



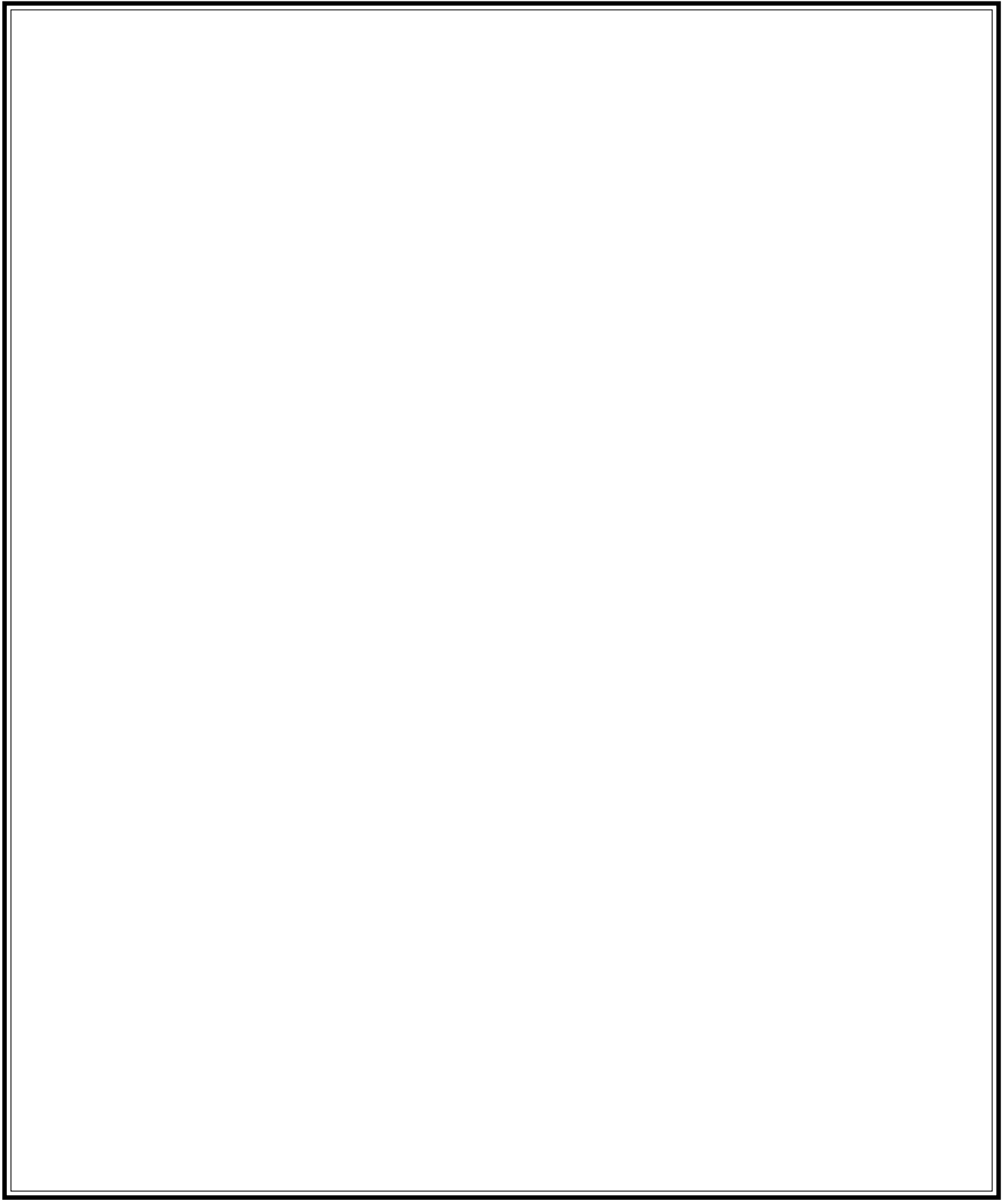
WELSPUN SYNTEX LIMITED

25th
ANNUAL REPORT
2007 – 2008





WELSPUN SYNTEX LIMITED





WELSPUN SYNTEX LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. G.R.GOENKA	CHAIRMAN
	Mr. B.K.GOENKA	VICE CHAIRMAN
	Mr. R.R.MANDAWEWALA	MANAGING DIRECTOR
	Mr. MURARILAL MITTAL	
	Mr. B. A. KALE	WHOLETEIME DIRECTOR & CEO
	Dr. ANIL KANE	NOMINEE IDBI
	Mr. G.J. PRASAD (Upto 31 st January 2008)	
	Mr. ATUL DESAI	
	Mr. RAJ KUMAR JAIN	
	Mr. M.K. TANDON	
COMPANY SECRETARY	Mr. K.N.KAPASI	
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	KAMANI WADI, 1 ST FLOOR, 542, JAGANNATH SHANKAR SHETH ROAD, CHIRA BAZAR, MUMBAI – 400 002. 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	BOMBAY STOCK EXCHANGE LTD., MUMBAI Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai 400 001	





WELSPUN SYNTEX LIMITED

WELSPUN SYNTEX LIMITED

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CONSOLIDATED

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DIRECTORS' REPORT

To,
The Members,
WELSPUN SYNTEX LIMITED

Your Directors are pleased to present the Twenty-fifth Annual Report together with Audited Statement of Accounts of the Company for the year ended 31st March 2008.

FINANCIAL RESULTS AND APPROPRIATIONS:

(Rs. in lacs)

	2007-2008	2006-2007
Gross Profit/Loss before Depreciation, Provision for Impairment loss & Finance Expenses	1823.23	1489.82
Less: Finance Expenses	953.69	761.58
Depreciation	1148.62	993.76
Provision for Impairment loss	0	5731.55
Profit/Loss before tax	(279.08)	(5997.07)
Provision for tax – Current Tax	0	0
Deferred Tax	0	0
Fringe Benefit Tax	11.27	6.77
Profit/ Loss after tax	(290.35)	(6003.84)
Profit/ Loss brought forward	(4428.58)	1801.85
Adjusted as per High Court Order (From Capital Reduction Account)	4428.58	0
Transferred to Capital Redemption Reserve	0	226.59
Balance carried to Balance Sheet	(290.35)	(4428.58)

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

OPERATIONS

During the year under review, sales / services and Gross Profit/Loss before Interest and Depreciation were of Rs. 27978.04 Lacs and Rs. 1823.23 Lacs respectively as compared to Rs. 26762.59 Lacs and Rs.1489.82 Lacs respectively for the previous year.

Raw material prices increased drastically as compared to previous year. This was due to volatility in Crude oil prices. However, yarn market could not sustain higher prices domestically as well as internationally. This affected contribution adversely.

FOB value of exports during the financial year 2007-08 were of Rs. 5111.97 Lacs as compared to Rs. 6498.04 Lacs during the previous year.

EXPANSION

The Company has completed its minor expansion at the cost of Rs. 2519.94 Lacs. The Company added texturising machines, Mono Tex, TFO, Boiler and constructed Godown at its plant at Rakholi/ Palghar.

The above project was partly financed by way of Term Loan of Rs. 1824.00 Lacs & balance by way of Internal Accruals. The Company has applied for eligibility of TUFF loan for Rs. 1700 Lacs. In view of the above expansion, the profitability of the Company is expected to be increased.

REDUCTION OF SHARE CAPITAL

Paid up equity share capital of the Company were reduced from 9,45,80,109 Equity shares of Rs. 10/- each fully paid to 2,36,45,027 Equity shares of Rs. 10/- each fully paid up pursuant to resolution passed by the shareholders and confirmation order received from Hon'ble High Court of Bombay dated 8th February 2008. Dealing of reduced shares were permitted by Bombay Stock Exchange w.e.f.17th April 2008.

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 2008 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

IFCI Ltd has withdrawn nomination of Shri G.J.Prasad from the office of Directorship with effect from 31st January 2008 since the Company has paid entire outstanding of IFCI Ltd. by taking loan of State Bank of Bikaner & Jaipur.

The Board appreciated services rendered by him during the tenure of his office of Director.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri G R Goenka, Shri B K Goenka & Shri Atul Desai retire by rotation at the 25th 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) Para 5 (f) (ii) of the Auditors' Report regarding Freehold Land of Rs. 150.72 Lacs for which the Company holds no title, we 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 and is thus deemed to be the absolute owner thereof.
- ii) Para 5 (f) (i) of the Auditors' Report relating to Depreciation on impaired assets not provided with reference to the residual useful life of assets as per AS-6 "Depreciation Accounting" resulted in under statement of depreciation and loss thereof amount unascertained, we state that the Company shall revise depreciation not provided with reference to the residual useful life of the assets impaired as per AS-6 during the current year.
- iii) 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.
- iv) Para (ix) (a) of the Annexure and state that delay in payment of statutory dues in few cases is due to administrative difficulty.
- v) 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.

SUBSIDIARY COMPANY

Welspun Plastics Private Limited is ceased to be subsidiary company with effect from 30th March 2008. Therefore Annual Report of Welspun Plastics Private Limited is not attached. The consolidated financial statement together with Auditors Report in accordance with the applicable Accounting Standards issued by the ICAI is attached herewith and form part of the Report.

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

There were no employees covered under the purview of the Section 217 (2A) of the Companies Act, 1956 and the Rule framed thereunder.

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

B.A.Kale
Wholetime Director and CEO

Place : Mumbai
Date : 30.06.2008

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE, SCENARIO & DEVELOPMENT

Gross Domestic Product is projected to grow @ 8.7% in 2007-2008 as compared to high growth of 9.4 % & 9.6 % in the previous two year.

The industrial sector witnessed a slowdown in the first nine months of the financial year 2007-08. The growth of 9 % in industry and infrastructure sector during April-December 2007, when viewed against the backdrop of the robust growth witnessed in the preceding four years, suggests that there is a certain degree of moderation in the momentum of the industrial sector. The industries like textiles (except jute textiles), automotives, paper, non-metallic mineral products and metal products slowed down visibly during the period.

The total production of blended and non cotton yarn production was up 6.35% at 617.7 million kg (580.8 million (kg) over previous year. Demand for yarn from weavers has somewhat slackened and yarn prices during the review period have shown a fall mainly because of domestic market has an excessive supply since the yarn originally meant for exports were increasingly offloaded into the domestic market due to difficulties in exports.

Surge in prices of crude oil increased the prices of feedstock and the exporters are reluctant to book orders in view of volatility in the prices of crude oil.

World economy has been showing signs of recession with global financial market facing unprecedented crisis through the sub prime mortgages in the US. A slowdown in the US economy would impact India but not to the same extent as it might for other emerging economies.

OPPORTUNITY AND THREATS

The global surge in the Crude oil prices caused increase in price of Polyester chips, the raw materials, which has impacted margins of profits. If Crude oil maintains the current trend, Polyester chips prices can be expected to be volatile.

The Company's sound business strategy is to concentrate on specially high quality yarns, expansion & 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. 5177.52 Lacs as compared to Rs. 8710.68 Lacs of previous year and of Texturised Yarn/Dyed yarn were of Rs. 24201.95 Lacs as compared to Rs. 19268.86 Lacs to previous year.

OUTLOOK

The Company has installed texturised machines, TFO, Mono splitting machines during the year 2007-08. This will increase production capacity and reduce cost of production.

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, sales and services were of Rs.279.78 Crores as against Rs.267.63 Crores in the previous year. The Company has incurred net losses of Rs.2.90 Crores as against losses of Rs.60.04 Crores during the previous year. Discussion on Financial Performance is inserted in Directors' Report.

Share Capital

Paid up Equity share capital has been reduced from Rs. 94.58 Crores to Rs. 23.64 Crores. The reduced amount of Rs. 70.93 Crores is partly adjusted against debit balance in profit & loss account of Rs. 44.28 Crores & the balance of Rs. 26.65 Crores are added to Capital Reserve.

Fixed Asset

The Company has installed Mono Tex, Murata machines, Alidhara Draw texturising machines, Air texturised machines, TFO, Boiler and also constructed godown in order to store finished goods / raw materials.

The Company has replaced boiler on furnace oil basis to boiler on Coal basis to reduce cost of production.

Additions to fixed assets were of Rs. 15.45 Crores during the year 2007-08.

Term Loan

The Company has obtained Term Loan of Rs. 18.19 Crores from Banks to finance its minor expansion at the cost of Rs. 25.20 crores.

The Company has obtained Term Loan of Rs. 22.40 Crores from State Bank of Bikaner & Jaipur to take over the entire loan from IFCI Ltd and earned discount of Rs. 3.87 Crores on swapping of said Term Loan of IFCI Ltd.

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.

