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Winsome Yarns Limited



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BOARD OF DIRECTORS

SHRI SATISH BAGRODIA	CHAIRMAN
SHRI BRIJ KHANNA	
SHRI CHANDRA MOHAN	
SHRI S.K. DUGGAL	
SHRI DINESH KHAITAN	
SHRI S. K. SINGLA	
SHRI ASHISH BAGRODIA	
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

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WINSOME YARNS LIMITED

NOTICE

NOTICE is hereby given that the 10th Annual General Meeting of the Members of Winsome Yarns Limited, will be held on Friday, the 29th September 2000 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 2000, 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 Dinesh Khaitan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary 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 Annual General 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 :

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

"RESOLVED THAT Sh. S.K. Duggal, 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."

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

"RESOLVED THAT Shri Ashish Bagrodia, 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(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Shri S. K. Singla, who was appointed as a Director of the Company, pursuant to Article 89(b) 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 not liable to retire by rotation."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a special resolution.

"RESOLVED THAT in accordance with the provisions contained in the Articles of Association and Section 77A, 77B and all other applicable provisions, if any, of the Companies Act, 1956 (the act) and the provisions contained in the Securities and Exchange Board of India (Buy-back of securities) Regulations, 1998 ("Buy-back Regulations") (including any statutory modification(s) or re-enactment of the Act or Buy-back Regulations, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the Board which term shall be deemed to include any committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution), the consent of the Company be and is hereby accorded to the Board to purchase its own fully paid equity shares of Rs. 10/- each for an amount not exceeding Rs. 6.50 crores, upto a maximum price of Rs. 10.00 per share (hereinafter referred to as "Buy-back").

RESOLVED FURTHER THAT for the aforesaid buy-back, Board of Directors of the Company be and is hereby authorised to determine subsequently the appropriate time and the specific price at which the buy-back may be made, provided that the maximum price and maximum amount do not exceed as given hereinabove and the

WINSOME YARNS LIMITED

Company may implement the buy-back in one or more tranche/tranches from out of its free reserves as prescribed under the Act and the Buy-back Regulations.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to complete the buy-back through one of the methods referred in sub-regulation (1) of regulation 4 of SEBI (Buy-Back of Securities) Regulations, 1998, at the appropriate time and in such manner as may be prescribed under the Act and the Buy-back Regulations and on such terms and conditions as the Board may in its absolute discretion deem fit.

RESOLVED FURTHER THAT nothing contained hereinabove shall confer any right on the part of the shareholder to offer, or any obligation on the part the Company or the Board to Buy-back, any shares, and/or impair any power of the Company or the Board to terminate any process in relation to such Buy-back, if so permissible by law.

RESOLVED FURTHER THAT the Buy-back from Non-Resident Indian Shareholders, shareholders of foreign nationality etc. shall be subject to such approval from the Reserve Bank of India, if any, as may be required under the Foreign Exchange Management Act, 2000.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and is hereby authorised to do all such acts, deeds, matters and things as may, in its absolute discretion, deem necessary, expedient, usual or proper including the appointment of Merchant Bankers, Brokers, Solicitors, Bankers, Registrars, Advertisement Agency, Investors Service Centre and other Advisors, Consultants or Representative, incidental to the implementation of the scheme of Buy-back as also to prefer all applications to the appropriate authorities, parties and the institutions for their requisite approvals as also to initiate all necessary actions for preparation and issue of Public announcement and filing of Public announcement with SEBI/Stock Exchange(s), filing of declaration of solvency certificate and filing of certificate for extinguishment and physical destruction of certificates, and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise in the Buy-back and take all such steps and decisions in this regard.

RESOLVED FURTHER THAT the Board of Directors (including any Committee thereof) be and is hereby authorised to sub-delegate all or any of the authorities conferred as above to any Director(s)/Officer(s)/Authorised Representative(s) of the Company to give effect to the aforesaid resolution or to accept any change(s) or modification(s) as may be suggested by the appropriate Authorities or Advisors*.

8. To consider and if, thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

*RESOLVED THAT pursuant to the provisions contained in the Articles of Association and section 94 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals, permissions and sanctions as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company to cancel the unpaid issued equity share capital.

FURTHER RESOLVED THAT the Board of Directors be and are hereby authorised to do all such acts and things in this regard to give effect of cancellation of share capital.

Registered Office :

SCO 144-145
SECTOR 34-A
CHANDIGARH - 160022

By order of the Board

Dated : 13.06.2000

O.P. GUPTA
COMPANY SECRETARY

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 25.09.2000 to 29.09.2000 (both days inclusive).

ANNEXURE TO NOTICE**Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 :****Item No. 4**

Shri S. K. Duggal was appointed as an Additional Director of the Company w.e.f. 13.06.2000 by the Board of Directors in accordance with section 260 of the Companies Act, 1956 and Article 94 of the Company's Articles of Association. Shri S. K. Duggal 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 S. K. Duggal as a Director have been received by the Company. Shri S. K. Duggal is a Textile Engineer. He is Managing Director of NITCON. Before joining the office of Managing Director, NITCON, he was Executive Director (Projects) in PSIDC, a Punjab Govt. Financial Institution. He is also on the Board of many other Companies. Your Directors recommend the resolution for your approval.

