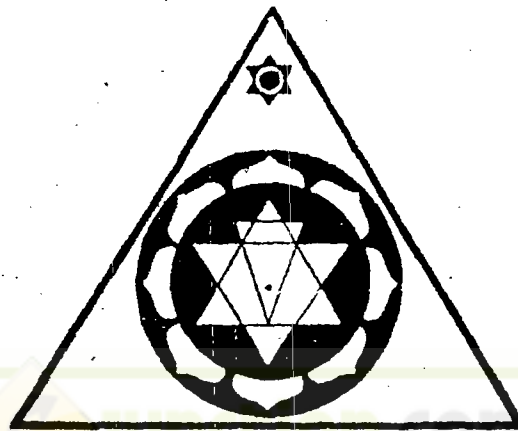


3rd ANNUAL REPORT

1996-97

MD	✓			BKC	✓
CS	✓			DPY	✓
RO	✓			DIV	✓
TRA	✓			AC	✓
AGM	✓	✓		SHI	✓
YE	✓	✓	✓		



PADAM COTTON YARNS LIMITED





PADAM COTTON YARNS LIMITED

BOARD OF DIRECTORS

Shri Padam Sain Gupta
Shri Rajiv Kumar Aggarwal
Shri Vivek Gupta
Shri R.C.D. Kaushik

Chairman & Managing Director
Wholetime Director
Wholetime Director
Director

REGISTERED OFFICE & WORKS

71/3, Mile Stone,
G.T. Road, Opp. Radha Swami,
Satsang Bhawan, Karnal-132 001

CORPORATE OFFICE

196, G.T. Road, Opp. Tehsil
Karnal-132 001 (Haryana)

HEAD OFFICE

661, Farash Khana,
S.N. Marg,
Delhi -6

CON. COMPANY SECRETARY

Mr. Ramesh Bhatia

STATUTORY AUDITORS

M/s. Viney Goel & Associates,
Chartered Accountant,
22, Purshottam Market,
Kunjpora Road, Karnal-132 001

BANKERS TO THE COMPANY

Oriental Bank of Commerce,
Maharana Partap Chowk,
Karnal.

SHARE TRANSFER AGENTS

Sofbit Infotech,
8/11, East Patel Nagar,
New Delhi.
Tel.: (011) 5732027, 5716726

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PADAM COTTON YARNS LIMITED

NOTICE

Notice is hereby given that the THIRD Annual General Meeting of Padam Cotton Yarns Limited will be held at the Registered Office of the Company at 71/3 Miles Stone, Opp. Radha Swami Satsang Bhawan, KARNAL - 132 001 on Saturday the 30th day of August, 1997 at 10.00 A.M. to consider and transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 1997 and the reports of Auditors and Directors there on.
2. To appoint a Director in place of Mr. Vivek Gupta, who retires by rotation, but being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting to the conclusion of next Annual General Meeting and to fix their remuneration. M/s Viney Goel & Associates, Chartered Accountants, the retiring Auditors of the Company are eligible for re-appointment.

SPECIAL BUSINESS

4. TO CONSIDER, AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S) THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:

"RESOLVED that pursuant to the provisions of Section 31 of the Companies Act, 1956 and other applicable provisions, if any, the Words '115 &' appearing in line 4 after the word Article in the Article 130 of the Articles of Association of the company be deleted."

5. TO CONSIDER AND IF THOUGHT FIT TO PASS THE FOLLOWING RESOLUTION WITH OR WITHOUT MODIFICATION(S) AS AN ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 293 (1) (d) of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company be and is hereby given to the Board of Directors of the Company for borrowing from time to time, as may think fit, any sum or sums of monies which together with the monies already borrowed by the company, (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid up capital of the company and its free reserves (that is to say reserves, not set apart for any specific purpose) by a sum not exceeding Rs. Twenty Five Crores only and that the Board of Directors of the Company be and is hereby authorised to arrange, accept, alter or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, creation of security (ies) or otherwise as they may think fit."

"RESOLVED FURTHER that to give effect to the above resolutions, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds,



PADAM COTTON YARNS LIMITED

matters, things as it may deem fit in its absolute discretion, proper or desirable and to take all necessary steps as they may deem fit in the interest of the company."

BY AND ON BEHALF OF THE BOARD,
For Padam Cotton Yarns Limited

Place : Karnal
Dated : 20th June, 1997

(Padam Sain Gupta)
Chairman.

