



PADAM COTTON YARNS LIMITED

14th Annual Report
2007-2008

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

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 Accountants,
B-2, Purshotam Garden,
Near Chandranchal Banquet Hall,
Karnal-132 001

BANKERS TO THE COMPANY

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

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PADAM COTTON YARNS LIMITED

NOTICE

Notice is hereby given that the 14th 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-132 001 on Friday, the 29th Day of August, 2008 at 11.00 A.M. to consider and transact the following Ordinary business :-

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2008 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. Satwant Singh, who retires by rotation but being eligible offers himself for re-appointment.
4. To appoint Auditors to 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 and offer themselves for re-appointment.

Place : KARNAL

Dated : 9th July, 2008

FOR AND ON THE BE HALF OF THE BOARD

Sd/-

(Rajev Gupta)

Chairman cum Whole Time Director

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint another person as his/her proxy to attend and on poll to vote instead of himself/herself. The proxy need not be a member of the company. A blank proxy form is enclosed and should be returned duly completed at the registered office of the company not later than 48 hours before scheduled time of the meeting.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, the 26th Day of August, 2008 to Friday, the 29th Day of August 2008 (Both days inclusive).
3. 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.
4. In case of joint holders, if more than one holder intends to attend the meeting they must obtain additional admission slip (s) on request from the Registered office of the company
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/Proxies are requested to bring their copy of Annual Report along with duly filled admission slip for attending the meeting.
7. Members who have multiple accounts in identical names or joint accounts in same order are requested to intimate the company, the ledger folios of such accounts to enable the company to consolidate all such shareholdings into one account.

DIRECTOR'S REPORT

DEAR MEMBERS,

Your Directors take pleasure in presenting their 14th Annual Report together with the Audited Accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS:

Your Directors regret to inform you that there was no commercial activity during the year under review as the entire Plant and machinery and major part of the Building had got damaged in July, 2002 due to fire in the factory premises. However, the Company has receipts from the other income only to the extent of Rs. 2.96 lacs as against Rs. 1.41 lacs during the previous year. The insurance Claim of Rs. 5,29,51,550/- is still pending for decision with the Honourable National Consumer Dispute redressal Commission, New Delhi. The Company is hopeful to get the above claim in view of the strong case.

DIVIDEND

In view of the non availability of the profits during the year under review, your Directors do not recommend any dividend.

Deposits

During the year under review the company has unsecured loans outstanding to the extent of Rs. 242.13 Lacs.

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

Under sub-section(1) (e):

Information with regard to power and fuel consumption, own generation, conservation of energy, absorption of technology and foreign exchange earning and outgo is enclosed as Annexure I and forms an integral part of the 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

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of section 217 (2AA) of the Companies Act 1956 :

1. That in the preparation of the annual accounts for the year ended 31st March 2008, the applicable accounting standards have been followed, alongwith proper explanations relating to material departures, if any. During the year under review, the company has reversed an interest amount of rs. 20663202/- on insurance claim receivable from New India Assurance Company.
2. That such Accounting Policies as mentioned in Schedule XI i.e. annual accounts have been selected and applied consistently and judgements and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2008 and of the Profit/loss of the Company for that year.

3. That proper and sufficient care has been taken for 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 frauds and other irregularities.
4. That Annual Accounts as at 31st March, 2008 have been prepared on a going concern basis.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 read with Articles of Association of the company, Mr. Satwant Singh and Mr. Jai Kumar Gupta, Directors retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

CORPORATE GOVERNANCE

As per Clause 49 of the listing Agreement entered with the stock Exchanges, a separate report on the Corporate Governance Practices followed by the Company together with a certificate of the Statutory Auditors of the Company is attached as Annexure II to this report.

AUDITORS

M/s Viney Goel & Associates, Chartered Accountants, shall retire at the conclusion of the ensuing Annual General Meeting of the Company and being eligible, offers themselves for re-appointment. The Auditors have informed that their re-appointment if made, shall be within the limits prescribed under Section 224 (IB) of the Companies Act, 1956. The qualifications given by the statutory auditors regarding disputed excise duty were placed before the board and were discussed in detail. As the paragraphs are self explanatory, no further details are given here.

CHANGE IN THE REGISTRAR'S AND SHARE TRANSFER AGENTS

Pending approvals and necessary paper work to be completed, your company is proposing to change its present Registrar & share Transfer Agents, M/s. Intime spectrum Registry Limited, New Delhi to M/s. BEETAL Financial & Computer Services Private Limited, New Delhi.

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 Associates of the company.

