



# **PADAM COTTON YARNS LIMITED**

**11th ANNUAL REPORT  
2004-2005**

**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**

196, 1st Floor, G.T. Road,  
Opp. Red Cross Market  
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,  
Kunjpora Road, Karnal-132 001

**BANKERS TO THE COMPANY**

Punjab National Bank, SSI Branch  
Namaste Chowk,  
G.T. Road, Karnal-132 001

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## **NOTICE**

Notice is hereby given that the Eleventh Annual General Meeting of the company will be held at the Registered Office of the Company at 196, 1st Floor, G.T. Road, Opposite Red Cross, Market, Karnal, on Tuesday, the 16th Day of August, 2005 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 31st March, 2005 and the report of Auditors' and Directors' there on.
2. To appoint a Director in place of Mr. Jai Kumar Gupta, who retires by rotation but being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Rajev Gupta, who retires by rotation but being eligible offers himself for re-appointment.
4. To appoint Auditors 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**

#### **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 provisions of Sections 198, 269, 309, and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII prescribed under the Act, Mr. Rajev Gupta be and is hereby appointed as a Whole Time Director of the company for w.e.f. 24th June, 2005 without remuneration.

#### **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 provisions of Sections 198, 269, 309, and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII prescribed under the Act, Mr. Vivek Gupta be and is hereby appointed as a Whole Time Director of the company for w.e.f. 24th June, 2005 without remuneration.

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

Place : KARNAL  
Dated : 22nd June, 2005

Sd/-  
(Rajev Gupta)  
Whole Time Director

## **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 02nd Day of August, 2005 to Tuesday, the 16th Day of August, 2005 ( 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 to consolidate all such shareholdings into one account.

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

#### **ITEM NO. 5 & 6**

The Board of Directors in their meeting held on 22nd June, 2005 have appointed Mr. Rajev Gupta and Mr. Vivek Gupta as the Whole Time Directors of the Company under Section 198, 269, and 309 of the Companies Act, 1956 read with schedule XIII of the said act, subject to the approval of the share holders at the forthcoming annual general meeting without remuneration of directors recommend to appoint Mr. Rajev Gupta and Mr. Vivek Gupta as Whole Time Directors of the company without any remuneration. Hence, the necessity of the proposed resolution.

None of the Directors except Mr. Rajev Gupta and Mr. Vivek Gupta may be deemed to be interested in the resolution.

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

Place : KARNAL  
Dated : 22nd June, 2005

Sd/-  
(Rajev Gupta)  
Whole Time Director

## **DIRECTOR'S REPORT**

DEAR MEMBERS,

Your Directors take pleasure in presenting their 11th Annual Report together with the Audited Accounts for the year ended 31st March, 2005.

### **FINANCIAL RESULTS:**

Your Directors regret to inform you there was no commercial activity during the year under review as the entire Plant & machinery and major part of the Building had got damaged in July, 2002 due to fire in the factory premises. However the company incurred a loss of Rs. 2.455 Lacs during the year against Rs.606.80 Lacs during the previous year.

### **DIVIDEND**

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

### **Deposits**

In the year 2003-2004, under review your company had arranged unsecured loans from the Directors to repay the bank term loans and working capital facilities.

### **Information pursuant to section 217 of the Companies Act, 1956:**

#### **Under sub-section(1) (e):**

The information required to be disclosed under section 217 (1)(e) with regard to the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with regard to the conservation of energy, absorption of technology and foreign exchange earning and outgo is enclosed as Annexure I and forms 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**

Pursuant to Section 217 (2AA) of the Companies Act 1956, your Directors state that :

1. In the preparation of the annual accounts for the year ended 31st March 2005, 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 consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company of the financial year ended on 31st March 2005 and of the Profit or loss of the Company for that year.
3. Your Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.

4. Your Directors have prepared the accompanying Annual Accounts for the year ended 31 March, 2005 on a going concern basis.

### **DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 read with Articles of Association the company, Mr. Rajav Gupta and Mr. jai Kumar Gupta, Directors retire by rotation at the forthir AGM and being eligible, offer themselves for re-appointment. During the year under review, th Board of Directors in their meeting held on 22nd June, 2005 have approved the re-appointment Mr. Rajev Gupta Mr. Vivek Gupta as Whole Time Directors of the Company with effect from 24 June, 2005 subject to the approval of the shareholders in the forthcoming Annual General Meeting. As the Company has not been in commercial prouduction since the fire broke out in the mon of July, 2002, your Board of Directors have not recommended the payment of any remuneration both the appointee still otherwise recommended by the Board of Directors.

