



PADAM COTTON YARNS LIMITED

**22nd Annual Report
2015-16**

BOARD OF DIRECTORS

Shri Rajev Gupta	Director/CEO
Shri Vivek Gupta	Director
Shri Jai Kumar	Independent Director
Shri Harbhajan Singh	Independent Director
Shri Satwant Singh	Independent Director
Mrs Radhika Gupta	Women Director

AUDIT COMMITTEE

Mr. Jai Kumar	(Member)
Mr. Satwant Singh	(Member)
Mr. Harbhajan Singh	(Chairman)

REGISTERED OFFICE

196, 1st Floor, G.T.Road,
Opp. Red Cross Market,
Kamal -132 001
www.padamcotton.com

HEAD OFFICE

C-5/2A, Rana Partap Bagh,
Delhi-7

STATUTORY AUDITORS

M/S.Viney Goel & Associates
Chartered Accountants,
B-2, Parshotam Garden,
Near Chandranchal Banquet Hall,
Kamal-132001

CONSULTING COMPANY SECRETARY

Shri Ramesh Bhatia
SCO-154-155, 1st. Floor,
Sector-17-C, Chandigarh-160 017

BANKERS TO THE COMPANY

PUNJAB NATIONAL Bank
Spl. SSI Branch,
Namate Chowk,
Kamal (Haryana) - 132 001

CHIEF FINANCIAL OFFICER

Mr. Narinder Kumar Chutani

NOMINATION & REMUNERATION COMMITTEE

Mr. Jai Kumar	(Member)
Mr. Satwant Singh	(Member)
Mr. Harbhajan Singh	(Chairman)

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. Jai Kumar	(Member)
Mr. Satwant Singh	(Member)
Mr. Harbhajan Singh	(Chairman)

RISK MANAGEMENT COMMITTEE

Mr. Jai Kumar	(Member)
Mr. Satwant Singh	(Member)
Mr. Harbhajan Singh	(Chairman)

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PADAM COTTON YARNS LIMITED

(CIN No. L17112HR1994PLC033841)

REGD. OFFICE: 196, GT ROAD, OPP. RED CROSS MARKET, KARNAL- 132001 (HARYANA)

www.padamcotton.com email: rajevoswal@yahoo.com Tel: 0184-6616601-9

NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the members of the company will be held at the Registered Office of the Company at 196, Opposite Red Cross Market, Karnal-132001 on Friday, the 30th day of September, 2016 at 11.00 A.M. to consider and to transact the following business (s)

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Financial Statements of the company for the year ended on 31st March, 2016 along with the reports of Directors' and Auditors' there on.
2. To appoint a Director in place of Mr. Vivek Gupta who retires by rotation at this annual general meeting and 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 the next Annual General meeting and to fix their remuneration. M/s Viney Goel & Associates Chartered accountants, the retiring Auditors of the Company are eligible and offers themselves for re-appointment.

By Order of the Board of Directors

For Padam Cotton Yarns Limited,

Sd/-

Rajev Gupta

(Director)

(DIN No.: 00172828)

Place: Karnal.

Dated: 03rd. August, 2016.

PADAM COTTON YARNS LIMITED

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and on a poll, to vote instead of himself/herself and the proxy need not be a member of the company. Proxies in order to be valid must be lodged at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. Pursuant to the provisions of Section 91 of the Companies Act, 2013 read with Clause 42 of the SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015, The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, the 20th day of September, 2016 to Friday, the 30th day of September, 2016 (both days inclusive).
3. In compliance with the provisions of Section 108 of the Companies Act, 2013 (The Act) and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Rules, 2015 and revised clause 44 of the SEBI (Listing Obligations And Administration) Regulations, 2015, the company is providing facility to its members to exercise their vote at the meeting through e-voting. Please refer to the instructions which are being sent along the Annual Report. The company has engaged the services of the Central Securities Depository Limited to provide remote electronic voting facility.
4. Members are requested to notify the change of address, if any to the Company at the Registered office immediately quoting the folio number under which the shares are held.
5. In case of Joint Holders, if more than one holder intends to attend the meeting they must obtain the additional admission (s) slip on request from the Registered Office of the Company.
6. 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.
7. Members/proxies are requested to bring their copies of the Annual Report along with duly filled admission slip(s) for attending the meeting.
8. Members who have multiple accounts in identical names or Joint accounts in the same order are requested to intimate the company, the ledger folio's of such accounts to enable the company to consolidate all such shareholdings into one account.
9. Pursuant to clause 49 of the Listing Agreement with the Stock Exchange additional information relating to Directors who are seeking appointment/re-appointment at the meeting have been added as a note to the Corporate Governance Report. The directors have furnished requisite declaration for their appointment/re-appointment.

