



**WELSPUN INVESTMENTS AND COMMERCIALS LIMITED**

**3<sup>rd</sup>  
Annual Report  
2010-11**



## WELSPUN INVESTMENTS AND COMMERCIALS LIMITED

### CORPORATE INFORMATION

<b>BOARD OF DIRECTORS</b>	B.K. Goenka Arun Todarwal Shailesh Vaidya Raj Kumar Jain
<b>AUDIT COMMITTEE</b>	Raj Kumar Jain Arun Todarwal Shailesh Vaidya
<b>SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE</b>	B.K. Goenka Arun Todarwal Shailesh Vaidya
<b>COMPANY SECRETARY</b>	Jeevan Mondkar
<b>STATUTORY AUDITORS</b>	Suresh Surana & Associates, Chartered Accountants
<b>REGISTERED OFFICE</b>	Welspun City, Village Versamedi, Tal : Anjar, Dist. Kutch, Gujarat – 370 110 Tel: +91-2836- 661111 Fax : +91-2836-279010
<b>CORPORATE OFFICE</b>	Welspun House, 7th Floor, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013. Tel : +91-22- 66136000 Fax : + 91-22-24908020
<b>REGISTRAR AND TRANSFER AGENTS</b>	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West) Mumbai – 400 078.
<b>BANKERS:</b>	Punjab National Bank IndusInd Bank Limited IDBI Bank Limited
<b>WEBSITE:</b>	<a href="http://www.welspuninvestments.com">www.welspuninvestments.com</a>
<b>LISTED AT:</b>	Bombay Stock Exchange Limited National Stock Exchange of India Limited

CONTENTS	PAGE NO.
Notice .....	1
Directors' Report & Management Discussion and Analysis .....	4
Corporate Governance Report .....	7
Auditors' Report .....	14
Balance Sheet .....	16
Profit and Loss Account .....	17
Cash Flow Statement .....	18
Schedules .....	19
Balance /sheet Abstract and Company's General Business Profile .....	24

## **NOTICE**

NOTICE is hereby given that the 3<sup>rd</sup> Annual General Meeting of Welspun Investments and Commercials Limited will be held on Thursday, September 29, 2011 at the Registered Office of the Company at Welspun City, Village Versamedi, Tal :Anjar, Dist. Kutch, Gujarat – 370 110 at 11 a.m. to transact the following business:

### **Ordinary Business:**

- 1] To receive, consider and adopt the audited Balance Sheet as at March 31, 2011 Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- 2] To appoint a director in place of Mr. Raj Kumar Jain, who retires by rotation, and being eligible offers himself for re-appointment.
- 3] To appoint M/s. Suresh Surana & Associates, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

### **Special Business:**

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

**“RESOLVED THAT** in supersession of the resolution passed by the Members of the Company at the Annual General Meeting held on 11<sup>th</sup> June 2009 concerning mortgaging/charging of the properties of the Company and pursuant to the provisions of section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) or any amendment, modification thereof, consent of the Company be and is hereby accorded in terms of section 293(1)(a) and other applicable provisions, if any, of the Act, to mortgaging and/or charging by the Board of Directors of the Company of all or any of the immovable and/or movable properties of the Company, wheresoever situated, both present and future, or the whole or substantially the whole of the undertaking or undertakings of the Company on such terms, in such form and in such manner as the Board of Directors may think fit, together with power to take over the management of the business and concern of the Company in certain events in favour of Banks, Financial Institutions, other investing agencies and trustees for the holders of Debentures / other instruments, for securing, inter alia, any loans (both rupee loans as well as foreign currency loans) and/or advances already obtained or debts already incurred or that may hereafter be obtained or incurred from any of the lenders and/or to secure any debentures issued/that may be issued, and/or any financial obligations/ commitment hereinafter collectively referred to as the “Loans”) and all interest, compound/ additional interest, commitment charges, Trustees’ remuneration, costs, charges expenses and all other monies payable by the Company to the concerned Lenders, and/or Agents and Trustees for debentures provided that the amount of loans (other than temporary loans (including working capital facilities) obtained from the Company’s bankers in the ordinary course of business) shall not exceed Rs.100 Crores.”(Rupees One Hundred Crore only)

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

**“RESOLVED THAT** in supersession of the resolution passed in that behalf by the Company at its Annual General Meeting held on 11<sup>th</sup> June 2009 and pursuant to the provisions of Section 293 (1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 or any amendment, modification thereof, the Board of Directors of the Company be and is hereby authorised to borrow in any manner from time to time all such sums of money as they may deem necessary for the purpose of business of the Company notwithstanding that moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans (including working capital facilities) obtained from the Company’s bankers in the ordinary course of business) (hereinafter referred to as the “Borrowings”) from Financial Institutions, Company’s bankers and/or from any person or persons, firms, bodies corporate whether by way of loans, advances, deposits, bill discounting, issue of debentures, bonds or any financial instruments or otherwise and whether secured or unsecured shall exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose provided that the total amount of the Borrowings by the Board of Directors shall not exceed Rs. 100 crores (Rupees One Hundred Crores Only).”

