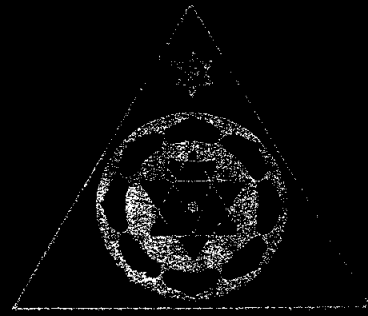


SEVENTH
2000-2001
ANNUAL REPORT

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BOARD OF DIRECTORS

Shri Padam Sain Gupta
Shri Rajev Gupta
Shri Vivek Gupta
Smt. Kusum Kumari
Shri Jai Kumar Gupta
Shri Satwant Singh

Chairman & Managing Director
Wholetime Director
Wholetime Director
Director
Director
Director

REGISTERED OFFICE & WORKS

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

HEAD OFFICE

19, Syndicate House,
3, Old Rohtak Road,
Delhi-35.

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

State Bank of India
Special Commercial Branch,
Dr. Ambedker Chowk,
G.T. Road, Karnal-132 001

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PADAM COTTON YARNS LIMITED

NOTICE

Notice is hereby given that the Seventh Annual General Meeting of the company will be held at the Registered Office of the Company at 71/3, Mile Stone, G.T. Road, Opposite Radha Swami Satsang Bhawan, Karnal - 132 001 on Monday, the 17th Day of September, 2001 AT 10.30 A.M. to consider and transact the following ordinary business :-

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended on 31st March, 2001 and the report of Auditors' and Directors' there on.
2. To appoint a Director in place of Mr. Rajev 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 an ordinary resolution.

" Resolved that Mr. Satwant Singh who was appointed as an Additional Director in the Board Meeting held on 19th July, 2001 and who holds office upto the date of this Annual General Meeting, be and is hereby appointed a Director liable to retire by rotation."

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By Order of the Board
for Padam Cotton Yarns Ltd.

PLACE : Karnal
DATED : 19th July, 2001

sd/-
(Rajev Gupta)
Director

SEVENTH ANNUAL REPORT

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on poll to 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. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday the 11th Day of September, 2001 to Monday the 17th Day of September, 2001 (Both days inclusive)
3. 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.
4. 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.
5. 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.
6. Members/Proxies are requested to bring with them the attendance slip and handover at the entrance duly signed by them.
7. 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

The Board of Directors in their meeting held on 19th July, 2001 have appointed Mr. Satwant Singh as Additional Directors under Section 260 of the Companies Act, 1956. He will hold the office of Director till the date of this Annual General Meeting, unless his appointment is approved in this Annual General Meeting. Pursuant to Section 257 of the Companies Act, 1956, a notice in Writing along with deposit of Rs. 500/- in cash has been received from members of this Company signifying his intention to propose Mr. Satwant Singh as a candidate for the office of Director. Your Directors recommend the passing of the resolutions proposed in the notice.

None of the Directors except the electing Directors is interested in the resolution.

By Order of the Board
for Padam Cotton Yarns Ltd.

PLACE : Karnal

DATED : 19th July, 2001

sd/-

(Rajev Gupta)

SEVENTH ANNUAL REPORT**Director's Report****DEAR MEMBERS,**

Your Directors take pleasure in presenting their Seventh Annual Report together with the Audited Accounts for the period ended on 31st March, 2001.

FINANCIAL RESULTS :

Your Directors are pleased to inform you that the gross receipts of the company during the year were to the turnover of Rs. 1569.45 Lacs as compared to Rs. 1371.62 Lacs during the previous year and the net profit during the Year was at Rs. 1.57 Lacs against a net profit of Rs. 0.76 Lacs during the previous year. The new counts of the yarn manufactured by the company have been very well accepted by the market which have resulted in an increase in the turnover by over more than 14% and the profits there of. The Financial results of the company are given below :

	Rs. in Thousands	
	Current Year	Previous Year
Total Income	156945	137162
Gross Profit before Interest and Depreciation	12783	12384
Less Financial Charges	5002	5008
Depreciation	7624	7300
Net Profit carried to Balance Sheet	157	0076

DIVIDEND :

In order to preserve the resources of the company your Directors do not recommend any dividend.

DEPOSITS :

During the year under review, your company had deposits to the tune of Rs. 38.49 Lacs.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956 :**UNDER SUB-SECTION (1) (e) :**

Information with regard to conservation of energy, absorption of technology and foreign exchange earning and outgo is enclosed and forms an integral part of this report.

