



WELSPUN SYNTEX LIMITED

26th
ANNUAL REPORT
2008 - 2009

WELSPUN SYNTEX LIMITED

COMPANY INFORMATION

Board of Directors	Mr. B.K. Goenka Mr. R.R. Mandawewala Mr. Murarilal Mittal Mr. Atul Desai Mr. Raj Kumar Jain Mr. M.K. Tandon	Chairman Managing Director
Company Secretary	Mr. Sunil Zore	Asst. Company Secretary
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	9th Floor, Trade World, "B" Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013. 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 Bombay Stock Exchange Limited, Mumbai Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai 400 001.	

CONTENTS

	Page No.
Notice	1
Directors' Report	2
Management Discussion and Analysis	4
Corporate Governance	6
Auditors' Report	10
Balance Sheet	12
Profit & Loss Account	13
Schedules	14
Cash Flow Statement	26



NOTICE

NOTICE is hereby given that the 26th Annual General Meeting of the Members of Welspun Syntex Limited will be held at the Registered Office of the Company at Survey No. 394(P), Village Saily, Silvassa, Dadra & Nagar Haveli on Wednesday, 30th September, 2009 at 11 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and the Audited Profit and Loss Account for the year ended on that date and the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. R R. Mandawewala, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. M. L. Mittal who retires by rotation, and being eligible, offers himself for re-appointment.
2. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the special business to be transacted at the meeting is appended hereto.
3. The Register of Members of the Company shall be closed from Friday, 25th September 2009 to Wednesday, 30th September, 2009 (both days inclusive).
4. All correspondence pertaining to Equity Shares, and Optionally Convertible Cumulative Preference shares should be forwarded to the Company's Registrar and Share Transfer Agent M/s. Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400 078.
5. Members are requested to immediately inform about their change of address or consolidation of folios, if any, to the Company's Share Transfer Agent.

SPECIAL BUSINESS

4. To Consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of section 224 A of the Companies Act, 1956, M/s. MGB & Co., Chartered Accountants be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting of the Company on a remuneration as may be agreed upon between the Board of Directors and M/s. MGB & Co.”

NOTES

1. 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 meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

SPECIAL BUSINESS:

ITEM NO. 4

Since more than 25% of the Company's share capital is held by Institutions /Banks/Insurance companies as specified under section 224A of the Companies Act, 1956, the appointment/re-appointment of Auditors require members' approval by a Special Resolution. Hence, the resolution under this item is proposed for the approval of members by a Special Resolution.

None of the directors of the Company is any way concerned or interested in the said resolution.

By Order of the Board of Directors

Place : Mumbai
Date : 30th June, 2009

R.R. Mandawewala
Managing Director

DIRECTORS' REPORT

To,
The Members,

WELSPUN SYNTEX LIMITED

Your Directors are pleased to present the Twenty-sixth Annual Report together with Audited Statement of Accounts of the Company for the year ended 31st March 2009.

FINANCIAL RESULTS AND APPROPRIATIONS

(Rs. in Lacs)

	2008-2009	2007-2008
Gross Profit / Loss before Depreciation, Finance Expenses and Exceptional Item	1522.81	1435.96
Less: Finance Expenses	1047.13	953.70
Depreciation	1185.49	1148.62
Profit / Loss before tax & Exceptional Item	(709.81)	(666.36)
Exceptional Item	NIL	387.28
Profit / Loss before tax	(709.81)	(279.08)
Provision for tax – Current Tax	4.43	NIL
Deferred Tax	NIL	NIL
Fringe Benefit Tax	11.32	11.27
Profit / Loss after tax	(725.55)	(290.36)
Profit / Loss brought forward	(290.36)	(4428.58)
Less: Transfer to fixed assets	13.04	NIL
Adjusted as per High Court Order	NIL	4428.58
Balance carried to Balance Sheet	(1028.96)	(290.36)

In view of losses during the year, no dividend is recommended.

OPERATIONS

During the year under review, Net sales / services and Gross Profit/Loss before Interest, Depreciation and exceptional items were of Rs.31400.49 Lacs and Rs.1522.81 Lacs respectively as compared to Rs.27978.04 Lacs and Rs.1435.96 Lacs respectively for the previous year.

Exports during the financial year 2008-09 were of Rs.4368.32 Lacs as compared to Rs.5111.97 Lacs during the previous year.

Crude Oil prices were volatile till June, 08. Raw material prices, furnace oil and other petro products like dyes and chemicals which are petro based products, therefore increased drastically. Further, increase in cost of borrowing and power tariff also affected margins of profits. Yarn market could not sustain higher prices domestically as well as internationally. This affected contribution adversely. Further, global recession also affected performance of third quarter.

Raw material prices and other petro based products started declining from November, 2008. Further, the Company has taken various cost effective steps and increase maximum utilisation of capacity. Performance, therefore, for the last quarter ended 31-03-2009 was better.

DIRECTORS' RESPONSIBILITY STATEMENT

- i. In the preparation of the annual accounts, applicable accounting standards have been followed, with proper disclosure of any departures.
- ii. The accounting policies are consistently applied and reasonable, prudent judgment 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 31st March 2009 and of the profit or loss of the Company for that period.
- iii. 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.
- iv. That the directors have prepared the accounts on a going concern basis.

DIRECTORS

Shri G. R. Goenka and Shri B. A. Kale resigned from the office of directors with effect from 2nd December, 2008. Board appreciated services rendered by them during the tenure of their office as directors.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri R.R. Mandawewala and Shri M.L. Mittal, the directors of the Company retire by rotation at the 26th Annual General Meeting and being eligible have offered themselves for reappointment.

Board has recommended their re-appointments.

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 / qualifications and state as under:

- i) Note No. 11 of notes of accounts and state that the Company is in the process of executing document to transfer Land to the name of the Company. The Company is in possession of Land without any interference for more than 12 years in respect of Rakholi land.
- ii) Para (i) (a) of the Annexure and state that we have given sufficient description of all individual assets in fixed Assets Register and based thereon the assets are easily identifiable.
- iii) Para (ix) (a) of the Annexure and state that delay in payment of statutory dues in few cases is due to administrative difficulty.
- iv) Para (xi) of the Annexure and state that default in repayment of installments/ interests was due to cash crunch.

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 give the particulars as prescribed therein in the Annexure, which forms a part of the Directors' Report.

PARTICULARS OF EMPLOYEES

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules 1975 forms part of this report.

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

M. L. Mittal
Director

Mumbai, 30 June, 2009

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE, SCENARIO & DEVELOPMENT

Players in the man made fibre industry faced an extremely challenging operating environment in 2008-09 due to rising raw material prices and falling demand. The escalation in raw material (PTA & MEG) costs in the first half of 2008-09, as a result of the sharp rise in crude oil prices, had to be passed on to consumers in the form of higher polyester prices. The inability of the market to absorb this increase in prices led to a fall in demand.

Further, Textile sector has been badly hit by the ongoing global recession, which has resulted in closing of many units. About 50 per cent of the total production of textiles and garments in India is exported, of which 60 per cent is exported to the United States and the European Union countries.

The countries exporters are now focusing more on newer markets, such as Brazil, South Africa, Japan, Russia and Australia shifting from their traditional base in the US and Europe.

Indian exporters of textiles and garments are facing stiff competition from manufacturers in Bangladesh, China, Vietnam and Sri Lanka, which produce goods at much cheaper rates.

India imposed anti-dumping duty on yarns and fabrics imported from China, Thailand and Vietnam to guard domestic industries against cheap imports.

The manufacturing section, reeling under the impact of global financial crises has reported slowdown in production during the first three quarter of the current fiscal.

Production of Polyester Filament yarn for April – November 2008 was 8.4 per cent lower as compared to the same period in the previous year.

The Government in the first stimulus package announced on 7th December 2007-08 had implemented an across the board 4% cut in excise duties. As a result, duties on the entire manmade fibres chain declined by 4 percent.

The Central government has announced \$4 billion for infrastructure projects which would take off in the next couple of month and is expected to create demands.

A spending spree by the Government and strong growth in agriculture and services industry shall help the economy to grow.

With the crash in crude oil prices from USD 147 per barrel in July 2008 to USD 40-45 in March 2009, prices of all petro based products have fallen sharply.

India's domestic demand will help sustains economic growth amid global downturn, which has not hit the country as much as it has impacted other economies.

Filament yarn has shown growth of 10% from December 2008 onwards.

Domestic demand for POY has grown by 5.3 per cent in 2008-09 and is forecast to rise by 6.7 per cent and 7.8 per cent in 2009-10 and 2010-11, respectively. Demand is expected to grow owing to the increasing gap between POY and cotton yarn prices.

OPPORTUNITY AND THREATS

The volatility in the Crude oil prices affect price of Polyester chips, the raw materials. Competition from China, Vietnam and Thailand in Local market affect Textile Industry.

The Company's sound business strategy is to concentrate on specially high quality yarns & constant development of new products to strengthen its position in domestic as well as International markets.

PRODUCT WISE PERFORMANCE

The Company manufactures Partially Oriented Yarn (POY), Texturised yarn / Dyed yarn.

Gross annual turnover of POY were of Rs.6113.91 Lacs as compared to Rs.5177.52 Lacs of previous year and of Texturised Yarn/Dyed yarn were of Rs.26640.03 Lacs as compared to Rs.24201.95 Lacs to previous year.

OUTLOOK

Margin of profit is expected to be improved in view of decrease in crude oil price and various cost effective steps taken by the Company.

RISKS & CONCERNS

Additional capacities being generated for production of PTY, FDY, Dyed yarn in India and dumping of textiles products from China cause pressure on sales and margin.

However, the Company expects to mitigate the impact of risks and concerns since the Company concentrates on Specialty yarns, High quality and development of new products constantly.

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 unauthorized use or disposition and that transaction 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

Sales and profit

During the year, net sales and services were of Rs.31400.49 Lacs as against Rs.27978.04 Lacs in the previous year. The Company has incurred net losses of Rs.725.55 Lacs as against losses of Rs.290.36 Lacs during the previous year. Discussion on Financial Performance is inserted in Directors' Report.