Place: Mumbai  
Date: May 30, 2011

By Order of the Board of Directors

**Jeevan Mondkar**  
Company Secretary

1. The Explanatory Statements, pursuant to Section 173 of the Companies Act, 1956, in respect of special businesses under item No. 4 to 5 above are annexed hereto.

2. 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 at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and Transfer Books of the Company will be closed from Thursday, September 22, 2011 to Thursday, September 29, 2011 (both days inclusive) for the purpose of Annual General Meeting.
4. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a duly certified copy of the Board resolution/Power of Attorney authorising their representative to attend and vote on their behalf at the Meeting.
5. Members are requested to notify change in address, signature or bank particulars for their shares held in electronic mode to their respective depository participant and for physical holding to the Registrar and Share Transfer Agents of the Company. i.e. M/s Link Intime Private Limited.
6. Members are requested to bring their copy of the Annual Report at the Meeting.
7. Members/Proxies should bring their attendance slips duly completed for attending the Meeting.
8. To support the Green Initiative in Corporate Governance taken by the Ministry of Corporate Affairs by allowing paperless compliances and stating that service of notices/documents including Annual Reports can be effected by sending the same through electronic mode to the registered email addresses of the shareholders. Notices /documents including the Annual Report are now being sent by electronic mode to the shareholders whose email addresses have been registered with the Company. Members who would like to receive such notices/documents in electronic mode in lieu of physical copy and who have not registered their email addresses so far are requested to register their email addresses:  
  
In respect of electronic shareholding holding- through their respective Depository Participant.  
  
In respect of physical shareholding- by sending a request to the Company's Registrar and Share Transfer Agent, mentioning therein folio number and email address.

#### **ANNEXURE TO THE NOTICE**

#### **BRIEF RESUME OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT AND EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956.**

##### **ITEM NO. 2 :**

As regards re-appointment of Raj Kumar Jain referred to in item no. 2 of the notice, following necessary disclosures are made for the information of the shareholders:

Mr. Raj Kumar Jain, aged 55 years, is a non-executive and an independent director. Mr. Jain is a qualified chartered accountant registered with the Institute of Chartered Accountants of India. He has over 31 years of experience in the field of finance and accounts and has been providing advice to the Company in matters relating to accounts.

Details of directorship / membership of the Committees of the Board of other companies are as under:

##### **Directorship:**

- i) Welspun Syntex Limited, ii) Welspun Corp Limited, iii) Altius Finserv Private Limited, iv) Arihant Medical Services Private Limited.

##### **Membership / Chairmanship of Committees:**

He is the Chairman of Audit Committee of Welspun Corp Limited and Welspun Syntex Limited.

He does not hold any equity shares in the Company.

##### **ITEM NO. 4**

The Members of the Company at the Annual General Meeting held on June 11, 2009 have accorded their consent for mortgaging and/or charging by the Board of Directors of the Company of all the movable and immovable properties of the Company and its undertakings in favour of the Banks, Financial institutions etc, for borrowing(s) upto a sum of Rs. 50 Crores (Rupees Fifty Crores only)

In view of the growth in the operations of the Company and also keeping in view of expansion plans which the Company is likely to take up in the foreseeable future, it is considered necessary to pass an enabling resolution to mortgage and /or

charge the properties of the Company in favour of the Banks, Financial Institutions, etc.. for securing the requisite finance upto a maximum of Rs.100 crores only.

As per the provisions of Section 293(1) (a) of the Companies Act, 1956, the Board of Directors of the Company shall not except with the consent of the Company in General Meeting create mortgage and/or charge on all or any of the immovable and/or movable properties of the Company, both present and future, or of the whole or substantially the whole of the undertaking or undertakings of the Company.

Therefore it is proposed to authorise the Board of Directors of the Company to mortgage/create charge on immovable and/or movable properties of the Company, both present and future, for securing loan upto Rs.100 crores for the purpose of the business of the Company.

Members approval is sought by way of ordinary resolution proposed under Item no 4.