10. The instructions for members for voting electronically are as under :-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID.
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID.
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below :

For Members holding shares In Demat Form and Physical Form	
PAN *	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
Detail#	• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

After entering these details appropriately, click on "SUBMIT" tab.

- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (x) Click on the EVSN for Padam Cotton Yarns Limited which is 160805005 on which you choose to vote.
 - (xi) On the voting page, you will see "RESOLUTION.DESCRPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
 - (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 - (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
 - (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
 - The Company has appointed Mr. Ramesh Bhatia, FCS a Company Secretary in Practice, as Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
 - The scrutinizer shall immediately after conclusion of the AGM count the votes cast at the AGM and thereafter, unlock the votes cast through remote e-voting center in the presence of at least two witnesses (es) not in employment of the company. The scrutinizer shall submit a consolidated Scrutinizer report of the total votes cast in favor and of against if any not later than 48 hours after conclusion of the AGM to the Chairman.
 - The results declared along with the Scrutinizer's Report shall be available at the website of the company (www.padamcotton.com), and CDSL's website and the communication will be sent to the Bombay Stock Exchange Limited.
 - Details of the Director seeking re-appointment at the forthcoming Annual General Meeting (in pursuance of Regulation 36 (3) of the Listing Regulation and SS 2:

Name	: Vivek Gupta
Date of Birth	: 26/06/1969
Date of Appointment by the Board	: 02/11/1994
Relationship with other Director	: Mr. Vivek Gupta is the brother of Director/CEO
Qualification	: Graduate
Experience	: Over 20 years in Textile Industry
No of shares held in the Company	: 746600
List of the Companies in which he is Director	: Oswal Pumps Ltd. Shorya Trading Company Private Limited Ess Aar Corporate Services Pvt Ltd Singh Engcon Private Limited
Number of Board Meeting attended	: 5
Chairman/member of the committee	: Nil
Remuneration last Drawn	: Nil
Terms and Condition of Re-appointment	: Nil
Board Position Held	: Promoter Director

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on Tuesday, the 27th Day of September, 2016 (9.00)AM and ends on Thursday, 29th September, 2016 (5.00) PM. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Friday, the 23rd September, 2016, may cast their vote by remote e-voting. The e-voting module shall be disabled by CDSL for voting thereafter. Once vote on a resolution is cast by a member, the member shall not be allowed to re-cast or change it subsequently.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com

By Order of the Board of Directors
For Padam Cotton Yarns Limited,

Sd/-
Rajev Gupta
(Director)

(DIN No.: 00172828)

Place: Kamal.
Dated: 03rd. August, 2016.

PADAM COTTON YARNS LIMITED

DIRECTOR'S REPORT

Dear Shareholders

Your Directors have pleasure in presenting the 22nd Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2016.

Financial Highlights

Your Directors regret to inform you that 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 major fire in the factory premises. The insurance claim of Rs.5,29,51,550/- is still pending for decision with the Honorable National Consumer Dispute redressal Commission, New Delhi. However, it has received an amount of Rs.439.13 Lacs in the protest a/c against the bank guarantee.

OPERATIONAL & PERFORMANCE REVIEW

However, your company has a miscellaneous income of Rs.5.29 Lacs against Rs. 3.24 Lacs during the previous year. Barring some un-foreseen circumstances, your directors are hopeful to give better results in terms of sales/ profits in the years to come.

SUBSIDIARY COMPANY

During the year ended 31st March, 2016, the Company did not have any subsidiary company.

FIXED DEPOSITS

The Company has not accepted or renewed any deposit from the public during the year under review pursuant to the provisions of Companies Act, 2013 and rules made thereunder.

DIVIDEND

Keeping in view the non availability of the profits, your Directors do not recommend any dividend for the year under review.

APPOINTMENT OF KEY MANAGERIAL PERSONS (KMPs) AND INDEPENDENT DIRECTORS

Pursuant to provisions of Sections 2(51) and 203 of Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 following persons are acting as key Managerial Personnel of the Company as on March, 2016.

1. Mr. Rajev Gupta, Director and CEO
2. Mr. Narender Chutani, CFO

None of the Key managerial Personnel has resigned during the year ended March 31, 2016.

DIRECTORS

During the year under review, there has been no change in the composition of the Board of Directors. In accordance with the provisions of Sections 152 of the Companies Act, 2013 read with the Rules made there and articles of association of the Company, Mr. Vivek Gupta Director will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. A brief resume of and particulars relating to them are given separately under the report on Corporate Governance/Notice calling the 22nd AGM.

Formal Annual Evaluation

Your Company believes that systematic evaluation contribute significantly to improved performance at three levels Organizational, Board and Individual Board Member. It encourages the leadership, teamwork, accountability, decision making communication and efficiency of the Board. Evaluation also ensures teamwork by creating better understating of Board dynamics, board-management relation and thinking as a group within the Board. The Board has carried out an annual performance evaluation of its own, and that of its committees and individual Directors.

STATUTORY AUDITORS

At the 21st Annual General Meeting of Company held on 30th September 2015, held on M/s Viney Goel & Associates, Chartered Accountants, were re-appointed as Statutory Auditors of the Company, for a period of one year in accordance with the provisions of section 139 of Companies Act 2013 read with Companies (Audit & Auditors) Rules 2014.

The Company has obtained a Letter of Eligibility in terms of provisions of section 139 of the Companies Act 2013 read with Companies (Audit & Auditors) Rules 2014 from M/s Viney Goel & Associates, Chartered Accountants, to the effect that their re-appointment, if made, would be in accordance of provisions of section 141 of the Companies Act 2013 and Rules made thereunder and that they are not disqualified for such appointment within the meaning of section 141 of the Companies Act, 2013, the Chartered Accountants Act 1949 and rules & regulations made thereunder. In terms of provisions of Section 139 of Companies Act, 2013, the appointment of Statutory Auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s Viney Goel & Associates, Chartered Accountants, as Statutory Auditors of the Company, is placed for ratification by the shareholders.

COST AUDIT

Pursuant to provisions of section 148 of Companies Act 2013 & Rules made thereunder, your Company is, not now covered under these provisions.

AUDITOR'S REPORT

Observations made in the Auditor's Report are self explanatory and therefore do not call any further explanation.

SECRETARIAL AUDIT

Shri Ramesh Bhatia, Practicing Company Secretary has been appointed by the Board to conduct Secretarial Audit under provisions of section 204 of the Companies Act 2013. The Secretarial Audit report is annexed with the Director's Report as Annexure 2. There is no qualification in secretarial audit report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

Energy conservation continues to be an area of major emphasis in your Company. Efforts are made to optimize the energy cost while carrying out manufacturing operations. As required by the provisions of section 134 of the Companies Act, 2013, the relevant information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given in the Annexure- 1 forming part of this report.

STATUTORY DISCLOSURES

None of the Directors of the Company are disqualified under the provisions of section 164 of the Companies Act 2013. The Directors have made the requisite disclosures, as required under the Companies Act 2013 and Clause 49 of the Listing Agreement.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance. The Company has complied with the Corporate Governance requirements as stipulated under Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Report on Corporate Governance together with certificate from the statutory auditors forms part of the Corporate Governance is annexed to this report.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 134(3)(c) of the Companies Act, 2013, it is hereby confirmed that:

- (a) in the preparation of annual accounts for the financial year ended 31st March, 2016, the applicable accounting standards have been followed and that there are no material departures;
 - (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the profit or loss of the Company for the year ended on that date;
 - (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 - (d) the annual accounts have been prepared on a going concern basis;
 - (e) the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively.
 - (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequately and operating effectively.
- Based on the framework of internal financial controls and compliance system established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants and the reviews performed by management and the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year.

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 92 (3) of the Companies Act, 2013, extract of the Annual Return in Form MGT 9 is annexed to this report as annexure - 3.

NUMBER OF BOARD MEETINGS

During the financial year 2015-16, five meetings of the board of directors were held. The meetings were held on 29th May, 30th July, 08th September, 6th November 2015 and 25th January, 2016. As stipulated by Code of Independent Directors under Companies Act 2013 and under Listing Agreement, a separate meeting of independent directors was held on 25th January 2016. The other relevant details of Board meetings and the attendance of the Directors etc. is given under Corporate Governance Report annexed with Director's Report.

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors of the Company have submitted the Declaration of Independence, as required pursuant to section 149(7) of the Companies Act 2013 stating that they meet the criteria of independence as provided in sub-section (6) read with Regulation 16 of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.

PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS UNDER SECTION 186

Details of Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 are given in the notes to the financial statements provided in this Annual Report.

RELATED PARTY TRANSACTIONS

There are no related party transactions made by the Company with the Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large.

POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

Being an equal employment opportunity company and to ensure that every employee of the Company is treated with dignity & respect and as mandated under "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has in place a formal policy for Prevention of Sexual Harassment of Employees at Workplace.

MATERIAL CHANGES FROM END OF FINANCIAL YEAR TILL DATE OF REPORT

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report other than those disclosed in the financial statements.