



PADAM COTTON YARNS LIMITED

**23rd Annual Report**  
**2016-17**

**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
Smt Radhika Gupta	Women Director

**AUDIT COMMITTEE**

Shri Jai Kumar	(Member)
Shri Satwant Singh	(Member)
Shri Harbhajan Singh	(Chairman)

**REGISTERED OFFICE**

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

**NOMINATION & REMUNERATION COMMITTEE**

Shri Jai Kumar	(Member)
Shri Satwant Singh	(Member)
Shri Harbhajan Singh	(Chairman)

**HEAD OFFICE**

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

**STAKEHOLDERS' RELATIONSHIP COMMITTEE**

Shri Jai Kumar	(Member)
Shri Satwant Singh	(Member)
Shri Harbhajan Singh	(Chairman)

**STATUTORY AUDITORS**

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

**RISK MANAGEMENT COMMITTEE**

Shri Jai Kumar	(Member)
Shri Satwant Singh	(Member)
Shri Harbhajan Singh	(Chairman)

**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,  
Karnal (Haryana) - 132 001

**CHIEF FINANCIAL OFFICER**

Shri Narinder Kumar Chutani

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# **PADAM COTTON YARNS LIMITED**

(CIN No. L17112HR1994PLC033641)

REGD. OFFICE: 196, 1st Floor, 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 23<sup>rd</sup> 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 29th day of September, 2017 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 31<sup>st</sup> March, 2017 along with the reports of Directors' and Auditors' there on.
2. To appoint a Director in place of Mrs. Radhika Gupta who retires by rotation at this annual general meeting and being eligible offers himself for re-appointment.
3. Resolved that pursuant to the provisions of section 139 and other applicable provisions, if any, of companies Act, 2013, and the rules made there under, M/s Harjinder Singh & Co, Chartered Accountants (FRN 014119N), Karnal, be and is hereby appointed as Statutory Auditors of the company, for five years w.e.f. 2017-2018, in place of retiring auditors M/s Viney Goel & Associates, Chartered Accountants, Karnal, to hold office from the conclusion of this annual General Meeting until the conclusion of the Annual General Meeting to be held for the Financial Year 2021-22, subject to ratification of their appointment by the shareholders of the company at every AGM, at a remuneration to be decided by the Board of Directors.

**By Order of the Board of Directors**

For Padam Cotton Yarns Limited,

Place: Karnal.

Dated: 24th. August, 2017.

Sd/-

Rajev Gupta

(Director)

(DIN No.: 00172828)

# PADAM COTTON YARNS LIMITED

## Notes

1. A member entitled to attend and vote at this Annual general Meeting of the company, 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. A proxy so appointed shall have no right to speak at the meeting.
2. A person can act as a proxy on behalf of the member not exceeding fifty and holding in the aggregate not more than Ten percent of the Total share capital of the company carrying voting rights.
3. 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 Company has notified the closure the Register of Members and Share Transfer Books of the Company from Saturday, the 23rd day of September, 2017 to Friday, the 29<sup>th</sup> day of September, 2017 (both days inclusive).
4. 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 Disclosure Requirement) 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.
5. 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.
6. 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.
7. 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.
8. Members/proxies are requested to bring their copies of the Annual Report along with duly filled admission slip(s) for attending the meeting.
9. 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.
10. 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.
11. The members who have not yet dematerialized their shares, are recommended to get their shares dematerialized at the earliest.

**12. 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](http://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](http://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 :

	<b>For Members holding shares in Demat Form and Physical Form</b>
<b>PAN *</b>	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"><li>• 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.</li><li>• 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.</li></ul>
<b>DOB#</b>	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.
<b>Dividend Bank Details</b>	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"><li>• 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.</li></ul>

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 170824042 on which you choose to vote.
  - (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" 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.
  - (xii) 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](mailto: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](mailto: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.
- Details of the Director seeking re-appointment at the forthcoming Annual General Meeting  
(in pursuance of regulation 36 (3) of the listing regulation & SS2

Name	: Radhika Gupta
Date of Birth	: 15-8-1971
Date of Appointment by the Board	: 21-1-2015
Relationship with other Director	: Wife of a Director Shri Vivek Gupta
Qualification	: Graduate
Eperience	: Over 10 Years Experience in General Management
No of shares held in the company	: 44500
List of the companies in which he is director	: Nil
Number of Board Meeting Attended	: 1
Chairman/member of the committee	: Nil
Remuneration last Drawn	: Nil
Terms and Condition of Re-appointment	: Nil
Board Position Held	: Director

**In case of members receiving the physical copy:**

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.
- (B) The voting period begins on Tuesday, the 26th Day of September, 2017 (9.00)AM and ends on Thursday, 28<sup>th</sup> September, 2017 (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 22<sup>nd</sup> September, 2017, 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](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

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

Place: Karnal.  
Dated: 24th. August, 2017.

Sd/-  
Rajev Gupta  
(Director)  
(DIN No.: 00172828)

# **PADAM COTTON YARNS LIMITED**

## **DIRECTOR'S REPORT**

### **Dear Shareholders**

Your Directors have pleasure in presenting the 23<sup>rd</sup> Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2017.

### **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. How-ever, it has received an amount of Rs.439.13 Lacs in the protest a/c against the bank guarantee.

### **OPERATIONAL & PERFORMANCE REVIEW**

How-ever, your company has other operating revenues of Rs.12.99 Lacs against Rs. 5.29 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 31<sup>st</sup> March, 2017, 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:

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, 2017.

### **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. Mrs. Radhika Gupta Director wil retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. A brife resume of and particulars relating to them are given separately under the report on Corporate Governance

### **Formal Annual Evaluation**

Your Company believes that sustematic 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 dyanmics, 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 22<sup>nd</sup> Annual General Meeting of Company held on 30<sup>th</sup> September 2016, 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 Harjinder Singh & Co., Chartered Accountants, to the effect that their 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 Harjinder Singh & Co., Chartered Accountants, as Statutory Auditors of the Company, is placed for Approval of 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 - II. 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-I 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. Annexure-IV

## **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, 2017, 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, 2017 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 - III.

#### **NUMBER OF BOARD MEETINGS**

During the financial year 2016-17, four meetings of the board of directors were held. The meetings were held on 30<sup>th</sup> May, 03<sup>rd</sup> August, 14<sup>th</sup> November, 2016 and 25<sup>th</sup> January, 2017. As stipulated by Code of Independent Directors under Companies Act 2013 and under Listing Agreement, a separate meeting of independent directors was held on 25<sup>th</sup> January 2017. 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.