



**PADAM COTTON YARNS LIMITED**

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**9th ANNUAL REPORT  
2002-2003**

**BOARD OF DIRECTORS**

Shri Rajev Gupta  
 Shri Vivek Gupta  
 Shri Jai Kumar Gupta  
 Shri Satwant Singh  
 Shri Harbhajan Singh

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**

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

**STATUTORY AUDITORS**

M/s. Viney Goel & Associates,  
 Chartered Accountant,  
 22, Purshottam Market,  
 Kunjpura 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 Ninth Annual General Meeting of the company will be held at the Registered Office of the Company at 71/3, Miles Stone, G.T. Road, Opp. Radha Swami Satsang Bhawan, Karnal - 132 001, on Wednesday the 24th Day of September 2003 at 11.30 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 on 31st March, 2003 and the report of Auditor's and Director's 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 a director in place of Mr. Satwant Singh, who retires by rotation but being eligible, offers himself for re-appointment.
4. 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**

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution :  
 "Resolved that Sh. Harbhajan Singh who was appointed as a Additional Director w.e.f. 30.12.2002 and pursuant to the provisions of Section 257 of the Companies Act., 1956 who holds office upto the date of forthcoming Annual General Meeting, be and is hereby appointed a director liable to retire by rotation".
6. 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 applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 (hereinafter referred to as the Delisting Guidelines) And subject to the provisions of The Companies Act., 1956 (including any Statutory Modification(s) or re-enactments thereof for the time being in force) the Securities Contracts (Regulation) Act., 1956 and the Rules framed thereunder, Listing Agreements and guidelines and all other applicable rules, regulations and guidelines and subject to necessary approvals from the Securities and Exchange board of India, Stock Exchanges where the shares of the Company are Listed and other appropriate authorities, if any, and subject to such other conditions as may be prescribed or imposed by any authority while granting such approvals which may be agreed to by the Board of Directors of the Company (here inafter referred to as the Board, which term shall include any committee thereof constituted by the Board), the consent of the company be and is hereby accorded to the Board to get the Equity Shares of the Company delisted from all or any of the Stock Exchanges at Ahmedabad, New Delhi and/or Jaipur."
7. 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 149 (2A) and other applicable provisions, if any, of the companies Act., 1956 approval of the members be and is hereby granted to the commencement by the Company of any business(es) as set out in the sub-clauses 1 to 76 of Clause III (C) of the Memorandum of Association of the Company."

**BY ORDER OF THE BOARD  
FOR PADAM COTTON YARNS LTD.**

**Sd/-  
(RAJEV GUPTA)**

**Whole Time Director**

**PLACE : KARNAL  
DATE : 30th July 2003**

## **NINTH 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/herself 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 relative Explanatory statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 is annexed.
3. The Register of Members and Share Transfer Books of the Company shall remain closed with effect from Tuesday the 16th Day of September, 2003 to Wednesday, the 24th Day of September, 2003 (Both days inclusive).
4. Members are requested to notify the change of address, if any, to the company at the Registered Office immediately quoting their 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 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. 5**

Sh. Harbhajan Singh was appointed as Additional Director by the board w.e.f. 30.12.2002. Pursuant to the provisions of Section 262 of the Companies Act, 1956 he shall hold office up to the date of forthcoming Annual General Meeting. The company has received a notice under Section 257 from member recommending his candidature for appointment as Director liable to retire by rotation. Your Directors, therefore, recommend the passing of the proposed resolution. Sh. Satwant Singh may be deemed to be interested in his appointment.

#### **ITEM NO. 6**

The Securities and Exchange Board of India has issued the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 (hereinafter referred to as the Delisting Guidelines) incorporating among others, provisions for delisting of securities of a Body Corporate Voluntarily by a Promoter from a Stock Exchange.

Presently the Company's Equity Shares are listed at the Stock Exchange at Delhi, Mumbai, Ahmedabad and Jaipur. With the extensive networking of The Stock Exchange, Mumbai and extension of its terminals in the other parts of the country, investors have access to online dealings of the Company's Equity Shares across the country and the depth of liquidity of these Equity Shares on other Stock Exchanges is lower.

The Company's Equity Shares are one of the scrips which have been notified by the Securities and Exchange Board of India (SEBI) for settlement only in dematerialised form by all the investors. It is also observed that the Listing fee paid to the Stock Exchanges other than BSE is too high as compared to the trading volumes of the Company's shares. The company has proposed this resolution which will enable it to get its shares delisted from the Stock Exchanges at Delhi, Jaipur and Ahmedabad.

The Company's Shares shall continue to be listed on the The Stock Exchange, Mumbai. The company proposes that subject to the approval of the Securities and Exchange board of India, Stock Exchanges where the shares of the Company are Listed and other appropriate authorities, if any, and subject to such other conditions as may be prescribed or imposed by any authority while granting such approvals which may be agreed to by the board of Directors of the Company (here in after referred to as the Board, which term shall include any committee thereof constituted by the Board) the consent of the company be and is hereby accorded to the Board to get the Equity Shares of the Company delisted from all or any of the Stock Exchanges at Ahmedabad, New Delhi and / or Jaipur. Your Directors, therefore, recommend the passing of the proposed resolution. None of the Directors may be deemed to be interested in this resolution.

## **NINTH ANNUAL REPORT**

### **ITEM NO. 7**

The Company is empowered under Clause III (C) of its Memorandum of Association to engage in the various business activities set out there in the Memorandum of Association under different categories numbering from 1 to 76. It is felt that the Company may like to commence any one or more of the business as specified in any of the other objects as mentioned above. The consent of the Shareholders is required by way of Special Resolution. Your Directors recommend passing of the proposed Resolution at Sr. No.7 of the notice. None of the Directors is deemed to be interested in the proposed resolution.

