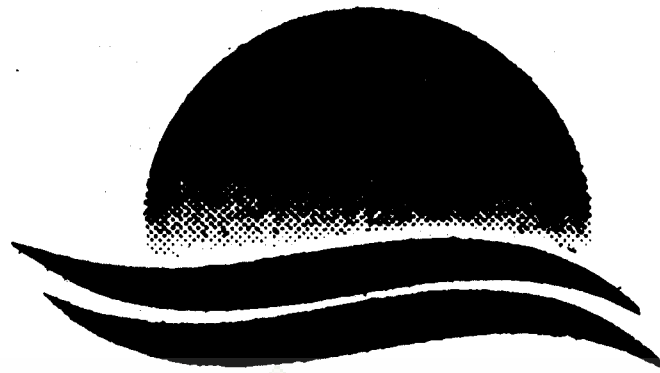


GOLDEN CARPETS LIMITED



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**NINTH ANNUAL REPORT
2002-2003**

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Golden Carpets Limited

GOLDEN CARPETS LIMITED

BOARD OF DIRECTORS

MANAGING DIRECTOR

Mr. Srikrishna Nai

DIRECTORS

Mr. S. B. Kerur

Mrs. Meena Kerur

Mr. K. Suresh

Mr. Daniel Sudhakar

REGISTERED OFFICE

1004, 10th Floor
Babukhan Estate
Basheer Bagh
Hyderabad – 500 001.
Ph: 23235727, 23230364

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.

DEPOSITORY REGISTRAR & SHARE TRANSFER AGENTS

M/s. Ikon Visions Private Limited
Flat No. 33, Sanali Heavens
8-3-948, Ameerpet
Hyderabad – 500 073.
Ph: 55615699

AUDITORS

KN Murthy & Co.,
Chartered Accountants

*Golden Carpets Limited***NOTICE**

Notice is hereby given that the Ninth Annual General Meeting of Golden Carpets Limited will be held on Saturday, the 20th September, 2003 at 9.30 A.M. at Hotel Viceroy, Hyderabad to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2003, & 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 Mrs. Meena Kerur, who retires by rotation and being eligible offers herself for reappointment.
3. To appoint M/s. K. N. 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(s) the following resolution as a Special Resolution:

"RESOLVED THAT subject to the provisions of the applicable laws, guidelines, rules and regulations including the Companies Act, 1956, the Securities Contracts(Regulation) Act, 1956, Listing Agreement with the Stock Exchange, SEBI (Delisting of Securities) Guidelines 2003 and the rules framed thereunder in this regard and subject to such other approvals, permissions and sanctions as may be required from the stock exchange with which the equity shares of the Company are listed, the consent of the Members be and is hereby accorded to delist equity shares of the company from the Hyderabad Stock Exchange.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to make such applications, and do all such things and acts for delisting the Company's shares from The Hyderabad Stock Exchange"

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

Place: Hyderabad
Date : 30-05-2003

Srikrishna Naik
Managing Director

Golden Carpets Limited**NOTES:**

1. 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.
2. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Transfer Books of the Company will remain closed from Monday, 15th September 2003 to Saturday, the 20th September 2003 (both days inclusive).
4. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item# 4 is annexed hereto and forms part of this notice.

Explanatory Statement (Pursuant to Section 173(2) of the Companies Act, 1956)**Item# 4**

Your Company's shares are at present listed at the Hyderabad Stock Exchange & the Mumbai Stock Exchange. After introduction of screen based trading by the Mumbai Stock Exchange, the volumes at regional stock exchanges have come down drastically,

As per the Guidelines issued by the Securities and Exchange Board of India for voluntary delisting of shares from all Stock Exchanges other than the Mumbai Stock Exchange and National Stock Exchange, the same can be done with the prior approval of members by way of a special resolution

The Board of Directors recommend the resolution for the members' approval, as they find no justification in continuation of listing in the Hyderabad Stock Exchange as there has been no trading on the said exchange of the companies shares. Further it is informed that the delisting of shares from this Stock Exchange will help in reduction of costs in terms of listing fees and reduced compliances.

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.

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

Place: Hyderabad
Date : 30-05-2003

Srikrishna Naik
Managing Director



Golden Carpets Limited

DIRECTORS' REPORT

Dear Shareholders,

Yours Directors take pleasure in bringing you this report and financial statements for the financial year 2002-2003.

FINANCIAL RESULTS:

(Rs.in lakhs)

Sl. No.		Year ended 31.03.2003	Year ended 31.03.2002
1.	Sales	188.12	187.65
2.	Other Income	0.11	1.30
3.	Total Income	188.23	188.95
4.	Operating Expenses including decrease instocks	159.39	179.83
5.	Profit before Interest and Depreciation	28.84	9.12
6.	Interest	232.37	181.40
7.	Depreciation	73.19	69.94
8.	Miscellaneous Expenditure written off	32.37	32.37
9.	Prior Period Income	0	6.91
10.	Profit/(Loss) for the year	(309.10)	(291.32)

OPERATIONS

During the year under review, your Company achieved a turnover of Rs.188.12 lakhs as compared to Rs. 187.65 lakhs during the previous year. Your Company has registered a loss of Rs.309.10 lakhs as compared to Rs.291.32 lakhs during the previous year.