### **CORPORATE GOVERNANCE**

A report on the Corporate Governance along with a certificate from the Statutory Auditors of th Company regarding compliance of the Clause 49 of the Listring Agreement, is attached as Annexur II to this report.

### **AUDITORS**

M/s Vineya Goel & Associates, Chartered Accountants, shall retire at the conclusion of the enst ing Annual General Meeting of the Company and being eligible, offers themselves for re-apppontmen The Auditors have informed that their re-appointment if made, shall be with in the limits prescribe under Section 224 (IB) of the Companies Act, 1956.

The Board of Directors endorses the reasons furnished by the statutory Auditors observations while qualifying the various para's of their CARO Report. The qualificatory remarks of the Statutory Auditors have also been suitably explained in the notes on accounts forming of the Annual Accounts.

### **ACKNOWLEDGEMENT**

Your Directors would like to thank Financial Institutions, Banks 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.

Place : KARNAL

Dated : 22nd June, 2005

FOR AND ON THE BEHALE OF THE BOARD

Sd/-  
(Rajev Gupta)  
Whole Time Director

Sd/-  
(Vivek Gupta)  
Whole Time Director

## Annexure- I (FORM A)

### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

#### A. Power and fuel consumption

1. Electricity	2003-04	2004-05
(a) Purchased		
Units	Nil	Nil
Total Amount	Nil	Nil
(Rs. in lacs)		
Rate / unit (Rs.)	Nil	Nil
(b) Own Generation		
(i) Through Diesel Generator.		
Units	Nil	NIL
Unit per 1tr. of diesel oil.		
Cost / unit (Rs.)	NIL	NIL
(ii) Through steam Thrbine/Generator.		
	NIL	NIL
2. Coal	NIL	NIL
Quantity(tonnes)		
Total Amount		
Average Rate (Rs.)		
3. Furnace Oil	NIL	NIL
Quantity(tonnes)		
Total Amount		
Average Rate (Rs.)		
4. Others/internal generation	NIL	NIL
Quantity(tonnes)		
Total Amount		
Rate/unit		

## B. Consumption per unit of production

Standards	2003-04	2004-05
	1	2
Products (with details)		
Electricity	NIL	NIL
Furnace oil	NIL	NIL
Coal	NIL	NIL
others	NIL	NIL

(FORM B)

**Technology Absorption**

The company did not import any technology. Information under this head may be taken as nil.

(FORM C)

A. Activities relating to exports. NIL  
 B. Foreign exchange earning & outgo NIL

FOR AND ON THE BEHALF OF THE BOARD

Place: Karnal.

Dated: 22nd June, 2005.

Sd/-  
 (Rajev Gupta)  
 Whole Time Director

Sd/-  
 (Vivek Gupta)  
 Whole Time Director



## Annexure-II

### TO THE DIRECTORS' 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 31.03.2005

DIRECTOR	NO OF BOARD MEETING ATTENDED	ATTENDANCE AT PREVIOUS AGM ON 22.07.2004	NO OF OUTSIDE DIRECTORSHIP HELD	NO.OF MEMBERSHIP/ CHAIRMANSHIP IN OTHER BOARD COMMITTEES
Mr. Rajev Gupta	06	Yes	One	Nil
Mr. Vivek Gupta	06	Yes	Nil	Nil
Mr. Jai Kumar Gupta	04	Nil	Nil	Nil
Mr. Satwant Singh	06	Nil	Nil	Nil
Mr. Harbhajan Singh	05	Nil	Nil	Nil

#### **BOARD MEETINGS HELD DURING THE YEAR 2004-2005**

During the year Six meeting of the Board of Directors were held on:

28-04-2004, 25-05-2004, 28-05-2004, 22-07-2004, 29-10-2004, and 21-01-2005.

#### **BOARD COMMITTEES**

The Board of Directors in their meeting held on 30th December, 2002 reconstituted the following sub-committees consisting of the following non-exective and independent directors, as per the requirements of Clause 49 of the Listing Agreement: