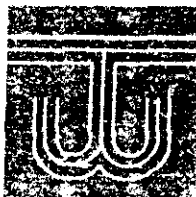


9th ANNUAL REPORT

1998-99

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Winsome Yarns Limited



**IS/ISO
9002**



WINSOME YARNS LIMITED**BOARD OF DIRECTORS**

SHRI S.S. BRAR
 SHRI SATISH BAGRODIA
 SHRI CHANDRA MOHAN
 SHRI S.K. DUGGAL
 SHRI DINESH KHAITAN
 SHRI BRIJ KHANNA
 SHRI MANISH BAGRODIA

CHAIRMAN
 VICE CHAIRMAN

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.
Notice.....	1
Directors' Report.....	4
Auditors' Report.....	7
Balance Sheet.....	9
Profit and Loss Account	10
Schedule 1 to 14.....	11
Cash Flow Statement.....	19

WINSOME YARNS LIMITED**NOTICE**

NOTICE is hereby given that the 9th Annual General Meeting of the Members of Winsome Yarns Limited, will be held on **Wednesday the 29th September, 1999 at 9.30 A.M.** at Tagore Theatre, Sector 18-C, Chandigarh to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March 1999, and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Satish Bagrodia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Brij Khanna, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

RESOLVED THAT M/s. Lodha & Co. Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be decided by the Board of Directors."

SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Chandra Mohan, who was appointed as an Additional Director of the Company, pursuant to Article 94 of the Company's Articles of Association, who hold office till the date of this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation."
6. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII thereto as amended from time to time and subject to such other approvals as may be necessary, the consent of the Company be and is hereby accorded to the re-appointment of Shri Manish Bagrodia as Managing Director of the Company for a period of five years i.e.f. 01-07-1999 on the terms and conditions including remuneration and commission as set out in the explanatory statement with liberty to the Board of Directors to alter and vary, the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto."

Registered Office :

SCO 144-145
SECTOR 34-A
CHANDIGARH - 160022

By order of the Board

O. P. GUPTA
COMPANY SECRETARY

Dated : 28.05.1999

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. The proxy should be deposited with the company at its Registered Office not less than forty-eight hours before the meeting.
3. The Register of Members and Share Transfer Book of the Company will remain closed from 25.09.99 to 29.09.99 (both days inclusive).

ANNEXURE TO NOTICE

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

ITEM NO. 4

Financial Institutions/Banks hold more than 25% of the paid up shares capital of the Company. Therefore, appointment of Statutory Auditors can be made only with the approval of the shareholders by special resolutions. The Board recommends adoption of this resolution.

None of the Directors are interested in the resolution.

WINSOME YARNS LIMITED**ITEM NO. 5**

Shri Chandra Mohan was appointed as an Additional Director of the Company w.e.f. 24.07.1998 by the Board of Directors in accordance with Section 260 of the Companies Act, 1956 and Articles 94 of the Company's Articles of Association. Shri Chandra Mohan holds office upto the date of ensuing Annual General Meeting. Notice from a member u/s 257 of the Act, expressing his intention to propose the appointment of Shri Chandra Mohan as a Director has been received by the Company. Shri Chandra Mohan is a B.A. (Hons.), B.Sc., Mech. Engg. (Hons.). He is also Ex-Vice Chairman cum Managing Director of Punjab Tractor Limited, Mohali (Pb.). He has more than 30 years experience in various fields. Your Directors feels that the Company would be benefited from the wide experience of Shri Chandra Mohan and accordingly recommend passing of the resolution.

None of the Directors except Shri Chandra Mohan is interested in this resolution.

ITEM NO. 6

Shri Manish Bagrodia was appointed Joint Managing Director of the Company for a period of five years w.e.f. 01.07.1994. With effect from 24.06.1996, he was designated Managing Director of the Company for the rest of his tenure. Now, the period of his office is due to expire on 30th June, 1999.

He has versatile experience and knowledge of textile industry. During his tenure, the Company has made good progress. The Board has approved his re-appointment for a further period of five years w.e.f. 01.07.1999 subject to the approval of shareholders of the Company on the following terms and conditions as set out hereunder :

1. REMUNERATION :

a) **Salary :** Rs. 50000/- per month in the grade of 50000-10000-100000.

b) **Commission :**

1% of Net Profit of the Company computed in the manner laid down in section 309 of the Companies Act, 1956.

c) **Perquisites :**

i) **Housing :**

i) Fully furnished residential accommodation. In case, the fully furnished residential accommodation is not provided, H.R.A. as per Company's Rule will be paid.

ii) Expenses pertaining to gas, electricity, water and other utilities will be borne/reimbursed by the Company.

ii) **Medical Reimbursement :**

Reimbursement of actual medical expenses incurred in India and/or abroad and including hospitalisation, nursing home and surgical charges for himself and family.

iii) **Leave Travel Concession :**

Reimbursement of actual travelling expenses for proceeding only once in a year in respect of himself and family.

iv) **Club Fees :**

Reimbursement of membership fee for clubs including admission and life membership fees.

v) **Personal Accident Insurance :**

Personal Accident Insurance Policy for an amount, the annual premium of which shall not exceed Rs. 10,000/- p.a.

vi) **Contribution to Provident Fund, Superannuation and Annuity Fund :**

The Company's contribution to Provident Fund and Superannuation or Annuity Fund as per the rules of the Company applicable to senior executives.

vii) **Gratuity :**

As per the rules of the Company applicable to the senior executives.

viii) **Leave :**

Encashment of leave at the end of the tenure.

WINSOME YARNS LIMITED

(ix) Other Perquisites :

Subject to overall ceiling on remuneration mentioned hereinbelow, Managing Director may be given any other allowance, benefits and perquisites as the Board of Directors may from time to time decide.

EXPLANATION :

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rules, perquisites shall be evaluated at actual cost.

II. OVERALL REMUNERATION :

The aggregate of salary, commission and perquisites in any one financial year shall not exceed the limits prescribed or to be prescribed from time to time under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for time being be in force.

III. MINIMUM REMUNERATION :

In the event of loss or inadequacy of profits in any financial year during the tenure of service of the Managing Director, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under Section II of the Part II of Schedule XIII to the Companies Act, 1956.

The Board recommends adoption of this resolution.

None of the Directors except Shri Satish Bagrodia and Shri Manish Bagrodia are interested in this resolution.

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DIRECTORS' REPORT**WINSOME YARNS LIMITED**

Your Directors have pleasure in presenting the 9th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 1999.

Financial Highlights	Year ended 31.3.99 (Rs. in lacs)	Year ended 31.3.98 (Rs. in lacs)
Sales	5359.39	4837.94
Profit before Interest & Depreciation	1119.11	1379.14
Less: Interest	274.87	357.65
Profit before Depreciation	844.24	1021.49
Less: Depreciation	245.26	241.43
Profit before Taxes	598.98	780.06
Profit after Taxes	598.98	780.06

Operations & Performance

During the year under review, your Company has achieved the sales turnover of Rs. 5359.39 lacs against the sales of Rs. 4837.94 lacs in the previous year. But despite the increase in sales, the Company has recorded a Net Profit of Rs. 598.98 lacs against the Net Profit of Rs. 780.06 lacs in previous year. The decrease in net profit is due to increase in cost of inputs and low sales realisations due to recessionary conditions in the Global Market.

However, with the excellent response to the quality products of your Company, the operations for the current financial year are expected to be satisfactory.

During the year your Company has also been implementing capacity addition of 25824 spindles at the existing site. The additional capacity has been financed by internal accruals and term loans from IFCI and Canara Bank. The trial run on the additional capacity was started in December, 1998 and commercial production has been commenced from 1st April, 1999.

In spite of satisfactory above results during the year under review, your Directors expressed their inability to recommend any dividend with a view to conserve funds for payment of heavy interest amount on the term loan availed for installation of additional capacity.

Directors

Shri Chandra Mohan, who was appointed as Additional Director on 24.07.1998 shall vacate his office at this Annual General Meeting and being eligible offer himself for re-appointment as Director of the company.

In accordance with the Company's Articles of Association, Shri Satish Bagrodia and Shri Brij Khanna retire by rotation and being eligible offer themselves for re-appointment.

Auditors

M/s Lodha & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment. In terms of Section 224 A 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.

Particulars of the Employees

As required by Section 217(2A) of the Companies Act, 1956, a statement of employees is given in the Annexure which forms a 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, 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 : 28.05.1999

(S. S. Brar)
Chairman

ANNEXURE TO DIRECTORS' REPORT**WINSOME YARNS LIMITED**

INFORMATION AS PER SECTION 217(1)(E) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE PERIOD ENDED 31ST MARCH, 1999.

I. CONSERVATION OF ENERGY**a) Energy conservation measures taken**

Measures taken to reduce the light and power consumption.

Every possible step has been undertaken for conservation of energy.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

No additional investment made.

c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

No major impact.

d) Total energy consumption and energy consumption per unit of production as per Form-A of the annexure to the rules in respect of industries specified in the schedule thereto:

A) Power and Fuel consumption	Current Year	Previous Year
1. Electricity		
a) Purchased Unit (KW)	11466470	12812957
Total amount (Rs. in lacs)	332.55	328.82
Rate/Unit (Rs)	2.90	2.57
b) Own Generation through Diesel Generator Unit(KW)	934477	1874825
Units/Ltr. of Diesel Oil	3.42	3.46
Cost/Unit(Rs./KW)	2.66	2.62
2. Coal(Specify quality and where used)	NIL	NIL
3. LSHS & Furnace Oil Qty.(MT)	NIL	NIL
Total amount (Rs.in lacs)		
(Average rate(Rs.per M.T.)		
4. Gas	NIL	NIL
(Qty.(M.T.))		
Total amount (Rs.in lacs)		
Average rate(Rs.per Kg)		
B) Consumption per Unit of Production		
Electricity (KW)	4.02	4.02
LSHS & Furnace Oil (Lts)	NIL	NIL
Gas (Kgs)	NIL	NIL

II. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form-B of the Annexure to the Rules.

1) Research & Development (R&D)**a) Specific area in which R&D carried by the Company :**

- Latest new technology was adopted.

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

- Producing International Quality Products.

c) Future plan of Action :

- Areas are being identified where technology can be upgraded.

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

Capital NIL

Recurring Rs. 14.50 lacs

Total R & D expenditure as a percentage of total turnover = 0.27%.