**BY ORDER OF THE BOARD  
FOR PADAM COTTON YARNS LTD.**

**PLACE : KARNAL  
DATE : 30th July 2003**

**Sd/-  
(RAJEV GUPTA)  
Whole Time Director**

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## **PADAM COTTON YARNS LIMITED**

### **DIRECTOR'S REPORT**

**DEAR MEMBERS,**

Your Directors present their Ninth Annual Report together with the Audited Accounts for the year ended on 31st March 2003.

#### **FINANCIAL RESULTS:**

Your Directors regret to inform you that in the month of July, 2002 there was a major fire in the factory premises resulting the complete damage of the Plant and Machinery, Blow Room and major part of the Building. The Raw Material Godown was also completely destroyed along with the Raw Material Stock stored in it. The Company could achieve production only in the first quarter of the year ended on 30th June 2002. As such, the figures of sales and Profit/loss for the current year are not comparable with the previous year. However, your company could achieve a turnover of Rs.309.49 Lacs after adjusting variation in stock only in three and a half months of production as compared to Rs.1483.46 Lacs. during the previous year. The net loss during the year stands at Rs.132.99 lacs as against a net profit of Rs. 1.38 Lacs during the previous year.

	Rs. in Thousands
Total Income	33408
Gross Loss before Interest and Depreciation	6468
Less Financial Charges	3601
Depreciation	3230
Net Loss carried to Balance Sheet	13299

#### **DIVIDEND**

In view of the losses incurred by the company during the year under review, your Directors do not recommend any dividend.

#### **DEPOSITS**

During the year under review, your company has deposits to the tune of Rs. 6.80 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 as Annexure I 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.

#### **FORFEITURE OF EQUITY SHARES**

The Board of Directors in their meeting held on 16th April, 2002 forfeited 2102200 Equity Shares of the Company on which allotment money was pending. The detailed List of all these allottees of the partly paid shares were sent to all the Stock Exchanges where the shares of the company are listed.

**NINTH ANNUAL 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, 2003 the applicable accounting standards have been followed alongwith proper explanations relating to material departures, if any.
2. The Accounting Policies as mentioned in Schedule XVI of the Annual accounts have been selected and applied consistantly and judgements and estimates made 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, 2003 and of the profit and loss 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 frauds and other irregularities.
4. The Annual accounts for the year ended 31st March, 2003 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. Rajev Gupta & Mr. Satwant Singh, Directors retire by rotation at the forthing AGM and being eligible offer themselves for re-appointment. During the Year under review Mr. Padam Sain Gupta, CMD resigned as Director on the Board of the Company w.e.f. 30.12.2002 due to personal reasons. The Board placed on records its appreciation for the valuable services rendered by Mr. Padam Sain Gupta, CMD during his long association with the Company. The Board appointed Mr. Harbhajan Singh as Additional Director on the Board of the Company w.e.f. 30-12-2002 in its meeting held on that date. Mr. Harbhajan Singh will hold the office of Director upto the date of forthcoming Annual General Meeting unless his appointment is approved as Director of the Company liable to retire by rotation by the members.

**CORPORATE GOVERNANCE :**

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





## **PADAM COTTON YARNS LIMITED**

### **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 (IB) of the Companies Act, 1956.

In pursuance of the provisions contained in Section 233 B of the Companies Act, 1956, your Directors have appointed subject to the approval of the Central Government, Mr. Sanjay Kumar Garg & Associates, Cost Accountants, as the Cost Auditors for the year 2002-2003.

### **ACKNOWLEDGEMENT :**

Your Directors would like to thank the Financial Institutions, State Bank of India, all employees and officers of the Company and all other Central and State Government Departments for their continued support and assistance.

**FOR AND ON THE BEHALF OF THE BOARD**

**PLACE : KARNAL**

**DATE : 30th July 2003**

**Sd/-  
(RAJEV GUPTA)  
Whole Time Director**

**Sd/-  
(VIVEK GUPTA)  
Whole Time Director**



**NINTH ANNUAL REPORT****Annexure-I****1. POWER GENERATION**

(A)	ELECTRICITY	Unit/LT	Amount (Rs.)	Cost Per Unit/LT (Rs.)
		3817	16,336/-	4.28
(B)	Our Generation C/O Diesel/Oil	329079	59,92,526/-	18.21

- Necessary alteration/modifications have been made in the factory building for natural lighting and ventilation.
- 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.
- The Company plans to acquire more energy saving devices.

**Annexure-II****TO THE DIRECTOR'S REPORT  
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. 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 31.03.2003

DIRECTOR	NO OF BOARD MEETING ATTENDED	ATTENDANCE AT PREVIOUS AGM ON 25.09.2002	NO OF OUTSIDE DIRECTORSHIP HELD	NO. OF MEMBERSHIP/ CHAIRMANSHIP IN OTHER BOARD COMMITTEES
Mr. Padam Sain Gupta	05	Yes	Nil	Ceased to Director 30.12.02
Mr. Rajev Gupta	07	Yes	One	Nil
Mr. Vivek Gupta	07	Yes	Nil	Nil
Mr. Jai Kumar Gupta	05	Nil	Nil	Nil
Mrs. Kusum Kumari	03	Nil	Nil	Nil
Mr. Satwant Singh	03	Nil	Nil	Nil
Mr. Harbhajan Singh	01	Nil	Nil	Appinted on 30.12.02