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxy forms should be deposited at the registered office of the company not later than 48 hours before the time fixed for the meeting.
2. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 pertaining to the Special Business is enclosed as Annexure I.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, the 19th Day of August, 1997 to Friday, the 22nd Day of August, 1997 (Both days inclusive).
4. Members are requested to notify the change of address, if any, to the company at the Registered Office of the Company immediately quoting the folio number under which the shares are held.
5. All queries relating to the accounts must be sent to the company at its Registered Office at least Ten days before the holding of the Annual General Meeting.
6. Members are requested to please bring the Annual Reports sent to them at the Annual General Meeting as the Extra Copies shall not be available.
7. Members/Proxies are requested to bring with them the attendance slip and handover at the entrance duly signed by them.
8. Members resident at New-Delhi interested to attend the Annual General Meeting at the new Registered Office at Karnal are requested to intimate the company atleast Twenty days advance from the date of AGM so that the conveyance may be arranged for their convenience at the Company's expense. The confirmation in this regard shall be sent to the members individually who will be interested to attend the Annual General Meeting at Karnal.
9. Members who have multiple accounts in identical names or joint accounts in same order are requested to intimate the company, the ledger folios of such accounts to enable the company to consolidate all such shareholdings into one account.

**PADAM COTTON YARNS LIMITED****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956****ITEM NO 4**

In order to make the Articles of Association in line with the Provisions contained in the Table A, The Companies Act, 1956, this amendment is proposed. Your Directors recommed the approval of this resolution.

MEMORANDUM OF INTEREST

None of the Directors is deemed to be interested in the resolution.,

ITEM NO 5.

Pursuant to Section 293 (1) (d) of the Companies Act, 1956, the approval of the Shareholders of the Company is required in the Annual General Meeting to authorise the Board of Directors of the Company to borrow funds in excess of the paid-up share capital and free reserves. In view of the proposed capital expenditure on the on going project, it is proposed that the share holders dhall authorise the Board of Directors of the company to borrow funds upto Rs. 25 Crores only. The Directors recommend the approval of the proposed resolution.

MEMORANDUM OF INTEREST

None of the Directors is deemed to be interested in the resolution.

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PADAM COTTON YARNS LIMITED

DIRECTOR'S REPORTS

Dear Members,

Your Directors take pleasure in presenting the 3rd Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 1997.

1. FINANCIAL RESULTS

Your Directors are pleased to inform you that the Company after making successful trial runs, have commenced the commercial production. The total turnover was to the tune of Rs. 689.73 lacs in the very first year of commercial production and has earned a net profit of Rs. 2.21 lacs after providing for all the expenses and depreciation.

2. DIVIDEND

After reviewing the profits for the year and the financial position of the Company, your Directors consider it prudent not to recommend any dividend for the year under review.

3. DIRECTORS

Mr. Vivek Gupta, Wholtime Director of the Company retires by rotation at the forthcoming Annual General Meeting. Being eligible, he has offered himself for re-appointment.

4. DEPOSITS

The Company has no deposits which is due or un-claimed at the end of the year.

5. AUDITORS

M/s. Ashwani Dewan & Company, Chartered Accountants, the Statutory Auditors of the company have resigned during the year. In their place, M/s. Viney Goel & Associates, Chartered Accountants were appointed as the Statutory Auditors of the Company who shall be retiring at the conclusion of forth coming Annual General Meeting and being eligible offers themselves for re-appointment.

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

Information pursuant to section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is attached as Annexure I.

7. PERSONNEL

During the year under review, no employee, whether employed for the whole year or part of the year, was drawing remuneration exceeding the limits as laid down under section 217 (2A) of the Companies Act, 1956. Therefore, the information as required under section 217 (2 A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, be treated as NIL.

8. PROJECTIONS Vs. PERFORMANCE

As required in terms of Clause 43 of the Listing Agreement, a comparison of the



PADAM COTTON YARNS LIMITED

company's Projections made in the Prospectus dated 28th September, 1995 and the actual performance for the financial year 1996-97 is given below :-

Particulars	Projections	(Rs. in Lacs) Actuals
Sales	1344.25	689.73
Profit after Tax	143.32	002.21

9. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the Haryana Financial Corporation, Oriental Bank of Commerce and other Financial Institutions for their continued support and assistance. Your Directors also place on record their deep appreciation for the sincere efforts of the staff at all levels of the organisation.

Place : Karnal
Dated : 20th June, 1997.

For and on the Behalf of the Board
For Cotton Yarns Limited

(**Padam Sain Gupta**)
Chairman Cum Managing Director

Annexure - I

CONCERVATION OF ENERGY

1. Necessary alteration / modifications has been made in the factory building for natural lighting and ventilation.
2. The Company gets power through its own power Generating System resulting better quality and Consistent supply of Power. Further mini Generator sets have been installed for use in peak time instead of Big Gen. sets, thus using the fuel in the most optimum manner.
3. The Company plans to acquire more energy saving devices.

2. TECHNOLOGY ABSORPTION

- a) The Company has setup Material Testing laboratory in which materials are thoroughly tested before using them in production lines, and to maintain the standard quality of manufactured cotton yarn.
- b) The company has acquired the latest technology and methods of production. The services of technicians are availed from time to time to adopt best technologies. The Company has not entered into any technical collaboration with overseas collaborators for manufacturing of cotton yarn.