UNDER SUB SECTION [2A] :

No employee was in receipt of remuneration in excess of the limits prescribed under the Act whose particulars are required to be disclosed in this report.

UNDER SUB SECTION 2AA DIRECTORS' RESPONSIBILITY STATEMENT :

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of section 217 (2AA) of the Companies Act 1956 :

1. That in the preparation of the annual accounts for the year ended 31st March, 2001 the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any.



PADAM COTTON YARNS LIMITED

2. The Accounting Policies as mentioned in note - Schedule XVI of the Annual accounts have been selected and applied consistently and judgements 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 ended 31st March, 2001 and of the profit of the Company for that year.
3. The proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities.
4. The Annual accounts for the year ended 31st March, 2001 have been prepared on a going concern basis.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 read with Articles of Association of the company, Mr. Rejev Gupta, Director retires by rotation at the forthcoming AGM and being eligible, offer himself for re-appointment. The Board of Directors of the company in their meeting held on 19.07.2001 has appointed Mr. Satwant Singh as Additional Director on the Board of the company and he shall hold office upto the date of this Annual General Meeting. The company has already received notice from a member under section 257 of the said Act signifying his intention to propose his candidature for the office of Director of the company.

CORPORATE GOVERNANCE :

As required by clause 49 of the Listing Agreement, a report on the Corporate Governance is separately given as Annexure II to this report.

AUDITORS :

M/s Viney Goel & Associates, Chartered Accountants, shall retire at the conclusion of the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. The Auditors have informed that their re-appointment if made, shall be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

PROJECTIONS VS PERFORMANCE :

Clause 43 of the Listing Agreement requires every company to give a comparison of the company's projections Vs Actuals made in the Prospectus for five years starting from the year of the issue. As such, the information was required to be given upto the year 1999-2K only.

ACKNOWLEDGEMENT :

Your Directors would like to thank the Financial Institutions, State Bank of India and all other Central and State Government Departments for their continued support and assistance. Your Directors would also like to thank all employees and officers of the company without whose efforts it would not have been possible to obtain these results.

for & on the behalf of the board

PLACE : Karnal

DATED : 19th July, 2001

sd/-

(Padam Sain Gupta)
Chairman Cum Managing Director

SEVENTH ANNUAL REPORT**Annexure-I****POWER GENERATION**

(A)	ELECTRICITY	Unit/LT	Amount (Rs.)	Cost Per Unit/LT (Rs.)
		2405	10294	4.28
(B)	Our Generation	1125146	1, 50,54, 451	13.38

2. Necessary alteration/modifications have been made in the factory building for natural lighting and ventilation.
3. 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.
4. The Company plans to acquire more energy saving devices.
5. Foreign Exchange Earnings and Outgo : The information under this head may be treated as NIL.

Annexure-II**REPORT ON CORPORATE GOVERNANCE**

The company has over the years followed best practices of Corporate Governance by adhering to the practices laid down by the Management. The most important part of the Corporate Governance is the best business principles and leadership principles. As per the schedule of implementation of Corporate Governance code mentioned in Clause 49 of the listing agreement the Company has implemented the mandatory requirements of the code. The Directors are pleased to report the same as under :

BOARD OF DIRECTORS

Composition, Attendance at the Board meetings and the last Annual General meeting outside Directorships and other Board committees. Information as on 31.03.2001

DIRECTOR	NO OF BOARD MEETING ATTENDED	ATTENDANCE AT PREVIOUS AGM ON 07.09.2000	NO OF OUTSIDE DIRECTORSHIP HELD	NO. OF MEMBERSHIP/ CHAIRMANSHIP IN OTHER BOARD COMMITTEES
Mr. Padam Sain Gupta	9	Yes	Nil	Nil
Mr. Rajev Gupta	9	Yes	One	Nil
Mr. Vivek Gupta	9	Yes	Nil	Nil
Mr. Jai Kumar Gupta	7	Nil	Nil	Nil
Mrs. Kusum Kumari	7	Nil	Nil	Nil

BOARD MEETINGS HELD DURING THE YEAR 2000-2001

During the year nine meetings of the Board of Directors were held on below mentioned dates :

April 28, 2000, July 5, 2000, July 13, 2000 Sept.7, 2000 Sept.16, 2000 Oct.14, 2000, Oct.18, 2000, Dec.1, 2000 & Jan,19, 2001

BOARD COMMITTEES

The Board of Directors in their meeting held on 19th July, 2001 constituted various sub-committees consisting of below mentioned non-executive and independent directors as per the requirements of Clause 49 of the Listing Agreement :