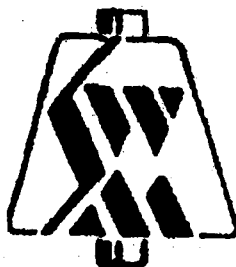


# *17<sup>th</sup>*

**Annual Report  
2004 - 2005**

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**SUPREME**  
**YARNS LIMITED**

## **SUPREME YARNS LIMITED**

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### **Board of Directors**

Shri. A.K. Mahajan

**Chairperson**

Shri. S.K. Ahuja

Shri. S.S. Chugh

Shri. S.K Duggal

Shri. B.B. Goel

Shri. R.C. Singal

Shri. J.V. Ramarao

Shri. Ram Lal Gupta

Shri. Ajay Gupta

Shri. Sanjay Gupta

**Executive Director**  
**Jt. Managing Director**  
**Managing Director**

### **Secretary Cum V.P. (Finance)**

Shri Rajeev Bhambri

### **Auditors**

M/s S.C. Vasudeva & Co.

### **Bankers**

State Bank of India

### **Registrar & Transfer Agent**

M/s. Beetal Financial & Computer Services P. Ltd.

321-S, Chirag Delhi, Near Cahid Bhagat Singh College,  
New Delhi-110017

Stock Code No. at The Stock Exchange, Mumbai 531934

DEMAT Code No. at CDSL - ISIN-INE 651G01019

### **Registered Office & Works**

Village Kanganwal,

P.O. Juginana, Ludhiana

E-mail: [info@supremeyarns.com](mailto:info@supremeyarns.com)

website: [www@supremeyarns.com](http://www@supremeyarns.com)

Phone: 0161-2510320, 2510321, 2510097, 2510622

Fax : 0161-2510584

## SUPREME YARNS LIMITED

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### NOTICE

NOTICE is hereby given that Seventeenth Annual General Meeting of the shareholders of SUPREME YARNS LIMITED will be held at the Registered Office of the Company at Village Kanganwal, P.O. Jugiana, Ludhiana on Friday, the 12th day of August, 2005 at 11 A.M. to transact the following Business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report and Audited Balance Sheet as at 31st March, 2005 and Profit and Loss Account for the year ended on that date, together with Auditors' Report thereon.
2. To appoint Director in place of Sh. R.C.Singal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Director in place of Sh. Ram Lal Gupta, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Director in place of Sh. Sanjay Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors for the year 2005-2006 and fix their remuneration.

#### SPECIAL BUSINESS

6. TO CONSIDER AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:-  
"RESOLVED THAT Mr.B.B.Goel, who was appointed as an Additional Director of the Company by the Board and who holds office of Director under section 260 of the Companies act, 1956 upto the conclusion of the meeting and in respect of whom the Company has received notice proposing his candidature for the office of the Director be and is hereby appointed as a Director of the Company."

BY ORDER OF THE BOARD

PLACE: CHANDIGARH

DATE: 30.06.2005

(RAJEEV BHAMBRI)  
COMPANY SECRETARY

#### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. THE REGISTER OF MEMBERS AND THE SHARE TRANSFER BOOKS OF THE COMPANY SHALL REMAIN CLOSED FROM 9TH AUGUST, 2005 TO 11th AUGUST, 2005 (BOTH DAYS INCLUSIVE).
3. EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NO. 6 IS ANNEXED HERETO AND FORMS PART OF THIS NOTICE.

## **SUPREME YARNS LIMITED**

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### **ANNEXURE TO THE NOTICE**

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

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

Mr.B.B.Goel was appointed as an Additional Director by the Board pursuant to the provisions of Section 260 of the Companies Act, 1956. Accordingly he holds office upto the conclusion of this Annual General Meeting. Notice under section 257 has already been received by the Company, proposing the candidature of Mr. B.B.Goel for appointment as Director. The Board recommend his appointment as director of the Company. None of the Director except the proposed appointee himself is interested in the resolution.

BY ORDER OF THE BOARD

PLACE: CHANDIGARH  
DATE: 30.06.2005

(RAJEEV BHAMBRI)  
COMPANY SECRETARY



# SUPREME YARNS LIMITED

## DIRECTORS' REPORT

Dear Members,

The Directors are hereby pleased to present their Seventeenth Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2005.

### FINANCIAL RESULTS

	2004-2005 (Rs.in lacs)	2003-2004 (Rs.in lacs)
Gross Turnover	11163.91	9335.94
Net Profit before Tax	57.21	59.76
Add Depreciation Written back	0.00	00.17
Provision for Tax		
a) Current Tax	14.50	9.00
b) Deferred Tax	0.82	12.89
Income Tax of earlier years written back	0.00	-1.26
Income Tax of earlier years	0.25	0.00
Profit after Tax	41.64	36.78

### REVIEW OF OPERATIONS

Production increased from 76.78 lacs kgs. to 87.12 lacs kgs. showing an increase of 13% as compared to previous year. This increase is due to the full year impact of the plant installed in previous year. Turnover during the year under review, is increased by 20%. Net Profits after Tax increased by 13%.

### DIVIDEND

Due to ongoing expansion, Company is unable to declare any dividend.

### EXPANSION PLAN

The Company is in the process of implementation of the following project:

- Increase in capacity of Dye House and its shifting to a different location. At the existing location, there is no facility of sewerage and alternatively company was discharging the effluents of its dyeing unit in adjoining land for irrigation of trees as per the norms of Punjab Pollution Control Board. Further expansion was not possible thereat; therefore it was decided to shift its dye house.
  - Modernization and installation of balancing equipment in spinning unit. This will add to extra productivity of around 10%, without addition of the spindles.
- During this financial year to part finance the above said project State Bank of India has sanctioned a term Loan of Rs.1000 lacs. This project is expected to be implemented before 31st December, 2005.

### AUDITORS

The Auditors, M/s.S.C.Vasudeva & Co., Chartered Accountants, New Delhi will retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

## SUPREME YARNS LIMITED

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### AUDITORS'REPORT

Auditors' report on the Accounts is self-explanatory and requires no comments.

### DIRECTORS

Mr. R. C. Singal, Mr. Ram Lal Gupta and Mr. Sanjay Gupta, retire by rotation at the conclusion of the forthcoming Annual General Meeting. Mr. B. B. Goel who was appointed additional director during the year, hold office upto the conclusion of the ensuing Annual General Meeting. Board of Directors records its appreciation to Mr. B. K. Malhotra and Mr. S. C. Popli for their contribution rendered to the Company.

### PERSONNEL

Since there is no employee receiving salary more than Rs. 24 Lacs, P.A. or Rs. 2.00 Lacs P.M., there is no information required to be given pursuant to the provisions of Section 217(2A) of the Companies Act, 1956.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

*Particular with respect to conservation of energy and other areas as per Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are annexed hereto and form part of this report.*

### CORPORATE GOVERNANCE

Company was required to comply with the provision of Clause 49 of the of the Listing Agreements with Stock Exchanges and Company has complied all the required provisions as detailed in annexure of Annual Report.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, confirm that -

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii) that have, in the selection of the Accounting Policies, consulted the Statutory Auditors and have applied them consistently and made 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 and of the profit of the Company for that period;
- iii) they have taken proper and sufficient care to the best of their knowledge and ability 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 fraud and other irregularities;
- iv) they have prepared the annual accounts on a going concern basis.

### ACKNOWLEDGEMENT

The Directors express their sincere appreciation of the co-operation extended by State Bank of India, Industrial Development Bank of India & Punjab State Industrial Development Corporation Limited.

The Board of Directors place on record its appreciation of the co-operation received from all section of the employees.

FOR AND ON BEHALF OF THE BOARD

PLACE : CHANDIGARH

DATED : 30.06.2005.

(SANJAY GUPTA)

MANAGING DIRECTOR

# SUPREME YARNS LIMITED

## ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2005 :-

### 1. CONSERVATION OF ENERGY:

With continuous efforts, the consumption of fuel has been controlled and consumption of electricity has been significantly reduced.

#### FORM A:

#### A) POWER AND FUEL CONSUMPTION:

Electricity - Own Generation	<u>2004-05</u>	<u>2003-04</u>
a) Unit Produced - (KWH IN LACS)	90.60	43.23
b) Unit Produced /Ltr. of Diesel (KWH)	3.84	3.16
c) Cost Per Unit (RS.)	6.20	6.09

#### B) CONSUMPTION PER UNIT OF PRODUCTION

Electricity Consumed Per Kg. of Production (KWH/KG)	2.55	2.16
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### 2. TECHNOLOGY ABSORPTION:

Technology absorption, Innovation and Research & Development (R & D) is a continuing Process and a continued emphasis is given on quality improvement and product upgradation. Information as per Form-B of the Annexure to the Rules is given below :

#### RESEARCH & DEVELOPMENT (R & D)

##### (a) Specific Areas in which R & D carried by the Company :

The Company has adopted latest new technology. However, R & D has been carried in the areas of new product development, improvement in the production process and quality of products.

##### (b) Benefits desired as a result of above R & D :

The efforts have resulted in cost competitiveness. The product range has been employed.