Place : KARNAL
Dated : 9th July, 2008

FOR AND ON THE BEHALF OF THE BOARD

Sd/-
(Rajev Gupta)
Chairman Cum Whole Time Director

Annexure- I
(FORM A)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. Power and fuel consumption

	2006-07	2007-08
1. Electricity		
(a) Purchased		
Units	Nil	Nil
Total Amount (Rs. in lacs)	Nil	Nil
Rate / unit (Rs.)	Nil	Nil
(b) Own Generation		
(i) Through Diesel Generator.		
Units	Nil	NIL
Unit per Ltr. of diesel oil.		
Cost / unit (Rs.)	NIL	NIL
(ii) Through steam Turbine/Generator.	NIL	NIL
Units		
Unit per Ltr. of Fuel oil/Gas		
Cost / unit (Rs.)		
2. Coal	NIL	NIL
Quantity(tonnes)		
Total Cost		
Average Rate (Rs.)		
3. Furnace Oil	NIL	NIL
Quantity(K.Ltr.)		
Total Amount		
Average Rate (Rs.)		
4. Others/internal generation	NIL	NIL
Quantity(tonnes)		
Total Cost		
Rate/unit		

B. Consumption per unit of production

Standards	2006-07	2007-08
	1	2
Products (with details) unit		
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)

Foreign Exchange

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

FOR AND ON THE BEHALF OF THE BOARD
for Padam Cotton Yarns Ltd.

Place: Karnal.

Dated : 9th July, 2008

Sd/-
(Rajev Gupta)
Chairman-cum-Whole Time Director

Annexure -II
TO THE DIRECTOR'S REPORT
REPORT ON CORPORATE GOVERNANCE

The Company has over the years followed best practices of Corporate Governance by adhering to 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 your 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 31.03.2008

DIRECTOR	NO OF BOARD MEETING ATTENDED	ATTENDENCE AT PREVIOUS AGM ON 26.09.2007	NO OF OUTSIDE DIRECTORSHIP HELD	NO.OF MEMBERSHIP/ CHAIRMANSHIP IN OTHER BOARD COMMITTEES
Mr. Rajev Gupta	07	Yes	Four	Nil
Mr. Vivek Gupta	07	Yes	Three	Nil
Mr. Jai Kumar Gupta	04	Nil	Nil	Nil
Mr. Satwant Singh	03	Nil	One	Nil
Mr. Harbhajan Singh	04	Nil	One	Nil

BOARD MEETINGS HELD DURING THE YEAR 2007-2008

During the year Seven meetings of the Board of Directors were held on:

24-04-2007, 17-07-2007, 09-08-2007, 16-08-2007, 01-09-2007, 24-10-2007, and 18-01-2008.

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:

Audit Committee

Name	Number of Meetings attended
1. Mr. Jai Kumar Gupta	1
2. Mr. Harbhajan Singh	4
3. Mr. Satwant Singh	3

The Audit committee acts as a link between the Managment, the Auditors and the Board of Directors. The Committee provides the Board with additional assurance as to the adequacy of the Company's internal control systems and financial disclosures.

Remuneration Committee

Name	Number of Meetings attended
1. Mr. Jai Kumar Gupta	1
2. Mr. Harbhajan Singh	3
3. Mr. Satwant Singh	4

Shareholders, Redressal Committee

1. Mr. Jai Kumar Gupta,
2. Mr. Harbhajan Singh,
3. Mr. Satwant Singh,

Number of Meeting Attended

0
4
4

Corporate Governance Committee

1. Mr. Jai Kumar Gupta,
2. Mr. Harbhajan Singh,
3. Mr. Satwant Singh,

1
3
3

GENERAL BODY MEETINGS

YEAR	VENUE	DATE	TIME
2007	196, Opposite Red Cross Mkt, Karnal,	26/09/2007	11.00AM
2006	196, Opposite Red Cross Mkt, Karnal,	19/08/2006	11.30AM
2005	196, Opposite Red Cross Mkt, Karnal,	16/08/2005	11.30AM

DISCLOSURES

There has not been any non-compliance, penalties or strictures imposed on the Company by any of the stock exchanges, SEBI, or any other statutory authorities on any matter relating to the Capital market during the last three years.

MEANS OF COMMUNICATION

The quarterly and half yearly results are generally published by the Company in the newspapers as per requirements of the listing agreement. However, the Annual report of the Company is sent to the shareholders every year at the time of Annual General meeting. The copies of the above documents are also forwarded to the Stock exchanges in the line with the listing agreement requirements.

