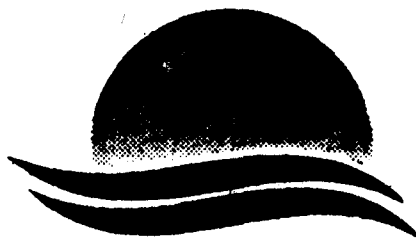


GOLDEN CARPETS LIMITED



**EIGHTH ANNUAL REPORT
2001-2002**

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**GOLDEN CARPETS LIMITED****Board of Directors****MANAGING DIRECTOR**

Mr. Srikrishna Naik

DIRECTORS

Mr. S. B. Kerur

Mrs. Meena Kerur

Registered Office

1004, 10th Floor
Babukhan Estate
Basheer Bagh
Hyderabad – 500 001.
Ph: 3235727, 3230364

Works

Jeedipally Village
Toopran Mandal
Medak District
Andhra Pradesh

Bankers

State Bank of Hyderabad
Industrial Finance Branch
Somajiguda, Hyderabad

Financial Institution

Industrial Development Bank of India,
Hyderabad.

**Depository Registrar & Share
Transfer Agents**

M/s. Ikon Visions Private Limited
Flat No. 33, Sanali Heavens
8-3-948, Ameerpet
Hyderabad – 500 073.
Ph: 6615699

Auditors

KN Murthy & Co.,
Chartered Accountants

Listing

Hyderabad Stock Exchange
Mumbai Stock Exchange



NOTICE

Notice is hereby given that the Eighth Annual General Meeting of Golden Carpets Limited will be held on Monday, 30th September, 2002 at 10.00 A.M. at Hotel Viceroy, Hyderabad to transact the following :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2002, Profit and Loss Account for the year ended as on that date, the Directors' and Auditor's Report thereon.
2. To appoint a Director in place of Mr. S. B. Kerur, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint M/s. KN Murthy & Co., Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company ("the AOA") be and is hereby amended, altered and /or substituted in the manner and to the extent as set out herein below:

- i In Article 2 of the Articles of Association (d) the term 'members' is substituted with the following new definition:
 - d. "Member" means the duly registered holder from time to time of the shares of the Company and includes subscribers of the Memorandum of the Company and Beneficial Owner in the records of the Depository.
- ii. Article 2 of the Articles of Association shall be altered to include the following definitions after the existing definition (k):
 - l. "Depositories Act, 1996" shall include any statutory modification or re-enactment thereof.
 - m. "Beneficial Owner" shall mean beneficial owner as defined in Clause (a) of subsection (1) of Section 2 of the Depositories Act, 1996.
 - n. "Depository" shall mean a Depository as defined in Clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.
 - o. "Registered Owner" means a Depository whose name is entered as such in the records of the Company.



p. “Securities and Exchange Board of India” or “SEBI” means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

q. “Security” means such security as may be specified by Securities and Exchange Board of India from time to time.

iii The following heading and Article shall be inserted as Article 22 (a) of the AOA, after the existing Article 22:

22 (a) Dematerialisation of Shares:

- (1) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its Securities, rematerialise its securities held in the Depositories and / or offer its Securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996.
- (2) Notwithstanding anything contained in the sub-sec (1) of Section 113 of the Companies Act, 1956 where the Securities are dealt with in a Depository, the Company shall intimate the details thereof to the Depository immediately on the allotment of such securities as far as practicable.
- (3) All securities held by a depository shall be dematerialised and be in fungible form.
- (4) Notwithstanding anything contained in the Section 153, 153A, 153B, 187B, 187C, and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners.
- (5) Notwithstanding anything contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held by a Depository. No certificate shall be issued for the securities held by Depository.
- (6) Notwithstanding anything contained in these Articles, in the case of transfer or transmission of the securities where the Company has not issued any certificates and where such securities are being held in electronic and fungible form by a Depository, the provisions of the Depositories Act, 1996 shall apply. The Company shall not be required to maintain “Register of Transfers” for entering particulars of transfer and transmission of securities in dematerialised form.
- (7) Notwithstanding anything contained in the Act or in these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Securities on behalf a Beneficial Owner. Save as otherwise provided herein above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it, and the Beneficial Owner shall be entitled to all the rights and benefits and be subject to all liabilities in respect of its Securities held by a Depository.



- (8) Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears as the Beneficial Owner of the Securities in the records of the Depository as the absolute owner thereof and accordingly the Company shall not be bound to recognise any benami, trust or equitable, contingent, future, or partial interest in any Security or (Except only as is by these Articles otherwise expressly provided) any right in respect of a Security other than absolute right thereto, in accordance with these Articles on the part of any other person whether or not it shall have express or implied notice thereof.
 - (9) Notwithstanding anything contained in the Act or in these Articles, where Securities are held by a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs or any other such means.
 - (10) Nothing Contained in Section 108 of the Act or these Articles shall apply to a transfer of Securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of the Depository.
 - (11) Notwithstanding anything contained in the Act or in these Articles, the Company can hold investments in the name of a Depository when such investments are in the form of Securities held by the Company as Beneficial Owner.
 - (12) The Company shall caused to be kept a Register and Index of Members in accordance with Section 150, 151 of the Act and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register and Index of members for the purpose of the Act. The Company shall have the power to keep in any state or Country Outside India a Branch Register of Members resident in that state or Country".
- iv. The following new heading and Article shall be inserted as 23 (b).
- 23 (b) Buyback of Shares**
- The Company is permitted to purchase its own or other specified securities in accordance with the provisions of Section 77A, 77AA and 77B of the Act and such other regulations or guidelines framed by Central Government or Securities and Exchange Board of India, in this regard.
- v. The following new heading and Article shall be inserted as 23 (c).
- 23 (c) Issue of Sweat Equity Shares**
- Subject to the provision of these Articles and in accordance with the provisions of Section 79A of the Companies Act, 1956, and of various other laws governing the issue, the Board may issue and allot Sweat Equity shares.
- vi. In **Article 56** of the Articles of Association, the following Clause 56A shall be added after Article 56.

**56A. Nomination of Shares**

Notwithstanding anything contained in the Articles of Association of the Company, every holder of shares in, or holder of debenture of, the Company, may at any time, subject to the provision of the Section 109A of the Companies Act, 1956, nominate in the manner prescribed by the Board of Directors, a person to whom his shares in or debentures of the Company shall vest in the event of his death.

Any person who became a nominee by virtue of the provision of Section 109A may upon the production of such evidence and no such application as may be required by the Board and subject to the provision of Section 109B of the Companies Act, 1956, elect, either -

- (a) to be registered himself as holder of the share or debenture, as the case may be or
- (b) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made."

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

"RESOLVED THAT pursuant to the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956, and in accordance with the existing guidelines of Securities and Exchange Board of India (SEBI), the provisions of the Listing Agreements entered into by the Company with the Stock Exchanges, (including any statutory modification(s) or re-enactment thereof for the time being in force) where the shares are listed and subject to the consent of all concerned authorities, if and to the extent necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such other approvals, permissions required under the Law and subject to such conditions and modifications the Board of Directors of the Company (hereinafter referred "The Board", which term shall include any committee which the Board of Directors of the Company may constitute or may hereinafter constitute) be and are hereby authorised on behalf of the company to re-issue 6,10,000 equity shares of Rs. 10 each at par aggregating to Rs. 61,00,000 out of the earlier forfeited shares, on Preferential Basis for moneys received from Mr. Srikrishna Naik one of the Promoter Directors of the Company and lying in Share Application Deposit aggregating to Rs. 45,00,000 and Current Liabilities aggregating to Rs. 16,00,000.

RESOLVED FURTHER THAT the above shares when issued shall rank pari-passu with the existing equity shares of the Company in all respects except that they shall be entitled to prorata dividend from the date of allotment.

FURTHER RESOLVED THAT for the purposes of giving effect to the above resolution the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable including seeking of listing of such securities in the Stock Exchanges".



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

" Resolved that pursuant to Section 257 of the Companies Act, 1956,. Mr. K. Suresh be and is here by appointed as a Director liable to retire by rotation in respect of whom the Company has received notice in writing along with deposit of Rs. 500/- from a member proposing his candidature for the office of a Director"

for and on behalf of the Board of Directors
For **Golden Carpets Limited**

Place: Hyderabad
Date :15/07/2002

(**SRIKRISHNA NAIK**)
Chairman and Managing Director

NOTES:

1. Explanatory Statement setting out all material facts concerning the aforesaid business contained in items 4, 5 & 6 of the Notice, as required under Section 173 (2) of the Companies Act, 1956 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER.
3. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.
4. The Register of Members and Transfer Books of the Company will remain closed from Thursday, 26th September, 2002 to Monday, the 30th September, 2002 (Both days inclusive).
5. Shareholders who have multiple accounts are requested to intimate to the Company the ledger folios of such accounts, to enable the Company to consolidate all shareholdings into one account.

EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of the Companies Act, 1956)

Item # 4

The provisions of the Articles of Association of the Company are amended to conform to the Depositories Act, 1996 and provisions in the Companies (Amendment) Act, 1999.

- | | |
|--------------|--|
| i, ii & iii) | To facilitate the investors to have their shares in electronic form the Company has entered into an agreement with the National Securities Depository Limited and Central Depository Services (India) Limited. In this regard the Articles of Association of the Company has to be altered suitably. |
| iv) | The Companies (Amendment) Act, 1999 made a provision through Section 77A, 77AA, 77B enabling a Company to purchase its own shares or other specified securities. |



- v) The Companies (Amendment) Act, 1999 has inter alia, made a provision through Section 79A for issue of Sweat Equity Shares to employees or directors of the Company at a discount or for consideration other than cash, in recognition of their contribution for providing know-how or making available intellectual property rights or value additions for the benefit of the Company.
- vi) The Companies (Amendment) Act, 1999 made a provision for every holder of shares or debentures of a Company to nominate a person to whom his shares or debentures of the Company shall vest in the event of his death.

The proposed alterations to Articles of Association require approval of members by way of a special resolution.

None of the Directors of the company is in any way concerned or interested in the said resolution. Your directors recommend the said resolution for your approval.

Item # 5

In order to augment additional resources required for the working of the Company, Mr. Srikrishna Naik one of the Core Promoter Directors of the Company has brought in funds at different intervals into the Company. It is now proposed to re-issue 6,10,000 Equity Shares at Rs. 10/- each to the tune of Rs. 61,00,000 (out of the earlier 37,69,500 (net after annulments) forfeited shares) through transfers from money's lying in the Company's Account in Share Application Deposit to the tune of Rs. 45,00,000 and Current Liabilities to the tune of Rs. 16,00,000 which are brought in by Mr. Srikrishna Naik.

Under Section 81 (1A) of the Companies, Act, 1956 read with SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 members approval is sought by way of a Special Resolution.

Consequent to the allotment of Shares to Mr. Srikrishna Naik, his shareholding in the Company will increase from 18,43,540 Equity Shares which is 30.82% as on 30th June, 2002 to 24,53,540 Equity Shares which is 37.22% of the post - issue Paid-Up Share Capital of the Company.

After the proposed allotment of shares there will be no change in the Composition of the Board of Directors nor will there be a change in the control over the Company.

The Proposed Allotment of Equity Shares on preferential basis will be completed within 90 days from the passing of the resolution.

**SHAREHOLDING PATTERN OF THE COMPANY AS ON 30TH JUNE, 2002**

Category	Number of shares held	Percentage of shareholding (%)	Number of shares held	Percentage of shareholding (%)
	Pre-Issue As on 30th June, 2002		Post-Issue After Preferential Allotment	
1. Indian Promoters	22,23,340	37.17	28,33,340	42.99
2. Foreign Promoters	27,06,160	45.25	27,06,160	41.06
3. Private Corporate Bodies	1,00,000	1.67	1,00,000	1.52
4. Indian Public	6,08,600	10.18	6,08,600	9.23
5. NRIs/ OCBs	3,42,800	5.73	3,42,800	5.20
Grand Total	59,80,900	100.00	65,90,900	100.00

Your directors recommend the said resolution for your approval.

None of the Directors of the company is in any way concerned or interested in the said resolution except Mr. Srikrishna Naik to the extent of the number of Equity Shares to be allotted to him.

Item #6

Mr.K.Suresh aged 30 years is a M.com and MBA with 8 years experience in the field of administration. He is presently working as a Manager with M/S Flytech Aviation Limited. The company will benefit from the association with Mr. K. Suresh. The Board recommends his appointment as Director.

Except Mr. K. Suresh none of the directors is interested in this resolution.

for and on behalf of the Board of Directors
For **Golden Carpets Limited**

Place: Hyderabad
Date : 15/07/2002

(SRIKRISHNA NAIK)
Chairman and Managing Director