None of the directors of the Company are concerned or interested in the resolution.

**ITEM NO.5:**

As per the provisions of Section 293(1) (d) of the Companies Act, 1956, the Board of Directors of the Company shall not except with the consent of the Company in General Meeting borrow moneys, together with the moneys already borrowed by the Company, in excess of the paid-up capital and free reserves of the Company.

In view of expanding operations and considering the expansion plans of the Company to diversify in to new area of activities, its increased size of business and the need to infuse the funds in the new area of activities of the Company it is expected that the current limit of Rs. 50 crores is not sufficient. The Board of Directors seek members consent for sanctioning borrowing limits upto Rs. 100 Crores only.

Members approval is sought by way of ordinary resolution proposed under Item no. 5.

None of the directors of the Company are concerned or interested in the resolution

By Order of the Board of Directors

Place: Mumbai

Date: May 30, 2011

**Jeevan Mondkar**  
*Company Secretary*

## **DIRECTORS' REPORT**

Dear Members,

**WELSPUN INVESTMENTS AND COMMERCIALS LIMITED.**

The Directors of your Company are pleased to present their 3<sup>rd</sup> Annual Report together with Audited Statement of Accounts for the year ended March 31, 2011.

### **1. WORKING RESULTS:**

The working results of the Company for the year under report are as under:

	<b>2010-11 (Rs.)</b>	<b>2009-10 (Rs.)</b>
Income	<b>28,893,572</b>	51,440,576
Expenditure	<b>17, 281,336</b>	32,725,567
Profit before taxation	<b>11,612,236</b>	18,715,009
Provision for current taxation	<b>(562,009)</b>	(4,369,901)
Profit after Taxation	<b>11,050,227</b>	14,345,108
Profit available for appropriation	<b>11,050,227</b>	14,345,108
Balance b/f for Previous Year	<b>14,270,982</b>	(74,126)
Balance Carried to Balance Sheet	<b>25,321,209</b>	14,270,982

### **2. DIVIDEND**

With a view to conserve resources for consolidating financial position of the Company and to achieve long term growth, your directors do not recommend any dividend for the period ended March 31, 2011. The directors submit that this will increase shareholders' value in the long term.

### **3. LISTING OF EQUITY SHARES**

During the year the Company's equity shares got listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited after getting relaxation from Securities and Exchange Board of India (SEBI) from the applicability of Rule 19 (2) (b) under the Securities Contract (Regulations) Rules, 1957. As apprised in the last annual report these equity shares were allotted pursuant to the Composite Scheme of Arrangement in the nature of Demerger for transfer of Investment and Treasury Division of Welspun India Limited (WIL) to Welspun Investments and Commercials Limited (formerly Welspun Investments Limited)

### **4. DIRECTOR**

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Mr. Raj Kumar Jain, Director retire by rotation at the forthcoming Annual general Meeting, and being eligible, offer himself for re-appointment. For your perusal, a brief resume of Mr. Raj Kumar Jain and other relevant details are given in the Explanatory Statement to the Notice convening the Annual General Meeting. The Board of Directors recommends his appointment for approval of the shareholders of the Company.

### **5. MANAGEMENT DISCUSSION AND ANALYSIS**

#### **a. Industry Structure and Developments**

Indian economy has grown at an impressive rate India's GDP registered a growth of 8.6% during 2010-11, contributed mainly by manufacturing and services sectors. GDP growth estimates for 2011-12 provided by the Finance ministry indicated that the economy will better its performance and touch the 9% mark. India's rapid economic growth in recent years and the prospects of building further on this momentum in the medium to long term has led it to command a new respect in the world. According to the recent studies India is expected to be the third largest economy by 2050. Some studies indicate a near tripling of household disposable incomes and a burgeoning middle class which will comprises around 40 % of India's population. But the main cause of worry is inflation. Overall inflation rate for 2010-11 stood at 9.4% while Industrial production trend showed some weakness, registering a growth of 7.8% in 2010-11 against a growth of 10% seen during 2009-10. Core sectors recorded an overall growth

of 5.7% during 2010-11 which is better than 5.4% growth seen in 2009-10. Exports grew by 35% during the year, which was the fastest growth since independence, while imports too showed an increase of 21.2%. FDI flows in 2010-11 have seen a slowdown from the previous year, possibly due to environment sensitive policies being pursued with regards to the mining sector and township projects, which seem to have affected investors' sentiments. Strong tax revenues, 3G/BWA spectrum windfall and moderation in growth of overall expenditure have helped the Government rein in fiscal deficit in 2010-11

Exports growth is expected to moderate underpinned by high base, uncertain external demand and volatile currency. Imports are expected to soften mainly on account of high base.