GENERAL SHAREHOLDERS' INFORMATION**ANNUAL GENERAL MEETING**

DAY Friday
DATE 29th August, 2008,
TIME 11.00 AM
VENUE 196, Opposite. Red Cross MKT, Karnal,

LISTING ON STOCK EXCHANGES

The shares of the Company are Listed on :
The Stock Exchange, Mumbai,
Phiroze JeeJeebhoy Tower,
25th Floor, Dalal Street,
Mumbai-400023.

The Company has paid the Annual Listing Fee upto date to all The Stock Exchange where the shares of the company are listed. Since the shares of the Company are not actively traded at all the stock exchange, as such, the monthly high/low prices are not given.

REGISTRAR AND SHARE TRANSFER AGENT

The transfer of shares both in physical and electronic mode is done by the Company's Registrar and Share Transfer Agents M/s Intime Spectrum Registry Limited at New Delhi. The requests of dematerialisation of shares are processed and confirmation is given to the respective depositories i.e. National Securities Depository Ltd (NSDL) and Central Depository Services Ltd (CSDL) through the Registrar of the Company i.e. M/S Intime Spectrum Registry Limited, A-31, Community, Near PVR Cinema, Industrial Area, Naraina, New Delhi.

Your company is proposing to change its present Registrar & Share Transfer Agents, M/s Intime Spectrum Registry Limited, New Delhi to M/s BEEtal Financial & Computer Services Private Limited, New Delhi. Pending approvals and necessary paper work to be completed.

RESUME OF THE DIRECTORS SEEKING REAPPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

Mr. Jai Kumar Gupta, who is retiring by rotation and being eligible offers himself for re-appointment at the forthcoming Annual General Meeting is an independent Director on the Board of the company and is having vast experience and Knowledge of the modern business practices and technologies. Mr. Satwant Singh, Who is also retiring by rotation and being eligible offers himself for re-appointment at the forthcoming Annual General Meeting is a non working and independent Director of the company and is having a vast experience and knowledge of the modern business practices particularly in marketing and distribution of the industrial products.

In addition to the Directorship in the above company, none of them is holding any position as Director on the Board of any other company.

CATEGORIES OF SHARE HOLDING AS ON 31.3.08

<u>CATEGORY</u>	<u>NO OF SHARES</u>	<u>%</u>
PROMOTERS AND ASSOCIATES	2041800	52.71365
FOREIGN INSTITUTIONAL INVESTORS	NIL	NIL
PUBLIC FINANCIAL INSTITUTIONS	NIL	NIL
MUTUAL FUNDS	NIL	NIL
NATIONALISED BANKS AND OTHER BANKS	NIL	NIL
NRI	58	00.00150
OTHERS	1831342	47.28484
TOTAL	3873000	100%

LOCATION OF THE PLANT

The company's plant is located at 71/3 Milestone, GT Road, Opposite Radha Swami Satsang Bhawan, Karnal - Haryana.

FOR AND ON THE BEHALF OF THE BOARD
for Padam Cotton Yarns Ltd.

Place : KARNAL

Dated : 09th July, 2008

Sd/-

(Rajev Gupta)

Chairman-cum-Whole Time Director

AUDITOR'S CERTIFICATE

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSF 49 OF THE LISTING AGREEMENT.

To

The Members of Padam Cotton Yarns Limited.

We have examined the compliance of conditions of Corporate Governance by M/s Padam Cotton Yarns Limited for the year ended 31st March, 2008, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India, we state that, as per record maintained by the Company, and certified by the registrar of the company as on March 31st, 2008, there were no investor grievances remaining pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

PLACE : KARNAL

DATE: 9th, JULY 2008

**FOR VINEY GOEL & ASSOCIATES
CHARTERED ACCOUNTANTS**

**Sd/-
(VINEYA GOEL)
PARTNER**

AUDITOR'S REPORT

To

The Members of Padam Cotton Yarns Limited

We have audited the attached Balance Sheet of M/S PADAM COTTON YARNS LIMITED as at 31st March, 2008, the Profit & Loss A/c and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conduct our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order 2004 issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.

2. Further to our comments in the annexure referred to above we report that:

i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.

iii) The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.

iv) In our opinion, the Balance Sheet, Profit & Loss A/c and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956,

v) On the basis of the written representations received from the Directors, as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31st, 2008 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and subject to the omission of the information dealt within the para 1(c) of Annexure 'A' give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet of the state of affairs of the Company as at 31.3.2008. and
- ii) In the case of the Profit & Loss Account, of the Profit for the year ended on that date.
- iii) In the case of the cash flow statement of the cash flows for the year ended on that date.