None of the Directors except Shri S. K. Duggal is interested in this resolution.

Item No. 5

Shri Ashish Bagrodia was appointed as an Additional Director of the Company w.e.f. 13.06.2000 by the Board of Directors in accordance with section 260 of the Companies Act, 1956 and Article 94 of the Company's Articles of Association. Shri Ashish Bagrodia 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 Ashish Bagrodia as a Director have been received by the Company. Shri Ashish Bagrodia is B.E. (Mech.) (Hons.) He has around 7 years experience in Textile Industry. He is a Joint-Managing Director of M/s Winsome Textile Industries Limited. Your Directors recommend the resolution for your approval.

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

Item No. 6

PSIDC vide its letter No. PSIDC : S&L : 15087 dated 24.03.2000 has nominated Shri S. K. Singla, Manager (Textile), PSIDC, as a Director of the company. Board of Directors in their meeting held on 13.06.2000 has taken him as Director on the Board of the company. Your Directors recommend the resolution for your approval.

None of the Directors except Shri S.K. Singla is interested in this resolution.

Item No. 7

The following is the Explanatory Statement which sets out the various disclosures as required under sub-section (3) of Section 77A of the Companies Act, 1956 and Regulation 5(1) read with Schedule I attached to Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 ("Buy-back Regulations") :

1. The Board of Directors of the Company in its meeting held on 17th August, 2000 has approved the proposal for Buy-back of its own fully paid up equity shares of Rs. 10 each (hereinafter referred to as "Buy-back") in accordance with the provisions contained in the Articles of Association, Section 77A, 77B and all other applicable provisions of the Act, and the provisions contained in the Buy-back Regulations.
2. The share Buy-back programme is being proposed in pursuance of the Company's desire to maximise return to investors, and enhance overall shareholder value, by returning cash to shareholders. This will be done without, in any manner, compromising on the pursuit of high growth opportunities by the Company.

Nonetheless, the Board shares the perception of investors and analysts that the Company's share continues to remain under valued. This under-valuation is best reflected by the fact that the share is generally traded at a discount despite the company's consistent track record of all round operational and financial performance and growth.

The implementation of a share Buy-back programme will enhance long term price performance and contribute to an increase in the Company's overall market capitalisation.

The share Buy-back programme is expected to contribute to further improvement in financial ratio and overall enhancement of shareholder value. The Company will judiciously deploy the resources available for the share Buy-back in a manner designed to maximize overall shareholder value.

3. The Company authorises the Board of Directors of the Company to implement the Buy-back through one of the methods referred in sub-regulation(1) of regulation 4 of SEBI (Buy-back of Securities) Regulations, 1998, at the appropriate time and in such manner and procedures, as may be prescribed, from time to time, under the Act, and the Buy-back Regulations, and on such terms and conditions, as may be permitted in law, from time to time. There will be no negotiated deals, spot transactions, or any private arrangements, in the implementation of the share Buy-back.
4. Buy-back regulation require the Company to specify the maximum amount proposed to be utilised for a share Buy-back programme. The Board of your Company has proposed a maximum limit of Rs. 6.50 crores for the share Buy-back programme. This represents 11.05% of the aggregate of the paid up (fully paid up) share capital and free reserves of the Company, against the maximum available 25% limit.

This amount will be financed out of the Company's free reserves. The funds for Buy-back will be available from current surpluses and/or out of internal accruals of the Company.
5. The share price of the Company is being quoted around Rs. 5/- per share since long. The Board thought it prudent to buy-back its own shares to enhanced the shareholders value. Accordingly, considering all facts, a maximum price at par value of Rs. 10/- per share has been considered.
6. The Company's share capital consists of only equity shares. Hence, the buy-back shall be from equity shares.
7. (a) The aggregate shareholding of the promoters of the company, and/or persons who are in control of the company, and/or persons acting in concert with them, as defined under SEBI (Substantial Acquisition of Shares and Takeovers), Regulations 1997, as on the date of notice convening the General Meeting is 10076256 equity shares of Rs. 10/- each, consisting 37.44 % of the issued & paid up (fully paid) equity share capital of the Company.