**b. Business Overview**

The Company deals in commodities in the domestic as well as international market. Welspun Group has a very strong presence globally which can fetch viable business opportunities in the Company's business segment. The Company area of activities also comprises of the Investments activities predominantly in Welspun Group Companies. Since majority of Investments of the Company is in the form of strategic investment in Welspun Group Company, the source of income for the Company is in the form of dividend as declared by the investee Company. The profitability of the Company is linked to the performance of the investee companies as well as the fluctuations in the quotations of the stock markets. The financial year under review saw the economy doing well. The performance of the investee company is expected to improve which might result in higher dividend yield in the coming year. The Company other source of Income are through its investments in group companies and interest on Investments in bonds and mutual funds in India. The general strategy of investments is to generate long-term capital appreciation coupled with safety and liquidity.

**c. Outlook**

Global industrial production is stabilizing and appears set to grow, coupled with public sector expenditure should enable the major economies to post positive GDP numbers, marking the end of the global recession and reducing deflationary risks. The performance of your company has been sustainably improving as a result of increased activities from investment and trading operations. In the emerging economies, like India, rapid rise in inflationary pressures, spurt in commodities prices and potential for boom-bust cycles could eventually result in hard landing in the trading activities.

**d. Opportunity & Threats**

India has averted the effects of the global slumps and continues to grow at a healthy 7-8%. The Improved performance of the capital markets along with robust and stable economic growth has given a push to the new opportunities. However, due to sheer unpredictable nature of markets, it makes investments a risky business.

The cut throat competition in trading activities are the major threats faced by the Company in the trading segment. Higher Inflation is also a major challenge face by Company.

High economic growth in the country would offer considerable opportunities and your company would continuously strive to take advantage of opportunities coming its way. The Company sees abundant prospects in this area.

The Investments business is being carried with own funds, dividend, and shall not be raising any public deposits to carry out the investments activities.

The Company is mainly exposed to market risk in the form of reduction in the value of investments and fall in returns due to dip in performance of the investee company. The Company is also exposed to fluctuation in the economy and industry cycles/downturn in general.

**e. Internal control systems and their adequacy**

The Company maintains the system of internal controls designed to provide high degree of assurance regarding the effectiveness and efficiency of operations, reliability of financial controls and compliance with laws and regulations. Transactions are authorized, recorded and correctly reported. There are clear demarcation of roles and responsibilities at various levels of operations.

**f. Cautionary Statement**

The Information and opinion expressed in this report may contain certain forward looking statements, which the

management believes are true to the best of its knowledge at the time of its preparation. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements, risks and opportunities could differ materially from those expressed or implied in this report. This should be read in conjunction with the Company's financial statements.

**6. PUBLIC DEPOSITS**

The Company does not accept any deposit from public and hence has not contravened provisions of section 58A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 and Reserve Bank of India Rules, if any.

**7. AUDITORS**

The Auditors of the Company, M/s Suresh Surana & Associates, Chartered Accountants shall retire at the conclusion of the ensuing Annual General Meeting of the Company and, being eligible, offer themselves for re- appointment. They have furnished a certificate regarding their eligibility for re-appointment as Statutory auditors of the Company, pursuant to Section 224(1B) of the Companies Act, 1956.

**8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Your Company does not carry any activity which is covered under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and accordingly no data needs to be enclosed.

**9. PARTICULARS OF EMPLOYEES**

No employee has drawn salary in excess of the limits specified under Section 217(2A) of the Companies Act, 1956 read with rules made there under.

**10. DIRECTORS RESPONSIBILITY STATEMENT**

The Directors confirm that they had:

- a. followed in the preparation of annual accounts, the applicable accounting standards and given proper explanation relating to material departures, if any;
- b. selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent 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 of the company for that period;
- c. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act so as to safeguard the assets of the company and to prevent and detect fraud and other irregularities; and
- d. Prepared the accounts on a going concern basis.

**11. ACKNOWLEDGEMENTS**

Your Directors wish to place on record their sincere appreciation for the valuable support and assistance received by your Company from Banks, Government authorities, Regulatory authorities and the stakeholders for their continued co-operation and support to the Company. The Board also thanks the employees at all levels for their dedication, commitment and hard work put in by them for Company's achievements and look forward for their continued support.

For and on behalf of the Board

**B. K. Goenka**  
Chairman

Place: Mumbai  
Date: May 30, 2011