PLACE : KARNAL
DATE : 09.07.2008

FOR VINEY GOEL & ASSOCIATES
CHARTERED ACCOUNTANTS

Sd/-
(VINEYA GOEL)
PARTNER

Re : PADAM COTTON YARNS LIMITED

Annexure 'A' to Auditor's Report dated 09.07.2008 on the accounts for the year ended 31.03.2008

1. (a) Not Applicable as the company is not having any fixed assets as on 31.03.2008.
(b) Not Applicable.
(c) According to information and explanation given to us, the Company is hopeful to get its claim from Insurance Company and shall commence commercial operations immediately after receipt of claim amount. Hence, the going concern of the Company shall not be affected in view of changed circumstances.
2. (a) There being no stock during the year.
(b) Not Applicable.
(c) Not Applicable.
3. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained U/S 301 of the Companies Act, 1956.
(b) Not Applicable.
(c) Not Applicable.
(d) Not Applicable.
(e) The Company has taken loans, secured or unsecured, from companies firm or other parties listed in the register maintained U/S 301 of the Company Act, 1956, and from the companies under the same management. The number of parties and amount involved are two and Rs. 24213200.00 respectively.
(f) According to the information and explanations given to us the rate of interest and other terms & conditions of loans taken by the company, secured or unsecured, are not prima facie prejudicial to the interest of the company, because loans are accepted free of any interest.
(g) According to the information and explanations given to us no principal as well as interest was due against the company which was to be paid.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of stores and other assets and with regard to the sale of goods & services. According to the information and explanations given to us there is no visible continuing failure to correct major weaknesses in internal control system.
5. (a) According to the information and explanations given to us, no transaction of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the companies act, 1956.
(b) No such transaction has been made by the company during the year.

6. The Company has accepted the deposits and In our opinion and according to the information and explanations given to us, the company has generally complied with the provisions of section 58A & 58AA of the Companies Act 1956 and the companies (Acceptance of Deposits) Rules 1975 as well as relevant directives of the Reserve Bank of India.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The Company has not maintained any cost records required under Section 209(1)(d) of the Companies Act 1956 for the product of the company.
- 9.(a)According to the records of the company, the company has generally complied with in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance Dues, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess & other statutory dues with the appropriate authority during the year.
- (b) According to the records of the company, the company has not deposited disputed Excise Duty of Rs. 33,60,128.00 which is pending in appeal before Central Excise Service Tax Appellate Tribunal.
10. According to the records of the company, the company has not incurred any cash Loss during the current financial year. Further the company has no any accumulated losses.
11. According to the records of the company, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
12. The Company has not granted any loan and advances in the nature of loans on the basis of security by way of pledge of shares, debentures and other securities.
13. Not Applicable.
14. Not Applicable.

15. According to information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The company has not taken any term loan during the year.
17. According to the information and explanation given to us, the company has not raised funds on short term basis for long term investments.
18. According to the information and explanation given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained U/S 301 of the Act.
19. The company has not issued any debenture neither any security or charge have been created.
20. The company has not raised any money by public issue during the year.
21. According to the information and explanation given to us, the company has not noticed or reported any fraud on or by the company during the year.

PLACE : KARNAL
DATE : 09.07.2008

FOR VINEY GOEL & ASSOCIATES
CHARTERED ACCOUNTANTS

Sd/-
(VINEYA GOEL)
PARTNER

BALANCE SHEET AS ON MARCH 31-03-2008

<u>PARTICULARS</u>	<u>SCHEDULE</u>	<u>AMOUNT(RS.)</u> <u>31.3.08</u>	<u>AMOUNT(RS.)</u> <u>31.3.07</u>
<u>SOURCES OF FUNDS</u>			
<u>1. SHARE HOLDER'S FUNDS</u>			
a) Share Capital	I	38730000.00	38730000.00
b) Reserve & Surplus	II	10233684.00	10688790.98
		<u>48963684.00</u>	<u>49418790.98</u>
Sub Total			
<u>2. LOANS</u>			
a) Secured Loans		0.00	0.00
b) Unsecured Loans	III	24213200.00	24238200.00
		<u>24213200.00</u>	<u>24238200.00</u>
Sub Total			
Total		<u>73176884.00</u>	<u>73656990.98</u>
<u>APPLICATION OF FUNDS</u>			
<u>1. FIXED ASSETS</u>			
a) Gross Block		0.00	0.00
b) Less: Depreciation		0.00	0.00
		<u>0.00</u>	<u>0.00</u>
c) Net Block			
		<u>0.00</u>	<u>0.00</u>
		<u>6782000.00</u>	<u>399000.00</u>
<u>2. DEFERRED TAX ASSETS</u>			
<u>3. CURRENT ASSETS, LOANS & ADV.</u>			
a) Current Assets	IV	210140.09	44377.39
b) Loans & Advances	V	55016135.55	75859277.55
		<u>55226275.64</u>	<u>75903654.94</u>
Sub Total			
c) Less: Current Liabilities & Prov.	VI	2649771.59	2645663.96
		<u>52576504.05</u>	<u>73257990.98</u>
d) Net Current Assets			
<u>4. MISCELLANEOUS EXPENDITURE</u>			
(To the extent not written off or adjusted)			
Profit & Loss Account	VII	13818379.95	0.00
		<u>13818379.95</u>	<u>0.00</u>
Total		<u>73176884.00</u>	<u>73656990.98</u>

NOTES ON ACCOUNTS.