(b) Some of the promoters, and/or persons in control of the company and/or persons acting in concert with them, have purchased 112900 equity shares of Rs. 10/- each, in various transaction at a rate of Rs. 4/- per share on 06.03.2000, 02.05.2000, 31.05.2000, 30.06.2000 and 02.08.2000 and sold 2800000 equity shares at a rate of Rs. 4/- per share on 06.03.2000 and 02.08.2000 during the period of six months preceding 17th August, 2000, being the date of the meeting of the Board of Directors at which the Buy-back was approved.
8. The promoters, and/or persons in control, of the company, and/or their associates, and/or persons acting in concert with them, will not offer their shares to the company under the share Buy-back
9. The company confirm that there are no defaults subsisting in repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any Financial Institutions or Banks
10. The Board of Directors of the company confirms that it has made the necessary and full inquiry into the affairs and prospectus of the company and the Board of Directors have formed the opinion that :

(a) immediately following the date on which the general meeting is convened, there will be no grounds on which the company could be found unable to pay its debts;

(b) as regards its prospectus for the year immediately following the date of the general meeting, having regard to their intentions with respect to the management of the company's business during that year and to the amount and character of the financial resources which will in the view of the Board of Directors be available to the company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of this Annual General Meeting; and

(c) in forming their opinion for the above purposes, the Board of Directors have taken into account the liabilities, as if the Company were being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities).
11. The text of the Report dated 17th August, 2000 received from M/s Lodha & Co., the Statutory Auditors of the Company addressed to the Board of Directors of the Company is reproduced below :

"In connection with the proposal of Winsome Yarns Limited (the "Company") to Buy-back its shares and in pursuance of the provisions of Section 77A, and 77B of the Companies Act, 1956 and SEBI (Buy-back of Securities) Regulations, 1998, we have examined the audited financial statements of the Company for the year ended 31st March, 2000 and the relevant records, ratios, analysis, reports and according to the information and explanations given to us and on the basis of such verification of records, we considered appropriate, we report that -

WINSOME YARNS LIMITED

We have inquired into the Company's state of affairs. In our opinion, the amount of maximum permissible capital payment, being Rs. 6.50 crores which is 11.05% of the total paid up (fully paid up) capital and free reserves of the Company, for the shares to be bought-back, is properly determined in accordance with Section 77A(2)(C) of the Companies Act, 1956.

The Board of Directors in their meeting held on 17th August, 2000 have formed their opinion, as specified in clause (X) of Schedule-I of Securities and Exchange Board of India (Buy-back of Securities) Regulation, 1998, on reasonable grounds and that the Company will not having regard to its state of affairs, be rendered insolvent within a period of one year from the date of Annual General Meeting of the members of the Company proposed to be held on 29th September, 2000."

12. Buy-back regulations also require the Company to specify the maximum price at which shares may be bought back under the share Buy-back. The Board of the Company has proposed a maximum price of Rs. 10.00 per share, for the share Buy-back with the authority of the Board to determine subsequently the specific price at which the buy-back may be made at the appropriate time.
13. As per the provisions of the Act, the special resolution passed by the shareholders approving the share Buy-back will be valid for a maximum period of twelve months from the date of passing of the special resolution (or such extended period as may be permitted under the Act or the Regulations or by the appropriate authorities). The company proposes to complete the buy-back on or before 28th September, 2001.
14. In accordance with the regulatory provisions, the shares bought back by the Company will compulsorily be cancelled and will not be held for re-issuance.
15. The company's total debt : equity ratio, after the share Buy-back will be well below the maximum limit of 2:1 specified in law.
16. In accordance with the provisions of the Act, the Company will not be entitled to make a fresh offering of equity shares for a period of 2 years from the date of completion of this share Buy-back programme except in cases/circumstances referred to in sub section(8) of section 77A of the Act.
17. The share Buy-back programme will be implemented after the approval of the shareholders, subject to completion of necessary formalities as prescribed in law.
18. All the material documents referred to in the Explanatory Statement such as Memorandum and Articles of Association, relevant Board resolution for Buy-back of shares and the Auditors Report on their enquiry into the state of affairs of the Company will be made available for inspection at the Registered Office of the Company on all working days, except Sunday and holidays, between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.
19. As the proposal for Buy-back of equity shares will be in the interests of the Company, the Directors recommend the passing of the resolution as set out in the notice. The Board of Directors has approved and recommended this item in its meeting held on 17th August, 2000.
20. None of the Directors of the Company is, in anyways, concerned or interested in the resolution, save and except to the extent that, in like manner as for all other shareholders, their percentage holding in the post Buy-back equity share capital will proportionately stand enhanced as a result of the share Buy-back.

Item No. 8

The Company vide its Prospectus dated 20.09.1993 had issued 1,18,80,000 equity shares of Rs. 10/- each for public subscription. Out of the subscription received through Stock-invest, 147400 shares were not encashed by the concerned Banks after their allotment to the subscribers. Also shareholders of 13700 shares, who were allotted shares through Stock-invest had paid their allotment money but due to non-encashment of their Stock-invest have not paid their application money. Similarly, shareholders of 218600 shares have also not paid their allotment money. They have been issued several notices for payment but these shares still remain unpaid. The Board thought it prudent that it will be better to cancel the share capital not fully paid up. Hence, the resolution for your approval. The Board of Directors has approved and recommended this item in its meeting held on 17th August, 2000.

None of the Directors of the Company is, in anyways, concerned or interested in the resolution.