

**40th Annual Report
2009-2010**

SWADESHI POLYTEX LIMITED

Registered Office: New Kavi Nagar, Industrial Area Ghaziabad - 201002 (U.P.)

SWADESHI POLYTEX LIMITED

BOARD OF DIRECTORS AS ON DATE

Shri K. Ramachandran Pillai	Chairman
Shri Gaurav Swarup	Director
Shri Hartaj Sewa Singh	Director
Shri R. K. Sharma	Director
Shri Atul Seksaria	Director
Shri R.K. Sanghi	Director
Shri N. K. Gupta	Director
Shri S.S. Madan	Director
Shri Navroon Aggarwal	Director
Shri K. Subramanian	Director
Shri B. Mehrotra	Director
Shri S.B. Singh	Director

REGISTERED OFFICE

New Kavi Nagar, Industrial Area Ghaziabad - 201002 (U.P.)

<u>Contents</u>	<u>Page No.</u>
Notice	1
Directors' Report	5
Auditors' Report	7
Balance Sheet	11
Profit & Loss Account	12
Notes to the Accounts	13

SWADESHI POLYTEX LIMITED

NOTICE

Notice is hereby given that 40th Annual General Meeting of the members of Swadeshi Polytex Limited will be held at the Registered Office of the Company at New Kavi Nagar, Industrial Area, Ghaziabad - 201002 (Uttar Pradesh) on 28th October 2010 at 12.00 Noon to transact the followings business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2010 and the Profit and Loss Account of the Company ended as on that date and the Report of the Directors' and Auditors thereon.
2. To appoint a Director in Place of Shri Gaurav Swarup, who retires by rotation and being eligible, offers himself for re- appointment.
3. To appoint a Director in place of Shri R.K.Sharma, who retires by rotation and being eligible, offers himself for re- appointment.
4. To appoint a Director in place of Shri S.B.Singh, who retires by rotation and being eligible, offers himself for re- appointment.
5. To appoint Auditors and to fix their remuneration and for that purpose to pass the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to section 224A and other applicable provisions of the Companies Act 1956, if any M/S Suresh Bansal & Co. Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General meeting to the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs.35000/- (plus service tax and out of pocket expenses for actual traveling and other expenses in connection with the company's audit)"

SPECIAL BUSINESS

6. Conversion of loans under default

If thought fit, to pass with or without modification, the following resolution as a special resolution:

"RESOLVED THAT in terms of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 ('the Companies Act') (including any statutory modification or re-enactment thereof for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company and subject to the provisions of the Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed, the Securities and Exchange Board of India Act, 1992 ('SEBI Act') and all other applicable laws, rules, regulation, policy or guideline, for the time being in force and/or any approval, consent, permission or sanction, if any, of the appropriate authority/ authorities, and subject to such conditions and modifications as may be prescribed or imposed in these approvals, consents, permissions or sanctions which may be agreed to by the Board of Directors of the Company (hereinafter, referred to as 'the Board', which term shall be deemed to include any duly authorized committee/persons/person thereof for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to allot 3000000 Equity Shares of the Company, at par that is equivalent to or higher than price to be determined according to applicable SEBI Guidelines and Regulations, on such terms and conditions and in such manner or otherwise as the Board may in its absolute discretion think fit and decide."

"RESOLVED FURTHER THAT the Equity Shares of the Company as allotted in terms of this Resolution shall be subject to the Memorandum of Association and Articles of Association of the Company and shall rank *pari passu* in all respects with the existing Equity Shares of the Company, except as otherwise provided for."

"RESOLVED FURTHER THAT necessary measures are to be taken to seek the listing of the new Equity Shares on all the Stock Exchanges where the Company's shares shall continue to be listed and necessary applications are to be made with National Securities Depository Limited, Central Depository Services (India)

SWADESHI POLYTEX LIMITED

Limited and other authorities, if any, for executing corporate action and such other actions, as may be required in this connection from time to time."

"RESOLVED FURTHER THAT for the purpose of giving effect to all the above Resolutions, the Board of Directors of the Company (hereinafter, referred to as 'the Board', which term shall be deemed to include any duly authorized committee/persons/person thereof for the time being exercising the powers conferred on the Board by this Resolution) be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and take all such steps, measures and decide upon all consequential measures (including settlement of any questions, difficulties, doubts that may arise in this regard to the issue of shares as may be required) to give effect to the above and that the Board is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or Chairman of the meeting at which the Committee is or may be formed or to any of the principal officers of the Company/ Authorized Representative in order to give effect to the aforesaid Resolution"

7. Change of name of the Company

if thought fit, to pass with or without modification, the following resolution as a special resolution:

"RESOLVED THAT Subject to the approval of the Registrar of Companies under Section 21 and other applicable provisions, if any, of the Companies Act, 1956, the name of the Company be changed from SWADESHI POLYTEX LIMITED to PAN DEVELOPMENT CORPORATION LIMITED and accordingly the name "wherever it occurs in the memorandum and articles of the association of the company be substituted by PAN DEVELOPMENT CORPORATION LIMITED."