XI

Schedule I to VII & XI Forms an integral part of this Balance Sheet

AUDITOR'S REPORT

As per our report of even date attached
FOR VINEY GOEL & ASSOCIATES
CHARTERED ACCOUNTANTS

FOR PADAM COTTON YARNS LTD.

Sd/-
(VINEYA GOEL)
PLACE : KARNAL
DATE : 09.07.2008

Sd/-
RAJEV GUPTA
(W.T.D.)

Sd/-
VIVEK GUPTA
(W.T.D.)

PROFIT & LOSS A/C FOR THE YEAR ENDED MARCH 31-03-2008

PARTICULARS	SCHEDULE	AMOUNT(RS.) CURRENT YEAR	AMOUNT(RS.) PREVIOUS YEAR
<u>INCOME</u>			
Other Income		296285.00	141133.00
		-----	-----
		296285.00	141133.00
		-----	-----
<u>EXPENDITURE</u>			
Payment to Employees	VIII	12000.00	6000.00
Office, Selling & Admn. Exp.	IX	276792.93	129336.84
Financial Charges	X	0.00	1782.50
		-----	-----
		288792.93	137119.34
		-----	-----
Profit (Loss) for the year		7492.07	4013.66
<u>Provision for Income Tax</u>			
- Current Tax		772.00	450.00
- Fringe Benefit Tax		5.00	64.00
Deferred Tax Liability (Assets)		-6383000.00	1000.00
Previous year Tax Liability		0.00	-4427.00
Net Profit After Tax		6389715.07	6926.66
Brought Forward Balance of Profit & Loss A/c		455106.98	448180.32
Previous Year Adjustments		-20663202.00	0.00
Balance in Profit & Loss A/c carried forward to Balance Sheet		-13818379.95	455106.98

NOTES ON ACCOUNTS XI

Schedule VIII to X & XI forms an integral part of the Profit & Loss A/c

AUDITOR'S REPORT

As per our report of even date attached

**FOR VINEY GOEL & ASSOCIATES
CHARTERED ACCOUNTANTS**

Sd/-
(VINEYA GOEL)
PARTNER
PLACE : KARNAL
DATE : 09.07.2008

FOR PADAM COTTON YARNS LTD.

Sd/-
RAJEV GUPTA
(W.T.D.)

Sd/-
VIVEKGUPTA
(W.T.D.)

PARTICULARS	AMOUNT(RS.) CURRENT YR.	AMOUNT(RS.) PREVIOUS YR.
<u>SCHEDULE 'I'</u>		
<u>SHARE CAPITAL</u>		
Authorised Share Capital		
7000000 Equity share of Rs. 10/- each	7000000.00	7000000.00
	=====	=====
<u>ISSUED, SUBSCRIBED & PAID UP CAPITAL</u>		
3873000 Equity Shares of Rs. 10/- each fully paid up	38730000.00	38730000.00
	-----	-----
	38730000.00	38730000.00
	-----	-----
<u>SCHEDULE 'II'</u>		
<u>RESERVES & SURPLUS</u>		
<u>GENERAL RESERVE</u>		
Profit & Loss A/c	0.00	455106.98
Capital Subsidy	1675000.00	1675000.00
<u>Capital Reserve</u>		
Share forfeiture A/c	8558684.00	8558634.00
	10233684.00	10688790.98
	-----	-----
<u>SCHEDULE 'III'</u>		
<u>UNSECURED LOANS & ADVANCES</u>		
From Directors	170200.00	215200.00
From Others	24043000.00	24023000.00
	24213200.00	24238200.00
	-----	-----
<u>SCHEDULE 'IV'</u>		
<u>CURRENT ASSETS, LOANS & ADV.</u>		
<u>CASH & BANK BALANCES</u>		
Cash in Hand	199351.14	35083.14
Bal. with Scheduled Banks	10788.95	8494.25
P.N.B. C/A		
	210140.09	43577.39
	-----	-----
<u>SCHEDULE 'V'</u>		
<u>LOANS & ADVANCES</u>		
(Advances recoverable in cash or for value to be received)		
Balance with Excise Deptt.	300000.00	300000.00
Capital Subsidy Receivable	1675000.00	1675000.00
Insurance Claim Receivable	53041135.55	73884277.53
	55016135.55	75859277.53
	-----	-----