##### (c) Future Course of action :

The management is committed to continued R&D to increase market competitiveness.

### 3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rs.in Lacs)

Foreign Exchange Earned	1285.79
Foreign Exchange Used (CIF Value of Imports)	560.50

## SUPREME YARNS LIMITED

### CORPORATE GOVERNANCE REPORT

#### 1. Company's Philosophy on Corporate Governance:

The Company, while conducting its business has been upholding the core values of SUPREME i.e. transparency, integrity, honesty, accountability and compliance of laws. In continuation of its efforts towards performance, the Company intends to seize opportunities of tomorrow and create a future that will make it the best Company in its area of operations. This in turn will help to improve the quality of life of the communities it serves, e.g. customers, suppliers, Government, shareholders, local community, etc..

Your company is committed to follow the best & established Corporate practices. We are happy to inform you that your company's practices and policies are significantly in conformity with the requirements stipulated by the SEBI.

#### 2. BOARD OF DIRECTORS

##### a) Size & Composition of Board

The Board presently comprises of the directors including the Non-Executive Independent Chairman and three executive directors and the majority of directors on the board are Independent.

The detail of the Composition of the Board, number of directorship and committee position held by each of the directors are given here under:

NAME	DESIGNATION	CATEGORY	NO. OF DIRECTORSHIP HELD IN OTHER COMPANIES	NO. OF BOARD COMMITTEE MEMBERSHIP HELD IN OTHER COMPANIES	NO. OF BOARD COMMITTEE CHAIRMAN HELD
1. Ajay Mahajan	Chairman	Non-Executive Independent Representing PSIDC	10	6	—
2. S.K. Ahuja	Director	Non-Executive Independent Representing PSIDC	13	4	—
3. S.S.Chugh	Director	Non-Executive Independent Representing PSIDC	4	2	—
4. S.K.Duggal	Director	Non-Executive Independent	12	5	4
5. B.K.Malhotra	Director	Non-Executive Independent	—	—	—
6. R.C. Singal	Director	Non-Executive Independent	14	5	4
7. S.C. Popli	Director	Non-Executive Independent Representing IDBI	1	—	—
8. Ram Lal Gupta	Executive Director	Executive	—	—	—
9. Ajay Gupta	Jt. Mg. Director	Executive	—	—	—
10. Sanjay Gupta	Managing Director	Executive	—	—	—



## SUPREME YARNS LIMITED

### b) Board Meeting:

During the year ended 31st March, 2005 four Board Meeting were held on the following dates: 26.06.2004, 30.07.2004, 21.10.2004 & 27.01.2005.

### c) Directors Attendance Record :

Attendance of Directors at Board Meeting and at Annual General Meeting (AGM).

NAME OF DIRECTORS	NO. OF BOARD MEETING HELD	NO. OF BOARD MEETING ATTENDANCE	WHETHER ATTENDED THE AGM HELD ON 23.08.2004
Ajay Mahajan	4	4	No
S. K. Ahuja	4	3	No
S. S. Chugh	4	3	No
S. K. Duggal	4	4	Yes
B. K. Malhotra	4	0	No
B. B. Goel	4	0	No
R. C. Singal	4	1	No
S. C. Popli	4	0	No
J. V. Ramarao	4	4	No
Ram Lal Gupta	4	0	Yes
Ajay Gupta	4	0	Yes
Sanjay Gupta	4	4	Yes

Mr. B. K. Malhotra & Mr. S. C. Popli resigned from the Board during the year and Mr. B. B. Goel and Mr. J. V. Ramarao were appointed in their place on 08.06.2004 and 27.01.2005 respectively.

### 3. AUDIT COMMITTEE

The audit committee has been constituted as per section 292A of the Companies Act, 1956 and the guidelines set out the in the listing Agreement with the stock exchange.

#### Composition and Attendance

The meetings of the audit committee were held on the following dates 25.06.2004, 26.07.2004, 19.10.2004, 10.01.2005 & 24.01.2005.

NAME OF THE MEMBER	NO. OF MEETING HELD	NO. OF MEETING ATTENDED
S.K. DUGGAL	5	5
S.S. CHUGH	5	4
S.C. POPLI	5	0
SANJAY GUPTA	5	5
J.V. RAMARAO	5	2

The nominee of IDBI Mr. S. C. Popli was replaced during the year by Mr. J. V. Ramarao. There terms of reference stipulated by the Board of Director to the audit committee are as contained the section 292A of the Companies Act, 1956 and clause 49 of the listing agreement. All the members have requisite financial and management expertise. The Company Secretary acts as the Secretary to the Committee. Minutes of meeting of audit committee are circulated to members of the committee and Board kept apprised.