Your Company has finally got its unit be-bonded and now is able to freely market its products in the domestic market. The demand for carpets in the domestic markets is increasing by the day with a large number of multinationals setting up their offices in India and a number of organizations especially hotels in the process of renovation to give a new look to their hotels. Considering the tremendous potential and also the high margins available in the domestic market viz a viz the international market, your Company is now poised not only to improve its turnover but also earn higher profits.

FUTURE OUTLOOK

The carpets manufacturing unit of your Company is one of its kind in India and it has the advantage of producing any design as per the customers' preference and in large quantities because of its capacities. The demand for the carpets by the hotel and the entertainment

*Golden Carpets Limited*

industry is on the increase as also by the corporate and individuals as the tastes and styles are changing by the day. It is proposed to appoint dealers all over the country as well as have direct marketing outlets where the company's products will be displayed. The future looks bright and your Company is hopeful of the Company turning around in the near future.

INDUSTRIAL RELATIONS

The Industrial and personnel relations have been cordial during the year.

DIVIDEND

No dividend is recommended by the Board of Directors of the Company for the financial year 2002-2003.

DELISTING OF SHARES

The Company proposes to delist its equity shares from the Hyderabad Stock Exchange(HSE) Ltd., during the current year. Necessary resolution has been proposed for the approval of the members, However, Company's shares will continue to be listed on Mumbai Stock Exchange.

FIXED DEPOSITS

The Company has not accepted any deposits from the public during the year. So the provisions of Section 58A are not applicable to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT**Directors' Responsibility Statement**

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, with respect to Directors, it is hereby confirmed:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Loss of the Company for that year;
- (iii) that the directors has 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 had prepared the annual accounts on a going concern basis.

DIRECTORS

Mrs. Meena Kerur, Director, is liable to retire by rotation and being eligible, offers herself for re-appointment at the ensuing Annual General Meeting. Hence the Board of Directors recommends her re-appointment.

AUDITORS

M/s. K.N. Murthy & Co., Chartered Accountants, Statutory Auditors of the Company, holds office until the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The letter has been received by the Company to the effect that their appointments, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217(2A) of the Companies Act, 1956, the names and other particulars of the employees are not required to set out in the Directors' Report, as the Company has no employees whose salary exceeds the limits prescribed under section as stated above.

INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A. CONSERVATION OF ENERGY:

Adequate actions have been adopted by the Company for conservation of energy.

B. TECHNOLOGY ABSORPTION:

Research and Development (R & D)

Specific areas in which R & D carried out by the Company:

For having the modern designs and improving the quality of its product at reasonable market price, the Company is carrying out research constantly.

*Golden Carpets Limited***Benefits derived as a result of the R & D:**

The highest standards in quality and design of the carpets are expected to be achieved by the Company during the financial year.

Future plan of Action:

The quality and various designs of carpets are to be improved by the Company through Research and Development.

Expenditure on R & D : Nil

Technology, Absorption, Adaptation and Innovation : NA

C. Foreign Exchange Earnings and Outgo:

(Rs. in lacs)

Sl. #		2002-03	2001-02
1.	Total Foreign Exchange Earned	-	-
2.	Total Foreign Exchange Used	2.59	0.83

CORPORATE GOVERNANCE

The report on Corporate Governance and the management discussion and analysis are enclosed

ACKNOWLEDGMENTS

Your directors would like to express their grateful appreciation for the assistance and co-operation made by the IDBI, State Bank of Hyderabad, its customers, employees, shareholders, and all other business associates.

for and on behalf of the Board of Directors

Sd/-

Srikrishna Naik

Chairman and Managing Director

Place: Hyderabad

Date: 30-05-2003



REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance envisages the attainment of the highest level of transparency, accountability and equity, in all facets of its activities, operations and interaction with the stakeholders like shareholders, employees, the customers and lenders.

The Company is committed to achieve the highest standards of the corporate governance and believes that all its operations and actions must serve the underlying goal of enhancing overall stakeholder value over a sustained period of time.

2. Board of Directors

Composition:

The Composition of the Board of Directors of the Company is as under :

Name of the Director	Category	Number of Directorships in other Companies	Number of Board Committee Memberships held in other Companies
Mr. Srikrishna Naik	Managing Director & Non-Independent Director	Nil	Nil
Mr. S. B. Kerur	Non-Executive & Non-Independent Director	Nil	Nil
Mrs. Meena Kerur	Chairman, Non-Executive & Non-Independent Director	Nil	Nil
Mr. K. Suresh	Non-Executive & Independent Director	Nil	Nil
Mr. N. Daniel Sudhakar	Non-Executive & Independent Director	Nil	Nil