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 Organization. Industrial relations during the year were cordial.

Industrial relations during the year were cordial.



ANNEXURE 'B'
ANNEXURE TO THE DIRECTORS' REPORT

I. INFORMATION UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2009.

REMUNERATION OF RS. 24,00,000 OR MORE PER ANNUM RECEIVED BY EMPLOYEE THROUGH OUT THE YEAR: NIL

REMUNERATION OF RS. 2,00,000 OR MORE PER MONTH RECEIVED BY EMPLOYEE FOR A PART OF THE YEAR:

Name	Designation/ Nature of duties	Remuneration received	Educational Qualification	Experience in years	Date of Commencement of employment	Age	Last employment before joining the Company
1	2	3	4	5	6	7	8
M D'Souza	Sr. Vice President/ Factory Head	Rs.23,56,959/-	A.M.I.E (Textile)	38 year	01.12.1990	56	Classic Textile, Daman

Notes:

- Gross remuneration comprises salary & allowances.
- The nature of employment is contractual.
- Above mentioned employee is not a relative of any Directors of the Company.

FORM A
(SEE RULE 2)

**FORM FOR DISCLOSURE OF PARTICULARS WITH
RESPECT TO CONSERVATION OF ENERGY**

	Current year 2008-2009	Previous period 2007-2008
A. Power and fuel consumption		
1. Electricity		
(a) Purchased		
Units (In '000S)	68878.13	72078.66
Total Amount (Rs.in Lacs)	2666.95	2309.41
Rate / Unit (Rs.)	3.87	3.20
(b) Own Generation		
(i) Through Diesel/Gas Generator		
Units (In '000S)	1843.38	954.35
Units per Ltr.Of Diesel Oil	3.54	3.56
Cost / Unit (Rs.)	8.78	7.92
(ii) Through Steam Turbine/Generator	Nil	Nil
2. Coal (used in Boiler)		
Units (In '000S)	2715.69	483.06
Total Amount (Rs.in Lacs)	113.15	19.35
Rate / Unit (Rs.)	4.17	4.01
3. Furnace Oil		
Quantity (K.Ltrs.)	Nil	1029.11
Total amount (Rs.in Lacs)	Nil	202.94
Average Rate (K.Ltrs.)	Nil	19719.80
4. Others / Internal Generation	Nil	Nil

B. CONSUMPTION PER UNIT OF PRODUCTION

	Standards	Current year	Previous year
Products (With Details)			
Unit	-	Kg.	Kg.
Electricity	-	5.52	5.14
Furnace Oil	-	Nil	0.44
Coal (Specify Quality)	-	0.23	0.04
Others (Specify)	-	Nil	Nil

FORM B
(SEE RULE 2)

**FORM FOR DISCLOSURE OF PARTICULARS WITH
RESPECT TO ABSORPTION**

Research and Development (R&D)	
01 Specific area in which R&D is Carried Out by the Company	- Nylon semi dull
02 Benefit derived as a result of the above R&D	- New product for market
03 Future Plan of Action	- Various product in bright trilobal
04 Expenditure on R&D	-
05 Capital	-
a) Recurring	-
b) Total	-
c) Total R&D expenditure as a percentage of total turnover	-
Technology absorption, adaptation and Innovation	
01 Efforts in brief made towards technology	- Line-3 change over from polyester to nylon, Extruder screw changed, pack body parts Modified & monomer suction hood put
02 Benefits derived as a result to the above efforts, etc Product improvement, cost	- i. In house consumption for nylon dyeing ii. Better realization compare to polyester iii. Increase in demand of the product iv. Less competition
03 In case of imported technology (imported during the last 5 year reckoned from the beginning of the financial year). Following information may be furnished:	-
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:	
1. 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, Canada, Mexico, Turkey, Egypt, Argentina, Venezuela and Peru
2. Total foreign exchange used and earned	
Used :	- Rs.3117.48 Lacs
Earned :	- Rs.4368.32 Lacs

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED MARCH 31, 2009
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, shareholders, 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 6. Details of composition of the existing Board of Directors are given below:

Sr. No.	Name of the Director	Category	No. of Other Directorship in Public Limited Companies	Membership in Committee of Other Companies	No. of Board Meetings Attended (01/04/08 to 31/03/09)	Attendance at last AGM
1.	Mr. B. K. Goenka	P,S,NE,C	13	3M	1	No
2.	Mr. R. R. Mandawewala	P, MD	14	1C/2M	3	No
3.	Mr. Murarilal Mittal	NE	14	5M	4	No
4.	Mr. Raj Kumar Jain	I	2	1C/1M	4	Yes
5.	Mr. Atul Desai	I, S	4	3C/4M	5	No
6.	Mr. M. K. Tandon	I	2	3C	4	No
7.	Mr. G.R. Goenka (upto 2-12-2008)	P,NE,S,C	3	Nil	Nil	No
8.	Dr. Anil Kane (Nominee of IDBI) (upto 29-08-2008)	I, N	2	Nil	2	No
9.	Mr. B.A. Kale (upto 2-12-2008)	E	Nil	Nil	3	Yes

NOTE: For the purpose of counting Membership in Board Committee of other Companies, Chairmanship/ Membership of the Audit Committee, Remuneration Committee and the Share Transfer and Investor Grievance Committee alone are considered.

Abbreviations:

P = Promoter, E = Executive Director, NE = Non Executive Director, I = Independent Director, N =Nominee Director, S = Shareholders, C = Chairman, M = Member, MD = Managing Director.

(ii) Details of Date of Board Meeting - Five meetings of the Board of Directors were held during the financial year 2008-09 i.e. 30.05.2008, 30.06.2008, 31.07.2008, 30.10.2008 and 31.01.2009.

C. COMMITTEES OF THE BOARD

The Committees constituted by the Board as on date are mentioned below.

1. AUDIT COMMITTEE

The Audit Committee consists of the following 3 Independent Non-Executive Directors as on 31.03.2009

- Raj Kumar Jain - Chairman
- Atul Desai - Member
- M.K. Tandon - 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.

Five meetings of Audit Committee of Board of Directors were held on 30.05.2008, 30.06.2008, 31.07.2008, 30.10.2008 and 31.01.2009. The details of Attendance of Members of audit committee are as follows:

Sr. No.	Name of the Member	Designation	Number of Meetings Attended (01/04/2008 to 31/03/2009)
1.	Raj Kumar Jain	Chairman	4
2.	Atul Desai	Member	5
3.	M.K.Tandon	Member	4

2. SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE

- Atul Desai - Chairman
- B. K. Goenka - Member
- R. R. Mandawewala - Member
- 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.

Name and designation : Sunil Zore
of Compliance Officer - Assistant Company Secretary

99.86% of the shares of the Company are in Dematerialised form. The Company has not received any transfer deed for transfer of shares during the financial year.

Four meetings of share transfer and Investors' Grievance Committees were held on 31.05.2008, 30.07.2008, 29.10.2008 and 30.01.2009.

During the Year under review total 20 Investor complaints were received. Break-up of number of complaints received under different category is given hereunder:

- Non Receipt of Share Certificates - 9
- Non receipt of Dividend warrants - 1
- Non receipt of Demat credit / Remat certificates - 5
- Non-receipt of Rejected DRF - 1
- Others - 4

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 2009 for a period over 30 days.

The dematerialized 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.

- Mr. Raj Kumar Jain - Chairman
- Mr. Atul Desai - Member
- Mr. B. K. Goenka - Member
- Mr. R. R. Mandawewala - Member



During the year 2008-09, no Remuneration Committee meeting was held.

Terms of Reference

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

The details of Remuneration paid/payable during the period under review are mentioned below:

	Mr. R. R. Mandawwala (Managing Director)	Mr. B. A. Kale (Wholetime Director and CEO)
	Amount (Rs.)	Amount (Rs.)
BASIC	12,00,000	5,51,312
HRA	3,00,000	2,20,528
CAR ALLOWANCE	NIL	NIL
BONUS/EXGRATIA	NIL	1,14,623
LTA	NIL	44,732
TELEPHONE	NIL	18,000
MEDICAL	NIL	NIL
COMMISSION	NIL	NIL
LEAVE SALARY	NIL	NIL
TOTAL	15,00,000	9,49,195
NOTICE PERIOD	3 MONTHS	3 MONTHS
SERVICE CONTRACT	Upto 31.05.2010	Upto 02.12.2008
STOCK OPTION	NIL	NIL
SEVERANCE FEES	NIL	NIL

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 Remuneration Committee/ Finance Committee/ Share Transfer and Investor Grievance Committee
Mr Raj Kumar Jain	Rs. 44,000/-
Dr Anil Kane	Rs. 10,000/-
Mr Atul Desai	Rs. 52,000/-
Mr M.K. Tandon	Rs. 32,000/-

Remuneration Policy

All fees/compensation if any, paid to non executive directors, including independent directors shall be fixed by the Board of Directors and shall require previous approval of shareholders in general meeting, if required pursuant to Provisions of Companies Act, 1956 and provision of Listing Agreement of Bombay Stock Exchange Limited.

D. GENERAL BODY MEETING

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
2005-06	14/09/2006	11.30 a.m.	Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli)
2006-07	28/09/2007	11.00 a.m.	Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli)
2007-08	30/09/2008	11.00 a.m.	Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli)

Special Resolution passed in the previous three Annual General Meetings:

Financial Year	Date	Special Resolution passed
2005-06	14/09/2006	Re-Appointment of Statutory Auditors under section 224A of the Companies Act, 1956
2006-07	28/09/2007	Re-Appointment of Statutory Auditors under section 224A of the Companies Act, 1956
2007-08	30/09/2008	Re-Appointment of Statutory Auditors under section 224A of the Companies Act, 1956

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 the company at large.

