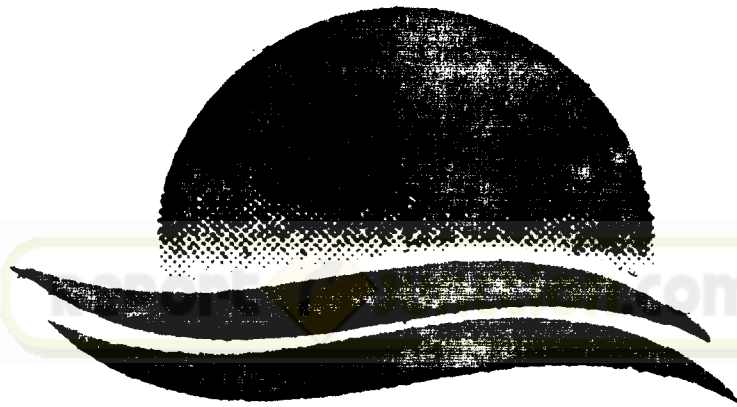


# **GOLDEN CARPETS LIMITED**



**ELEVENTH ANNUAL REPORT  
2004-2005**

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## Golden Carpets Limited

### NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of Golden Carpets Limited will be held on Thursday, the 8th day of September, 2005 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, 2005, & 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. Mahesh Nandiraju & Associates, 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 pursuant to Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the regulations/rules/guidelines issued by the Securities and Exchange Board of India (SEBI), Listing Agreement entered into with the Stock Exchanges and consents and approvals of all other concerned authorities, if any, and subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company (hereinafter referred to as "Board" which term shall be deemed to include any committee thereof for the time being, to which all or any powers hereby conferred on the Board by this resolution, have been delegated) consent of the Company be and is hereby accorded to the Board with power to delegate all or any of the powers conferred to any committee thereof to offer, issue allot and deliver in one or more tranches on a preferential basis 7,16,737 (Seven Lakh Sixteen Thousand Seven Hundred and Thirty Seven only) Equity Shares of Rs. 10/- each at a price of Rs.54/- per share (including premium of Rs.44/- per share) a price, which is computed in accordance with the SEBI (Disclosure and Investor protection) Guidelines 2000 to the following persons :

S.No.	Name of the Investor	Shares to be allotted
1	Stressed Assets Stabilisation Fund (IDBI)	185185
2	Dr. Sanjay P.	324074
3	Mr. Srikrishna Naik	207478

*Golden Carpets Limited*

RESOLVED FURTHER THAT the equity shares so issued shall rank pari-passu with the existing equity shares of the Company.

RESOLVED FURTHER THAT the Relevant date for the purpose of determining the issue price under SEBI Guidelines for Preferential Issue shall be 8th August 2005.

RESOLVED FURTHER THAT the Board be and are hereby authorized to do all such acts, deeds and things as may be necessary to give effect to this resolution and accept any alteration(s) or amendment(s) or corrections as they may deem fit and appropriate and give such directions/instructions as may be necessary to settle any questions, difficulties or doubts that may arise in regard to the offer, issue or allotment of the said securities and also to seek listing of such securities at the Stock Exchanges where the existing securities are listed."

5. 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 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 : 08-08-2005

**S. 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 6th September, 2005 to 8th September, 2005 (Both days inclusive).
4. As the Company's securities continue to be listed on the Stock Exchange, Mumbai, the Company has no intention to give an exit option to the shareholders of the region of the Stock Exchange, from which the securities are to be delisted.
5. Additional information of  
Director retiring by rotation and eligible for re-appointment:-  
Name of the Director : S.B. Kerur  
Age : 57 years  
Date of Appointment : 26-06-1995  
Qualifications : He is M.A. & PG Dip. In Business Management
6. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item # 4 and 5 is annexed hereto and forms part of the notice.

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

#### Item # 4

Your Company has entered into one time settlement with Industrial Bank of India for repayment of all its due to them. As per the scheme the Company is required to pay Rs. 450 lacs in cash and issue equity shares to the extent of to 100 Lakhs to SASF/IDBI. In order to fulfill its commitment to SASF/IDBI, the Company has arranged a strategic investor who has already brought in part of the money for the settlement. Further the promoter has from time to time brought in money into the Company in order to meet its requirements. Your Company now proposes to issue and allot equity shares to SASF, Dr. Sanjay P. and Shri S. Naik by way of preferential issue of 7,16,737 (Seven Lakh Sixteen Thousand Seven Hundred and Thirty Seven only) Equity Shares of Rs. 10/- each at a price of Rs.54/- per share including premium to the persons specified, as per norms of preferential allotment.

The information as required under Clause 13.1A of the SEBI (Disclosure and Investor Protection) Guidelines 2000 for the preferential issue are as under:

#### a) Object of Issue

The objects of the proposed issue of equity shares is to allot equity shares to IDBI / SASF as per



their requirement, and to the strategic Investor who brought in money for the repayment to IDBI/SASF and also to allot equity shares to the promoter for conversion of the unsecured loan received from him against money brought in by him into the company from time to time meet the shortfall in the company.

**b) Intention of the Promoters/Directors/Key Management persons to subscribe to the offer:**

Mr. S. Naik is intending to subscribe for the equity shares on preferential basis.

**c) Shareholding pattern before and after issue of equity shares on preferential basis:**

Sl	Category	Pre-Issue		Post-Issue	
		Number of shares held	Percentage of shareholding (%)	Number of shares held	Percentage of shareholding (%)
A.	Promoter's Holding				
1.	Promoter's				
	- Indian Promoters	24,25,140	40.55	26,32,618	39.31
	- Foreign Promoters	9,83,130	16.44	9,83,130	14.68
2.	Persons acting in concert	Nil	Nil	Nil	Nil
	Sub- Total	34,08,270	56.99	36,15,748	53.99
B.	Non- Promoters holding				
3.	Institutional Investors				
a.	Mutual Funds and UTI	Nil	Nil	Nil	Nil
b.	Banks, Financial Institutions, Insurance Companies (Central State Gov. Institutions/ Non-Government Institutions)				
1.	SASF (IDBI)	Nil	Nil	1,85,185	2.76
c.	FII's	Nil	Nil	Nil	
	Sub-Total	Nil	Nil	1,85,185	2.76
4.	Others				
a.	Private Corporate Bodies	1,00,000	1.67	1,00,000	1.49
b.	Indian Public	8,48,970	14.91	11,73,044	17.51
c.	NRIs/ OCBs	16,23,660	27.15	16,23,660	24.24
d.	Any other (Please specify)	Nil	Nil	Nil	Nil
	Sub-Total	25,72,630	43.01	28,96,704	43.24
	Grand Total	59,80,900	100.00	66,97,637	100.00



## Golden Carpets Limited

### Note:

1. The above table has been prepared on the basis of the shareholding pattern as on 30th June 2005.
2. The Post-issue shareholding pattern in the above table has been prepared on the basis that Stressed Assets Stabilization Fund (SASF), Dr. Sanjay P. and Mr. S.Naik would have each subscribed to and been allotted 185185, 324074 and 207478 equity shares of the Company, respectively. In the event either of them for any reason does not or is unable to subscribe to and/or is not allotted the equity shares, and the other Subscribers to the equity shares, the shareholding pattern in the above table would undergo corresponding changes.

d) Proposed time within which the allotment shall be completed

The Allotment of the shares shall be completed within 15 days from 8th September 2005 being the date on which shareholders sanction is obtained for preferential allotment.

- f) Identity of proposed allottees of equity shares on preferential basis and the percentage of the post issue capital that may be held by them.

Dr. Sanjay P., S/o. Mukund Paithanker, R/o. 3484, Ajman, UAE, is a Cardiologist. He maintains many clinics in U.A.E and has experience of 17 Years as a Cardiologist having a network of approx. Rs 35 crores.

Stressed Assets Stabilisation Fund (SASF) is an Asset Management Trust formed by the Government to transfer the non-performing assets. One of the terms & conditions agreed by IDBI/SASF for One Time Settlement (OTS) of the Company's dues for a crystallized amount of Rs.550 lakhs, is that the Company shall allot equity shares to SASF for an amount of Rs.100 lakhs, in view of which it is proposed to issue and allot 185185 equity shares to SASF on preferential basis.

Mr. S. Naik is the Managing Director of the Company.

The percentage of the Post Preferential Issue Capital to be held by the proposed Investors

Name of the Investor	Shares held presently	% of pre preferential holding	Shares held after the issue	% of post preferential holding
Stressed Asset Stabilisation Fund	Nil	Nil	185185	2.78%
Dr. P. Sanjay	Nil	Nil	324074	4.87%
Mr. S. Naik	1843540	30.82%	2051018	30.62%

g) Change in the Composition of the Board of Directors and Control of the Company

There will be no change in the composition of the Board of Directors and the control of the Company on account of the proposed preferential allotment. But there will be a corresponding change in the shareholding pattern as well as voting rights consequent to the preferential allotment.

**h) Non transferability of the Securities**

The securities issued and allotted on a preferential basis hereunder will be subject to lock in period for a period of one to three years from the date of their allotment as per the SEBI guidelines on Preferential Issues

**i) Price at which allotment is proposed**

The issue price of Rs.54/- has been worked out on the basis of the formula enumerated in clause 13.1.1 of SEBI (Disclosure and Investor protection) Guidelines 2000.

The Relevant Date for the purpose of determining the issue price of the Equity shares is 8th August 2005 which is 30 days prior to the date of the Annual General Meeting.

As per Section 81 (1A) of the Companies Act 1956, approval of the shareholders in the General Meeting is required for the issue of the shares by way of preferential allotment as stated in the resolution.

Hence consent of the shareholders by way of special resolution is being sought for the issue of the shares on preferential basis.

The Board recommends the resolution for approval.

None of the Directors except Mr. S. Naik is in any way concerned or interested in the resolution.

**Item # 5**

Your Company's shares are at present listed at The Hyderabad Stock Exchange & The Stock Exchange, Mumbai. 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 prior approval of members by way of special resolution has to be obtained.

Though the Company has taken members approval for delisting company's securities from the Hyderabad Stock Exchange, at the last Annual General Meeting, it could not act upon it. Hence the Board of Directors proposes this resolution for the members' approval, as they found no justification for continuation of listing in The Hyderabad Stock Exchange and further the delisting of shares from this Stock Exchange will help in reduction of costs in terms of listing fees and reduced compliances. However our company shares will continue to be listed at the Stock Exchange, Mumbai.

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**

Sd/-

**S. Naik**

Managing Director

Place : Hyderabad

Date : 08-08-2005

*Golden Carpets Limited***GOLDEN CARPETS LIMITED****BOARD OF DIRECTORS****MANAGING DIRECTOR**

Mr. S. Naik

**DIRECTORS**

Mr. S. B. Kerur

Mrs. Meena Kerur

Mr. Kotte Suresh

**REGISTERED OFFICE**

8-2-596/5/B/1  
Road No.10  
Banjara Hills,  
Hyderabad - 500 035.  
Ph: 55771111

**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: 55615699

**AUDITORS**

Mahesh Nandiraju & Associates  
Chartered Accountants

**LISTING**

Hyderabad Stock Exchange  
Mumbai Stock Exchange



Golden Carpets Limited

**DIRECTORS' REPORT**

**Dear Shareholders,**

Yours Directors take pleasure in bringing you this Report and financial statements for the financial year 2004-2005

**FINANCIAL RESULTS:**

(Rs.in lakhs)

Sl. No.	Particulars	Year ended 31.03.2005	Year ended 31.03.2004
1.	Sales	160.05	203.30
2.	Other Income	14.86	0.74
3.	Total Income	174.90	204.04
4.	Operating Expenses including decrease in stocks	171.74	142.59
5.	Profit before Interest and Depreciation	3.16	61.45
6.	Interest	35.42	258.73
7.	Depreciation	56.97	73.19
8.	Miscellaneous Expenditure written off	32.38	32.38
9.	Profit/(Loss) for the year	(121.62)	(302.85)
10.	Tax Expenses	--	35.12
11.	<b>Profit/(Loss) for the year after tax</b>	<b>(121.62)</b>	<b>(267.73)</b>

**OPERATIONS**

During the year under review, your Company has registered a loss of 121.62 lakhs as compared to Rs.267.73 lakhs of loss during the previous year.

**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 2004-2005.

**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.