FORM A
(SEE RULE 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current Year 2007-2008	Previous Period 2006-2007
A. POWER AND FUEL CONSUMPTION		
1 ELECTRICITY		
(a) Purchased		
Units (In '000S)	72078.66	70935.93
Total Amount (Rs.in Lacs)	2309.41	2102.73
Rate / Unit (Rs.)	3.20	2.96
(b) Own Generation		
(i) Through Diesel / Gas Generator		
Units (In '000S)	954.35	957.81
Units per Ltr.Of Diesel Oil	3.56	3.69
Cost / Unit (Rs.)	7.92	8.12
(ii) Through Steam Turbine / Generator	Nil	Nil
2 Coal (used - Boiler)		
Units (In '000S)	483.06	Nil
Total Amount (Rs. in Lacs)	19.35	Nil
Rate / Unit (Rs.)	4.01	Nil
3. Furnace Oil		
Quantity (K.Ltrs.)	1029.11	391.30
Total amount (Rs.in Lacs)	202.94	74.05
Average Rate (K.Ltrs.)	19719.80	18924.97
4. Others / Internal Generation	Nil	Nil

B. CONSUMPTION PER UNIT OF PRODUCTION

	Standards	Current Year	Previous Year
PRODUCTS (With Details)			
UNITS	—	Kg.	Kg.
ELECTRICITY	—	4.99	5.00
FURNACE OIL	—	0.44	0.18
COAL (Specify Quality)	—	0.04	Nil
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.	- polyester mother yarn
02 Benefit derived as a result of the above R&D	- Rise in productivity & Quality improvement
03 Future Plan of Action	- -
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	- New straight profile hole arrangement spinneret 24 kg doff in place of 12 kg Winder parameter setting & parallism
02 Benefits derived as a result to the above efforts, etc Product improvement, cost reduction, product development, imports substitution.	- productivity increase 16.67% Runnability improved in splitting higher % age of zero break yarn 2 kg weight per package in place of 1kg
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, 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.3219.75 Lacs
Earned :	- Rs.5111.97 Lacs

CORPORATE GOVERNANCE REPORT FOR THE YEAR FROM APRIL 1, 2007 TO MARCH 31, 2008
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 9. 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 Board Committee of Others Companies	No. of Board Meetings Attended (01/04/07 to 31/03/08)	Attendance at last AGM
1.	Mr. G.R. Goenka	P, NE, S, C	3	Nil	Nil	No
2.	Mr. B. K. Goenka	P,S, NE	12	2M	1	No
3.	Mr. R. R. Mandawewala	P, MD	14	1C/3M	4	No
4.	Mr. Murarilal Mittal	NE	11	1C/3M	5	No
5.	Dr. Anil Kane (Nominee of IDBI)	I, N	2	Nil	4	No
6.	Mr. Raj Kumar Jain	I	2	1C/1M	4	Yes
7.	Mr. Atul Desai	I, S	3	1C/3M	5	No
8.	Mr. M. K. Tandon	I	2	2C/1M	5	No
9.	Mr. B. A. Kale	E	Nil	Nil	5	Yes
10.	Mr. G. J. Prasad* (Nominee of IFCI)	I, N	3	1M	3	No

*IFCI Limited has withdrawn nomination of Shri G J Prasad from directorship w.e.f. 31.01.2008.

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 Non Executive, 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 2007-08 i.e. 02.05.2007, 29.06.2007, 27.07.2007, 31.10.2007 and 31.01.2008.

C. COMMITTEES OF THE BOARD

The Committee 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 31.03.2008

- a. Raj Kumar Jain - Chairman
- b. Atul Desai - Member
- c. M. K. Tandon - Member
- d. G. J. Prasad - 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 02.05.2007, 29.06.2007, 27.07.2007, 31.10.2007 and 31.01.2008. The details of Attendance of Members of audit committee are as follows:

Sr. No.	Name of the Member	Designation	Number of Meetings Attended (01/04/2007 to 31/03/2008)
1.	Raj Kumar Jain	Chairman	4
2.	Atul Desai	Member	5
3.	M. K. Tandon	Member	5
4.	G. J. Prasad	Member	3

2. SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE

- a. Atul Desai - Chairman
- b. B. K. Goenka - Member
- c. R. R. Mandawewala - Member
- d. 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 of Compliance Officer:
 K.N.Kapasi - Company Secretary

99.85% 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. Hence there is no need to convene any Share Transfer and Investor Grievance Committee meeting during the Financial year 2007-08.

During the Year under review total 19 Investor complaints were received. Break-up of number of complaints received under different category is given hereunder.

- 1. Non Receipt of Share Certificates after transfer - 4
- 2. Non receipt of Demat credit / Remat certificates - 8
- 3. Non-receipt of Rejected DRF - 3
- 4. Non-receipt of Exchange Certificate - 1
- 5. Non-receipt of Allotment of share certificates - 3

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 2008 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.

- 1. Mr. Raj Kumar Jain - Chairman
- 2. Mr. Atul Desai - Member
- 3. Mr. B. K. Goenka - Member
- 4. Mr. R. R. Mandawewala - Member
- 5. Mr. G. J. Prasad - Member

During the year 2007-08, Remuneration Committee meeting was held on 02.05.2007 and the meeting was attended by Mr. Raj Kumar Jain and Mr. Atul Desai, Members of the Committee.

Terms of Reference

To recommend payment of Remuneration to Managing Director and Whole-time Director from time to time. The details of Remuneration paid/due during the period under review are mentioned below:

	Mr. V L Bhutra (Director - Operations)	Mr. R. R. Mandawewala (Managing Director)	Mr. B A Kale (Wholetime Director & CEO)
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
BASIC	67,405	12,00,000	6,89,140
HRA	26,962	3,00,000	2,75,660
CAR ALLOWANCE	18,199	NIL	2,41,300
BONUS/EXGRATIA	5,615	NIL	NIL
LTA	41,323	NIL	NIL
TELEPHONE	NIL	NIL	5,471
MEDICAL	NIL	NIL	12,500
COMMISSION	NIL	NIL	NIL
LEAVE SALARY	1,71,989	NIL	NIL
TOTAL	3,31,493	15,00,000	12,24,071
NOTICE PERIOD	N.A	3 MONTHS	3 MONTHS
SERVICE CONTRACT	Upto 02.05.2007	Upto 31.05.2010	Upto 01.05.2012
STOCK OPTION	NIL	NIL	NIL
SEVERANCE FEES	NIL	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. 39000
Dr. Anil Kane	Rs. 20000
Mr. Atul Desai	Rs. 41000
Mr. M.K. Tandon	Rs. 40000
Mr. G. J. Prasad	Rs. 24000

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 with Bombay Stock Exchange Limited.

D. GENERAL BODY MEETING

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
2004-2005	24/09/2005	3.00 p.m.	Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli)

Financial Year	Date	Time	Place
2005-2006	14/09/2006	11.30 a.m.	Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli)
2006-2007	28/09/2007	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
2004-2005	24/09/2005	Re- Appointment of Statutory Auditors under section 224A of the Companies Act, 1956
2005-2006	14/09/2006	Re-Appointment of Statutory Auditors under section 224A of the Companies Act, 1956
2006-2007	28/09/2007	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.

- a. Related party transactions: Please refer to the Note no. 16 of schedule 17 of the Annual Report.
- b. 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

- i) **Basis of Related Party transactions** - Complied in Audit Committee meetings and Board Meetings held during the financial year.
- ii) **Disclosure of Accounting Treatment** - Accounting standard have been followed except Accounting Standard-6 relating to Depreciation Accounting as mentioned in 5 (f) (ii) of the Auditors' Report.
- iii) **Board Disclosures – Risk Management** - The Board of directors at their meeting held on 31st January 2008 reviewed risk assessment and minimization procedure followed by the Company.
- iv) **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.
- v) Proceeds from public issues, right issues, preferential issues etc. – No money is raised through public issue, rights issue or preferential issues.



vi) Remuneration of Directors-

- a) There are no pecuniary relationship or transactions of the non-executive directors vis- a- vis the company.
- b) Disclosure relating to the Remuneration paid to Managing Director and Whole-time Director is made under the head Remuneration committee above.
- c) The company pays sitting fees to non-executive directors for attending meeting of the Board of Directors, Audit Committee and Remuneration Committee. The Company has also started paying sitting fees for attending Share Transfer and Investor Grievance Committee and Finance Committee meetings w.e.f. 31.01.2008. Details of the same are mentioned in the report under Remuneration committee above.
- d) No.of Shares held by Non – Executive Directors

Non-Executive Directors	No.of Equity shares held
1. Mr. B.K.Goenka	3405
2. Mr. G.R.Goenka	1941
3. Mr. Murarilal Mittal	Nil
4. Dr Anil Kane (Nominee)	Nil
5. Mr. Atul Desai	30
6. Mr. M.K. Tandon	Nil
7. 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 31.03.2007 and Un-audited financial results for the quarter ended 30.06.2007, 30.09.2007 and 31.12.2007 were published in Financial Express, Mumbai and Western Times, Ahmedabad.

The yearly Audited financial results for the year ended 31.03.2007 and quarterly Un-audited financial results for the quarter ended on 30.06.2007, 30.09.2007 and 31.12.2007 were posted on the SEBI website www.sebi.gov.in(EDIFAR) and also posted on the Company’s website at www.welspunsyntex.com Management Discussion and Analysis is a part of Annual Report.

G. APPOINTMENT / REAPPOINTMENT OF DIRECTORS

- 1. Shri G.R. Goenka aged 65 years is Chief Promoter and Chairman of the Company. He has been associated with the Company as the Director on the Board since 1994.
Shri G.R. Goenka has 44 years of experience in the field of Construction, Agro-products, Steel, Textile industry and export of rice. He is holding 1941 Equity shares of the Company.
- 2. Shri B.K. Goenka aged 42 years is chief promoter of the company. He has contributed in sourcing plant and machinery, technology as well as upgrading the plant on continuous basis. He has considerable experience in the

field of Textile, Saw Pipes and related business activities. He has been associated with the company as a director on the board since 1991. He is holding 3405 Equity shares of the Company.

- 3. Shri. Atul Desai is a partner of M/s. Kanga & Co., leading Law firm. Mr. Atul Desai has attended large number of matters relating to merger, amalgamation, litigations, arbitration involving commercial dispute etc.

H. GENERAL SHAREHOLDERS INFORMATION

a. 25th 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 - Tuesday, 30th September, 2008
- Financial year - 31/03/2008

- b. Date of Book Closure - Friday, 26th September, 2008 to Tuesday 30th September, 2008

- c. Dividend payment date - No dividend has been declared for the financial year 2007-08

- d. 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

e. Market Price Data- High-Low Quotations on Bombay Stock Exchange Limited during each month for the year April 1, 2007 to March 31, 2008

Month	Bombay Stock Exchange Ltd.		Sensex	
	Rupees		High	Low
	High	Low	High	Low
April, 2007	5.92	5.05	14217.77	12455.37
May, 2007	5.60	5.18	14,544.46	13,765.46
June, 2007	5.50	5.09	14,650.51	14,003.03
July, 2007	5.80	5.20	15,794.92	14,664.26
August, 2007	7.55	5.26	15,318.60	13,989.11
September, 2007	7.79	7.12	17,291.10	15,422.05
October, 2007	7.41	5.91	19,977.67	17,328.62
November, 2007	10.34	5.60	19,976.23	18,526.32
December, 2007	14.55	8.88	20,375.87	19,079.64
January, 2008	17.76	7.83	20,873.33	16,729.94
February, 2008	8.75	6.52	18,663.16	16,608.01
Upto 25 th March, 2008	Ref. Note	Ref. Note	16,677.88	14,809.49

Note: The Company had fixed 07th March 2008 as Record date for the purpose of allotment of new Equity shares after Reduction of share capital. Hence dealing in shares was not permitted w.e.f. 28th February 2008. The shares were permitted for trading on Stock Exchange w.e.f. 17.04.2008.



WELSPUN SYNTEX LIMITED

f. REGISTRAR AND SHARE TRANSFER AGENT:

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 31.03.2008 was as follows:

Share holding of nominal value Rs.	Share holders		Amount	
	Number	% to Total	In Rs.	% to Total
(1)	(2)	(3)	(4)	(5)
Upto - 5,000	7663	87.33	11433050	4.84
5,001 - 10,000	417	4.75	3172810	1.34
10,001 - 20,000	348	3.97	4732060	2.00
20,001 - 30,000	138	1.57	3451890	1.46
30,001 - 40,000	44	0.50	1586070	0.67
40,001 - 50,000	42	0.48	1979150	0.84
50,001 - 1,00,000	50	0.57	3745080	1.58
1,00,001 and above	73	0.83	206350160	87.27
TOTAL	8775	100%	236450270	100%

Note: The Company had fixed 07th March 2008 as Record date for the purpose of allotment of new Equity shares after Reduction of share

capital. The shares were permitted for trading on Stock Exchange w.e.f. 17.04.2008.

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 31.03.2008, 99.85% 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

- (i) 14 & 15, Dewan Industrial Estate, Palghar, Maharashtra
- (ii) Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli) Registered Office is located at Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli)

j. Address for correspondence : 1st Floor, Kamaniwadi, 542, Jagannath Shankar Sheth Road, Near Princess Street Junction, Chirabazar, Mumbai – 400 002

k. Telephone No : 022 - 66206000

l. Fax No : 022 - 22085305

m. email id : kaushik_kapasi@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, 2008, as stipulated in Clause 49 of the Listing Agreement 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 2008, the Registrar of the Company have certified that as at 31st March, 2008, there were no investors grievance remaining unattended/pending for more than 30 days.

We further state that such compliance is neither as 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
Place : Mumbai
Date : 30th June, 2008.

AUDITORS' REPORT

To,
The Members of
WELSPUN SYNTEX LIMITED

1. We have audited the attached Balance Sheet of **Welspun Syntex Limited** ("the Company") as at 31st March, 2008 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 (Auditors' Report) Order, 2003 issued by the Government of India in terms of sub-section 4(A) of section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Without qualifying our report, we draw reference to,
 - i. Note 1 of Notes to Accounts regarding reduction of share capital by Rs. 70,93,50,820 under section 100 to 103 sanctioned by the High Court of Bombay vide its order dtd. 8th February 2008 and necessary effect given in the financial statements.
 - ii. Note 17 of Notes to Accounts regarding excess remuneration of Rs. 6,21,023 paid to the whole time director is recoverable, included in schedule 10 "Loans and Advances".
5. 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 account as required by law have been kept by the Company, so far as appears from our examination of books.

- c) The Balance Sheet, the Profit and Loss account and the 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 the 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 *except for AS-6 on "Depreciation Accounting" as stated in clause (f) below.*
- 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 2008 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,
 - (i) Note 5 (a) of Notes to Accounts regarding depreciation on impaired assets not provided with reference to the residual useful life of assets as per AS-6 "Depreciation Accounting", resulted in under statement of depreciation and loss thereof, amount unascertained.
 - (ii) Note 12 of Notes to Accounts regarding Freehold Land of Rs. 150.72 lacs for which the Company holds no title andread 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 2008;
 - (b) in the case of the Profit and Loss account, of the Loss for the year ended on that date; and
 - (c) in the case of the Cash Flow statement, of the Cash Flows for the year ended on that date.