- Related party transactions: Please refer to the Note no. 15 of schedule 17 of the Annual Report.
- Details of non compliance by the Company, penalties, strictures imposed on the company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital market during the last 3 years: Nil

Details of Compliance of the mandatory and non-mandatory clauses of this clause

- Basis of Related Party transactions** - Complied in Audit Committee meetings and Board Meetings held during the financial year.
- Disclosure of Accounting Treatment - Accounting standards have been followed
- Board Disclosures – Risk Management** - The Board of directors at their meeting held on 31st January 2009 reviewed risk assessment and minimization procedure followed by the Company.
- Code of Conduct** – Code of Conduct as approved by the Board of Directors is posted on website of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the Code on an annual basis.
- Proceeds from public issues, right issues, preferential issues etc. – No money is raised through public issue, rights issue or preferential issues.
- Remuneration to Directors -
 - There are no pecuniary relationship or transactions with the non-executive directors vis-a-vis the company.
 - Disclosure relating to the Remuneration paid to Managing Director and Whole-time Director is made under the head Remuneration committee above.
 - The Company pays sitting fees to non-executive directors for attending meetings of the Board of Directors, Audit Committee, Remuneration Committee, Finance committee and Share Transfer and Grievance Committee. Details of the same are mentioned in the report under Remuneration committee above.
 - No. of Shares held by Non – Executive Directors:

Non-Executive Directors	No. of Equity shares held
1. Mr. B.K.Goenka	3405
2. Mr. M.L.Mittal	Nil
3. Mr. Atul Desai	30
4. Mr. M.K. Tandon	Nil
5. Mr. Raj Kumar Jain	Nil

F. MEANS OF COMMUNICATION

The quarterly Un-audited financial results and yearly Audited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors in their Board meetings.

Audited financial results for the year ended 31.03.2009 and Un-audited financial results for the quarter ended 30.06.2008, 30.09.2008 and 31.12.2008 were published in Financial Express, Mumbai and Western Times, Ahmedabad and the said Results were posted on the SEBI website www.sebi.gov.in/EDIFAR

Management Discussion and Analysis is a part of Annual Report.

G. APPOINTMENT / REAPPOINTMENT OF DIRECTORS

- Shri Murarilal Mittal is an Executive Director (Finance) of Welspun Gujarat Stahl Rohren Limited and Welspun India Limited. He has more than 25 years of experience in the field of management of Finance and Administration. He is 50 years of age. His experience is of immense value to the Company.
- Shri R. R. Mandawewala is a Chartered Accountant and he is 47 years of age. He is Managing Director of the Company. He monitors all units of the Company on day to day basis and regularly visits plants and other units of production. He is also director of reputed Companies.

H. GENERAL SHAREHOLDERS INFORMATION

- 26th Annual General Meeting Venue - Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli)
Time - 11.00 a.m
Day and Date - Wednesday, 30-09-2009
Financial year - 31/03/2009
- Date of Book Closure - Friday, 25-09-2009 to Wednesday, 30-09-2009
- Dividend payment date - No dividend has been declared for the financial year 2008-09
- Listing on Stock Exchanges and Stock Codes
The Company's securities are listed on Bombay Stock Exchange Limited, Mumbai, P.J.Tower, Dalal Street, Fort, Mumbai and Stock Code No. is 508933.
- Market Price Data- High-Low Quotations on Bombay Stock Exchange Limited, Mumbai during each month for the year April 1, 2008 to March 31, 2009.

Month	Bombay Stock Exchange (Rupees)		Sensex	
	High	Low	High	Low
(1)	(2)	(3)	(4)	(5)
April, 2008	24.90	20.06	17,378.46	15,343.12
May, 2008	20.30	15.40	17,600.12	16,275.59
June, 2008	15.00	10.90	16,063.18	13,461.60
July, 2008	11.81	9.65	14,942.28	12,575.80
August, 2008	11.50	9.49	15,503.92	14,048.34
September, 2008	9.55	6.10	15,049.86	12,595.75

(1)	(2)	(3)	(4)	(5)
October, 2008	6.16	4.16	13,055.67	8,509.56
November, 2008	5.80	4.16	10,631.12	8,451.01
December, 2008	5.13	4.19	10,099.91	8,739.24
January, 2009	6.00	4.40	10,335.93	8,674.35
February, 2009	4.65	4.16	9,647.47	8,822.06
March, 2009	4.15	3.63	10,048.49	8,160.40

f. REGISTRAR AND SHARE TRANSFER AGENT:

Link Intime India Private Limited
(Formerly known as Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound, L.B.S.Marg,
Bhandup (W), Mumbai - 400 078.

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, if the same are found in order. Shares under objection are returned within two weeks.

g. DISTRIBUTION OF SHAREHOLDINGS

The distribution of shareholding as on 31.03.2009 was as follows:

Share holding of nominal value	Share holders		Amount	
	Rs.	Number	In Rs.	% to Total
(1)	(2)	(3)	(4)	(5)
Upto - 5,000	7385	85.63	11109490	4.70
5,001 - 10,000	485	5.62	3802800	1.61
10,001 - 20,000	386	4.48	5421790	2.29
20,001 - 30,000	151	1.75	3767490	1.59
30,001 - 40,000	40	0.46	1469370	0.62
40,001 - 50,000	47	0.55	2221660	0.94
50,001 - 1,00,000	58	0.67	4400730	1.86
1,00,001 and above	72	0.84	204256940	86.39
TOTAL	8624	100	236450270	100

h. 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 31.03.2009, 99.86% 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.

i. LOCATION OF PLANT

- 14 & 15, Dewan Industrial Estate, Palghar, Maharashtra;
 - Registered Office is located at Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli);
- j. Address for correspondence : 9th Floor, Trade World, "B" Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013
- k. Telephone No. : 022-66136000
- l. Fax No : 022-24908020
- m. E-mail id : sunil_zore@welspun.com
- n. Website : www.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, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure 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 explanations as 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 2009, the Registrar of the Company have certified that as at 31st March, 2009, there were no investors 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 of the Company.

For **MGB & CO.**

Chartered Accountants

Sanjay Kothari

Partner

Membership No. 48215

Mumbai, 30 June, 2009

AUDITORS' REPORT

To the Members of
WELSPUN SYNTEX LIMITED

(c) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

1. We have audited the attached Balance Sheet of Welspun Syntex Limited as at 31st March 2009 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 issued by the 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:

- a) 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;
- b) 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.
- c) The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, the 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.
- e) On the basis of written representations received from the directors, and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to, *Note 11 of Notes to Accounts regarding Freehold Land of Rs.150.72 lacs for which the Company holds no title and* read with the significant accounting policies and other notes thereon as per schedule 17, 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 2009;
 - (b) in the case of the Profit and Loss account, of the Loss for the year ended on that date; and

For **MGB & Co.**
Chartered Accountants

Sanjay Kothari
Partner
Membership No: 48215
Mumbai, 30th June, 2009

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, 2009.

- (i)
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets *except asset identification numbers*.
 - (b) According to the information and explanations given to us, the fixed assets have been physically verified by the management at reasonable intervals in a phased program, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on such verification, were not material and have been properly dealt with in the books of account.
 - (c) During the year, the Company has not disposed off substantial part of the fixed assets.
- (ii)
 - (a) The inventories have been physically verified by the management during the year except stock lying with third parties in respect of whom confirmations have been obtained. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, 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) On the basis of our examination of records and in our opinion, 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 account.
- (iii)
 - (a) According to the information and explanations given to us, 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) According to the information and explanations given to us, 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 is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods and services. During the course of our audit, no major weaknesses were noticed in the internal control system in respect of these areas.



- (v) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) On the basis of records produced, we are of the opinion that prima facie cost accounting records prescribed by the Central Government under section 209 (1) (d) of the Act, in respect of products of the Company covered under the rules under that section, have been maintained. However, we are neither required to carry out nor have carried out any detailed examination of such accounting records.
- (ix) (a) According to the records of the Company, the undisputed statutory dues including Provident fund, Investor Education and Protection fund, Employees' state insurance, Income tax, Sales Tax / VAT, Wealth tax, Service tax, Custom duty, Excise duty, Cess and any other statutory dues to the extent applicable have been deposited regularly with the appropriate authorities *except delay in few cases*. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2009 for a period of more than six months from the date they became payable.
- (b) There are no disputed dues on account of Income Tax, Sales Tax / VAT, Wealth Tax and Cess. Dues on account of Custom duty, Excise duty and Service Tax which have not been deposited are as under:

Sr. No.	Name of the statute (Nature of Dues)	Period to which the amount relates	Amount (Rs. in lacs)	Forum where dispute is pending
1.	Custom Duty	1996-97 and 1997-1998	72.55	Commissioner of Customs, Mumbai
		2006-2007	168.36	Commissioner of Customs (Import), Navi Mumbai
		2006-07 and 2007-2008	3.38	Deputy Commissioner of Central Excise and Customs, Vapi
2.	Excise Duty	1997-1998	546.24	Supreme Court of India
		2005-2006	277.30	Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad
		2005-2006 and 2006-2007	138.34	Commissioner of Central Excise and Customs, Vapi
		2003-04	0.50	Commissioner of Central Excise and Customs, (Appeals), Mumbai
		2007-08	41.42	Joint Commissioner of Central Excise and Customs, Vapi
		2007-08	21.10	Joint Commissioner of Central Excise and Customs, Vapi
3.	Service Tax	1997-98, 1998-99 and 2005-06 to 2007-08	2.63	Deputy Commissioner of Central Excise and Customs, Vapi

- (x) The Company does not have accumulated losses more than fifty percent of its networth as at 31st March 2009 and has not incurred cash losses during the financial year ended on that date covered by our audit and in the immediately preceding financial year.
- (xi) *The Company has defaulted in repayment of dues to Banks and Debenture Holders as under:*

Particulars	Nature of Payment	Delay of period less than 1 month since paid (Rs. in Lacs)	Delay of period between 1 month & 6 months since paid (Rs. in Lacs)
Banks	Principal	82.40	1136.37
	Interest	233.10	7.95
Debenture Holders	Principal	12.30	12.30
	Interest	5.56	5.26

- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society.
- (xiv) The Company is not dealing or trading in securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given guarantee for loans taken by others from banks and financial institutions.
- (xvi) According to the information and explanations given to us and records of the Company examined by us, the term loans taken by the Company have been applied for the purpose for which they are raised.
- (xvii) On the basis of review of utilization of funds which is based on an overall examination of the Balance Sheet of the Company and related information as made available to us, we report that short term funds (mainly Working Capital) to the extent of Rs.1109.16 lacs have been used for long term investments.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
- (xix) The Company has created adequate security in respect of the debentures outstanding at the year-end.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based on our audit procedures performed and according to the information and explanations given by the management, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **MGB & Co**
Chartered Accountants
Sanjay Kothari
Partner
Membership No: 48215
Mumbai, 30th June, 2009

Balance Sheet as at 31st March, 2009

(Rs. in Lacs)

Particulars	Schedules	As at 31.03.2009	As at 31.03.2008
Sources of Funds			
Shareholders' Funds			
Share Capital	1	3,391.47	3,391.47
Reserves and Surplus	2	3,065.35	3,065.35
		<u>6,456.82</u>	<u>6,456.82</u>
Loan Funds			
Secured Loans	3	7,595.20	8,991.33
		<u>7,595.20</u>	<u>8,991.33</u>
	Total	14,052.02	15,448.15
Application of Funds			
Fixed Assets			
Gross Block	4	29,793.85	29,779.92
Less : Depreciation / Amortisation / Impairment		<u>19,832.31</u>	<u>19,072.93</u>
Net Block		9,961.54	10,706.99
Capital Work-In-Progress	5	77.11	51.84
		<u>10,038.65</u>	<u>10,758.83</u>
Investments	6	2,233.61	2,233.61
Current Assets, Loans and Advances			
Inventories	7	3,166.76	3,547.40
Sundry Debtors	8	2,124.14	2,435.25
Cash and Bank Balances	9	455.64	439.70
Loans and Advances	10	1,138.67	1,409.49
		<u>6,885.21</u>	<u>7,831.84</u>
Less : Current Liabilities and Provisions	11		
Current Liabilities		5,810.15	5,340.24
Provisions		<u>324.26</u>	<u>327.71</u>
		<u>6,134.41</u>	<u>5,667.95</u>
Net Current Assets		750.80	2,163.89
Miscellaneous Expenditure			
(To the extent not W/Off or adjusted)			
Issue Expenses		–	1.46
Profit and Loss Account		<u>1,028.96</u>	<u>290.36</u>
	Total	14,052.02	15,448.15

Significant Accounting Policies and Notes to Accounts

17

As per our attached report of even date

For and on behalf of the Board

For **MGB & Co.**
Chartered Accountants**B. K. Goenka**
Chairman**M. L. Mittal**
Director**Sanjay Kothari**
Partner**R. R. Mandawewala**
Managing Director**Sunil Zore**
Assistant Company Secretary

Mumbai, 30th June, 2009

**Profit and Loss Account for the year ended 31st March, 2009****(Rs. in Lacs)**

Particulars	Schedules	Year ended 31.03.2009	Year ended 31.03.2008
Income			
Sales and Services (Gross)	12	32,920.49	29,559.47
Less : Excise Duty		1,519.99	1,581.42
Sales and Services (Net)		31,400.49	27,978.05
Other Income	13	276.25	177.53
	Total	31,676.75	28,155.58
Expenditure			
Cost of Goods	14	19,594.80	17,364.66
Manufacturing and Other Expenses	15	10,559.14	9,354.96
Finance Expenses	16	1,047.13	953.70
Depreciation / Amortisation		1,185.49	1,148.62
	Total	32,386.55	28,821.94
Profit / (Loss) before Tax and Exceptional Items		(709.81)	(666.36)
Exceptional Items		–	387.28
Profit / (Loss) before Tax		(709.81)	(279.08)
Provision for Taxation (Refer Note 12)			
– Earlier years		4.43	–
– Fringe benefit Tax		11.32	11.28
Profit / (Loss) after Tax		(725.55)	(290.36)
Balance Brought Forward		(290.36)	(4,428.58)
Less : Transferred to Fixed Assets (Refer Note 17(b))		13.04	–
Adjusted as per High Court Order (Refer Note 1)		–	4,428.58
Balance carried to Balance Sheet		(1,028.96)	(290.36)
Earnings Per Share (Face value of Rs.10/- each)			
Basic and Diluted Earnings Per Share (Refer Note 19)		(3.49)	(1.65)
No. of Shares used in Computing Earnings Per Share		23,645,027	23,645,027

Significant Accounting Policies and Notes to Accounts

17

As per our attached report of even date**For and on behalf of the Board**For **MGB & Co.**
*Chartered Accountants***B. K. Goenka**
*Chairman***M. L. Mittal**
*Director***Sanjay Kothari**
*Partner***R. R. Mandawewala**
*Managing Director***Sunil Zore**
Assistant Company Secretary

Mumbai, 30th June, 2009

Schedules forming part of Accounts

(Rs. in Lacs)

Particulars	As at 31.03.2009	As at 31.03.2008
Schedule 1 : Share Capital		
Authorised		
10,67,00,000 Equity Shares of Rs.10/- each	10,670.00	10,670.00
33,00,000 Optionally Convertible Cumulative Preference Shares of Rs 10/- each	330.00	330.00
1,00,00,000 Redeemable Cumulative Preference Shares of Rs 10/- each	1,000.00	1,000.00
Total	12,000.00	12,000.00
Issued, Subscribed and Paid Up [Refer Note 1 and 2]		
2,36,45,027 Equity Shares of Rs.10/- each fully paid up	2,364.50	2,364.50
32,03,300 10% Optionally Convertible Cumulative Preference Shares of Rs.10/- each fully paid up	193.64	193.64
1,00,00,000 8% Redeemable Cumulative Preference Shares of Rs.10/- each fully paid up	833.33	833.33
Total	3,391.47	3,391.47
Schedule 2 : Reserves and Surplus		
Capital Reserve (Refer Note 1)		
As per last Balance Sheet	2,664.93	-
Addition during the year	-	2,664.93
	2,664.93	2,664.93
Capital Redemption Reserve		
As per last Balance Sheet	293.36	293.36
Addition during the year	-	-
	293.36	293.36
Debenture Redemption Reserve		
	107.06	107.06
Total	3,065.35	3,065.35

Schedule 3 : Secured Loans [Refer Note 3]

Debentures		
Secured Non-Convertible Redeemable Debentures	196.15	233.05
From Banks		
- In Foreign Currency	635.22	1,034.10
- In Rupee	4,364.85	4,849.79
Vehicle Loans	3.08	4.41
Working Capital from Banks		
- In Foreign Currency	650.97	1,169.44
- In Rupee	1,691.78	1,689.64
Interest Accrued and due on above Loans	53.15	10.90
Total	7595.20	8991.33

Schedule 4 : Fixed Assets (at cost)

(Rs. in Lacs)

Particulars	Gross Block				Depreciation / Amortisation				Impairment loss as on 31.03.2009	Net - Block	
	As at 01.04.2008	Additions	Deductions	As at 31.03.2009	As at 01.04.2008	For the year	Deductions	As at 31.03.2009		As at 31.03.2009	As at 31.03.2008
Software (Intangible)	90.14	-	-	90.14	70.33	13.27	-	83.60	3.08	3.46	16.74
Free Hold Land [Refer Note 11]	456.74	-	-	456.74	-	-	-	-	191.04	265.70	265.70
Buildings	3,116.87	27.51	-	3,144.38	996.46	97.77	-	1,094.23	-	2,050.15	2120.41
Plant and Machinery	25,628.38	425.35	430.42	25,623.31	12,001.71	1,054.25	409.24	12,646.72	5,431.81	7544.79	8194.57
Vehicles	97.38	4.32	19.05	82.65	41.15	7.15	10.91	37.39	10.33	34.92	42.75
Furniture and Fixtures	100.55	1.21	-	101.76	67.94	5.42	-	73.36	12.85	15.55	19.76
Equipments	74.93	4.56	0.38	79.11	27.50	3.44	0.08	30.86	17.90	30.34	29.53
Computers	214.93	3.38	2.55	215.76	159.24	4.19	2.45	160.98	38.14	16.63	17.53
Total	29,779.92	466.33	452.40	29,793.85	13,364.33	1,185.49	422.67	14,127.15	5,705.16	9,961.54	10,706.99
Previous Year	28,664.24	1,544.81	429.13	29,779.92	12,391.12	1,148.62	175.40	13,364.33	5,708.60	10,706.99	

Notes :

1. Depreciation for the year includes Rs.126.22 Lacs (Rs 159.89 Lacs) pertaining to earlier periods.
2. Reversal of Impairment loss - Refer Note 4.



Schedules forming part of Accounts

(Rs. in Lacs)

Particulars	As at 31.03.2009	As at 31.03.2008	
Schedule 5 : Capital Work in Progress			
Capital Expenditure on Projects	67.64	51.85	
Advances for Capital Expenditure	9.47	—	
Total	77.11	51.85	
Schedule 6 : Investments			
Long Term (at cost) - Non Trade			
Quoted			
1,350 Equity Shares of Rs.10/- each fully paid up of Welspun India Limited	0.16	0.16	
100 Equity Shares of Rs.5/- each fully paid up of Welspun Gujarat Stahl Rohren Limited	0.09	0.09	
Market Value of Quoted Investment Rs.0.99 Lacs (Rs.1.70 Lacs)			
Others			
I) 1,21,685 6% Redeemable Preference Shares of Rs.10/- each fully paid up	1,216.85	1,216.85	
ii) 1,01,650 600% Redeemable Preference Shares of Rs.10/- each fully paid up	1,016.50	1,016.50	
iii) 100 Equity Shares of Rs.10/- each fully paid up of Welspun Power and Steel Limited	0.01	0.01	
Notes:			
I) Mutual Fund Units bought and sold during the year			
Name of the Fund	Face Value (Rs.)	Quantity (Units)	Cost (Rs. in Lacs)
ICICI-Liquid Plan	10	11,99,940.02	120.00
Total	2,233.61	2,233.61	
Schedule 7 : Inventories			
(As taken valued and certified by management)			
Raw Materials	867.65	598.78	
Goods in Transit - Raw Materials	80.05	13.39	
Work / Goods In Process	167.80	291.61	
Finished Goods	1,444.80	1,973.37	
Stores / Spares and Packing Materials	606.46	670.25	
Total	3,166.76	3,547.40	
Schedule 8 : Sundry Debtors			
(Unsecured and Considered Good, unless otherwise stated)			
More than Six Months	97.15	76.86	
Others	2,026.99	2,358.39	
	2,124.14	2,435.25	
(Unsecured, Considered Doubtful)			
More than Six Months	169.66	169.66	
Less : Provision for Doubtful Debts	(169.66)	(169.66)	
	—	—	
Total	2,124.14	2,435.25	
Schedule 9 : Cash and Bank Balances			
Cash in Hand	19.25	16.84	
Balance with Scheduled Banks			
— in Current Account	29.32	29.87	
— in Foreign Currency Account	0.06	0.05	
— in Fixed Deposit*	399.67	387.38	
— in Margin Account	7.34	5.57	
* Against Margin Money for Letter's of Credit and Bank Guarantee			
Total	455.64	439.70	

Schedules forming part of Accounts

(Rs. in Lacs)

Particulars	As at 31.03.2009	As at 31.03.2008
Schedule 10 : Loans and Advances		
(Unsecured and Considered Good, unless otherwise stated)		
Advances		
(Recoverable in Cash or in kind or for value to be received)		
Balance with Government Authorities	575.76	670.32
Other Advances	487.11	641.80
Deposits	75.80	97.37
Total	1,138.67	1,409.49
Schedule 11 : Current Liabilities and Provisions (Refer Note 7 and 10)		
Current Liabilities		
Acceptances	2,376.14	2,802.45
Sundry Creditors		
– Due to Micro, Small and Medium Enterprises	108.29	60.35
– Due to Others	3,304.92	2,470.76
	3,413.21	2,531.11
Interest accrued but not due	20.80	6.68
	5,810.15	5,340.24
Provisions		
– For Taxation	95.27	95.43
– For Retirement Benefits	228.99	232.28
	324.26	327.71
Total	6,134.41	5,667.95
<hr/>		
Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Schedule 12 : Sales and Services		
Gross Sales	32,753.94	29,379.47
Job Work Charges [Tax deducted at source Rs.4.35 Lacs (Rs 4.83 Lacs)]	166.55	180.00
Total	32,920.49	29,559.47
Schedule 13 : Other Income		
Miscellaneous Income	128.17	111.96
Export Benefit	124.10	65.53
Profit on Sale of Fixed Assets	23.84	–
Dividend on units from Mutual Fund	0.14	0.04
Total	276.25	177.53
Schedule 14 : Cost of Goods		
(A) Raw Materials Consumed		
Opening Stock	598.78	677.13
Purchases (Net)	19,234.64	17,855.80
Less : Closing Stock	867.65	598.79
Total (A)	18,965.77	17,934.14
(B) Purchase of Finished Goods		
	54.90	269.97
Total (B)	54.90	269.97
(C) Increase / (Decrease) in Stock		
Closing Stock		
Goods In Process	167.80	291.61
Finished Goods	1,444.81	1,973.37
	1,612.61	2,264.98
Less : Opening Stock		
Goods In Process	291.61	154.12
Finished Goods	1,973.37	1,237.43
	2,264.98	1,391.55
Less : Increase / (Decrease) in Excise Duty on Finished Goods	(78.24)	33.98
Total (C)	(574.13)	839.45
Total (A+B-C)	19,594.81	17,364.66



Schedules forming part of Accounts

(Rs. in Lacs)

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Schedule 15 : Manufacturing and other expenses		
Manufacturing expenses		
Stores and Spares Consumed	1,446.45	1,111.35
Job Work Expenses	-	9.64
Power, Fuel and Water Charges	2,957.28	2,633.92
Packing Materials Consumed	1,329.99	1,187.83
Dyes and Chemicals Consumed	1,220.84	1,040.82
Repairs and Maintenance		
- Plant and Machinery	86.91	153.62
Other Manufacturing Expenses	-	94.52
	<u>7,041.47</u>	<u>6,231.70</u>
Personnel Expenses		
Salaries, Wages and Allowances	1,417.43	1,291.73
Contribution to Provident and other Funds	84.79	79.18
Managerial Remuneration	24.31	30.56
Staff Welfare Expenses	82.86	64.48
	<u>1,609.39</u>	<u>1,465.95</u>
Administrative and Other Expenses		
Discounts and Rebates	178.38	113.63
Brokerage and Commission	416.04	360.07
Freight and Forwarding	642.21	601.05
Repairs and Maintenance		
- Factory Building	44.99	8.59
- Others	40.31	42.28
Rent	38.09	32.28
Rates and Taxes	13.60	15.40
Printing and Stationary	13.54	14.39
Travelling and Conveyance [For Directors Rs.2.33 Lacs (Rs. 9.33 Lacs)]	82.43	93.15
Vehicle Expenses	58.95	48.63
Legal and Professional Charges	81.14	99.15
Insurance	41.94	53.57
Communication Expenses	40.21	33.85
Miscellaneous Expenses	111.43	120.47
Directors Sitting Fees	1.38	1.64
Loss on Sale of Fixed Assets (Net)	-	47.72
Foreign Exchange Difference (Net)	91.30	(54.15)
Donations	2.65	1.35
Issue Expenses Written off	1.46	16.16
Auditors Remuneration		
- Audit Fees	7.00	7.00
- Tax Audit Fees	1.00	1.00
- Others	0.23	0.08
	<u>1,908.28</u>	<u>1,657.31</u>
Total	<u>10,559.14</u>	<u>9,354.96</u>
Schedule 16 : Finance Expenses (Net)		
Interest on		
- Debentures	21.81	25.58
- Fixed Loans	440.56	505.82
- Working Capital Loans	303.26	174.47
- Others	17.04	40.60
	<u>782.67</u>	<u>746.47</u>
Discounting and Other Charges	388.78	294.83
	<u>1,171.45</u>	<u>1,041.29</u>
Less : Interest Income (Gross) [Tax deducted at source Rs. 6.39 Lacs (Rs.3.70 Lacs)]	124.32	87.60
Total	<u>1,047.13</u>	<u>953.70</u>

Schedule 17 : Significant Accounting Policies and Notes to Accounts

A. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements have been prepared under the Historical Cost Convention on the basis of going concern and in accordance with the accounting standards referred to in Section 211(3C) of the Companies Act 1956.

b) Use of Estimates

The preparation of the financial statements in accordance with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amount of revenue and expenses of the year. Actual results could differ from those estimates. Any revision of such accounting estimate is recognized prospectively in current and future periods.

c) Fixed Assets

i Fixed assets are stated at original cost of acquisition / installation (net of cenvat credit availed) net off accumulated depreciation, amortization and impairment losses except land which is carried at cost. The cost of fixed assets includes cost of acquisition, taxes, duties, freight, other incidental expenses related to the acquisition, construction and installation including trial run expenses (net of revenue) and borrowing cost incurred during preoperational period.

ii The cost of Software includes license fees, cost of implementation and system integration and capitalized as intangible assets in the year in which the relevant software is put to use.

d) Depreciation

i Depreciation on fixed assets is provided on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on POY Plant and Machinery is charged as continuous process plant based on expert's opinion.

ii Depreciation on the addition on account of increase/decrease in rupee liability on realignment of foreign currency Loan is provided prospectively.

iii Capitalized software costs are amortized over a period of five years.

e) Impairment of Assets

If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and value in use determined by the present value of estimated future cash flows. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired.

f) Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue.

g) Revenue Recognition

i Sale of goods is recognised when the risk and rewards of ownership are passed onto the customer, which is generally on dispatch. Export sales are accounted for on the basis of date of bill of lading. Gross sales include excise duty and is net of Value Added Tax. Consignment sales are recognised on confirmation from consignee.

ii Export benefits are accounted on accrual basis.

h) Operating Lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor have been classified as operating leases. Lease payments under operating leases are recognized as an expense on accrual basis in accordance with the respective lease agreement.

i) Investments

Investments intended to be held for more than a year, from the date of acquisition, are classified as long-term investments and are carried at cost. However, provision for diminution in value of investments is made to recognize a decline other than temporary.

j) Inventories

i Inventories are valued at lower of cost or Net Realizable value.

ii The basis for determining cost for various categories of inventories is as follows:

Raw materials, Stores and Spares and : Moving weighted average basis

Colour and Chemicals, Packing materials

Work / Goods in Process and Finished : Cost of Direct Material, Labour and

Goods other Manufacturing Overheads.

iii Excise duty is added in the Closing Inventory of Finished Goods

k) Accounting for Taxes on Income

i. Current tax is determined as the amount of tax payable in respect of taxable income of the year computed as per Income Tax Act, 1961. Fringe Benefit Tax is accounted for on the estimated value of fringe benefits as per the related provisions of the Income Tax Act, 1961.

ii. Deferred tax is recognized subject to consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using prevailing enacted or substantively enacted tax rates.



l) Employee Benefits

- i. Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.
- ii. Post employment and other long term benefits are recognized as an expense in the profit and loss account of the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the Profit and Loss account.
- iii. Payments to defined contribution retirement benefit schemes are charged as expenses as and when they fall due.

m) Foreign Currency Transaction

- i. Foreign currency transactions are recorded at the exchange rate prevailing on the date of such transactions. Current monetary assets and liabilities in foreign currency as at the Balance Sheet date are translated at the exchange rates prevailing at the date of Balance Sheet. Gains and losses arising on account of difference in foreign exchange rates on settlement / translation of current monetary assets and liabilities are recognized in the Profit and Loss Account.
- ii. In respect of forward contracts assigned to the foreign currency assets and liabilities as at balance sheet date, the proportionate premium / discount for the period up to the date of balance sheet is recognized in the profit and loss account. The exchange difference measured by the change rate between the inception of forward contract and date of balance sheet is applied on foreign currency amount of the forward contract and is recognized in the profit and loss account.
- iii. Gains and losses on account of difference in foreign exchange rate on settlement / translation attributable to fixed assets (acquired prior to 1st April 2004) are adjusted to the carrying amount of the respective assets. In case of fixed assets acquired in foreign currency after 1st April 2004, the gains and losses on account of difference in foreign exchange rate on settlement / translation are recognized in the profit and loss account, except as per amendment to AS-11 (Refer note 17(b)).

n) Issue Expenses

Issue expenses are written off @ 10% p.a.

B. NOTES TO ACCOUNTS

1. During the previous year, the Company filed petition with the High Court of Bombay for reduction of share capital under section 100 to 103. The Court sanctioned for the reduction of share capital vide its order dtd. 8th February 2008 and the copy of the order is filed with the Registrar of Companies on 16th February 2008 and the same was registered with effect from 20th February 2008.

Pursuant to the said order, the paid up Equity Share Capital of the Company as at 31st March 2007 of Rs.94,58,01,090 divided into 9,45,80,109 equity shares of Rs.10 each stands reduced by Rs.70,93,50,820 to Rs.23,64,50,270 divided into 2,36,45,027 equity shares of Rs.10 each. The reduction in Equity Share Capital by Rs.70,93,50,820 is utilized against the debit balance of Profit and Loss account of Rs.44,28,57,908 as at 31st March 2007 and the balance of Rs.26,64,92,912 is transferred to Capital Reserve.

2. Preference Share Capital (Schedule 1)

The terms of redemption of Preference Shares outstanding are as under:

- a) 32,03,300 10% Optionally Convertible Cumulative Preference Shares (OCCPS) of Rs.10/- each fully paid up (option to convert was lapsed on 18.05.2003) are redeemable at par in three equal annual installments commencing from 18th June 2004. Out of the above, 30,00,000 OCCPS were rescheduled in 2005-06 and are redeemable in five equal annual installments.

The amount of Rs.1,33,55,334 due for redemption as on 31st March 2009 is yet to be paid.

- b) 1,00,00,000 8% Redeemable Cumulative Preference Shares of Rs.10/- each fully paid up are redeemable at par in six equal installments commencing from 31st March 2006.

The amount of Rs.5,00,00,000 due for redemption as on 31st March 2009 is yet to be paid.

3. Secured Loans (Schedule 3)

(a) Debentures

- i. 9% Secured Non-Convertible Redeemable Debentures (NCD) of Rs.107.10 lacs (Rs. 127.20 lacs) are redeemable at par in 28 equal quarterly installments commencing from April 1st 2006 and ending on January 1st 2013.
- ii. 9% Secured Non-Convertible Redeemable Debentures (NCD) of Rs.89.05 lacs (Rs. 105.85 lacs) are redeemable at par in 28 equal quarterly installments commencing from April 1st 2006 and ending on January 1st 2013.
- iii. The above debentures including interest thereon are secured by way of first charge on immovable and movable assets of the Company, both present and future, ranking pari passu subject to prior charge on specific assets for certain term loans and on current assets as per (b) (iv) below for borrowing from banks for working capital finance.
- iv. The Company has adequate Debenture Redemption Reserve (DRR) as at 31st March 2009. In view of this, the Company is not required to create Debenture Redemption Reserve during the year.

(b) Term Loans / Working Capital Loans

- i. Term Loan from Banks except b (ii) below, are secured by way of first charge on immovable and movable assets of the Company, both present and future, ranking pari-passu subject to the prior charge on specific assets for certain term loans and on current assets as per b (iv) below for working capital finance from banks.
- ii. Term Loan of Rs.52.44 lacs (Rs. 62.28 lacs) from a bank is secured by way of a charge on all machinery purchased out of the equipment finance scheme.

WELSPUN SYNTEX LIMITED

Annual Report 2008-09

- iii. Vehicle Loan is secured by way of hypothecation of Vehicle.
 - iv. Working capital finance from banks are secured by way of hypothecation of raw materials, finished and semi finished goods, stores and book debts and second charge by way of mortgage on entire Fixed Assets of the Company.
 - v. All the above facilities are personally guaranteed by the promoter directors.
4. During the year, impairment loss aggregating Rs.3.44 lacs (Rs. 19.98 lacs) has been reversed consequent to the relevant fixed assets being sold.
 5. Contingent liabilities not provided for
 - a) Guarantees given by banks Rs.250.00 lacs (Rs. 250.00 lacs)
 - b) Disputed demands of Excise Duty, Custom Duty, Service Tax and Income Tax - Rs. 1317.17 lacs (Rs.1378.20 lacs)
 - c) Unexpired Letter of Credit Rs.3193.82 lacs (Rs. 2794.38 lacs).
 - d) Custom Duty on pending Export obligation for import under EPCG Scheme Rs. Nil (Rs. 35.70 lacs) and Advance License Rs.60.11 lacs (Rs. 6.91 lacs).
 - e) The accumulated dividend of Rs.1213.50 lacs (Rs. 1127.47 lacs) payable on Redeemable Cumulative / Optionally Convertible Cumulative preference shares.
 - f) Claim against the Company not acknowledged as debt Rs.146.76 lacs (Rs.146.76 lacs)
 - g) Bills receivable discounted Rs.466.68 lacs (Rs. 584.17 lacs)
 - h) The lenders right to recompense for the concessions granted to the Company pursuant to the scheme of arrangement approved by the High Court of Bombay and financial restructuring approved by lenders, amount unascertained.
 6. Prior period expense of Rs.107.97 lacs (Rs.159.89 lacs) has been accounted in the current year under the following account heads.

(Rs. in lacs)

Particulars	31.03.09	31.03.08
Expense		
Depreciation	126.22	159.89
Income		
Export Benefits	18.25	-

7. Current Liabilities include cheques overdrawn to the tune of Rs.1240.48 lacs (Rs. 103.52 lacs).
8.
 - a) In the opinion of the Board of Directors, Current Assets, Loans and Advances have the value at which they are stated in the balance Sheet, if realised in the ordinary course of business, except otherwise stated and adequate provisions have been made in the books of accounts for all the known liabilities.
 - b) Debit and credit balances are subject to confirmation and reconciliation.
9. Capital commitment not provided for Rs.Nil (Rs. Nil) net of advances.
10. **Micro, Small and Medium Enterprises**
The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31.03.09. The disclosure pursuant to the said Act is as under:

(Rs. in lacs)

Particulars	2009	2008
i. Principal amount due to suppliers under MSMED Act, 2006	108.29	60.35
ii. Interest accrued and due to suppliers under MSMED Act, on the above amount	1.15	3.80
iii. Payment made to suppliers (Other than interest) beyond the appointed day, during the year	-	-
iv. Interest paid to suppliers under MSMED Act, (Other than Section 16)	-	-
v. Interest paid to suppliers under MSMED Act, (Section 16)	-	-
vi. Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
vii. Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	4.95	3.80

The above information and that given in Schedule -11 "Current Liabilities" regarding Micro, Small and Medium Enterprises has been determined to the extent such parties are identified on the basis of the information available with the Company.

11. Freehold Land includes Rs.27.85 lacs (Rs. 27.85 lacs) and development expenses of Rs.122.87 lacs (Rs.122.87 lacs) incurred on such land capitalized in the year 2002-2003 for which the Company holds no title.
12. **Taxation**
 - (a) In view of brought forward losses and losses incurred during the year, no provision for taxation is considered necessary as per the Income Tax Act, 1961.
 - (b) In accordance with the Accounting Standard - 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, deferred tax assets and liabilities should be recognized for all timing differences in accordance with the said standard. However, considering the present financial position of the Company and requirement of the Accounting Standard regarding certainty / virtual certainty, the same has not been provided. The same will be reassessed at a subsequent balance sheet date and will be accounted for in the year of certainty / virtual certainty in accordance with the aforesaid accounting standard.
13. **Operating Leases**

The Company has taken on lease offices and residential facilities under operating lease agreements that are renewable on periodic basis at the option of both the lessor and the lessee. The initial tenure of lease is generally for eleven months.



Minimum rental payments are required to be made under the operating leases that have initially or remaining non-cancelable lease term in excess of one year as at 31.03.2009 as per the contracts are as under:

- Not later than one-year Rs.42.36 lacs (Rs. 49.60 lacs)
- Later than one year but not later than five years. Rs.2.90 lacs (Rs. 59.34 lacs)
- Later than five years Rs.Nil

The aggregate rental expenses of all the leases for the year are Rs.53.69 lacs (Rs. 47.22 lacs).

14. Disclosures pursuant to adoption of Accounting Standard 15 (Revised 2005) Employee Benefits

The Employees' Gratuity and Leave Encashment schemes are defined benefit plans. The present value of obligation is based on actuarial valuation using the projected unit credit method.

Defined Benefit Plan:

Details of defined benefit plan for contribution to Gratuity (Non-Funded) and contribution to Leave Encashment (Non-Funded) are as follows:

I. Actuarial Assumptions:

Economic Assumptions

Major Assumptions	(% p.a.)
Discount Rate (p.a.)	8.5
Salary Escalation Rate	6.0

Demographic Assumptions

Major Assumptions	
Mortality	Latest Compiled Table of LIC (1994-96)
Retirement Age	58 Years
Attrition Rate	2% up to age 44 and 1% thereafter

II. Expenses Recognized in the Profit and Loss Account (Rs. in lacs)

Particulars	Gratuity	Gratuity	Leave Encashment	Leave Encashment
	2008-09	2007-08	2008-09	2007-08
Current Service Cost	22.60	21.57	11.22	28.07
Interest Cost	13.62	10.50	6.12	4.71
Expected Return on Plan Assets	-	-	-	-
Net Actuarial (Gain)/Loss recognized in the period	(1.98)	69.30	(20.07)	(8.76)
Expenses recognized in the Profit and Loss Account *	34.24	101.37	(2.73)	24.02

* Included in the Personnel Expenses (Refer Schedule-15).

III. Present Value of Defined Benefit Obligation and the Fair Value of Assets (Rs. in lacs)

Particulars	Gratuity	Gratuity	Leave Encashment	Leave Encashment
	2008-09	2007-08	2008-09	2007-08
Present Value of Obligation as at March 31, 2009	173.26	160.30	55.73	71.98
Fair Value of Plan Assets as at March 31, 2008	-	-	-	-
Liability Recognized in the Balance Sheet and disclosed under Current Liabilities and Provisions (Refer Schedule-11)	173.26	160.30	55.73	71.98

IV. Change in the Present Value of Obligation (Rs. in lacs)

Particulars	Gratuity	Gratuity	Leave Encashment	Leave Encashment
	2008-09	2007-08	2008-09	2007-08
Present Value of Obligation as at April 1, 2008	160.30	123.51	71.98	55.71
Current Service Cost	22.60	21.57	11.22	28.07
Interest Cost	13.62	10.50	6.12	4.71
Benefits Paid	(21.28)	(64.58)	(13.52)	(7.75)
Actuarial (Gain) / Loss on Obligation	(1.98)	69.30	(20.07)	(8.76)
Present Value of Obligation as at March 31, 2009	173.26	160.30	55.73	71.98

Note :

Amount recognized as an expense and included in Schedule 15- Personnel Cost is; Gratuity Rs.34.24 Lacs (Rs.38.96 Lacs) and Leave Encashment Income of Rs.2.73 Lacs (Expense of Rs.25.18 Lacs).

15. Related party disclosures

As per Accounting Standard - 18, issued by the Institute of Chartered Accountants of India, the disclosure of transactions with related parties as defined in the Accounting Standard are given below

- a. Other Related parties where the directors have significant influence or control with whom transactions have taken place during the year and balances outstanding as on the last day of the year.

Welspun Gujarat Stahl Rohren Limited	Welspun Mercantile Limited
Welspun India Limited	Welspun Power and Steel Limited
Welspun Trading limited	Welspun USA Inc.
Welspun Retail Limited	

Directors / Key Management Personnel

Name of the Related Party	Nature of Relationship
G. R. Goenka	Chairman *
B. K. Goenka	Chairman
R. R. Mandawewala	Managing Director
M. L. Mittal	Director
B. A. Kale	Whole time Director and CEO

* Ceased to be chairman w.e.f. 2nd December 2008.

b. Transactions with Related Parties

(Rs. in lacs)

Nature of Transaction	2008-09	2007-08
Sales (net) to and recoveries from	145.79	130.87
Welspun India Limited	103.66	130.87
Welspun Gujarat Stahl Rohren Limited	16.89	-
Welspun USA Inc.	25.24	-
Sale of Fixed Assets	6.87	166.52
Welspun India Limited	6.87	166.52
Purchase of Goods and Services	98.88	29.64
Welspun India Limited	20.66	11.26
Welspun Retail Limited	4.99	3.26
Welspun Gujarat Stahl Rohren Limited	-	15.12
Welspun Power and Steel Limited	73.23	-
Purchase of Fixed Assets	13.63	-
Welspun India Limited	13.63	-
Loans/Advance/Deposits received	961.00	819.00
Welspun Trading Limited	961.00	819.00
Repayment of Loans/Advance/Deposits received	961.00	819.00
Welspun Trading Limited	961.00	819.00
Sale of Investment in Subsidiary	-	20.40
Welspun Trading Limited	-	10.20
Welspun Mercantile Limited	-	10.20
Closing Balances as at 31st March 2008		
Sundry Debtors	10.94	17.01
Welspun India Limited	10.70	17.01
Welspun Retail Limited	0.24	-
Loans and Advances	-	20.40
Other Related Parties		
Welspun Trading Limited	-	10.20
Welspun Mercantile Limited	-	10.20
Sundry Creditors	2.37	16.30
Welspun Gujarat Stahl Rohren Limited	-	15.12
Welspun Retail Limited	-	1.18
Welspun India Limited	2.37	-
Investments outstanding		
Welspun India Limited	0.16	0.16
Welspun Power and Steel Limited	0.01	0.01
Welspun Gujarat Stahl Rohren Limited	0.09	0.09

Note: Details of remuneration to directors are disclosed in Note No.16 below

- c. Disclosure required by clause 32 of the listing agreement is either Nil or not applicable.



16. Managing Director and Whole time Director are in receipt of remuneration as agreed between them and the Company, as approved by the Central Government u/s 269 of the Companies Act 1956 break up of which is as under

(Rs. in lacs)

	Managing Director	Whole Time Director
Salaries and Allowances	15.00 (15.00)	9.31 (15.38)
Commission	— (—)	— (—)
Perquisites	— (—)	0.18 (0.18)
Total	15.00 (15.00)	9.49 (15.56)

The Computation of net profit in accordance with sections 198 / 349 of the Companies Act, 1956 and the commission payable to Managing director is as under:

(Rs. in lacs)

Profit / (Loss) before tax as per Profit and Loss A/c		(709.81)
Add/ Less : Managerial Remuneration	24.49	
Directors' fees	1.38	
Excess of expense over income for previous year as per section 349(4)(l)	(663.66)	
Profit on sale of Fixed Assets	23.84	
		(614.13)
Net Profit / (loss) for Section 198		(1323.94)
Maximum permissible managerial remuneration to whole time directors under section 198 of the Companies Act, 1956		—
Restricted as per service agreements / permission from the Central Government		24.49

17. **Foreign Exchange Differences**

- a) The foreign exchange loss (net) including on forward contracts of Rs. 142.09 lacs (gain of Rs. 142.84 lacs) is adjusted under respective heads of income or expense in the profit and loss account to which it relates and exchange difference loss of Rs. 276.55 lacs (other than (b) below) (loss of Rs. 60.79 lacs) has been adjusted to the carrying cost of fixed assets / Capital work in progress.
- b) The Companies (Accounting Standards) Amendment Rules 2009 has amended the provision of AS-11 related to "Effects of the changes in Foreign Exchange Rate" vide notification dated 31st March 2009 issued by the Ministry of Corporate Affairs. Accordingly, the Company has capitalised exchange difference loss amounting to Rs.0.96 lacs (net of gain of Rs.13.04 lacs adjusted through opening Profit and Loss account pertaining to earlier period) to the cost of fixed assets.
- c) The Company is exposed to various financial risks, most of which relate to changes in exchange rates, interest rate etc. The Company hedges risks of the aforesaid nature using combination of forward contracts, options and swaps etc. The outstanding foreign currency derivative contracts as at 31st March 2009 are as follows:

Forward Contracts

- i) For Payments to be received against exports and other receivables.

(Amount in lacs)

Derivative Contracts	2009		2008	
	Foreign Currency	Equivalent Indian Rupee	Foreign Currency	Equivalent Indian Rupee
USD/ INR	3.25	164.84	30.00	1203.75

- ii) As at Balance Sheet date, the Company has foreign currency payable that is not hedged by a derivative instrument or otherwise is amounting to Rs.1510.59 lacs (Rs. 3146.50 lacs)

18. **Earnings Per Share**

(Rs. in lacs)

Particulars	2009	2008
Profit / (Loss) After Tax	(725.55)	(290.36)
Less : Dividend on Cumulative Preference Shares	(100.65)	(100.65)
Loss available for appropriation to Equity Share Holders	(826.20)	(391.01)
Weighted Average number of equity shares for Earnings per Share (EPS) computation (Nos.)	23,645,027	23,645,027
Basic and Diluted Earnings Per Share (Rs.)	(3.49)	(1.65)

19. In accordance with the Accounting Standard 16 on "Borrowing Costs" issued by the Institute of Chartered Accountants of India, borrowing Cost of Rs. Nil (Rs. 16.69 lacs) has been capitalized.

20. Segment Reporting

The entire operations of the Company relate to only one segment viz. Synthetic yarn. Also, the Company does not consider any significant difference as regards the risks and returns of the product with reference to export and domestic sale. Therefore segment information as required by Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable as legally advised by the expert.

21. Previous year figures have been regrouped/rearranged/recast wherever considered necessary. Figures in brackets in this schedule are for previous year.

22. Additional information pursuant to part II of Schedule VI of the Companies Act, 1956.

(i)	Licensed Capacity	Not applicable	
(ii)	Installed Capacity	(as certified by the management)	
	Polyester Yarns	a) POY/FDY	31400 (31400) M.T.
	(Texturised, Twisted and Dyed) and POY	b) Dyeing Plant	8400 (7800) M.T.
		c) Texturising Machines	26 (29) Nos.
		d) Air Tex	4 (7) Nos.
		e) Draw Twisting Machine	1 (1) Nos.
		f) TFO Twisting Machine	23 (27) Nos.

(iii) Raw Materials consumed

	Quantity (M.T.)	Amount (Rs. In lacs)
POY/TEX	6,954.28* (6,913.40)*	5,852.04 (5,478.39)
CHIPS	22,417.66 (22,278.98)	13,113.73 (12,446.65)
PTA/MEG/DMT	0.00 (19.78)	0.00 (9.09)

* Does not include POY 16300.26 M.T. (14714.97 M.T.) and TEX 1060.78 M.T. (1097.15 M.T.) consumed out of own production.

iv) Value of imported and indigenous Raw Material and Stores, Spares, Dyes and Chemicals consumed and percentage thereof to total consumption.

		Amount (Rs. in lacs)	Percentage (%)
1. Raw Material	- Indigenous	16,422.36 (14,794.55)	86.59 (82.49)
	- Imported	2,543.41 (3,139.59)	13.41 (17.51)
2. Stores, Spares	- Indigenous Dyes and Chemicals	2,378.74 (1,907.07)	89.18 (88.61)
	- Imported	288.55 (245.10)	10.82 (11.39)

(v) Turnover and Stocks

Class of Goods	Unit	Sales		Stocks			
		Quantity	Amount Rs. in lacs	Opening		Closing	
				Quantity	Amount Rs. in lacs	Quantity	Amount Rs. in lacs
Dyed / Tex and Twisted Polyester Yarn	MT	24470.73 (21998.15)	26,640.03 (24,201.95)	1050.84 (826.80)	1316.35 (764.98)	1034.67 (1050.84)	923.88 (1,316.35)
POY	MT	6627.66 (7171.74)	6,113.91 (5,177.52)	1031.85 (565.78)	657.02 (472.45)	510.41 (1031.85)	520.93 (657.02)



(vi) Production and Purchase

Class of Goods	Purchase		Production **	
	Units	Quantity	Amount Rs. in lacs	Quantity (M.T.)
Dyed / Text and Twisted Polyester Yarn	M.T	37.59 (189.26)	54.90 (269.97)	25477.75 * (23130.08)*
POY***	M.T.	- (-)	- (-)	22406.08 (22352.78)

* Includes 1060.78 M.T. (1097.15 M.T.) issued for internal consumption

** Production does not include 546.83 M.T. (679.19 M.T.) job work done for others

*** 16300.26 M.T. (14714.15 M.T.) issued for internal consumption.

(vii) Value of Import on CIF basis

Raw Material : Rs. 2474.06 lacs (Rs. 2230.94 lacs)

Capital Goods : Rs. Nil (Rs. 464.77 lacs)

Stores and Spares : Rs. 427.58 lacs (Rs. 361.46 lacs)

(viii) FOB value exports : Rs. 4368.32 lacs (Rs. 5111.97 lacs)
(Excluding deemed export)

(ix) Expenditure in Foreign Currency : Rs. 215.84 lacs (Rs. 162.58 lacs)
(Including Travelling, Commission on Sales, Professional Charges etc.)

SIGNATURE TO SCHEDULE "1 TO 17"

As per our attached report of even date

For and on behalf of the Board

For **MGB & Co.**
Chartered Accountants

B. K. Goenka
Chairman

M. L. Mittal
Director

Sanjay Kothari
Partner

R. R. Mandawewala
Managing Director

Sunil Zore
Assistant Company Secretary

Mumbai, 30th June, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

Particulars	31.03.09 Rs. in lacs	31.03.08 Rs. in lacs
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax and exceptional items	(709.81)	(666.36)
Adjustments for		
Depreciation / Amortisation	1,185.49	1,148.62
(Profit) / Loss on sale of Fixed Assets	(23.84)	47.72
Interest income	(124.32)	(87.60)
Interest expenses	782.67	746.47
Dividend income	(0.14)	(0.04)
Issue expenses written off	1.46	16.16
Exchange adjustments	(9.05)	(40.19)
Operating Profit before working capital changes	1,102.46	1,164.77
Inventories	380.63	(803.17)
Trade and other receivables	661.45	(1,092.26)
Trade and other payables	599.21	1,988.98
Cash generated from operations	2,743.74	1,258.32
Taxes (paid) / refunded	(7.35)	62.24
NET CASH GENERATED FROM OPERATING ACTIVITIES	2,736.39	1,320.57
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets / Capital Work in Progress	(353.84)	(1,378.26)
Sale of Fixed Assets	50.13	174.53
Sale of investment in Subsidiary	-	20.40
Purchase of short term investments	(120.00)	(70.00)
Sale of short term investments	120.00	70.00
Interest received	39.05	84.85
Dividend received	0.14	0.04
NET CASH USED IN INVESTING ACTIVITIES	(264.52)	(1,098.44)
CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of Debentures	(36.90)	(61.50)
Proceeds from long term borrowings	253.32	3,186.23
Repayment of long term borrowings	(1,429.73)	(2,981.73)
Repayment of short term borrowings	-	(1,000.00)
Increase / (decrease) in other borrowings	(516.34)	1,221.35
Proceeds from Inter Corporate deposits	1,261.00	1,219.00
Repayment of Inter Corporate deposits	(1,261.00)	(1,219.00)
Interest paid	(726.29)	(862.00)
Exceptional items	-	387.28
NET CASH USED IN FINANCING ACTIVITIES	(2,455.94)	(110.37)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	15.93	111.76
CASH AND CASH EQUIVALENTS - OPENING BALANCE	439.71	327.95
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	455.64	439.71

**Notes**

- 1) Previous year figures are regrouped/reconsidered wherever necessary.
2) Cash and Cash equivalents at end of the year include unrealised gain of Rs. 0.01 lacs (Rs. Nil) being on account of Current account in foreign currency.

	31.03.2009	31.03.2008
	Rs. in lacs	Rs. in lacs
3) Cash and Cash Equivalents include the following		
Cash in hand	19.25	16.84
Bank balance with Scheduled Banks		
a) In Current Account		
i. Indian Rupee Accounts	29.32	29.87
ii. Foreign Currency Account	0.06	0.05
b) In Fixed Deposits		
Indian Rupee Account	399.67	387.38
c) In Margin Account	7.34	5.57
	455.64	439.71

As per our attached report of even date

For and on behalf of the Board

For **MGB & Co.**
Chartered Accountants

B. K. Goenka
Chairman

M. L. Mittal
Director

Sanjay Kothari
Partner

R. R. Mandawewala
Managing Director

Sunil Zore
Assistant Company Secretary

Mumbai, 30th June, 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.

5	4	0	0	0	4	5
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 State Code

5	4
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Balance Sheet Date 3

1	-	0	3	-	2	0	0	9	
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Date Month Year

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue	Rights Issue
- - - - - - - - - -	- - - - - - - - - -
Bonus Issue	Advance Share Application Money
- - - - - - - - - -	- - - - - - - - - -

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities	Total Assets
- - 1 4 0 5 2 0 2	- - 1 4 0 5 2 0 2
Sources of Funds Paid-up Capital (including share Suspense Account)	Application of Funds Net Fixed Asset (including Capital Work in Progress)
- - - 3 3 9 1 4 7	- - 1 0 0 3 8 6 5
Reserves and Surplus	Investments
- - - 3 0 6 5 3 5	- - - 2 2 3 3 6 1
Secured Loans	Net Current Assets
- - - 7 5 9 5 2 0	- - - - 7 5 0 8 0
Unsecured Loans	Misc. Expenditure
- - - - - - - - - -	- - - - - - - - - -
	Profit and Loss Account
	- - - 1 0 2 8 9 6

IV. PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)

Turnover and Other Income	Total Expenditure
- - 3 1 6 7 6 7 5	- - 3 2 3 8 6 5 5
+ - Profit (Loss) before Tax	+ - Profit (Loss) after Tax
- - (7 0 9 8 1)	- - (7 2 5 5 5)
Earning per Share (Rs.)	Dividend Rate (%)
- - - (3 . 4 9)	0 0 - - - - - - - -

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (As per Monetary Terms)

Item Code No. (IRC Code)

-	-	-	-	-	-	5	4	0	2
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Product Description

S	Y	N	T	H	E	T	I	C		Y	A	R	N
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For and on behalf of the Board

Sunil Zore
Assistant Company Secretary

B. K. Goenka
Chairman

R. R. Mandawewala
Managing Director

M. L. Mittal
Director

Mumbai, 30th June, 2009



WELSPUN SYNTEX LIMITED

Regd. Office: Survey No. 394 (P), Village Saily, Silvassa, Union Territory of Dadra & Nagar Haveli.

DP. id*	
---------	--

Client id*	
------------	--

PROXY FORM

Master Folio	
--------------	--

No. of Shares	
---------------	--

I / We _____ resident/s
of _____ in the district of _____ being a member/s
of the above named Company hereby appoint _____ of _____ in the district of _____
_____ or failing him _____ of _____ in the district of _____

as my / our Proxy to vote for me / us on my / our behalf at the TWENTY SIXTH ANNUAL GENERAL MEETING of the Company at Regd. Office: Survey No. 394(P), Village Saily, Silvassa, U.T. Dadra & Nagar Haveli to be held on Wednesday, 30th September, 2009 at 11.00 a.m. and any adjournment(s) thereof.

Signed this _____ day of _____ 2009.

Affix
Re. 1
Revenue
Stamp

Note: The PROxy form duly signed across the stamp should reach the Company's Registered Office at least 48 hours before the Meeting. Proxy need not be a member of the Company.

* Applicable for Investors holding shares in electronic form only.

----- ✂ ----- (TEAR HERE) ----- ✂ -----



WELSPUN SYNTEX LIMITED

Regd. Office: Survey No. 394 (P), Village Saily, Silvassa, Union Territory of Dadra & Nagar Haveli.

DP. id*	
---------	--

Client id*	
------------	--

ATTENDANCE SLIP

Master Folio	
--------------	--

No. of Shares	
---------------	--

I hereby record my presence at the TWENTY SIXTH ANNUAL GENERAL MEETING of the Company at Regd. Office: Survey No. 394(P), Village Saily, Silvassa, Union Territory of Dadra & Nagar Haveli to be held on Wednesday, 30th September, 2009 at 11.00 a.m.

Signature of the Shareholder or Proxy _____

Shareholders / Proxy holders are requested to bring the attendance slip with them, when they come to the Meeting and hand it over at the entrance after signing the same.

Shareholders who come to attend the meeting are requested to bring their copies of Annual Report with them.

Shareholders intending to obtain additional information regarding accounts to be presented at the meeting are requested to inform the Company about the details thereof atleast 7 days in advance.

* Applicable for Investors holding shares in electronic form only.

BOOK-POST

If undelivered, please return to :
WELSPUN SYNTEX LIMITED
Kamani Wadi, 1st Floor, 542,
Jagnnath Shankar Sheth Road,
Chira Bazar, Mumbai - 400 002.
Tel. : 022 - 22085242