"RESOLVED further that the Board of Directors of the Company be and is hereby authorized to do all such acts and things and deal with all such matters and take all such steps as may be necessary to give effect to this resolution".

Place : New Delhi
Dated : 24th September, 2010

By order of the Board
(For Swadeshi Polytex Limited)
R. K. Sharma (R.K.Sharma)
(Director) H.S. Singh (H.S.Singh)
(Director)

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend on his behalf and on a poll to vote on his behalf and that the proxy need not be a member of the Company. Proxies in order to be effective must be signed, stamped and deposited at the registered office of the company not less than 48 hours before the commencement of the meeting. Blank proxy form is annexed hereto.
2. In case of joint holding only that joint holder who is highest in order of the names as per Company's record shall be entitled to vote.
3. The register of members and share transfer books of the Company will remain closed from 20th October 2010 to 28th October 2010 (both days inclusive).
4. The abridged Balance Sheet and Profit and Loss Account is enclosed, the full copy of the Balance Sheet shall be available for inspection at the registered office of the Company from 10 a.m to 5 p.m from 3rd October 2010 to 28th October 2010.
5. The Company shall provide the copy of the full Balance Sheet immediately on receipt of the request from a member.

SWADESHI POLYTEX LIMITED

Explanatory Statement under section 173 of the Companies Act 1956

ITEM NO 6

Swadeshi Polytex Limited ("the Company") had entered into a Loan Agreements ("the Loan Agreement") with Lenders wherein the Company would be required to convert the loan or part thereof into Equity Shares of the Company to the lenders in the event of any default as the same is normal/ applicable in the banking industry. On the occurrence of such default, the Company has also been called upon to comply with its obligations. Arbitration proceedings are also pending in connection with this matter.

The shareholders in an Extra Ordinary General Meeting dated 23rd November 2006 ("EGM") have already approved the taking of these loans by the Company. These loans were taken by the Company to comply with the order dated 3rd January 2006 of the Hon'ble Allahabad High Court where in the Company was directed to deposit a sum of Rs Ten Crores within a stipulated time frame to secure payments to the workmen of the Company. Further the company has taken Loan of Rs. Four Crores to comply the order of Hon'ble Supreme Court for the payment to the workmen of the Company.

The Company, in compliance with obligations under the Loan Agreements and / or in compliance with arbitration awards, now required to convert the loans in default to Equity Shares of the Company.

The Company, therefore, proposes a resolution under Section 81(1A) of the Companies Act, 1956 in compliance with its obligations under the Loan Agreements and/ or directions in the arbitration award, in accordance with applicable laws, regulations, policies and guidelines:

In relation to the issue, the following is to be noted –

- A) Object of the issue : The object of the issue is to comply with the arbitration award and the clauses of the Loan Agreement.
- B) Intention of Promoters/directors/key management person to subscribe to the offer: The preferential issue is being made to Pranjal Vypar Private Limited so that the compliance of the arbitration awards can be made.
- C) Shareholding pattern before and after the issue:

Group of the shareholders	Holding of share before the allotment	Percentage of of total holding before allotment	Holding of share after the allotment	Percentage of total holding after allotment
Promoters & Promoters Group	2223950	57%	2223950	32.23%
Public Holding	1676050	43%	1676050	24.29%
New Allottee (Pranjal Vypar Limited)	0	0	3000000	43.47%
Total Equity	3900000	100%	6900000	100%

- D) Proposed time within which the allotment shall be completed: The Allotment shall be completed within 15 days from the date of passing of the resolution.
- E) The identity of the proposed allottee and the percentage of post preferential issue : The proposed allottee is a public Limited Company registered under the Companies Act 1956.

The approval of the shareholders of the Company is being sought to approve and authorize the abovementioned resolutions and all matters related thereto, as under the provisions of Section 81(1A) of the Companies Act, 1956, as amended, the Board is permitted to issue and allot Equity Shares of the Company, provided that the existing shareholders approve the same by way of a special resolution.

The Board believes that the proposed issue may be required under existing loan facilities and is in the best interest of the Company and recommends the resolution for approval.