For **MGB & Co**
Chartered Accountants

Sanjay Kothari
Partner
Membership No: 48215

Place : Mumbai
Date : 30th June 2008

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, 2008.

- 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 verification program, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. The discrepancies noticed on such verification 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 during the year by the management. 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 clause (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 clause (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, we have not observed any continuing failure on the part of the Company to correct major weakness in the aforesaid internal control systems.
- 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 the nature of its business.
- viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- 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, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues to the extent applicable have been deposited regularly with the appropriate authorities *except delay in few cases*. There are no undisputed amounts payable in respect of the aforesaid dues outstanding as at 31st March 2008 for a period of more than six months from the date they became payable.
- (b) There are no disputed dues on account of Wealth Tax, Income Tax, Custom Duty, and Cess. Dues on account of disputed Custom Duty, Excise Duty and Service Tax which have not been paid, 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	1996-1997	45.80	Commissioner of Customs, Mumbai
		1997-1998	26.75	Commissioner of Customs, Mumbai
		2006-2007	168.36	Commissioner of Customs (Import), Navi Mumbai
		2006-07 and 2007-08	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
		2003-04 to 2006-07	54.43	Commissioner of Central Excise and Customs, Vapi
		2003-04	0.50	Commissioner of Central Excise and Customs (Appeals), Mumbai



Sr. No.	Name of the statute (Nature of Dues)	Period to Which the amount relates	Amount (Rs. in lacs)	Forum where dispute is pending
		2005-06 to 2006-07	107.97	Commissioner of Central Excise and Customs, Vapi
		2006-2007	9.35	Commissioner of Central Excise and Customs, Vapi
		2006-2007	39.76	Commissioner of Central Excise and Customs, Vapi
		2007-2008	50.50	Joint Commissioner of Central Excise and Customs, Vapi
3.	Service Tax	1997-98 and 2005-06 to 2007-08	2.91	Deputy Commissioner of Central Excise and Customs, Vapi

- x) The Company does not have accumulated losses (except for loss incurred during the year) more than 51% of its networth as at 31st March 2008 in view of Capital reduction effected during the year as referred in note 1 of the notes to accounts 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 Financial Institutions, Banks and debenture holders as under:*

Particulars	Nature of Payment	Delay of period less than 1 month since (Rs. In Lacs)	Delay of period between 1 month and 6 months since (Rs. In Lacs)
Financial Institutions	Principal	165.54	550.07
	Interest	-	88.98
Banks	Principal	-	66.47
	Interest	-	-
Debenture Holders	Principal	-	36.90
	Interest	-	18.38

- xii) The Company has not granted any loans and advances secured by 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) 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 utilisation 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 to the extent of Rs. 203.19 lacs have been used for long-term purpose.
- xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- xix) In our opinion and according to the information and explanations given to us, the Company has created security or charge 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

Place : Mumbai
Date : 30th June, 2008



WELSPUN SYNTEX LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2008

	SCHEDULES	AS AT 31.03.2008 Rs. in Lacs	AS AT 31.03.2007 Rs. in Lacs
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
SHARE CAPITAL	1	3391.47	10484.98
RESERVES AND SURPLUS	2	3065.35	400.43
		<u>6456.82</u>	<u>10885.41</u>
LOAN FUNDS			
SECURED LOANS	3	8991.33	8625.73
		<u>8991.33</u>	<u>8625.73</u>
	TOTAL	<u>15448.15</u>	<u>19511.14</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
GROSS BLOCK	4	29779.92	28664.24
LESS: DEPRECIATION / AMORTISATION / IMPAIRMENT		<u>19072.93</u>	<u>18119.68</u>
NET BLOCK		10706.99	10544.56
CAPITAL WORK-IN-PROGRESS	5	51.84	125.54
		<u>10758.83</u>	<u>10670.10</u>
INVESTMENTS			
CURRENT ASSETS, LOANS AND ADVANCES	6	2233.61	2254.01
INVENTORIES	7	3547.40	2744.24
SUNDRY DEBTORS	8	2435.25	1761.01
CASH AND BANK BALANCES	9	439.70	327.95
LOANS AND ADVANCES	10	1409.49	1040.93
		<u>7831.85</u>	<u>5874.13</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
LIABILITIES	11	5340.24	3448.57
PROVISIONS		<u>327.71</u>	<u>284.73</u>
		5667.95	3733.30
NET CURRENT ASSETS		2163.90	2140.83
MISCELLANEOUS EXPENDITURE			
(To the extent not w/off or adjusted)			
ISSUE EXPENSES		1.46	17.62
PROFIT AND LOSS ACCOUNT			
		290.36	4428.58
	TOTAL	<u>15448.15</u>	<u>19511.14</u>

NOTES TO ACCOUNTS

As per our attached report of even date
FOR **MGB & CO.**
Chartered Accountants

SANJAY KOTHARI
Partner
Membership No. : 48215
Place : MUMBAI
Date : 30th June, 2008

KAUSHIK N. KAPASI
Company Secretary

17
FOR AND ON BEHALF OF THE BOARD

B.K. GOENKA Vice Chairman

R.R.MANDAWEWALA Managing Director

B. A. KALE Wholetime Director and CEO

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	SCHEDULES	YEAR ENDED 31.03.2008 Rs. in Lacs	YEAR ENDED 31.03.2007 Rs. in Lacs
INCOME			
SALES AND SERVICES (GROSS)	12	29559.47	28535.21
LESS: EXCISE DUTY		1581.42	1772.61
SALES AND SERVICES (NET)		27978.05	26762.60
OTHER INCOME	13	231.68	101.93
TOTAL		28209.73	26864.53
EXPENDITURE			
COST OF GOODS	14	17330.68	17703.34
MANUFACTURING AND OTHER EXPENSES	15	9443.09	13402.92
FINANCE EXPENSES	16	953.70	761.58
DEPRECIATION / AMORTISATION		1148.62	993.76
TOTAL		28876.09	32861.60
PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS		(666.36)	(5997.07)
EXCEPTIONAL ITEMS (REFER NOTE 3)		387.28	0.00
PROFIT / (LOSS) BEFORE TAX		(279.08)	(5997.07)
PROVISION FOR TAXATION - CURRENT TAX (REFER NOTE 13(A))		-	-
- DEFERRED TAX (REFER NOTE 13(B))		-	-
- FRINGE BENEFIT TAX		11.28	6.77
PROFIT / (LOSS) AFTER TAX		(290.36)	(6003.84)
BALANCE BROUGHT FORWARD		(4428.58)	1801.85
LESS : TRANSFERRED TO CAPITAL REDEMPTION RESERVE		-	226.59
ADJUSTED AS PER HIGH COURT ORDER (REFER NOTE 1)		4428.58	-
BALANCE CARRIED TO BALANCE SHEET		(290.36)	(4428.58)
Earnings per share (Equity shares, face value of Rs. 10/- each)			
Basic and diluted EPS (Refer Note 19)		(1.65)	(6.44)
No. of shares used in computing earnings per share		23645027	94580109

NOTES TO ACCOUNTS

As per our attached report of even date
FOR **MGB & CO.**
Chartered Accountants

SANJAY KOTHARI
Partner
Membership No. : 48215
Place : MUMBAI
Date : 30th June, 2008

KAUSHIK N. KAPASI
Company Secretary

17
FOR AND ON BEHALF OF THE BOARD

B.K. GOENKA Vice Chairman

R.R.MANDAWEWALA Managing Director

B. A. KALE Wholetime Director and CEO

WELSPUN SYNTEX LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

	AS AT 31.03.2008 Rs. in Lacs	AS AT 31.03.2007 Rs. in Lacs
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED		
106700000 EQUITY SHARES OF RS.10/- EACH.	10670.00	10670.00
3300000 OPTIONALLY CONVERTIBLE CUMULATIVE PREFERENCE SHARE OF RS. 10/-EACH	330.00	330.00
10000000 REDEEMABLE CUMULATIVE PREFERENCE SHARES OF RS. 10/-EACH	1000.00	1000.00
TOTAL	<u>12000.00</u>	<u>12000.00</u>
ISSUED, SUBSCRIBED AND PAID UP [REFER NOTE 1 AND 2]		
2,36,45,027 (9,45,80,109) EQUITY SHARES OF RS.10/- EACH FULLY PAID UP	2364.50	9458.01
32,03,300 (32,03,300) 10% OPTIONALLY CONVERTIBLE CUMULATIVE PREFERENCE SHARES OF RS.10/-EACH FULLY PAID UP	193.64	193.64
1,00,00,000 (1,00,00,000) 8% REDEEMABLE CUMULATIVE PREFERENCE SHARES OF RS 10/- EACH FULLY PAID UP	833.33	833.33
TOTAL	<u>3391.47</u>	<u>10484.98</u>
SCHEDULE 2		
RESERVES AND SURPLUS		
CAPITAL RESERVE (REFER NOTE 1) AS PER LAST BALANCE SHEET	0.00	0.00
ADDITION DURING THE YEAR	2664.93	0.00
	<u>2664.93</u>	<u>0.00</u>
CAPITAL REDEMPTION RESERVE AS PER LAST BALANCE SHEET	293.36	66.78
ADDITION DURING THE YEAR	0.00	226.59
	<u>293.36</u>	<u>293.37</u>
DEBENTURE REDEMPTION RESERVE	107.06	107.06
TOTAL	<u>3065.35</u>	<u>400.43</u>



AS AT	AS AT
31.03.2008	31.03.2007
Rs. in Lacs	Rs. in Lacs

SCHEDULE 3**SECURED LOANS [REFER NOTE NO.4]****LONG TERM LOANS**

a) FINANCIAL INSTITUTIONS

i) RUPEE TERM LOANS

1332.59 3506.06

ii) FOREIGN CURRENCY LOANS

82.27 200.72

b) BANKS

i) RUPEE TERM LOANS

3517.20 622.57

ii) FOREIGN CURRENCY LOANS

951.83 1306.43

DEBENTURES

233.05 294.55

SHORT TERM LOAN FROM FINANCIAL INSTITUTION

0.00 1000.00

VEHICLE LOANS

4.41 0.97

WORKING CAPITAL FINANCE

a) RUPEE TERM LOAN

1689.64 96.58

b) FOREIGN CURRENCY LOAN

1169.44 1541.14

INTEREST ACCRUED AND DUE ON LOANS

10.90 56.71

TOTAL	8991.33	8625.73
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SCHEDULE 4**FIXED ASSETS (AT COST)**

(RS. IN LACS)

NAME OF THE ASSETS	GROSS BLOCK				DEPRECIATION/IMPAIRMENT/AMORTISATION				IMPAIRMENT LOSS AS AT 31.03.2008	NET BLOCK	
	AS AT 01.04.2007	ADDITIONS	DEDUCTIONS	AS AT 31.03.2008	UPTO 01-04-2007	FOR THE YEAR	DEDUCTIONS	UPTO 31.03.2008		AS AT 31.03.2008	AS AT 31.03.2007
SYSTEM SOFTWARE (INTANGIBLE)	86.84	3.30	-	90.14	68.74	1.59	-	70.33	3.08	16.74	15.06
FREE HOLD LAND [REFER NOTE 1]	431.11	31.08	5.45	456.74	-	-	-	-	191.04	265.70	240.07
BUILDINGS	3052.07	84.40	19.60	3116.87	903.82	94.88	2.23	996.46	-	2120.41	2148.26
PLANT AND MACHINERY	24636.17	1396.19*	403.98	25628.38	11152.57	1022.27	173.13	12001.71	5432.10	8194.57	8031.40
VEHICLES	92.25	5.13	-	97.38	33.69	7.46	-	41.15	13.47	42.75	45.08
FURNITURE AND FIXTURES	97.46	3.09	-	100.55	62.81	5.13	-	67.94	12.85	19.76	21.83
EQUIPMENTS	60.15	14.88	0.10	74.93	23.44	4.10	0.04	27.50	17.90	29.53	18.85
COMPUTERS	208.18	6.74	-	214.93	146.04	13.20	-	159.24	38.16	17.53	24.00
TOTAL	28664.24	1544.81	429.13	29779.92	12391.12	1148.62	175.40	13364.34	5708.59	10706.99	10544.56
PREVIOUS YEAR	28352.93	695.69	384.38	28664.24	11746.81	993.76	349.46	12391.12	5728.57	10544.55	

NOTES:

*1) Includes Rs. 60.79 Lacs (Rs.32.25 Lacs) towards increase (decrease) in Rupee liability on realignment of foreign currency loan

2) Depreciation for the year includes Rs. 159.89 Lacs (Rs. Nil) pertaining to earlier periods.

