696.31	6,069.33
February, 2005	12.45	9.00	6,721.08	6,508.33
March, 2005	10.90	7.20	6,954.86	6,321.31

f. REGISTRAR AND SHARE TRANSFER AGENT: MCS Limited

Sri Venkatesh 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 31.03.2005 was as follows:

Share holding of nominal value of	Share holders		Amount	
Rs.	Number	% to Total	In Rs.	% to Total
(1)	(2)	(3)	(4)	(5)
Upto - 5,000	1415	72.34	2452530	0.26
5,001 - 10,000	239	12.22	2054050	0.22
10,001 - 20,000	112	5.73	1762290	0.19
20,001 - 30,000	45	2.30	1210250	0.13
30,001 - 40,000	30	1.53	1088900	0.12
40,001 - 50,000	23	1.18	1113110	0.12
50,001 - 1,00,000	41	2.10	2934570	0.31
1,00,001 and above	51	2.61	933185390	98.67
TOTAL	1956	100%	945801090	100%

i. 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 31.03.2005, 99.46% 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

- (i) 14 & 15, Dewan Industrial Estate, Palghar, Maharashtra
- (ii) 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** : 1st Floor, Kamaniwadi, 542, Jagannath 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 31st March, 2005, 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 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 31st March, 2005, the Registrars of the Company have certified that as at 31st March, 2005, 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 the Company.

For MGB & CO.,
Chartered Accountants

Sanjay Kothari
Partner
M. No.: 48215

Place : Mumbai
Date : 30th June, 2005



WELSPUN SYNTEX LIMITED**AUDITORS' REPORT**

To,
The Members of
WELSPUN SYNTEX LIMITED

1. We have audited the attached balance sheet of Welspun Syntex Limited as at 31st March 2005 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 (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order'), issued by the Central Government of India in terms of sub-section 4(A) of section 227 of the Companies Act, 1956, 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:
 - (i) 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;
 - (ii) In our opinion, proper books of Accounts as required by law have been kept by the company, so far as appears from our examination of books;
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act 1956 *except non-compliance of AS-22 as referred in para vi below*;
 - (v) On the basis of written representations received from the directors, as on 31st March 2005 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to, *Note no. 10 regarding Freehold Land and Buildings of Rs.380.78 lacs for which the company holds no title and Note no.11 (ii) regarding non-compliance of AS-22 "Accounting for Taxes on Income" for not writing off the carrying value of deferred tax assets of Rs.886.07 lacs, resulting in overstatement of assets, Profit for the year and reserves to that extent and read with the significant accounting policies and other notes thereon as per*

schedule 19, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2005;
- (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For MGB & Co.
Chartered Accountants

Sanjay Kothari
Partner
M. No. : 48215

Place : Mumbai
Date : 30th June 2005

ANNEXURE REFERRED TO IN PARAGRAPH (3) OF AUDITORS' REPORT TO THE MEMBERS OF WELSPUN SYNTEX LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets *except asset identification numbers*.
- (b) A substantial portion of the fixed assets has been physically verified by the management during the year and in our opinion the frequency is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, in our opinion, substantial part of fixed assets has not been disposed off by the company.
- (ii) (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) 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) In our opinion and according to information and explanations given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt in the books of accounts.
- (iii) (a) 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 Companies Act 1956. Accordingly, sub clauses (b), (c) and (d) are not applicable.
- (b) 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 Companies Act 1956. Accordingly, sub clauses (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard