ANNUAL REPORT

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		

ATTESTED TO BE TRUE COPY

FOR WINSOME YARNS LTD.

O P GUPTA
COMPANY SECRETARY

BOARD OF DIRECTORS

SHRI S.S. BRAR	CHAIRMAN
SHRI S.C. BAGRODIA	VICE CHAIRMAN
SHRI S.K. DUGGAL	
SHRI DINESH KHAITAN	
SHRI BRIJ KHANNA	
SHRI MANISH BAGRODIA	MANAGING DIRECTOR

COMPANY SECRETARY :
Shri O.P. Gupta

AUDITORS :
M/s Lodha & Co.
Chartered Accountants
12, Bhagat Singh Marg, New Delhi

BANKERS :
Canara Bank
State Bank of Patiala

REGISTERED OFFICE :
SCO 144-145, Sector 34 A,
Chandigarh - 160022

CONTENTS **PAGE No.**

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956:

5. Section 77 of the Companies Act, 1956 restricts the Company to purchase its own shares unless the same is done with a view to reduce its capital in pursuance of sections 100 to 104 and 402 of the Companies Act, 1956. Considering the expected amendment in the Companies Act, 1956 regarding buy-back of shares, the Directors therefore, feel that it would be desirable to have an enabling power from the Shareholders of this purpose. The Board recommend resolution at item No. 5 of the Notice for approval.

   None of the Directors are interested in the resolution.

6. Article 96 of the Articles of Association of the Company provides a maximum of Rs. 500/- as fee for attending each meeting of a Board or a Committee of a Board by Directors of the Company.

   It was felt that Directors fee for attending Board and or Committee, fee should be increased and the Board should be given power to determine the fee payable to them. Hence, the Board recommend resolution at item No. 6 of the Notice for approval of the Shareholders.

   Except the Managing Director, all the Directors may be considered as interested.

[illegible]

[illegible] have pleasure in presenting the fifth Annual Report of the Company [illegible] Accounts for the year ended the 31st March, 1998.

[illegible]	Year ended 31.3.98 (Rs. in lacs)	[illegible]
Sales	[illegible]	[illegible]
Profit [illegible] Depreciation	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Profit before Depreciation	[illegible]	[illegible]
Less: Depreciation	[illegible]	[illegible]
Profit before Tax	[illegible]	[illegible]
Profit after Tax	[illegible]	[illegible]

[illegible]

During the year under review, your Company has achieved [illegible] of Rs. [illegible] from the previous year. But despite the [illegible] the Net Profit of Rs. [illegible] lacs [illegible] the Net Profit of Rs. [illegible] lacs in the previous year [illegible] profit [illegible] year.

In view of high Raw Material prices, [illegible] and [illegible] Rs. [illegible] Crores [illegible] and profitability is expected to be sustained during the [illegible].

Moreover, with the excellent response to the quality of your Company's products, [illegible] expected to be satisfactory.

During the year your Company has also commenced [illegible] of capital [illegible] with a capital outlay of Rs. 5385 lacs. The cost of [illegible] US$ 3.00 million equivalent to Rs. [illegible] provided by Canara Bank.

The civil work is in advanced stage of completion. The Company has already placed [illegible] and other equipments. Your Company expects commencement of [illegible] in [illegible].

In view of satisfactory results during the year under review, your Directors [illegible] and with a view to conserve funds for the expansion program [illegible].

Directors

PSINCO which was formed on 17.11.1997 has nominated [illegible] Shri [illegible] Director and Shri [illegible] Director in place of Shri S.C. Agrawal. PSINCO vide its letter dated [illegible] Shri [illegible] Director in place of Shri Gurdev Singh. PSINCO vide its letter dated [illegible] Shri [illegible] Director of the Company.

Your Directors place on record the sad demise of Shri [illegible] Director of the Company [illegible] advice, guidance and affection shown by him throughout his association with the Company. [illegible] their appreciation for the valuable advices and guidance given by Shri S.C. Agrawal, Shri [illegible] Shri R.D. Dhawan and, the outgoing Directors.

In accordance with the Company's Articles of Association, Shri [illegible] retire by rotation and being eligible offer themselves for re-appointment.

Auditors

M/s. [illegible] & Co, Chartered Accountants, retire at the ensuing Annual General Meeting [illegible] in terms of Section 224 of the Companies Act, 1956, special resolution is proposed for their re-appointment. The Company has received certificate from them to the effect that their re-appointment, if made, will be within the limits specified in Section 224 of the Companies Act, 1956.

Statement of the Employees

As required by Section 217(2A) of the Companies Act, 1956, a Statement of [illegible] is annexed as part of this report.

Conservation of Energy

As required by the Companies(Disclosure of Particulars in the Report of Directors) Rules 1988, the relevant data pertaining to conservation of energy,technology absorption and other details are given in the Annexure to this report.

Auditors' Report

The Auditors' Report and Notes on accounts are self-explanatory and therefore do not require any further comments.

Acknowledgement

Your Directors acknowledge with gratitude the assistance and cooperation received from IFCI, IDBI, ICICI, PSIDC, WTIL, Canara Bank, State Bank of Patiala and State Bank of India, Govt. of Punjab and other Government Agencies.

Your Directors take this opportunity to thank customers, suppliers and others for the cooperation,trust and confidence reposed by them in the Company.

Your Directors also place on record their appreciation for the sincere services and hard work put in by the employees at all levels.

By order of the Board

Place: Chandigarh

Dated: 23.06.1998

(S S Brar)
Chairman

[illegible]

[illegible] COMPANIES (DISCLOSURE [illegible] DIRECTORS [illegible]

A. CONSERVATION OF ENERGY

a) [illegible] conservation measures taken :

[illegible]

[illegible] energy

b) Additional investment and proposal [illegible]

[illegible]

c) Impact of the measures at (a) & (b) [illegible] production of goods.

Not [illegible]

d) Total energy consumption and energy consumption per unit of production [illegible] specified in the [illegible]

		Current Year	Previous Year
1.	Electricity		
	a) Purchased Unit (KW)	[illegible]	[illegible]
	Total amount (Rs in lacs)	[illegible]	[illegible]
	Rate/Unit (Rs)	[illegible]	[illegible]
	b) Own Generation through Diesel Generator Unit (KW)	[illegible]	[illegible]
	Units/Ltr of Diesel Oil	[illegible]	[illegible]
	Cost/Unit (Rs/KW)	[illegible]	[illegible]
2	Coal (Specify quality and where used)	Nil	[illegible]
3	Furnace Oil Qty (K.Ltr)	Nil	[illegible]
	Total amount (Rs in lacs)		
	Average rate (Rs per K.Ltr)		
4	Others (Qty)	Nil	[illegible]
	Total amount (Rs in lacs)		
	Average rate (Rs per Kg)		
5	Consumption per Unit of Production		
	Electricity (KW)	4.0[illegible]	[illegible]
	Furnace Oil (Ltr)	Nil	[illegible]
	Coal (Kgs)	Nil	[illegible]

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form [illegible]

1) Research & Development (R&D)

a) Specific areas in which R&D carried by the Company

- [illegible] new technology was adopted

b) Benefits derived as a result of the above R & D.

- Nil

c) Future plan of Action :

- Areas are being identified where technology can be [illegible]

d) Expenditure on R&D (Rs. in lacs)

- Expenditure on in house research & development [illegible] profit & loss account, as no separate account [illegible] maintained.

2) Technology absorption, adaption and innovation.

a) Efforts, in brief, made towards technology absorption and innovation.

- Equipments of latest technology have been installed.