3) Reversal of Impairment Loss - Refer Note 5 (b)

SCHEDULE 5**CAPITAL WORK IN PROGRESS**

CAPITAL EXPENDITURE ON PROJECTS

51.85 122.52

ADVANCES FOR CAPITAL EXPENDITURE

0.00 3.03

TOTAL	51.85	125.55
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WELSPUN SYNTEX LIMITED

	AS AT 31.03.2008 Rs. in Lacs	AS AT 31.03.2007 Rs. in Lacs	
SCHEDULE 6			
INVESTMENTS (AT COST)			
LONG TERM - NON TRADE			
QUOTED			
i) 1350 EQUITY SHARES OF RS.10/- EACH FULLY PAID UP OF WELSPUN INDIA LIMITED	0.16	0.16	
ii) 100 EQUITY SHARES OF RS.5/- EACH FULLY PAID UP OF WELSPUN GUJARAT STAHL ROHERN LIMITED MARKET VALUE OF QUOTED INVESTMENT RS. 0.99 LACS (RS.1.70 LACS)	0.09	0.09	
UNQUOTED			
SUBSIDIARY			
NIL (5100) EQUITY SHARES OF RS.10/- EACH FULLY PAID UP OF WELSPUN PLASTICS PRIVATE LIMITED	-	20.40	
OTHERS			
i) 1,21,685 6% REDEEMABLE PREFERENCE SHARES OF RS.10/- EACH FULLY PAID UP OF CRESENT TRADING PRIVATE LIMITED	1216.85	1216.85	
ii) 1,01,650 600% REDEEMABLE PREFERENCE SHARES OF RS.10/- EACH FULLY PAID UP OF CRESENT TRADING PRIVATE LIMITED	1016.50	1016.50	
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	6,99,965	70.00
TOTAL			2233.61
SCHEDULE 7			
INVENTORIES			
(AS TAKEN VALUED AND CERTIFIED BY MANAGEMENT)			
RAW MATERIAL	598.78	677.13	
GOODS IN TRANSIT - RAW MATERIAL	13.39	36.94	
GOODS IN PROCESS	291.61	154.12	
FINISHED GOODS	1973.37	1237.43	
STORES AND SPARES AND PACKING MATERIAL	670.25	638.63	
TOTAL	3547.40	2744.24	



	AS AT 31.03.2008 Rs. in Lacs	AS AT 31.03.2007 Rs. in Lacs
SCHEDULE 8		
SUNDRY DEBTORS		
UNSECURED, CONSIDERED GOOD		
OVER SIX MONTHS	76.86	25.30
OTHERS	2358.39	1735.70
TOTAL (A)	<u>2435.25</u>	<u>1761.01</u>
UNSECURED, CONSIDERED DOUBTFUL		
OVER SIX MONTHS	169.66	169.66
LESS : PROVISION FOR DOUBTFUL DEBTS	(169.66)	(169.66)
TOTAL (B)	<u>-</u>	<u>-</u>
TOTAL (A + B)	<u>2435.25</u>	<u>1761.01</u>
SCHEDULE 9		
CASH AND BANK BALANCES		
CASH IN HAND	16.84	14.23
WITH SCHEDULED BANKS		
IN CURRENT ACCOUNT	29.87	12.45
IN FOREIGN CURRENCY ACCOUNT	0.05	0.05
IN FIXED DEPOSIT*	387.38	297.12
IN MARGIN ACCOUNT	5.56	4.10
TOTAL	<u>439.70</u>	<u>327.95</u>
*AGAINST MARGIN MONEY FOR LETTERS' OF CREDIT AND BANK GUARANTEE		
SCHEDULE 10		
LOANS AND ADVANCES		
(UNSECURED CONSIDERED GOOD)		
ADVANCES (RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED)	641.80	359.61
BALANCE WITH GOVERNMENT AUTHORITIES DEPOSITS	670.32	576.62
	97.37	104.70
TOTAL	<u>1409.49</u>	<u>1040.93</u>
SCHEDULE 11		
CURRENT LIABILITIES AND PROVISIONS		
(REFER NOTE 8 AND 11)		
1. CURRENT LIABILITIES		
ACCEPTANCES	2802.45	1736.01
- MICRO, SMALL AND MEDIUM ENTERPRISES	60.35	74.48
- OTHERS	2470.76	1561.67
	2531.11	1636.15
INTEREST ACCRUED BUT NOT DUE	6.68	76.41
	5340.24	3448.57
2. PROVISIONS		
- FOR TAXATION	95.43	95.79
- FOR RETIREMENT BENEFITS	232.28	188.94
	327.71	284.73
TOTAL	<u>5667.95</u>	<u>3733.29</u>



WELSPUN SYNTEX LIMITED

	YEAR ENDED 31.03.2008 Rs. in Lacs	YEAR ENDED 31.03.2007 Rs. in Lacs
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT		
SCHEDULE 12		
SALES AND SERVICES		
GROSS SALES	29379.47	27979.54
LEASE RENT RECEIVED	-	510.08
JOB WORK CHARGES [TDS Rs. 4,83,136 (Rs 1,01,751/-)]	180.00	45.59
TOTAL	<u>29559.47</u>	<u>28535.21</u>
SCHEDULE 13		
OTHER INCOME		
MISCELLANEOUS INCOME	111.96	66.31
EXPORT BENEFIT	65.53	14.40
PROFIT ON SALE OF FIXED ASSETS	-	20.35
PROFIT ON FORWARD CONTRACTS / EXCHANGE DIFFERENCE	54.15	-
DIVIDEND ON UNITS FROM MUTUAL FUND	0.04	0.87
TOTAL	<u>231.68</u>	<u>101.93</u>
SCHEDULE 14		
COST OF GOODS		
(A) RAW MATERIAL		
OPENING STOCK	677.13	1273.47
ADD : PURCHASES	17855.80	17047.56
LESS : CLOSING STOCK	598.79	677.13
TOTAL (A)	<u>17934.14</u>	<u>17643.90</u>
(B) PURCHASE OF FINISHED GOODS		
	269.97	-
TOTAL (B)	<u>269.97</u>	<u>-</u>
(C) INCREASE / (DECREASE) IN STOCK		
CLOSING STOCK :		
GOODS IN PROCESS	291.61	154.12
FINISHED GOODS	1973.37	1237.43
	<u>2264.98</u>	<u>1391.55</u>
LESS : OPENING STOCK:		
GOODS IN PROCESS	154.12	56.32
FINISHED GOODS	1237.43	1394.66
	<u>1391.55</u>	<u>1450.99</u>
TOTAL (C)	<u>873.43</u>	<u>(59.44)</u>
TOTAL (A+B-C)	<u>17330.68</u>	<u>17703.34</u>



YEAR ENDED 31.03.2008 Rs. in Lacs	YEAR ENDED 31.03.2006 Rs. in Lacs
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SCHEDULE 15

MANUFACTURING AND OTHER EXPENSES

MANUFACTURING EXPENSES

STORES AND SPARES CONSUMED	1111.35	844.84
JOB WORK EXPENSES	9.64	532.47
POWER, FUEL AND WATER CHARGES	2633.92	2271.44
PACKING MATERIALS CONSUMED	1187.83	866.41
DYES AND CHEMICALS CONSUMED	1040.82	731.86
REPAIRS AND MAINTENANCE		
- PLANT AND MACHINERY	153.62	59.99
EXCISE DUTY PROVIDED ON STOCK	33.98	(40.89)
OTHER MANUFACTURING EXPENSES	94.52	93.98
	<u>6265.68</u>	<u>5360.11</u>

PERSONNEL EXPENSES

SALARIES, WAGES AND ALLOWANCES	1291.75	756.71
CONTRIBUTION TO PROVIDENT AND OTHER FUNDS	79.18	46.43
MANAGERIAL REMUNERATION	30.56	28.65
STAFF WELFARE EXPENSES	64.48	45.89
	<u>1465.97</u>	<u>877.68</u>

ADMINISTRATION AND OTHER EXPENSES

DISCOUNTS AND REBATES	113.63	42.76
BROKERAGE AND COMMISSION	360.07	317.46
FREIGHT AND FORWARDING	601.05	593.40
REPAIRS AND MAINTENANCE		
- FACTORY BUILDING	8.59	27.62
- OTHERS	42.28	14.51
RENT	32.28	16.99
RATES AND TAXES	15.40	14.79
PRINTING AND STATIONARY	14.39	7.35
TRAVELLING AND CONVEYANCE [For Directors Rs.9.33 Lacs (Rs.6.17 Lacs)]	93.15	49.86
VEHICLE EXPENSES	48.63	15.22
LEGAL AND PROFESSIONAL CHARGES	99.15	39.67
INSURANCE	53.57	61.35
COMMUNICATION EXPENSES	33.85	24.53
MISCELLANEOUS EXPENSES	120.45	79.24
DIRECTORS SITTING FEES	1.64	1.69
LOSS ON SALE OF FIXED ASSETS	47.72	-
PROVISION FOR IMPAIRMENT OF FIXED ASSETS	-	5731.56
LOSS ON FORWARD CONTRACT / EXCHANGE DIFFERENCE	-	86.24

WELSPUN SYNTEX LIMITED

	YEAR ENDED 31.03.2006 Rs. in Lacs	YEAR ENDED 31.03.2005 Rs. in Lacs
DONATIONS	1.35	16.45
ISSUE EXPENSES WRITTEN OFF	16.16	16.16
AUDITORS REMUNERATION		
- AUDIT FEES	7.00	7.00
- TAX AUDIT FEES	1.00	1.00
- OTHERS	0.08	0.27
	<u>1711.44</u>	<u>7165.13</u>
TOTAL	<u>9443.09</u>	<u>13402.92</u>
SCHEDULE 16		
FINANCE EXPENSES		
INTEREST EXPENSES		
WORKING CAPITAL LOANS	174.47	177.05
FIXED LOANS	505.82	445.95
DEBENTURES	25.58	28.17
OTHER	40.60	112.25
	<u>746.47</u>	<u>763.41</u>
DISCOUNTING AND BANK CHARGES	294.83	154.84
	<u>1041.30</u>	<u>918.25</u>
LESS:INTEREST INCOME [TDS Rs. 3,69,889/- (Rs.20,46,395/-)]	87.60	156.68
TOTAL	<u>953.70</u>	<u>761.58</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) net of 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 recognized on despatch to Customer and is inclusive of excise duty and net of Value Added Tax. Consignment sales are recognized on confirmation from consignee. Export sales are accounted on the basis of date of bill of lading.
- 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 Colour and Chemicals, Packing materials : Moving weighted average basis
 - Goods in Process, Work in Progress and Finished Goods : Cost of Direct Material, Labour and 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

During the year, the Company has adopted Accounting Standard 15 (Revised 2005) "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. 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 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 forward exchange fluctuation 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 exchange rate on settlement / translation are recognized in the profit and loss account.

n) Issue Expenses

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



B. NOTES TO ACCOUNTS

1. During the 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 above 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. 73,55,334 due for redemption as on 31st March 2008 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. 3,33,40,000 due for redemption as on 31st March 2008 is yet to be paid.

3. Exceptional Items

During the year, the Company has prepaid the entire outstanding financial assistances of Rs. 2581.87 lacs due to a financial institution under one time settlement scheme. Accordingly, the unpaid principal amount waived by the financial institution amounting to Rs. 387.28 lacs (Rs. Nil) which is no longer required to be paid is transferred to the Profit and Loss account.

4. Secured Loans (Schedule 3)

(a) DEBENTURES

- i. 9% Secured Non-Convertible Redeemable Debentures (NCD) of Rs. 127.20 lacs (Rs. 160.70 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. 105.85 lacs (Rs. 133.85 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 2008. 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 Financial Institutions and 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. 62.28 lacs (Rs. 78.68 lacs) from a financial institution is secured by way of a charge on all machinery purchased out of the equipment finance scheme.
- 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.

5. a) In accordance with the Accounting Standard-28 "Impairment of Asset", the Company had recognized impairment losses in the financial year 2006-07. Consequent to the recognition of impairment loss, the depreciation on impaired assets is provided at such rates that would fully depreciate, the block of assets over its revised balance useful life as certified by the Chartered Engineer on straight line method. However certain impaired assets are depreciated at rates lower than



the rates prescribed under schedule XIV of the Companies Act 1956. This is not in compliance with AS-6 "Depreciation Accounting", the shortfall not ascertained.

- b) During the year, impairment loss aggregating Rs. 19.98 lacs (Rs. 2.98 lacs) has been reversed consequent to the relevant fixed assets being sold.
- 6. 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.1378.20 lacs (Rs.1294.72 lacs)
 - c) Unexpired Letter of Credit Rs. 2794.38 lacs (Rs. 1978 lacs).
 - d) Custom Duty on pending Export obligation for import under EPCG Scheme Rs. 35.70 lacs (Rs. 59.87 lacs) and Advance License Rs. 6.91 lacs (Rs. 8.73 lacs).
 - e) The accumulated dividend of Rs. 1127.47 lacs (Rs. 1041.44 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. 584.17 lacs (Rs. 1005.04 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.
- 7. Prior period expense of Rs. 159.89 lacs (Rs. 43.17 lacs prior period income) has been accounted in the current year under the following account heads.**

(Rs. in lacs)

Particulars	31.03.08	31.03.07
Expense		
Depreciation	159.89	-
Income		
Discount and Rebates	-	24.13
Other Manufacturing Expenses	-	19.04

- 8. Current Liabilities include cheques overdrawn to the tune of Rs. 103.52 lacs (Rs. 141.56 lacs).**
- 9.**
 - 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.
- 10. Capital commitment not provided for Rs. Nil (Rs. Nil) net of advances.**
- 11. 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 31.03.08. The disclosure pursuant to the said Act is as under:

(Rs. in lacs)

Particulars	2008	2007
i. Principal amount due to suppliers under MSMED Act, 2006	60.35	39.79
ii. Interest accrued and due to suppliers under MSMED Act, on the above amount	3.80	2.17
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.	3.80	2.17



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.

12. 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 capitalised in the year 2002-2003 for which the Company holds no title

13. 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.

14. Operating Leases

- a) 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 31.03.2008 as per the contracts are as under:

- Not later than one-year Rs. 49.60 lacs (Rs. 21.69 lacs)
- Later than one year but not later than five years. Rs. 59.34 lacs (Rs. 48.75 lacs)
- Later than five years Rs. Nil

The aggregate rental expenses of all the leases for the year are Rs.47.22 lacs (Rs. 16.99 lacs).

- b) The Company had allowed to use Factory Premises, Plant & Machinery and Equipments on conducting basis under cancelable operating agreement. The initial tenure of agreement is for eleven months.

Income received or receivable recognized in the Profit and Loss account for the year is Rs. Nil (Rs. 510.08 lacs).

15. 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
Expected Return on Assets	6.0
Salary Escalation Rate	6.0

Demographic Assumptions

Major Assumptions	
Mortality	Latest Compiled Table of LIC (1994-95)
Retirement Age	58 Years
Attrition Rate	2% up to age 44 and 1% thereafter



WELSPUN SYNTEX LIMITED

II. Expenses Recognized in the Profit and Loss Account

(Rs. in lacs)

Particulars	Gratuity	Leave Encashment
Current Service Cost	21.57	28.07
Interest Cost	10.50	4.71
Expected Return on Plan Assets	-	-
Net Actuarial (Gain) / Loss recognized in the period	69.30	(8.76)
Expenses recognized in the Profit and Loss Account *	101.37	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	Leave Encashment
Present Value of Obligation as at March 31, 2008	160.30	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)	160.30	71.98

IV. Change in the Present Value of Obligation

(Rs. in lacs)

Particulars	Gratuity	Leave Encashment
Present Value of Obligation as at April 1, 2007	123.51	55.51
Current Service Cost	21.57	28.07
Interest Cost	10.50	4.71
Benefits Paid	(64.58)	(7.55)
Actuarial (Gain) / Loss on Obligation	69.30	(8.76)
Present Value of Obligation as at March 31, 2008	160.30	71.98

Note: This being the first year in which the Company has adopted the Accounting Standard 15 (Revised 2005) on "Employee benefits", figures for the previous period have not been presented.

16. 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. Subsidiaries

Name of the Subsidiary Company	Ownership %)
Direct Subsidiary	
Welspun Plastics Private Limited (Formerly known as Jaycee Plastics Industries Private Limited) #	51%
Indirect Subsidiary	
Nirmal Plastic Industries (Registered Partnership Firm)	95%*

#Ceased to be a subsidiary w.e.f. 30th March 2008

*Held through direct subsidiary Welspun Plastics Private Limited



- b. 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 India Limited
Welspun Trading limited
Welspun Retail Limited
Welspun Mercantile Limited
Welspun Power and Steel Limited

Directors /Key Management Personnel

Name of the Related Party	Nature of Relationship
G. R. Goenka	Chairman
B. K. Goenka	Vice chairman
R. R. Mandawewala	Managing Director
Murarilal Mittal	Director
V.L. Bhutra	Director- Operations (Resigned w.e.f 2 nd May 2007)
B.A. Kale	Whole time Director and CEO (Appointed w.e.f 2 nd May 2007)

- c. **Transactions with Related Parties**

(Rs. in lacs)

Nature of Transaction	2007-08	2006-07
Sales (net) to and recoveries from	130.87	6.48
Other Related Parties		
Welspun India Limited	130.87	6.05
Welspun Gujarat Stahl Rohren Limited	-	0.30
Welspun Power and Steel	-	0.13
Sales of Fixed Assets	166.52	-
Other Related Parties		
Welspun India Limited	166.52	-
Purchase of Goods and Services	29.64	15.88
Other Related Parties		
Welspun India Limited	11.26	14.98
Welspun Retail Limited	3.26	-
Welspun Gujarat Stahl Rohren Limited	15.12	0.90
Purchase of Fixed Assets	-	65.94
Other Related Parties		
Welspun India Limited	-	65.94
Loans/Advance/Deposits received/(repaid)	-	-
Other Related Parties		
Welspun Trading Limited	-	25.00
Welspun India Limited		(25.00)
Investments Acquired	-	20.40
Subsidiary		
Welspun Plastics Private Limited	-	20.40
Sale of Investment in Subsidiary	20.40	-
Other Related Parties		
Welspun Trading Limited	10.20	-

WELSPUN SYNTEX LIMITED

Welspun Mercantile Limited	10.20	-
Sundry Creditors	16.30	1.79
Other Related Parties		
Welspun Gujarat Stahl Rohren Limited	15.12	-
Welspun Retail Limited	1.18	-
Welspun India Limited	-	1.79
Investments outstanding	-	20.65
Subsidiary		
Welspun Plastics Private Limited	-	20.40
Other Related Parties		
Welspun Power and Steel Limited	0.16	0.16
Welspun Gujarat Stahl Rohren Limited	0.09	0.09

Note: Details of remuneration to directors are disclosed in Note No.17 below

d. Disclosure required by clause 32 of the listing agreement is either NIL or not applicable.

17. 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
Remuneration & Allowances [#]	15.00 (15.00)	15.38 (13.32)
Commission	- (-)	- (-)
Perquisites	- (-)	0.18 (0.33)
Total	15.00 (15.00)	15.56 (13.65)

Does not include Rs. 6.21 lacs excess remuneration paid to the Whole Time Director (ceased to be a Director w.e.f 2nd May 2007) being recoverable included in schedule 10 "Loans and Advances".

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		(279.08)
Add/Less: Managerial Remuneration	30.56	
Directors' fees	1.64	
Excess of expense over income for previous year as per section 349(4)(l)	(743.58)	
Loss on sale of Fixed Assets	47.72	
		(663.66)
Net Profit / (loss) for Section 198		(942.74)
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.		30.56

18. Foreign Exchange Differences

a) Rs. 60.79 lacs being net loss (Rs. 32.25 lacs being net profit) and Rs. 142.84 lacs being net profit (Rs. 35.80 lacs being net loss) on account of exchange difference have been adjusted to the cost of fixed assets/capital work in progress and respective heads of account in profit and loss account, respectively.



- b) 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 2008 are as follows:

Forward and Option Contracts

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

(Amount in lacs)

Derivative Contracts	2008		2007	
	Foreign Currency	Equivalent Indian Rupee	Foreign Currency	Equivalent Indian Rupee
USD/ INR	30.00	1203.75	38.26	1,702.26

- 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. 3146.50 lacs (Rs. 4191.95 lacs)

19. Earnings Per Share

(Rs. in lacs)

Particulars	Year Ended 31 st March, 2008	Year Ended 31 st March, 2007
Profit / (Loss) computation for Basic Earnings per Share of Rs. 10/- each		
Profit / (Loss) After Tax	(290.35)	(6,003.84)
Less: Dividend on Cumulative Preference Shares	(100.65)	(89.00)
Loss available for appropriation to Equity Share Holders	(391.00)	(6,092.84)
Weighted Average number of equity shares for Earning per Share (EPS) computation (Nos.) [#]	23,645,027	94,580,109
Basic and Diluted Earnings Per Share (Rs.) [#]	(1.65)	(6.44)

During the year, the number of paid up Equity Shares is reduced from 94,580,109 to 23,645,027 due to reduction of Equity Share Capital (Refer Note 1 above). Accordingly EPS for the year is calculated based on reduced capital, hence EPS for the year is not comparable with that of the previous year.

20. In accordance with the Accounting Standard 16 on "Borrowing Costs" issued by the Institute of Chartered Accountants of India, borrowing Cost of Rs. 16.69 lacs (Rs. 25.83 lacs) has been capitalized.

21. Segmental Information

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.

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

23. 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 | 29344 (31400) M.T. |
| (Texturised, Twisted | b) Dyeing Plant | 7800 (7200) M.T. |
| and Dyed) and POY | c) Texturising Machines | 29 (24) Nos. |
| | d) Air Tex | 7 (10) Nos. |
| | e) Draw Twisting Machine | 1 (1) Nos. |
| | f) TFO Twisting Machine | 27 (28) Nos. |



WELSPUN SYNTEX LIMITED

(iii) Raw Materials Consumed

	Quantity (M.T.)	Amount (Rs. in lacs)
POY/TEX	*6913.40 (5598.81)	5478.39 (4509.72)
CHIPS	22278.98 (22508.54)	12446.65 (13085.69)
PTA/MEG/DMT	19.78 (111.32)	9.09 (48.49)

*Does not include POY 14714.97 M.T. (12990.44 M.T.) and Tex 1097.15 M.T. (395.78 M.T.) consumed out of own production

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

	Amount (Rs. in lacs)	Percentage	
1. Raw Material	- Indigenous	14794.55 (13184.52)	82.49 (74.73)
	- Imported	3139.59 (4459.38)	17.51 (25.27)
2. Stores and Spares Dyes and Chemicals	- Indigenous	1,907.07 (1315.51)	88.61 (83.43)
	- Imported	245.10 (261.21)	11.39 (16.57)

(v) Turnover and Stocks

Class of Goods	Sales			Stocks			
	Unit	Quantity	Amount Rs. In Lacs	Opening		Closing	
				Quantity	Amount Rs. In Lacs	Quantity	Amount Rs. In Lacs
Dyed/Tex and Twisted Polyester Yarn	M.T.	21998.15 (19562.21)	24,201.95 (19268.86)	826.80 (1034.00)	764.98 (909.60)	1050.84 (826.80)	1,316.35 (764.98)
POY	M.T.	7171.74 (9679.18)	5177.52 (8710.68)	565.78 (654.46)	472.45 (485.06)	1031.85 (565.78)	657.02 (472.45)

(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	189.26 (-)	269.97 (-)	23130.08* (19750.79)
POY***	M.T	- (-)	- (-)	22352.78 (22580.94)

* Includes 1097.15 M.T. (395.78 M.T.) issued for internal consumption

** Production does not include 679.19 M.T. (759.76 M.T.) job work done for others

*** 14714.97 M.T. (12990.44 M.T.) issued for internal consumption.



(vii) Value of Import on CIF basis

Raw Material : Rs. 2230.94 lacs (Rs. 3467.38 lacs)

Capital Goods : Rs. 464.77 lacs (Rs. 323.27 lacs)

Stores and Spares : Rs. 361.46 lacs (Rs. 410.60 lacs)

(viii) FOB value exports : Rs. 5111.97 lacs (Rs. 6498.04 lacs)
(Excluding deemed export)

(ix) Expenditure in Foreign Currency : Rs. 162.58 lacs (Rs. 141.41 lacs)
(Including Travelling, Commission on
Sales, Professional Charges etc.)

SIGNATURE TO SCHEDULE “1 TO 17”

As per our attached report of even date

FOR MGB & CO.

Chartered Accountants

SANJAY KOTHARI

Partner

Membership No. : 48215

Place : MUMBAI

Date : 30th June, 2008

KAUSHIK N. KAPASI

Company Secretary

FOR AND ON BEHALF OF THE BOARD

B.K. GOENKA

Vice Chairman

R.R.MANDAWEWALA

Managing Director

B. A. KALE

Wholetime Director and CEO



WELSPUN SYNTEX LIMITED

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2008

PARTICULARS	For the year ended	
	31.03.2008 Rs. in Lacs	31.03.2007 Rs. in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS	(666.36)	(5,997.07)
ADJUSTMENTS FOR		
DEPRECIATION / AMORTISATION	1,148.62	993.76
PROVISION FOR IMPAIRMENT OF FIXED ASSETS	—	5,731.56
(PROFIT) / LOSS ON SALE OF FIXED ASSETS	47.72	(20.35)
INTEREST INCOME	(87.60)	(156.68)
INTEREST EXPENSE	746.47	763.41
DIVIDEND INCOME	(0.04)	(0.87)
ISSUE EXPENSES WRITTEN OFF	16.16	16.16
UNREALISED EXCHANGE DEFERENCE	(40.19)	(17.86)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,164.77	1,312.06
INVENTORIES	(803.17)	478.33
TRADE AND OTHER RECEIVABLES	(1,092.26)	(42.22)
TRADE AND OTHER PAYABLES	1,988.98	(296.00)
CASH GENERATED FROM OPERATIONS	1,258.32	1,452.17
TAXES (PAID) / REFUNDED	62.24	(45.74)
NET CASH GENERATED FROM OPERATING ACTIVITIES	1,320.57	1,406.43
B. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS (INCLUDING CAPITAL WORK IN PROGRESS)	(1,378.27)	(914.05)
SALE OF FIXED ASSETS	174.53	52.29
PURCHASE OF INVESTMENT IN SUBSIDIARY	—	(20.40)
SALE OF INVESTMENT IN SUBSIDIARY	20.40	—
PURCHASE OF SHORT TERM INVESTMENTS	(70.00)	(785.00)
SALE OF SHORT TERM INVESTMENTS	70.00	785.00
INTEREST RECEIVED	84.85	155.56
DIVIDEND RECEIVED	0.04	0.87
NET CASH USED IN INVESTING ACTIVITIES	(1,098.45)	(725.73)
C. CASH FLOW FROM FINANCING ACTIVITIES		
REDEMPTION OF PREFERENCE SHARE CAPITAL	—	(226.58)
REDEMPTION OF DEBENTURES	(61.50)	(36.90)
PROCEEDS FROM LONG TERM BORROWINGS	3,186.23	622.57
REPAYMENT OF LONG TERM BORROWINGS	(2,981.73)	(1,097.36)
PROCEEDS FROM SHORT TERM BORROWINGS	—	1,000.00
REPAYMENT OF SHORT TERM BORROWINGS	(1,000.00)	(1,000.00)
INCREASE / (DECREASE) IN WORKING CAPITAL	1,221.35	(112.09)
PROCEEDS FROM INTER CORPORATE DEPOSITS	1,439.00	—
REPAYMENT OF INTER CORPORATE DEPOSITS	(1,439.00)	—
INTEREST PAID	(862.00)	(707.21)
EXCEPTIONAL ITEMS (REFER NOTE 3 OF NOTES TO ACCOUNTS)	387.28	—
NET CASH USED IN FINANCING ACTIVITIES	(110.37)	(1,557.57)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	111.75	(876.87)
CASH AND CASH EQUIVALENTS – OPENING BALANCE	327.95	1,204.82
CASH AND CASH EQUIVALENTS – CLOSING BALANCE	439.71	327.95

Notes:

- Previous year figures are regrouped / reconsidered wherever necessary.
- Cash and Cash Equivalents include the following

	31.03.2008 Rs. in lacs	31.03.2007 Rs. in lacs
Cash on hand	16.84	14.23
Bank balance with Scheduled Banks :		
a) In Current Account		
i. Indian Rupee Accounts	29.87	12.45
ii. Foreign Currency Account	0.05	0.05
b) In Fixed Deposits		
Indian Rupee Account	387.38	297.12
c) In Margin Account	5.57	4.10
	439.71	327.95

As per our attached report of even date
FOR **MGB & CO.**
Chartered Accountants

SANJAY KOTHARI
Partner
Membership No. : 48215
Place : MUMBAI
Date : 30th June, 2008

KAUSHIK N. KAPASI
Company Secretary

FOR AND ON BEHALF OF THE BOARD

B.K. GOENKA Vice Chairman

R.R.MANDAWEWALA Managing Director

B. A. KALE Wholetime Director & CEO



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	8
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Date Month Year

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

PUBLIC ISSUE	RIGHTS ISSUE																				
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BONUS ISSUE	ADVANCE SHARE APPLICATION MONEY																				
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-	-	-	-	-	-	-	-	-	-												

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

TOTAL LIABILITIES	TOTAL ASSETS																		
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-	-	1	5	4	4	8	1	6											
-	-	1	5	4	4	8	1	6											
SOURCES OF FUNDS PAID UP CAPITAL (INCLUDING SHARE SUSPENSE ACCOUNT)	APPLICATION OF FUNDS NET FIXED ASSET (INCLUDING CAPITAL WORK IN PROGRESS)																		
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-	-	-	3	3	9	1	4	7											
-	-	1	0	7	5	8	8	4											
RESERVES AND SURPLUS	INVESTMENTS																		
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-	-	-	2	2	3	3	6	0											
SECURED LOANS	NET CURRENT ASSETS																		
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-	-	-	2	1	6	3	9	0											
UNSECURED LOANS	MISC. EXPENDITURE																		
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-	-	-	-	-	-	1	4	6											
	PROFIT AND LOSS ACCOUNT																		
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-	-	-	-	2	9	0	3	6											

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

TURNOVER AND OTHER INCOME	TOTAL EXPENDITURE																						
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-	-	2	8	2	0	9	7	2															
-	-	2	8	4	8	8	8	0															
+ - PROFIT (LOSS) BEFORE TAX	+ - PROFIT (LOSS) AFTER TAX																						
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<input type="checkbox"/>	<input checked="" type="checkbox"/>	-	-	(2	7	9	0	8)													
<input type="checkbox"/>	<input checked="" type="checkbox"/>	-	-	(2	9	0	3	5)													
EARNING PER SHARE (Rs.)	DIVIDEND RATE %																						
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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 BOARD

KAUSHIK N. KAPASI
Company Secretary

B. K. GOENKA Vice Chairman

R.R.MANDAWEWALA Managing Director

B. A. KALE Wholetime Director and CEO

Place : MUMBAI
Date : 30th June, 2008



AUDITORS REPORT (CONSOLIDATED)

To,
the Board of Directors of
Welspun Syntex Limited

- 1) We have audited the attached Consolidated Balance Sheet of Welspun Syntex Limited ("the Company") and its subsidiaries ("the group") as at 31st March 2008, the Consolidated Profit and Loss Account for the year ended on that date annexed thereto and the Consolidated Cash Flow statement for the year ended on that date. These financial statements are the responsibility of 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 of 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) The financial statements of subsidiaries (ceased to be subsidiaries w.e.f. 30th March 2008), with total assets of Rs. 85,79,049 as at 31st March 2008 and total revenues of Rs. 2,20,743 for the year ended on that date, have not been audited by us. These financial statements have been consolidated based on the management estimate and therefore unaudited.
- 4) Without qualifying our report, we draw reference to
 - a) Note 1 of Notes to Accounts regarding reduction of share capital by Rs. 70,93,50,820 under section 100 to 103 sanctioned by the High Court of Bombay vide its order dtd. 8th February 2008 and necessary effect given in the financial statements.
 - b) Excess remuneration of Rs. 6,21,023 paid to the whole time director is recoverable and included in schedule 10 "Loans and Advances".
- 5) *Subject to:*
 - (i) Note 5 (a) of Notes to Accounts regarding depreciation on impaired assets not provided with reference to the residual useful life of assets as per AS-6 "Depreciation Accounting", resulted in under statement of depreciation and loss thereof, amount unascertained.
 - (ii) Note 12 of Notes to Accounts regarding Freehold Land of Rs. 150.72 lacs for which the Company holds no title and

- 6) a) We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India.
- b) Based on our audit and on consideration of the reports of the Company on separate financial statements of subsidiaries, in our opinion and to the best of our information and according to the explanations given to us, the attached Consolidated Financial Statements *subject to matter stated in para (5) above*, give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (i) In the case of the Consolidated Balance Sheet of the consolidated state of affairs of the group as at 31st March, 2008.
 - (ii) In the case of the Consolidated Profit and Loss Account of the consolidated results of operations of the group for the year ended on that date; and
 - (iii) In the case of the Consolidated Cash Flow Statement of the consolidated cash flows of the group for the year ended on that date.

For MGB & Co.
Chartered Accountants

Sanjay Kothari
Partner
Membership No. : 48215

Place : Mumbai
Date : 30th June, 2008

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

	SCHEDULES	AS AT 31.03.2008 Rs. in Lacs	AS AT 31.03.2007 Rs. in Lacs
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
SHARE CAPITAL	1	3391.47	10484.98
RESERVES AND SURPLUS	2	3065.35	403.94
		<u>6456.82</u>	<u>10888.92</u>
LOAN FUNDS			
SECURED LOANS	3	8991.33	8625.74
		<u>8991.33</u>	<u>8625.74</u>
MINORITY INTEREST			
		-	23.02
	TOTAL	<u>15,448.15</u>	<u>19,537.68</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
GROSS BLOCK	4	29779.92	28664.24
LESS: DEPRECIATION / AMORTISATION / IMPAIRMENT		<u>19072.93</u>	<u>18119.69</u>
NET BLOCK		<u>10706.99</u>	<u>10544.55</u>
CAPITAL WORK-IN-PROGRESS	5	51.84	125.55
		<u>10758.83</u>	<u>10670.10</u>
INVESTMENTS			
	6	2233.61	2269.62
CURRENT ASSETS, LOANS AND ADVANCES			
INVENTORIES	7	3547.40	2744.24
SUNDRY DEBTORS	8	2435.25	1761.01
CASH AND BANK BALANCES	9	439.70	329.94
LOANS AND ADVANCES	10	1409.49	1082.32
		<u>7831.85</u>	<u>5917.51</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
LIABILITIES	11	5340.24	3448.57
PROVISIONS		<u>327.71</u>	<u>317.23</u>
		<u>5667.95</u>	<u>3765.80</u>
NET CURRENT ASSETS		<u>2163.90</u>	<u>2151.71</u>
MISCELLANEOUS EXPENDITURE			
(To the extent not w/off or adjusted)			
ISSUE EXPENSES		1.46	17.62
PROFIT AND LOSS ACCOUNT		<u>290.36</u>	<u>4428.63</u>
	TOTAL	<u>15448.15</u>	<u>19537.68</u>

NOTES TO ACCOUNTS

As per our attached report of even date
FOR **MGB & CO.**

Chartered Accountants

SANJAY KOTHARI

Partner

Membership No. : 48215

Place : MUMBAI

Date : 30th June, 2008

KAUSHIK N. KAPASI

Company Secretary

17
FOR AND ON BEHALF OF THE BOARD

B.K. GOENKA

Vice Chairman

R.R.MANDAWEWALA

Managing Director

B. A. KALE

Wholtime Director and CEO

WELSPUN SYNTEX LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	SCHEDULES	YEAR ENDED 31.03.2008 Rs. in Lacs	YEAR ENDED 31.03.2007 Rs. in Lacs
INCOME			
SALES AND SERVICES (GROSS)	12	29559.47	28535.21
LESS: EXCISE DUTY		1581.42	1772.61
SALES AND SERVICES (NET)		27978.05	26762.59
OTHER INCOME	13	233.88	101.99
TOTAL		28211.93	26864.58
EXPENDITURE			
COST OF GOODS	14	17330.68	17703.34
MANUFACTURING AND OTHER EXPENSES	15	9444.19	13403.00
FINANCE EXPENSES	16	953.70	761.58
DEPRECIATION / AMORTISATION		1148.62	993.76
		28877.19	32861.68
PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS		(665.26)	(5997.10)
EXCEPTIONAL ITEMS (REFER NOTE 3)		387.28	-
PROFIT / (LOSS) BEFORE TAX		(277.98)	(5997.10)
PROVISION FOR TAXATION - CURRENT TAX (REFER NOTE 13(A))		-	-
- DEFERRED TAX (REFER NOTE 13(B))		-	-
- FRINGE BENEFIT TAX		11.28	6.77
PROFIT / (LOSS) AFTER TAX BEFORE MINORITY INTEREST		(289.26)	(6003.87)
LESS : MINORITY INTEREST		(1.05)	0.02
PROFIT / (LOSS) AFTER TAX		(290.31)	(6003.89)
BALANCE BROUGHT FORWARD		(4428.63)	1801.85
LESS : TRANSFERRED TO CAPITAL REDEMPTION RESERVE		-	226.59
ADJUSTED AS PER HIGH COURT ORDER (REFER NOTE 1)		4428.58	-
BALANCE CARRIED TO BALANCE SHEET		(290.36)	(4428.63)
Earnings per share (Equity shares, face value of Rs. 10/- each)			
Basic and diluted EPS (Refer Note 19)		(1.65)	(6.44)
No. of shares used in computing earnings per share		23645027	94580109

NOTES TO ACCOUNTS

As per our attached report of even date
FOR **MGB & CO.**

Chartered Accountants

SANJAY KOTHARI

Partner

Membership No. : 48215

Place : MUMBAI

Date : 30th June, 2008

KAUSHIK N. KAPASI

Company Secretary

17
FOR AND ON BEHALF OF THE BOARD

B.K. GOENKA

Vice Chairman

R.R.MANDAWEWALA

Managing Director

B. A. KALE

Wholetime Director and CEO

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	AS AT 31.03.2008 Rs. in Lacs	AS AT 31.03.2007 Rs. in Lacs
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED		
106700000 EQUITY SHARES OF RS.10/- EACH.	10670.00	10670.00
3300000 OPTIONALLY CONVERTIBLE CUMULATIVE PREFERENCE SHARE OF RS. 10/-EACH	330.00	330.00
10000000 REDEEMABLE CUMULATIVE PREFERENCE SHARES OF RS. 10/-EACH	1000.00	1000.00
TOTAL	<u>12000.00</u>	<u>12000.00</u>
ISSUED, SUBSCRIBED AND PAID UP [REFER NOTE 1 AND 2]		
2,36,45,027 (9,45,80,109) EQUITY SHARES OF RS.10/- EACH FULLY PAID UP	2364.50	9458.01
32,03,300 (32,03,300) 10% OPTIONALLY CONVERTIBLE CUMULATIVE PREFERENCE SHARES OF RS.10/-EACH FULLY PAID UP	193.64	193.64
1,00,00,000 (1,00,00,000) 8% REDEEMABLE CUMULATIVE PREFERENCE SHARES OF RS 10/- EACH FULLY PAID UP	833.33	833.33
TOTAL	<u>3391.47</u>	<u>10484.98</u>
SCHEDULE 2		
RESERVES AND SURPLUS		
CAPITAL RESERVE (REFER NOTE 1) AS PER LAST BALANCE SHEET	-	-
ADDITION DURING THE YEAR	2664.93	-
	<u>2664.93</u>	-
CAPITAL REDEMPTION RESERVE AS PER LAST BALANCE SHEET	293.36	66.78
ADDITION DURING THE YEAR	-	226.59
	<u>293.36</u>	293.36
DEBENTURE REDEMPTION RESERVE	107.06	107.06
	<u>107.06</u>	107.06
CAPITAL RESERVE ON CONSOLIDATION	-	3.52
TOTAL	<u>3065.35</u>	<u>403.94</u>

WELSPUN SYNTEX LIMITED

AS AT
31.03.2008
Rs. in Lacs

AS AT
31.03.2007
Rs. in Lacs

SCHEDULE 3

SECURED LOANS [REFER NOTE NO.4]

LONG TERM LOANS

a) FINANCIAL INSTITUTIONS

i) RUPEE TERM LOANS	1332.59	3506.06
ii) FOREIGN CURRENCY LOANS	82.27	200.72

b) BANKS

i) RUPEE TERM LOANS	3517.20	622.57
ii) FOREIGN CURRENCY LOANS	951.83	1306.45

DEBENTURES

SHORT TERM LOAN FROM FINANCIAL INSTITUTION

VEHICLE LOANS

WORKING CAPITAL FINANCE

a) RUPEE TERM LOAN	1689.64	96.58
b) FOREIGN CURRENCY LOAN	1169.44	1541.14
INTEREST ACCRUED AND DUE ON LOANS	10.90	56.70

TOTAL 8991.33 8625.74

SCHEDULE 4

FIXED ASSETS (AT COST)

(RS. IN LACS)