PARTICULARS**AMOUNT(RS.) AMOUNT(RS.)
CURRENT YR. PREVIOUS YR.****SCHEDULE 'VI'****CURRENT LIABILITIES & PROV.**

1. Sundry Creditors				
-Towards SSI Units	0.00	0.00	0.00	0.00
-Others	2648994.59	2648994.59	2644924.00	2644924.00
2. Expenses Payable		0.00		225.96
3. Income Tax		772.00		450.00
4. F.B.T. Payable		5.00		64.00
		-----		-----
		2649771.59		2645663.96
		-----		-----

SCHEDULE 'VII'**MISCELLANEOUS EXP.**(To The extent not written off or adjusted
Profit & Loss Account

Profit & Loss Account	13818379.95	0.00
	-----	-----
	13818379.95	0.00
	-----	-----

SCHEDULE 'VIII'**PAYMENT TO EMPLOYEES**

Wages/salary	12000.00	6000.00
	-----	-----
	12000.00	6000.00
	-----	-----

SCHEDULE 'IX'**OFFICE, SELLING & ADMN. EXP.**

Travelling Exp.	316.00	832.00
Audit Fees	1100.00	3000.00
Postage, Telephone & Telegrams	265.96	1059.06
Legal & Professional Exp.	202676.00	32550.00
Photostate Exp.	80.00	3650.00
A.G.M. Exp.	14236.00	12863.00
Advertisement Exp.	611.00	636.00
Rent	18000.00	18000.00
Annual Listing Fee	25731.00	25714.00
Fees & Taxes	13231.00	1775.00
Company Secretary Fees	0.00	1000.00
Office Exp.	238.00	642.00
Printing & Stationery	307.97	27615.78
	-----	-----
	276792.93	129336.84
	-----	-----

SCHEDULE X**FINANCIAL CHARGES**

Bank charges	0.00	1782.50
	-----	-----
	0.00	1782.50
	-----	-----

SCHEDULE - XI

NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICES

- a) GENERAL: The Accounts are prepared on the accounting principle of going concern. Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting policies.
- b) REVENUE RECOGNITION: Expenses and Income are considered payable and receivable on accrual basis. Except where stated otherwise.
- c) FIXED ASSETS: There was no Fixed Assets with the Company during the F.Y. under audit.
- d) INVENTORIES: There was no inventories as at the close of the Financial Year.
- e) RETIREMENT BENEFITS: The Company has created a trust with Life Insurance Corporation of India under group gratuity scheme. The premium paid towards this scheme is charged to profit & loss account on accrual basis.
- f) CURRENT ASSETS: Debtors & Loans & Advances are valued on net realisation basis.
- g) PRELIMINARY EXPENSES: Preliminary Expenses are amortized over a period of 10 years.

2. SEGMENT REPORTING

The Company recognizes manufacturing of Yarn as its only primary segment since its operations predominantly consists of manufacturing of Cotton, Blended & Polyester Yarn. Accordingly revenues from Manufacturing and sales of yarn comprises the primary basis of segmental information set out in these financial statements. However during the financial year the company has not carried out any activity due to non operation of its plant which was destroyed in major fire during 2002-03. However the company has provided consultancy to Textiles Firms from where it has earned the income.

3. RELATED PARTY DISCLOSURES

The Company has transactions with the following related parties:

A. ASSOCIATES

- a) Oswal Pump Limited.

B. DIRECTORS : Sh. Rajev Gupta, Sh. Vivek Gupta

The transactions carried out with the persons and firms referred above are made at market price prevalent at that time. The transactions entered into were not in any way prejudicial to the interests of the Company.

4. EARNING PER SHARE	31.3.08	31.3.07	
a) Weighted Average Number of Shares at the beginning & at end of the year	3873000	3873000	
b) Net Profit (Loss) after tax attributable to equity share holders	6715.07	6926.00	
c) E.P.S.	N.A.	N.A.	
5. In compliance with the accounting standard AS-22 "Accounting For Taxes on Income" Issued by ICAI the Company had accumulated deferred tax assets of Rs. 3.99 lac as on 31.03.2007, For the current year the Company has deferred tax assets of Rs. 63.83 Lacs & the total deferred tax assets of Rs.67.82 Lacs has been charged to reserves & surplus.			
a) DEFERRED TAX LIABILITIES	<u>AS ON 31.03.07</u>	<u>FOR THE CURRENT YEAR</u>	<u>UPTO 31.03.08</u>
- Difference between amount of Interest on account of Insurance Claim	206.63	(206.63)	NIL
(b) DEFERRED TAX ASSETS			
- Unabsorbed Derpreciation as per income tax return	109.16	0.07	109.09
- Short Term Capital Loss C/F	109.34	--	109.34
Net Deferred tax assets	11.87	206.56	218.43
Tax Impact	3.99	63.83	67.82

6. CONTINGENT LIABILITIES

Contingent liabilities not provided for in the accounts are seperately shown in annual statement of accounts.

	(Amt. in Lacs)	
	2007-08	2006-07
a) Claims against the company not acknowledge as Debtors	NIL	NIL
b) Uncalled liability on shares partly paid up	NIL	NIL
c) Arrears of Fixed Cumulative Dividend	NIL	NIL
d) Estimated amount of contracts remaining to be executed on capital account & not provided for	NIL	NIL
e) Sales Tax Exemption	NIL	NIL
f) Central Excise Duty	33.60	33.60
7. Previous year figures have been regrouped/reclassified wherever necessary.		
8. The amount of Balance Sheet & Profit & Loss Account are rounded off to the nearest rupees.		
9. Provision for income tax liability towards MAT has been made of Rs. 772/- in the F.Y. 2007.08.		
10. The Balances of the parties under the head Debtors, Creditors, and Loans & Advances are subject to confirmation.		
11. No Board meeting fee charged by the Directors.		
12. Remuneration paid to the Auditors		
a) Audit Fees	Rs. 1100/-	
TOTAL	Rs. 1100/-	

13. The Company has got an interim order from Hon'ble National Consumer Dispute Rederessal Commission, New Delhi against New India Assurance Company Ltd., for payment of pending Insurance claim. The Insurance company has filed an appeal before Hon'ble

Supreme Court against the said order. Matter is subjudged before Hon'ble Supreme Court.

14. During the year the company has reversed an amount of Rs. 20663202/- on account of provision of interest on insurance claim receivable credited to income in F.Y. 2005-06, to give effect to auditors objections & contingent nature of income.
15. Additional Information pursuant to provisions of paragraph 3, 4C & 4D of Part II of Schedule VI of the companies Act, 1956.

i) Particulars of Capacities, Production, Sales & Stocks.

1. PARTICULARS OF CAPACITY AND PRODUCTION.*

ITEM	UNIT	LICENCED CAPACITY	INSTALLED CAPACITY	PRODUCTION IN KGS.
Yarn	Rotors	(NIL) (NIL)	(NIL) (NIL)	(NIL) (NIL)

* As Per Excise Records/Certificate by the management.

2. INFORMATION IN RESPECT OF PRODUCTION, SALES & STOCK OF GOODS:-

ITEM	OPENING STOCK		CLOSING STOCK		SALES	
	QTY. (In Qtl.)	(Rs.)	QTY. (In Qtl.)	(RS.)	QTY. (In Qtl.)	(RS.)
—NIL—						

3. INFORMATION IN RESPECT OF RAW MATERIAL CONSUMED:-

ITEM	2007-08		2006-07	
	QTY.(In Qtl.)	AMOUNT(RS.)	QTY.(In Qtl.)	AMOUNT(RS.)
—NIL—				

4. INFORMATION IN RESPECT OF CONSUMPTION OF IMPORTED AND INDEGENOUS MATERIALS AND PERCENTAGE THEREOF:-

PRODUCT	2007-08		2006-07	
	VALUE (Rs.)	%AGE	VALUE (Rs.)	%AGE
—NIL—				

5. OTHER PARTICULARS

	2007-08	2006-07
A) CIF Value of Imports Stores & Spares	NIL	NIL

As Per Excise Records/Certificate by the management.

FOR & ON BEHALF OF THE BOARD
for Padam Cotton Yarns Ltd.
Sd/- Sd/-
RAJEV GUPTA VIVEK GUPTA
(W.T.D.) (W.T.D.)

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. REGISTRATION DETAILS

Registration Number	33641
State Code	05
Balance Sheet Date	31.03.2008

2. CAPITAL RAISED DURING THE YEAR (Amount in Rs. '000)

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

3. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS (Amount in Rs. '000)

Total Liabilities	73177
Total Assets	73177
<u>Source of Funds</u>	
Paid up Capital	38730
Reserve & Surplus	10234
Secured Loans	NIL
Unsecured Loans	24213
<u>Application of Funds</u>	
Net Fixed Assets	NIL
Investments	NIL
Net Current Assets	52577
Miscellaneous Exp.	NIL
Accumulated Losses	20600

4. PERFORMANCE OF THE COMPANY (Amount in Rs. '000)

Turnover	296
Total Expenditure	289
Profit (Loss) before Tax	7
Profit After Tax	6
Earning per Share	N.A.
Dividend Rate (%)	N.A.