NAME OF THE ASSETS	GROSS BLOCK				DEPRECIATION/IMPAIRMENT/AMORTISATION				IMPAIRMENT LOSS AS AT 31.03.2008	NET BLOCK	
	AS AT 01.04.2007	ADDITIONS	DEDUCTIONS	AS AT 31.03.2008	UPTO 01-04-2007	FOR THE YEAR	DEDUCTIONS	UPTO 31.03.2008		AS AT 31.03.2008	AS AT 31.03.2007
SYSTEM SOFTWARE (INTANGIBLE)	86.84	3.30	-	90.14	68.74	1.59	-	70.33	3.08	16.74	15.06
FREE HOLD LAND [REFER NOTE 1]	431.11	31.08	5.45	456.74	-	-	-	-	191.04	265.70	240.07
BUILDINGS	3052.07	84.40	19.60	3116.87	903.82	94.88	2.23	996.46	-	2120.41	2148.26
PLANT AND MACHINERY	24636.17	1396.19*	403.98	25628.38	11152.57	1022.27	173.13	12001.71	5432.10	8194.57	8031.40
VEHICLES	92.25	5.13	-	97.38	33.69	7.46	-	41.15	13.47	42.75	45.08
FURNITURE AND FIXTURES	97.46	3.09	-	100.55	62.81	5.13	-	67.94	12.85	19.76	21.83
EQUIPMENTS	60.15	14.88	0.10	74.93	23.44	4.10	0.04	27.50	17.90	29.53	18.85
COMPUTERS	208.18	6.74	-	214.93	146.04	13.20	-	159.24	38.16	17.53	24.00
TOTAL	28664.24	1544.81	429.13	29779.92	12391.12	1148.62	175.40	13364.34	5708.59	10706.99	10544.56
PREVIOUS YEAR	28352.93	695.69	384.38	28664.24	11746.81	993.76	349.46	12391.12	5728.57	10544.55	

NOTES:

- *1) Includes Rs. 60.79 Lacs (Rs.32.25 Lacs) towards increase (decrease) in Rupee liability on realignment of foreign currency loan
- 2) Depreciation for the year includes Rs. 159.89 Lacs (Rs. Nil) pertaining to earlier periods.
- 3) Reversal of Impairment Loss - Refer Note 5 (b)

SCHEDULE 5

CAPITAL WORK IN PROGRESS

CAPITAL EXPENDITURE ON PROJECTS	51.84	122.52
ADVANCES FOR CAPITAL EXPENDITURE	-	3.03
TOTAL	51.84	125.55



	AS AT 31.03.2008 Rs. in Lacs	AS AT 31.03.2007 Rs. in Lacs
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SCHEDULE 6

INVESTMENTS (AT COST)

LONG TERM - NON TRADE

QUOTED

i) 1350 EQUITY SHARES OF RS.10/- EACH FULLY PAID UP OF WELSPUN INDIA LIMITED	0.16	0.16
ii) 100 EQUITY SHARES OF RS.5/- EACH FULLY PAID UP OF WELSPUN GUJARAT STAHL ROHERN LIMITED MARKET VALUE OF QUOTED INVESTMENT RS. 0.99 LACS (RS.1.70 LACS)	0.09	0.09

UNQUOTED

OTHERS

i) 1,21,685 6% REDEEMABLE PREFERENCE SHARES OF RS.10/- EACH FULLY PAID UP OF CRESENT TRADING PRIVATE LIMITED	1216.85	1216.85
ii) 1,01,650 600% REDEEMABLE PREFERENCE SHARES OF RS.10/- EACH FULLY PAID UP OF CRESENT TRADING PRIVATE LIMITED	1016.50	1016.50
iii) 100 EQUITY SHARES OF RS.10/- EACH FULLY PAID UP OF WELSPUN POWER AND STEEL LIMITED	0.01	0.01
iv) 266135.026 UNITS OF LICMF LIQUID FUND - DIVIDEND PLAN (FACE VALUE OF RS 10/- EACH)	-	36.01

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	6,99,965	70.00		
TOTAL				2233.61	2269.62

SCHEDULE 7

INVENTORIES

(AS TAKEN VALUED AND CERTIFIED BY MANAGEMENT)

RAW MATERIAL	598.78	677.13
GOODS IN TRANSIT - RAW MATERIAL	13.39	36.94
GOODS IN PROCESS	291.61	154.12
FINISHED GOODS	1973.37	1237.43
STORES AND SPARES AND PACKING MATERIAL	670.25	638.62
TOTAL	3547.40	2744.24



WELSPUN SYNTEX LIMITED

	AS AT 31.03.2008 Rs. in Lacs	AS AT 31.03.2007 Rs. in Lacs
SCHEDULE 8		
SUNDRY DEBTORS		
UNSECURED, CONSIDERED GOOD		
OVER SIX MONTHS	76.86	25.30
OTHERS	2358.39	1735.71
TOTAL (A)	<u>2435.25</u>	<u>1761.01</u>
UNSECURED, CONSIDERED DOUBTFUL		
OVER SIX MONTHS	169.66	169.66
LESS : PROVISION FOR DOUBTFUL DEBTS	(169.66)	(169.66)
TOTAL (B)	<u>-</u>	<u>-</u>
TOTAL (A + B)	<u>2435.25</u>	<u>1761.01</u>
SCHEDULE 9		
CASH AND BANK BALANCES		
CASH IN HAND	16.84	14.23
WITH SCHEDULED BANKS		
IN CURRENT ACCOUNT	29.87	14.45
IN FOREIGN CURRENCY ACCOUNT	0.05	0.05
IN FIXED DEPOSIT*	387.38	297.12
IN MARGIN ACCOUNT	5.56	4.10
TOTAL	<u>439.70</u>	<u>327.95</u>
*AGAINST MARGIN MONEY FOR LETTERS' OF CREDIT AND BANK GUARANTEE		
SCHEDULE 10		
LOANS AND ADVANCES		
(UNSECURED CONSIDERED GOOD)		
ADVANCES (RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED)	641.80	368.52
BALANCE WITH GOVERNMENT AUTHORITIES DEPOSITS	670.32	609.10
TOTAL	<u>97.37</u>	<u>104.70</u>
TOTAL	<u>1409.49</u>	<u>1082.32</u>
SCHEDULE 11		
CURRENT LIABILITIES AND PROVISIONS		
(REFER NOTE 8 AND 11)		
1. CURRENT LIABILITIES		
ACCEPTANCES	2802.45	1736.01
SUNDRY CREDITORS	2531.11	1636.15
INTEREST ACCRUED BUT NOT DUE	6.68	76.41
	<u>5340.24</u>	<u>3448.57</u>
2. PROVISIONS		
- FOR TAXATION	95.43	128.29
- FOR RETIREMENT BENEFITS	232.28	188.94
	<u>327.71</u>	<u>317.23</u>
TOTAL	<u>5667.95</u>	<u>3765.80</u>



	YEAR ENDED 31.03.2008 Rs. in Lacs	YEAR ENDED 31.03.2007 Rs. in Lacs
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SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

SCHEDULE 12

SALES AND SERVICES

GROSS SALES	29379.47	27979.54
LEASE RENT RECEIVED	-	510.08
JOB WORK CHARGES	180.00	45.59
TOTAL	29559.47	28535.21

SCHEDULE 13

OTHER INCOME

MISCELLANEOUS INCOME	111.96	66.31
EXPORT BENEFIT	65.53	14.39
PROFIT ON SALE OF FIXED ASSETS	-	20.31
PROFIT ON FORWARD CONTRACTS / EXCHANGE DIFFERENCE	54.15	-
DIVIDEND ON UNITS FROM MUTUAL FUND	2.24	0.98
TOTAL	233.88	101.99

SCHEDULE 14

COST OF GOODS

(A) RAW MATERIAL

OPENING STOCK	677.13	1273.47
ADD : PURCHASES	17855.80	17047.56
LESS : CLOSING STOCK	598.78	677.13
TOTAL (A)	17934.15	17643.90

(B) PURCHASE OF FINISHED GOODS

TOTAL (B)	269.97	-
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(C) INCREASE / (DECREASE) IN STOCK

CLOSING STOCK :		
GOODS IN PROCESS	291.61	154.12
FINISHED GOODS	1973.37	1237.43
	2264.98	1391.55

LESS : OPENING STOCK:

GOODS IN PROCESS	154.12	56.32
FINISHED GOODS	1237.43	1394.66
	1391.55	1450.99

TOTAL (C)	873.44	(59.44)
TOTAL (A+B-C)	17330.68	17703.34

WELSPUN SYNTEX LIMITED

	YEAR ENDED 31.03.2008 Rs. in Lacs	YEAR ENDED 31.03.2006 Rs. in Lacs
SCHEDULE 15		
MANUFACTURING AND OTHER EXPENSES		
MANUFACTURING EXPENSES		
STORES AND SPARES CONSUMED	1,111.35	844.84
JOB WORK EXPENSES	9.64	532.47
POWER, FUEL AND WATER CHARGES	2,633.92	2,271.44
PACKING MATERIALS CONSUMED	1,187.83	866.42
DYES AND CHEMICALS CONSUMED	1,040.82	731.86
REPAIRS AND MAINTENANCE		
- PLANT AND MACHINERY	153.62	59.99
EXCISE DUTY PROVIDED ON STOCK	33.98	(40.89)
OTHER MANUFACTURING EXPENSES	94.53	93.98
	6,265.69	5,360.11
PERSONNEL EXPENSES		
SALARIES, WAGES AND ALLOWANCES	1,291.73	756.72
CONTRIBUTION TO PROVIDENT AND OTHER FUNDS	79.18	46.43
MANAGERIAL REMUNERATION	30.56	28.65
STAFF WELFARE EXPENSES	64.48	45.88
	1,465.95	877.68
ADMINISTRATION AND OTHER EXPENSES		
DISCOUNTS AND REBATES	113.63	42.76
BROKERAGE AND COMMISSION	360.07	317.46
FREIGHT AND FORWARDING	601.05	593.40
REPAIRS AND MAINTENANCE		
- FACTORY BUILDING	8.59	27.62
- OTHERS	42.28	14.51
RENT	32.28	16.99
RATES AND TAXES	15.43	14.82
PRINTING AND STATIONARY	14.39	7.35
TRAVELLING AND CONVEYANCE [For Directors Rs.9.33 Lacs (Rs.6.17 Lacs)]	93.15	49.86
VEHICLE EXPENSES	48.63	15.22
LEGAL AND PROFESSIONAL CHARGES	99.16	39.70
INSURANCE	53.57	61.35
COMMUNICATION EXPENSES	33.85	24.53
MISCELLANEOUS EXPENSES	120.47	79.27
DIRECTORS SITTING FEES	1.64	1.69
LOSS ON SALE OF FIXED ASSETS (NET)	47.72	-
LOSS ON SALE OF SUBSIDIARY	1.05	-
PROVISION FOR IMPAIRMENT OF FIXED ASSETS	-	5,731.56
LOSS ON FORWARD CONTRACT / EXCHANGE DIFFERENCE	-	86.24



	YEAR ENDED 31.03.2008 Rs. in Lacs	YEAR ENDED 31.03.2006 Rs. in Lacs
DONATIONS	1.35	16.45
ISSUE EXPENSES WRITTEN OFF	16.16	16.16
AUDITORS REMUNERATION		
- AUDIT FEES	7.00	7.00
- TAX AUDIT FEES	1.00	1.00
- OTHERS	0.08	0.27
	<u>1,712.55</u>	<u>7,165.21</u>
TOTAL	<u>9,444.19</u>	<u>13,403.00</u>

SCHEDULE 16

FINANCE EXPENSES

INTEREST EXPENSES :

WORKING CAPITAL LOANS	174.47	177.05
FIXED LOANS	505.82	445.95
DEBENTURES	25.58	28.17
OTHER	40.60	112.25
	<u>746.47</u>	<u>763.42</u>
DISCOUNTING AND BANK CHARGES	294.83	154.84
	<u>1041.30</u>	<u>918.25</u>
LESS:INTEREST RECEIVED	87.60	156.68
TOTAL	<u>953.70</u>	<u>761.58</u>



SCHEDULE – 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

- i. The Consolidated 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.
- ii. The Group generally follows mercantile system of accounting and recognizes Income and Expenditure on accrual basis except those with significant uncertainties.

b) Basis of Consolidation

- i. The Consolidated Financial Statements (CFS) of Welspun Syntex Limited (hereinafter referred to as “the Parent Company”, “the Company”, “WSL”) together with its subsidiaries (collectively referred to as “Group”) are prepared under the Historical Cost Convention on going concern basis in accordance with the Generally Accepted Accounting Principles in India and Accounting Standard-21 on “Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India (ICAI), to the extent possible in the same format as that adopted by the Parent Company for its separate financial statements by regrouping, recasting or rearranging figures wherever considered necessary.
- ii. The consolidation of the financial statements of the Parent Company and its subsidiaries is done on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. All significant inter-group transactions, unrealized inter-company profits and balances have been eliminated in the process of consolidation. Minority interest in subsidiaries represents the minority shareholders proportionate share of the net assets and net income.
- iii. CFS is prepared using uniform accounting policies for transactions and other events in similar circumstances.
- iv. The CFS includes the accounts of the Parent Company and the subsidiaries (as listed in the table below). Subsidiaries are consolidated from the date on which effective control is acquired and are excluded from the date of transfer / disposal.

Name of the Subsidiary	Country of Incorporation	Ownership
Direct Subsidiary		
Welspun Plastics Private Limited (Formerly Jaycee Plastics Industries Private Limited) #	India	51%
Indirect Subsidiary		
Nirmal Plastic Industries (Registered Partnership Firm)	India	95% share held through Direct Subsidiary Welspun Plastics Private Limited

#Ceased to be a subsidiary w.e.f. 30th March 2008

c) 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.

d) Fixed Assets

- i. Fixed assets are stated at original cost of acquisition / installation (net of cenvat) 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.

e) 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.

f) 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.

g) 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.

h) Revenue Recognition

- i Sale of goods is recognized on despatch to Customer and is inclusive of excise duty and net of Value Added Tax. Consignment sales are recognized on confirmation from consignee. Export sales are accounted on the basis of date of bill of lading.
- ii Export benefits are accounted on accrual basis.
- iii Discounts, rebates, claims and incentives are accounted as and when settled.
- iv Purchases of materials are stated net of discounts, Cenvat and rate difference.

i) 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.

j) 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.

k) 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 Colour and Chemicals, Packing materials	:	Moving weighted average basis
Goods in Process, Work in Progress and Finished Goods	:	Cost of Direct Material, Labour and other Manufacturing Overheads.
- iii Excise duty is added in the Closing Inventory of Finished Goods

l) 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.

m) Employee Benefits

During the year, the Company has adopted Accounting Standard 15 (Revised 2005) "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.

n) Foreign Currency Transaction

- i. Foreign currency transactions are recorded at the exchange rate prevailing on the date of such transactions. 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 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 forward exchange fluctuation 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 exchange rate on settlement / translation are recognized in the profit and loss account.

o) Issue Expenses

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



B. NOTES TO CONSOLIDATED ACCOUNTS

1. During the 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 w.e.f. 20th February 2008.

Pursuant to the above 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. 73,55,334 due for redemption as on 31st March 2008 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. 3,33,40,000 due for redemption as on 31st March 2008 is yet to be paid.