5. GENERIC NAMES OF PRINCIPAL PRODUCTS.

SERVICES OF THE COMPANY

Item Code No.	52051109
Product Description	Cotton Yarn

**FOR & ON BEHALF OF THE BOARD
for Padam Cotton Yarns Ltd.**

Sd/-
**RAJEV GUPTA
(W.T.D.)**

Sd/-
**VIVEK GUPTA
(W.T.D.)**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

(In terms of clause 32 of the listing agreement)	Year Ended 31.3.2008	Year Ended 31.3.2007
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit (Loss) before tax, Interest & Extra Ordinary Items	7492	4014
Adjustment For:-		
Profit(Loss) on Sale of Fixed Assets	—	—
Expenses Written off	—	—
Depreciation	—	—
Interest Paid	—	—
Income Tax	(777)	3913
Loss by Fire	—	—
Operating Profit before working capital change	6715	7927
Adjustment for:-		
Inventories	—	—
Trade and other receivables	179940	96180
Trade Payable & Other Liabilities	4108	(3807)
Net Cash From (used in) Operating Activities - A	190763	100300
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Sale(Purchase) of Fixed Assets	—	—
Sale of Investments(Equity Shares)	—	—
Net Cash From (used in) Investing Activities - B	—	—
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Bank Over Draft (Net)	—	—
Long Term Borrowings	—	—
Unsecured Loans (Used in)	(25000)	(107000)
Net Cash From (used in) Financing Activities - C	(25000)	(107000)
Net Increase(Decrease) in Cash & Cash equivalents (A+B+C)	165763	(6700)
Cash & Cash Equivalents (Opening Bal.)	44377	51077
Cash & Cash Equivalents (Closing Bal.)	210140	44377

NOTES:-

- Cash & cash equivalents represents Cash & Bank Balances.
- Proceeds from long term & other borrowings are shown net of repayments.

FOR & ON BEHALF OF THE BOARD
for Padam Cotton Yarns Ltd.
Sd/- Sd/-

RAJEV GUPTA
(W.T.D.)

VIVEK GUPTA
(W.T.D.)

The Board of Directors
Padam Cotton Yarns Limited
71/3, Mile Stone, G.T. Road,
Karnal

We have examined the attached cash flow statement of the Company for the year ending 31st March 2008. The statement has been prepared by the company in accordance with the requirements of the listing agreement clause 32 with stock exchange and is based on and in agreement with the corresponding profit and loss account and balance sheet of the Company covered by our report of 09.07.2008 to the members of the Company.

PLACE : KARNAL
DATE : 09.07.2008

FOR VINEY GOEL & ASSOCIATES
CHARTERED ACCOUNTANTS

Sd/-

(VINEYA GOEL)
PARTNER

PROXY FORM

I/We
of
being a Member/Members of **PADAM COTTON YARNS LIMITED** hereby appoint.....
..... of
of failing him/her of
as my/our absence to attend and vote for me/us, and on my/our behalf at the 14th Annual
General Meeting of the company to be held on Friday, 29th August, 2008 at
11-00 A.M. at Registered Office or at any adjournment thereof.
Signed this day of 2008

Signature of proxy/s

For Office Use Only

Proxy No.
Folio/Depository I.D.No.
No. of Shares



Signature

- Note : (a) The form should be signed across the stamp as per specimen signature.
(b) The proxy form duly completed must be deposited the Registered Office of the
Company within not less than 48 hours before the time fixed for holding the
aforesaid meeting.

(ATTENDANCE SLIP TO BE FILED IN AND HANDED
OVER AT THE ENTRANCE OF THE MEETING HALL)

Full Name of the attending member

Reg. Folio/Depository I.D. No.

No. of Shares held

Full Name of proxy/s (in Block letters)

I hereby record my presence at the 14th Annual General Meeting held on Friday the 29th August
2008 at 11-00 A.M. at Registered Office.

SIGNATURE OF THE MEMBER (S) OR PROXY/PROXIES PRESENT

BOOK POST

PRINTED MATTER

If undelivered please return to :

PADAM COTTON YARNS LIMITED

Regd. Office : 196, 1st Floor, G.T. Road,

Opp. Red Cross Market,

KARNAL - 132 001