3. Exceptional Items

During the year, the Company has prepaid the entire outstanding financial assistances of Rs. 2581.87 lacs due to a financial institution under one time settlement scheme. Accordingly, the unpaid principle amount waived by the financial institution amounting to Rs. 387.28 lacs (Rs. Nil) which is no longer required to be paid is transferred to the Profit and Loss account.

4. Secured Loans (Schedule 3)

(a) DEBENTURES

- i. 9% Secured Non-Convertible Redeemable Debentures (NCD) of Rs. 127.20 lacs (Rs. 160.70 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. 105.85 lacs (Rs. 133.85 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 2008. 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 Financial Institutions and 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. 62.28 lacs (Rs. 78.68 lacs) from a financial institution is secured by way of a charge on all machinery purchased out of the equipment finance scheme.
- 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.



5. a) In accordance with the Accounting Standard-28 "Impairment of Asset", the Company had recognized impairment losses in the financial year 2006-07. Consequent to the recognition of impairment loss, the depreciation on impaired assets is provided at such rates that would fully depreciate, the block of assets over its revised balance useful life as certified by the Chartered Engineer on straight line method. However certain impaired assets are depreciated at rates lower than the rates prescribed under schedule XIV of the Companies Act 1956. This is not in compliance with AS-6 "Depreciation Accounting", the shortfall not ascertained.
- b) During the year, impairment loss aggregating Rs. 19.98 lacs (Rs. 2.98 lacs) has been reversed consequent to the relevant fixed assets being sold.
6. In accordance with the Accounting Standard 16 on "Borrowing Costs" issued by the Institute of Chartered Accountants of India, borrowing Cost of Rs. 16.69 lacs (Rs. 25.83 lacs) has been capitalized.
7. **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.1378.20 lacs (Rs.1294.72 lacs)
 - c) Unexpired Letter of Credit Rs. 2794.38 lacs (Rs. 1978 lacs).
 - d) Custom Duty on pending Export obligation for import under EPCG Scheme Rs. 35.70 lacs (Rs. 59.87 lacs) and Advance License Rs. 6.91 lacs (Rs. 8.73 lacs).
 - e) The accumulated dividend of Rs. 1127.47 lacs (Rs. 1041.44 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. 584.17 lacs (Rs. 1005.04 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.
8. Prior period expense of Rs. 159.89 lacs (Rs. 43.17 lacs prior period income) has been accounted in the current year under the following account heads.

(Rs. in lacs)

Particulars	31.03.08	31.03.07
Expense		
Depreciation	159.89	-
Income		
Discount and Rebates	-	24.13
Other Manufacturing Expenses	-	19.04

9. Current Liabilities include cheques overdrawn to the tune of Rs.103.52 lacs (Rs.141.56 lacs).
10. 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.
11. Capital commitment not provided for Rs. Nil (Rs. Nil) net of advances.
12. 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 capitalised in the year 2002-2003 for which the Company holds no title
13. **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.

14. Operating Leases

- a) 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 31.03.2008 as per the contracts are as under:

- Not later than one-year Rs. 49.60 lacs (Rs. 21.69 lacs)
- Later than one year but not later than five years. Rs. 59.34 lacs (Rs. 48.75 lacs)
- Later than five years Rs. Nil

The aggregate rental expenses of all the leases for the year are Rs.47.22 lacs (Rs. 16.99 lacs).

- b) The Company had allowed to use Factory Premises, Plant & Machinery and Equipments on conducting basis under cancelable operating agreement. The initial tenure of agreement is for eleven months.

Income received or receivable recognized in the Profit and Loss account for the year is Rs. Nil (Rs. 510.08 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. Subsidiaries

As given in Note b (iv) of Significant Accounting Policies.

- b. 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 India Limited

Welspun Trading limited

Welspun Retail Limited

Welspun Mercantile Limited

Welspun Power and Steel Limited

Directors /Key Management Personnel

Name of the Related Party	Nature of Relationship
G. R. Goenka	Chairman
B. K. Goenka	Vice chairman
R. R. Mandawewala	Managing Director
M. L. Mittal	Director
V.L. Bhutra	Director- Operations (Resigned w.e.f 2 nd May 2007)
B.A. Kale	Whole time Director and CEO (Appointed w.e.f 2 nd May 2007)



WELSPUN SYNTEX LIMITED

c. Transactions with Related Parties

(Rs. in lacs)

Nature of Transaction	2007-08	2006-07
Sales (net) to and recoveries from	130.87	6.48
Welspun India Limited	130.87	6.05
Welspun Gujarat Stahl Rohren Limited	-	0.30
Welspun Power and Steel	-	0.13
Sales of Fixed Assets	166.52	-
Welspun India Limited	166.52	-
Purchase of Goods and Services	29.64	15.88
Welspun India Limited	11.26	14.98
Welspun Retail Limited	3.26	-
Welspun Gujarat Stahl Rohren Limited	15.12	0.90
Purchase of Fixed Assets	-	65.94
Welspun India Limited	-	65.94
Loans/Advance/Deposits received/(repaid)	-	-
Welspun Trading Limited	-	25.00
Welspun India Limited		(25.00)
Remuneration to Directors	30.56	28.65
Managing Director	15.00	15.00
Whole Time Director	15.56	13.65
Closing Balances as at 31st March 2008		
Sundry Debtors	37.41	(1.79)
Welspun Trading Limited	10.20	-
Welspun Mercantile Limited	10.20	-
Welspun India Limited	17.01	(1.79)
Sundry Creditors	16.30	-
Welspun Gujarat Stahl Rohren Limited	15.12	-
Welspun Retail Limited	1.18	-
Investments outstanding	0.25	0.25
Other Related Parties		
Welspun Power and Steel Limited	0.16	0.16
Welspun Gujarat Stahl Rohren Limited	0.09	0.09

16. Foreign Exchange Differences

- Rs. 60.79 lacs being net loss (Rs. 32.25 lacs being net profit) and Rs. 142.84 lacs being net profit (Rs. 35.80 lacs being net loss) on account of exchange difference have been adjusted to the cost of fixed assets/capital work in progress and respective heads of account in profit and loss account, respectively.
- 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 2008 are as follows:

Forward and Option Contracts

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

(Amount in lacs)

Derivative Contracts	2008		2007	
	Foreign Currency	Equivalent Indian Rupee	Foreign Currency	Equivalent Indian Rupee
USD/ INR	30.00	1203.75	38.26	1,702.26

- 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. 3146.50 lacs (Rs. 4191.95 lacs)

17. Earnings Per Share

(Rs. in lacs)

Particulars	Year Ended 31 st March, 2008	Year Ended 31 st March, 2007
Profit / (Loss) computation for Basic Earnings per Share of Rs. 10 each		
Profit / (Loss) After Tax	(290.35)	(6,003.84)
Less: Dividend on Cumulative Preference Shares	(100.65)	(89.00)
Loss available for Appropriation to Equity Share Holders	(391.00)	(6,092.84)
Weighted Average number of equity shares for Earning per Share (EPS) computation (Nos.) [#]	23,645,027	94,580,109
Basic and Diluted Earnings Per Share (Rs.) [#]	(1.65)	(6.44)

[#] During the year, the number of paid up Equity Shares is reduced from 94,580,109 to 23,645,027 due to reduction of Equity Share Capital (Refer Note 1 above). Accordingly EPS for the year is calculated based on reduced capital, hence EPS for the year is not comparable with that of the previous year.

18. 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.

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

SIGNATURE TO SCHEDULE "1 TO 17"

As per our attached report of even date
FOR **MGB & CO.**
Chartered Accountants

SANJAY KOTHARI
Partner
Membership No. : 48215
Place : MUMBAI
Date : 30th June, 2008

KAUSHIK N. KAPASI
Company Secretary

FOR AND ON BEHALF OF THE BOARD

B.K. GOENKA Vice Chairman

R.R.MANDAWEWALA Managing Director

B. A. KALE Wholetime Director and CEO

WELSPUN SYNTEX LIMITED

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2008

PARTICULARS	For the year ended	
	31.03.2008 Rs. in Lacs	31.03.2007 Rs. in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS	(665.31)	(5,997.10)
ADJUSTMENTS FOR		
DEPRECIATION / AMORTISATION	1,148.62	993.76
PROVISION FOR IMPAIRMENT OF FIXED ASSETS	-	5,731.56
(PROFIT) / LOSS ON SALE OF FIXED ASSETS	47.72	(20.35)
(PROFIT) / LOSS ON SALE OF SUBSIDIARY	1.04	0.00
INTEREST INCOME	(87.60)	(156.68)
INTEREST EXPENSE	746.47	763.41
DIVIDEND INCOME	(2.25)	(0.98)
ISSUE EXPENSES WRITTEN OFF	16.16	16.17
UNREALISED EXCHANGE DEFERENCE	(40.19)	(17.86)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,164.66	1,311.93
INVENTORIES	(803.17)	478.33
TRADE AND OTHER RECEIVABLES	(1,103.59)	(3.50)
TRADE AND OTHER PAYABLES	1,988.98	(277.98)
CASH GENERATED FROM OPERATIONS	1,246.87	1,508.78
TAXES (PAID) / REFUNDED	69.04	(72.24)
NET CASH GENERATED FROM OPERATING ACTIVITIES	1,315.91	1,436.54
B. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS (INCLUDING CAPITAL WORK IN PROGRESS)	(1,383.18)	(914.05)
SALE OF FIXED ASSETS	174.53	52.29
PURCHASE OF INVESTMENT IN SUBSIDIARY	-	(20.40)
SALE OF INVESTMENT IN SUBSIDIARY	20.40	0.00
PURCHASE OF SHORT TERM INVESTMENTS	(70.00)	(815.00)
SALE OF SHORT TERM INVESTMENTS	76.72	785.00
INTEREST RECEIVED	84.85	155.56
DIVIDEND RECEIVED	2.25	0.98
NET CASH USED IN INVESTING ACTIVITIES	(1,094.43)	(755.62)
C. CASH FLOW FROM FINANCING ACTIVITIES		
REDEMPTION OF PREFERENCE SHARE CAPITAL	-	(226.58)
REDEMPTION OF DEBENTURES	(61.50)	(36.90)
PROCEEDS FROM LONG TERM BORROWINGS	3,186.23	622.57
REPAYMENT OF LONG TERM BORROWINGS	(2,981.73)	(1,097.36)
PROCEEDS FROM SHORT TERM BORROWINGS	-	1,000.00
REPAYMENT OF SHORT TERM BORROWINGS	(1,000.00)	(1,000.00)
INCREASE / (DECREASE) IN WORKING CAPITAL	1,221.35	(112.09)
PROCEEDS FROM INTER CORPORATE DEPOSITS	1,439.00	-
REPAYMENT OF INTER CORPORATE DEPOSITS	(1,439.00)	-
INTEREST PAID	(862.00)	(707.21)
EXCEPTIONAL ITEMS (REFER NOTE 3 OF NOTES TO CONSOLIDATED ACCOUNTS)	387.28	0.00
NET CASH USED IN FINANCING ACTIVITIES	(110.37)	(1,557.57)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	111.11	(876.65)
CASH AND CASH EQUIVALENTS - OPENING BALANCE	329.94	1,204.82
CASH AND CASH EQUIVALENTS ON DISPOSAL OF SUBSIDIARY	(1.34)	0.00
CASH AND CASH EQUIVALENTS ON ACQUISITION OF SUBSIDIARY	-	1.77
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	439.71	329.94

Notes:

1. Previous year figures are regrouped / reconsidered wherever necessary.
2. Cash and Cash Equivalents include the following

	31.03.2008 Rs. In lacs	31.03.2007 Rs. in Lacs
Cash on hand	16.84	14.23
Bank balance with Scheduled Banks :		
a) In Current Account		
i. Indian Rupee Accounts	29.87	12.45
ii. Foreign Currency Account	0.05	0.05
b) In Fixed Deposits		
Indian Rupee Account	387.38	297.12
c) In Margin Account	5.57	4.10
	439.71	329.94

As per our attached report of even date
FOR **MGB & CO.**
Chartered Accountants

SANJAY KOTHARI
Partner
Membership No. : 48215
Place : MUMBAI
Date : 30th June, 2008

KAUSHIK N. KAPASI
Company Secretary

FOR AND ON BEHALF OF THE BOARD

B.K. GOENKA Vice Chairman

R.R.MANDAWEWALA Managing Director

B. A. KALE Wholetime Director and CEO



WELSPUN SYNTEX LIMITED

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



DP. id*	
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PROXY FORM

Master Folio	
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Client Id*	
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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 FIFTH 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 Tuesday, 30th September, 2008 and any adjournment(s) thereof.

Signed this _____ day of _____ 2008.

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*	
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ATTENDANCE SLIP

Master Folio	
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Client Id*	
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No. of Shares	
---------------	--

I hereby record my presence at the TWENTY FIFTH ANNUAL GENERAL MEETING of the Company at Survey No.394 (P), Village Saily, Silvassa, Union Territory of Dadra & Nagar Haveli to be held on Tuesday, 30th September, 2008, 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.



WELSPUN SYNTEX LIMITED

BOOK-POST

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

